



KAUSHALYA INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED

(The Company was originally incorporated on 4th June 1992 as R.M.S. Exim Private Limited with the Registrar of Companies, West Bengal, Kolkata under the Companies Act 1956. The name of the Company was changed to Kaushalya Infrastructure Development Corporation Private Limited and a fresh Certificate of Incorporation was obtained on 5th November 2001 from the Registrar of Companies, West Bengal, Kolkata. The Company was subsequently converted into a public limited company under section 44 of the Companies Act, 1956 and received a fresh certificate of incorporation on 7th February 2002 and the name of the Company was changed to Kaushalya Infrastructure Development Corporation Limited. **For details of changes in Registered Office of the Company please refer to page no. 8 of this Draft Red Herring Prospectus.**)

Registered Office: HB 170, Sector III, Salt Lake Kolkata - 700 106 India
Telephone: +91 33 2358 3694, 2334 4166 Fax: +91 33 2334 4148
Email: info@kaushalyainfrastructure.com Website: www.kaushalyainfrastructure.com
Contact Person/Compliance Officer: Mr A B Chakrabarty, Company Secretary

PUBLIC ISSUE OF 95,00,000 EQUITY SHARES OF THE FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] LACS, (HEREINAFTER REFERRED TO AS "THE ISSUE"). THE ISSUE COMPRISES A RESERVATION FOR ELIGIBLE EMPLOYEES OF UPTO 4,75,000 EQUITY SHARES OF RS. 10 EACH (THE "EMPLOYEE RESERVATION PORTION") AND THE NET ISSUE TO THE PUBLIC OF 90,25,000 EQUITY SHARES OF RS.10/- EACH. (THE "NET ISSUE")

THE ISSUE WOULD CONSTITUTE 48.46% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 46.03% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [●] TO [●] PER EQUITY SHARE OF FACE VALUE OF RS 10/- EACH

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after such revision, subject to the Bidding/Issue period not exceeding ten working days. Any revision in the price band, and the revised Bid/Issue period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager (BRLM) and at the terminals of the Syndicate Members.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the net issue to public shall be allocated on proportionate basis to Qualified Institutional Buyers out of which 5% will be available for allocation on a proportionate basis to Mutual Funds. The remaining QIB portion shall be available for allotment on a proportionate basis to QIB bidders including Mutual Funds, subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the net issue to public would be available for allocation to Non-Institutional Bidders and not less than 35% of the net issue to public would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- and the Issue Price is [●] times of the face value at the lower end of the price band and [●] times of the face value at the higher end of the price band. The Price Band (as determined by the Company in consultation with the Book Running Lead Manager (BRLM) on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. **Specific attention of investors is invited to the section titled 'Risk Factors' beginning on page no. vii of this Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The in-principle approvals from BSE and NSE for the listing of Equity Shares have been received vide their letter(s) dated [●] and [●] respectively. For the purposes of this Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

SREI
SREI CAPITAL MARKETS LIMITED
'Vishwakarma',
86 C Topsia Road (South)
Kolkata - 700 046
Tel : +91-33-39873810/39873845
Fax: +91-33-39873861/39873863
E-Mail: capital@srei.com
Website: www.srei.com

REGISTRAR TO THE ISSUE

INTIME SPECTRUM
REGISTRY LIMITED
INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W), Mumbai - 400 078
Tel : +91-22-2596 0320 (9 lines)
Fax: +91-22-2596 0329
E-Mail: kidcl.ipo@intimespectrum.com
Website: www.intimespectrum.com

BID / ISSUE PROGRAMME

BID/ISSUE OPENS ON	[●]	BID/ISSUE CLOSING ON	[●]
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SECTION I : DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS

Terms	Description
"Kaushalya Infrastructure Development Corporation Limited" or "Kaushalya" or "KIDCO" or "Kidco" or "the Company" or "the Issuer" or "our Company" or "we" or "us"	Unless the context otherwise requires, refers to, Kaushalya Infrastructure Development Corporation Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at HB 170, Sector III, Salt Lake, Kolkata – 700 106
Subsidiary	Bengal KDC Housing Development Limited
Group Companies	Meko International Limited Trimurti Component Private Limited Rainy Guard Poly Sheet Private Limited BNA Infotech Private Limited Pushpadanta Vyapar Private Limited
Promoter(s)	Shall mean jointly Mr. Ramesh Kumar Mehra, Mr. Mahesh Mehra, Mr. Sidh Nath Mehra, Mr. Prashant Mehra, Keleenworth Marketing Private Limited, Mahanti Engineers Private Limited and Sun Kissed Merchandise Private Limited
Promoters' Group	In terms of Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof Promoters' Group includes: Neeru Mehra Anuradha Mehra Kartik Mehra Karan Mehra Pranav Mehra Purnima Mehra Pooja Mehra Rahul Mehra Mohini Mehra Raghav Mehra Ramesh Kumar Mehra HUF Mahesh Mehra HUF Sidh Nath Mehra HUF Bajjnath Mehra HUF
You, Your, Yours	Unless the context otherwise requires, refers to, investors.
Articles / Articles of Association/AOA	Articles of Association of Kaushalya Infrastructure Development Corporation Limited
Auditors	The statutory auditors of the Company, M/s Sumanta & Co., Chartered Accountants
Board/Board of Directors	Board of Directors of Kidco or a committee thereof
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time.
Director(s)	Director(s) of Kidco, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof
Income-tax Act	The Income Tax Act, 1961, as amended from time to time
Memorandum of Association/Memorandum/MOA	The Memorandum of Association of Kaushalya Infrastructure Development Corporation Limited

ISSUE RELATED TERMS

Term	Description
Allotment/Allotted	Unless the context otherwise requires issue or transfer of Equity Shares of the Company pursuant to the Public Issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being/have being issued / transferred
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in date after deducting any Bid amounts that may already have been paid by such Bidder
Banker(s) to the Issue	[•]

Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the Issue which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali news paper
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali news paper
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company pursuant to the terms of the Red Herring Prospectus
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application form
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which period prospective investors can submit their Bids
Book Building Process / Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager, in this case being SREI Capital Markets Limited
BSE	Bombay Stock Exchange Limited
CAN / Confirmation of Allocation Note	Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no bids will be accepted
Cut-off / Cut-off Price	The Issue Price finalised by the Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs.1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall transfer/allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)
Draft Red Herring Prospectus/ DRHP	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue.
Eligible Employees	Means a permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Promoter directors are not eligible to be treated as eligible employees
Employee Reservation Portion	The portion of the Issue comprising upto 4,75,000 Equity Shares available for Allocation to Eligible Employees.
Escrow Agreement	Agreement entered into by the Company, the Registrar, BRLM, the Syndicate members and the Escrow Collection Bank(s) for collection of the Bid amounts and where applicable remitting refunds of the amount collected to the Bidders
Escrow Collection Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques/drafts in respect of the Bid

	amount/margin money, when submitting a Bid and the allocation amount paid thereafter
Escrow Collection Bank(s)	The bank(s), which are clearing members and registered with SEBI as Banker(s) to the Issue and with whom the Escrow Collection Account will be opened in this Issue
FII(s)/Foreign Institutional Investors	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
First Bidder	The bidder whose name appears first in the bid cum application form or revision form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no bids will be accepted
Fresh Issue/ Issue/ Public Issue/ Offer	Public Issue of 95,00,000 Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lacs by the Company in terms of this Draft Red Herring Prospectus
IPO	Initial Public Offer
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM on the Pricing date
Issuer	Kaushalya Infrastructure Development Corporation Limited
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, which may range between 10% to 100% of the bid amount
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
Mutual Fund Portion	5% of the QIB Portion or 2,25,625 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue to Public	The Issue less the Employee Reservation Portion i.e. 90,25,000 Equity Shares of Rs.10/- each
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-
Non-Institutional Portion	The portion of the Net Issue to Public being 13,53,750 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders
OCB / Overseas Corporate Body	Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the withdrawal of general permission to Overseas Body Corporate Regulations, 2003 and immediate prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in-Date	Bid/Issue closing date or the last date specified in the CAN sent to Bidders as applicable
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] per Equity Share, including revisions thereof.
Pay-in-Period	<ul style="list-style-type: none"> i. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and ii. With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price
Prospectus	The Prospectus, to be filed with the RoC containing, inter-alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account(s) for the Issue on the Designated Date.
Qualified Institutional Buyers/QIB	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors, Multilateral & Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the

	Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 2500 Lacs and Pension Funds with a minimum corpus of Rs. 2500 Lacs
QIB Portion	The portion of the net issue to public being 45,12,500 Equity Shares of Rs.10 /- each available for allocation to QIB Bidder(s)
Registrar/Registrar to the Issue	Being the Registrar appointed for the Issue, in this case Intime Spectrum Registry Limited having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs.1,00,000/-
Retail Portion	The portion of the Issue to the public being 31,58,750 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/Red Herring Prospectus	Means the offer document issued in accordance with the SEBI Guidelines, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the ROC in terms of Section 60B of the Companies Act, at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the ROC after pricing and allocation.
ROC	Registrar of Companies, West Bengal Kolkata
SCML/SREI	SREI Capital Markets Limited a public limited company incorporated under the provisions of the Companies Act and with its registered office at "Vishwakarma", 86 C, Topsia Road, (South), Kolkata-700 046
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLM and Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into among the Syndicate Members and the Company in relation to the collection of bids in this Issue
Syndicate Members	[•]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	[•]
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date

TECHNICAL AND INDUSTRY TERMS

Term	Description
BOOT	Build Own Operate Transfer
BOT	Build Operate Transfer
EPC	Engineering, procurement and construction
GQ	Golden Quadrilateral
IFC	International Finance Corporation
JV	Joint Venture
KW	Kilo Watt
MW	Mega Watt
NH	National Highway
NHAI	National Highway Authority of India Limited
NHDP	National Highway Development Programme
NPCC	National Projects Construction Corporation Limited
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public Private Partnership
PWD	Public Works Department
RCD	Road Construction Division
SH	State Highway
SPV	Special Purpose Vehicle
SEZ	Special Economic Zone
WBSRDA	West Bengal State Rural Development Authority

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting of the shareholders
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Ltd.
CDSL	Central Depository Services (India) Limited
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings Per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
GOI	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended.
MOU	Memorandum of Understanding
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PAT	Profits After Taxation
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
ROC	Registrar of Companies, West Bengal Kolkata
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
TAN	Tax Account Number

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from the restated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006 and for the three months ended June 30, 2006, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of our Statutory Auditors, M/s. Sumanta & Co., Chartered Accountants, included on page 110 of this Draft Red Herring Prospectus. The fiscal year commences on April 1 and ends on March 31. In this Draft red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

The calculation of revenues by customer geography is based on the location of the specific customer entity for which services are performed, irrespective of the location where a billing invoice may be rendered. Market and Industry Data used throughout this Draft Red Herring Prospectus has been obtained from publications available in the public domain and internal Company reports. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, but are not limited to:

- The company's ability to successfully implement its strategy, growth and expansion plans;
- Increasing competition in and the conditions of the global and Indian Infrastructure industry;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the Indian Infrastructure industry and the country in general;
- Increasing competition in and the conditions of the customers of the Company and the infrastructure and construction industry;
- Changes in political and social conditions in India and
- The Company's ability to meet its capital expenditure requirements.

For further discussion of factors that could cause the actual results to differ, please refer to the section titled "Risk Factors" "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page vii, 59 and 140 of this Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II : RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of its Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any of the risks mentioned herein under:

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impacts in future.*

Internal Risk Factors:

1. A criminal case has been filed against some of the Directors of the Company.

Mr. Sarayu Prasad Singh has filed a criminal case at Dhurwa against some of the officers/Directors of the Company, namely, Mr. Chinmay Mukherjee, Mr. Ramesh Kumar Mehra, Mr. Sidh Nath Mehra, Mr. Mahesh Mehra and Mr. V. Balakrishnan stating that he has been cheated by the company of a sum aggregating Rs. 4,85,215/-. The Chief Judicial Magistrate, Ranchi, on August 31, 2005 had issued an arrest warrant against all the accused persons, under Sections 406/420/467/468/471/120B of The Indian Penal Code, 1860. The said persons have been granted bail in the case.

For further details on the above case, please see the section titled "Outstanding Litigations and Material Developments" on page 148 of this Draft Red Herring Prospectus.

2. The Company is dependent on contracts awarded to it by the Central, State Government and their agencies. Any slowdown in Government spending may adversely affect the growth of the Company.

The Company derives the bulk of its revenues from contracts awarded by the Central and State Governments and their agencies. It is possible that in certain cases implementation of budgetary allocation (including external funding) may get delayed and consequently the Company would receive payments against running account bills in a delayed manner. The delay in payment could also be on account of a change in the Government, changes in any policies impacting the public at large and/or changes in external budgetary allocation or delay due to insufficiency of funds.

Management Perception

The Company is well versed with the working parameters of the Government departments since it has been dealing with them for years. In order to further diversify its exposure, the Company has also started to undertake non-government based contracts in the industrial infrastructure space from various corporations. Additionally, in the housing and real estate sector, the company has entered into a Joint Venture with the West Bengal Housing Board and actively manages the business of the new venture through its representatives on the joint venture company's board.

3. The Company is raising funds for executing BOT/BOOT projects. The specific projects for which the funds are being raised have not yet been identified by the company. The Company has no prior experience in executing any BOT/BOOT project.

Management Perception

The Government is encouraging private sector participation in road projects through BOT/BOOT, Annuity and Special Purpose Vehicle (SPV) and Joint Venture routes. It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and

power. The company foresees tremendous opportunity in this area. The funds raised through this present issue would strengthen the Company's capability to quote for BOT/BOOT tenders. The Company proposes to apportion the sum to provide seed capital to take up BOT/BOOT projects as and when awarded to the Company. The Company has already bid for two projects to be executed under BOT.

- 4. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The estimate of costs is based on quotations received from vendors as well as internal management estimates. These quotes/estimates are subject to change and may result in cost escalation.**

Management Perception

The Objects for which the funds are being raised has not been appraised by any bank or financial institution. The Company has in-house expertise of nearly 5 years in this business. The enhancement of working capital requirement of funds has been determined based on the Company's estimates and established industry practice. The management has done an internal study of the cost structures involved and has factored in any price escalations expected in the product quotes received. The Company intends to use a part of the proceeds of the Issue for real estate development and/or BOT/BOOT projects. The management feels that any change or cost escalation can be effectively managed by the organisation at the time of deployment.

5. Competitive Bidding Process

The contracts in the infrastructure development sector are awarded following competitive bidding processes, and are also subject to fulfilment of other prescribed pre-qualification criteria, which may adversely impact the operating revenue and profitability of the Company. The Company faces intense competition from large players operating at the national level, to numerous smaller localised contractors /companies. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded based on price of the contract quoted by the prospective bidder. The nature of this process may cause the Company and other prospective bidders to lower prices for award of the contract, so as to maintain the respective market share of the Company. As a result of this competition, the Company faces margin pressure. Consequently, this could have a material negative effect on the financial condition and prospects.

Management Perception

The bidding process involves intricate calculations that form the basis for the cost budget and structures. Price bids for tenders are formulated by the Company only after incorporating the profit into the calculations. This helps the company buffer itself from the pitfalls of competitive bidding. Moreover, several contracts are also undertaken by the company on negotiation/pre-tender tie-ups which do not involve such competitive bidding processes.

6. The business of the Company is largely concentrated in the Eastern region.

Management Perception

The Company had strategically opted to focus across Eastern part of India which been infrastructurally under developed and has potential for growth. The Company has executed a number of projects in Eastern India thereby developing a strong foothold in this part of the country. The Company has now ventured into other regions of the Country.

- 7. The revenue stream of the Company is concentrated mainly on one segment of the infrastructure activity i.e. construction of roads, bridges and highways. Hence the Company faces the risk of concentration of income.**

Management Perception

To mitigate the risk of concentration of income on one segment, the company has undertaken electrical projects as well as entered into the real estate sector via its joint venture with the West Bengal Housing Board. Growth in both these sectors will reduce reliance on one large source of income and will help the company diversify its activities and revenue base.

8. Large value contracts may have to be handled by the Company under consortium basis

The Company may have to execute large value contracts under joint venture consortium basis. The successful completion of the large value contract will be contingent on the performance of the consortium partner.

Management Perception

The Company generally tries to partner with competent consortium partners thereby alleviating such concerns. The Company also actively involves itself in such contracts so that in case there are any problems in the contract, it can step up its efforts to make up for any shortfall on the part of a consortium partner. As a long term strategy, the company has also undertaken conscious efforts to develop its capabilities to undertake such projects independently.

9. The Company requires substantial working capital for its business

The Company's business needs substantial funding in the form of working capital from Banks and Financial Institutions. Any delay in disbursement of money from these institutions could adversely affect the performance of the Company.

Management Perception

The Company operates using working capital limits from banks that are sanctioned based on book debts and stock calculations. Financial planning and sanction processes are conducted well in advance keeping in mind future requirements.

10. Conflict of interest with the other Group Companies

The Company has 2 Group Companies viz. Rainy Guard Poly Sheet Private Limited and Pushpadanta Vyapar Private Limited who deal in the buying and selling of land. Interests of these companies may conflict with the Company. For more details on the same, please refer to section titled "Financial Information of Group Companies" beginning on page **128** of the Draft Red Herring Prospectus.

Management Perception

The two group companies have invested in real estate properties. These properties have been shown as closing stock in their books of accounts. The Company is not in the business of investment in land. The may also develop these real estate properties jointly with these group companies in future.

11. Non-availability of site clearances for project execution can delay the project and result into losses

Management Perception

The Company tries with the Government, local authorities as well as the clients to obtain site clearance in advance. However, if the client is unable, to provide the site clearances, the loss due to delay may be claimed from such Government Departments/Clients as per the terms and agreements with them.

12. Availability of Raw Materials at competitive prices

Construction contracts are primarily dependent on adequate and timely supply of raw materials such as cement, steel, aggregates etc. at competitive prices. The Company may face stiff competition from larger and well-established players for procuring these raw materials. In case the Company is unable to procure the requisite quantities of raw materials well in time and at competitive prices, the performance of the Company may be adversely affected.

Management Perception

While the prices of various key inputs like cement, steel and diesel and bitumen play an integral role in determining profitability of projects, the Company's bidding process builds in expected increases in price into its estimates to safeguard itself from fluctuations. Moreover, several contracts also have

escalation clauses in the contract to compensate for such increase in prices. In case of small fixed price contracts, the prices are quoted by considering the expected price trends.

13. The Company's sustained growth depends on its ability to attract and retain skilled personnel. Failure of the Company to attract and retain skilled personnel could adversely affect the Company's growth prospects.

Management Perception

The Company has a good track record in terms of retaining its employees. The Company's top management also has wide experience in the construction industry which reduces the impact of sudden departure of key managerial personnel. Over the years the company has been able to build up and develop a professional team of people who have gained expertise in their respective fields.

14. Competence of the Promoters in executing the business plans of large magnitude is yet to be tested.

Management Perception

The Company has a comprehensive future business plans in the construction segment. The promoters of the Company have considerable experience in this business segment of over 5 years. The Company has also appointed several senior technical professionals who have varied experiences in executing large projects.

15. The Company is yet to place orders for the capital equipments

Management Perception

The Company has floated enquiries for all the capital equipments to be acquired and has received quotations from various suppliers. Since the Company has acquired similar equipments in the past, it will have an advantage in identifying and selecting the right supplier at competitive rates. The Company proposes to order for the capital equipment 2-3 months before the requirement arises.

16. The company may require further infusion of funds to satisfy its capital needs and future growth plans, which it may not be able to procure from any other source. Any future equity offerings by the company may lead to dilution of equity and may affect the market price of its Equity Shares.

Management Perception

In the near future, there are no plans to issue further equity shares. In case the Company decides to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the company and after taking adequate consent from them.

17. Any inability to manage the growth could disrupt the business of the Company and reduce profitability.

The Company has experienced significant growth in revenues in last few years and expect this growth to place significant demands on both the management and resources of the Company. This will require the company to continuously evolve and improve the operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in:

- Recruiting, training and retaining skilled technical, sales and management personnel;
- Adhering to the high quality and project execution standards;
- Maintaining high levels of client satisfaction;
- Developing/Improving internal infrastructure, particularly financial, operational & other internal systems.

Management Perception

The Company has demonstrated its ability to grow the business and its flexibility in scaling its operations to various levels to drive growth as is evident from turnover trends in the last few years. Internal and administrative processes and systems have also undergone tremendous change keeping with the requirements of different projects and growth patterns. The company has ongoing

hiring and training programmes for its recruits/employees that helps sustain its technical and management strength. The company feels that in the future and keeping in perspective its past track records, it will be able to grow operations at a continued pace and adapt its organisation based on the requirements of new projects and its evolving business strategies.

18. Deviation in Market Condition

The requirement of capital expenditure program drawn by the Company is based on business opportunities and current order book position in these fields. Any deviation in the market conditions could adversely affect the profitability of the Company.

Management Perception

The requirement of capital expenditure plans drawn by the Company has been finalized considering the current order book position and prospective projects. Further, the ability of the Company to diversify and broad base the client profile across diverse geographies would reduce the adverse impact of any possible deviation in the market conditions.

19. Improper handling of materials and machines may result into accidents and cause losses

Management Perception

The Company has employed trained personnel for undertaking various operations across its various sites, which minimises the loss of men, material and machines. The company provides both in-house and external training to its employees for reducing such accidents or mishaps.

20. Penalties for Time Overrun

The Company executes construction contracts primarily in sectors such as Roads, Bridges, Urban infrastructure developments, etc. The Company typically enters into high value contracts for the aforesaid activities, which provide for levy of penalty normally for time-overrun cases. In case the Company is unable to meet the performance criteria as prescribed by the respective client and penalties are levied, the financial performance of the Company may be adversely affected.

Management Perception

The Project Management team of the Company is experienced and employs its diligence right from choosing the project and monitoring it at every step of implementation. However, time overruns may occur mostly due to practical site conditions and due to delayed front availability in certain cases from the client. The client normally approves such over-runs in due course and any withholdings are duly released upon completion of project

21. Delays due to non-performance of Sub Contractors which may result in losses

Management Perception

The Company in many cases has subcontracted its ongoing projects and the payment on account of such contracts would depend upon the performance of the sub-contractors. The Company chooses such subcontractors based on their past performance & track record and also deploys own technical and monitoring staff simultaneously so as to take up the project directly in case any delay/failure on part of the subcontractor. In several projects the Company also sub-contracts part of the project to multiple agencies as petty contracts and manages their production meticulously.

22. The operations of the Company are subjected to employee, health and safety laws and regulations.

The Company is subjected to laws and regulations governing (a) relationships with employees in areas of: (a) overtime, working conditions, hiring and terminating of employees, contract labour and work permits, (b) environmental, health and safety legislations. The success of the Company's strategy to modernise and optimise its existing operations, in various divisions, is contingent upon, among other things, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits and environmental, health and safety permits.

Management Perception

The Company follows the health norms stipulated by the local authorities. In addition, necessary vaccination and other preventive measures are taken. The Company also keeps a qualified safety engineer at the sites for implementing all safety norms including training to the staff and workmen. This is also an essential condition in the recent contracts.

23. The Company is smaller in size compared to the market leaders, which acts as deterrent for very large projects.

Management Perception

The Company has bid for large projects in the past and bagged a few large projects in spite of competition due to its track record and execution skills. The Company has already crossed the initial pre-qualification barriers for projects of reasonable size and after the proposed issue once the net worth would stand enhanced, the Company would be eligible for bigger projects.

24. Legal Proceedings

The Company, directors and promoter are involved in certain legal proceedings. The Company may need to make provisions in its financial statements, which could increase its expenses and its current liabilities. The Company can give no assurance that these legal proceedings will be decided favourably. Any adverse decision may have a significant effect on the Company's business and results of operations.

- a. Legal proceedings instituted against the directors/officers of the Company and the monetary amount involved in these cases is given in the following table:

Type of litigation	Total number of pending cases	Remarks and amount involved
Criminal Cases	1	Chief Judicial Magistrate, Ranchi, Amount involved – Rs. 4.85 lacs

- b. Litigations against the Promoters of the Company:

Type of legal proceeding	Number of Pending Cases	Remarks and Amount Involved
Motor Accident Claims Tribunal	1	Rs.1.5 lacs

For further details regarding these litigations, please refer to the section titled "Outstanding Litigations And Defaults" beginning on page no. 148 of this Draft Red Herring Prospectus.

- c. The Company is involved in the following legal proceedings for tax demands :

A classification of the legal proceedings instituted against/by the Company and the monetary amount involved in these cases is given in the following table:

Type of Litigation	Amount Involved (in Rupees)	Financial Implication	Status
Income Tax	1,30,628	Provisions in financial statements required, if legal proceedings not decided in Company's favour.	Pending before the Commissioner of Income Tax (Appeals),
Income Tax	38,35,170	Provisions in financial statements required, if legal proceedings not decided in Company's favour.	Pending before the Commissioner of Income Tax (Appeals),

For more information regarding litigations, please refer to the section titled "Outstanding Litigations And Defaults" beginning on page no. 148 of this Draft Red Herring Prospectus.

25. Contingent Liability as on 30th June, 2006:

As per the Audited Financial Statements, the Company has certain contingent liabilities, which, if determined against it in future, may impact its financial position, adversely. Details of the contingent liabilities as on June 30, 2006 are given in the following table:

Brief Particulars	Amount (Rs in lakhs)
Counter Guarantees given for obtaining Bank Guarantees from various Banks:	
- Indian Overseas Bank	145.67
- Federal Bank	646.59
Income Tax demands raised by the authorities and disputed by the Company	5.73
TOTAL	797.99

26. The Company has made the following applications for renewal / alteration in the following government approvals and the same are pending:

Sr. No.	Approval/Consent	Date of Application	Concerned Authority
1	Registration of Trade Mark "KAUSHLYA"	25.11.2006	Trade Marks Registry, IP Bhawan, 5th Floor, Sector - V, Salt Lake Kolkata - 700 091
2	Registration of Trade Mark "KAUSHLYA INFRASTRUCTURE" logo	30.08.2006	Trade Marks Registry, IP Bhawan, 5th Floor, Sector - V, Salt Lake Kolkata - 700 091
2	Renewal of Sarai Registration	24.07.2006	Sarai Registration Department Office of the District Magistrate Paschim Midnapore (W.B.)
3	Liquor / Bar Licence	02.08.2005	Supdt. Of Excise, Midnapore
4	Registration & Installation of 10KVA Diesel Generator Set	12.10.2006	Collector (RRMC), Paschim Medinipur
5	Environment Clearance / Pollution Certificate	26.10.2006	West Bengal Pollution Control Board
6	Fire Licence	17.10.2006	West Bengal Fire & Emergency Services
7	Registration under Shops & Establishments	21.10.2006	West Bengal Shops & Establishments Act, 1963
8	Prepared Food Licence	20.07.2006	Chief Medical Officer of Health Jhargram, Midnepur

27. Some of the group companies have incurred losses in the last three years.

Some of the group companies have incurred losses in the fiscal years ended March 31, 2005 and 2004 as stated below:

Name of the Group Company	Fiscal Year ending March 31,		
	2006	2005	2004
Mahanti Engineers Private Limited	7.42	2.25	(7.22)
Trimurti Component Private Limited	0.35	(3.04)	(1.34)
Rainy Guard Poly Sheet Private Limited	0.005	(0.04)	(0.03)
BNA Infotech Private Limited	0.01	(0.01)	0.01
Pushpadanta Vyapar Private Limited	0.02	(0.24)	(0.02)

28. Adverse weather conditions can delay the implementation of the projects undertaken by the Company.

Execution of work on construction sites may be affected by heavy monsoon/extreme weather. South-West monsoons which affects parts of India, slows down the overall construction activity.

Implementation of the projects undertaken by the Company may get delayed due to adverse weather conditions. Consequently, this may result in a delay in the execution of the Company's contractual obligations thereby affecting its business.

Management Perception

The Company has been operating successfully in diverse conditions and terrains very successfully over the last five years and have gained significant experience in handling adverse conditions. The Company's Project Execution team possess significant insight of the local environment and climate during the implementation of the project and accordingly plan their schedule of implementation.

The infrastructure industry as a whole is impacted by seasonality of the monsoons. To buffer against such seasonality, the company plans the project in such a way so as to allow for some work to continue on sites keeping financial feasibility in perspective.

External Risk Factors:

1. Government Policy on Infrastructure development

The business of the company is dependent on the implementation of the central and state budget allocations to the infrastructure sector. The liberalization policy of the Government and incentives offered by it has spurred the growth of opportunities in the field of Infrastructure and particularly road sector. Adverse changes if any, in the Government policy could thus affect the company's business prospects.

Management Perception

The Government of India has accorded development of Infrastructure a "thrust area status". The Company recognizes the tremendous potential of the infrastructure construction industry in India - specially given the high impetus given by the Government of India to make up deficits in the infrastructure of the nation. This gives the company access to continued growth opportunity.

2. Factors beyond the management's control

Political, Economical and Social unrest, terrorist attacks, civil disturbances and regional conflicts in the country could adversely affect the business of the Company. Natural calamities and adverse weather conditions could have a negative impact on business of the Company.

3. Any downgrading of India's debt rating by an international rating agency could negatively impact the Company's business.

Management Perception

Normally, change in debt rating for India is a result of multiple factors across the nation including the country's socio-economic and political policies. While the Company does not foresee any major change in such ratings it feels that its profit margins should be able to sustain any changes in interest costs resulting from such changes if they occur.

4. Depreciation of the Rupee against foreign currencies may have an adverse effect on the Company's results of operations.

Management Perception

The company does not undertake international projects and as a result direct impact of foreign currency risk is not seen. Indirectly, impact of foreign exchange fluctuations are possible based on funding from multi-lateral financial institutions who have their own hedging strategies to mitigate such risks. Moreover, any borrowings of the Company today are in Indian Rupee and repayment is also in the same currency thereby buffering it from exchange rate fluctuations to a large extent.

5. Any change in the policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports or intends importing will have an impact on the Company's profitability.

Management Perception

Currently the company does not import items directly. Whenever such policy changes affect the Company's business, the company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain the effect on its business.

6. Natural calamities and acts of violence involving Indian and other countries.

Floods, earthquakes, terrorist attacks and other acts of violence or war/destruction involving India and other countries could adversely affect the Country's business and economy, and consequently reflect on the Company's business.

Management Perception

The consequences of any of the above are unpredictable and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition or results of operations.

7. After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop

The prices of the Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue.

Management Perception

Fluctuations in equity share prices on the Indian stock exchanges may result from several factors, including:

- a. Volatility in the Indian and global securities market
- b. Results of operations and performance of the Company
- c. Performance of the competitors, the Indian Construction industry and the perception in the market about investments in the Construction sector
- d. Adverse media reports on Kidco or the Industry segments in which the company operates
- e. Changes in the estimates of the Company's performance or recommendations by financial analysts
- f. Significant developments in India's economic liberalisation and deregulation policies
- g. Significant developments in India's fiscal and environmental regulations

There has been no public market for the Company's Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or sustain after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

8. A slowdown in economic growth in India could cause the Company's business to suffer

Management Perception

The Indian economy has shown sustained growth over the last few years with real GDP growing at 8.1% in Quarter 1 of fiscal 2006, 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4% in fiscal 2003. While a slowdown is not foreseen, any slowdown in the Indian economy or future volatility in global commodity prices, in particular steel, cement and prices of other construction material, could adversely affect the Company's business.

9. Stability in policies and political situation

The Company's performance is linked to the stability of policies and the political situation in India

Management Perception

The role of the Indian Central and State Governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could

have a material adverse effect on the market for Company's shares. The Common cannot assure that these liberalization policies will continue under the newly elected government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in Company's securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect Company's business.

Note to Risk Factors

1. Initial Public Issue of 95,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs. [•] per Equity Share aggregating to Rs. [•] lakhs comprising of 4,75,000 Equity shares of Rs.10 each reserved for the eligible employees and a net issue to the public of 90,25,000 Equity Shares of Rs.10/- each. The face value of the Equity Share is Rs. 10 and the Issue Price is Rs. [•] times the face value. The issue will constitute 48.46% of the fully diluted post Issue paid-up capital of the company. The net issue to the public would constitute 46.03% of the fully diluted post issue paid up capital of the company.
2. The Book Value per Equity Share of Rs.10/- each was at Rs. 17.34 as at March 31, 2006 and Rs. 19.59 as at 30th June, 2006 as per our restated financial statements under Indian GAAP.
3. The Net Worth of the Company was Rs. 1471.28 Lacs as at March 31 2006 and Rs.1979.28 lacs as at 30th June, 2006, as per the restated financial statements under Indian GAAP.
4. The average cost of acquisition of Equity Shares of face value of Rs.10 each by the promoters is as follows:

SI No.	Name	Average Cost of Acquisition (Rs.)
1	Ramesh Kumar Mehra	10.00
2	Sidh Nath Mehra	14.82
3	Mahesh Mehra	10.00
4	Prashant Mehra	10.76
5	Keleenworth Marketing Private Limited	12.32
6	Mahanti Engineers Private Limited	12.23
7	Sun Kissed Merchandise Private Limited	16.22

5. The Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue to public will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") including 5% of the QIB portion that would be specifically reserved for Mutual Funds. The remainder QIB portion shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the net issue to public would be available for allocation to Non-Institutional Investors and not less than 35% of the net issue to public would be available for allocation to Retail Individual Investors on a proportionate basis, subject to valid bids being received at or above the Issue.
6. For details of related party transactions, please refer to the section entitled "Related Party Transactions" on page 108 of this DRHP.
7. There are no relationships with Statutory Auditors to the Company other than auditing and certification of financial statements.
8. Investors may note that in case of over-subscription in the issue, allotment to Eligible Employees, Qualified Institutional Bidders, Non Institutional Bidders and Retail Bidders shall be on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange). For more information, please refer to the section titled "Basis of Allotment" on page 188 of this Draft Red Herring Prospectus.
9. Investors may note that allotment and trading in Equity Shares of our Company shall be in dematerialised form only.
10. Investors are free to contact the BRLM for any clarification or information relating to the issue, who will be obliged to provide the same to the investor at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM or the Compliance Officer for any complaint / clarifications / information pertaining to the issue.

11. Investors are advised to refer to the paragraph titled "Basis for Issue Price" on page 41 of this Draft Red Herring Prospectus before making any investment in this issue.
12. In addition to the BRLM, the Company is obliged to update the Draft Red Herring Prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this Draft Red Herring Prospectus.
13. None of the Promoters, Promoter Group Companies have undertaken transactions in the shares of our Company in the last six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI.
14. The Promoters/ Directors/ Key Managerial Personnel are interested to the extent of the normal remuneration, reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in our Company.

SECTION III : INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that one should consider before investing in our Equity Shares. You should read the following summary together with the Risk Factors beginning on page vii of this Draft Red Herring Prospectus and the more detailed information about KIDCO and its financial statements on pages 110 of this Draft Red Herring Prospectus before deciding to invest in the equity shares offered by the Company.

Industry Overview

The importance of infrastructure for sustained economic development is well recognized. High transaction costs arising from inadequate and inefficient infrastructure can prevent the economy from realising its full growth potential regardless of the progress on other fronts. Physical infrastructure covering transportation, power and communication through its backward and forward linkages facilitates growth and has a direct impact on the quality of life.

With the changing scenario of developing countries like India, construction activity related to infrastructure development has seen gigantic growth over the past few years. Technology improvements and Governmental focus on infrastructure has resulted in fast paced development of urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports and power systems.

The country has made considerable progress in the last ten years in attracting private investment into the infrastructure sectors, in telecommunications, ports and roads and in other individual projects. The sector is estimated to grow at a CAGR of 15 per cent over the next few years. According to the Economic Survey 2005-2006, India has the potential to absorb US\$ 150 billion of foreign direct investment in the next five years in the infrastructure sector alone.

In India, construction is the second largest economic activity after agriculture. Investment in construction accounts for nearly 11 per cent of India's Gross Domestic Product (GDP) and nearly 50 per cent of its Gross Fixed Capital Formation (GFCF). Fund injection into the sector could go up to US\$ 124.65 billion by FY2010. Construction accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. (Source : <http://ibef.org>)

For further details, see the section on 'Industry Overview' on page 50 of the Draft Red Herring Prospectus.

Business Overview

Kaushalya Infrastructure Development Corporation Limited (Kaushalya) is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes. The key clients of the Company include various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings. The Company is also operating a Hotel in Jhargram, West Bengal.

The Company's in-house engineering skills have allowed it to maintain the required precision and quality by effectively integrating execution expertise with construction design and technology. The organization's focus on execution processes, client and partner relationships, safety and quality as well as on hiring and retaining proficient people has enabled the company to grow its turnover at a CAGR of 47% and net profits after tax at a CAGR of 78 % over the last three years (FY03 to FY06). Starting with operations focused in West Bengal, the company has been able to extend operations to the States of Jharkhand, Chattisgarh and Sikkim.

The Company infrastructure development operations are organized in three major business divisions:

Kaushalya Nirmān: Specializes in construction of roads, highways, bridges and industrial infrastructure

Kaushalya Grām: Specializes in Electrification and Irrigation projects focused on development of rural India

Kaushalya Parivār: Specializes in Construction of Commercial & Residential Complexes.

For further details, see the section on Business Overview on page 59 of the Draft Red Herring Prospectus.

Competitive Strengths

The Company believes that the following are the principal competitive strengths which differentiate the Company from other Infrastructure Construction Companies.

- ***The Company has experienced promoters***

The promoters of the Company have substantial experience and are well versed in the construction industry.

- ***Experience and track record***

The Company has executed several projects in a span of 5 years and is currently engaged in 14 projects mostly in the eastern part of the Country. The Company has serviced many reputed clients like PWD, West Bengal, WBSRDA, RCD Jharkhand, NPCC Ltd, Mackintosh Burn Ltd., Energy Power Department, Government of Sikkim, Westinghouse Saxby Farmer Ltd., Engineering Projects (I) Ltd., West Bengal Housing Board, WBHIDCO, PIU PMGSY Dakshin Dinajpur Zilla Parishad. The Company has completed 20 projects so far.

- ***The Company has an experienced management team***

The promoters of the company are backed by an experienced and competent management team. The management team of the company comprises of technical and administrative professionals with adequate experience in the construction industry. The Company has qualified and experienced skilled manpower. The company also employs industry experts as consultants and advisors to assist in project management and organization. The specialized skills and diverse expertise of the employees gives the flexibility to adapt to the needs of various projects.

- ***The Company is engaged in well-diversified construction activities***

The Company is engaged in diversified construction activities and is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects as well as commercial and residential complexes and caters to various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings. The Company has consciously endeavoured to be engaged in diversified activities.

- ***The Company has good Track Record in execution of the projects***

The Company, for the most part, is involved in execution of government-commissioned projects. The Company is primarily engaged in execution of Civil engineering projects and deals with various State

Governments, PSUs, Private Sectors and other infrastructure projects of various government bodies. The Company focuses on timely project progress and competition to the satisfaction of clients/partners.

- ***The Company follows an Established raw materials policy:***

The Company procures its raw materials directly from reputed manufactures and suppliers which helps the company to establish an efficient supply chain at competitive prices and ensures delivery on-time. The management of the Company places significant emphasis on the sourcing and logistics for raw material. The Company is able to source key raw materials close to the operating sites resulting in reduction of transportation costs.

- ***The Company operates in emerging sectors :***

The Company has wisely invested in the growing areas of infrastructure i.e. civil engineering, electrical engineering and real estate development projects, as there is significant growth potential in these areas.

- ***The Company is an ISO 9001:2000 certified Company***

- ***The Company has certain Locational advantages:***

The Company has sensibly selected to focus across Eastern India which been infrastructurally under developed and has potential for growth and attracting major investments. After developing a strong foothold in this part of the country, now the Company has ventured into expansion in the central region (State of Chattisgarh) of the country which is undergoing a similar developmental phase.

- ***The company has entered into a MOU on 23.03.06 with West Bengal Housing Board (WBHB) via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal. The Company has also formed a subsidiary in the Joint Venture named Bengal KDC Housing Development Limited.***

Business Strategy

The Company operates in a competitive market and aims to be a premier infrastructure company. The strategy of the Company is to seize emerging opportunities in the infrastructure sector and continue to grow in scale. The Company believes that there is a tremendous growth opportunity in the infrastructure sector and the domain expertise that the Company has obtained in the past will enable the company to compete effectively in this sector and deliver value proposition to the customers and stakeholders.

The Company aims to achieve this by implementing the following strategies:

- **Focus on Road Projects**

The Company has around 5 years of experience in road construction and maintenance and would continue to bid for road related infrastructure projects, leveraging and expanding the operations in pre-qualification and there by participating in more States and Regions and gaining access to more bigger projects.

- **Focus on BOT Contracts**

The Company at present has not executed any BOT project. The Company intends to focus on executing different BOT projects. Most of BOT contracts are obtained through a competitive bidding process. In selecting contractors for a major project, clients generally limit the tenders to the contractors who are pre-qualified based on several criteria including experience, technological capacity and performance, reputation of quality, financial strength, net worth, bonding capacity and size of previous contracts executed and competitive price/bid. The Company is improving on its pre-qualification criteria to enable it to bid for BOT projects.

- **Improve the execution capabilities**

The Company aims to improve its execution capabilities to execute larger number of projects at a time. With this view, the Company is constantly strengthening its capabilities to enable it to execute various projects at a time.

- **To operate into diversified sectors**

The Company aims to operate into diversified sectors such as townships, offices, houses and other buildings, urban infrastructure, highways, roads, power systems, irrigation, dams and agriculture systems, etc. which will mitigate business risk in case of slowdown in any one particular field in the future.

- **Thrust on Underdeveloped/Developed areas**

The Company has strategically selected to specialise across Eastern India because it represents, one of the most challenging mix of terrains across the country, is infrastructurally under-penetrated and is now attracting increasing investments.

- **Entry into the Housing sector**

The company has entered into a MOU on 23.03.06 with West Bengal Housing Board (WBHB) via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal. The Company has also formed a subsidiary in the Joint Venture named Bengal KDC Housing Development Limited.

THE ISSUE

Equity Shares offered:	
Fresh Issue	95,00,000 Equity Shares of Rs. 10/- each
Comprising:	
Employee Reservation Portion	4,75,000 Equity Shares of Rs. 10/- each
Net Issue to Public	90,25,000 Equity Shares of Rs. 10/- each
Of which :	
Qualified Institutional Buyer portion of which	Upto 45,12,500 Equity Shares of Rs. 10/- each <i>(Allocation on a proportionate basis)</i>
Available for allocation to Mutual Funds	2,25,625 Equity Shares of Rs. 10/- each <i>(Allocation on a proportionate basis)</i>
Balance for all QIBs including Mutual Funds	42,86,875 Equity Shares of Rs. 10/- each <i>(Allocation on a proportionate basis)</i>
Non Institutional Portion	Not less than 13,53,750 Equity Shares of Rs. 10/- each <i>(Allocation on a proportionate basis)</i>
Retail portion	Not less than 31,58,750 Equity Shares of Rs.10/- each <i>(Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	1,01,05,630
Equity Shares outstanding after the Issue	1,96,05,630
Objects of the Issue	Please refer the section Objects of the Issue beginning on page no. 23 of this Draft Red Herring Prospectus

The Company is exploring the possibility of issuing Equity Shares to certain investors including domestic venture capital funds. The Company would be completing the issuance of such Equity Shares ("**Pre-IPO Placement**"), if any, prior to filing the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is successfully completed, the number of Equity Shares issued for such purpose, will be reduced from the Net Issue to the Public.

- ♦ Fresh Issue of Equity shares has been authorized by the Board of Directors of the Company at their meeting held on 26th July, 2006 and a special resolution passed at the Extra Ordinary General Meeting of the Company held on 21st August, 2006.
- Eligible Employees of the Company during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date shall be entitled to apply in the Reserved for Employees category.
- ♦ Under subscription, if any, in the Qualified Institutional, Non Institutional and Retail portion would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLM.
- Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the net issue to the public and will be considered for allotment only on a proportionate basis.
- ♦ Under-subscription, if any, in any category in the Net Issue to Public, would be allowed to be met with spill-over from the reserved category

SUMMARY OF FINANCIAL DATA

The following tables which set forth the summary of financial and operating information should be read in conjunction with the Financial Statements and notes thereto included in the "Financial Statements" and "Management Discussion and Analysis of Financial Condition and Result of Operations" beginning from page(s) 110 and 140 respectively in the Draft red Herring Prospectus.

Summary Statement of Profits and Losses as Restated

(Rs. In Lacs)

PARTICULARS	Year Ended					3 Months Ended
	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.06.06
	Audited					
Income						
Income from Operation (Contract Receipt)	393.15	1,574.14	1,782.67	2,179.83	5,008.88	1502.07
Income from Hotel Business (Net)	-	(4.51)	(3.51)	10.23	14.37	6.14
Other Income	0.35	2.25	1.72	10.97	8.35	12.05
Increase/(Decrease) of Stock	39.95	(39.95)	-	6.81	29.38	39.41
Total Income (A)	433.45	1,531.93	1,780.88	2,207.84	5,060.98	1559.67
Expenditure						
Material Consumption	251.52	713.51	731.30	996.40	1,832.06	303.63
Contract Operating Expenses	109.55	570.53	758.65	834.72	2,513.01	1051.79
Staff Cost	11.47	42.90	34.82	36.26	71.10	16.20
Administrative & Other Expenses	29.51	110.38	123.41	153.77	192.33	30.45
Interest and Financial Charges	5.42	-	6.90	45.39	71.56	21.44
Depreciation	11.25	38.80	38.60	20.15	24.16	6.73
Total Expenditure (B)	418.72	1,476.12	1,693.68	2,086.69	4,704.22	1430.24
Net Profit Before Tax & Extra Ordinary Items (A-B)	14.73	55.81	87.20	121.15	356.76	129.43
Income Tax (Current)	-	4.69	11.20	9.54	30.04	14.52
Deferred Tax (Asset)/Liability	-	(3.75)	8.61	15.34	13.26	0.89
Fringe Benefit Tax Paid	-	-	-	-	1.10	0.24
Net Profit Before Extra Ordinary Items	14.73	54.87	67.39	96.27	312.38	113.78
Tax Paid/TDS Adjusted on Assessment	(2.50)	(1.87)	4.42	0.08	-	-
Extra Ordinary Items: Depreciation/Interest Adjustment	7.22	23.83	20.41	-	7.25	(7.25)
Tax Adjustment	(0.55)	(1.88)	(1.57)	-	(0.61)	0.61
Net Adjustment	6.67	21.95	18.84	-	6.64	(6.64)
Net profit After Tax and Extra Ordinary Items	18.90	74.95	90.65	96.35	319.02	107.14
Balance of Profit Brought Forward	1.42	20.32	91.91	165.75	245.01	271.56
Dividend	-	2.98	14.90	14.97	37.25	-
Corporate Dividend Tax	-	0.38	1.91	2.10	5.22	-
Transfer to General Reserve	-	-	-	-	250.00	-
Balance Carried to Balance Sheet	20.32	91.91	165.75	245.03	271.56	378.70

Summary Statement of Assets and Liabilities as restated

(Rs. In Lacs)

PARTICULARS	Year Ended					3 months ended
	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06	30.06.06
	Audited					
Fixed Assets						
Gross Block	146.97	388.79	490.01	524.16	725.77	726.24
Less: Accumulated Depreciation	4.03	19.00	37.19	57.34	81.50	88.22
Net Block	142.94	369.79	452.82	466.82	644.27	638.02
Less: Revaluation Reserve	-	142.64	142.64	140.06	239.87	239.87
Net Block after adjustment for Revaluation Reserve	142.94	227.15	310.18	326.76	404.40	398.15
Capital Work in progress	-	-	-	-	-	-
Total Fixed Assets (A)	142.94	227.15	310.18	326.76	404.40	398.15
Investments (B)	5.27	5.27	20.27	20.27	17.38	22.45
Current Assets, Loans & Advances						
Inventories	44.23	33.55	49.05	47.20	130.85	163.89
Sundry Debtors	-	937.58	929.94	1353.50	2,337.00	2711.97
Cash and Bank Balances	206.68	22.60	63.11	43.25	81.87	9.87
Deferred Tax Assets	-	3.75	-	-	-	-
Loans and Advances	38.80	74.65	265.60	521.46	1,013.87	1143.92
Total of Current Assets, Loans & Advances (C)	289.71	1,072.13	1,307.70	1,965.41	3,563.59	4029.65
Total Assets (A+B+C)=D	437.92	1,304.55	1,638.15	2,312.44	3,985.37	4450.25
Less: Liabilities and Provisions						
Secured Loans	-	1.75	71.35	579.65	709.34	770.82
Unsecured Loans	1.00	-	43.27	10.03	-	-
Current Liabilities	240.70	500.99	446.69	638.84	1279.73	1564.46
Provisions	1.66	34.74	69.91	75.97	86.95	101.34
Share Application Money	96.10	380.70	540.70	-	404.61	-
Deferred Tax Liability	-	-	4.85	20.20	33.46	34.35
Total Liabilities (E)	339.46	918.18	1,176.77	1,324.69	2,514.09	2470.97
Net Worth (D-E)	98.46	386.37	461.38	987.75	1,471.28	1979.28
Represented By						
Equity Share Capital (I)	80.62	298.12	298.12	742.72	848.72	1010.56
Reserve & Surplus (II)	20.32	234.56	308.40	385.09	867.43	1217.34
Less: Revaluation Reserve (III)	-	142.65	142.65	140.06	239.87	239.87
Net Reserve & Surplus (II-III)	20.32	91.91	165.75	245.03	627.56	977.47
Misc. Expenditure (IV)	2.48	3.66	2.49	-	5.00	8.75
Net Worth (I+II-III-IV)	98.46	386.37	461.38	987.75	1,471.28	1979.28

GENERAL INFORMATION

Kaushalya Infrastructure Development Corporation Limited

Incorporation

The Company was originally incorporated on 4th June 1992 as R.M.S. Exim Private Limited with the Registrar of Companies, West Bengal, Kolkata under the Companies Act, 1956. The name of the Company was changed to Kaushalya Infrastructure Development Corporation Private Limited and a fresh Certificate of Incorporation was obtained on 5th November 2001 from the Registrar of Companies, West Bengal, Kolkata. The Company was subsequently converted into a public limited company under Section 44 of the Companies Act, 1956 and received a fresh certificate of incorporation on 7th February 2002 and the name of the Company was changed to Kaushalya Infrastructure Development Corporation Limited.

Registered Office

HB 170, Sector III,
Salt Lake
Kolkata – 700 106
India
Telephone : +91 33 2358 3694 / 2334 4166
Fax : +91 33 2334 4148
Email : info@kaushalyainfrastructure.com
Website : www.kaushalyainfrastructure.com

The Registered Office of the Company was initially situated at 69, Girish Park North Calcutta – 700006. It was shifted to HB 170, Sector III, Salt Lake, Kolkata – 700106 with effect from 28th March 2006.

Company Registration No.: 21-055629

CIN No : U51216WB1992PLC055629

Address of Registrar of Companies:

Registrar of Companies, West Bengal Kolkata
"NIZAM PALACE"
2nd MSO Building, 2nd Floor
234/4, A.J.C Bose Road
Kolkata – 700020

BOARD OF DIRECTORS

Name of the Director	Designation	Status
Mr. Ramesh Kumar Mehra	Chairman	Non Executive & Non Independent
Mr. Prashant Mehra	Managing Director	Executive Director
Mr. Sidh Nath Mehra	Whole time Director	Executive Director
Mr. Mahesh Mehra	Director	Non Executive & Non Independent
Mr. Rajesh Kumar Agarwal	Director	Non Executive & Independent
Mr. Parag Keshar Bhattacharjee	Director	Non Executive & Independent
Mr. Amar K Biswas	Director	Non Executive & Independent

Brief Profile of the Chairman, Managing Director and Whole Time Directors:

Mr. Ramesh Kumar Mehra, Chairman (Non Executive & Non Independent)

Mr. Ramesh Mehra, aged 53 years is a commerce graduate from St. Xaviers' College, Calcutta University and Majored in Advanced Accounting, Auditing, Income Tax and Costing. He is the founder promoter of the Company. He is a Non Executive and Non Independent Director of the Company. He is involved in deciding the business strategies of the Company and provides vision and direction to the Company. He also looks after the governmental and institutional supply business of the other group ventures and is involved with managing a textile dying, weaving and printing factory at Jhargram (near Kolkata) with a nationwide distribution network for its products. He is also a member of the Remuneration Committee of the Company.

Mr. Prashant Mehra, Managing Director

Mr. Prashant Mehra, aged 28 years is a Bachelor of Science in Business with highest distinction from Indiana University, Bloomington, Indiana, USA with triple majors in Finance, Business Process Management and Operations Management. He looks after the planning and execution of infrastructure development projects

for the Company as well the financial controls and business development efforts. Prior to joining the Company, he has worked at Microsoft Corporation, USA as US BMO Financial Analyst. He has been honoured with Gold Star Bonus Award at Microsoft Corporation for his important contribution. He has been appointed as Managing Director of the Company w.e.f 07.04.2005 and his term expires on 31.03.2010. He is the Chairman of the IPO Committee and is a member of the Audit Committee and Executive Committee of the Company.

Mr. Sidh Nath Mehra, Whole time Director

Mr. Sidh Nath Mehra, aged 47 years is a Commerce Graduate from University of Calcutta. He is one of the founder promoter of the Company. He has been appointed as Whole Time Director of the Company w.e.f 01.10.2004 and his term expires on 30.09.2009. He is largely involved in the project management of the Company. Leading a team of technical professionals, he looks after the operating strategies for the Company and manages client and partner relationships across various states. His experience is very valuable in framing procurement policies of the company. He is a member of the Shareholder's Grievance Committee, IPO Committee and Executive Committee of the Company.

For more details on the Board of Directors, please refer the section titled "Management and Organisation" beginning from page 92 of this Draft Red Herring Prospectus.

Company Secretary And Compliance Officer:

Mr. A.B. Chakrabartty
Kaushalya Infrastructure Development Corp. Ltd.
HB 170, Sector III
Salt Lake
Kolkata – 700 106
Tel: +91-33-2358 3694/ 2334 4166
Fax: +91-33-2334 4148
Email: info@kaushalyainfrastructure.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

Legal Advisor To The Issue

Mukherjee Agarwalla & Co.
Advocates
7C, Kiran Shankar Roy Road
Ground Floor, Room No. - GQ
Kolkata – 700 001
Tel. : +91-33-22133001/22133002
Fax : +91-33-22133002
Email : -

Bankers to the Company

UTI Bank Limited EZCC Extn. Counter IB-201, Sector -III, Salt Lake City Kolkata – 700 106 Tel.: +91-33-2335 2289 Fax: +91-33-2335 2290 E-mail:sanchita.choudhury@utibank.co.in	The Federal Bank Limited R N Mukherjee Road Branch Martin Burn House 1, R.N.Mukherjee Road, Kolkata – 700 001 Tel.: +91-33-2242 5329 / 7298 Fax: +91-33-2242 2373 E-mail:calc@federalbank.co.in
Indian Overseas Bank Free School Street Branch 6, Royd Street, Kolkata – 700 016 Tel : + 91-33-2229 7706/9715/2227 6103 Fax : +91-33-2229 2375 Email : Frestbr@calmsco.iobnet.co.in	State Bank of India Sipat Branch NTPC Campus, Sipat Dist. :Bilaspur (CG), Chatrish Garh Tel: +91-7752-24 6508 Fax: +91-7752-24 6508 E-mail:sbi.04304@sbi.co.in

The Jammu Kashmir Bank Limited

Kolkata, West Bengal Branch
Stephen House
6D, R.N.Mukherjee Road,
Kolkata – 700 001
Tel: +91-33-2210 3357
Fax: +91-33-2210 3357
Email : -

Book Running Lead Manager**SREI Capital Markets Limited**

“Vishwakarma”
86C, Topsia Road (South)
Kolkata- 700 046
Tel : +91-33-3987 3810/3845
Fax: +91-33-3987 3861/3863
SEBI Registration No.: INM 000003762
Contact Person: Mr. Manoj Agarwal
Email: capital@srei.com
Website: www.srei.com

Registrar To The Issue**Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai – 400 078
Tel : +91-22-2596 0320 (9 lines)
Fax: +91-22-2596 0329
SEBI Registration No.: INR000003761
Contact Person: Mr. Sachin Achar
E-Mail: kidcl.ipo@intimespectrum.com
Website: www.intimespectrum.com

Bankers To The Issue And Escrow Collection Banks

[•]

Statutory Auditors To The Company**Sumanta & Co.**

Chartered Accountants
71, B.R.B. Basu Road,
5th Floor, Room No. – C 542
Kolkata - 700001
Tel: +91-33-22352626/39599893
Fax: +91 33-22110384
E-mail: Sumanta_Co@yahoo.com

Statement Of Inter Se Allocation Of Responsibilities Amongst Book Running Lead Manager

Since SREI is the sole BRLM for this Offer, the entire Offer related activities are handled by SREI.

Credit Rating

As the present Issue is of Equity Shares, credit rating is not required.

IPO Grading

The Company has not opted for the grading in relation to this issue of equity shares.

Trustee

As the present issue is of Equity Shares, appointment of Trustee is not required.

Monitoring Agency

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, the Board of Directors and the Audit Committee of the Board would monitor the deployment of the issue proceeds.

Appraising Entities

The Project has not been appraised by any Bank or Financial Institution.

Book Building Process

Book Building refers to the collection of bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Manager being SREI
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM;
4. Escrow Collection Bank(s) and
5. Registrar to the Issue

The SEBI DIP Guidelines have permitted an Issue of securities to the public through the 100% book building facility wherein 5% of the issue has been reserved for eligible employees and the balance for public. Upto 50% of the net issue to public shall be allocated on a proportionate basis to QIBs out of which 5% shall be allocated to Mutual Funds on a proportionate basis. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Fund. Further, not less than 15% of the net issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Kidco will comply with these guidelines for this Issue. In this regard, Kidco has appointed SREI Capital Markets Limited as the BRLM to the Issue, to manage the Issue and procure subscription to the Issue.

Pursuant to amendments to the SEBI DIP Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. **In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details see the section entitled "Issue Structure" on page no. 165 of this Draft Red Herring Prospectus.

The process of Book Building under SEBI Guidelines, subject to change from time to time, is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The Issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for making a Bid see the section titled "Who Can Bid" on page 168 of this Draft Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copy of your PAN card to the Bid cum Application Form see section titled "Permanent Account Number or PAN" beginning on page 186 of this Draft Red Herring Prospectus); and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form.

Bid/Issue program

Bidding period/Issue period

Bid/Issue opens on [•]
Bid/Issue closes on [•]

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate

Underwriters To The Issue

After the determination of the Issue Price but prior to filing the Prospectus with the ROC, Kidco will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the ROC)

Name of Underwriter (s)	Agreement Date	Amount (Rs. lakhs) In	No. of shares
[•]	[•]	[•]	[•]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Kidco at their meeting held on [•] on behalf of Kidco, and Kidco have issued letters of acceptance to the Underwriters.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Share capital as on the date of filing of the Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(In Rupees, except share data)

	Particulars	Nominal Value	Aggregate Value at Issue Price
A	Authorised Capital 2,50,00,000 Equity Shares of Rs.10/- each	25,00,00,000	
B	Issued, Subscribed and Paid up Capital before the Issue 1,01,05,630 Equity Shares of Rs.10/- each fully paid up	10,10,56,300	
C	Present Issue through this Draft Red Herring Prospectus Fresh Issue of : 95,00,000 equity shares of Rs.10/- each	9,50,00,000	[•]
	Out of Above		
D	Employee Reservation Portion 4,75,000 equity shares of Rs.10/- each	47,50,000	[•]
E	Net Issue to the 90,25,000 equity shares of Rs.10/- each	9,02,50,000	[•]
E	Paid Up Share Capital After the Issue 1,96,05,630 equity shares of Rs.10/- each	19,60,56,300	[•]
F	Share Premium Account		
	Before the Issue		3,48,76,600
	After the Issue		[•]

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

The Company is exploring the possibility of issuing Equity Shares to certain investors including domestic venture capital funds. The Company would be completing the issuance of such Equity Shares ("**Pre-IPO Placement**"), if any, prior to filing the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is successfully completed, the number of Equity Shares issued for such purpose, will be reduced from the Net Issue to the Public.

NOTES TO CAPITAL STRUCTURE

A. Share Capital History of the Company

Capital Build up: The existing equity share capital of the Company has been subscribed and allotted as under:

Date of Allotment	No. of Equity shares	Face Value (Rs)	Issue Price (Rs)	Consideration	Nature of Allotment	No of Equity Shares Cumulative	Paid Up Capital (Rs.)	Cumulative Share Premium (Rs.)
19.06.92	30	10	10	Cash	Subscription on signing of Memorandum of Association	30	300	
02.09.92	10	10	10	Cash	Further Allotment	40	400	
15.11.99	1,98,940	10	10	Cash	Further Allotment	1,98,980	19,89,800	
15.11.01	6,07,200	10	10	Cash	Further Allotment	8,06,180	80,61,800	
31.03.03	21,75,000	10	10	Cash	Further Allotment	29,81,180	2,98,11,800	
31.03.05	44,46,010	10	10	Cash	Further Allotment	74,27,190	7,42,71,900	
28.03.06	10,60,000	10	20	Cash	Further Allotment	84,87,190	8,48,71,900	1,06,00,000
03.04.06	16,18,440	10	25	Cash	Further Allotment	1,01,05,630	10,10,56,300	3,48,76,600

The Authorised Equity Share Capital of the Company has been built-up as per the details given below:

Date	Number of Shares	Cumulative Number of Shares	Face Value (Rupees)	Authorised Capital (Rupees)	Particulars
04.06.92	50,000	50,000	10	5,00,000	On Incorporation
21.11.95	2,00,000	2,50,000	10	25,00,000	Increase
26.05.00	7,50,000	10,00,000	10	1,00,00,000	Increase
06.11.01	40,00,000	50,00,000	10	5,00,00,000	Increase
30.03.05	25,00,000	75,00,000	10	7,50,00,000	Increase
24.03.06	75,00,000	1,50,00,000	10	15,00,00,000	Increase
21.08.06	50,00,000	2,00,00,000	10	20,00,00,000	Increase
16.09.06	50,00,000	2,50,00,000	10	25,00,00,000	Increase

The current authorized capital is sufficient to meet the requirements of the fresh issue.

B. Share Capital History of the Promoters :

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Pre-Issue Paid-up Capital	%age of Post-Issue Paid-up Capital
Ramesh Kumar Mehra	04.06.92	Cash	10	10	10	0.00	0.00
	15.11.99	Cash	16,000	10	10	0.16	0.08
	15.11.01	Cash	14,000	10	10	0.14	0.07
	Sub Total (A)		30,010			0.30	0.15
Sidh Nath Mehra	04.06.92	Cash	10	10	10	0.00	0.00
	15.11.99	Cash	16,000	10	10	0.16	0.08
	15.11.01	Cash	40,000	10	10	0.40	0.20
	18.08.05	Transfer	7,500	10	10	0.07	0.04
	20.08.05	Transfer	70,000	10	10	0.69	0.36
	20.08.05	Transfer	70,000	10	10	0.69	0.36
	22.08.05	Transfer	30,000	10	10	0.30	0.15
	22.08.05	Transfer	20,000	10	10	0.20	0.10

	03.04.06	Cash	1,20,000	10	25	1.19	0.61
	Sub Total (B)		3,73,510			3.70	1.91
Mahesh Mehra	04.06.92	Cash	10	10	10	0.00	0.00
	15.11.99	Cash	16,000	10	10	0.16	0.08
	15.11.01	Cash	100	10	10	0.00	0.00
	31.03.03	Cash	6,000	10	10	0.06	0.03
	31.03.05	Cash	26,000	10	10	0.26	0.13
	Sub Total (C)		48,110			0.48	0.25
Prashant Mehra	31.03.03	Cash	10,000	10	10	0.10	0.05
	30.12.05	Transfer	10	10	10	0.00	0.00
	28.03.06	Cash	3,750	10	20	0.04	0.02
	01.04.06	Transfer	35,000	10	10.50	0.35	0.18
	01.04.06	Transfer	15,000	10	10.35	0.15	0.08
	01.04.06	Transfer	10,000	10	10.25	0.10	0.05
	01.04.06	Transfer	24,000	10	10.50	0.24	0.12
	Sub Total (D)		97,760			0.97	0.50
Keleenworth Marketing Private Limited	31.03.03	Cash	6,55,000	10	10	6.48	3.34
	31.03.05	Cash	12,72,500	10	10	12.59	6.49
	28.03.06	Cash	1,41,250	10	20	1.40	0.72
	03.04.06	Cash	2,67,600	10	25	2.65	1.36
	Sub Total (E)		23,36,350			23.12	11.92
Mahanti Engineers Private Limited	15.11.01	Cash	1,03,100	10	10	1.02	0.53
	31.03.03	Cash	5,42,500	10	10	5.37	2.77
	14.07.04	Transfer	50,000	10	10	0.49	0.26
	31.03.05	Cash	19,88,000	10	10	19.67	10.14
	28.03.06	Cash	3,99,000	10	20	3.95	2.04
	03.04.06	Cash	2,25,000	10	25	2.23	1.15
	Sub Total (F)		33,07,600			32.73	16.87
Sun Kissed Merchandise Private Limited	31.03.03	Cash	6,39,500	10	10	6.33	3.26
	31.03.05	Cash	9,26,000	10	10	9.16	4.72
	28.03.06	Cash	5,06,000	10	20	5.01	2.58
	03.04.06	Cash	8,91,400	10	25	8.82	4.55
	Sub Total (G)		29,62,900			29.32	15.11
Total Promoters holding (A+B+C+D+E+F+G)			91,56,240			90.61	46.70

Promoters Contribution and Lock-in:

i. 3 years lock-in

In terms of chapter IV of the SEBI DIP Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of our Company held by the promoters of the Company shall be locked in for a period of three years. The details of the promoter's Equity shares locked in for a period of three years are as under:

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. Shares of	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Post-Issue Paid-up Capital	Lock in period (in years)
Sidh Nath Mehra	20.08.05	Transfer	1,40,000	10	10	0.71	3
	22.08.05	Transfer	50,000	10	10	0.26	3
	Sub Total (A)		1,90,000			0.97	
Keleenworth Marketing Private Limited	31.03.05	Cash	12,72,500	10	10	6.49	3
	Sub Total (B)		12,72,500			6.49	
Mahanti Engineers Private Limited	31.03.05	Cash	19,88,000	10	10	10.14	3
	Sub Total (C)		19,88,000			10.14	
Sun Kissed Merchandise Private Limited	31.03.05	Cash	4,70,626	10	10	2.40	3
	Sub Total (D)		4,70,626			2.40	
Total A+B+C+D			39,21,126			20.00	

ii. **1 Year lock-in**

The details of the promoter's Equity shares locked in for a period of one year are as under:

Name of the Promoter	Date Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Post-Issue Paid-up Capital	Lock in period (in years)
Ramesh Kumar Mehra	04.06.92	Cash	10	10	10	0.00	1
	15.11.99	Cash	16,000	10	10	0.08	1
	15.11.01	Cash	14,000	10	10	0.07	1
	Sub Total (A)		30,010			0.15	
Sidh Nath Mehra	04.06.92	Cash	10	10	10	0.00	1
	15.11.99	Cash	16,000	10	10	0.08	1
	15.11.01	Cash	40,000	10	10	0.20	1
	18.08.05	Transfer	7,500	10	10	0.04	1
	03.04.06	Cash	1,20,000	10	25	0.61	1
	Sub Total (B)		1,83,510			0.94	
Mahesh Mehra	04.06.92	Cash	10	10	10	0.00	1
	15.11.99	Cash	16,000	10	10	0.08	1
	15.11.01	Cash	100	10	10	0.00	1
	31.03.03	Cash	6,000	10	10	0.03	1
	31.03.05	Cash	26,000	10	10	0.13	1
	Sub Total (C)		48,110			0.25	
Prashant Mehra	31.03.03	Cash	10,000	10	10	0.05	1
	30.12.05	Transfer	10	10	10	0.00	1
	28.03.06	Cash	3,750	10	20	0.02	1
	01.04.06	Transfer	35,000	10	10.50	0.18	1
	01.04.06	Transfer	15,000	10	10.35	0.08	1
	01.04.06	Transfer	10,000	10	10.25	0.05	1
	01.04.06	Transfer	24,000	10	10.50	0.12	1
	Sub Total (D)		97,760			0.50	
Keleenworth Marketing Private Limited	31.03.03	Cash	6,55,000	10	10	3.34	1
	28.03.06	Cash	1,41,250	10	20	0.72	1
	03.04.06	Cash	2,67,600	10	25	1.36	1
	Sub Total (E)		10,63,850			5.43	
Mahanti Engineers Private Limited	15.11.01	Cash	1,03,100	10	10	0.53	1
	31.03.03	Cash	5,42,500	10	10	2.77	1
	14.07.04	Transfer	50,000	10	10	0.26	1
	28.03.06	Cash	3,99,000	10	20	2.04	1
	03.04.06	Cash	2,25,000	10	25	1.15	1
	Sub Total (F)		13,19,600			6.73	
Sun Merchandise Private Limited	31.03.03	Cash	6,39,500	10	10	3.26	1
	31.03.05	Cash	4,55,374	10	10	2.32	
	28.03.06	Cash	5,06,000	10	20	2.58	1
	03.04.06	Cash	8,91,400	10	25	4.55	1
	Sub Total (G)		24,92,274			12.71	
	Total A+B+C+D+E+F+G		52,35,114			26.70	

C. Shareholding pattern of persons in Promoters Group :

Name of the Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rupees)	%age of Pre-Issue Paid-up Capital	%age of Post-Issue Paid-up Capital
Neeru Mehra	15.11.99	Cash	100	10	10	0.00	0.00
	31.03.03	Cash	89,000	10	10	0.88	0.45

		Total (A)	89,100			0.88	0.45
Mohini Mehra	15.11.99	Cash	100	10	10	0.00	0.00
	15.11.01	Cash	1,30,000	10	10	1.29	0.66
	31.03.05	Cash	24,500	10	10	0.24	0.12
		Total (B)	1,54,600			1.53	0.79
Anuradha Mehra	15.11.99	Cash	100	10	10	0.00	0.00
	31.03.03	Cash	44,000	10	10	0.44	0.22
	03.04.06	Cash	53,040	10	25	0.52	0.27
		Total (C)	97,140			0.96	0.50
Raghav Mehra	30.12.05	Transfer	72,500	10	10	0.72	0.37
		Total (N)	72,500			0.72	0.37
Kartik Mehra	31.03.05	Cash	1,12,000	10	10	1.11	0.57
		Total (G)	1,12,000			1.11	0.57
Karan Mehra	31.03.05	Cash	24,000	10	10	0.24	0.12
	30.12.05	Transfer	36,740	10	10	0.36	0.19
		Total (H)	60,740			0.60	0.31
Pranav Mehra	31.03.05	Cash	48,000	10	10	0.47	0.24
	30.12.05	Transfer	37,010	10	10	0.37	0.19
	28.03.06	Cash	10,000	10	20	0.10	0.05
	01.04.06	Transfer	7,500	10	10.50	0.07	0.04
	01.04.06	Transfer	27,900	10	10.50	0.28	0.14
	03.04.06	Cash	4,000	10	25	0.04	0.02
		Total (I)	1,34,410			1.33	0.69
Purnima Mehra	31.03.05	Cash	10,000	10	10	0.10	0.05
	03.04.06	Cash	21,320	10	25	0.21	0.11
		Total (J)	31,320			0.31	0.16
Pooja Mehra	31.03.05	Cash	10,000	10	10	0.10	0.05
		Total (K)	10,000			0.10	0.05
Rahul Mehra	03.04.06	Cash	18,080	10	25	0.18	0.09
		Total (L)	18,080			0.18	0.09
Ramesh Kumar Mehra (HUF)	03.04.06	Cash	18,000	10	25	0.18	0.09
		Total (M)	18,000			0.18	0.09
Sidh Nath Mehra (HUF)	31.03.03	Cash	39,000	10	10	0.39	0.20
	31.03.05	Cash	5000	10	10	0.05	0.03
		Total (E)	44,000			0.44	0.22
Mahesh Mehra (HUF)	31.03.03	Cash	35,000	10	10	0.35	0.18
		Total (F)	35,000			0.35	0.18
Baijnath Mehra HUF	31.03.03	Cash	72,500	10	10	0.72	0.37
		Total (O)	72,500			0.72	0.37
Total=(A+B+C+D+E+F+G+H+I+J+K+L+M+ N+O)			9,49,390			9.39	4.84

1. Out of the total Promoters' holding, 20% of the Post-Issue Equity Share Capital i.e. 39,21,126, Equity Shares will be under lock in for 3 years. In terms of Clause 4.12.1 of the SEBI DIP Guidelines, the balance equity shareholding of the promoters i.e. 52,35,114 Equity Shares (in excess of the aforesaid 20%) shall be locked in for a period of one year. The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters under the SEBI DIP Guidelines. The promoters will not be participating in the proposed issue
2. In terms of Clause 4.13.1 of the SEBI DIP Guidelines, the lock-in shares mentioned above has been arrived on the basis of 'Issued Last, Locked First'. The promoters have given a written undertaking that these shares shall not be transferred except inter se transfer as per the SEBI guidelines.
3. In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of post-issue shareholding of the Promoter for three years, as specified above, the entire pre-issue share capital of the Company shall be locked in for a period of one year.
4. Locked-in Equity Shares held by the Promoter can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of Clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoter/Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and

compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

5. Further, in terms of Clause 4.16(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
6. The lock-in period shall commence from the date of allotment of Equity Shares in this issue and the last date of the lock-in shall be reckoned as three years from the date of commercial production or date of allotment of shares in the public issue, whichever is later.
7. In case the final allotment of equity shares exceeds the number of equity shares offered through this issue on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for three years shall be calculated on the increased allotted share capital.
8. **Pre-issue and Post-issue Shareholding pattern of the Promoters and the promoters group is as under :**

Name of the Shareholder	Pre Issue		Post Issue	
	No. of Shares	%age Holding	No. of Shares	%age Holding
Promoters				
Ramesh Kumar Mehra	30,010	0.30	30,010	0.15
Sidh Nath Mehra	3,73,510	3.70	3,73,510	1.91
Mahesh Mehra	48,110	0.48	48,110	0.25
Prashant Mehra	97,760	0.97	97,760	0.50
Keleenworth Marketing Private Limited	23,36,350	23.12	23,36,350	11.92
Mahanti Engineers Private Limited	33,07,600	32.73	33,07,600	16.87
Sun Kissed Merchandise Private Limited	29,62,900	29.32	29,62,900	15.11
Sub Total (a)	91,56,240	90.61	91,56,240	46.70
Promoters Group				
Relatives of Promoters				
Neeru Mehra	89,100	0.88	89,100	0.45
Mohini Mehra	1,54,600	1.53	1,54,600	0.79
Anuradha Mehra	97,140	0.96	97,140	0.50
Kartik Mehra	1,12,000	1.11	1,12,000	0.57
Karan Mehra	60,740	0.60	60,740	0.31
Pranav Mehra	1,34,410	1.33	1,34,410	0.69
Purnima Mehra	31,320	0.31	31,320	0.16
Pooja Mehra	10,000	0.10	10,000	0.05
Rahul Mehra	18,080	0.18	18,080	0.09
Raghav Mehra	72,500	0.72	72,500	0.37
Sub Total (b)	7,79,890	7.72	7,79,890	3.98
HUF				
Ramesh Kumar Mehra HUF	18,000	0.18	18,000	0.09
Sidh Nath Mehra HUF	44,000	0.44	44,000	0.22
Mahesh Mehra HUF	35,000	0.35	35,000	0.18
Baijnath Mehra HUF	72,500	0.72	72,500	0.37
Sub Total (c)	1,69,500	1.68	1,69,500	0.86
Shareholding of Promoters' Group (a+b+c)	1,01,05,630	100.00	1,01,05,630	51.54

9. Shareholding pattern - Pre-issue and Proposed Post Issue Share Holding Pattern of the Company is as under:

Sr. No.	Category	Pre – Issue		Post – Issue #	
		No. of Shares	% Holding	No. of Shares	% Holding
1	Promoters :				
(i)	Indian	91,56,240	90.61	91,56,240	46.70
(ii)	Foreign	-	-	-	-
2	Promoter Group :				
(i)	Relatives	7,79,890	7.72	7,79,890	3.98
(ii)	HUF	1,69,500	1.68	1,69,500	0.86
	Total shares of Promoter & Promoter group (A)	1,01,05,630	100.00	1,01,05,630	51.54
3	Non Promoters:				
(i)	Foreign Institutional Investors	-	-	[•]	[•]
(ii)	Financial Institutions	-	-	[•]	[•]
(iii)	NRI & OCB	-	-	[•]	[•]
(iv)	Employees	-	-	[•]	[•]
(v)	Public	-	-	[•]	[•]
(vi)	Friends & Associates	-	-	[•]	[•]
(vii)	Other Bodies Corporate	-	-	[•]	[•]
	Total Shares of Non Promoters (B)	-	-	95,00,000	48.46
	Total (A) + (B)	1,01,05,630	100.00	1,96,05,630	100.00

Post-Issue shareholding pattern will be determined after the Issue.

Since the Promoters/Promoter Group will not participate in the proposed issue, the entire offering of 95,00,000 Equity Shares has been shown to have been taken by the Non-Promoters.

10. Equity Shares held by the top ten shareholders:

- a. Top ten shareholders as on the date of filing of this Draft Red Herring Prospectus with SEBI is as follows:

Name of the Shareholders	No. of Shares	% to total paid up capital
Mahanti Engineers Private Limited	33,07,600	32.73
Sun Kissed Merchandise Private Limited	29,62,900	29.32
Keleenworth Marketing Private Limited	23,36,350	23.12
Sidh Nath Mehra	3,73,510	3.70
Mohini Mehra	1,54,600	1.53
Pranav Mehra	1,34,410	1.33
Kartik Mehra	1,12,000	1.11
Prashant Mehra	97,760	0.97
Anuradha Mehra	97,140	0.96
Neeru Mehra	89,100	0.88
Total Shares	96,65,370	95.65

- b. Top ten shareholders 10 days prior to the date of filing of this Draft Red Herring Prospectus with the SEBI is as follows :

Name of the Shareholder	No. of Shares	% to total paid up capital
Mahanti Engineers Private Limited	33,07,600	32.73
Sun Kissed Merchandise Private Limited	29,62,900	29.32
Keleenworth Marketing Private Limited	23,36,350	23.12
Sidh Nath Mehra	3,73,510	3.70
Mohini Mehra	1,54,600	1.53
Pranav Mehra	1,34,410	1.33
Kartik Mehra	1,12,000	1.11
Prashant Mehra	97,760	0.97
Anuradha Mehra	97,140	0.96
Neeru Mehra	89,100	0.88
Total Shares	96,65,370	95.65

- c. Top ten shareholders two years prior to date of filing of this Draft Red Herring Prospectus with the SEBI is as follows :

Name of the Shareholder	No. of Shares	% to total paid up capital
Mahanti Engineers Private Limited	6,95,600	23.33
Keleenworth Marketing Private Limited	6,55,000	21.97
Sun Kissed Merchandise Private Limited	6,39,500	21.45
Mohini Mehra	1,30,100	4.36
Bimla Mehra	1,09,240	3.66
Neeru Mehra	89,100	2.99
Dinesh Khanna HUF	84,000	2.82
Baijnath Mehra HUF	72,500	2.43
Instyle Apparels Pvt. Ltd.	70,000	2.35
Zee Securities Pvt. Ltd.	70,000	2.35
Total Shares	26,15,040	87.72

11. The Promoter and the Promoter Group Companies have not purchased or sold any Equity Shares during the period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI:
12. The Company, its Promoters, Directors and/or the BRLM of the Issue have not entered into any 'buy-back' or 'standby' arrangement for purchase of the Equity Shares being offered through this Draft Red Herring Prospectus.
13. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the allotment.
14. The Company has not raised any bridge loan from any Bank against the proceeds of this Issue.
15. There are no partly paid up Equity Shares as on the date of Draft Red Herring Prospectus.
16. The Equity Shares offered through the Issue will be fully paid up, and hence there shall be no partly paid shares in this issue.
17. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. A total of 4,75,000 Equity Shares have been reserved for allocation to the eligible employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids.
19. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue to the public. In case of under-subscription in the Net Issue to Public, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
20. The Issue is being made through the 100% Book Building Process wherein upto 50% of the net issue to public shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the net issue to public would be available for allocation to Non-Institutional Bidders and not less than 35% of the net issue to public would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received at or above the Issue Price.
21. Under-subscription, if any, in the QIBs, Non-institutional and Retail Individual categories would be met with the spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However if the aggregate demand by mutual funds is less than 2,25,625 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.

22. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" beginning on page no. 188 of this Draft Red Herring Prospectus.
23. Subject to Pre-IPO placement, the Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
24. Subject to Pre-IPO placement, the Company at present does not intend or propose to alter its capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if it enters into acquisitions or joint ventures, it may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
25. On the date of filing the Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Offer.
26. The Company has not issued any Bonus Shares or shares out of revaluation reserves or reserves without accrual of cash resources.
27. The Company has not issued any Equity shares for consideration other than cash.
28. The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme for its employees.
29. There will be only one denomination of the Equity Shares of Kidco, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
30. The Company has a total of 21 Equity shareholders as on November 29, 2006.

OBJECTS OF THE ISSUE

The Objects of the Issue are raising capital for financing the Company's proposed business plans and to achieve the benefits of listing. The Company intends to utilize the proceeds of the Issue, after deducting Issue expenses (Net Proceeds) to finance the business plans.

The objects of the present issue of equity shares includes :

1. To Purchase capital equipments comprising construction and infrastructure equipments for execution of projects.
2. Real Estate Development and/or BOT/BOOT projects
3. To meet the long term working capital requirements of the Company.
4. To meet General Corporate Expenses.
5. To meet the public issue expenses
6. To list the Equity Shares of the Company on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), which will enhance the Company's brand name and provide liquidity to its existing and future shareholders.

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. Further we confirm that the activities we have been carrying out until now is in accordance with the objects clause of our Memorandum of Association

REQUIREMENT OF FUNDS:

Particulars	Amount (Rs. in lakhs)
To purchase capital equipments comprising construction and infrastructure equipments for execution of projects	500
Real Estate Development and/or BOT/BOOT projects	1800
To meet the long term working capital requirements of the Company	830
To meet General Corporate Expenses	[•]
Expenses of the public issue	[•]
Total	[•]

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances, costs, other financial condition, business or strategy.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through internal accruals and debt.

In addition, the fund requirements are based on the current internal management estimates of the Company. The Company operates in a competitive, dynamic market condition, and may have to revise the estimates from time to time on account of new projects that the Company may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. Consequently, the fund requirements may also change accordingly. Any such change in the plans may require rescheduling of the expenditure programs at the discretion of the management of the Company. In case of any shortfall or cost overruns, the Company intends to meet the estimated expenditure from cash flow from operations and/or debt.

MEANS OF FINANCE:

The project is proposed to be funded by way of this Issue and internal accruals. The proposed means of the finance will be as under:

Particulars	Amount (Rs. in Lakhs)
Issue Proceeds	[•]
Internal Accruals	[•]
Total	[•]

The Company confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed public issue has been made.

In case the funds raised in the Issue are lower than the total requirement, the Company intends to finance the shortfall to the extent of internal accruals available.

Detailed Break Up of Funds Requirements:

To Purchase Capital Equipments comprising construction and infrastructure equipments for execution of projects:

The Company is in the business of infrastructure development and requires investment in capital equipments on a regular basis. The Company currently has taken a number of equipments on hire. Based on the Company's order book as on 30.09.2006, the Company intends to purchase capital equipments to the tune of Rs. 500 lacs (including escalation, Contingencies, transportation etc.), as this would substantially lower the revenue expenditure and enable the company to use the equipments optimally. The Company would also be able to claim tax benefits. The Plant & Machineries proposed to be acquired are ready to use and can be put in operation at any of the working sites of the company after the procurement. Further, the expected date of supply of majority of the Plant & Machinery is within two months from the date of placement of orders. The company has relied upon quotations received by it and also on its past experience. The company is yet to finalize all the suppliers for the capital equipment. Acquisition of the plant and machineries would not only reduce the cash outflow in the form of hire charges but also enable the company to bid for bigger capital equipment intensive contracts. In case of long term contracts use of own plant and machinery is a more viable option as hired equipments have a higher occurrence of breakdown due to poor maintenance by its owners.

Over the past couple of years, the company has made a conscious effort to increase its equipment asset base. The company acquired Rs. 101.80 lakhs of capital equipment in FY06 and Rs. 34.14 lakhs capital equipment in FY05. The acquisition of plant and machineries would be strategic in nature wherein key equipments which are operated for longer durations and form pivotal points in execution like batching plants, tandem asphalt rollers, excavators etc. would be purchased.

The details of the equipment the Company intends to purchase and their estimated costs, including the estimated costs of associated spares, attachments and other accessories, are specified in the following capital expenditure purchase plan:

1. JCB 3DX Excavator Loader

Prices for JCB 3DX Excavator Loader Fitted With 1.1 Cum Loader Bucket, Powered by Kirloskar 4R-1040 Engine Developing 76 HP, 2 wheel Drive, Industrial Tyres and other standard Fitment. as per the quotation received from Jayshree Automobiles dated 18.07.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs
JCB 3DX Excavator Loader as above	14.50
Basic Total	14.50
Excise Duty including Cess @ 16.32%	2.37
Sub Total	16.87
CST @ 4%	0.67
TOTAL COST	17.54

Freight charges and transit insurance shall be extra at actual.

2. 125 KVA Silent DG Set

Prices for 125 KVA Silent D.G. Set model no. ALGP 680TC.E4, B.H.P 151, 6 cylinder, RPM 1500 as per the quotation received from Genset India Pvt. Ltd. dated 19.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
2 Nos. of 125 KVA Silent DG set	10.70
Basic Total	10.70
Excise Duty @ 16.32%	1.75
Sub Total	12.45
VAT @ 12.50%	1.56
TOTAL COST	14.01

3. APOLLO Model DM 50 Stationary Drum Mix Type Asphalt Plant

Prices for Apollo Model DM 50 Stationary Drum Mix Type Asphalt Plant of rated capacity 60-90 TPH confirming to latest M.O.R.T.H specifications consisting of

- 4 bin feeder for cold aggregate with independent variable speed, synchronized drive under each bin – Total storage capacity – 40 Tons.
- Single deck vibrator screen for removal of over size material.
- Inclined slinger conveyor for transfer of aggregate from bin feeder to drier.
- Continuous electronic belt weighing system.
- "Thermo coater" drying and mixing drum with automatic jet burner.
- One bitumen tank of capacity 15000 liters, with autogenetic pressure jet burner and bitumen piping.
- Multi clone dry dust collector
- Inclined load out conveyor with a gob hopper for unloading of mixed material without segregation
- Mineral storage hopper and pneumatic conveyor for adding measured quantum of dust/filler material
- Centralised insulated control cabin with a provision to fit an air conditioner with all the controls for plant operation and process control, grouped and laid logically with
 - Monochrome monitor
 - Full function key board
 - Printer

as per the quotation received from Apollo Earthmovers Ltd. dated 09.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Apollo Model DM 50 Stationary Drum Mix Type Asphalt Plant	30.50
Basic Total	30.50
Excise Duty @ 16%	4.88
Cess on Excise @ 2%	0.10
Sub Total	35.48
CST @ 4%	1.42
Sub Total	36.90
Loading, lashing and forwarding charges	0.12
TOTAL COST	37.02

Transportation charges and transit insurance shall be extra at actual.

4. Fixed Cupplar & Subeple Cupplar

Prices for Fixed Cupplar & Subeple Cupplar as per the quotation received from B.K. Enterprises dated 28.04.06 are as under:

Estimated Cost :

			Rs. in lakhs
PARTICULARS	Quantity	Unit Rate	COST
Fixed Cupplar	2500	48	1.20
Subeble Cupplar	500	48	0.24
TOTAL COST			1.44

5. Road Roller

Prices for Road Roller with Romania gear box, TATA S model engine as per the quotation received from Ravinder Singh Engineering Works dated 08.05.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Road Roller with Romania Gearbox TATA S model engine		4.00
Basic Total		4.00
CST @ 4%		0.16
TOTAL COST		4.16

6. Diesel Road Roller

Prices for Diesel Road Roller 8/10 ton capacity fitted with P4 diesel engine (assembled), water cooled by radiator, TATA Gear Box and Differential, wire mesh enclosed cab, awning top, 12 volt A.C Electrical system with alternator, self starter, Battery etc. painted complete along with service tools and emergency spare parts as per the quotation received from Soaham Road Construction Equipment (Private) Limited dated 07.03.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Diesel Road Roller		4.50
Basic Total		4.50
CST @ 4%		0.18
COST		4.68

Transportation charges and transit insurance shall be extra to be borne by the company.

7. John Deere Backhoe Dozer

Prices for John Deere Backhoe Dozer as per the quotation received from R & R Automobiles dated 01.09.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
John Deere Backhoe Dozer		6.25
Basic Total Inclusive of VAT 12.5%		6.25
COST		6.25

8. BRITANNIA Road Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine.

Prices for BRITANNIA Road Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine driven three wheeled road roller suitable for variable rolling pressure as per the quotation received from Britannia Engineering Limited dated 05.09.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Prices for for "BRITANNIA" Roar Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine		7.19
Basic Total		7.19

Excise Duty @ 16.32%	1.17
Sub Total	8.36
CST @ 4%	0.34
COST	8.70

Transportation and transit insurance shall be extra to be borne by the company.

9. Schwing Stetter Concreting Equipment

Prices for Stetter Automatic Batching plant model CP30, capacity 30m³/hr as per the quotation received from Schwing Stetter (India) Pvt. Ltd. dated 22.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
1 unit Stetter Compact Concrete Mixing Plant CP 30 with MCI 70	38.00
Basic Total	38.00
Excise Duty @ 16.32%	6.20
Sub Total	44.20
CST @ 4%	1.77
TOTAL COST	45.97

Estimated cost of Silo Accessories & other accessories

	Rs. in lakhs
PARTICULARS	COST
De-aeration filter for cement/filler silo	1.35
Continuous cement/filler silo level meter	0.95
Air injection system for one compartment cement/filler silo	0.28
Hand-operated cement/filler silo discharge gate DN 300	0.25
Admixture weighing system 6 litres	2.30
Moisture meter MC 28 for sand	2.45
Computer Interface Card with computer & printer	1.40
Cement Silo 80 T capacity	8.00
Silo Feeding System	12.00
Basic Total	28.98
CST @ 4%	1.16
TOTAL COST	30.14

Total cost for Schwing Stetter Concreting Equipment and Silo Accessories & other accessories are as follows:

	Rs. in lakhs
PARTICULARS	COST
Total cost of 1 unit Stetter Compact Concrete Mixing Plant CP 30 with MCI 70	45.97
Total cost of Silo Accessories & other accessories	30.14
COST	76.11

Freight and insurance shall be extra to be borne by the Company

10. Hydrostatic Sensor Paver Finisher

Prices for Hydrostatic Sensor Paver Finisher (Model Hydro Pave 250) with automatic grade & slope control for paving 5.5 mtr. Extendable specifications which includes sauer Danfoss Hydraulic pumps, motors & imported sensors Make : MOBA (Germany) as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 06.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Hydrostatic Sensor Paver Finisher (Model Hydro Pave 250) with automatic grade & slope control for paving 5.5 mtr. Extendable specifications which includes sauer Danfoss	28.50

Hydraulic pumps, motors & imported sensors	
Basic Total	28.50
Excise Duty @ 16.32%	4.65
Sub Total	33.15
CST @ 4%	1.33
TOTAL COST	34.48

Transportation and transit insurance shall be extra to be borne by the company.

11. Mechanical Paver Finisher Model – HP 200

Prices for Mechanical Paver Finisher –HP 200 with application for Asphalt paving, 93 HP engine of Kirloskar, power steering, conveyor chain and augur drive hydraulically operated, front 2 nos. solid tyres and rear 2 nos. pneumatic tyres, hydraulically (telescopic) vibratory screed basic 2.5 mtrs upto 4.5 mtrs paving thickness upto 200 mm as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Mechanical Paver Finisher – HP 200 with application for Asphalt paving, 93 HP engine of Kirloskar	13.00
Basic Total	13.00
Excise Duty @ 16.32%	2.12
Sub Total	15.12
CST @ 4%	0.61
COST	15.73

Transportation and transit insurance shall be extra to be borne by the company.

12. Wet Mix Macadam Plant Model WMM 200 TPH

Prices for Wet Mix Macadam Plant Model WMM 200 TPH with four bin feeder for cold aggregate with individual d.c. electric motor under each bin and gathering conveyor and vibratory motor on one bin of 200 tons/hour capacity as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Wet Mix Macadam Plant (Model WMM 200 TPH) with four bin feeder for cold aggregate with individual d.c. electric motor under each bin and gathering conveyor and vibratory motor on one bin of 200 tons/hour capacity	16.50
Basic Total	16.50
Excise Duty @ 16.32%	2.69
Sub Total	19.19
CST @ 4%	0.77
COST	19.96

Transportation and transit insurance shall be extra to be borne by the company.

13. Truck mounted Bitumen Sprayer

Prices for Truck mounted Bitumen Sprayer (Capacity 6000 Ltr) with hot bitumen pressure distributor of 6 tons capacity with heating arrangement and other standard accessories as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Truck mounted Bitumen Sprayer (Capacity 4000/6000 Ltr) with hot bitumen	5.35

pressure distributor of 6 tons capacity	
Basic Total	5.35
Excise Duty @ 16.32%	0.87
Sub Total	6.22
CST @ 4%	0.25
COST	6.47

Transportation and transit insurance shall be extra to be borne by the company.

14. Truck

- a) Prices for two (2) Tata Model LPK2516TC/6x4 – 14 Cum Box BS-II tipper with 10 tyres & 7.5x 20 rims, Tata GBS 50 Gear Box, 6x4 Heavy Duty SQR 109 Rear Axle as per the quotation received from TATA Motors Ltd. dated 17/08/2006 are as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
2 Nos. of Tata Model LPK2516TC/6x4 – 14 cum Box BS-II	28.96
Basic Total	28.96
VAT @ 12.50%	3.61
COST	32.57

- b) Prices for Three (3) Tata Model SK 1613 S/R CMVR 8 Cum B S- II tipper with Tata 697 TC/IC Engine, 6 Cylinder. tata GBS 40 Gear Box , Tata RA 109 RR Rear Axle as per the quotation received from TATA Motors Ltd. dated 17/08/2006 are as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
3 Nos. of Tata Model SK 1613 S/R CMVR 8 Cum B S- II tipper	29.27
Basic Total	29.27
VAT @ 12.50%	3.65
COST	32.92

15. Tandem Vibratory Roller Model – HD 85.

Prices for Tandem Vibratory Roller Model – HD 85 as per the quotation received from Escorts Construction Equipment Limited dated 19.05.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Tandem Vibratory Roller Model – HD 85.	18.95
Basic Total	18.95
Excise Duty @ 16.32%	3.09
Sub Total	22.04
CST @ 4%	0.88
COST	22.92

Transportation and transit insurance shall be extra to be borne by the company.

16. Soil Vibratory Roller Model – EC 5250.

Prices for Soil Vibratory Roller Model – EC 5250 as per the quotation received from Escorts Construction Equipment Limited dated 19.05.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Tandem Vibratory Roller Model – HD 85.	16.75
Basic Total	16.75
Excise Duty @ 16.32%	2.73
Sub Total	19.48
CST @ 4%	0.78
COST	20.26

Transportation and transit insurance shall be extra to be borne by the company.

17. Transit Mixer of 6 Cu.M capacity

Prices for Transit Mixer Model RHS 65XL of 6 cum capacity powered by a Kirloskar 4 cylinder air cooled diesel engine Model HA 494 as per the quotation received from Greaves Cotton Limited dated 31.08.06 is as under :

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Transit Mixer Model RHS 65XL of 6 cum capacity	7.90
Basic Total	7.90
Excise Duty @ 16.32%	1.29
Sub Total	9.19
CST @ 4%	0.37
COST	9.56

18. Terex Vectra Make TX-760 Excavator Loader

Prices for Terex Vectra Make TX-760 Excavator Loader fitted with 1.00 Cu.m loader bucket, .024 Cu.m excavator powered by KOEL 4R1040T water cooled diesel engine developing 90 HP, 2 wheeled drive, Rear Standard Tyres, front 2.5 X 18 tyre size as per the quotation received from Inframech Solutions Pvt. Ltd. dated 09.05.06 is as under :

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Terex Vectra Make TX-760 Excavator Loader	14.33
Loading, Lashing & forwarding charges	0.002
Basic Total	14.33
Excise Duty @ 16.32%	2.34
Sub Total	16.67
CST @ 4%	0.67
COST	17.34

Transportation and transit insurance shall be extra to be borne by the company.

19. John Deere - Tractor

Prices for John Deere Tractor, Model 5310 power steering, dual cluter, fixer axel as per the quotation received from R & R Automobiles dated 01.09.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
2 Nos. John Deere Tractor, Model 5310	10.50
Basic Total Inclusive of VAT 12.5%	10.50
COST	10.50

20. Ashok Leyland TAURUS 2516H/4C 684 chassis

Prices for Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis fitted with HINO WO 6DTI (BSII) diesel engine as per the quotation received from Ashok Leyland dated 21.09.06 is as under :

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis	11.63
Basic Total	11.63
CST @ 2%	0.23
COST	11.86

21. Portable Concrete Pump Model – BP 350 D.

Prices for Portable Concrete Pump Model – BP 350 D. as per the quotation received from Greaves Cotton Limited dated 31.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Portable Concrete Pump Model – BP 350 D.	13.50
Basic Total	13.50
Excise Duty @ 16.32%	2.20
Sub Total	15.70
CST @ 4%	0.63
Pipeline & accessories for 100 mtr. Pipeline (inclusive of Excise duty	2.50
COST	18.83

22. Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe

Prices for Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe fitted with 5.68M Boom, 2.2M arm with 1 cu.m. bucket as per the quotation received from Telco Construction Equipment Company Limited dated 28.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices Tata Hitachi Hydraulic Excavator Model EX210LCH-V backhoe fitted with 5.68M Boom, 2.2M arm with 1 cu.m. bucket	38.50
Basic Total	38.50
Excise Duty @ 16.32%	6.28
Sub Total	44.78
CST @ 4%	1.79
COST	46.57

Transportation and transit insurance shall be extra to be borne by the company.

23. Tata John Deer 315 – V Backhoe Loader

Prices for Tata John Deer 315 – V Backhoe Loader fitted with 1.00 cum Loader Bucket, 0.3 cu.m b/h bucket and powered by TATA 497 TC Engine & Industrial tyre (2WD) as per the quotation received from P.S. Earthmovers Pvt. Ltd. dated 23.08.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices. Prices for Tata John Deer 315 – V Backhoe Loader fitted with 1.00 cum Loader Bucket, 0.3 cu.m b/h bucket and powered by TATA 497 TC Engine & Industrial tyre	14.25
Basic Total	14.25
Excise Duty @ 16.32%	2.33
Sub Total	16.58
CST @ 4%	0.33
COST	16.91

Transportation and transit insurance shall be extra to be borne by the company.

Summarized list of plant & Machinery for which orders are yet to be placed :

Sr. No	Description	Nos.	Tentative Supplier	Amount (Rs. in lacs)	Quotation no. Date of quotation relied upon
1	JCB 3DX Excavator Loader	1	Jayshree Automobiles	17.54	JCB:WB:3DX:QUO:2006:KI dt 18.07.06
2	125 KVA Silent DG Set	2	Genset India Pvt. Ltd.	14.01	GIPL/Q/2006-07/104 dt 19.05.06
3	APOLLO Model DM 50 Stationary Drum Mix Type Asphalt Plant	1	Apollo Earthmovers Ltd.	37.02	AEML/BBSR/SR/06-07/2 dt 09.05.06
4	Fixed Cupplar & Subeple Cupplar	2500 500	B.K.Enterprises	1.44	BKE09/KKB/2006 dt 28.04.06
5	Road Roller	1	Ravinder Singh Engineering Works	4.16	Dt 08.05.06
6	Diesel Road Roller	1	Soaham Road Construction Equipment (Private) Limited	4.68	Dt 07.03.06
7	John Deere Backhoe Dozer	1	R & R Automobiles	6.25	Dt 01.09.06
8	Britannia Road Master 8-10 Tonnes capacity Simpson S-4(1) Diesel Engine	1	Britannia Engineering Limited	8.70	BEL/SALES/GE/RR/QTN/MM/06/KIDCL dt 05.09.06
9	Schwing Stetter Concreting Equipment	1	Schwing Stetter (India) Pvt. Ltd.	45.97	SSI/Kol/Kaushalya Inf Dev Corp-Offer/06-056 dt 22.05.06
	Silo Accessories & other accessories	1	Schwing Stetter (India) Pvt. Ltd.	30.14	SSI/Kol/Kaushalya Inf Dev Corp-Offer/06-056 dt 22.05.06
10	Hydrostatic Sensor Paver Finisher	1	Dhruvi Road Equipment Pvt. Ltd.	34.48	DREPL/QTN/2006-07 dt 06.05.06
11	Mechanical Paver Finisher Model – HP 200	1	Dhruvi Road Equipment Pvt. Ltd.	15.73	DREPL/QTN/2006-07 dt 17.08.06
12	Wet Mix Macadam Plant Model WMM 200 TPH	1	Dhruvi Road Equipment Pvt. Ltd.	19.96	DREPL/QTN/2006-07 dt 17.08.06
13	Truck mounted Bitumen Sprayer	1	Dhruvi Road Equipment Pvt. Ltd.	6.47	DREPL/QTN/2006-07 dt 17.08.06
14	Truck	5	TATA Motors Ltd.	65.49	AO-CAL/SK dt 17.08.06
15	Tandem Vibratory Roller Model – HD 85	1	Escorts Construction Equipment Limited	22.92	ECEL/QTO/TVR/KIDCO/06-07 dt 19.05.06
16	Soil Vibratory Roller Model	1	Escorts Construction	20.26	ECEL/QTO/VC/KIDCO/0

	EC 5250		Equipment Limited		6-07 dt 19.05.06
17	Transit Mixer of 6 Cu.m capacity	1	Greaves Cotton Limited	9.56	41/2132/06-07/Q-029/1 dt 31.08.06
18	Terex Vectra Make TX-760 Excavator Loader	1	Inframech Solutions Pvt. Ltd.	17.34	KIDCL/TX/VM dt 09.05.06
19	John Deere Tractor	2	R & R Automobiles	10.50	Dt 01.09.06
20	Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis	1	Ashok Leyland	11.86	ROE/SAL/PKM/26/2109 (1) dt 21.09.06
21	Portable Concrete pump Model BP 350 D	1	Greaves Cotton Limited	18.83	41/2118/06-07/Q-029 dt 31.08.06
22	Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe	1	Telco Construction Equipment Company Limited.	46.57	TCECL/EX210/2006-07/777 dt 28.08.06
23	Tata John Deer 315-V Backhoe Loader	1	P.S Earthmovers Pvt. Ltd.	16.91	PS/Sales/JD/193/2006-2007 dt 23.08.06
	Sub Total			486.79	
	Escalation, Contingencies, transportation etc.)			13.21	
	Total			500.00	

Summary of Orders (excluding escalation, contingencies, transportation etc):

Sr. No.	Particulars	Value (Rs. In lacs)	%age
A	Total Cost of Plant & Machinery :		
	Domestic	486.79	100.00
	Imported	-	
B	Value of Orders Placed :		
	Domestic	-	-
	Imported	-	
C	Value of Orders yet to be placed :		
	Domestic	486.79	100.00
	Imported	-	

The Company has relied on quotations received from various suppliers for orders yet to be placed. Where more than one quotation has been sought, the Company has indicated the lowest of such quotations. The Company is also negotiating with several suppliers and the actual supplier may vary from the one mentioned above.

Further, The Company has not bought or does not propose to buy any second hand Plant & Machineries out of the Issue proceeds.

Real Estate Development and/or BOT/BOOT projects:

Real Estate Development by the Company on the existing land held by the Company:

The Company intends to diversify the project portfolio by entering into construction and developments of residential and/or commercial projects in order to capitalize on the growing real estate development opportunities offered by sectors such as tourism and information technology. The real estate development sector has shown an increase in demand in the past few years. With increased economic activity and the surging growth rate the requirement for housing units is seeing a boom particularly in metros and other cities. The Government is also encouraging house ownership by providing tax benefits and the financial sector is playing a key role in this boom by providing adequate resources.

The Company intends to diversify into real estate development projects. The Company intends to develop residential projects in land owned by the Company. The Company presently has 28.39 acres of freehold land at Hothi – B Village, Grampanchayat Hothi – B, Zaheerabad, Medak District, Andhra Pradesh. This land being close to Hyderabad, a growing ITES sector is developing rapidly. For details of property acquired by the Company please see page 84 of the Draft Red Herring Prospectus.

The Company has also paid an advance of Rs.1.5 crores to Mikado Properties Ltd. and is in advanced stage of negotiation for purchase of certain lands at various other locations.

The Company desires to utilise a part of the net proceeds of the issue for the forthcoming residential and/or commercial project in the land owned/to be acquired by the Company.

Real Estate Development under Joint Venture with West Bengal Housing Board :

Kaushalya had on 23rd of March, 2006 entered into a Memorandum of Understanding with the West Bengal Housing Board via the Assisted Sector scheme for forming a subsidiary called Bengal KDC Housing Development Limited (Bengal KDC). Bengal KDC was incorporated on 28th June, 2006 under the Companies Act, 1956. The main objective of Bengal KDC is to execute housing projects and other allied construction and development works in the urban as well as rural areas of West Bengal.

The shareholding pattern of Bengal KDC is as follows :

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Kaushalya Infrastructure Development Corporation Limited	1,02,000	51.00
2	West Bengal Housing Board	22,000	11.00
3	Mr Prashant Mehra	28,500	14.26
4	Others	47,500	23.75
	Total	2,00,000	100.00

It is proposed that Bengal KDC would acquire 5 to 7 acres of land at Rajarhat near Kolkata, West Bengal, which is a rapidly developing area. The Government of West Bengal has already instituted WBHIDCO as the controlling authority to distribute land at Rajarhat New Township as well as BRADA for the development of the surrounding areas.

The Company, the promoters and the promoter group has invested a sum of Rs. 10.20 lakhs by way of equity in Bengal KDC and the Government of West Bengal has invested a sum of Rs. 2.2 lakhs by way of equity in Bengal KDC.

The Company desires to utilise a part of the net proceeds of the issue for the forthcoming residential and/or commercial project through its subsidiary i.e. Bengal KDC Housing Development Limited.

Real Estate Development under other Joint Ventures :

The Company recognizes that access to land is the most important resource for a real estate developer. The Company believes that its future growth in the field of real estate development will require it to acquire land in the open market.

The Company is in advanced stage of dialogue with some Government/Semi Government institutions for forming joint ventures for real estate development throughout the country. The Company is expecting these joint ventures to fructify in a short span of time. Through these joint ventures the Company intends to develop commercial and residential properties.

The Company desires to utilise a part of the net proceeds of the issue for the residential and/or commercial projects through these joint ventures.

BOT/BOOT projects :

Infrastructure development presupposes investment of large financial resources. Public Sector entities / Development Authorities are no longer able to undertake such large investments, for want of resources. Accordingly, infrastructure development can receive the desired impetus through private-public participation, i.e. BOT/BOOT projects. The Government policy also encourages and recognises that infrastructure development can only be attained through private-public participation. The role of the Government as has been defined through various pronouncements will be more of a facilitator. Special Purpose Vehicles (SPVs) are being created with a view to attain the above objective.

Build-Operate-Transfer (BOT)/ Build-Operate-Own-Transfer (BOOT)/ Build-Operate-Lease-Transfer (BOLT)/ Build-Operate-Own (BOO) are model structures encouraging and using private investment in undertaking

infrastructure development/projects. In a BOT/BOOT project, a private Company is given concession to build and operate a facility that would normally be built and operated by the Government. The private Company is also responsible for financing and designing the project. At the end of the concession period, the private company returns ownership of the project to the Government. The concession period is primarily determined by the length of time required for the project's revenue stream to pay off the debts and also provide reasonable profits to the BOT operator.

Another method for better leveraging of funds is by setting up of Special Purpose Vehicles (SPVs). The SPVs borrow funds and repays the borrowed funds through future toll revenues. Some more models may emerge in the near future for better leveraging of funds such as Annuity, which is a variant of BOT model

Major policy initiatives have been taken by the Government to attract foreign as well as domestic private investments. To promote involvement of the private sector in construction and maintenance of National Highways, some Projects are offered on Build Operate and Transfer (BOT) basis to private agencies. After the concession period, which can range up to 30 years, this road is to be transferred back to NHAI by the Concessionaries. These projects aim at private sector investment in the form of capital infusion with the autonomy to operate and generate revenue over the concession period. The Government is encouraging private sector participation in road projects through three routes- BOT, Annuity and Special Purpose Vehicle (SPV).

The National Highways Authority of India has recently invited participation in road projects involving widening of existing two lane to four lane highways/laying of new roads on BOT/BOOT basis.

The Company foresees tremendous opportunity in this area. Although the company has not yet executed any BOT/BOOT projects till date, the company has vast experience in the construction and infrastructure activity and has successfully implemented various projects in the road development.

The Company intends to bid for various projects on a BOT or BOOT basis as one of the strengths of the company is working largely on government-commissioned projects. BOT and BOOT projects require private sector investment in the form of capital infusion with the autonomy to operate and generate revenues. Typically, these projects involve contracts with concession periods ranging between 20 to 30 years. Most of the construction companies are bidding for such projects.

The funds raised through this present issue would be used to strengthen the capability of the Company and help the company augment pre-qualification in this area and quote for BOT/BOOT tenders.

The Company proposes to invest Rs. 1800 lakhs out of the proceeds of the proposed issue in the real estate development and/or BOT/BOOT projects. The balance amount would be raised as loans from various financial institutions and banks and/or internal accruals.

Long Term Working Capital Requirements:

The company has been awarded orders, of which balance value of orders to be executed is at Rs.9194.54 lacs which would be required to be executed gradually by July, 2008, details of which appears on page 62 of this Draft Red Herring Prospectus. Further the Company is continuously bidding for new projects, which if awarded would require further working capital. Civil construction projects require varying levels of working capital at different stages of their execution.

Road and highway projects require increased working capital requirements as they mature. Buildings and other industrial infrastructure works usually start with a relatively higher level of working capital requirement than road works given that structural works require more mechanized equipment as well as procurement of steel and cement which are relatively expensive inputs. Requirements grow further as the more profitable as well as more costly finishing items like doors, windows; painting, false ceiling, etc. are executed. Bridge works are mostly cement structures requiring almost uniform working capital investments during the project execution time frame as cement and steel are primary inputs for most of the stages of production. Electrical projects are highly capital intensive as steel and sophisticated electrical equipment form the key components of production. Transformers, wires, etc. usually have lower trade credit in the market. Relatively speaking, the labour component, which is relatively small, is tied with the billing cycle of the project while raw material component requires up-front investment on the part of the executing company.

A majority of the projects of the company are road and highway focussed projects at their middle to later stages of construction requiring high investments in procurement of raw materials like stone chips, bitumen, LDO and diesel. As a result requirement of working capital has escalated compared to prior years. Keeping this in mind and to address the needs of this growing demand, the company had applied for working capital

facility enhancement and has successfully obtained such increase to meet the current needs. In future, working capital requirements will further escalate as the industrial infrastructure projects under construction will also reach maturity requiring higher levels of investment on the part of the company.

Majority of the projects being executed by the company are road and highway projects and as such are working capital intensive. The company currently enjoys working capital facilities with Indian Overseas Bank of Rs.1800 lacs. For details of the loan, refer page beginning from 114 of this Draft Red Herring Prospectus.

In view of the current order book position, the large value addition to the contracts on hand and the Company's plans to expand further, the Company has estimated its Long Term Working Capital requirement, as under, which has not been assessed by any bank or financial institution:

(Rs. In lacs)

Particulars	31.03.2006 (Audited)	31.03.2008 (Projected)	Difference (Projected 2008 – Actual 2006)
Total Current Assets (A)	3075	8841	5766
Total Current Liabilities (B)	1424	3870	2446
Working Capital Gap (A- B)	1651	4971	3320
25% of Working Capital Gap	413	1243	830

The Company already has the sanctioned limits of Rs. 1800 Lacs from the banks. The balance long-term working capital funds requirements of Rs. 830 lacs would be financed through this Public Issue.

General Corporate Purposes:

The long-term goal of the Company is to expand its operations in the Infrastructure Industry. The Company is continuously looking for opportunities to grow. While, the company has not identified any specific projects at present, the management is continuously identifying and evaluating opportunities. The company intends to use part of the net proceeds towards such growth plans and opportunities.

The Company intends to deploy the proceeds of this Issue aggregating to [•] for General Corporate Purposes including but not limited to strategic initiatives, entering into strategic alliances, brand building exercise, strengthening of the market capabilities, partnerships, acquisitions, developing vendors and ancillaries, future projects and meeting exigencies which the Company in the ordinary course may not foresee etc. The management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently the funding requirements and deployment of funds may also change. The company's management in accordance with policies set out by the Board will have flexibility in applying the balance proceeds of this issue, for general corporate purposes.

As on date of this Draft Red Herring Prospectus, the Company has not entered into any letter of intent or any other commitment for any such acquisition/investments or definitive commitment for any such strategic initiatives and acquisitions. The Board of Directors of the Company will review various opportunities from time to time.

Expenses of the Issue:

The expenses of this issue include, among others, management fees, underwriting fees, selling commissions, printing and distribution expenses, legal fees, statutory, advertisement expenses and listing fees. The estimated issue expenses are as follows :

Sl. No.	Activity	Estimated Amount (Rs. in lakhs)	% of Total Expenses	% of Total Issue size *
1.	Fees of BRLM	[•]	[•]	[•]
2.	Underwriting commission	[•]	[•]	[•]
3.	Brokerage & Selling commission	[•]	[•]	[•]
4.	Advertisement & Marketing expenses	[•]	[•]	[•]
5.	Printing and Stationery, Distribution, postage etc	[•]	[•]	[•]
6.	Fees of Registrar to the issue	[•]	[•]	[•]
7.	Other Expenses (including legal fees, filing fees, listing fees, depository charges etc)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* will be incorporated after finalization of Issue Price

Appraisal

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution

Undertaking By The Issuer Company

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Company has made firm arrangements for the stated Means of Finance as follows:

(Rs. In lakhs)		
A	Total Means of Finance required	[•]
B	Amount to be raised through Public Issue	[•]
A	Internal Accruals	[•]

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated Means of Finance, excluding the amount to be raised through the proposed public issue have been made.

Schedule of Implementation

The objects of the issue involve considerable co-ordination and efficiency. The implementation schedule has been drawn up to maintain a strict time schedule. The year wise break up of the proposed expenditure is as follows :

Sr. No.	Particulars	Total	Amount to be utilised upto	
			31 st March 2007	31 st March 2008
1	Purchase of capital equipment	500	100	400
2	Real Estate Development and/or BOT/BOOT projects	1800	200	1600
3	Long term working capital requirements of the Company	830	200	630
4	General Corporate purposes	[•]	[•]	[•]
5	Expenses of the Issue	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Cost Incurred Till Date

As per the certificate dated 22.11.2006 issued by Sumanta & Co., Chartered Accountants, Kolkata, the Company incurred a sum of Rs. 15.45 lakhs till date towards the objects of the issue and the sources of finance for the same as on 22.11.06 is given below:

(Rs in Lakhs)	
Particulars	Cost Incurred
Investment in Joint Venture with West Bengal Housing Board (Bengal KDC Housing Development Limited)	10.20
Issue Expenses	5.25
Total	15.45

Sources Of Financing Of Funds Already Deployed

These funds have been deployed from the Internal accruals of Company.

Monitoring of Utilization of Funds:

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. The Audit Committee appointed by the Board of Directors will monitor the utilization of the issue proceeds.

Interim Use of Funds:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, the company intends to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks and similar securities for necessary duration. The Company may also use the same to fund its working capital requirement on a temporary basis.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, the terms of this Draft Red Herring Prospectus, Bid-cum-Application form, the Revision form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Public Issue of 95,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per equity share for cash aggregating Rs. [•] Lakhs, comprising of 4,75,000 equity shares of Rs. 10 each reserved for the Eligible Employees (the "Employee Reservation Portion") and a Net Issue to the Public of 90,25,000 equity shares of Rs.10/- each being made through a 100% book building process.

Details of the issue structures are tabulated below:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 4,75,000 equity shares	Upto 45,12,500 equity shares	Not less than 13,53,750 equity shares or net issue less allocation to QIB bidders and Retail bidders	Not less than 31,58,750 equity shares or net issue less allocation to QIB bidders and Non institutional bidders
Percentage of Issue size available for allocation	Upto [•]% of the Issue size	Upto 50% of the Net Issue to public out of which 5% shall be available for Mutual Funds	Not less than 15% of the Net Issue to public	Nor less than 35% of the Net Issue to Public
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate 5% to Mutual Funds on proportionate basis Balance to QIBs including Mutual Funds	Proportionate	Proportionate
Minimum Bid	[•] Equity Shares and thereafter in multiples of [•] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares thereafter	[•] Equity Shares and thereafter in multiples of [•] Equity Shares thereafter
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed 4,75,000 Equity Shares	Not exceeding the Net issue subject to regulations as applicable to the Bidders	Not exceeding the Net issue subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can apply	Eligible employees being permanent employee or the director(s) of the	Public financial institutions as specified in Section 4A of the Companies	Resident Indian individuals, HUF (in the name of Karta), Companies,	Individuals, (including NRIs and HUF(in the name of the Karta)

	<p>Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Promoter directors are not eligible to be treated as eligible employees</p>	<p>Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.</p>	<p>Corporate Bodies, Scientific Institutions Societies and Trusts and NRIs</p>	<p>applying for Equity Shares such that the Bid amount does not exceed Rs.1, 00,000 in value</p>
Terms of Payment	<p>Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Member of the Syndicate</p>	<p>Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate</p>	<p>Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate</p>	<p>Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate</p>
Margin Amount	<p>Full Bid Amount on Bidding</p>	<p>At least 10% of the Bid Amount on Bidding</p>	<p>Full Bid Amount on Bidding</p>	<p>Full Bid Amount on Bidding</p>

BASIS FOR ISSUE PRICE

The Offer Price will be determined by the Company in consultation with the BRLM and specified in the Red Herring Prospectus that will be filed with the Registrar of Companies on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The Price Band will also be advertised in a widely circulated English language newspaper, a Hindi language newspaper with wide circulation and a regional newspaper (Bengali). The face value of the Equity Shares is Rs. 10 and the Offer Price is [.] times the face value at the lower end of the Price band and [.] times the face value at the higher end of the Price Band.

Investors should read the following summary with the "Risk factors" beginning from page nos. vii and the details about the company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may lose all or part of your investments

Qualitative factors

- **The Company operates in Emerging Sector**
- **Kidco is an existing profit making and dividend paying company**
The Company has a track record of successful implementation of projects at different locations for over five years. The Company is well-equipped to capitalize on the growing demand for infrastructure development through its qualified and motivated employees and various construction equipment.
- **Has a strong and experienced management team.**
The Company functions under the control of the Board consisting of experienced and professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of the Managing Director and Whole Time Director.
- **Diverse Portfolio of completed projects and projects in hand**
The company is engaged in diverse infrastructure development projects spanning Construction of Roads, Highways, Bridges, heavy RCC structures, electrification project, residential and commercial real estate developments and Hotel.
- **An ISO 9001:2000 certified Company**
- **Having confirmed orders in hand worth Rs. 9194.54 lacs as on 01.07.2006, which are under various stages of implementation**
Currently the Company has an order book position to the extent of Rs. 9194.54 lakhs on hand from various clients including government and semi government organisations. The Company has already bid for tenders floated for construction and infrastructure work under BOT with the State Governmental authorities such as Siliguri Jalpaiguri development Authority and has been pre-qualified for various projects.
- **There is a significant increase in outlay in construction and infrastructure sector owing to growth in demand.**
- **Experienced promoters with proven track record**

Quantitative Factors

Information presented in this section is derived from the Audited Unconsolidated Restated Financial Statements prepared in accordance with Indian GAAP.

1. Adjusted Earnings per Share (EPS)

Year	EPS (Rs)	Weight
2003-04	3.04	1
2004-05	3.22	2
2005-06	4.29	3
Weighted Average	3.73	
EPS for 3 months ended June 30, 2006 is Rs. 4.26 (annualised)		

2. Price Earning (P/E) Ratio in relation to the issue price of Rs.[•] per share

Based on EPS Rs.4.29 for the Year ended March 31, 2006	[•]
Based on Weighted Average EPS of Rs.3.73	[•]
Industry P/E Ratio	
Highest (Mahindra GESCO)	249.4

Lowest (Lok Housing)	5.4
Industry Composite	44.5

3. Return on Net Worth (RONW)

Year	RONW (%)	Weight
2003-04	19.65	1
2004-05	9.75	2
2005-06	21.68	3
Weighted Average	13.05	
Return on Net Worth for the 3 months ended June 30, 2006 is 21.64% (annualised)		

4. Minimum Return on increased Total Net Worth after Issue, needed to maintain Pre-Issue EPS at Rs. 4.29 [•]

5. Net Asset Value (NAV) per share in Rupees

As at 31.03.2006	17.34
As at 30.06.2006	19.59
After issue	[•]
Issue Price	[•]

(Source: Capital Market – November 06 – November 19, 2006 Vol XXI/18; Construction Industry)

Notes:

The Earnings per Share and the average return on net worth have been computed on the basis of the adjusted profits of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.

The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding during the period/year.

Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by number of shares outstanding at the end of the period/year.

Comparison with Industry Peers

Comparison of the accounting ratios of the issuer company as mentioned above with the the peer group i.e. companies of comparable size in the same industry for the year ended 31st March, 2006 is as follows :

Name of the company	Equity Capital (Rs. In Cr)	Book Value (Rs.)	Sales	EPS (Rs.)	RONW %	P/E
Ansal Buildwell	7.43	27.4	113.4	2.0	2.6	6.7
Arihant Found.	6.00	74.9	61.5	12.5	24.6	12.3
Bhagheeratha Eng	7.85	25.1	58.8	-	-65.6	-
JMC Projects	16.32	51.5	142.0	1.7	7.20	69.2
Marg Constn.	10.19	26.0	57.6	6.2	40.0	8.9
MSK Projects	16.02	40.00	85.9	5.00	13.30	15.40
Prajay Engg.	20.89	48.9	73.0	10.6	65.5	18.1
Tantia Const.	15.57	47.7	161.8	5.3	57.4	22.1
KIDCO (31.03.06)	8.49	17.34	50.61	4.29	21.68	(*)

Source: Capital Market – November 06 – November 19, 2006 Vol XXI/18; Construction Industry

The face value of the shares is Rs.10/- and the Issue price is [•] times of the face value. The Book Running Lead Manager and the Issuer Company believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors on page vii of the Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report beginning from page no 110 of the DRHP to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors

Kaushalya Infrastructure Development Corporation Ltd.

HB 170, Sector III

Salt Lake,

Kolkata – 700 106

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to M/s Kaushalya Infrastructure Development Corporation Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (provisions of Finance Act, 2006), and other direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Sumanta & Co.

Chartered Accountant

Pradeep Kumar Agarwal
(Partner)

Membership No.: 56521

Place: Kolkata

Date: 02.11.2006

TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

I. BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 ("THE ACT")

A. BENEFITS AVAILABLE TO THE COMPANY

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

2. Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

3. Exemption of Long-Term Capital Gain under Section 10(38)

According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the book profit and income tax payable under Section 115JB.

4. Depreciation under Section 32

In accordance with and subject to the provisions of section 32 of the Income tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the company, in terms of section 32(1)(ia), shall be entitled to claim depreciation @ 20% of actual cost on new plant and machinery acquired after 31st March, 2005.

5. Preliminary Expenses under Section 35D

In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

6. Exemption of Long Term Capital Gain under Section 54EC

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

7. Deduction under Section 80IA

The Company is eligible to deduction under section 80IA of the Act in respect of the profits and gains derived from the eligible projects (undertakings) of infrastructure development for a period of 10 consecutive years, falling within the first 15 years, beginning from the year in which eligible undertaking start developing the Infrastructure facility on complying with the conditions specified in the said section.

8. Deduction under Section 80IB

The Company is eligible to deduction under section 80IB of the Act in respect of the profits and gains derived from the business of hotel industry and developing and building housing project on complying with the conditions specified in the said section.

9. Lower Tax Rate under Section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

10. Lower Tax Rate under Section 112 on Long-Term Capital Gains

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

11. Benefit under Section 115JAA(1A)

Under Section 115JAA(1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

B. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. Exemption under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. Exemption of Long-Term Capital Gain under Section 10(38)

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the book profit and income tax payable under Section 115JB.

3. Exemption of Long Term Capital Gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006.

4. Exemption of Long term capital gain under Section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

5. Rebate under Section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of Securities Transaction Tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

6. Lower Tax Rate under Section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

7. Lower Tax Rate under Section 112 on Long-Term Capital Gains

As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

C. BENEFITS AVAILABLE TO NON RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. Exemption under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. Exemption under Section 10(38)

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the book profit and income tax payable under Section 115JB.

3. Exemption of Long Term Capital Gain under Section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

4. Exemption of Long Term Capital Gain under Section 54F

Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

5. Lower Tax Rate under Section 111A on Short-Term Capital Gains

Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

6. Lower Tax Rate under Section 112 on Long-Term Capital Gains

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Where shares of the Company have been subscribed in convertible foreign exchange, Non- Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:

Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets

or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Under provisions of section 115G of the Act, it shall not be necessary for a Non- Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

As per Section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the Act to the extent they are more beneficial to the Non- Resident/ Non-Resident India.

D. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax.

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act

Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).

Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess)

Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

E. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

F. VENTURE CAPITAL COMPANIES / FUNDS

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

II. BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

III. BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958

Exemption from Gift Tax Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws as amended by the Finance Act, 2006 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
- This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

SECTION IV : ABOUT THE COMPANY

The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified.

INDUSTRY OVERVIEW

Infrastructure is the foundation of economic, industrial and social development. The multiplier effect of infrastructure development on the economy is significant and its role as a stimulator of economic growth is indisputable.

The economic reform initiative in India has raised the annual growth rate to 5-6%. This has exerted the pressure on the existing infrastructure that is already saturated. It is evident that to sustain and accelerate higher economic growth rate in the country, India needs to build, upgrade and modernize its infrastructure urgently.

The importance of infrastructure for sustained economic development is well recognized. High transactions costs arising from inadequate and inefficient infrastructure can prevent the economy from realising its full growth potential regardless of the progress on other fronts. Physical infrastructure covering transportation, power and communication through its backward and forward linkages facilitates growth and has a direct impact on the quality of life.

With the changing scenario of developing countries like India, construction activity related to infrastructure development has seen gigantic growth over the past few years. Technology improvements and governmental focus on infrastructure has resulted in fast paced development of urban infrastructure, townships, highways, bridges, roads, railroads, ports, airports and power systems.

Infrastructure continues to be one of the most important areas gaining the attention of policymakers over the past few years. The Planning Commission of India is determined to substantially increase infrastructure investment. There seems to be a consensus among policymakers that the issue of infrastructure needs immediate and urgent attention. After several years of hiatus, infrastructure investment is witnessing an upward swing - although at a gradual pace.

The country has made considerable progress in the last ten years in attracting private investment into the infrastructure sectors -- in telecommunications, ports and roads and in other individual projects. The sector is estimated to grow at a CAGR of 15 per cent over the next few years. According to the Economic Survey 2005-2006, India has the potential to absorb US\$ 150 billion of foreign direct investment in the next five years in the infrastructure sector alone.

Construction in India

Construction activity is an integral part of a country's infrastructure and industrial developments. It includes transportation (highways, roads, ports, railways, airports); power systems; irrigation and agriculture systems; telecommunication; urban infrastructure (water supply, sewerage, drainage hospitals, schools, townships, offices, houses) and other buildings etc. Therefore, construction becomes the basic input for socio-economic development. Besides, the construction industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages. The outputs of the construction industry is the asset of a nation. Investment in the construction industry in turn activates many other industries such as cement, steel, bricks/tiles, aluminum, construction equipment, mineral products etc; and it has the maximum forward and backward linkage advantage.

In India, construction is the second largest economic activity after agriculture. Investment in construction accounts for nearly 11 per cent of India's Gross Domestic Product (GDP) and nearly 50 per cent of its Gross Fixed Capital Formation (GFCF). Fund injection into the sector could go up to US\$ 124.65 billion by FY2010. Construction accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. (Source : <http://ibef.org>)

The construction sector is one of the largest employers in the country. In 1999-2000, it employed 17.62 million workers, a rise of 6 million over 1993-94. The sector also recorded the highest growth rate in

generation of jobs in the last two decades, doubling its share in total employment. (Source : <http://planningcommission.nic.in>)

The main advantage of the construction sector in employment generation lies in the fact that it (i) absorbs rural labour and unskilled workers (in addition to semi-skilled and some skilled); (ii) provides opportunity for seasonal employment thereby supplementing workers' income from farming; and (iii) permits large-scale participation of women workers. (Source : <http://planningcommission.nic.in>)

Characteristics of the Construction Industry

The following are some of the characteristics of the construction industry :

- Construction activities are often funded by client(s) who make cash advances as stage payments against a bank guarantee.
- Profit margins tend to vary across various segments such as roads, tunnels, dams, bridges, power projects and industrial applications. Large, complex jobs such as power projects; nuclear projects enjoy higher margins in relation to EPC road works, which are relatively low-tech jobs. Profitability in the industry, therefore, tends to vary across segments.
- Due to project based type of work, construction companies often carry substantial contingent liabilities in the form of guarantees in order to comply with specific client requirements.
- Due to the relatively small size of many construction companies, the diversity of expertise required and the high project values involved, bids are increasingly placed in consortia.
- Profitability on each project is subject to problems of wrong pricing, adverse conditions, geological conditions and the outcome of claims on completions.

Indian Roads

The Indian road network, the largest in the world aggregating 3.32 million kilometers, consists of 65,569 km of National Highways, 1,28,000 km of State Highways, 4,70,000 km of Major District Roads and about 26,50,000 km of other District and Rural Roads. (Source : <http://indiabudget.nic.in>). As per present estimate, road network carry nearly 65% of freight and 85% of passenger traffic. Traffic on roads is growing at a rate of 7 to 10% per annum while the vehicle population growth is of the order of 12% per annum. (Source : <http://morth.nic.in/rthmain.htm>)

National Highways account for only about 2 per cent of the total length of roads, but carry about 40 per cent of the total traffic across the length and breadth of the country. Out of the total length of National Highways, about 35 per cent is of single lane/intermediate lane width, about 53 per cent is 2-lane standard and balance about 12 per cent is 4-lane standard or more. (Source : <http://indiabudget.nic.in>).

For a country of India's size, an efficient road network is necessary both for national integration as well as for socio-economic development. The National Highways (NH), serve as the arterial network across the country. The Committee on Infrastructure adopted an Action Plan for development of the National Highways network. An ambitious National Highway Development Programme (NHDP), has been established. The main elements of the programme are as follows:

Four-laning of the Golden Quadrilateral and NS-EW Corridors (NHDP I & II)

The NHDP Phase I and Phase II comprise of the Golden Quadrilateral (GQ) linking the four metropolitan cities in India i.e. Delhi-Mumbai-Chennai-Kolkata, the North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on National Highways.

Four-laning of 10,000 kms (NHDP-III)

The Union Cabinet has approved the four-laning of 10,000 km of high density national highways, through the Build, Operation & Transfer (BOT) mode. The programme consists of stretches of National Highways carrying high volume of traffic, connecting state capitals with the NHDP Phases I and II network and providing connectivity to places of economic, commercial and tourist importance.

Two laning of 20,000 km (NHDP-IV)

With a view to providing balanced and equitable distribution of the improved/widened highways network throughout the country, NHDP-IV envisages up gradation of 20,000 kms of such highways into two-lane highways, at an indicative cost of Rs.25,000 crore. This will ensure that their capacity, speed and safety match minimum benchmarks for national highways.

Six-laning of 6,500 kms (NHDP-V)

Under NHDP-V, the Committee on Infrastructure has approved the six-laning of the four-lane highways comprising the Golden Quadrilateral and certain other high density stretches, through PPPs on BOT basis. These corridors have been four-laned under the first phase of NHDP, and the programme for their six-laning will commence in 2006, to be completed by 2012. Of the 6,500 kms proposed under NHDP-V, about 5,700 kms shall be taken up in the GQ and the balance 800 kms would be selected on the basis of approved eligibility criteria.

Development of 1000 km of expressways (NHDP-VI)

With the growing importance of certain urban centres of India, particularly those located within a few hundred kilometres of each other, expressways would be both viable and beneficial.

Other Highway Projects (NHDP-VII)

The development of ring roads, bypasses, grade separators and service roads is considered necessary for full utilization of highway capacity as well as for enhanced safety and efficiency. For this, a programme for development of such features at an indicative cost of Rs.15,000 crore, has been mandated.

Accelerated Road Development Programme for the North East Region

The Accelerated North-East Road Development Project is under consideration, which will mainly provide connectivity to all the State capitals and district headquarters in the north-east. The proposal would include upgrading other stretches on NH and state highways considered critical for economic development of the north-east region.

(Source : <http://infrastructure.gov.in>)

NHDP & other NHAH Projects (Status : 31st October, 2006)								
	NHDP					Port Connectivity	Others	Total by NHAH
	GQ	NS-EW Ph I & II	NHDP Ph IIIA	NHDP Ph V	NHDP Total			
Total Length (Km)	5,846	7,300	6,139	6,500	25,785	380	945	27,110
Already 4- Laned (Km)	5,453	840	30	-	6,323	122	287	6,732
Under Implementation (Km)	393	5,055	1,090	148	6,686	237	638	7,561
Contract under implementation (No.)	35	139	17	2	193	8	16	217
Balance length for award (Km)	-	1,306	5,019	6,352	12,677	21	20	12,718

(Source : www.nhai.org)

Public-private partnership (PPP)

Just a decade ago, it was almost a tenet of faith that infrastructure services were best provided by the state. However, with liberalization & technological up gradation, private sector participation in infrastructure services gained momentum. Today public-private partnership has emerged as a vital tool to build, manage & operate infrastructure services efficiently. Consequently, apart from augmenting public sector investment into infrastructure, the Government of India has introduced a series of reforms to attract private sector participation and foreign direct investment.

There is a potential for public private partnerships (PPPs) to contribute more and help bridge the infrastructure gap in India. The total investment, at 2001-02 prices, required in infrastructure during the Tenth Five Year Plan, initially projected at Rs.1,089,400 crore, has been revised to Rs.1,108,800 crore in the Mid-Term Appraisal of the Tenth Plan. The Committee on Infrastructure, headed by the Prime Minister, has estimated the investment requirements as: Rs. 1,72,000 crore in the National Highways sector by 2012; Rs. 40,000 crore for Airports by 2010; and Rs. 50,000 crore for Ports by 2012. A substantial share of this investment is expected to come from the private sector. (Source : <http://indiabudget.nic.in>).

With a view to further augment flow of funds to the sector and to encourage private sector participation in the road sector, several initiatives have been taken by the Government which includes:

- Declaration of the road sector as an industry;
- Provision of capital grants subsidy upto 40% of project cost to enhance viability of the projects on case-to-case basis.
- Duty-free import of certain identified high quality construction plants and equipments;
- 100% tax exemption in any consecutive 10 years out of 20 years;
- Provision of encumbrance-free site for work, i.e. the Government shall meet all expenses relating to land and other pre-construction activities;
- Foreign direct investment upto 100% in road sector;
- Easier external commercial borrowing norms;
- Higher concession period, upto 30 years;
- Right to collect and retain toll.

(Source <http://morth.nic.in/rthmain.htm>)

NHAI has exploited a variety of contractual structures in moving towards PPP. Projects in Phase I involving expenditure of over Rs.5,797 crore being implemented through PPP include Rs.2,354 crore in the BOT-annuity mode and Rs. 3,443 crore in the BOT-toll mode. In Phase II, PPP projects would account for an expenditure of around Rs.11,600 crore. NHDP Phase III-A covering 4,000 km at an estimated cost of Rs.22,000 crore has already been approved. (Source : <http://indiabudget.nic.in>).

Government Policy Initiatives for Attracting Private Investment

- Government will carry out all preparatory work including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires free from all encumbrances.
- NHAI / GOI to provide capital grant up to 40% of project cost to enhance viability on a case to case basis
- 100% tax exemption for 5 years and 30% relief for next 5 years, which may be availed of in 20 years.
- Concession period allowed up to 30 years
- Arbitration and Conciliation Act 1996 based on UNICITRAL provisions.
- In BOT projects entrepreneur are allowed to collect and retain tolls
- Duty free import of specified modern high capacity equipment for highway construction.

(Source : www.nhai.org)

BOT Projects

Infrastructure development requires investment of huge financial resources and it is not feasible for Public Sector entities / Development Authorities to undertake such large investments on a sustained basis. Infrastructure development can receive the desired impetus through private-public participation, i.e. BOT/BOOT projects. The Government policy also encourages and recognises that infrastructure development can only be attained through private-public participation. The role of the Government would be more of facilitator.

Build-Operate-Transfer (BOT)/ Build-Operate-Own-Transfer (BOOT)/ Build-Operate-Lease-Transfer (BOLT)/ Build-Operate-Own (BOO) are model structures encouraging and using private investment in undertaking infrastructure development/projects. In a BOT/BOOT project, a private Company is given concession to build and operate a facility that would normally be built and operated by the Government. The private Company is also responsible for financing and designing the project. At the end of the concession period, the private company returns ownership of the project to the Government. The concession period is primarily determined by the length of time required for the project's revenue stream to pay off the debts and also provide a reasonable profits to the BOT operator.

The Government has so far taken up **32 numbers** of projects valued about **Rs.4692.31 crore** on Build, Operate and Transfer (BOT) basis (Toll based projects). Out of this, **22 numbers** of projects have been completed and **10 numbers** of projects are in progress.

Advantage of BOT Projects

1. The Government gets the benefit of the private sector to mobilize finances and to use the best management skills in the construction, operation and maintenance of the project.
2. The private participation also ensures efficiency and quality by using the best equipment.
3. The projects are conducted in a fully competitive bidding situation and are thus completed at the lowest cost.
4. Returns are attractive; typically the IRR that is targeted for such projects is around 20%.
5. Competition is lower as small players are constrained in their ability to infuse equity capital on a long-term basis (15-20 years).
6. Government support may be available in terms of fiscal benefits and project subsidy.
7. Contractor is eligible for a substantial bonus on early completion of the project. This ensures speedy completion of the projects.

Various Models in BOT

Subsidy-based: This is a variant of the toll-based BOT model. The toll that the successful bidder can charge the users of the road is fixed before the bidding process starts (including the periodic escalation in toll). The bidding takes place on the basis of the subsidy that the bidders seek from the Government every year to cover their costs and mark-up over a period of time. The company that bids for the lowest subsidy is awarded the contract. In case the usage is good enough to cover costs and the mark-up, the subsidy is the icing on the cake. This is why companies are keen on this model

Annuity: Under this model, the company that wins the bid will get a fixed return from the Government. The risk here is comparatively lower as the company will get a fixed amount at the stipulated time.

The major roadblock to Private Sector Participation is recognized as huge upfront capital investment and high risks of revenue collection, which sometimes deter the investors to come to this sector. To address the issues, apart from giving several incentives, the Government has decided to offer some projects on annuity basis. **8 numbers** of projects valued about **Rs. 2354 crore** have already been awarded on annuity basis and are in progress.

Toll-based: In this type of BOT project, the sponsor recovers its cost and mark-up by collecting tolls from users. Thus, in this type of BOT project, the risk of traffic volume is completely borne by the sponsor.

Special Purpose Vehicles (SPV)

The NHAI has also formed Special Purpose Vehicles (SPV) for funding road projects. SPV's are separate legal entities formed under the Companies Act 1956. **12 numbers** of projects valued about **Rs. 2266 crore** have been identified under SPV funding. **5 numbers** of projects amounting to **Rs. 923 crore** have been completed so far under SPV. **7 numbers** of projects valued about **Rs.1343 crore** are in progress on SPV funding basis.

(Source <http://morth.nic.in/rthmain.htm>)

Non-NHDP projects

Pradhan Mantri Grameen Sadak Yojana (PMGSY)

PMGSY has been launched in December 2000, with the objective of providing connectivity, through good All-weather roads, to all unconnected Habitations, with a population of more than 500 persons, by 2007. About 1,60,000 Habitations are expected to be covered under this programme, with an anticipated investment of Rs. 60,000 crore. This programme is entirely funded by the Government of India. The Central Government formulates the Policy Guidelines and facilitates the making of Good Quality roads through insistence on Planning, Clearance of road works, Better methods of execution, Time bound implementation, and Quality control. The Planning and Execution of road works is carried out by the States. (Source <http://www.pmgys.nic.in>)

Problems in Road Infrastructure Development

1. Acquisition of land

Acquisition of land is crucial for timely completion of road projects. This is important as major projects of NHDP have a time limit for completion. In some States there has been a delay in acquiring the land due to frequent transfers of authorities and opposition from the land users thereby delaying the completion of the work.

2. Shifting of Utilities

Development of roads particularly 4- laning under NHDP sometimes require shifting/ relocation of utilities like electric lines, telephone lines, water pipes etc. Despite the entire allocation cost being met by NHAI and advance payments, there have been instances of inordinate delays.

3. Cutting of Trees

Improvement of National Highways particularly widening sometimes require cutting of trees in many areas. Despite the payment of prescribed compensation for plantation of trees, there is delay in receipt of approval for tree cutting in most of the States.

4. Law and Order

There are law and order problems in some States which affects the progress of road infrastructure development. There are problems of insurgency in some of the States of the North- East Region which has adversely affected work on roads. There have also been instances of assault on field level officers. State Government and local administration need to take effective steps to curb such incidents and create an atmosphere of security.

5. Encroachments along National Highways

Encroachment of government lands is a common phenomenon. Almost all National Highways suffer from this menace. The Central Government which controls the National Highways has notified Land and Traffic Act (2002) for removal of encroachments, control of traffic and control of access, which is applicable only within the right of way of National Highways. The State Governments have also to enact similar statutes for control of road side construction activities.

Key drivers underlying the growth of the industry

The growth in the infrastructure sector is being driven by a host of factors, which include:

- **Political will:** The Government of India (GOI) has initiated an ambitious reform programme, involving a shift from a controlled to an open market economy. Building further on the initiatives taken by the previous Government, the incumbent Government is undertaking several measures to enhance the quantum of investments in the infrastructure segment.
- **Funding from multi-lateral agencies:** Multilateral agencies such as the World Bank and the Asian Development Bank (ADB) are funding various infrastructure projects on a large scale in India. Government undertakings/enterprises like Housing and Urban Development Corporation Ltd. (HUDCO) have dramatically stepped up their efforts to fund infrastructure projects in the nation. Various State Governments are actively mobilizing funds from these agencies to support urban development, rural roads improvements and sanitation projects.
- **Increased private participation:** To encourage private sector participation in the sector, the Government has announced several tax breaks for investments. It is also devising return schemes that are attractive for the private participants, such as annuity payments and capital grants for road projects. Laws are being enacted to improve the finances of utilities and make their management more transparent, so as to improve returns on these facilities. BOT/BOOT projects and Public-private-partnership schemes are gaining in prominence.
- **Innovative modes of funding:** The Government is tapping alternative sources of funds for infrastructure development. One of these is the cess on petrol and diesel, which is being used to fund road projects such as the Golden Quadrilateral and the North-South East-West corridor.

Current Issues

The Department of Road Transport and Highways has drafted a national road transport policy to ensure greater participation of the private sector and the rationalization of the motor vehicle tax regime across states with a view to eliminating octroi alongside implementation of VAT. The proposed policy is focused on environmental, technological and fiscal aspects of motorized transport and would be complementary to the urban transport policy and rural road development programme being pursued by the ministries of urban and rural development respectively. It makes a strong case for state level statutes to facilitate land acquisition, shifting of utilities, approval for cutting of trees, and control of law and order and encroachments for the ongoing national highway development project.

It has suggested creation of equipment leasing companies, accreditation of vehicle body manufacturers and a differential taxation system to encourage the use of multi-axle vehicles. To generate employment, it envisages co-operative societies set up by state governments to train unemployed and unskilled youth for maintenance services as is the present practice in Kerala and Maharashtra.

The draft says though the road network (3.38 m km) is extensive, it remains inadequate due to paucity of funds. Broad estimates indicate that a three to four fold increase in investments would be required and budgetary resources could be leveraged to increase private investments. (Source: www.3inetwork.org)

Future plans

Government has set ambitious plans for up gradation of National Highways in a phased manner in the years to come. The details are as under:

- 4-laning of 10,000 km (NHDP Phase-III) including 4,000 km already approved.
- Accelerated road development programme for the North Eastern region.
- 2-laning with paved shoulders of 20,000 km of National Highways under NHDP Phase-IV.
- 6-laning of GQ and some other selected stretches covering 6,500 km under NHDP Phase-V.
- Development of 1,000 km of express ways under NHDP Phase-VI.
- Development of ring roads, bypasses, grade separators, service roads, etc. under NHDP Phase-VII.

As a matter of policy, Government has decided to take-up future phases of NHDP proposals mainly on a PPP basis. Implementation of projects through construction contracts will be only in exceptional cases, where private sector participation is not possible at all. Preparatory work has begun in consultation with Planning Commission for seeking Government approvals for the enhanced scope of NHDP. (Source : <http://indiabudget.nic.in>).

India's agenda to promote PPPs for infrastructure development aims at enhancing the quality and quantum of infrastructure services, releasing the full potential of public sector assets and ensuring that stakeholders receive a fair share of benefits from the PPP. An infusion of private capital and management can ease fiscal constraints on infrastructure investment and boost efficiency. In general, wherever private sector is participating to finance, build and operate a wide array of infrastructure projects, either on its own or within the framework of PPP, the sector is recording growth. The government is keenly aware that it has to facilitate PPP actively. The proposed IIFC and the scheme to support PPPs in infrastructure would go a long way in construction of large infrastructure projects in the country.

Urban Infrastructure

The global trend is towards increased urbanisation wherein more than half the world's population nowadays lives in cities and towns. India is also a part of it and in fact India's urban system is the second largest in the world. The past five decades have seen a phenomenal increase in the growth of urban population in India and the addition every year has been about 7 & 8 million people.

There is a constant influx of population into urban centres and urbanization as a phenomenon is expanding rapidly. It is estimated that population living in urban areas will increase from 29 per cent in 2000 to 40 per cent by 2030. The urbanization experience is not unique to India but a part of the history of other Asian countries as well. The escalating demand for basic services in urban centres is resulting in a serious deterioration of service quality across housing, transport, healthcare, power, water supply and sanitation, and education. Benign neglect of urban sprawls by civic authorities has led cities to be vulnerable to natural disasters and disease. Infrastructure of cities everywhere is crying for help.

While the policy spotlight has thus far focused largely on Tier I cities—Mumbai, Delhi, Chennai, Kolkata, Bangalore, and Hyderabad, cities such as Nagpur, Surat, Vadodara, Ahmedabad, and Vijaywada, that is, Tier II cities with population of over half a million are growing at a daunting pace and need urgent policy attention. National Council Applied Economic Research (NCAER) estimates that though India's Tier I cities remain the country's richest, those in Tier II are emerging as the new growth centers (NCAER 2003).

While Tier I cities represent 6 per cent of the population and contribute 14 per cent of India's GDP, Tier II cities represent about 7 per cent of the nation's population and contribute about 13 per cent to GDP.

The Indian IT-ITES industry is deeply entrenched in all the key metros of India. The country's Tier I cities have all emerged as significant hubs for both Indian and global IT-ITES companies. As these cities are attracting IT-ITES investments and creating employment for thousands of citizens, real estate costs are escalating, the pool of skilled IT professionals drying up and infrastructure such as power, roads and airports is stretched. The infrastructure bottlenecks—highlighted by many Indian IT companies—are creating challenges for ITITES organizations that have set up operations in these cities. It is being felt that Tier II and Tier III cities need to be developed for the IT-ITES sector, so that some of the pressure can be taken off the country's Tier I cities. A number of Tier II cities offer advantages in terms of cheaper real estate, access to appropriately skilled manpower and gradually improving telecom and physical infrastructure and coming into their own in terms of drawing global and Indian IT majors.

Cities are wealth creators and generate employment for urban youth—rich and poor, skilled and unskilled. Urban infrastructure projects are ideal for financing through PPP routes and the time is ripe to regenerate urban India. (Source: www.3inetwork.org)

The rising urban population is continuing to strain infrastructure services in these areas. Indeed, the recent spate of floods in major cities was an unwelcome reminder of the grim state of basic urban infrastructure. There is no effort so far on the part of the government to initiate a coherent urban infrastructure development plan. Most state governments are continuing with an ad hoc and half-hearted approach to this issue. The overall state of basic urban infrastructure in terms of transport, water supply and sanitation remains poor. Indeed, about 20% of the urban population lives in slums without access to some of the basic infrastructure services.

Real Estate:

Housing being a basic need of the human life plays a significant role in promoting economic growth and improving the general level of social well being. Apart from being a basic requirement, housing plays a key role in accelerating the pace of development. Investments in housing like any other industry, has a multiplier effect on income and employment. The Government is required to play the role of facilitator in the promotion of housing in rural as well as urban areas. The promotion of rental housing by the private sector, public sector, as well as cooperatives and individuals needs encouragement from the Government.

The real estate sector in India has assumed growing importance with the liberalization of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for commercial and housing space, especially rental housing. Developments in the real estate sector are being influenced by the developments in the retail, hospitality and entertainment (e.g., hotels, resorts, cinema theatres) industries, economic services (e.g., hospitals, schools) and information technology (IT)-enabled services (like call centres) etc. and vice versa. There are a chain of backward and forward linkages that the real estate sector has with the other sectors of the economy, especially with the housing and construction sector. About 250 ancillary industries such as cement, steel, brick, timber, building materials etc. are dependent on the real estate industry.

Driven by positive growth in the economy, real estate in India is booming. The year 2006 started on a promising note when the Government of India opened the construction and development sector in February 2006, and allowed 100 per cent foreign direct investment (FDI) under the 'automatic route' in order to spur investment in the vital infrastructure sector.

The development of real estate in India focuses on two primary areas: retail and residential. The global real-estate consulting group Knight Frank has ranked India 5th in the list of 30 emerging retail markets and predicted an impressive 20 per cent growth rate for the organised retail segment by 2010. The organised segment is expected to grow from a mere 2 per cent to 20 per cent by the end of the decade, it said. (Source : <http://ibef.org>)

Airports

Addressing the need for more efficient airports, the Indian Government has begun an aggressive drive to modernise existing airports. The international airport in Delhi and Mumbai are being upgraded with private sector participation. To ease matters further, the FDI cap in the sector has been moved to 49 per cent.

For the up gradation exercise, a joint venture will be formed in which the Airports Authority of India (AAI) and other public sector units will hold 26 per cent equity and the balance 74 per cent will be held by a strategic partner. The AAI has now identified 25 non-metro airports for development.

Railways

The Indian Railways, which is the world's second largest rail network under a single management, has been one of the biggest contributors to the rise of industry and the change in the economic landscape of the country for over 150 years. Of the two main segments – freight and passenger – of the Indian railways, the freight segment accounts for roughly two thirds of its revenues.

Power

India's power market is the fifth largest in the world with an installed generation capacity of 123 GW, generation of more than 600 billion kWh, and a transmission & distribution network of more than 6.3 million circuit km.

With economic development in the country, per capita electricity consumption is bound to increase. The Government has taken significant policy initiatives to improve conditions for attracting private investment and FDI in the power sector. Broadly, 100 per cent foreign equity participation is allowed under the automatic approval route in all segments of the industry. For large generation projects, the Mega Power Policy extends incentives, such as capital import duty concessions, and the waiver of local levies to improve cost attractiveness, and a tax holiday for a period of 10 consecutive years out of 15 years from commencement.

(Source : <http://ibef.org>)

Hotel

It is boom time for India's Tourism and Hospitality sector. Driven by a surge in business traveller arrivals and a soaring interest in India as a tourist destination, the year 2005 has been the best year till date, with foreign visitor arrivals reaching a record 3.92 million, resulting in international tourism receipts of US\$ 5.7 billion.

According to global hotel and hospitality consulting firm, HVS International, the strong performance in tourist arrivals in 2005 can be attributed to a strong sense of business and investment confidence in India inspired by:

- India's strong GDP performance
- Strengthening of ties with the developed world, and
- Opening of sectors of the economy to private sector/ foreign investment.

The efforts made by the Ministry of Tourism & Culture in the last few years have had a salutary effect on India's tourism industry. Foreign tourist arrivals are expected to witness a growth of 78 per cent in 2006 over 2001 (last 5 years). Growth in foreign exchange earnings is expected to be of the order of 122 per cent during this period.

As per estimates (Ministry of Tourism), on an average, about 3.1 million additional jobs per year have been created directly and indirectly in the tourism sector in the last four years.

India is fast emerging as one of the most enticing destinations for the global leisure traveller. The Readers Travel Awards 2006, conducted by Condé Nast Traveller has recently placed India at number four among the world's must-see countries, up from number nine in 2003. The Incredible India campaign has also been a huge success.

An economic growth engine

As an engine for economic growth, the tourism and hospitality sector cuts across the rural-urban divide, and bridges economic boundaries. According to The World Travel & Tourism Council's 2006 Travel and Tourism Economic Research, the travel and tourism sector in India is expected to generate a total demand of US\$ 53,544.5 million of economic activity in 2006, accounting for nearly 5.3 per cent of GDP and 5.4 per cent of total employment. According to the report, the sector is expected to grow at a rate of 8.4 per cent in 2006 and by 8 per cent per annum, in real terms, between 2007 and 2016.

The Indian Ministry of Tourism has identified 31 villages across the country to be developed as tourism hubs. The states in which these villages have been identified include Himachal Pradesh, Gujarat, Maharashtra, Bihar, Karnataka, Madhya Pradesh, Andhra Pradesh, Kerala, Tamil Nadu, Orissa, Assam, Sikkim, Rajasthan and West Bengal. (Source : <http://ibef.org>)

BUSINESS OVERVIEW

Business Operation

The Company is primarily engaged in two sectors

- Construction & infrastructure
- Hotel industry

Construction & Infrastructure Sector

The Company is an existing profit making and dividend paying company. The Company is in the business of construction and infrastructure development and currently its projects extend to 4 states in India. The Company has maintained continuous progress in terms of increase number of projects. The Company commenced business activities in the infrastructure sector in the year 2001

The Company is an infrastructure Construction Company based in Eastern India with its Head office at Kolkata. KIDCO (formerly known as R.M.S Exim Private Limited) was incorporated in 1992 and is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes. The key clients of the Company include various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings.

The Company's in-house engineering skills have allowed it to maintain the required precision and quality by effectively integrating execution expertise with construction design and technology. The organization's focus on execution processes, client and partner relationships, safety and quality as well as on hiring and retaining proficient people has enabled the company to grow its turnover at a CAGR of 47% and net profits after tax at a CAGR of 78% over the last three years (FY03 to FY06). Starting with operations focused in West Bengal, the company has been able to extend operations to the States of Jharkhand, Chattisgarh and Sikkim.

KIDCO has completed several major projects and has catered to a wide range of clients in Eastern India including NPCC Ltd, WBSRDA, Mackintosh Burn Ltd., Energy Power Department, Govt. of Sikkim, Westinghouse Saxby Farmer Ltd., Engineering Projects (I) Ltd, RCD of Jharkhand , PWD of West Bengal, Jharkhand, Chattrishgarh and Sikkim.

The Company operates through three divisions in the core area of infrastructure development:

Kaushalya Nirman	:	Specialises in construction of highways, roads, runways and Industrial Infrastructure
Kaushalya Gram	:	Specialises in Electrification and Irrigation projects in Rural India
Kaushalya Parivar	:	Specialises in Construction of Commercial & Residential Complexes

The construction industry primarily operates on the basis of contractual agreements. Different types of contracts have been developed over the years in line with the changing needs of the economy. The various types of contracts that the company undertakes are classified into Item Rate Contracts, percentage rate contracts, O&M etc. The Company also plans to bid for projects under the BOT Scheme in the near future. The various types of contracts that the Company has undertaken or intends to undertake and their nomenclatures have been explained below:

1. Item rate Contract :

It is also known as Unit-price contract or schedule contract. For item rate contracts, contractors are required to quote rates for individual items of work on the basis of schedule of quantities (Bill of Quantities - BOQ) furnished by the department. This schedule indicates full nomenclature of the items as per client's estimate. The client will provide the design and drawings.

2. Percentage rate:

In this type of contract, the company is required to quote the percentage above or below or at par of the estimated cost mentioned in the tender.

3. BOT / BOOT:

It is a relatively new approach which enables direct private sector investment in large scale projects such as roads, bridges and power. The premise BOT/BOOT is based on is:

- **Build** - The contractor (or consortium) agrees with a Government to invest in a public infrastructure project (such as a road or power station). The contractor then secures their own financing to construct the project.
- **Own** - The contractor (or consortium) is the owner of the asset during the agreed concessionary period.
- **Operate** - The contractor then owns, maintains and manages the facility for an agreed concessionary period (e.g. 20 or 30 years) and recoups the investment through charges or tolls (eg. road tolls or electricity sales).
- **Transfer** - After the concessionary period the contractor transfers ownership and operation of the facility to the Government or relevant state authority.
- However, in BOT the contract between the BOT concessionaire (it means the contractor who has been given the responsibility to operate and maintain the facility for the agreed period) and the utility is at times on a take or a pay basis. This effectively means that even if the user does not utilize the facility during the period of operation and maintenance, a fixed amount of revenue is collected by the concessionaire from the utility/client.

4. Annuity:

In annuity type of contracts the facility is being constructed and maintained by the contractor out of his finances, however, the contractor is not the owner of the facility. The client is the owner of the facility and he pays the contractor the agreed upon charges through out the concession period.

5. O & M:

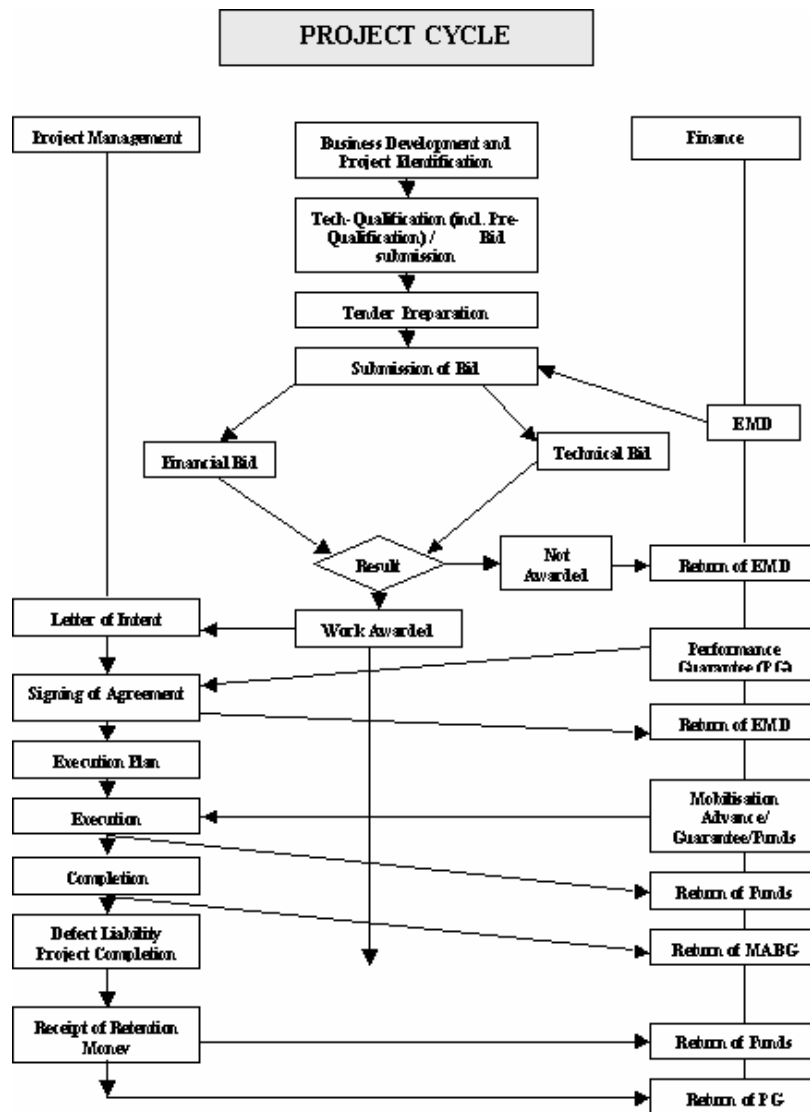
Typically an O&M contract is issued for operating and maintaining capital facilities. This could be in any of the sectors such as water, highways, buildings and power. The contract specifies routine maintenance activities to be undertaken at a predetermined frequency as well as break down maintenance during the contract period. While the contractor is paid for the routine maintenance based on the quoted rates, which is largely a function of manpower, consumables and maintenance equipments to be deployed at the site, any breakdown maintenance shall be compensated on cost plus basis.

6. FEED

Normally this work is carried out either as a part of consultancy where in the consultant company provides FEED data to the project owner to enable them to take a decision on floating the tender for construction. In addition to this FEED is also a pre requisite for a contractor to enable him to bid for EPC projects. A FEED project by itself can generate revenue as consultancy work or is a part of expense in the bidding procedure of an EPC contract.

7. LSTK / EPC:

In this form of contract contractors are required to quote a fixed sum for execution of a work complete in all respects, i.e., design engineering, execution as per the drawing, design and specifications submitted by the contractor and approved by the client. The department will provide the tentative quantities involved and any increase or decrease of the quantities will have to be absorbed by the contractor.



The various stages involved in project management are detailed below:-

PHASE I

Awarding the contract

- ☐ Expression of interest - called for by the project owner
- ☐ Request for Qualification (RFQ) or Pre-qualification
- ☐ Invitation to tender /request for proposal/ (RFP)
- ☐ Obtain Document- purchase of tender document
- ☐ Site Visit and Pre-Bid Queries
- ☐ Post-qualification / Technical Documentation and Financial Bid
- ☐ Submission of the tender along with Earnest Money Deposit ("EMD").
- ☐ Award of the contract to the lowest bidder and issue of Letter of Intent
- ☐ Signing of the contract along with submission of performance securities and refund of EMD

PHASE II

Execution of the project

- ☐ Prepare the Project Cost and Analysis for execution, detailed execution plan, detailed resource plan and expenditure plan

- ☐ Kick-off meetings
- ☐ Mobilization of resources
- ☐ Purchase of materials required in the project
- ☐ Execution of the project as per execution plan
- ☐ Raising monthly (as per tender condition) Running Account Bills

Project closure

- ☐ Implement all project completion activities to the satisfaction of the client.
- ☐ Receipt of final bill
- ☐ Taking substantial completion certificate
- ☐ Taking handing over certificate
- ☐ Implementing Defect Liability/ O&M period, if there is any
- ☐ Receive the final retention money after Defect Liability Period

Defect Liability Period

Normally all projects stipulate a defect liability period of 12 months from the date of handing over. Contractor is responsible to make good any defects that may arise as a consequence of inadequate quality of supplies and workmanship during this period. The retention money / bank guarantee of equivalent amount which is held by the client (approximately 5-10%) is returned to the contractor on successful completion of the defect liability period.

BIDDING PROCESS

Typically a project owner/client conceives of a specific project and follows it up with the appointment of a consultant who prepares a detailed project report. This report addresses various aspects of project implementation commencing from obtaining clearances, right of ways, scope of work, technical parameters, etc., to related costs which define the approximate estimated cost of the project. At the next level the project owner invites pre-qualifications from prospective bidders to assess and identify contractors who are capable of bidding for the project and subsequently implementing the same, if awarded. The detailed project report data is utilized to define the pre-qualification criteria by the project owner. For projects across the various infrastructure sectors, the project owner /client normally specify the qualifying criteria, which include:

Technical Capability: The Company should have the experience of having implemented projects of similar nature, necessary manpower with a relevant profile to suit the project and the experience to execute it. Depending on the project, relevant machinery as specified by the client should be available with the company. This may be owned or outsourced / hired from a third party.

Financial Strength: This includes the minimum annual turnover, net worth requirement as well as working capital requirements.

The Tender is first bought by the Company from the concerned Government Department and survey is conducted of that particular site, stated in the tender document. After detailed study of the technical and financial aspect, the Company quotes the various rates in the bill of quantities and complete the financial details required by the tender. The main tender document is then sealed and submitted along with documents such as EMD exemption certificate, PWD registration certificate, list of machineries and plant available to be utilized on the work, details of technical personnel, details of work of similar type and magnitude carried out by the company and any other detail required by the tender.

Two envelopes are submitted. Envelope No. 1 containing technical bid and Envelope No. 2 containing the financial bid. First the envelope no. 1 is opened and if the company qualifies then the name is recommended for the opening of envelope no. 2. Usually the lowest bidder is awarded the contract. In the event the project allows for association of more than one company to participate in the contract to enable the partners to pool in their resources, thereby meeting the threshold pre-qualifying criteria, such a method of invitation is known as joint venture participation.

Projects under implementation by the Company

The company is engaged in diversified construction activities of roads, bridges, multi-storied Buildings, drainage, electricity supply under infrastructure, institutional & industrial complexes and residential buildings catering to the PSUS, Private Sectors, and PWD of various State Government projects. The relevant details of some major projects on hand are given below:

Sr No	Client	Description	Total Value of Contract (Rs. In lacs)	Value of Contract executed till 30.06.06 (Rs. In lacs)	Balance Value of Contract in hand (Rs. In lacs)	Expected Completion date by the Management
1	Engineering Projects (I) Ltd.	Widening and strengthening of road Construction Depart. Ranchi – Jharkhand.	3064.82	1580.82	1484.00	March, 2007
2	S.E, WBSRDA	Construction & Maintenance of Road from Basulichak to Talpati – Nandi gram-I & Khejuri - II	464.63	320.23	144.40	March, 2007
3	Dakshin Dinajpur Zilla Parisad	Construction of RCC Bored Pile Bridge at Dholpara, Dakshin Dinajpur.	59.28	48.24	11.04	January, 2007
4	West Bengal Housing Board	Construction of 4 storied 9 nos. LIG Buildings including sanitary, plumbing and internal water supply arrangement at Thakurpukur HSG, Project Phase - III	76.64	74.23	2.41	December, 2006
5	S.E, WBSRDA	Construction and maintenance of Road from B.A. Road to Nabagram Road in Block Khandagosh, Package No. WB – 05-37 Dist, Burdwan	528.70	505.94	22.76	December, 2006
6	S.E, WBSRDA	Construction and maintenance of Road from Amgaria to Bahndergaria in Block Ketugram – I, Package No. WB – 05-39 Dist, Burdwan	408.65	292.15	116.50	June, 2007
7	WBSRDA	Construction and maintenance of Road from Gourangapur to Jhaubari, Package No. WB – 18-23 Dist, Dakshin Dinajpur	121.11	54.22	66.89	March, 2007
8	Mackintosh Burn Ltd.	Widening and strengthening of Sonahatu – Milan Chowk Road (1 to 24 Km) under E.E, RCD, Ranchi.	954.86	227.49	727.37	October, 2007
9	Energy & Power Department Govt. of Sikkim	Drawing of 66 KV S/C from Khamdong to Phodong including extension of addl. 66 KV BAY at Khamdong and drawing of 11 KV 3 phase Heavy Duty Line on ACSR Dog Conductor at 68/11 KV Substation at Khamdong, Sikkim.	455.20	39.41	415.79	June, 2007
10	PIU, PMGSY, Dist. Raigarh, Chhatishgarh	Construction & maintenance of Rural Roads under ADB assistance for PMGSY for the year 2004-2005 in Dist. Raigarh, Package No. CG 13-15	955.37	324.33	631.04	March, 2007
11	PIU, PMGSY, Dist. Jashpur, Chhatishgarh	Construction & maintenance of Rural Roads under ADB assistance for PMGSY for the year 2004-2005 in Dist. Jashpur, Package No. CG-07-10	568.32	320.05	248.27	March, 2007
12	NPCC Limited	Offsite Area Civil Works Package for SIPAT STPP, stage – I (3x660MW) for Sipat Super Thermal Power Projects.	2519.00	208.18	2310.82	July, 2007
13	NPCC Limited	Ash Dyke Package For SIPAT STPP, stage – I (3x660MW) for Sipat	3108.47	422.08	2686.39	July, 2008

		Super Thermal Power Projects				
14	S.E., WBSRDA	Construction and maintenance of Bishpuria to Kundruka & Rakhera to Laharia Road, Dist. Purulia, West Bengal Pkg.,WB16ADB01	427.96	101.10	326.86	March, 2007
		Total	13,713.01	4518.47	9194.54	

Major Projects Executed by the Company

The Company has catered to a wide variety of clients including NPCC Ltd, Mackintosh Burn Ltd., Energy Power Department, Govt. of Sikkim, Westinghouse Saxby Farmer Ltd., Engineering Projects (I) Ltd., PWD of West Bengal, Jharkhand, Chattishgarh, Sikkim. The description of the type of work and value thereof for major projects executed by the Company since incorporation is given below:

Sr. No	Name of the Client & details of the Project	Contract Amount (Rs.in lacs)
1	Westinghouse Saxby Farmer Ltd. Widening and strengthening of Mirzapur- Kusum gram road from 15Km to 32 Km in Dist Burdwan	1478.34
2	Westinghouse Saxby Farmer Ltd. Widening and strengthening of Contai – Tajpur road from 2Km to 20 Km in Dist . of Purba Midnapur	918.24
3	RCD Road Division, Dumka, Jharkhand Widening and strengthening of Guhijori – Ramgarh – Godda road from 36Km to 65 Km.	637.41
4	Westinghouse Saxby Farmer Ltd. Strengthening GT Road (Old) within Palsit and Burdwan from 581 Km to 611 Km in Dist Burdwan	326.55
5	Smt. Neeru Mehra Construction of 3 storied residential cum office building at salt lake, kolkata	90.17
6	Westinghouse Saxby Farmer Ltd. Construction of Rasulpur Kuchut road under Burdwan Zilla Parisad including cross drainage embankment protection and other allied works.	80.15
7	Westinghouse Saxby Farmer Ltd. Special repair to GT Road(old) from 591km to 694.5 km in dist. Burdwan	77.15
8	Westinghouse Saxby Farmer Ltd. Shifting of electricity poles and erection of transmission line of 25 KVA on NH-34 between Sargachi and Farakka in West Bengal – length 104 km	450.00
9	RCD, Daltangunj, Govt. of Jharkhand Strengthening of Parwa – Garwa Road (0 – 30 Km) under E.E, RCD, Daltangunj	471.80
10	PWD, West Bengal Improvement and strengthening of Burdwan – Katwa Road from 0 to 20 km and 51 to 58 km.	757.94
11	S.E., WBSRDA Construction & Maintaintance of Road from Ichaghkhmar Road and Jhalda Gola Road to Hensahatu Road in Block Jhalda- I(Package no. WB 16-23) Dist. Purulia	224.36
12	Westinghouse Saxby Farmer Ltd. Construction of bridge over irrigation canal at Gobindpur at ist km of the link road from Balrampur – Bagundi road to Lower Dam site in the District of Purulia	45.77
13	Westinghouse Saxby Farmer Ltd. Improvement of Nabadwip Municipal Link road from railway level crossing junction to Ranirhat (o to 3.5 KM) road.	24.00
14	Westinghouse Saxby Farmer Ltd. Widening PWD road from 1st junction with Woodburn Road up to Station Approach Road under Nabadwip Municipality	19.56
15	West Bengal Housing Board Construction of internal roads and pathways at Konnagar Housing	6.73
16	PIU, PMGSY, Dist. Bilaspur, Chhatrishgarh Construction & maintenance of Rural Roads under ADB assistance for PMGSY for the year 2004-2005 in Dist. Bilaspur, Package No. CG- 02-17	702.59
17	WB HIDCO Construction of internal roads in Action Area – 1A, under package – VI, New Town Project, Kolkata	284.44

18	Visa Steel limited Construction of Visa Steel Internal road, Jhakapura, Orissa	429.50
19	Rawmet Ferrous Industries Pvt. Ltd. Rawmet Steel plant Industrial area development	150.75
20	Balasore Alloys Limited Overburden excavator approach road work, approach road work trip, oredump rehandling drain cutting	925.00

Projects for which Bid submitted by the Company :

The Company has bid for two projects the details for which are as follows :

1. The Company has bid for an expression of interest on 11th October, 2006 for multi utility infrastructure project at Dagapur, NH 55, Siliguri issued by Siliguri Jalpaiguri Development Authority. The total area of the land for the project is 2.9 acres which would be given on 30 years lease (renewable) to the successful bidder. The project involves construction of shopping malls, Cineplex, convention centre, commercial building (information technology). The total build up floor area would be approximately 55,000 sq ft.. The estimated cost of the project would be Rs.80 crores. After completion of the project the successful bidder would sell/lease/give on rent to various parties. The expected duration of the project is 2 years and 9 months. This project would be executed under BOT project.
2. The Company has bid for an expression of interest on 11th October, 2006 for development of residential complexes in Himachal Vihar, Siliguri issued by Siliguri Jalpaiguri Development Authority. The total area of the land for the project is 4 acres which would be given on 30 years lease (renewable) to the successful bidder. The project involves construction of residential complex. The estimated cost of the project would be Rs.20 crores. After completion of the project the successful bidder would sell/lease/give on rent to various parties. The expected duration of the project is 3 years. This project would be executed under BOT project.

Plant & Machinery

The company has acquired latest equipments and machineries, to improve productivity and quality. This allows Kidco to execute large road projects within stipulated time frame while maintaining the desired quality. The list of equipments owned by the company as on date is given below:

Sr. No	Particulars	Manufacturer & Model	Owned	Purchase cost (Rs. in lacs)	Hire	Total
1	Asphalt Drum Mix Plant	Solmec / Apollo DM-45 Brand	1	16.08	2	3
2	Mini Hot Mix Plant	Kirloskar	1	4.33		1
3	JCB 3D Hydraulic Excavator Loader	Escorts JCB Ltd.	2	30.36	3	5
4	Road Master 8-10 tonnes	Britannia Engineering Ltd.	1	7.39		1
5	Diesel Road Roller	Hanjra Engineering Works	2	4.05	11	13
6	Asphalt Compactor	Ingersoll Rand model 1DD 90 / DD-90	2	23.36	1	3
7	Vibratory road Roller R-90	Jaypee Engg. Hydraulic Equip. Co. P. Ltd	1	3.39	1	2
8	Tandem Vibratory Road Roller	Jaymac Engg. Ltd./ Precon Engineers	1	3.28		1
9	Asphalt Paver Machine	SOLMEC Brand	1	6.84		1
10	Electric Generating Set	JAKSONS Ltd.	1	4.37		1
11	Cytanic Immersion Mixer cum Sprayer	Challenge Brand	2	9.12		2
12	Triper Truck	TATA TC - 2001	2	8.00	1	3
14	Complete Tank Lorry	Amar Automobiles	1	1.40		1
15	Water Tanker	TATA 1210 D	1	2.00		1
16	Concrete Mixture 10/7 cft	Kirlosker	1	0.70		1
17	Concrete Vibrator	Kirlosker	1	0.11		1
18	Cincrete Vibrator	Jaypee Equipments P Ltd.	1	0.12		1
19	Portable Compressor P- 300	Ingersoll Rand	1	6.24		1
20	Portable Pump	HONDA	4	0.54		4

21	Lorry Weigh Bridge	Everlast Electronics P Ltd.	2	3.28		2
23	Bitumen Sprayer	Apollo	1	1.50		1
24	Vibratory Soil Compactor	Ingersoll Rand Model SD – 110	1	21.74		1
25	Bitumen Extractor	Geologists Syndicate P Ltd.	6	0.42		6
26	Dumper	Ashok Leyland	4	23.76	5	9
27	CBR Test apparatus	Geologists Syndicate P Ltd.	1	0.28		1
28	Compression Testing Machine	Geologists Syndicate P Ltd.	1	0.25		1
29	250 Gallon Capacity Oil Fired Tar Boiler	Shiva Engineering Works	1	0.51		1
30	Concrete Pump	Greaves Cotton Ltd.	1	17.25		1
31	Builders Hoist	JB Formworks Systems	2	1.86		2
32	Tractor with Trailer	L&T Jhon Deere	1	4.47		1
	Control panel Board with control cabin	Parker Paver Plant Industries	1	1.76		1
	Lime feeder unit with L.D.O tank	Parker Paver Plant Industries	1	0.84		1
		Total		209.60		

Details of Plant & Machineries which is proposed to be purchased are as follows and the status of orders is as mentioned therein

Summarized list of plant & Machinery for which orders are yet to be placed :

Sr. No	Description	Nos.	Tentative Supplier	Amount (Rs. in lacs)	Quotation no. Date of quotation relied upon
1	JCB 3DX Excavator Loader	1	Jayshree Automobiles	17.54	JCB:WB:3DX:QUO:2006:KI dt 18.07.06
2	125 KVA Silent DG Set	2	Genset India Pvt. Ltd.	14.01	GIPL/Q/2006-07/104 dt 19.05.06
3	APOLLO Model DM 50 Stationary Drum Mix Type Asphalt Plant	1	Apollo Earthmovers Ltd.	37.02	AEML/BBSR/SR/06-07/2 dt 09.05.06
4	Fixed Cupplar & Subeple Cupplar	2500 500	B.K.Enterprises	1.44	BKE09/KKB/2006 dt 28.04.06
5	Road Roller	1	Ravinder Singh Engineering Works	4.16	Dt 08.05.06
6	Diesel Road Roller	1	Soaham Road Construction Equipment (Private) Limited	4.68	Dt 07.03.06
7	John Deere Backhoe Dozer	1	R & R Automobiles	6.25	Dt 01.09.06
8	Britannia Road Master 8-10 Tonnes capacity Simpson S-4(1) Diesel Engine	1	Britannia Engineering Limited	8.70	BEL/SALES/GE/RR/QTN/MM/06/KIDCL dt 05.09.06
9	Schwing Stetter Concreting Equipment	1	Schwing Stetter (India) Pvt. Ltd.	45.97	SSI/Kol/Kaushalya Inf Dev Corp-Offer/06-056 dt 22.05.06
	Silo Accessories & other accessories	1	Schwing Stetter (India) Pvt. Ltd.	30.14	SSI/Kol/Kaushalya Inf Dev Corp-Offer/06-056 dt 22.05.06
10	Hydrostatic Sensor Paver Finisher	1	Dhruvi Road Equipment Pvt. Ltd.	34.48	DREPL/QTN/2006-07 dt 06.05.06
11	Mechanical Paver Finisher Model – HP 200	1	Dhruvi Road Equipment Pvt. Ltd.	15.73	DREPL/QTN/2006-07 dt 17.08.06
12	Wet Mix Macadam Plant Model WMM 200 TPH	1	Dhruvi Road Equipment Pvt. Ltd.	19.96	DREPL/QTN/2006-07 dt 17.08.06
13	Truck mounted Bitumen Sprayer	1	Dhruvi Road Equipment Pvt. Ltd.	6.47	DREPL/QTN/2006-07 dt 17.08.06
14	Truck	5	TATA Motors Ltd.	65.49	AO-CAL/SK dt

					17.08.06
15	Tandem Vibratory Roller Model – HD 85	1	Escorts Construction Equipment Limited	22.92	ECEL/QTO/TVR/KIDCO/06-07 dt 19.05.06
16	Soil Vibratory Roller Model EC 5250	1	Escorts Construction Equipment Limited	20.26	ECEL/QTO/VC/KIDCO/06-07 dt 19.05.06
17	Transit Mixer of 6 Cu.m capacity	1	Greaves Cotton Limited	9.56	41/2132/06-07/Q-029/1 dt 31.08.06
18	Terex Vectra Make TX-760 Excavator Loader	1	Inframech Solutions Pvt. Ltd.	17.34	KIDCL/TX/VM dt 09.05.06
19	John Deere Tractor	2	R & R Automobiles	10.50	Dt 01.09.06
20	Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis	1	Ashok Leyland	11.86	ROE/SAL/PKM/26/2109 (1) dt 21.09.06
21	Portable Concrete pump Model BP 350 D	1	Greaves Cotton Limited	18.83	41/2118/06-07/Q-029 dt 31.08.06
22	Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe	1	Telco Construction Equipment Company Limited.	46.57	TCECL/EX210/2006-07/777 dt 28.08.06
23	Tata John Deer 315-V Backhoe Loader	1	P.S Earthmovers Pvt. Ltd.	16.91	PS/Sales/JD/193/2006-2007 dt 23.08.06
	Sub Total			486.79	
	Escalation, Contingencies, transportation etc.)			13.21	
	Total			500.00	

The specifications and vendors of the plant & machinery mainly depend on the nature of the contract undertaken. Therefore, the abovementioned specifications & the make of machinery may be subject to variation depending upon the nature of the projects undertaken. The Plant & Machineries proposed to be acquired are ready to use and can be put in operation at any of the working sites after the procurement. Further, the Company has not bought or does not propose to buy any second hand Plant & Machineries out of the Issue proceeds.

Details of the above are enumerated in the following paragraphs:

1. JCB 3DX Excavator Loader

Prices for JCB 3DX Excavator Loader Fitted With 1.1 Cum Loader Bucket, Powered by Kirloskar 4R-1040 Engine Developing 76 HP, 2 wheel Drive, Industrial Tyres and other standard Fitment. as per the quotation received from Jayshree Automobiles dated 18.07.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs
JCB 3DX Excavator Loader as above	COST 14.50
Basic Total	14.50
Excise Duty including Cess @ 16.32%	2.37
Sub Total	16.87
CST @ 4%	0.67
TOTAL COST	17.54

Freight charges and transit insurance shall be extra at actual.

2. 125 KVA Silent DG Set

Prices for 125 KVA Silent D.G. Set model no. ALGP 680TC.E4, B.H.P 151, 6 cylinder, RPM 1500 as per the quotation received from Genset India Pvt. Ltd. dated 19.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
2 Nos. of 125 KVA Silent DG set	10.70
Basic Total	10.70
Excise Duty @ 16.32%	1.75
Sub Total	12.45
VAT @ 12.50%	1.56
TOTAL COST	14.01

3. APOLLO Model DM 50 Stationary Drum Mix Type Asphalt Plant

Prices for Apollo Model DM 50 Stationary Drum Mix Type Asphalt Plant of rated capacity 60-90 TPH confirming to latest M.O.R.T.H specifications consisting of

- k. 4 bin feeder for cold aggregate with independent variable speed, synchronized drive under each bin – Total storage capacity – 40 Tons.
- l. Single deck vibrator screen for removal of over size material.
- m. Inclined slinger conveyor for transfer of aggregate from bin feeder to drier.
- n. Continuous electronic belt weighing system.
- o. "Thermo coater" drying and mixing drum with automatic jet burner.
- p. One bitumen tank of capacity 15000 liters, with autogenetic pressure jet burner and bitumen piping.
- q. Multi clone dry dust collector
- r. Inclined load out conveyor with a gob hopper for unloading of mixed material without segregation
- s. Mineral storage hopper and pneumatic conveyor for adding measured quantum of dust/filler material
- t. Centralised insulated control cabin with a provision to fit an air conditioner with all the controls for plant operation and process control, grouped and laid logically with
 - d. Monochrome monitor
 - e. Full function key board
 - f. Printer

as per the quotation received from Apollo Earthmovers Ltd. dated 09.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Apollo Model DM 50 Stationary Drum Mix Type Asphalt Plant	30.50
Basic Total	30.50
Excise Duty @ 16%	4.88
Cess on Excise @ 2%	0.10
Sub Total	35.48
CST @ 4%	1.42
Sub Total	36.90
Loading, lashing and forwarding charges	0.12
TOTAL COST	37.02

Transportation charges and transit insurance shall be extra at actual.

4. Fixed Cupplar & Subeple Cupplar

Prices for Fixed Cupplar & Subeple Cupplar as per the quotation received from B.K. Enterprises dated 28.04.06 are as under:

Estimated Cost :

			Rs. in lakhs
PARTICULARS	Quantity	Unit Rate	COST
Fixed Cupplar	2500	48	1.20
Subeble Cupplar	500	48	0.24
TOTAL COST			1.44

5. Road Roller

Prices for Road Roller with Romania gear box, TATA S model engine as per the quotation received from Ravinder Singh Engineering Works dated 08.05.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Road Roller with Romania Gearbox TATA S model engine		4.00
Basic Total		4.00
CST @ 4%		0.16
TOTAL COST		4.16

6. Diesel Road Roller

Prices for Diesel Road Roller 8/10 ton capacity fitted with P4 diesel engine (assembled), water cooled by radiator, TATA Gear Box and Differential, wire mesh enclosed cab, awning top, 12 volt A.C Electrical system with alternator, self starter, Battery etc. painted complete along with service tools and emergency spare parts as per the quotation received from Soaham Road Construction Equipment (Private) Limited dated 07.03.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Diesel Road Roller		4.50
Basic Total		4.50
CST @ 4%		0.18
COST		4.68

Transportation charges and transit insurance shall be extra to be borne by the company.

7. John Deere Backhoe Dozer

Prices for John Deere Backhoe Dozer as per the quotation received from R & R Automobiles dated 01.09.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
John Deere Backhoe Dozer		6.25
Basic Total Inclusive of VAT 12.5%		6.25
COST		6.25

8. BRITANNIA Road Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine.

Prices for BRITANNIA Road Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine driven three wheeled road roller suitable for variable rolling pressure as per the quotation received from Britannia Engineering Limited dated 05.09.06 is as under:

Estimated Cost :

		Rs. in lakhs
PARTICULARS		COST
Prices for for "BRITANNIA" Roar Master 8-10 Tonnes capacity, Simpson S-4(1) Diesel engine		7.19
Basic Total		7.19

Excise Duty @ 16.32%	1.17
Sub Total	8.36
CST @ 4%	0.34
COST	8.70

Transportation and transit insurance shall be extra to be borne by the company.

9. Schwing Stetter Concreting Equipment

Prices for Stetter Automatic Batching plant model CP30, capacity 30m³/hr as per the quotation received from Schwing Stetter (India) Pvt. Ltd. dated 22.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
1 unit Stetter Compact Concrete Mixing Plant CP 30 with MCI 70	38.00
Basic Total	38.00
Excise Duty @ 16.32%	6.20
Sub Total	44.20
CST @ 4%	1.77
TOTAL COST	45.97

Estimated cost of Silo Accessories & other accessories

	Rs. in lakhs
PARTICULARS	COST
De-aeration filter for cement/filler silo	1.35
Continuous cement/filler silo level meter	0.95
Air injection system for one compartment cement/filler silo	0.28
Hand-operated cement/filler silo discharge gate DN 300	0.25
Admixture weighing system 6 litres	2.30
Moisture meter MC 28 for sand	2.45
Computer Interface Card with computer & printer	1.40
Cement Silo 80 T capacity	8.00
Silo Feeding System	12.00
Basic Total	28.98
CST @ 4%	1.16
TOTAL COST	30.14

Total cost for Schwing Stetter Concreting Equipment and Silo Accessories & other accessories are as follows:

	Rs. in lakhs
PARTICULARS	COST
Total cost of 1 unit Stetter Compact Concrete Mixing Plant CP 30 with MCI 70	45.97
Total cost of Silo Accessories & other accessories	30.14
COST	76.11

Freight and insurance shall be extra to be borne by the Company

10. Hydrostatic Sensor Paver Finisher

Prices for Hydrostatic Sensor Paver Finisher (Model Hydro Pave 250) with automatic grade & slope control for paving 5.5 mtr. Extendable specifications which includes sauer Danfoss Hydraulic pumps, motors & imported sensors Make : MOBA (Germany) as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 06.05.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Hydrostatic Sensor Paver Finisher (Model Hydro Pave 250) with automatic grade & slope control for paving 5.5 mtr. Extendable specifications which includes sauer Danfoss	28.50

Hydraulic pumps, motors & imported sensors	
Basic Total	28.50
Excise Duty @ 16.32%	4.65
Sub Total	33.15
CST @ 4%	1.33
TOTAL COST	34.48

Transportation and transit insurance shall be extra to be borne by the company.

11. Mechanical Paver Finisher Model – HP 200

Prices for Mechanical Paver Finisher –HP 200 with application for Asphalt paving, 93 HP engine of Kirloskar, power steering, conveyor chain and augur drive hydraulically operated, front 2 nos. solid tyres and rear 2 nos. pneumatic tyres, hydraulically (telescopic) vibratory screed basic 2.5 mtrs upto 4.5 mtrs paving thickness upto 200 mm as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Mechanical Paver Finisher – HP 200 with application for Asphalt paving, 93 HP engine of Kirloskar	13.00
Basic Total	13.00
Excise Duty @ 16.32%	2.12
Sub Total	15.12
CST @ 4%	0.61
COST	15.73

Transportation and transit insurance shall be extra to be borne by the company.

12. Wet Mix Macadam Plant Model WMM 200 TPH

Prices for Wet Mix Macadam Plant Model WMM 200 TPH with four bin feeder for cold aggregate with individual d.c. electric motor under each bin and gathering conveyor and vibratory motor on one bin of 200 tons/hour capacity as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Wet Mix Macadam Plant (Model WMM 200 TPH) with four bin feeder for cold aggregate with individual d.c. electric motor under each bin and gathering conveyor and vibratory motor on one bin of 200 tons/hour capacity	16.50
Basic Total	16.50
Excise Duty @ 16.32%	2.69
Sub Total	19.19
CST @ 4%	0.77
COST	19.96

Transportation and transit insurance shall be extra to be borne by the company.

13. Truck mounted Bitumen Sprayer

Prices for Truck mounted Bitumen Sprayer (Capacity 6000 Ltr) with hot bitumen pressure distributor of 6 tons capacity with heating arrangement and other standard accessories as per the quotation received from Dhruvi Road Equipment Pvt. Ltd. dated 17.08.06 is as under:

Estimated Cost :

	Rs. in lakhs
PARTICULARS	COST
Prices for Truck mounted Bitumen Sprayer (Capacity 4000/6000 Ltr) with hot bitumen	5.35

pressure distributor of 6 tons capacity	
Basic Total	5.35
Excise Duty @ 16.32%	0.87
Sub Total	6.22
CST @ 4%	0.25
COST	6.47

Transportation and transit insurance shall be extra to be borne by the company.

14. Truck

- c) Prices for two (2) Tata Model LPK2516TC/6x4 – 14 Cum Box BS-II tipper with 10 tyres & 7.5x 20 rims, Tata GBS 50 Gear Box, 6x4 Heavy Duty SQR 109 Rear Axle as per the quotation received from TATA Motors Ltd. dated 17/08/2006 are as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
2 Nos. of Tata Model LPK2516TC/6x4 – 14 cum Box BS-II	28.96
Basic Total	28.96
VAT @ 12.50%	3.61
COST	32.57

- d) Prices for Three (3) Tata Model SK 1613 S/R CMVR 8 Cum B S- II tipper with Tata 697 TC/IC Engine, 6 Cylinder. tata GBS 40 Gear Box , Tata RA 109 RR Rear Axle as per the quotation received from TATA Motors Ltd. dated 17/08/2006 are as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
3 Nos. of Tata Model SK 1613 S/R CMVR 8 Cum B S- II tipper	29.27
Basic Total	29.27
VAT @ 12.50%	3.65
COST	32.92

15. Tandem Vibratory Roller Model – HD 85.

Prices for Tandem Vibratory Roller Model – HD 85 as per the quotation received from Escorts Construction Equipment Limited dated 19.05.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Tandem Vibratory Roller Model – HD 85.	18.95
Basic Total	18.95
Excise Duty @ 16.32%	3.09
Sub Total	22.04
CST @ 4%	0.88
COST	22.92

Transportation and transit insurance shall be extra to be borne by the company.

16. Soil Vibratory Roller Model – EC 5250.

Prices for Soil Vibratory Roller Model – EC 5250 as per the quotation received from Escorts Construction Equipment Limited dated 19.05.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Tandem Vibratory Roller Model – HD 85.	16.75
Basic Total	16.75
Excise Duty @ 16.32%	2.73
Sub Total	19.48
CST @ 4%	0.78
COST	20.26

Transportation and transit insurance shall be extra to be borne by the company.

17. Transit Mixer of 6 Cu.M capacity

Prices for Transit Mixer Model RHS 65XL of 6 cum capacity powered by a Kirloskar 4 cylinder air cooled diesel engine Model HA 494 as per the quotation received from Greaves Cotton Limited dated 31.08.06 is as under :

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Transit Mixer Model RHS 65XL of 6 cum capacity	7.90
Basic Total	7.90
Excise Duty @ 16.32%	1.29
Sub Total	9.19
CST @ 4%	0.37
COST	9.56

18. Terex Vectra Make TX-760 Excavator Loader

Prices for Terex Vectra Make TX-760 Excavator Loader fitted with 1.00 Cu.m loader bucket, .024 Cu.m excavator powered by KOEL 4R1040T water cooled diesel engine developing 90 HP, 2 wheeled drive, Rear Standard Tyres, front 2.5 X 18 tyre size as per the quotation received from Inframech Solutions Pvt. Ltd. dated 09.05.06 is as under :

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices for Terex Vectra Make TX-760 Excavator Loader	14.33
Loading, Lashing & forwarding charges	0.002
Basic Total	14.33
Excise Duty @ 16.32%	2.34
Sub Total	16.67
CST @ 4%	0.67
COST	17.34

Transportation and transit insurance shall be extra to be borne by the company.

19. John Deere - Tractor

Prices for John Deere Tractor, Model 5310 power steering, dual cluter, fixer axel as per the quotation received from R & R Automobiles dated 01.09.06 is as under:

Estimated Cost :

Rs. in lakhs	
PARTICULARS	COST
2 Nos. John Deere Tractor, Model 5310	10.50
Basic Total Inclusive of VAT 12.5%	10.50
COST	10.50

20. Ashok Leyland TAURUS 2516H/4C 684 chassis

Prices for Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis fitted with HINO WO 6DTI (BSII) diesel engine as per the quotation received from Ashok Leyland dated 21.09.06 is as under :

Estimated Cost :

Rs. in lakhs	
PARTICULARS	COST
Prices for Ashok Leyland TAURUS 2516H/4C 6*4-3810 MM(150") WB chassis	11.63
Basic Total	11.63
CST @ 2%	0.23
COST	11.86

21. Portable Concrete Pump Model – BP 350 D.

Prices for Portable Concrete Pump Model – BP 350 D. as per the quotation received from Greaves Cotton Limited dated 31.08.06 is as under:

Estimated Cost :

Rs. in lakhs	
PARTICULARS	COST
Prices for Portable Concrete Pump Model – BP 350 D.	13.50
Basic Total	13.50
Excise Duty @ 16.32%	2.20
Sub Total	15.70
CST @ 4%	0.63
Pipeline & accessories for 100 mtr. Pipeline (inclusive of Excise duty)	2.50
COST	18.83

22. Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe

Prices for Tata Hitachi Hydraulic Excavator Model EX210 LCH-V Backhoe fitted with 5.68M Boom, 2.2M arm with 1 cu.m. bucket as per the quotation received from Telco Construction Equipment Company Limited dated 28.08.06 is as under:

Estimated Cost :

Rs. in lakhs	
PARTICULARS	COST
Prices Tata Hitachi Hydraulic Excavator Model EX210LCH-V backhoe fitted with 5.68M Boom, 2.2M arm with 1 cu.m. bucket	38.50
Basic Total	38.50
Excise Duty @ 16.32%	6.28
Sub Total	44.78
CST @ 4%	1.79
COST	46.57

Transportation and transit insurance shall be extra to be borne by the company.

23. Tata John Deer 315 – V Backhoe Loader

Prices for Tata John Deer 315 – V Backhoe Loader fitted with 1.00 cum Loader Bucket, 0.3 cu.m b/h bucket and powered by TATA 497 TC Engine & Industrial tyre (2WD) as per the quotation received from P.S. Earthmovers Pvt. Ltd. dated 23.08.06 is as under:

Estimated Cost :

PARTICULARS	Rs. in lakhs COST
Prices. Prices for Tata John Deer 315 – V Backhoe Loader fitted with 1.00 cum Loader Bucket, 0.3 cu.m b/h bucket and powered by TATA 497 TC Engine & Industrial tyre	14.25
Basic Total	14.25
Excise Duty @ 16.32%	2.33
Sub Total	16.58
CST @ 4%	0.33
COST	16.91

Transportation and transit insurance shall be extra to be borne by the company.

Summary of Orders (excluding escalation, contingencies, transportation etc) :

Sr. No.	Particulars	Value (Rs. In lacs)	%age
A	Total Cost of Plant & Machinery :		
	Domestic	486.79	100.00
	Imported	-	
B	Value of Orders Placed :		
	Domestic	-	-
	Imported	-	
C	Value of Orders yet to be placed :		
	Domestic	486.79	100.00
	Imported	-	

Technology

The Company is in construction business since 2001 and has sufficient expertise and technical know how to execute projects within the prescribed parameters. The Company employs modern construction technology with modification suitable for Indian conditions. There are no technology and collaboration agreements with any parties for technology. The Company's clients normally specify proven conventional technologies and methods for their projects. For the company to pre-qualify it should have in the past implemented contracts using similar technology. The Company is not required to own this technology and the same can be accessed as it is available locally.

Process

The process in construction starts from the stage of tendering and ends at the completion of project. Once the Company receives the tender from the prospective client, a survey is conducted at the proposed site by a team of engineers, as regards the availability of basic amenities near the site, availability of Labour, distance from the sources of raw material and other related factors. On the basis of the survey and keeping in view factors such as site conditions, time schedule and other terms and conditions of the contract, the value of the contract is estimated and tendering is done. Once the contract is awarded to the Company, a project team is constituted to execute each project as per the terms and conditions of the contract. The relevant drawings other details of the project are procured and based on the requirements, the Labour agencies are appointed, raw materials are purchased, labour is deployed and necessary arrangements are made for machines, power and water.

The actual construction process begins with soil testing and includes land development, road, development, masonry, concrete reinforcing, mixer operations, plumbing, plaster work, finishing etc. Each stage of construction activity is closely monitored for quality and timely execution of work. The Company also has a separate quality control department, which supervises and ensures the quality of the work done. The work

done by the Company is duly certified by the clients and interim payments are released to the Company on that basis. After completion of the entire project, the bills are settled after deducting the retention money.

Infrastructure

Location

The registered office of the company is located at HB 170, Sector III, Salt Lake, Kolkata – 700 016 admeasuring 3400 sq ft. The Company has on going projects at various locations such as Jharkhand, Ranch, Dakshin Dinazpur, Burdwan, Purulia, Sikkim, Raigarh and in addition to the registered office, the Company has site offices to facilitate site activities.

Raw materials

The Major raw material required for the Company's activities in the construction field are as under: -

- Cement
- Steel Rods, Pipe, Sheets, Angles, Round etc.
- Bricks, Tiles
- Morram/sand/soil/aggregates
- Wood
- Plumbing & Sanitary Fittings
- Electrical Fittings & Accessories
- Hardware Fittings
- Roofing – Cement & Steel
- Glass and glass claddings
- Bitumen

The Company follows a centralized purchase system for cement, steel, diesel, and bitumen through its purchase department. In case of steel, diesel and bitumen the requirements are project specific and the Company generally plans on the onset to ensure both the availability and timely delivery to meet its project schedule requirements. However as aggregates (raw material) is a critical raw material and is required in big quantities the Company negotiates with various local suppliers and regularly follows up on timely supply. Metal, river sand, and block masonry are project specific and sourced at a location nearest to the project site. Most of the raw materials/consumables are easily available. The contract terms may mention escalation clauses which take care of price variations for the raw material requirements. The raw material requirement is processed through negotiations with the suppliers keeping in view the logistics of location of project and timing of supply.

Utilities

The utilities required by the Company are project specific in nature. The main utilities required in construction activity are as follows :

Electric Power

The construction projects are not power intensive. Power is required at site for running various machineries and equipments and also for lighting. Generally power requirement is met at site through normal distribution channel and is generally provided by clients. However, if need arises, the Company may use D.G Set to meet power requirements. Power requirement of the Company varies at each stage of project and depends upon the size and nature of the project.

Fuel

The fuel required to operate D.G. Sets and certain heavy equipments are usually purchase centrally.

Water

The Company meets its water requirement largely by digging tube wells at project sites. The cost of utilities is taken care under job charges and administration and other miscellaneous expenses.

Manpower

Manpower employed by the Company as on date and break-up thereof is given below. Besides this most of the labour requirements at construction sites are met through contractors.

Sr. No.	Particulars	Total Manpower
1	Engineers	24
2	Marketing	2
3	Finance & Secretarial	19
4	Purchase	2
5	Administrative	8
6	Supervisors	13
7	Skilled workers	23
8	Unskilled workers	16
	Total	107

Products / Services of the Company

The Company is engaged into diversified construction activities. The Company is providing its services to various Government, semi Government organizations, Public Sector Undertakings, etc. The Company is engaged in construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes. The market for the Company's service i.e. construction and infrastructure development is directly linked with the economic development in the country, as construction is the key step for any development. The Company also runs a hotel in Jhargram, West Bengal.

Marketing Strategy

The Company adopts direct marketing approach. It has set-up a separate full-fledged Marketing Department to procure Contracts. The Marketing Department functions under direct supervision of the Managing Director. KIDCO undertakes construction contracts from Public Sector Undertakings, Government Departments and also from the Private Clients. While Public Sector Undertakings and Government Departments invite tenders through public notice, tender from private sector are floated by their Architects/Consultants. The Company obtains tender document from Public Sector Undertakings/Government Department on the basis of such public notice and has been doing so. To procure contracts from Private Clients, the Company on continuous basis collects market information and makes presentation to Architects/Consultants. The Company's past track record and its association with Architects/Consultants during last few years of its existence also helps it in procuring contracts. The Company has also been bagging repeat orders from its reputed existing client base. The Company has also entered into a MOU on 23.03.06 with West Bengal Housing Board (WBHB) via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal and has formed a subsidiary company in the joint Venture named Bengal KDC Housing Development Limited. The Company is in advanced stages of negotiations with various PSU/Govt. Departments to form a consortium/Joint Venture(s) to bid in future projects.

SWOT ANALYSIS (as estimated by the management)

STRENGTH

1. The promoters/directors/key managerial person of the company and other technical staff are well experienced in this line of activity and have built a dedicated team.
2. The company has adequate tools, equipments, plant & machinery purchased over the years to undertake execution of large projects anywhere in India.
3. The company is well equipped to speed up the execution of contracts within the time frame schedule.
4. The company has been registered as a Class IA Contractor-No Limits with the PWD Department, which enables it to secure large valued contracts.
5. The company has entered into a Memorandum of Understanding with West Bengal Housing Board (WBHB) and formed a joint venture company called Bengal KDC Housing Development Ltd. via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal.

WEAKNESS

1. Large value contracts (i.e. above Rs.200 crore) are generally executed under joint venture consortium basis.
2. The Company is yet to undertake major projects in other parts of the Country other than the eastern part.

3. The sector in which the Company operates requires huge amount of working capital and a high net worth to enable it to bag bigger projects.

OPPORTUNITIES

1. The Government of India has accorded development of Infrastructure a "thrust area status" and more particularly for development of roads and bridges.
2. Setting up of NHA and proposal to set up Expressway Authority and Central Road Fund will boost the development of roads.
3. Boom in the real estate sector provides unprecedented opportunity for the company.
4. Infrastructure development projects under PMGSY/Golden Quadrilateral.

THREATS

1. The company has to face competition from large domestic as well as Multinational Companies to secure high value contracts.
2. Significant portion of infrastructure spending originates from the government. Any change in the government policy may pose a threat with respect to their commitment towards infrastructure developments
3. The contracts to be secured are mostly through the process of competitive bidding. The success rate in winning a bid is most unpredictable.

BUSINESS STRATEGY

The Company recognizes the importance of the construction industry in India - especially the high impetus given by the Government of India to make up deficits in infrastructure rapidly

Road construction is the company's forte that it has developed after years of dedicated work. The Company will continue to bid aggressively for the road related Infrastructure projects - leveraging and building the specialization and pre qualification and thereby participating in more states and regions and gaining access to more complex projects.

The company is operating in a highly competitive market and the strategy is to seize emerging opportunities created by the shifts in business dynamics and inherent strengths. Considering the existing competition in the industry and future entrants, the Company has focused on the following business strategies:

- **Focus on Road Projects**

The Company has around 5 years of experience in road construction and maintenance and would continue to bid for road related infrastructure projects, leveraging and expanding the operations in pre-qualification and there by participating in more States and Regions and gaining access to more bigger projects.

- **Focus on BOT Contracts**

The Company at present has not executed any BOT project. The Company intends to focus on executing different BOT projects. Most of BOT contracts are obtained through a competitive bidding process. In selecting contractors for a major project, clients generally limit the tenders to the contractors who are pre-qualified based on several criteria including experience, technological capacity and performance, reputation of quality, financial strength, net worth, bonding capacity and size of previous contracts executed and competitive price/bid. The Company is improving on its pre-qualification criteria to enable it to bid for BOT projects.

- **Improve the execution capabilities**

The Company aims to improve its execution capabilities to execute larger number of projects at a time. With this view, the Company is constantly strengthening its capabilities to enable it to execute various projects at a time.

- **To operate into diversified sectors**

The Company aims to operate into diversified sectors such as townships, offices, houses and other buildings, urban infrastructure, highways, roads, power systems, irrigation, dams and agriculture systems, etc. which will mitigate business risk in case of slowdown in any one particular field in the future.

- **Thrust on Underdeveloped/Developed areas**

The Company has strategically selected to specialise across Eastern India because it represents, one of the most challenging mix of terrains across the country, is infrastructurally under-penetrated and is now attracting increasing investments.

- **Entry into the Housing sector**

The company has entered into a MOU on 23.03.06 with West Bengal Housing Board (WBHB) via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal. The Company has also formed a subsidiary in the Joint Venture named Bengal KDC Housing Development Limited.

Future Growth Prospects

The Company looks at future of construction industry with optimism. It derives its optimism from various factors including Government emphasis on creating world-class infrastructure, favourable investment climate leading to industrial growth and booming housing sector.

Capacity and Capacity Utilisation

The company is operating into construction industry, which can be termed as service sector. The nature of construction industry prohibits it from reasonably ascertaining installed capacity and therefore capacity utilization.

Major Customers

The Company work almost exclusively on government-commissioned projects because they best reflect the national priority, enjoy an attractive critical mass, enable it to capture a growing market share of similar projects commissioned by the government and represent the safest risk. Mentioned below are some of the top customers for the first quarter (April 2006 to June 2006).

Sr. No.	Name of Customers
1.	Balasore Alloys Ltd.
2.	PMGSY Bilaspur
3.	NPCC
4.	WBSRDA
5.	PMGSY, Raigarh

Competitive Analysis

The Company believes that the following are the principal competitive strengths which differentiate the Company from other Infrastructure Construction Company.

- ***The Company has experienced promoters***

The promoters of the Company have substantial experience and are well versed in the construction industry.

- ***Experience and track record***

The Company has executed several projects in a span of 5 years and is currently engaged in 14 projects mostly in the eastern part of the Country. The Company has serviced many reputed clients like PWD, West Bengal, WBSRDA, RCD Jharkhand, NPCC Ltd, Mackintosh Burn Ltd., Energy Power Department, Government of Sikkim, Westinghouse Saxby Farmer Ltd., Engineering Projects (I) Ltd., West Bengal Housing Board, WBIDCO, PIU PMGSY Dakshin Dinajpur Zilla Parishad. The Company has completed 20 projects so far.

- ***The Company has an experienced management team***

The promoters of the company are backed by an experienced and competent management team. The management team of the company comprises of technical and administrative professionals with adequate experience in the construction industry. The Company has qualified and experienced

skilled manpower. The company also employs industry experts as consultants and advisors to assist in project management and organization. The specialized skills and diverse expertise of the employees gives the flexibility to adapt to the needs of various projects.

- ***The Company is engaged in well-diversified construction activities***

The Company is engaged in diversified construction activities and is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects as well as commercial and residential complexes and caters to various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings. The Company has consciously endeavoured to be engaged in diversified activities.

- ***The Company has good Track Record in execution of the projects***

The Company, for the most part, is involved in execution of government-commissioned projects. The Company is primarily engaged in execution of Civil engineering projects and deals with various State Governments, PSUs, Private Sectors and other infrastructure projects of various government bodies. The Company focuses on timely project progress and completion to the satisfaction of clients/partners.

- ***The Company follows an Established raw materials policy:***

The Company procures its raw materials directly from reputed manufactures and suppliers which helps the company to establish an efficient supply chain at competitive prices and ensures delivery on-time. The management of the Company places significant emphasis on the sourcing and logistics for raw material. The Company is able to source key raw materials close to the operating sites resulting in reduction of transportation costs.

- ***The Company operates in emerging sectors :***

The Company has wisely invested in the growing areas of infrastructure i.e. civil engineering, electrical engineering and real estate development projects, as there is significant growth potential in these areas.

- ***The Company is an ISO 9001:2000 certified Company***

- ***The Company has certain Locational advantages:***

The Company has sensibly selected to focus across Eastern India which been infrastructurally under developed and has potential for growth and attracting major investments. After developing a strong foothold in this part of the country, now the Company has ventured into expansion in the central region (State of Chattisgarh) of the country which is undergoing a similar developmental phase.

- ***The company has entered into a MOU on 23.03.06 with West Bengal Housing Board (WBHB) via Assisted Sector wherein it will develop housing and related infrastructure in conjunction with the WBHB across the state of West Bengal. The Company has also formed a subsidiary in the Joint Venture named Bengal KDC Housing Development Limited.***

Hotel Division

The Company also operates a hotel in Jhargram, West Bengal, India. The details are as follows:

Hotel Kaushalya Heritage

About Jhargram: Jhargram about 155 kms by rail from Kolkata in West Midnapore district of West Bengal has carved out a place for itself in the State's tourist map because of its picturesque view surrounded by forests, rivulets & hillock. A few steps away from the town starts the forests of Sal, Piyal & Mahua. Cashew is also grown in Jhargram.

Key Attractions of Jhargram:

Jhargram is an important tourist destination because of its magnificent forests of Sal, Piyal and Mahua

- The Savitri Devi temple and Jhargram Palace are important points of attraction
- There is a deer park at Jhargram with three varieties of deer. Besides deer there are several varieties of birds and animals.
- There are a number of tourist points with historical and mythological background.
- Jhargram is close to a deep forest which is a habitat for wild animals.

Location & Address:

Kaushalya Heritage
Garh Shalboni, Jhargram
Dist. West Medinipur
West Bengal
India
Tel : +91 3221 62353/62354

Key Features of the Property:

- The property is considered to be amongst one of the better hotels in Jhargram
- The hotel is positioned essentially for both the tourist and the business traveller.
- It has been patronized extensively by corporate houses along with public sector undertakings for holding conferences and meetings
- The main advantage of the Hotel is that it is situated close to town.

Infrastructure Details

Area of the Hotel Property	Hotel complex on 2.49 Acres of Land
No of Rooms	10 AC Rooms & 1 Non AC rooms
Size of Rooms	Ranging from 104 to 350 sq.ft.

Access to the Hotel

From Railway Station	10 Kms from Jhargram Station
From Bus stand	5 Kms from Jhargram Bus stand

Detailed Infrastructure of Hotel Kaushalya Heritage

Area:	Hotel complex on 2.49 Acres of Land	
Rooms:	10 AC rooms & 1 non AC room	
Room size:	Ranging from 104 to 350 sq.ft.	
	Built up area	Capacity
Restaurant	475 Sq.ft	45 Persons
Two Lobbies	630 sq.ft	45 persons
Car Park	1600 Sq. ft	10 cars
Lawn	900 Sq. ft	50 persons
Car Rental	Arrangement with an outside agency	
Laundry	Arrangement with an outside agency	
Garden Area & Children park	Within the Complex	
Conference Halls/Meeting Rooms	Capacity 50 person	
Water	Own source through bore well	
Power	Through WBSEB supply with own Transformer, standby generators available	
Alternate Source of Power	Generator	
Telecommunication	Direct dialling facility from rooms available	
Approach Road	Located on the national highway – approach road exists	
Staff	Regular including manager – 5; Casual - 3	

Key Clients/Customers :

The Key customers are Business Executives and tourists visiting Jhargram.

Marketing Strategy

The company has arrangements with West Bengal Tourism Development Corporation Limited and other sales agents. The marketing team also maintains regular contact with important travel agents. The company advertises in the regional media. The marketing team is also responsible for designing and developing various holiday packages for private and public sector organizations, educational and government institutions.

Future Growth Prospects

- Jhargram is being developed by the Government as a tourist/health destination.
- People are increasingly becoming aware of the benefits of living in natural surroundings and are interested in taking breaks to nearby places.

The hotel is in a position to capitalize on the tourist traffic (both business as well as leisure) It intends to take certain measures, which would further lead to an increase in revenues. They are as follows:

1. Increase tie-ups with tour operators
2. Tie up with a larger number of public and private sector enterprises for hosting their corporate events.
3. Design innovative marketing schemes to be able to optimally utilize the available number of room days

Competitor

In spite of there being numerous hotels in Jhargram, Kaushalya Heritage, because of the brand loyalty that the company has been able to build over the past years coupled with the services that it offers ensures that it is one of the most sought after hotels by guests. This is substantiated by the fact that a significant amount of business is generated through repeat customers. It is a choice of most travellers and is considered as amongst the best in the town given the high quality of facilities as well as its natural beauty.

INSURANCE

The Company has insurance policies that cover its assets and operations, including third party liabilities. The assets covered by these policies are insured against losses from general liability such as burglary, fire and special perils policy, earthquakes, terrorism and other risks to our premises and equipment.

Details of the said policy are as provided hereunder:

Name of the Insurance Company	Description of property	Total sum insured (Rs.)	Policy Number	Date of Commencement	Date of expiry
Reliance General Insurance Company Limited	Thermo Asphalt Drum Mixed Plant TD45/036, MFG. Gujarat Apollo Ltd. Year 2002, Location : Jamshedpur Milan Chowk	12,75,000/-	15-22-15-00012-15	09.02.06	08.02.07
National Insurance Company	Stocks in trade, goods held in trust/commission,	14,25,940/-	100302/46/05/7500000103	23.03.06	22.03.07

Limited	furniture, fixture, fittings, coins/currency notes, one set of one nos. greaves concrete pump M:BP 350 E with STD ACCS. GCP-583 (350) & access				
Reliance General Insurance Company Limited	Vibratory Asphalt Compactor, Model – DD 90, Make – Ingersoll Rand	25,80,000/-	15-22-15-00014-05	22.03.06	21.03.07
Reliance General Insurance Company Limited	Truck, Registration No. WGH 8677.	7,50,000/-	1501-23-13-000004-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	Truck, Registration No. WB 37 7911	7,50,000/-	1501-23-13-000005-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	Truck, Registration No. WNL 1324.	7,50,000/-	1501-23-13-000003-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	Truck, Registration No. WB 41A 9897.	7,50,000/-	1501-23-13-000007-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	Truck, Registration No. WB 41A 9481.	7,50,000/-	1501-23-13-000008-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	Truck, Registration No. WB 41A 9896	7,50,000/-	1501-23-13-000006-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	JCB ESCORTS 3D / EXCAVATOR LOADER, Registration No. WB 41A 9383.	12,00,000/-	1501-23-14-000430-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	TATA / DUMPER Registration No. WB 37 7921	3,50,000/-	1501-23-14-000428-6	28.07.06	27.07.07
Reliance General Insurance Company Limited	JCB ESCORTS 3D / EXCAVATOR LOADER, Registration No. WB 41A 9382.	9,00,000/-	1501-23-14-000429-6	28.07.06	27.07.07
Reliance General	Hotel Building at Jhargram,	56,57,000/- towards	1501-06-21-1100054-1	13.10.06	12.10.07

Insurance Company Limited	computers, furnitures and fixtures and plant and machinery	Fire, Earthquake and Burglary			
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Vehicle Insurance

The Company has insured 6 four – wheeler vehicles, which are owned by the company.

Name of the Insurance Company	Vehicle Make& Model	Total insured sum (Rs.)	Policy Number	Date Commencement of	Date of expiry
HDFC Chubb General Insurance Company Limited	Santro Xing – XP	2,56,475/- (Rupees Two lakhs Fifty six thousand Four hundred and Seventy five only)	VP00070321000102	26.03.2006	25.03.2007
National Insurance Company Limited	Maruti Wagnor	2,83,000/- (Rupees Two lakhs Eighty three thousand only)	100302/31/05/6100001686	19.12.2005	18.12.2006
IFFCO-TOKIO General Insurance Company Limited	Honda City 1.5EXI	4,91,948/- (Rupees Four Lac Ninty One Thousand Nine Hundred Fourty Eight Only)	Cover Note No. 33129745	02.05.2006	01.05.2007
TATA AIG Insurance Company Limited	Santro 1.1GS	2,20,900/- (Rupees Two Lac Twenty Thousand Nine Hundred Only)	010027050201	16.12.2005	15.12.2006
National Insurance Company Limited	Jeep	2,64,150/- (Rupees Two Lac Sixty Four Thousand One Hundred and Fifty Only)	100302/31/06/6300000724	03.07.2006	02.07.2007
New India Assurance Company Limited	Jeep	Third Party	512701/31/06/02/00004170	30.06.2006	29.06.2007

The Company believes that the above policies are adequate to cover all material risks.

PROPERTY

Sr. No	Description of property	Vendor	Agreement Date	Amt. (Rs. In lacs)
1	¹ Land admeasuring 2.49 acres, equivalent to 7 Bighas 10 cottahs comprising R.S. Khatian No. 287 (Old 90), Dag No. 614 (Old 37/4), J.L. No. 731, Mouza Jungle Khas Police Station and Sub-Registry Office Jhargram, District Midnapore, West Bengal	West Bengal Financial Corporation	05.11.1999	8.00 plus Annual rent payable @ Rs. 3.97

2	<p>Sale Deed duly registered as Document No. 3558 of 2003 comprising the following Survey Nos.:-</p> <ul style="list-style-type: none"> Survey No. 91/32 admeasuring 0.23 guntas or 0.23 hectares out of a total area of 01 acres and 26 guntas; Survey No. 91/33 admeasuring 0.14 guntas or 0.14 hectares out of a total area of 01 acres and 28 guntas; Survey No. 91/32 admeasuring 0.23 guntas or 0.23 hectares out of a total area of 01 acres and 26 guntas; Survey No. 91/33 admeasuring 0.13 guntas or 0.13 hectares out of a total area of 01 acres and 28 guntas; Survey No. 91/32 admeasuring 0.23 guntas or 0.23 hectares out of a total area of 01 acres and 26 guntas; Survey No. 91/33 admeasuring 0.14 guntas or 0.14 hectares out of a total area of 01 acres and 28 guntas; <p>aggregating 2 acres and 30 guntas situate at Hothi - (B) Village, Grampachayat at Hothi - (B), Zaheerabad Mandal, Medak District, Andhra Pradesh and having Title Book Nos. (1) Y-466461, (2) Y-476464 and (3) Y-433009</p>	Ramu, son of Roop Singh, Valu, son of Man Singh and Mittu, son of Roop Singh	18.12.2003	0.69
3	<p>Sale Deed duly registered as Document No. 3758 of 2003, comprising the following Survey Nos.:-</p> <ul style="list-style-type: none"> Survey No. 91/24 admeasuring 05 acres and 18 guntas or 2.20 hectares; Survey No. 91/31 admeasuring 05 acres and 11 guntas or 2.13 hectares; Survey No. 91/83 admeasuring 01 acres and 06 guntas or 0.46 hectares; Survey No. 91/61 admeasuring 04 acres and 27 guntas or 1.89 hectares; <p>aggregating 16 acres and 22 guntas situate at Hothi - (B) Village, Grampachayat at Hothi - (B), Zaheerabad Mandal, Medak District, Andhra Pradesh and having Title Book No. Y-426998</p>	Azimunnisa Begum w/o Late Mir Faziloth Hussain	22.12.2003	4.14
4	<p>Sale Deed duly registered as Document No. 2211 of 2005, comprising the following Survey Nos.:-</p> <ul style="list-style-type: none"> Survey No. 91/29 admeasuring 02 acres and 28 guntas or 1.09 hectares; Survey No. 91/30 admeasuring 02 acres or 0.81 hectares; <p>aggregating 4 acres and 28 guntas situate at Hothi - (B) Village, Grampachayat at Hothi - (B) Revenue Mandal Zaheerabad, Medak District, Andhra Pradesh and having Title Book Patta No. 340, Patta Pass Book and Title Book No. Y-432839</p>	Mr. M.V.T. Prasad s/o Subbarao	26.05.2005	0.85
5	<p>Sale Deed duly registered as Document No. 2210 of 2005, comprising the following Survey Nos.:-</p> <ul style="list-style-type: none"> Survey No. 91/22 admeasuring 01 acres and 34 guntas or 0.74 hectares; Survey No. 91/23S admeasuring 02 acres and 26 guntas or 1.07 hectares; <p>aggregating 4 acres and 20 guntas situate at Hothi - (B) Village, Grampachayat at Hothi - (B) Revenue Mandal Zaheerabad, Medak District, Andhra Pradesh and having Title Book Patta No. 796, Patta Pass Book and Title Book No. Y-433294</p>	Mrs. M. Shyamala w/o Subbarao	26.05.2005	0.81

¹This immovable property has been mortgaged in favour of Indian Overseas Bank (IOB) against the credit facilities of Rs. 2800 lacs (both fund based and non fund based). For details, please refer to Details of Secured Loans beginning from page no. 114 of this Draft Red Herring Prospectus.

Leased and Rented Immovable Properties :

Sr. No	Description of property	Lessor	Agreement Date	Amt.
1	Premises No. HB-170, Sector III. Salt Lake City, Kolkata – 700 106 measuring 3400 sq. feet	Mr. Ramesh Mehra & Mrs. Neeru Mehra	Memorandum of Understanding dated 27.06.2005	Rs. 30,000/- + Rs. 20,000/- p.m.

Purchase of Property

No property is proposed to be purchased out of the proceeds of this Issue except as mentioned in the Objects of the Issue beginning from page 23 of this Draft Red Herring Prospectus.

Intellectual Property

The Company uses trademarks and service marks in order to brand its services as well as protect them. The Company has already initiated attempts to create intellectual properties.

The Company has filed the following application to register the Trademarks and Service marks in India with The Registrar of Trademarks, Kolkata :

Trade Marks /Service Marks	Filed on	Applicant	Class
KAUSHALYA	25.11.05	Kaushalya Infrastructure Development Corporation Limited	37
KAUSHALYA INFRASTRUCTURE (logo)	30.08.06	Kaushalya Infrastructure Development Corporation Limited	37

REGULATION AND POLICIES IN INDIA

There are no specific regulations in India governing the construction industry. Sets forth below are certain significant legislations and regulations that generally govern this industry in India.

General

The company is engaged in the business of providing integrated design, engineering, procurement, construction and infrastructure sector projects. Contracts are executed in pursuance of tenders/quotations issued by the Government, Government agencies, Government companies, private companies, public companies and multinational companies or by orders placed by them. For the purpose of executing the work undertaken by the Company, The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state. For details of such approvals please see page 151 of this Draft Red Herring Prospectus.

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in construction and related engineering services.

Further, the Industrial Policy now also permits foreign direct investment under the automatic route in projects for construction and maintenance of roads, highways, toll roads, vehicular bridges and ports and harbours, similarly up to 100% foreign direct investment is also allowed in projects for electricity generation, transmission and distributed produced in hydroelectric power plants, coal/ lignite based thermal plants and oil based thermal power plants.

Subject to certain conditions and guidelines, the Industrial Policy and FEMA further permit up to 100% foreign direct investment in township, housing, built-up infrastructure and construction development projects which include, but are not restricted to housing, commercial, premises, hotels, resorts, hospitals, educational institutions, recreational facilities and city and regional level infrastructure.

In respect of the companies in infrastructure/ services sector, where there is a prescribed cap for foreign investment, only the direct investment is considered for the prescribed cap and foreign investment in an

investing may not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.

The RBI by its (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian Company by Non-Resident to residents, subject to the terms and conditions, including pricing guidelines, specified in such circular.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FII") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transaction regulated under FEMA. FIIs must also comply with the provisions of SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian Companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issue for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issue of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post issue paid up capital of the company. However, the limit of 24% can be raised up to permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single FII should not exceed 10% of the post issue paid up capital of the Company or 5% of the total paid up capital in case such sub account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Environment and Labour Regulations

Depending upon the nature of the projects undertaken by the company, applicable environmental and labour laws regulations include the following:

- Contracts Labour (Regulation and Abolition) Act, 1970
- Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996
- Inter State Migrant Workers Act, 1979
- Payment of Wages Act, 1936
- Payment of Bonus Act, 1965
- Employees' State Insurance Act, 1948
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- Payment of Gratuity Act, 1972
- Shops and Commercial Establishments Act, where applicable
- Environment Protection Act, 1986
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Minimum Wages Act,
- Hazardous Waste (Management and Handling) Rules. 1989

BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

Incorporation and Initial Progress

Kaushalya Infrastructure Development Corporation Ltd. was incorporated as R.M.S Exim Private Limited vide Certificate of Incorporation No. 21-055629 dated 4th June, 1992 with the Registrar of Companies, West Bengal, Kolkata and subsequently the name was changed to Kaushalya Infrastructure Development Corporation Private Limited vide fresh Certificate of Incorporation dated 5th November, 2001. In the very next year it was converted in to Public limited company vide fresh Certificate of Incorporation dated 7th February, 2002.

Kaushalya, a medium sized construction Company, is ISO 9000 certified and is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes. The key clients of the Company include various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings.

The Company was initially engaged in trading in textiles and in the year 2001 decided to venture into the construction business. The company has completed 20 projects in the last 10 years and is currently engaged in 14 projects in the Eastern part of the Country. The Company has serviced many reputed clients such as NPCC Ltd, Mackintosh Burn Ltd., Energy Power Department, Government of Sikkim, Westinghouse Saxby Farmer Ltd., Engineering Projects (I) Ltd.

The Company is professionally managed through well qualified and experienced personnel in all the areas including engineering, finance, administration combined with adequate MIS system.

Important Events in the History of the Company

Year	Events
1992	Incorporated on 4th June as R.M.S Exim Private Limited
2001	Entered into the infrastructure sector
2001	Obtained first order from Westinghouse Saxby Farmer Ltd.
2001	Received the first bridge construction order
2001	Name Changed to Kaushalya Infrastructure Development Corporation Private Limited on 5th November
2002	Converted to a Public Limited Company on 7th February
2003	Entered into housing projects business
2003	Started the hotel business at Jhargram, West Bengal
2004	Executed Electrical project at Farakka
2004	NPCC Project works
2006	Re-organized into business groups of Nirman, Gram and Parivar
2006	Obtained ISO 9001:2000 Certification
2006	Shifted the registered office to HB 170, Sector III, Salt lake, Kolkata – 700 106
2006	Entered into a Joint venture with West Bengal Housing Board
2006	Incorporated a subsidiary company - Bengal KDC Housing Development Limited

Main Objects of the Company:

The main object of the Company as given in Memorandum of Association of the Company are reproduced below:

1. To carry on in India or elsewhere either alone or jointly with one or more person, government, local or other bodies, the business of infrastructure development or the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, promote, provide, participate, reconstruct, grout, dig, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist and to act as civil engineer, architectural engineer, interior decorator, contractor, sub contractor, turnkey contractor and manager of all types of construction & development work in all its branches such as roads, ways, culverts, dams bridges, railways, tram ways, water tanks, reservoirs, canals, wharves, warehouse, factories, buildings, structures, drainage & sewage works, water distribution & filtration Systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, aqueducts, stadium, hydraulic units, sanitary works, power station, hotels, hospitals, dharmasalas, multi-stories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, hand over purchase, sell & Buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental act and things necessary for the attainment of foregoing objects.
2. To purchase or otherwise acquire any land, building or premises and to turn into account, develop, improve, alter, demolish, let out, lease, operate, renovate, maintain, furnish, recondition, consolidate, subdivide & organize for the purpose of carrying on the business of hotels restaurant, cafes, taverns, rest houses, tea and coffee houses, beer houses, bars, flight carriers, lodging house keepers, refreshment rooms, night clubs, swimming pool, cabarels, Turkish bath, lodges, apartments, discotheque, dhaba, holiday resorts, health parks, entertainment parks, amusement

parks, holiday camps, farm houses, heritage village, cottage and other like places and contractor in all respective branches, backers, confectioners and ice merchants etc.

The Object Clauses of the Memorandum of Association enables the Company to undertake activities for which the funds are being raised in this issue and also the activities, which the Company has been carrying on till date.

Changes in Memorandum of Association of Kidco

Since incorporation, the following changes have taken place in the Company's Memorandum of Association:

Date of Amendment	Amendment
21.11.95	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 5 lakhs to Rs. 25 lakhs
24.11.99	Change in the Object Clause no. III.B.14 resulting in insertion of the following words at the end of the said clause To mortgage the property/assets of the company to any third party for any reason whatsoever.
26.05.00	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 25 lakhs to Rs. 1 crore
31.08.01	Change in the Object Clause by deletion of Clause nos. 1 to 4 of the main objects of the Company and retention of clause no. 5 of the main objects as clause no. 1 of the main objects.
05.11.01	Change in name of the Company from R.M.S. Exim Private Limited to Kaushalya Infrastructure Development Corporation Private Limited
06.11.01	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 1 crore to Rs. 5 crores
07.02.02	Change in status of the Company from 'private limited' to 'public limited', and consequent change of name to Kaushalya Infrastructure Development Corporation Limited
30.03.05	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 5 crores to Rs. 7.5 crores
24.03.06	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 7.5 crores to Rs. 15 crores
21.08.06	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 15 crores to Rs. 20 crores
16.09.06	Change in Authorised capital i.e., increase of Equity Share Capital From Rs. 20 crores to Rs. 25 crores

The details of the capital raised are given in the section Capital Structure beginning from page 14 of the Draft Red Herring Prospectus.

Subsidiaries of the Company

Currently the Company has only one subsidiary company. Details of the subsidiary company is as follows:

Bengal KDC Housing Development Limited (Bengal KDC)

Bengal KDC Housing Development Limited (Bengal KDC) was incorporated on 28th June, 2006 under the Companies Act, 1956 vide certificate of incorporation no. U70101WB2006PLC110153 with the Registrar of Companies, West Bengal, Kolkata. Bengal KDC obtained the Certificate of Commencement of business on 4th July, 2006. The registered office of Bengal KDC is situated at 171/1A, Rash Behari Avenue, Kolkata – 700 019 Bengal KDC was incorporated with the main objective of executing housing projects and other allied construction and development works in the urban as well as rural areas of West Bengal. For more details please refer to the heading 'Financial information of subsidiary and group companies' in the Draft Red Herring Prospectus.

Line of activity

The Company's main activity is executing housing projects and other allied construction and development works in the urban as well as rural areas of West Bengal.

Board of Directors

The Board of Directors of the Company is as follows :

Name	Designation
Sakti Pada Banerjee	Chairman, Govt. of West Bengal nominated
Sambhu Nath Chatterjee	Director, Govt. of West Bengal nominated
Ramesh Kumar Mehra	Director
Prashant Mehra	Director
Rahul Mehra	Director
Karan Mehra	Director
Devraj Seth	Director
Resham Seth	Director
Srishty Mehra	Director

Shareholding Pattern as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Kaushalya Infrastructure Dev. Corp. Limited	102000	51.00
2	West Bengal Housing Board	22000	11.00
3	Prashant Mehra	28500	14.26
4	Rahul Mehra	24000	12.00
5	Karan Mehra	2000	1.00
6	Devraj Seth	1250	0.62
7	Resham Seth	1250	0.62
8	Srishty Mehra	19000	9.50
	Total	200000	100

Shareholders Agreements

At present there are no shareholding agreements between the Company and any other person.

Other agreements

The Company has not entered into agreement(s) except as mentioned below :

Memorandum of Understanding (MOU) dated 23rd March, 2006 between West Bengal Housing Board (WBHB) having its office at 105, S.N. Banerjee Road, Kolkata – 700 014 and the Company. The salient features of the MOU are as follows :

- The Joint venture in the Housing sector would be via a assisted sector company with the minimum Government participation in equity share of 11% and two Government nominees on the Board of Directors.
- WBHB and the Company would promote a company with the name Bengal KDC Housing Development Ltd.(assisted sector Company) For the purpose of execution of housing projects and other allied construction and development works in the urban as well as rural areas of West Bengal
- WBHB shall extend all help and assistance to the assisted sector company in the matter of obtaining land and also in other related areas for the execution of the project
- The assisted sector company will adopt a suitable mix of housing various groups viz Lower Income Group (LIG), Middle Income Group (MIG) and Higher Income Group (HIG) so as to make the project economically viable and at least 50% of the flats should be of LIG/MIG category.
- All guarantees and undertakings as may be required by Financial Institutions and Banks for providing financial and other assistance shall be furnished by the assisted sector company
- The assisted sector company shall have an Authorised Share Capital of Rs. 2 crores and a Paid up Capital of Rs.20 lakhs in which 11% shall be beneficially held by WBHB and 89% beneficially by the Company
- WBHB shall not be entitled to sell its shares in the assisted sector company without first offering them to the Company and vice versa.
- The Board of Directors for the assisted sector company shall be made up of not less than 7 and not more than 11 directors. The Chairman of the assisted sector company shall be a nominee of the State Government and the State Government shall nominate not less than one director. The Board

of directors shall select the managing Director from amongst the directors representing the Company.

- i) The Company shall be responsible for overall management of the affairs of the Company including monitoring and supervision of entire construction activities in conformity with the statutory requirement.

Material Contracts

The Company has not entered into any material contracts.

Strategic Partners

The Company, as on date, has no strategic partners.

Financial Partners

The Company has no financial partners.

MANAGEMENT AND ORGANISATION

As per the Articles of Association, the Company shall not have less than three (3) and not more than twelve (12) Directors unless otherwise determined by the Company in a General Meeting. As of September 30, 2006, the Company has seven (7) Directors out of which two (2) are Whole-Time Directors and three (3) are Independent Directors. The Company has a Chairman, who is a Non-Executive Director.

BOARD OF DIRECTORS

The following table sets forth the details regarding the Board of Directors

Sl. No.	Name, Designation, Qualification, Father's Name, Address, Occupation, Date of Birth (DOB), Age and Term	Date of Appointment	Other Directorships/Partnerships
1	Mr Ramesh Kumar Mehra <i>Chairman</i> B. Com (Honours) S/o Late Baijnath Mehra 10/1, Park Lane Kolkata – 700 016 Occupation : Businessman DOB : 30.10.1953 Age : 53 years Term : Retire by Rotation	04.06.1992	Companies: 1. Keleenworth Marketing Private Limited 2. Sun Kissed Merchandise Private Limited 3. Meko International Ltd. 4. Bengal KDC Housing Development Ltd. Partnership Firms: 1. RMS Export Company
2	Mr Prashant Mehra <i>Managing Director</i> Bachelors of Science in Business S/o Mr Ramesh Kumar Mehra 10/1, Park Lane, Kolkata – 700 016 Occupation : Businessman DOB : 04.04.1978 Age : 28 years Term : upto 31.03.2010	Appointed as Director on 07.04.2005 Appointed as Whole Time Director w.e.f 18.04.2005	Companies: 1. Meko International Ltd. 2. Bengal KDC Housing Development Ltd.
3	Mr Sidh Nath Mehra <i>Whole Time Director</i> B. Com S/o Late Baijnath Mehra 10/1, Park Lane, Kolkata – 700 016 Occupation : Businessman DOB : 11.02.1959 Age : 47 years Term : upto 30.09.2009	Appointed as Director on 04.06.1992 Appointed as Whole Time Director w.e.f 01.10.2004	Companies: 1. Sun Kissed Merchandise Private Limited 2. Mahanti Engineers Private Limited 3. Meko International Ltd. 4. Trimurti Component Pvt. Ltd.
4	Mr Mahesh Mehra <i>Director</i> Under-Graduate S/o Late Baijnath Mehra 10/1, Park Lane Kolkata – 700 016 Occupation : Businessman DOB : 17.11.1955 Age : 51 years Term : Retire by Rotation	04.06.1992	Companies: 1. Keleenworth Marketing Private Limited 2. Sun Kissed Merchandise Private Limited 3. Mahanti Engineers Private Limited 4. Trimurti Component Pvt. Ltd. Partnership Firms: 1. RMS Export Company
5	Mr Rajesh Kumar Agarwal <i>Director</i> FCA, DISA S/o Mr Mohan Lal Agarwal 27 B, Sahitya Parishad Street Burtola	Appointed as Additional Director on 19.05.2006 and approved in the AGM held on	Companies: 1. Lee & Nee Software (Exports) Ltd. 2. RGF Fincon Pvt. Ltd. 3. Isotech Tie-up Pvt. Ltd. 4. Rinkpi Finance & Consultants

	Kolkata – 700 006 Occupation : Practising Chartered Accountant DOB : 09.04.1971 Age : 35 years Term : Retire by Rotation	29.09.2006	Pvt. Ltd. 5. Renovision Commerce Pvt. Ltd. 6. Sumeru Vanijya Pvt. Ltd. 7. Heera Commodity & Derivatives Pvt. Ltd. 8. Nagancheji Credit Pvt. Ltd. Proprietorship Firm: 1. Rajesh Mohan & Associates
6	Mr Parag Keshar Bhattacharjee <i>Director</i> M.A. (Eco.), CAIIB S/o Mr Padma Kr Bhattacharjee 149 Salt Lake, Sector II, Block-BG, Bidhannagar Kolkata – 700 091 Occupation : Professional DOB : 18.01.1939 Age : 67 Years Term : Retire by Rotation	Appointed as Additional Director on 19.05.2006 and approved in the AGM held on 29.09.2006	Companies: 1. Kanco Enterprises Ltd. 2. Global Investment Trust Ltd. 3. Stesalit Ltd. 4. Cheviot Company Ltd. 5. SBI Home Finance Ltd. 6. Indian Infrastructure Equipment Ltd. 7. MSM Energy Ltd. 8. Dhanus Technologies Ltd.
7	Amar K Biswas <i>Director</i> B. E. (Civil) S/o Sudhir Kumar Biswas AK 16, Salt lake Kolkata – 700 091 Occupation : Retired Civil Engineer DOB : 15.01.1939 Age : 67 years Term : Retire by Rotation	Appointed as Additional Director on 21.06.2006 and approved in the AGM held on 29.09.2006	

Brief Profile of the Board of Directors

Mr Ramesh Kumar Mehra, Chairman

Mr. Ramesh Kumar Mehra, aged 53 years is a commerce graduate from St. Xaviers College, Calcutta University and Majored in Advanced Accounting, Auditing, Income Tax and Costing. He is the founder promoter of the Company. He is a Non Executive and Non Independent Director of the Company. He is involved in deciding the business strategies of the Company and provides vision and direction to the Company. He also looks after the governmental and institutional supply business of the other group ventures and is involved with managing a textile dyeing, weaving and printing factory at Jhargram (near Kolkata) with a nationwide distribution network for its products. He is a member of the Remuneration Committee of the Company.

Mr Prashant Mehra, Managing Director

Mr. Prashant Mehra, aged 28 years is a Bachelor of Science in Business with highest distinction from Indiana University, Bloomington, Indiana, USA with triple majors in Finance, Business Process Management and Operations Management. He looks after the planning and execution of infrastructure development projects for the Company as well the financial controls and business development efforts. Prior to joining the Company, he has worked at Microsoft Corporation, USA as US BMO Financial Analyst. He has been honoured with Gold Star Bonus Award at Microsoft Corporation for his important contribution. He has been appointed as Managing Director of the Company w.e.f 07.04.2005 and his term expires on 31.03.2010. He is the Chairman of the IPO Committee and is a member of the Audit Committee and Executive Committee of the Company.

Mr Sidh Nath Mehra, Whole Time Director

Mr. Sidh Nath Mehra, aged 47 years is a Commerce Graduate from University of Calcutta. He is one of the founder promoter of the Company. He has been appointed as Whole Time Director of the Company w.e.f 01.10.2004 and his term expires on 30.09.2009. He is largely involved in the project management of the Company. Leading a team of technical professionals, he looks after the operating strategies for the Company and manages client and partner relationships across various states. His experience is very

valuable in framing procurement policies of the company. He is a member of the Shareholder's Grievance Committee, IPO Committee and Executive Committee of the Company.

Mr Mahesh Mehra, Director

Mr Mahesh Mehra, aged 51 years brings with him rich experience in the field of infrastructure and construction. He has been instrumental in the business development of the Company in West Bengal. He is a Non Executive and Non Independent Director of the Company. He has been a director of the Company since incorporation and is a member of the Shareholders Grievance Committee and the IPO Committee of the Company.

Mr Rajesh Kumar Agarwal, Director

Mr Rajesh Kumar Agarwal, aged about 35 years is practising Chartered Accountant by profession. He possesses around ten years of experience in the field of audit, income tax, company law, merger & acquisitions, consultancy, etc. Mr. Rajesh Kumar Agarwal has been appointed as an Additional Director of the Company on 19.05.2006 and his appointment has been subsequently approved at the AGM held on 29.09.2006. He is an Independent Non Executive Director of the Company and is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Mr Parag Keshar Bhattacharjee, Director

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

Mr Amar K. Biswas, Director

Mr Amar K Biswas, aged about 67 years, is a Civil Engineer by profession. He has nearly 40 years of professional experience which includes international assignments in Iraq, Sri Lanka and Bangladesh. He has experience in wide variety of civil engineering structures, viz. major bridge constructions and supervision projects involving well/pile foundations, large capacity silos, high chimneys using slip form technique, steel plant structures, hotel buildings, highways, etc. Besides these, he is well conversant with FIDC (contract conditions) and its administration. He holds the membership of Indian National Group of IABSE; fellow membership of Institution of Engineers (India) and Indian Institute of Bridge Engineers, Mumbai; and life membership of Indian Concrete Institute (India). Mr. Amar K Biswas has been appointed as an Additional Director of the Company on 21.06.2006 and his appointment has been subsequently approved at the AGM held on 29.09.2006. He is an Independent Non Executive Director of the Company and is a member of the Audit Committee of the Company.

BORROWING POWERS

Pursuant to a resolution dated April 19, 2006 passed by the shareholders at the Extra Ordinary General Meeting of the Company, in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956, the Board has been authorised to borrow money for the purposes of our Company upon such terms and conditions and with/without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 500 crores (Rupees five hundred crores only).

TERMS OF APPOINTMENT & COMPENSATION OF EXECUTIVE DIRECTORS

i. Mr Prashant Mehra, Managing Director

The shareholders in the Annual General Meeting held on September 30, 2005 approved the appointment and remuneration of Mr Prashant Mehra, as Managing Director for a period of five years with effect from 18.04.2005 till 31.03.2010 pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act.

Mr Prashant Mehra is to be paid the following remuneration w.e.f 18.04.2005

Salary

Rs. 30,000/- (Rupees Thirty Thousand only) per month

Conveyance

Rs. 10,000/- (Rupees Ten Thousand only) per month

Perquisites

Leave

Leave period of one month's leave on full pay for the entire period of 12 months of services.

ii. Mr Sidh Nath Mehra, *Whole Time Director*

The shareholders in the Annual General Meeting held on September 30, 2005 approved the appointment and remuneration of Mr Sidh Nath Mehra, as Whole Time Director for a period of five years with effect from 01.10.2004 till 30.09.2009 pursuant to the provisions of sections 198, 269, 309, and 310 of the Companies Act, 1956, read with schedule XIII to the Act.

Mr Sidh Nath Mehra is to be paid the following remuneration w.e.f 01.10.2004

Salary

Rs. 15,000/- (Rupees Fifteen Thousand only) per month

Conveyance

Rs. 10,000/- (Rupees Ten Thousand only) per month

Perquisites

Leave

Leave period of one month's leave on full pay for the entire period of 12 months of services.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE & SUB-COMMITTEES

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

To comply with the guidelines in relation to Corporate Governance, the Issuer Company has already appointed 3 independent directors, viz. Mr Rajesh Kumar Agarwal, Mr Amar K Biswas and Mr Parag Keshar Bhattacharjee on its Board. As the Chairman of the Company is a Non-Executive Director, one-third of the Board of Directors should comprise of Independent Directors. The Issuer Company has already formed the following Committees:

The Board of Directors comprises a total of seven (7) Directors which includes one (1) Non-Executive Chairman, one (1) Managing Director, one (1) Whole Time Director, one (1) Non-Executive Non Independent Director and three (3) Independent Directors.

1. Audit Committee

The Audit committee was constituted on June 21, 2006 and has the following terms of reference and composition:

a) Terms of Reference

- i. Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of audit fees;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgement by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report;
- v. Reviewing with management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with management, performance of statutory and internal auditors, and adequacy of internal systems;
- vii. Reviewing adequacy of internal audit functions, if any, including the structure of the internal audit department staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit;
- viii. Discussions with internal auditors, any significant findings and follow-up thereon;
- ix. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- x. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xi. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; and
- xii. To review the functioning of the Whistle Blower mechanism, in case the same exists.

b) Composition

1. Mr Rajesh Kumar Agarwal - *Chairman (Independent Director)*
2. Mr Amar K Biswas - *Member (Independent Director)*
3. Mr Prashant Mehra - *Member (Managing Director)*

The Statutory Auditors and Company Secretary of the Company are permanent invitees. Mr A B Chakrabarty, Company Secretary is the Secretary of the Committee.

2. Remuneration Committee:

The Remuneration Committee was constituted on June 21, 2006, and has the following terms of reference and composition:

a) Terms of Reference:

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.

b) Composition:

1. Mr Parag Keshar Bhattacharjee - *Chairman (Independent Director)*
2. Mr Rajesh Kumar Agarwal - *Member (Independent Director)*
3. Mr Ramesh Kumar Mehra - *Member (Non-Executive Director)*

Mr A B Chakrabartty, Company Secretary is the Secretary of the Committee.

c) Remuneration Policy:

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications, and experience of the employee, responsibilities handled by him, individual performance etc.

- d) Notice period for termination of appointment of Managing Director and Whole time Director is two (2) months on either side. No severance pay is payable on termination of appointment.
- e) Non-Executive Directors: No remuneration was paid to Non-Executive Directors during the financial year 2005-06.

3. Shareholder's Grievance Committee

The Shareholder's Grievance Committee was constituted on June 21, 2006. This committee has been constituted to specifically look into redressing the shareholders and investors' complaints like to oversee share transfers and monitors investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. and redressal thereof. It has the following terms of reference and composition:

a) Terms of Reference:

- i. To accept the share application along with the share application money and reject the application as may be deem fit and proper;
- ii. To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the company;
- iii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- iv. To look into the shareholder complaints, if any, and to redress the same expeditiously.

b) Composition:

- 1. Mr Parag Keshar Bhattacharjee – *Chairman (Independent Director)*
- 2. Mr Mahesh Mehra – *Member (Non Executive Director)*
- 3. Mr Sidh Nath Mehra – *Member (Whole Time Director)*

The Company Secretary of the Company, Mr A.B. Chakrabartty is the Compliance Officer.

There were no unresolved complaints/transfer pending.

4. IPO Committee:

The IPO Committee was formed on June 21, 2006 and has the following terms of reference and composition:

a) Terms of Reference:

- i. To take decisions relating to any matter arising pre or post in respect of Initial Public Offer to the public and to deal with SEBI, Stock exchange, all intermediaries and to do all such acts and things as deemed necessary for the purpose; and
- ii. To monitor deployment of issue proceeds.

b) Composition:

- 1. Mr Prashant Mehra – *Chairman (Managing Director)*
- 2. Mr Sidh Nath Mehra – *Member (Whole Time Director)*
- 3. Mr Mahesh Mehra – *Member (Non Executive Director)*

5. Executive Committee:

The Executive Committee was formed on April 3, 2006 and has the following terms of reference and composition:

a) Terms of Reference:

1. To appoint executives of the company on a monthly salary upto Rs.75000/-;
2. To consider and grant annual and special increments to the executives of the company and confirm *ad hoc* special increments granted to staff and executives of the company by the chief executive officer;
3. To transfer, promote, suspend or terminate the services of the executives of the company;
4. To open new bank accounts and to authorise directors / executives of the company to operate the same;
5. To close any of the existing bank accounts when not required;
6. To withdraw the authority to operate any of the company's bank accounts for any reason including the authorized persons leaving the service of the company or being transferred from one place to another;
7. To change authority to operate any of the companies bank accounts;
8. To appoint attorney for and on behalf of the company for specific purposes and /or for general purposes;
9. To take any premises on lease or on license to be used as office / branch/ go down of the company or to be provided to an employee of the company for his residential;
10. To decide on new telephone connections to be installed at different offices / branches / godowns or at the residences of executives for Company's work;
11. To decide on opening Branches / Godowns at different places in the country or abroad subject to such permission as may be required from different authorities;
12. To decide on opening of Project office and site office as and when required;
13. To decide on the purchase of various Machineries for efficient running of the Projects;
14. To decide on the participation in any tenders / bids for and on behalf of the company;
15. To decide the filing of recovery suits against distributors / dealers/ customers and to authorise company's executive to prosecute the same;
16. To launch criminal proceedings against those misusing the company's rights under Designs, Patents, Trade Marks and Copyright Laws;
17. To authorize company's Executives to defend civil suits filed by third parties against the Company;
18. To authorize company's Executives to institute civil suits or complaints against third parties for and on behalf of the company;
19. To decide on purchase and sale of shares, debentures, debenture stock and other securities in other companies held by and registered in the name of the company;
20. To decide on the long term / short term investment by the company.

b) Composition:

1. Mr Sidh Nath Mehra – *Member (Whole Time Director)*
2. Mr Prashant Mehra – *Member (Managing Director)*

Shareholding of the Directors

The shareholding of the Directors on the date of the issue of the Draft Red Herring Prospectus is as follows:

Sl. No.	Name of the Director	No. of Shares	%age of the pre issue Paid-up Share Capital
1	Mr Ramesh Kumar Mehra	30,010	0.30
2	Mr Prashant Mehra	97,760	0.97
3	Mr Sidh Nath Mehra	3,73,510	3.70
4	Mr Mahesh Mehra	48,110	0.48

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please refer "Capital Structure of the Company" beginning from page 14 of this Draft Red Herring Prospectus.

Interest of the Directors

All the non-Executive Directors of Kidco may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by Kidco with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations.

The Managing Director and Executive Director of Kidco are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company (For more details, please refer "Related Party Disclosures" as mentioned in page no.122 of the Auditors' Report given in this Draft Red Herring Prospectus. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

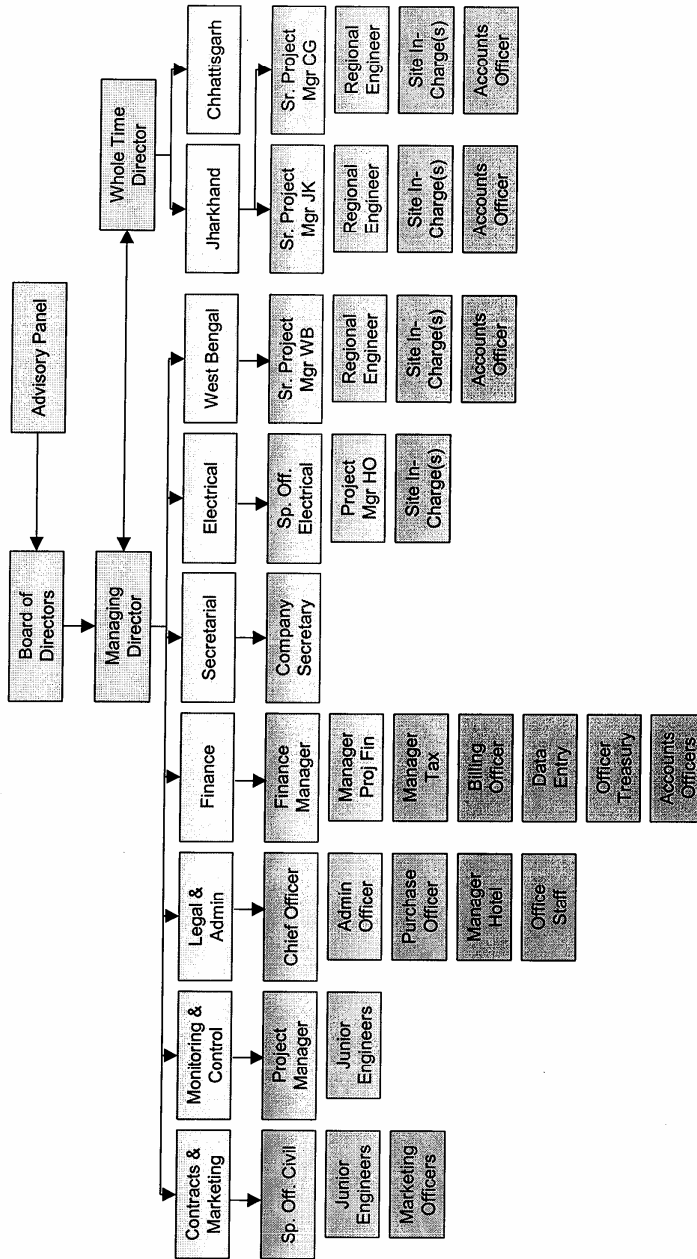
Changes in Directors in the last three years

Sl. No.	Name	Date of Appointment	Date of Cessation	Reason
1	Mr Baidya Nath Sinharoy *	--	04.04.2005	Resigned
2	Mr Ramesh Kumar Mehra **	30.03.2005	--	Resigned as a Whole-Time Director. Appointed as a Non-Executive Director
3	Mr Prashant Mehra	07.04.2005	--	Appointed as an Additional Director
4	Mr Rajesh Kumar Agarwal	19.05.2006	--	Appointed as an Additional Director
5	Mr Parag Keshar Bhattacharjee	19.05.2006	--	Appointed as an Additional Director
6	Mr Amar K Biswas	21.06.2006	--	Appointed as an Additional Director

* Mr Baidynath Sinharoy was appointed as an Additional Director with effect from September 3, 2002. He resigned as a Whole-Time Director w.e.f April 4, 2005. The last drawn remuneration of Mr Baidyanath Sinharoy was Rs. 16,000/- per month towards salary and Rs. 6,000/- per month towards travelling and conveyance.

** Mr Ramesh Kumar Mehra was appointed as a Whole-Time Director of the Company for a period of five years with effect from March 1, 2003. He resigned from the post of Whole-Time Director w.e.f. March 30, 2005 and became a Non-Executive Director. He has been appointed as a Chairman of the Company. The last drawn remuneration of Mr Ramesh Kumar Mehra was Rs. 20,000/- per month towards salary and Rs. 10,000/- per month towards travelling and conveyance.

ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of construction, finance, marketing and corporate laws. The following are the key managerial personnel other than the Managing Director and the Whole Time Director who assist the Management:

Details of the key managerial personnel are as follows:

Name	Designation	Age (Yrs.)	Qualification	Date of Joining	Experience (Yrs)	Previously employed
Lokenath Chatterjee	Chief Officer	62	B.SC, B.A, W.B.C.S	01.04.2004	40	Joint Secretary, Urban Development Department, Govt. of West Bengal
Nirmal Kumar Batabyal	Special Officer (Civil)	63	B.E (Civil)	30.11.2003	40	PWD, Govt of West Bengal
Anatha Bandhab Chakrabartty	Company Secretary	33	B.SC, ACS	01.02.2006	4	Shree Hanuman Sugar & Industries Ltd.
Himanshu Sekhar Panigrahi	Finance Manager	31	B.Com, ACA	03.04.2006	5	Reliance Telecom Ltd.
Asim Kumar Das	Sr Technical Officer (Electrical)	63	B.E (Elec.)	25.01.2005	42	West Bengal State Electricity Board
Asit Kumar Ponda	Manager, Hotel – Kaushalya Heritage	37	B.Com (Hons.)	July, 2003	15	M/s Printex Works
Nara Narayan Ray	Purchase officer	61	B.Com	29.03.2006	28	Neo-Technocom Development (P) Ltd.
Robin Deb	Administration Officer	64	B.A. (Hons)	02.02.2003	43	W.B. Govt. Service
Ranjit Kr. Chakraborty	Technical Officer (Electrical)	64	I.Sc., LEE	23.05.2003	40	West Bengal State Electricity Board
Anis Chattopadhyay	Senior Site Engineer (Civil)	39	Diploma in Civil Engineering	27.06.2005	14	Unit Construction Co. Ltd.
Asit Bandyopadhyay	Sr. Project Manager (Civil)	55	Diploma in Civil Engineering (LCE)	08.08.2005	30	M/s Samar & Samar

All the above Key Managerial Personnel are permanent employees of the Company.

Mr Lokenath Chatterjee – Chief Officer

Mr Lokenath Chatterjee, aged 62, is a B.SC, B.A. & W.B.C.S. He is responsible for the business, legal, administrative and HR affairs of the Company as well as day-to-day affairs of the Company.

Mr Nirmal Kumar Batabyal – Special officer (Civil)

Mr Nirmal Kumar Batabyal, aged 63, is a B.E. (Civil) and looks after project evaluation & coordination.

Mr Anatha Bandhab Chakrabartty – Company Secretary

Mr Anatha Bandhab Chakrabartty, aged 33 years is a graduate in Science and an associate member of the Institute of Company Secretaries of India. He is responsible for the secretarial, legal & compliance matters of the Company.

Mr Himanshu Sekhar Panigrahi – Finance Manager

Mr Himanshu Sekhar Panigrahi, aged 31 years is a graduate in Commerce and an associate member of the Institute of Chartered Accountants of India and looks after the finance & accounts department of the Company including project finance, banking, accounts, audit, taxation and other related matters.

Mr Asim Kumar Das – Sr. Technical Officer (Electrical)

Mr Asim Kumar Das, aged 63 is an Electrical Engineer and looks after the electrical requirements of the various projects.

Mr Asit Kumar Ponda – Manager (Hotel – Kaushalya Heritage, Jhargram)

Mr Asit Kumar Ponda, aged 37 is a Commerce Graduate and looks after the Hotel – Kaushalya Heritage and is in charge of all aspects of the hotel including front desk and house keeping, maintenance and other related activities.

Mr Nara Narayan Ray – Purchase Officer

Mr Nara Narayan Ray, aged 61 is a Commerce Graduate and looks after the purchase functions of the Company including planning for materials & equipments, procurement, vendor development & inventory control.

Mr Robin Deb – Administrative Officer

Mr Robin Deb, aged 64 years is a B.A. and looks after the day-to-day administration work of the Company.

Mr Ranjit Kr. Chakraborty – Technical Officer (Electrical)

Mr Ranjit Kr. Chakraborty, aged 64 years is a I.Sc & LEE and looks after the electrical requirements of the various projects.

Mr Anis Chattopadhyay – Senior Site Engineer (Civil)

Mr Anis Chattopadhyay, aged 39 years is a Diploma in Civil Engineering and looks after the project execution including monitoring, co-ordination and supervision for project execution.

Mr Asit Bandyopadhyay – Sr. Project Engineer (Civil)

Mr Asit Bandyopadhyay, aged 55 years is a Diploma in Civil Engineering and looks after project execution.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel hold any shares of the company as on the date of this Draft Red Herring Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Changes in Key Managerial personnel

Sl. No.	Name	Designation	Date of		Reason
			Joining	Leaving	
1	Sandeep Kejriwal	Co. Secretary	03.09.2002	01.11.2004	Resigned
2	Gaurav Goenka	Finance Manager	01.02.2004	03.10.2005	Resigned
3	Sanjay Somani	Asst Fin Manager	21.06.2001	22.04.2006	Resigned
4	V Balakrishnan	President	01.11.2004	07.07.2005	Resigned
5	A B Chakrabartty	Co. Secretary	01.02.2006	--	Appointed
6	Himanshu Sekhar Panigrahi	Finance Manager	03.03.2006	--	Appointed
7	Nara Narayan Ray	Purchase Officer	29.03.2006	-	Appointed

Family relation with Key Managerial Personnel (KMP)

There exists no family relation between the promoters/directors and the key managerial personnel.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

In the last two years the Company has not paid or given any amount or benefit to any of its officers except the normal remuneration for services rendered as Directors, officers or employees.

PROMOTERS

Mr Ramesh Kumar Mehra, Mr Prashant Mehra, Mr Sidh Nath Mehra, Mr Mahesh Mehra, Keleenworth Marketing Private Limited, Mahanti Engineers Private Limited and Sun Kissed Merchandise Private Limited are the promoters of the Company.

PROMOTERS AND THEIR BACKGROUND

Mr Ramesh Kumar Mehra, Chairman

Mr. Ramesh Kumar Mehra, aged 53 years is a commerce graduate from St. Xaviers College, Calcutta University and Majored in Advanced Accounting, Auditing, Income Tax and Costing. He is the founder promoter of the Company. He is a Non Executive and Non Independent Director of the Company. He is involved in deciding the business strategies of the Company and provides vision and direction to the Company. He also looks after the governmental and institutional supply business of the other group ventures and is involved with managing a textile dying, weaving and printing factory at Jhargram (near Kolkata) with a nationwide distribution network for its products. He is a member of the Remuneration Committee of the Company.

Mr Prashant Mehra, Managing Director

Mr. Prashant Mehra, aged 28 years is a Bachelor of Science in Business with highest distinction from Indiana University, Bloomington, Indiana, USA with triple majors in Finance, Business Process Management and Operations Management. He looks after the planning and execution of infrastructure development projects for the Company as well the financial controls and business development efforts. Prior to joining the Company, he has worked at Microsoft Corporation, USA as US BMO Financial Analyst. He has been honoured with Gold Star Bonus Award at Microsoft Corporation for his important contribution. He has been appointed as Managing Director of the Company w.e.f 07.04.2005 and his term expires on 31.03.2010. He is the Chairman of the IPO Committee and is a member of the Audit Committee and Executive Committee of the Company.


Mr Sidh Nath Mehra, Whole Time Director

Mr. Sidh Nath Mehra, aged 47 years is a Commerce Graduate from University of Calcutta. He is one of the founder promoter of the Company. He has been appointed as Whole Time Director of the Company w.e.f 01.10.2004 and his term expires on 30.09.2009. He is largely involved in the project management of the Company. Leading a team of technical professionals, he looks after the operating strategies for the Company and manages client and partner relationships across various states. His experience is very valuable in framing procurement policies of the company. He is a member of the Shareholder's Grievance Committee, IPO Committee and Executive Committee of the Company.


Mr Mahesh Mehra, Director

Mr Mahesh Mehra, aged 51 years brings with him rich experience in the field of infrastructure and construction. He has been instrumental in the business development of the Company in West Bengal. He has been a director of the Company since incorporation and is a member of the Shareholders Grievance Committee and the IPO Committee of the Company.


Ramesh Kumar Mehra

	Driving Licence No.	WB-01-044157
	Passport Details	A9613908
	Permanent Account Number	AELPM0096B
	Voter Id No	WB/22/153/345329
	Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd. Kolkata – 700 071
	Bank Account No.	5-285867-004


Prashant Mehra

	Driving Licence No.	WB-01-1996387899
	Passport Details	F5033259
	Permanent Account Number	AETPM7830D
	Voter Id No	Not Yet Received
	Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd Kolkata – 700 071
	Bank Account No.	5-285865-001

Sidh Nath Mehra

	Driving Licence No.	WB-01-043559
	Passport Details	A9678819
	Permanent Account Number	AFAPM5673G
	Voter Id No	WB/22/153/345326
	Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd Kolkata – 700 071
	Bank Account No.	5-210387-007

Mahesh Mehra

	Driving Licence No.	--
	Passport Details	E4340947
	Permanent Account Number	AIZPM1621L
	Voter Id No	WB/22/153/345355
	Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd Kolkata – 700 071
	Bank Account No.	5-285863-009

The Company confirms that the Bank account number, Permanent Account Number and Passport Number of the promoters would be submitted to BSE and NSE at the time of filing of the Draft Red Herring Prospectus with them.

Keleenworth Marketing Private Limited – Promoter, being a company:

Name of the Promoter	Keleenworth Marketing Private Limited
Registered Office	69, Girish Park, North, Kolkata – 700 006
Company Registration Number	21-75608
Registrar of Companies	West Bengal
PAN No.	AABCK1681K
TAN No.	CALK02882F
Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd. Kolkata – 700 071
Current Bank Account No.	0-270434339

History of the Company

Keleenworth Marketing Private Limited is a private limited company incorporated on November 27, 1995 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of buying, selling, trading etc. of all kinds of cloth, food grains, dairy products etc. Keleenworth Marketing Private Ltd. was originally promoted by Mr Kamal Basu and Mr Tapash Kumar Prabat in the year 1995. Subsequently, the entire shareholding / directorship was taken over by the Promoters / Promoters Group of KIDCO. The Company subsequently acquired the business, properties, assets and liabilities of M/s. Printex Works, a proprietorship firm.

Board of Directors

Name of the Director	Designation
Mr Ramesh Kumar Mehra	Director
Mr Mahesh Mehra	Director

Shareholding as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Ramesh Kumar Mehra	6,91,800	47.14
2	Mahesh Mehra	98,000	6.68
3	Sidh Nath Mehra	2,20,000	14.99
4	Mahesh Mehra (HUF)	1,67,000	11.38
5	Sidh Nath Mehra (HUF)	1,88,500	12.84
6	Ramesh Kumar Mehra (HUF)	75,000	5.11
7	Daibaki Nandan Basak	2,250	0.15
8	Badal Commotrade Pvt Ltd	12,500	0.85
9	Amkhela Merchants Pvt Ltd	12,500	0.85
	Total	14,67,550	100.00

Mahanti Engineers Private Limited – Promoter, being a company:

Name of the Promoter	Mahanti Engineers Private Limited
Registered Office	69, Girish Park, North, Kolkata – 700 006

Company Registration Number	21-76505
Registrar of Companies	West Bengal
PAN No.	AADCM2718B
TAN No.	CALM04183E
Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd. Kolkata – 700 071
Current Bank Account No.	0-274654-333

History of the Company

Mahanti Engineers Private Limited is a private limited company incorporated on January 10, 1996 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of civil, electrical, mechanical and consulting engineers, agricultural engineers etc. and engineers of all branches of work whatsoever known to engineering etc. Mahanti Engineers Private Limited was originally promoted by Mr Mrinal Kant Gupta and Mr Rajib Datta in the year 1996. Subsequently, the entire shareholding / directorship was taken over by the Promoters / Promoters Group of KIDCO.

Board of Directors

Name of the Director	Designation
Sidh Nath Mehra	Director
Mahesh Mehra	Director

Shareholding as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Sidh Nath Mehra	3,39,000	32.34
2	Ramesh Kumar Mehra	1,50,000	14.31
3	Mahesh Mehra	1,06,000	10.11
4	Ramesh Kumar Mehra (HUF)	1,57,500	15.02
5	Kartik Mehra	34,000	3.24
6	Daibaki Nandan Basak	5,500	0.52
7	Sitaram Rai	2,900	0.28
8	Vintage Vincom Pvt Ltd	25,000	2.38
9	Guruji Mercantile Pvt Ltd	53,400	5.09
10	Mehandipura Tradelink Pvt Ltd	25,000	2.38
11	Maple Marketing Pvt Ltd	50,000	4.77
12	Mubarak Lubricants Pvt Ltd	25,000	2.38
13	Panchjanya Distributors Pvt Ltd	50,000	4.77
14	Vinnagar Marketing Pvt Ltd	25,000	2.38
	Total	10,48,300	100.00

Sun Kissed Merchandise Private Limited - Promoter being a company:

Name of the Promoter	Sun Kissed Merchandise Private Limited
Registered Office	160, Jamunalal Bajaj Street, Kolkata-700 007
Company Registration Number	21-70174

Registrar of Companies	West Bengal
PAN No.	AADCS6444C
TAN No.	CALS10210E
Name of Bank and Branch	CitiBank N.A. Kanak Building 41, Chowringhee Rd. Kolkata – 700 071
Current Bank Account No.	0270549338

History of the Company

Sun Kissed Merchandise Private Limited is a private limited company incorporated on 29th March, 1995 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of buying, selling, trading etc of all kinds of salt, jute products, hassian & gunny bags laminated jute bags and all types of iron products, etc. Sun Kissed Merchandise Private Limited was originally promoted by Mr Sanjib Kumar Khemka and Mr Virendra Kumar Verma in the year 1995. Subsequently, the entire shareholding / directorship was taken over by the Promoters / Promoters Group of KIDCO. The Company subsequently acquired the business, properties, assets and liabilities of M/s. Baijnath & Co. and M/s. Kalplata, partnership firms.

Board of Directors

Name of the Director	Designation
Mr Ramesh Kumar Mehra	Director
Mr Sidh Nath Mehra	Director
Mr Mahesh Mehra	Director

Shareholding as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Ramesh Kumar Mehra	4,26,574	19.82
2	Sidh Nath Mehra	26,000	1.21
3	Mahesh Mehra	1,00,000	4.65
4	Mahesh Mehra (HUF)	2,70,000	12.55
5	Sidh Nath Mehra (HUF)	75,000	3.49
6	Golap Chand Chandra	15,250	0.71
7	Kartik Mehra	4,000	0.19
8	Mohini Mehra	50,000	2.32
9	Neeru Mehra	1,84,200	8.56
10	Raghav Mehra	2,44,502	11.36
11	Abhrani Vinimay Pvt Ltd	50,000	2.32
12	Bagchi Finance Pvt Ltd	15,000	0.70
13	Badal Commotrade Pvt Ltd	12,500	0.58
14	Contaship Commodities Pvt Ltd	50,000	2.32
15	Coromandal Merchants Pvt Ltd	50,000	2.32
16	Critcare Marketing Pvt Ltd	25,000	1.16
17	Devraj Mercantile Pvt Ltd	62,500	2.90
18	Dhanvanti Commodities Pvt Ltd	37,500	1.74
19	Dimension Mercantile Pvt Ltd	25,000	1.16

20	Ginni Fintrade Pvt Ltd	25,000	1.16
21	Maple Marketing Pvt Ltd	25,000	1.16
22	Mira Belle Tradecom Pvt Ltd	50,000	2.32
23	Panchjanya Distributors Pvt Ltd	72,500	3.37
24	Punya Leather Pvt Ltd	25,000	1.16
25	Tramel Trading Pvt Ltd	50,000	2.32
26	Vintage Vincom Pvt Ltd	25,000	1.16
27	Zewani Barter Pvt Ltd	25,000	1.16
28	Guruji Mercantile Pvt Ltd	1,31,500	6.11
	Total	21,52,026	100.00

Declaration by the Promoters

We confirm that the Permanent Account Number, Bank Account number, Company Registration Number, and the address of the Registrar of Companies where the company is registered will be submitted to the BSE and NSE at the time of filing of this document with them.

Common Pursuits

As on date, there are no common pursuits that may lead to conflict of interest in the business of the Company and other Companies promoted by the Promoters.

However Rainy Guard Poly Sheet Private Limited and Pushpadanta Vyapar Private Limited both belonging to the promoter group deal in the buying and selling of land.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property, if acquired by Kidco within two years from the date of the Draft Red Herring Prospectus. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Payment or benefit to Promoters of the Company

Mr Sidh Nath Mehra and Mr Prashant Mehra, being Executive Directors of the company, draw managerial remuneration as mentioned earlier at page no.94 in this Draft Red Herring Prospectus.

Except as stated hereinabove and otherwise stated in this Draft Red Herring Prospectus, the Company has not paid any amount to the promoters.

Related Party Transactions

For details of related party transactions please refer to page no. 122 of the Draft Red Herring Prospectus.

Relationship between the Promoters, Directors and Key Managerial Personnel

Mr Ramesh Kumar Mehra <i>Promoter & Chairman</i>	:	He is the father of Mr Prashant Mehra, Managing Director He is the brother of Mr Sidh Nath Mehra, Whole Time Director He is the brother of Mahesh Mehra, Promoter & Director
Mr Sidh Nath Mehra <i>Whole Time Director</i>	:	He is the brother of Mr Ramesh Mehra, Promoter Chairman He is the brother of Mr Mahesh Mehra, Promoter & Director
Mr Mahesh Mehra <i>Promoter & Director</i>	:	He is the brother of Ramesh Mehra, Promoter & Chairman He is the brother of Sidh Nath Mehra, Promoter & Executive Director

Mr Prashant Mehra : He is the son of Ramesh Mehra, Promoter & Chairman
Promoter & Managing Director

Currency of Presentation

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

Dividend Policy

Dividends, other than interim dividends, will be declared at the Annual General Meetings of the shareholders of the Company based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, but not limited to, the future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividends to the shareholders. However, the dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, in the future.

SECTION V : FINANCIAL INFORMATION

AUDITORS' REPORT

The Board of Directors,
Kaushalya Infrastructure Development Corporation Limited
HB 170, Sector III
Salt Lake
Kolkata – 700106

Dear Sirs,

We have examined the financial information of Kaushalya Infrastructure Development Corporation Limited (hereinafter referred to as "KIDCO" or "the Company") contained in the statements annexed to this report for the five financial years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and for the quarter ended 30th June, 2006, which is proposed to be included in the Offer Document/Red Herring Prospectus being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:-

- (a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary statement of Assets & Liabilities of the Company as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and 30th June 2006 (**Annexure-I**) and the attached restated summary statement of Profit and Losses for the years/quarter ended on those dates (**Annexure-II**) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure-III-B** to this report. Based on our examination of these summary statements, we state that:
 - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the year/period to which they are related;
 - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at June 30, 2006 as stated vide **Annexure – III-A** to this report. The summary statements have to be read in conjunction with the notes given in **Annexure – III-B** to this report.
 - iii. There are no qualifications in the auditors' report that require any adjustment to the summary statements.
 - iv. The extra-ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in Annexure - **III-B**.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at June 30, 2006 are enclosed as **Annexure – III-A** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and also for the quarter ended on 30th June 2006, proposed to be included in the Offer Document/Red Herring Prospectus as approved by the Board of Directors and annexed to this report:

1	Summary of Reserves & Surplus	Annexure - I.a
2	Secured Loans	Annexure - I.b

3	Unsecured Loans	Annexure - I.c
4	Statement of Investments	Annexure - I.d
5	Sundry Debtors	Annexure - I.e
6	Loans and Advances	Annexure - I.f
7	Current Liabilities	Annexure - I.g
8	Provisions	Annexure - I.h
9	Statement showing Details of Other Income	Annexure - II.a
10	Statement of Auditors' Remuneration	Annexure - II.b
11	Expenditure in Foreign Currency	Annexure - II.c
12	Earning in Foreign Currency	Annexure - II.d
13	Directors' Remuneration	Annexure - II.e
14	Cash Flow Statements	Annexure - IV
15	Related Party Disclosure	Annexure - V
16	Contingent Liabilities	Annexure - VI
17	Summary of Accounting Ratios	Annexure - VII
18	Capitalisation Statement	Annexure - VIII
19	Statement of Tax Shelter	Annexure - IX
20	Statement of Dividend paid	Annexure - X

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

For Sumanta & Co.
(Chartered Accountants)

Pradeep Kumar Agarwal
Partner
(Membership No. 56521)

Date: November 2, 2006
Place: Kolkata

ANNEXURE – I

STATEMENT OF ASSETS & LIABILITIES AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial years ended on 31st March 2002, 2003, 2004, 2005 and 2006 and also as at the quarter ended 30th June 2006 are set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Fixed Assets						
Gross Block	146.97	388.79	490.01	524.16	725.77	726.24
Less: Accumulated Depreciation	4.03	19.00	37.19	57.34	81.50	88.22
Net Block	142.94	369.79	452.82	466.82	644.27	638.02
Less: Revaluation Reserve	-	142.64	142.64	140.06	239.87	239.87
Net Block after adjustment for Revaluation Reserve	142.94	227.15	310.18	326.76	404.40	398.15
Capital Work in progress	-	-	-	-	-	-
Total Fixed Assets (A)	142.94	227.15	310.18	326.76	404.40	398.15
Investments (B)	5.27	5.27	20.27	20.27	17.38	22.45
Current Assets, Loans & Advances						
Inventories	44.23	33.55	49.05	47.20	130.85	163.89
Sundry Debtors	-	937.58	929.94	1353.50	2,337.00	2711.97
Cash and Bank Balances	206.68	22.60	63.11	43.25	81.87	9.87
Deferred Tax Assets	-	3.75	-	-	-	-
Loans and Advances	38.80	74.65	265.60	521.46	1,013.87	1143.92
Total of Current Assets, Loans & Advances (C)	289.71	1,072.13	1,307.70	1,965.41	3,563.59	4029.65
Total Assets (A+B+C)=D	437.92	1,304.55	1,638.15	2,312.44	3,985.37	4450.25
Less: Liabilities and Provisions						
Secured Loans	-	1.75	71.35	579.65	709.34	770.82
Unsecured Loans	1.00	-	43.27	10.03	-	-
Current Liabilities	240.70	500.99	446.69	638.84	1279.73	1564.46
Provisions	1.66	34.74	69.91	75.97	86.95	101.34
Share Application Money	96.10	380.70	540.70	-	404.61	-
Deferred Tax Liability	-	-	4.85	20.20	33.46	34.35
Total Liabilities (E)	339.46	918.18	1,176.77	1,324.69	2,514.09	2470.97
Net Worth (D-E)	98.46	386.37	461.38	987.75	1,471.28	1979.28
Represented By						
Equity Share Capital (I)	80.62	298.12	298.12	742.72	848.72	1010.56
Reserve & Surplus (II)	20.32	234.56	308.40	385.09	867.43	1217.34
Less: Revaluation Reserve (III)	-	142.65	142.65	140.06	239.87	239.87
Net Reserve & Surplus (II-III)	20.32	91.91	165.75	245.03	627.56	977.47
Misc. Expenditure (IV)	2.48	3.66	2.49	-	5.00	8.75
Net Worth (I+II-III-IV)	98.46	386.37	461.38	987.75	1,471.28	1979.28

ANNEXURE – II

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

We report that profit of the company for each of the five financial years ended on 31st March 2002, 2003, 2004, 2005 and 2006 and also as at the quarter ended 30th June 2006 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustment and re-grouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	Financial Year Ended on (Audited)					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Income						
Income from Operation (Contract Receipt)	393.15	1,574.14	1,782.67	2,179.83	5,008.88	1502.07
Income from Hotel Business (Net)	-	(4.51)	(3.51)	10.23	14.37	6.14
Other Income	0.35	2.25	1.72	10.97	8.35	12.05
Increase/(Decrease) of Stock	39.95	(39.95)	-	6.81	29.38	39.41
Total Income (A)	433.45	1,531.93	1,780.88	2,207.84	5,060.98	1559.67
Expenditure						
Material Consumption	251.52	713.51	731.30	996.40	1,832.06	303.63
Contract Operating Expenses	109.55	570.53	758.65	834.72	2,513.01	1051.79
Staff Cost	11.47	42.90	34.82	36.26	71.10	16.20
Administrative & Other Expenses	29.51	110.38	123.41	153.77	192.33	30.45
Interest and Financial Charges	5.42	-	6.90	45.39	71.56	21.44
Depreciation	11.25	38.80	38.60	20.15	24.16	6.73
Total Expenditure (B)	418.72	1,476.12	1,693.68	2,086.69	4,704.22	1430.24
Net Profit Before Tax & Extra Ordinary Items (A-B)	14.73	55.81	87.20	121.15	356.76	129.43
Income Tax (Current) *	-	4.69	11.20	9.54	30.04	14.52
Deferred Tax (Asset)/Liability	-	(3.75)	8.61	15.34	13.26	0.89
Fringe Benefit Tax Paid	-	-	-	-	1.10	0.24
Net Profit Before Extra Ordinary Items	14.73	54.87	67.39	96.27	312.38	113.78
Tax Paid/TDS Adjusted on Assessment	(2.50)	(1.87)	4.42	0.08	-	-
Extra Ordinary Items: Depreciation/Interest Adjustment	7.22	23.83	20.41	-	7.25	(7.25)
Tax Adjustment	(0.55)	(1.88)	(1.57)	-	(0.61)	0.61
Net Adjustment	6.67	21.95	18.84	-	6.64	(6.64)
Net profit After Tax and Extra Ordinary Items	18.90	74.95	90.65	96.35	319.02	107.14
Balance of Profit Brought Forward	1.42	20.32	91.91	165.75	245.01	271.56
Dividend	-	2.98	14.90	14.97	37.25	-
Corporate Dividend Tax	-	0.38	1.91	2.10	5.22	-
Transfer to General Reserve	-	-	-	-	250.00	-
Balance Carried to Balance Sheet	20.32	91.91	165.75	245.03	271.56	378.70

Annexure – I.a
SUMMARY OF RESERVES & SURPLUS
(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
General Reserve						
As per last account	-	-	-	-	-	250.00
Add transfer from P/L	-	-	-	-	250.00	-
General Reserve (a)	-	-	-	-	250.00	250.00
Securities Premium (b)					106.00	348.77
Revaluation Reserve						
As per last account	-	-	142.65	142.65	140.06	239.87
Adjustment during the year	-	142.65	-	(2.59)	99.81	-
Revaluation Reserve (c)	-	142.65	142.65	140.06	239.87	239.87
Profit & Loss Account (d)	20.32	91.91	165.75	245.03	271.56	378.70
Total (a + b + c + d)	20.32	234.56	308.40	385.09	867.43	1217.34

Annexure – I.b
SECURED LOANS
(Rs. in lakhs)

PARTICULARS	As on					
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
TERM LOAN:						
From Banks	-	1.75	70.31	104.31	126.27	106.42
From Others	-	-	0.13	-	-	-
CASH CREDIT:						
From Banks	-	-	0.91	475.34	583.07	664.39
From Others	-	-	-	-	-	-
Total	-	1.75	71.35	579.65	709.34	770.82

Details of Secured Loans outstanding as on June 30, 2006
(Rs. in lakhs)

Particulars of Loan	Institution/ Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Term Loans/Car loans/Equipment Finance loans from Banks	ICICI Bank Ltd.	8.97	3.29	10.53; 13.50 (Reducing)	Monthly Instalment	Respective Cars
	HDFC Bank Ltd.	139.94	70.96	5.41 to 10.25 (Reducing)	Monthly Instalment	Respective Machines
	The J & K bank Ltd.	31.00	32.17	11.00 (Reducing)	Monthly	Kishan Vikash Patra

Sub-Total (a)		179.91	106.42			
(i) Fund Based - Cash Credit	Federal Bank Ltd	600.00 (incl. Ad hoc accommodation of Rs. 100 lakhs)	664.39	11.50 (Monthly)	-	(I) Primary: Hypothecation of materials of the Company stocked/stored at work sites, bills receivables from contract works; (II) Collateral: (1) 3.398 acres of land with building at Jhargram; (2) 2.49 acres of land with 3-storied hotel building of 7091 sq ft built up area (3) 251.16 sq yds of land in DLF Qutab Enclave at Delhi in the name of Mr S N Mehra (4) 3.065 acre land at Jhargram in the name of Mrs Neeru Mehra (5) 432 cents land in the name of M/s Printex Works (unit of Keleenworth Marketing (P) Ltd.) (6) Equitable mortgage of landed property at Zaheerabad (7) Equitable mortgage of landed property at Ghaziabad in the name of Mr S N Mehra (II) Guarantee: Personal Guarantee of Mr Mahesh Mehra, Mr R K Mehra, Mr S N Mehra and Mrs Neeru Mehra
(ii) Non-Fund Based		650.00	-	17.00 (Monthly)		
Sub-Total (b)		1,250.00	664.39			
Total (a+b)		1,429.91	770.82			

Annexure – I.c

UNSECURED LOANS

The Details of Unsecured Loans are as below: -

PARTICULARS	As on					
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
UNSECURED LOANS						
Deposits from Director	1.00	-	-	-	-	-
Deposits from Bodies Corporate	-	-	43.27	10.03	-	-
Total Unsecured Loans	1.00	-	43.27	10.03	-	-

(Rs. in lakhs)

Annexure – I.d**STATEMENT OF INVESTMENTS****(Rs. in lakhs)**

PARTICULARS	Financial Year ended as on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Govt. Securities	-	-	15.00	15.00	17.38	17.66
Equity Share (Unquoted)	5.27	5.27	5.27	5.27	-	-
Gold Coin	-	-	-	-	-	4.79
Total	5.27	5.27	20.27	20.27	17.38	22.45
Aggregate Book Value of un-quoted Investments	5.27	5.27	5.27	5.27	-	-

Annexure – I.e**SUNDRY DEBTORS****(Rs. in lakhs)**

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Debts outstanding for a period exceeding six months	-	-	241.45	115.65	14.56	44.62
Debts outstanding for a period not exceeding six months	-	937.58	688.49	1237.85	2322.44	2667.35
Total - Sundry Debtors	-	937.58	929.94	1353.50	2337.00	2711.97

SUNDRY DEBTORS (RECEIVABLES FROM RELATED PARTIES)**(Rs. in lakhs)**

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Debts outstanding for a period exceeding six months	-	-	-	-	-	-
Debts outstanding for a period not exceeding six months	-	-	-	-	-	-
Total	Nil	Nil	Nil	Nil	Nil	Nil

There are no beneficiaries of the sundry debtors of the Company who are in any way related to the promoters/directors of the company as on 30-06-2006.

Annexure – I.f**LOANS AND ADVANCES**

The details of Loans and Advances are as below:

(Rs. in lakhs)

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Deposits	34.73	51.48	224.07	409.59	793.70	827.32
Advance in Cash or Kind or for value to be received	4.07	23.17	41.53	111.87	220.17	316.60
Total (As per audited Statement)	38.80	74.65	265.60	521.46	1013.87	1143.92

DETAILS OF LOANS AND ADVANCES WITH RELATED PARTIES**(Rs. in lakhs)**

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Nil						

There are no beneficiaries of the loans and advances of the Company who are in any way related to the promoters/directors of the company as on 30-06-2006.

Annexure – I.g**CURRENT LIABILITIES****(Rs. in lakhs)**

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Sundry Creditors	13.22	285.39	391.47	504.18	1025.32	1245.30
Other Current Liabilities	227.48	215.60	55.22	134.66	254.41	319.16
Total Current Liabilities	240.70	500.99	446.69	638.84	1279.73	1564.46

Annexure – I.h**PROVISIONS****(Rs. in lakhs)**

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Provisions	1.66	31.38	53.10	58.90	44.48	58.87
Proposed dividend	-	2.98	14.90	14.97	37.25	37.25
Tax on Dividend	-	0.38	1.91	2.10	5.22	5.22
Total Provisions	1.66	34.74	69.91	75.97	86.95	101.34

ANNEXURE - II.a**STATEMENT SHOWING THE DETAIL OF OTHER INCOME****(Rs. in lakhs)**

PARTICULARS	Financial Year Ended on					Qtr. Ended	Nature
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06	
Interest on KVP	-	-	-	1.63	0.75	0.28	Recurring
Interest on Fixed Deposits	0.01	1.17	0.55	8.73	7.39	11.77	Recurring
Interest on Security Deposits	0.34	1.08	1.17	0.61	0.21	-	Recurring
Total	0.35	2.25	1.72	10.97	8.35	12.05	

Annexure – II.b**STATEMENT OF AUDITORS REMUNERATION****(Rs.)**

PARTICULARS	Financial Year Ended on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Statutory Audit and Tax Audit Fees (Include Service Tax)	7,875.00	11,880.00	16,200.00	16,530.00	16,836.00	4,133.00
Total	7,875.00	11,880.00	16,200.00	16,530.00	16,836.00	4,133.00

Annexure – II.c**EXPENDITURE IN FOREIGN CURRENCY****(Rs. in lakhs)**

PARTICULARS	Financial Year ended on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Nil						

Annexure – II.d**EARNING IN FOREIGN CURRENCY****(Rs. in lakhs)**

PARTICULARS	Financial Year ended on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Nil						

Annexure – II.e**DIRECTORS REMUNERATION****Quarter Ended 30th June 2006****(Rs.)**

Key Management Personal	Designation	Remuneration	Conveyance	Total
Mr Prashant Mehra	Managing Director	90,000.00	30,000.00	125,000
Mr S. N. Mehra	Director	45,000.00	30,000.00	75,000

Financial Year 2005-06**(Rs.)**

Key Management Personal	Designation	Remuneration	Conveyance	Total
Mr Prashant Mehra	Managing Director	360,000.00	120,000.00	480,000.00
Mr S. N. Mehra	Director	180,000.00	120,000.00	300,000.00

Financial Year 2004-05**(Rs.)**

Key Management Personal	Designation	Remuneration	Conveyance	Total
Mr B. N. Sinha Roy	Executive Director	192,000.00	78,000.00	270,000.00
Mr Ramesh Mehra	Director	240,000.00	120,000.00	360,000.00
Mr S. N. Mehra	Director	90,000.00	60,000.00	150,000.00

Financial Year 2003-04**(Rs.)**

Key Management Personal	Designation	Remuneration	Conveyance	Total
Mr B.N. Sinha Roy	Executive Director	255,000.00	105,000.00	360,000.00
Mr Ramesh Mehra	Director	65,000.00	-	65,000.00

ANNEXURE - III

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. AS- 1 : BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and on the basis of *going concern* in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

All incomes, revenue, expenses, assets and liabilities having a material bearing on the financial statements are recognised on accrual basis, unless otherwise stated.

Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles followed by the Company

2. AS- 10 : FIXED ASSETS

Fixed Assets are stated at acquisition cost (net of modvat/cenvat, if any) including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation including impairment loss. All costs, including financing cost till commencement of commercial production attributable to the fixed assets have been capitalized.

3. AS- 13 : INVESTMENTS

Investments are carried at cost plus accrued interest thereon.

4. AS- 6 : DEPRECIATION

Depreciation on all the fixed assets has been provided at the rates prescribed for "Straight Line Method" in Schedule XIV of Companies Act, 1956.

5. AS- 7 : CONSTRUCTION CONTRACTS

The revenue from the construction contracts, whether certified or not, is recognised on the percentage of completion method in compliance with AS 7 issued by ICAI.

6. AS- 9 : REVENUE RECOGNITION

The revenue from hotel business is recognised on completion of service rendered in compliance with AS 9 issued by ICAI.

7. AS- 2 : INVENTORIES

Stocks of raw material are valued at cost or net realisable value, whichever is lower. Work-in-Progress is valued at cost

8. AS-15 : RETIREMENT BENEFITS

Provision for gratuity has not been made. The same will be accounted in the year of resignation / termination of services of the employees concerned. Contribution towards Provident Fund is provided on the basis of payment/ contribution made to the concerned Provident Fund Authorities.

9. AS-20 : EARNING PER SHARE

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

10. AS-22 : DEFERRED TAXATION

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income that originate in one period and are capable of reversal in one or more subsequent periods as per the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

B. NOTES ON ACCOUNTS

1. Restatement

(a) Prior Period Items

In the Restated Summary Statements, prior period items represents adjustments in respect of transaction items being material changes or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior periods and/or material adjustments necessitated by circumstances which though related to previous periods are determined in the particular (current) period.

In the financial year 2005-2006, interest on fixed deposits with Bank was less provided by Rs. 7,25,000/- during the said year. The same has been adjusted in the quarter ended June 30, 2006.

During the Financial Year 2004-05, the method of depreciation was changed from WDV to SLM. There has been no other change in the accounting policies of the Company as regards the Method of Accounting, Revenue Recognition, Claims, Valuation of Inventories, Accounting for Payment towards various Retirement Benefits etc. during the last five years.

Revaluation of land was made in the Financial Year 2002-03 and 2005-06.

During the year 2004-05, Miscellaneous Expenditure of Rs. 2,58,734/- was written-off against Reserve.

In the opinion of the Board of Directors, all the Current assets, Loans and Advances have a value on a realisation basis in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonably necessary.

(b) Taxation

Income Tax Paid on the assessment was shown in the Profit & Loss Account as Income Tax Paid for earlier years in the year of assessment. However, the same has been provided in the respective years.

Charge of tax has been recomputed to give effect to the restatements as mentioned in paragraph (1) above.

2. Regrouping

Figures in the Restated Summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

Upto Financial Year 2004-05, "Share Application Money (Pending Allotment)" was shown under Shareholder's Funds. Thereafter, the same has been shown under the head "Current Liabilities".

Contingent Liabilities not provided for

As per the Audited Financial Statements, the Company has certain contingent liabilities, which, if determined against it in future, may impact its financial position, adversely. Details of the contingent liabilities are given in the following table:

PARTICULARS	Financial Year Ended on					(Rs. in lakhs) Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Counter Guarantees given for obtaining Bank Guarantees from various Banks	32.33	65.83	82.70	693.76	671.09	792.26
Income Tax demands raised by the authorities and disputed by the Company	-	-	-	-	5.73	5.73
Total	32.33	65.83	82.70	693.76	676.82	797.99

Contingent Liability as on June 30, 2006:

Details of the contingent liabilities as on June 30, 2006 are given in the following table:

Brief Particulars	(Rs. in lakhs) As at June 30, 2006
Counter Guarantees given for obtaining Bank Guarantees from various Banks:	
- Indian Overseas Bank	145.67
- Federal Bank	646.59
Income Tax demands raised by the authorities and disputed by the Company	5.73
TOTAL	797.99

- In terms of Accounting Standard (AS-28) on "Impairment of Asset" issued by the Institute of Chartered Accountants of India (ICAI), the company during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Accounting Standard. The Company has identified that no asset of the Company has been impaired during the year.
- The Company also operates a hotel at Jhargram, in West Bengal. However, the revenue as well as the profit from hotel business is less than 10% of the total revenue/profit of the Company. Hence, Segment Reporting is not given.
- Income Tax and Works Contract Tax deducted on works contract are accounted for as and when bills are raised and accepted by the principal. But the certificates for the same are issued only at the time of payment made by the principal.
- Investment made in Kishan Vikash Patra is in the name of Sri Sidh Nath Mehra, Director of the Company, as the same could not be issued in the name of the Company.
- Additional information required by Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 are not applicable.

ANNEXURE – IV

SUMMARY OF CASH FLOW, AS RESTATED

Particulars	For the Year Ended 31st March					(Rs. in lakhs) Qtr. Ended
	2002	2003	2004	2005	2006	30-Jun-06
(A) CASH FLOW FROM OPERATING ACTIVITIES						
(I) NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	14.73	55.81	87.20	121.15	356.76	129.43
(II) Adjustment for:						
Depreciation	11.25	38.80	38.60	20.15	24.16	6.72
Interest received	(0.35)	(2.25)	(1.72)	(10.97)	(8.35)	(12.05)
Miscellaneous Expenses written off	-	1.17	1.17	0.47	-	-
Interest Paid	5.42	-	6.90	2.82	4.96	1.49
Total (II)	16.32	37.72	44.95	12.47	20.77	(3.84)
Operating Profit before working capital Changes (I) + (II)	31.05	93.53	132.15	133.62	377.53	125.59

(III) Adjustment for				-		
Trade and other receivables	(19.00)	(974.11)	(178.71)	(637.21)	(1,466.10)	(512.26)
Inventories	(4.27)	(29.27)	(15.51)	8.66	(61.07)	(23.02)
WIP	(33.47)	39.95	-	(6.81)	(22.57)	(10.02)
Trade Payable	236.14	282.24	(41.50)	189.38	593.24	284.97
Sub Total (III)	179.40	(681.19)	(235.72)	(445.98)	(956.50)	(260.33)
Cash Generated from operation (I) + (II) + (III)	210.45	(587.66)	(103.57)	(312.36)	(578.97)	(134.74)
Direct Tax Paid	-	-	(4.03)	(0.90)	(1.10)	-
Net Cash from Operating Activities (A)	210.45	(587.66)	(107.60)	(313.26)	(580.70)	(134.74)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of Fixed Assets (incl. CWIP)	(88.21)	(99.17)	(101.22)	(34.14)	(101.80)	(0.48)
Disposal / Sale of Investments	-	-	-	-	2.89	-
Interest Receipts	0.35	2.25	1.72	10.97	8.35	12.05
Investment in Govt Sec / Gold	-	-	(15.00)	-	-	(5.07)
Net Cash from Investing Activities (B)	(87.86)	(96.92)	(114.50)	(23.17)	(90.56)	6.50
C. CASH FLOW FROM FINANCING ACTIVITIES						
Interest Paid	(5.42)	-	(6.90)	(2.82)	(4.96)	(1.49)
Proceeds from issue of Equity Shares	60.72	217.50	-	-	106.00	-
Share Premium	-	-	-	-	106.00	-
Proceeds from Secured Loans	(18.15)	1.75	69.60	508.30	129.69	61.48
Proceeds from Unsecured Loans	-	(1.00)	43.27	(33.24)	(10.23)	-
Share Application Money	40.48	284.60	160.00	(96.10)	404.61	-
Misc. Expenditure	(1.30)	(2.34)	-	(42.75)	(5.00)	(3.75)
Dividend Paid	-	-	(2.98)	(14.91)	(14.97)	-
Tax on Dividend	-	-	(0.38)	(1.91)	(2.10)	-
Net Cash from Financing Activities (C)	76.33	500.51	262.61	316.57	709.24	56.24
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	198.92	(184.07)	40.51	(19.86)	38.61	(72.00)
Cash and Cash Equivalents (Opening balance)	7.77	206.68	22.60	63.11	43.25	81.87
Cash and Cash Equivalents (Closing Balance)	206.68	22.60	63.11	43.25	81.87	9.87

ANNEXURE – V

RELATED PARTY DISCLOSURE

Names of related parties and description of relationship:

Sr. No.	Name of the Key Management Personnel/Relatives	Relationship
1	Mr Prashant Mehra	Managing Director
2	Mr S N Mehra	Director
3	Mr Mahesh Mehra	Director
4	Mr Ramesh Mehra	Director
5	Mr B N Sinha Roy	Executive Director
6	Miss Purnima Mehra	Daughter of Mr S N Mehra
7	Smt Mohini Mehra	Wife of Mr Mahesh Mehra
8	Smt Srishty Mehra	Wife of Mr Prashant Mehra

Disclosure of transaction between the company and related parties for the quarter ended on 30.06.2006

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr Prashant Mehra	Director Remuneration Conveyance	90,000.00 30,000.00
2	Mr S N Mehra	Director Remuneration Conveyance	45,000.00 30,000.00

Disclosure of transaction between the company and related parties for the year ended on 31.03.2006

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr Prashant Mehra	Director Remuneration Conveyance	360,000.00 120,000.00
2	Mr S N Mehra	Director Remuneration Conveyance	180,000.00 120,000.00
3	Miss Purnima Mehra	Salary	40,000.00
4	Smt. Mohini Mehra	Salary	100,000.00
5	Smt. Srishty Mehra	Consultancy Fee	84,000.00

Disclosure of transaction between the company and related parties for the year ended on 31.03.2005

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr Ramesh Kumar Mehra	Director Remuneration Conveyance	240,000.00 120,000.00
2	Mr S N Mehra	Director Remuneration Conveyance	90,000.00 60,000.00
3	Mr B N Sinha Roy	Director Remuneration Conveyance	192,000.00 78,000.00
4	Mr Prashant Mehra	Salary Consultancy Fee	34,591.00 31,429.00
5	Smt. Srishty Mehra	Consultancy Fee	63,000.00
6	Miss Purnima Mehra	Salary	60,000.00
7	Smt. Mohini Mehra	Salary	150,000.00

Disclosure of transaction between the company and related parties for the year ended on 31.03.2004

Sl. No.	Name of related Party	Nature of transaction	Amount (Rs.)
1	Mr B N Sinha Roy	Director Remuneration Conveyance	255,000.00 105,000.00
2	Mr Ramesh Kumar Mehra	Director Remuneration	65,000.00

ANNEXURE – VI

CONTINGENT LIABILITIES

(Rs in lakhs)

PARTICULARS	Financial Year Ended on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Counter Guarantees given for obtaining Bank Guarantees from various Banks	32.33	65.83	82.70	693.76	671.09	792.26
Income Tax demands raised by the authorities and disputed by the Company	-	-	-	-	5.73	5.73
Total	32.33	65.83	82.70	693.76	676.82	797.99

ANNEXURE – VII

SUMMARY OF ACCOUNTING RATIOS

PARTICULARS	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Profit After Taxation (as Restated)	18.90	74.95	90.65	96.35	319.02	107.14
Net Worth at the end of the Year/Period	98.46	386.37	461.38	987.75	1471.28	1979.28
Earning Per Share - Basic and Diluted (Rs.)	4.43	9.23	3.04	3.22	4.29	1.06
Return on Net Worth (%)	19.20	19.40	19.65	9.75	21.68	5.41
Net Asset Value per Share (Rs.)	12.21	12.96	15.48	13.30	17.34	19.59
Weighted Average No. of Shares	4,26,888	8,12,139	29,81,180	29,93,361	74,38,806	1,00,70,060
Actual No. of Shares outstanding at the end of the period/year	8,06,180	29,81,180	29,81,180	74,27,190	84,87,190	1,01,05,360

Notes:

(1) The Ratios have been computed as below:

Earning Per Share (Rs)= $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted average No. of Equity Share outstanding during the period/year}}$

Net Asset Value per Share (Rs)= $\frac{\text{Net Worth at the end of the year/period}}{\text{Equity Share outstanding at the end of the year/period}}$

Return on Net Worth (%)= $\frac{\text{Net profit After Tax}}{\text{Net Worth for the year at the end of the year/period}}$

(2) As on June 30, 2006 the Annualised EPS stood at Rs. 4.28 and Return on Net Worth at 21.64%.

(3) Profit & Loss as restated has been considered for the purpose of computing the above ratios.

ANNEXURE – VIII**CAPITALISATION STATEMENT****(Rs. in lakhs)**

Particulars	Pre Issue (as on 30.06.2006)	Post Issue *
Loans - Secured and Unsecured		
Short Term Debt	664.39	
Long Term Debt	106.42	
Total Debt	770.81	
Shareholder's Fund		
Share Capital	1010.56	
Reserves & Surplus (Excl. Revaluation Reserve)	977.47	
Sub- Total	1,988.03	
Less: Preliminary Expenses not written off	8.75	
Total Shareholder Fund (Equity)	1,979.28	
Long Term Debt / Equity	0.05	

*** Information pertaining to Post Issue Share Capital and Reserves can be ascertained only after the conclusion of the book-building process.**

ANNEXURE – IX**STATEMENT OF TAX SHELTER****(Rs. in lakhs)**

PARTICULARS	Financial Year ended on					Qtr. Ended
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Profit/(Loss) before tax and extraordinary items as per books (A)	14.73	55.81	87.20	121.15	356.76	129.44
Tax Rate (B)	35.70%	36.75%	35.88%	36.59%	33.66%	33.66%
Tax thereon C = (A X B)	5.26	20.51	31.29	44.33	120.09	43.57
Adjustments						
Permanent Differences						
Dedn. U/s 80IA & 80IB	(7.08)	(50.65)	(75.34)	(104.30)	(272.01)	*
Deferred Revenue Expenditure	-	0.70	0.70	0.70	-	
Total Permanent Difference (D)	(7.08)	(49.95)	(74.64)	(103.60)	(272.01)	
Timing Difference						
Depreciation	(7.65)	(5.86)	(4.95)	(22.93)	(13.55)	(2.63)
Disallowance u/s 43 B (Net)	-	-	23.63	8.11	-	-
Total Timing Difference (E)	(7.65)	(5.86)	18.68	(14.82)	(13.55)	(2.63)
Net Adjustments F = (D+E)	(14.73)	(55.81)	(55.96)	(118.42)	(285.56)	*
Tax Expenses/(Saving) thereon G = (F X B)	(5.26)	(20.51)	(20.08)	(43.33)	(96.12)	
Total Tax (Current Tax) H = (C + G)	-	-	11.20	1.00	23.97	
Book Profit (Taxable income as per MAT) (I)	-	55.81	87.20	121.15	356.76	129.44
Tax as per MAT (J)	-	4.69	6.70	9.54	30.04	14.52
Tax (K) = Higher of H or J	-	4.69	11.20	9.54	30.04	14.52
Exceptional Items – Depreciation adjustment on change in Accounting Policy and Interest (L)	7.22	23.83	20.41	-	7.25	(7.25)
Tax on Exceptional Items as per MAT (M)	0.55	1.88	1.57	-	0.61	(0.61)
Tax on Profit after Exceptional Items N = (K + M)	0.55	6.57	12.77	9.54	30.65	13.91

Note (*):

- (i) Provision for tax for the quarter ended June 30, 2006 has been made as per section 115JB of the Income Tax Act, 1961 (i.e., Minimum Alternate Tax) on the basis of past records and present projects in hand.
- (ii) The Company is eligible for deduction under section 80IA and 80IB of the Income Tax Act, 1961. Figures of deduction u/s 80IA and 80IB could not be provided because actual figures can only be ascertained at the year end.

ANNEXURE – X

STATEMENT OF DIVIDEND PAID

PARTICULARS	Financial Year ended as on					(Rs. in lakhs)
	Qtr. Ended					
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	30-Jun-06
Equity Dividends						
Number of Equity Shares	8,06,180	29,81,180	29,81,180	74,27,190	84,87,190	1,01,05,630
Rate of Dividend	-	1%	5%	5%	5%	-
Amount of Equity Dividend (Rs. in Lacs)	-	2.98	14.91	* 14.97	* 37.25	-
Tax on Equity Dividend (Rs. in Lacs)	-	0.38	1.91	2.09	5.22	-

* The dividend has been paid to the respective shareholders on pro-rata basis, i.e. on the number of days of shareholding in the respective year/period.

Existing Borrowing Facilities

Details of Secured Loans outstanding as on September 30, 2006

(Rs. in lakhs)						
Particulars of Loan	Institution/ Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Term Loans from Banks	ICICI Bank Ltd.	14.06	7.62	10.53; 13.50 (Reducing)	Monthly Instalment	Respective Cars
	HDFC Bank Ltd.	139.94	53.84	5.41 to 10.25 (Reducing)	Monthly Instalment	Respective Machines
	The J & K bank Ltd.	31.00	32.17	11.00 (Reducing)	Monthly	Kishan Vikash Patra
Sub-Total (a)		185.00	93.63			
(i) Fund Based - Cash Credit	Federal Bank Ltd	600.00	-	11.50 (Monthly)	-	(I) Primary: Hypothecation of materials of the Company stocked/ stored at work sites, bills receivables from contract works; (II) Collateral: (8) 3.398 acres of land with building at Jhargram; (9) 2.49 acres of land with 3-storied hotel building of 7091 sq ft built up area (10) 251.16 sq yds of land in DLF Qutab Enclave at Delhi in the name of Mr S N

(ii) Non-Fund Based		650.00	459.02	17.00 (Monthly)	-	<p>Mehra</p> <p>(11) 3.065 acre land at Jhargram in the name of Mrs Neeru Mehra</p> <p>(12) 432 cents land in the name of M/s Printex Works</p> <p>(13) Equitable mortgage of landed property at Zaheerabad</p> <p>(14) Equitable mortgage of landed property at Ghaziabad in the name of Mr S N Mehra</p> <p>(III) Guarantee: Personal Guarantee of Mr Mahesh Mehra, Mr R K Mehra, Mr S N Mehra and Mrs Neeru Mehra</p>
Cash Credit		1800.00	1425.49	11.50	-	<p>(I) Primary:</p> <p>(1) Hypothecation of stocks/book-debts and exclusive first charge on entire current assets of the Company, both present and future</p> <p>(2) Counter guarantee of the Company and extension of first charge on the current assets of the Company, both present and future</p>
Inland Letter of Guarantee (Financial)	Indian Overseas Bank	400.00	-	0.50 per quarter (uniform)	-	<p>(II) Collateral:</p> <p>(1) Equitable mortgage of properties belonging to the company/ associate companies</p> <p>(2) First charge on the entire fixed assets of the company, both present and future</p> <p>(III) Guarantee:</p> <p>(1) Personal Guarantee of Mr R K Mehra, Mr Mahesh Mehra, Mr S N Mehra, Mr Prashant Mehra and Mrs Neeru Mehra</p> <p>(2) Corporate Guarantee of Keleenwo-rth Marketing Private Limited and M/s Trimurti Components Pvt Ltd</p>
Inland Letter of Guarantee (Performance)		600.00	148.67			
Sub-Total (b)		4050.00	2033.18			
Total (a + b)		4235.00	2126.81			

FINANCIAL AND OTHER INFORMATION OF COMPANIES, FIRMS PROMOTED/CONTROLLED BY THE PROMOTERS

The information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not are given hereunder:

1. Bengal KDC Housing Development Limited (Bengal KDC)

Bengal KDC was incorporated as Bengal KDC Housing Development Limited on 28th June, 2006 under the Companies Act, 1956 vide certificate of incorporation no. U70101WB2006PLC110153. Bengal KDC obtained the Certificate of Commencement of business on 4th July, 2006. The Registered Office of Bengal KDC is situated at 171/1A, Rash Behari Avenue, Kolkata – 700 019

The main business of the Company as stated in its Memorandum of Association is to execute housing projects and other allied construction and development works in the urban as well as rural areas of West Bengal.

Board of Directors

Name	Designation
Mr Sakti Pada Banerjee	Chairman, Govt. of West Bengal nominated
Mr Sambhu Nath Chatterjee	Director, Govt. of West Bengal nominated
Mr Ramesh Kumar Mehra	Director
Mr Prashant Mehra	Director
Mr Rahul Mehra	Director
Mr Karan Mehra	Director
Mr Devraj Seth	Director
Mrs Resham Seth	Director
Mrs Srishty Mehra	Director

Shareholding of Bengal KDC as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Kaushalya Infrastructure Development Corporation Limited	1,02,000	51.00
2	West Bengal Housing Board	22,000	11.00
3	Mr Prashant Mehra	28,500	14.26
4	Mr Rahul Mehra	24,000	12.00
5	Mr Karan Mehra	2,000	1.00
6	Mr Devraj Seth	1,250	0.62
7	Mrs Resham Seth	1,250	0.62
8	Mrs Srishty Mehra	19,000	9.50
	Total	2,00,000	100.00

Since, the Company has been incorporated in 28th June, 2006 the company is yet to post its first year results.

Share Quotation

The Company is not listed on any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

2. Keleenworth Marketing Private Limited (Keleenworth)

Keleenworth Marketing Private Limited is a private limited company incorporated on November 27, 1995 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of buying, selling, trading etc. of all kinds of cloth, food grains, dairy products etc. Keleenworth Marketing Private Limited was originally promoted by Mr Kamal Basu and Mr Tapash Kumar Prabat in the year 1995. Subsequently, the entire shareholding/ directorship was taken over by the Promoters / Promoters Group of KIDCO. The Registered Office of Keleenworth is situated at 69, Girish Park, North, Kolkata – 700 006.

Board of Directors

Name	Designation
Mr Ramesh Kumar Mehra	Director
Mr Mahesh Mehra	Director

Shareholding of Keleenworth as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Ramesh Kumar Mehra	6,91,800	47.14
2	Mahesh Mehra	98,000	6.68
3	Sidh Nath Mehra	2,20,000	14.99
4	Mahesh Mehra (HUF)	1,67,000	11.38
5	Sidh Nath Mehra (HUF)	1,88,500	12.84
6	Ramesh Kumar Mehra (HUF)	75,000	5.11
7	Daibaki Nandan Basak	2,250	0.15
8	Badal Commotrade Pvt Ltd	12,500	0.85
9	Amkhela Merchants Pvt Ltd	12,500	0.85
	Total	14,67,550	100.00

The financial highlights for the last 3 years are given below:

(Rs. in lakhs)

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	16.72	7.81	7.50
Profit/(Loss) after Tax	4.73	0.84	0.29
Equity Share Capital	146.76	134.21	134.21
Reserves (excluding revaluation reserve)	390.89	378.66	377.82
Earnings per Equity Share (EPS) (Rs.)	0.32	0.06	0.02
Net Asset Value (NAV) per Equity Share (Rs.)	36.63	38.21	38.13
Networth	537.54	512.74	511.71

(As per the audited financial results of Keleenworth)

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

3. Mahanti Engineers Private Limited (Mahanti)

Mahanti Engineers Private Limited is a private limited company incorporated on January 10, 1996 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of civil, electrical, mechanical and consulting engineers, agricultural engineers etc. and engineers of all branches of work whatsoever known to engineering etc. Mahanti Engineers Private Limited was originally promoted by Mr Mrinal Kanti Gupta and Mr Rajib Dutta in the year 1996. Subsequently, the entire shareholding / directorship was taken over by the Promoters / Promoters Group of KIDCO. The Registered Office of Mahanti is situated at 69, Girish Park, North, Kolkata – 700 006.

Board Of Directors

Name of the Director	Designation
Sidh Nath Mehra	Director
Mahesh Mehra	Director

Shareholding of Mahanti as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Sidh Nath Mehra	3,39,000	32.34
2	Ramesh Kumar Mehra	1,50,000	14.31
3	Mahesh Mehra	1,06,000	10.11
4	Ramesh Kumar Mehra (HUF)	1,57,500	15.02
5	Kartik Mehra	34,000	3.24
6	Daibaki Nandan Basak	5,500	0.52
7	Sitaram Rai	2,900	0.28
8	Vintage Vincom Pvt Ltd	25,000	2.38
9	Guruji Mercantile Pvt Ltd	53,400	5.09
10	Mehandipura Tradelink Pvt Ltd	25,000	2.38
11	Maple Marketing Pvt Ltd	50,000	4.77
12	Mubarak Lubricants Pvt Ltd	25,000	2.38
13	Panchjanya Distributors Pvt Ltd	50,000	4.77
14	Vinnagar Marketing Pvt Ltd	25,000	2.38
	Total	10,48,300	100.00

The financial highlights for the last 3 years are given below:

Particulars	(Rs. in lakhs)		
	Year Ended (Audited)		
	2006	2005	2004
Total Income	44.01	28.29	7.04
Profit/(Loss) after Tax	7.42	2.25	(7.22)
Equity Share Capital	104.83	81.79	81.79
Reserves (excluding revaluation reserve)	397.63	321.09	318.84
Earnings per Equity Share (EPS) (Rs.)	0.71	0.28	(0.89)
Net Asset Value (NAV) per Equity Share (Rs.)	47.91	49.24	48.93
Networth	502.28	402.71	400.22

(As per the audited financial results of Mahanti)

Share Quotation

The Company is not listed on any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

4. Sun Kissed Merchandise Private Limited (Sunkissed)

Sun Kissed Merchandise Private Limited is a private limited company incorporated on 29th March, 1995 with the Registrar of Companies, West Bengal, Kolkata. The Company has been formed mainly to carry on the business of buying, selling, trading etc of all kinds of jute products, hassian & gunny bags laminated jute bags and all types of iron products, etc. Sun Kissed Merchandise Private Limited was originally promoted by Mr Sanjib Kumar Khemka and Mr Virendra Kumar Verma in the year 1995. Subsequently, the entire shareholding / directorship was taken over by the Promoters / Promoters Group of KIDCO. The Registered Office of Sunkissed is situated at 160, Jamunalal Bajaj Street, Kolkata-700 007

Board of Directors

Name	Designation
Mr Ramesh Kumar Mehra	Director
Mr Sidh Nath Mehra	Director
Mr Mahesh Mehra	Director

Shareholding of Sunkissed as on date

Sr. No.	Name of the Shareholder	No. of Shares	% to total
1	Ramesh Kumar Mehra	4,26,574	19.82
2	Sidh Nath Mehra	26,000	1.21
3	Mahesh Mehra	1,00,000	4.65
4	Mahesh Mehra (HUF)	2,70,000	12.55
5	Sidh Nath Mehra (HUF)	75,000	3.49

6	Golap Chand Chandra	15,250	0.71
7	Kartik Mehra	4,000	0.19
8	Mohini Mehra	50,000	2.32
9	Neeru Mehra	1,84,200	8.56
10	Raghav Mehra	2,44,502	11.36
11	Abhrani Vinimay Pvt Ltd	50,000	2.32
12	Bagchi Finance Pvt Ltd	15,000	0.70
13	Badal Commotrade Pvt Ltd	12,500	0.58
14	Contaship Commodities Pvt Ltd	50,000	2.32
15	Coromandal Merchants Pvt Ltd	50,000	2.32
16	Critcare Marketing Pvt Ltd	25,000	1.16
17	Devraj Mercantile Pvt Ltd	62,500	2.90
18	Dhanvanti Commodities Pvt Ltd	37,500	1.74
19	Dimension Mercantile Pvt Ltd	25,000	1.16
20	Ginni Fintrade Pvt Ltd	25,000	1.16
21	Maple Marketing Pvt Ltd	25,000	1.16
22	Mira Belle Tradecom Pvt Ltd	50,000	2.32
23	Panchjanya Distributors Pvt Ltd	72,500	3.37
24	Punya Leather Pvt Ltd	25,000	1.16
25	Tramel Trading Pvt Ltd	50,000	2.32
26	Vintage Vincom Pvt Ltd	25,000	1.16
27	Zewani Barter Pvt Ltd	25,000	1.16
28	Guruji Mercantile Pvt Ltd	1,31,500	6.11
	Total	21,52,026	100.00

The financial highlights for the last 3 years are given below:

(Rs. in lakhs)

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	11.65	6.88	10.25
Profit after Tax	1.73	2.37	0.91
Equity Share Capital	215.20	156.45	156.45
Reserves (excluding revaluation reserve)	533.78	355.80	353.45
Earnings per Equity Share (EPS) (Rs.)	0.08	0.15	0.06
Net Asset Value (NAV) per Equity Share (Rs.)	34.79	32.72	32.37
Networth	748.68	512.08	509.65

(As per the audited financial results of Sunkissed)

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

5. Meko International Limited (Meko)

The Company was incorporated on February 22, 1996 with the Registrar of Companies, West Bengal, Kolkata as Parul Corporation Limited and received the Certificate for Commencement of Business on April 16, 1996. The Company subsequently changed its name to Meko International Limited and received the fresh Certificate of Incorporation on December 5, 2002 from the Registrar of Companies, West Bengal, Kolkata. The company has its Registered Office at 171/1A, Rash Behari Avenue, Kolkata – 700 019.

The main business of the Company as stated in its Memorandum of Association is to function as manufacturers, processors, mediators, buyers, sellers, suppliers, traders, distributors, representatives, liaison, brokers, agents, stockists, consignment agent, sole agent, selling agent, importers, exporters & dealers of all kinds of industrial, commercial, agricultural, household, domestic, farms and forest products etc. and generally to carry on business of merchants, export house for goods and merchandise of any description.

Board of Directors

Name	Designation
Mr Ramesh Kumar Mehra	Director
Mr Sidh Nath Mehra	Director
Mr Prashant Mehra	Director

Shareholding of Meko as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Ramesh Kumar Mehra	200	0.05
2	Sidh Nath Mehra	75,200	20.03
3	Prashant Mehra	5,000	1.33
4	Mahesh Mehra	17,700	4.71
5	Mahesh Mehra (HUF)	20,000	5.33
6	Ramesh Kumar Mehra (HUF)	17,100	4.56
7	Sidh Nath Mehra (HUF)	20,000	5.33
8	Mohini Mehra	49,500	13.19
9	Pranav Mehra	27,000	7.19
10	Raghav Mehra	46,500	12.39
11	Rahul Mehra	19,500	5.19
12	Karan Mehra	40,200	10.71
13	Critcare Marketing Pvt Ltd	25,000	6.66
14	Tramel Trading Pvt Ltd	12,500	3.33
	Total	3,75,400	100.00

The financial highlights for the last 3 years are given below:

(Rs. in lakhs)

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	117.56	42.68	8.81
Profit after Tax	1.13	0.51	0.47
Equity Share Capital	37.54	5.77	5.77

Reserves (excluding revaluation reserve)	13.06	0.67	0.17
Earnings per Equity Share (EPS) (Rs.)	0.30	0.88	0.81
Net Asset Value (NAV) per Equity Share(Rs.)	13.49	10.83	9.74
Networth	50.60	6.28	5.62

(As per the audited financial results of Meko)

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

6. Trimurti Component Private Limited (Trimurti)

The Company was incorporated on March 23, 1995 with the Registrar of Companies, West Bengal, Kolkata as a private limited company. The company has its Registered Office at 171/1A Rash Behari Avenue, Kolkata – 700 019.

The main business of the Company as stated in its Memorandum of Association is to function as buyers, sellers, sub sellers and processors, mediators, brokers, agents, consignment agents, marketing agents, sole selling agents, distributors, suppliers, factors, traders, stockists, advisors, assemblers, partner of and dealer in all kinds of industrial, consumer (both durable and non-durable) and intermediate products of any kind particularly in milk and milk products, bolts, nuts, fasteners tea, tobacco, chemicals etc and to deal in shares, stock, securities of all kinds to carry on the business of purchasers, traders of all kinds. The Company is engaged in trading in textile goods, trapauline sheet, poly roll, etc.

Board of Directors

Name	Designation
Mr Sidh Nath Mehra	Director
Mr Mahesh Mehra	Director

Shareholding of Trimurti as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Sidh Nath Mehra	7,100	1.28
2	Mohini Mehra	1,31,050	23.54
3	Ramesh Kumar Mehra (HUF)	50,000	8.98
4	Sidh Nath Mehra (HUF)	50,000	8.98
5	Keleenworth Marketing Private Limited	33,000	5.93
6	Mahanti Engineers Private Limited	2,76,500	49.66
7	Guruji Mercantile Pvt Ltd	9,050	1.63
8	Prashant Mehra	100	0.02
	Total	5,56,800	100.00

The financial highlights for the last 3 years are given below:

Particulars	(Rs. in lakhs)		
	Year Ended (Audited)		
	2006	2005	2004
Total Income	2.79	1.17	0.55
Profit/(Loss) after Tax	0.35	(3.04)	(1.34)
Equity Share Capital	55.68	24.02	24.02
Reserves (excluding revaluation reserve)	33.63	33.28	36.32
Earnings per Equity Share (EPS) (Rs.)	0.06	0.13	(0.56)
Net Asset Value (NAV) per Equity Share (Rs.)	15.93	23.79	24.99
Networth	88.69	57.09	60.02

(As per the audited financial results of Trimurti)

Share Quotation

The Company is not listed on any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

7. Rainy Guard Poly Sheet Private Limited (Rainy Guard)

The Company was incorporated on September 19, 2000 with the Registrar of Companies, West Bengal, Kolkata as a private limited company. The company has its Registered Office at 69 Girish Park (North), Kolkata – 700 006.

The main business of the Company as stated in its Memorandum of Association is to manufacture, produce, process, convert, buy, sell, etc. and to act as agent, broker consultant, consignor, jobworker or otherwise to deal in all kinds of novelties, kitchenware, sanitaryware, toys, ropes, building materials, furnitures, hardwares, films, plastics, HDPE, PVC, LDPE, LLDPE polymers, monomers, resins, polyesters and other allied materials with or without combinations of other ferrous or non-ferrous materials, etc. The Company also deals in land.

Board of Directors

Name	Designation
Mrs Anuradha Mehra	Director
Mr Pranav Mehra	Director

Shareholding of Rainy Guard as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Anuradha Mehra	8,000	80.00
2	Mohini Mehra	2,000	20.00
	Total	10,000	100.00

The financial highlights for the last 3 years are given below:

Particulars	(Rs. in lakhs)		
	Year Ended (Audited)		
	2006	2005	2004
Total Income	0.12	0.08	0.08
Profit/(Loss) after Tax	0.005	(0.04)	(0.03)
Equity Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	(0.32)	(0.32)	(0.29)
Earnings per Equity Share (EPS) (Rs.)	0.05	(0.36)	(0.32)
Net Asset Value (NAV) per Equity Share (Rs.)	4.38	3.71	3.46
Networth	0.43	0.37	0.35

(As per the audited financial results of Rainy Guard)

Share Quotation

The Company is not listed on any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

8. BNA Infotech Private Limited (BNA)

The Company was incorporated on March 18, 1997 with the Registrar of Companies, West Bengal, Kolkata as a private limited company. The company has its Registered Office at 171/1A Rash Behari Avenue, Kolkata – 700 019.

The main business of the Company as stated in its Memorandum of Association is to undertake the business of manufacturers, traders, dealers, exporters, importers, developers, agents, stockists, processors, etc of all types of hardwares and softwares which include computer systems, computer peripherals and accessories, electric and electronic items and also to run electronic data processing centres and to carry on the business of data processors, software consultants, developments of various information system and to conduct or sponsor training, programmes, courses, seminars for spreading the knowledge and use of computers, computer programmes, etc.

Board of Directors

Name	Designation
Ms Purnima Mehra	Director
Mr Rajesh Khattry	Director

Shareholding of BNA as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Anuradha Mehra	200	2.00
2	Purnima Mehra	6,900	69.00
3	Guruji Mercantile Pvt Ltd	1,900	19.00
4	Sharda Vyas	1,000	10.00
	Total	10,000	100.00

The financial highlights for the last 3 years are given below:

(Rs. in lakhs)

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	0.08	0.06	0.06
Profit/(Loss) after Tax	0.01	(0.01)	0.01
Equity Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.01	0.00	0.02
Earnings per Equity Share (EPS) (Rs.)	0.09	(0.14)	0.06
Net Asset Value (NAV) per Equity Share (Rs.)	9.71	9.51	9.54
Networth	0.97	0.95	0.95

(As per the audited financial results of BNA)

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

9. Pushpadanta Vyapar Private Limited (Pushpadanta)

The Company was incorporated on March 29, 1996 with the Registrar of Companies, West Bengal, Kolkata as a private limited company. The company has its Registered Office at 10/1 Park Lane, Kolkata – 700 016.

The main business of the Company as stated in its Memorandum of Association is to carry on the business as buyers, sellers, traders, merchants, indentors, brokers, agents, stockists, distributors, etc of and in all kinds of rubberised cloth, foodgrains, dairy products, soap detergents, biscuits, surgical, leather products, jute products, metal, steel, plastic goods, coal products, railway accessories, imitation jewellery, etc. The Company also deals in land.

Board of Directors

Name	Designation
Anuradha Mehra	Director
Pranav Mehra	Director

Shareholding of Pushpadanta as on date

Sl. No.	Name of the Shareholder	No. of Shares	%age shareholding
1	Pranav Mehra	1,80,000	52.94
2	Anuradha Mehra	10,000	2.94
3	Neru Mehra	1,50,000	44.12
	Total	3,40,000	100.00

The financial highlights for the last 3 years are given below:

(Rs. in lakhs)

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	0.25	0.00	0.00
Profit/(Loss) after Tax	0.02	(0.24)	(0.02)
Equity Share Capital	34.00	1.00	1.00
Reserves (excluding revaluation reserve)	(0.40)	(0.42)	(0.18)
Earnings per Equity Share (EPS) (Rs.)	0.005	(2.36)	(0.25)
Net Asset Value (NAV) per Equity Share (Rs.)	9.74	(0.50)	7.48
Networth	33.12	(0.05)	0.75

(As per the audited financial results of Pushpadanta)

Share Quotation

The Company is not listed in any Stock Exchange. The Company has not come out with any Public or Rights Issue since inception.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company and it is not a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

10. R M S Export Company

RMS Export, a partnership firm was originally formed on December 6, 1989 by three partners namely Ramesh Kumar Mehra, Mahesh Mehra and Sidnath Mehra. Subsequently the partnership firm was reconstituted on April 1, 1999 and Ramesh Kumar Mehra and Mahesh Mehra became the partners in the said firm. The company has its office at 171/1A Rash Behari Avenue, Kolkata – 700 019.

The main business of the Firm as stated in its Deed of Partnership is to deal in the business of export of machineries, textiles and all other exportable items as per market demand or to deal in any other kind of inland business.

Partners and their Profit/Loss Sharing Ratio

Name	Designation	Profit/Loss Sharing Ratio
Mr Ramesh Kumar Mehra	Partner	50%
Mr Mahesh Mehra	Partner	50%

The financial highlights for the last 3 years are given below:

Particulars	Year Ended (Audited)		
	2006	2005	2004
Total Income	9.58	18.60	59.57
Profit/(Loss) after Tax	0.08	0.07	0.07
Partners' Capital	2.37	2.29	19.02
Networth	2.36	2.28	19.01

(As per the audited financial results of RMS Export Company)

Related Business Transactions:

There has been no related business transactions during the quarter ended June 30, 2006.

Details of Companies/Firms from which Promoters have Disassociated

During the last three years, the Promoters have not disassociated themselves from any company/partnership firm.

However, the promoters of the Company have transferred their shareholding and also resigned from the directorships of the following companies:

- Rainy Guard Poly Sheet Private Limited;
- BNA Infotech Private Limited; and
- Pushpadanta Vyapar Private Limited.

The majority of the shares as well as the office of directorship of these companies are now held by the relatives of the promoters, who have been included in the promoter group. The details of shareholding, directorships and the financials of these companies have been detailed under the heading 'Financial Information of Companies, Firms Promoted/Controlled by the Promoters' starting at Page No. 128 of this Draft Red Herring Prospectus

Details of Group Companies whose Names have been Struck-Off from ROCs

None of the Companies promoted by our Promoters has been struck off as a defunct Company by any RoC in India. There are no sick companies promoted by our Promoters. There are no BIFR proceedings against any company promoted by our Promoters.

Common Pursuits

There are no companies/firms/ventures, which are/have been in similar business as Kidco.

However Rainy Guard Poly Sheet Private Limited and Pushpadanta Vyapar Private Limited both belonging to the promoter group deal in the buying and selling of land.

Changes in Accounting Policies in the Last Three Years

Please refer to the Auditor's Report dated 2nd November, 2006 beginning from page no. 110 of this Draft Red Herring Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS

The following is the management's discussion of the financial conditions and results of operations together with the audited financial statement for each of the fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006 and quarter ended 30th June, 2006 including the notes thereto and the reports thereon in the section titled "Financial Statements" beginning from page no. 110 of this Draft Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act.

The fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

OVERVIEW OF THE BUSINESS

Kaushalya Infrastructure Development Corporation Limited (Kaushalya) (formerly known as R.M.S Exim Private Limited) is engaged in infrastructure development projects involving construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes. The key clients of the Company include various Government Undertakings, State Public Works Departments as well as State and Central Public Sector Undertakings. The Company is also operating a Hotel in Jhargram, West Bengal.

The Company's in-house engineering skills have allowed it to maintain the required precision and quality by effectively integrating execution expertise with construction design and technology. The organization's focus on execution processes, client and partner relationships, safety and quality as well as on hiring and retaining proficient people has enabled the company to grow its turnover at a CAGR of 47% and net profits after tax at a CAGR of 78.5% over the last three years (FY03 to FY06). Starting with operations focussed in West Bengal, the company has been able to extend operations to the States of Jharkhand, Chattisgarh and Sikkim.

The Company operates through three divisions in the core area of infrastructure development:

Kaushalya Nirman	: Specializes in construction of highways, roads, runways and Industrial Infrastructure
Kaushalya Gram	: Specializes in Electrification and Irrigation projects in Rural India
Kaushalya Parivar	: Specializes in Construction of Commercial & Residential Complexes.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL STATEMENT

The last financial year of the Company ended on March 31, 2006. The Directors of the Company confirm that in their opinion, no significant developments have taken place since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

FACTORS THAT MAY AFFECT THE BUSINESS OPERATIONS

As an infrastructure project company, the business operations of KIDCO are affected by three broad set of factors, as follows:

1. Government policy towards infrastructure

With the Public Private Partnership (PPP) framework still being in initial stages of implementation in India, infrastructure spends is still dependent to a large extent on the priority given by the Government towards such projects. The Government's budgetary position (or other financial closure) also plays an important role in determining healthy cash flows and timely completion of the projects.

2. Market price behaviour of key materials

The Company's project costs mainly comprise of construction related materials i.e. steel and cement. These being commodities, changes in prices during the execution of the project may alter profitability on contracts, which are not covered by escalation provisions.

3. Company's capabilities to participate and execute

The nature of the Government's tendering process is such that the pre-qualifications obtained in the past play an important role in allowing companies to bid for the new projects. The ability to strategically partner with other players will also determine the success in award of some key projects the company will be/is bidding for. The project management capability will also determine the profitability.

4. Other Factors

Besides the three broad factors as mentioned above and except as otherwise stated in this Draft Red Herring Prospectus, the following factors could cause actual results to differ materially from the expectations:

- The company's ability to successfully implement its strategy, growth and expansion plans;
- Increasing competition in and the conditions of the global and Indian Infrastructure industry;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies.
- Changes in the value of the Rupee and other currencies
- Changes in laws and regulations that apply to the Indian Infrastructure industry and the country in general.
- Increasing competition in and the conditions of the customers of the Company and the infrastructure and construction industry;
- Changes in political and social conditions in India and
- The Company's ability to meet its capital expenditure requirements.

COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF KIDCO FOR THE PAST THREE YEARS IS AS FOLLOWS: (Rs. in lacs)

	%age of	Year Ended 31.03.03		Year Ended 31.03.04		Year Ended 31.03.05		Year Ended 31.03.06	
		Amt.	%age	Amt.	%age	Amt.	%age	Amt.	%age
Income									
<i>Income from Works Contract:</i>									
- Direct Work	Total Income	1574.14	102.76	1782.67	100.10	2179.83	98.73	3510.89	69.37
- Subcontracted Work	Total Income	0.00	0.00	0.00	0.00	0.00	0.00	1497.99	29.60
Income from Hotel	Total Income	(4.51)	(0.29)	(3.51)	(0.20)	10.23	0.46	14.37	0.28
Other Income (Recurring)	Total Income	2.25	0.15	1.72	0.10	10.97	0.50	8.35	0.16
Increase in WIP	Total Income	(39.95)	(2.61)	0.00	0.00	6.81	0.31	29.38	0.58
Total Income	Total Income	1531.93	100.00	1780.88	100.00	2207.84	100.00	5060.98	100.00
Expenditure									
Material Consumption	Direct Work & WIP	713.51	46.51	731.30	41.02	996.40	45.57	1832.06	51.75
<i>Contract Operating Expenses:</i>									
- Sub Contractor Charges	Subcontract Work	0.00	0.00	0.00	0.00	0.00	0.00	1213.52	81.01
- Site Expenses	Direct Work & WIP	570.53	37.19	758.65	42.56	834.72	38.17	1299.49	36.71
Staff Cost	Total Income	42.90	2.80	34.82	1.96	36.26	1.64	71.10	1.40
Administrative & Other Expenses	Total Income	110.38	7.21	123.41	6.93	153.77	6.96	192.33	3.80
Sub-Total	Total Income	1437.32	93.82	1648.18	92.55	2021.15	91.54	4608.50	91.06
Operating Profit-EBIDTA	Total Income	94.61	6.18	132.70	7.45	186.69	8.46	452.48	8.94
Interest	Total Income	0.00	0.00	6.90	0.39	45.39	2.06	71.56	1.41
Profit before Depreciation, Tax & Non Recurring Items	Total Income	94.61	6.18	125.80	7.06	141.30	6.40	380.92	7.53
Depreciation (net of transfer from Revaluation Reserve)	Total Income	38.80	2.53	38.60	2.17	20.15	0.91	24.16	0.48
Net Profit/(Loss) Before Tax & Non Recurring Items	Total Income	55.81	3.64	87.20	4.90	121.15	5.49	356.76	7.05
Current Tax	Total Income	4.69	0.31	11.20	0.63	9.54	0.43	30.04	0.59
Fringe Benefit Tax	Total Income	0.00	0.00	0.00	0.00	0.00	0.00	1.10	0.02
Deferred Tax Liability/(credit)	Total Income	(3.75)	(0.24)	8.61	0.48	15.34	0.69	13.26	0.26
Net Profit/(Loss) After Tax & Before Exceptional & Non-Recurring Items	Total Income	54.87	3.58	67.39	3.78	96.27	4.36	312.36	6.17
Exceptional Items	Total Income	20.08	1.31	23.26	1.31	0.08	0.00	6.64	0.13
Net Profit/(Loss) after Tax & Extraordinary Items	Total Income	74.95	4.89	90.65	5.09	96.35	4.36	319.00	6.30

COMPARISON OF FY 2005 WITH FY 2006 – REASONS FOR VARIANCE

Income from Operations (Contracts Receipts)

The income from Works Contracts, which accounted for more than 98% of the total income in the FY 2005, showed significant increase of about 130% in the FY 2006, i.e. from Rs. 2179.83 lacs in fiscal 2005 to Rs. 5008.88 lacs in fiscal 2006. During the year the company has undertaken contracts on sub contract basis for the first time. Total revenues from Direct contract work was Rs. 3510.89 lacs and that from sub-contracted works was Rs. 1497.99 lacs. The major contributor of the increased turnover in the fiscal 2006 was road projects and industrial infrastructure projects.

Income from Hotel Business

The income from hotel business showed increase of over 40%, i.e. from Rs. 10.23 lacs in fiscal 2005 to Rs. 14.37 lacs in fiscal 2006. This is on account of increase in revenue from the hotel and cost reduction measures taken during the fiscal 2006.

Other Income

The income from other sources showed a decrease of around 24%, i.e. from Rs. 10.97 lacs in fiscal 2005 to Rs. 8.35 lacs in fiscal 2006. This is mainly on account of non-provision of Interest Income of Rs. 7.25 lacs in the fiscal 2005. The same had been booked as Income in the Quarter ended 30th June, 2006. However, in the restated financial statements the same has been accounted for in fiscal 2006 as an extra-ordinary item.

Total Income

The Company registered an increase of around 130% in its total income for the FY 2006 compared to the previous year on account of major contracts undertaken by the Company of road projects and industrial infrastructure projects during the fiscal 2006. The total Income of the Company was Rs. 5060.98 lacs in fiscal 2006 as compared to Rs. 2207.84 lacs in the previous year.

Material Consumption

The total material consumption has increased from Rs. 996.40 lacs in the fiscal 2005 to Rs. 1832.06 lacs in fiscal 2006. The Material consumption as a percentage of total direct works contracts and WIP have increased from 45.57% in fiscal 2005 to 51.75% in fiscal 2006. Material consumption has been increased mainly on account of increased raw material costs during the fiscal 2006.

Contract Operating Expenses

The total contract operating expenses has increased from Rs. 834.72 lacs in the fiscal 2005 to Rs. 2513.01 lacs in fiscal 2006. In the fiscal year 2006 total subcontractor charges was Rs. 1213.52 lacs while the site expenses was Rs. 1299.49 lacs. Site Expenses reduced from 38.17% of total direct contract cost & WIP from 38.17% in fiscal 2005 to 36.17% in fiscal 2006. In the fiscal 2005 there was no sub contractor charges as no project was done under sub contractor basis during that year.

Personnel (Staff) Expenses

The personnel expenses, as a percentage to total income, decreased from 1.64% in fiscal 2005 to 1.40% in fiscal 2006. In absolute terms, the staff costs have gone up to Rs. 71.10 lacs in the fiscal 2006 as against Rs. 36.26 lacs in the previous fiscal. This is due to the induction of technical professionals during the fiscal 2006.

Administrative and Other Expenses

The Administrative and other expenses, as a percentage to total income, have decreased from 6.97% in fiscal 2005 to 3.80% in fiscal 2006. However, in absolute terms, the administrative and other expenses have gone up to Rs. 192.33 lacs in the fiscal 2006 as against Rs. 153.77 lacs in the previous fiscal. This is because of the significant increase in the volume of business.

Interest

Interest as a percentage to total income, have significantly decreased from 2.06% in fiscal 2005 to 1.41% in fiscal 2006. However, in absolute terms, the interest costs have gone up from Rs. 45.39 lacs in the fiscal 2005 to Rs. 71.56 lacs in fiscal 2006. This is because of the increase in secured loans during the fiscal 2006.

Depreciation

The depreciation, as a percentage to total income, has decreased from 0.91% in fiscal 2005 to 0.48% in fiscal 2006. However, on year-to year comparison, the depreciation has increased by 19.91%.

Profit Before Tax & Extraordinary items

The profit before tax increased significantly by 194.47% during the fiscal 2006 in comparison to the fiscal 2005 on account of major new contracts undertaken by the Company of road projects and industrial infrastructure projects and completion of existing contracts in the fiscal 2006.

Profit After Tax & Extraordinary items

The profit after tax increased by 231.08% during the fiscal 2006 in comparison to the fiscal 2005 on account of increased revenue in the fiscal 2006 as compared to the previous year.

COMPARISON OF FY 2004 WITH FY 2005 – REASONS FOR VARIANCE

Income from Operations (Contracts Receipts)

The income from works contracts showed an increase of 22.28% corresponding to the previous fiscal, i.e. from Rs. 1782.67 lacs in fiscal 2004 to Rs. 2179.83 lacs in fiscal 2005. This is on account of major contracts undertaken by the Company during the fiscal 2005.

Income from Hotel Business

The hotel business started giving positive returns to the Company from the fiscal 2005. The income from hotel business was Rs. 10.23 lacs in fiscal 2005 as against a loss of Rs. 3.51 lacs.

Other Income

The income from other sources increased from Rs. 1.72 lacs in fiscal 2005 to Rs. 10.98 lacs in fiscal 2006 on account of increase in interest on fixed deposits.

Total Income

The Company registered an increase of about 24% in the total income for the FY 2005 compared to the previous year on account of increase in the contract receipts and hotel income, which stood at Rs. 2207.84 lacs in fiscal 2005 as compared to Rs. 1780.88 lacs in the previous fiscal.

Material Consumption

Material consumption, as a percentage to direct contract income and WIP, has increased from 41.02% in fiscal 2004 to 45.57% in fiscal 2005 on account of increase in the raw material costs.

Contract Operating Expenses

On the other hand, Contract Operating Expenses, as a percentage to total contract income & WIP, has decreased from 42.56% in fiscal 2004 to 38.17% in fiscal 2005.

Personnel (Staff) Expenses

The personnel expenses, as a percentage to total income, decreased from 1.96% in fiscal 2004 to 1.64% in fiscal 2005. However, in absolute terms it has increased from Rs. 34.82 lacs to Rs. 36.26 lacs. This is because of the increase in volume of business of the Company in the FY 2005.

Administrative and Other Expenses

The Administrative and other expenses, as a percentage to total income, have more or less remained the same in fiscal 2004 as well as in fiscal 2005.

Interest and Finance Charges

Interest as a percentage to total income, have significantly increased from 0.39% in fiscal 2004 to 2.06% in fiscal 2005. This is because of the sharp increase in secured loans in the FY 2005.

Depreciation

The depreciation, as a percentage to total income, has decreased from 2.17% in fiscal 2004 to 0.91% in fiscal 2005. This is because of the change in the method of calculation of depreciation from WDV to SLM.

Profit Before Tax & Extraordinary items

The profit before tax & extraordinary items increased significantly by 38.94% during the fiscal 2005 in comparison to the fiscal 2004 on account of increased revenue in the fiscal 2005 as compared to the previous fiscal.

Profit After Tax & Extraordinary items

The profit after tax increased by 6.29% during the fiscal 2005 in comparison to the fiscal 2004 on account of increased revenue in the fiscal 2005 as compared to the previous year. The resultant figure is not showing a high increase because of the change in the method of calculation of depreciation from WDV to SLM in the year 2004 and the resultant impact thereon.

COMPARISON OF FY 2003 WITH FY 2004 – REASONS FOR VARIANCE

Income from Contracts

The income from contracts showed an increase from Rs. 1574.14 lacs in the fiscal 2003 to Rs. 1782.67 lacs in fiscal 2004, i.e. an increase of about 13%.

Income from Hotel Business

The loss from hotel business showed a decrease of 22.17%, i.e. from a loss of Rs. 4.51 lacs in fiscal 2003 to a loss of Rs. 3.51 lacs in fiscal 2004.

Total Income

The Company registered an increase of around 16% in the total income for the FY 2004 compared to the previous year on account of increase in the contract receipts.

Material Consumption

Material consumption, as a percentage to total contract income & WIP, has decreased from 46.51% in fiscal 2003 to 41.02% in fiscal 2004.

Contract Operating Expenses

On the other hand, Contract Operating Expenses, as a percentage to total contract income & WIP, has increased from 37.19% in fiscal 2003 to 42.56% in fiscal 2004.

Personnel (Staff) Expenses

The personnel expenses as a percentage to total income decreased from 2.80% in fiscal 2003 to 1.96% in fiscal 2004. This is mainly because of the reduction in staff costs.

Administrative and Other Expenses

The Administrative and other expenses, as a percentage to total income, have marginally decreased from 7.21% in fiscal 2003 to 6.93% in fiscal 2004. However, in absolute terms it has increased from Rs. 110.38 lacs to Rs. 123.41 lacs.

Interest and Finance Charges

There was no interest cost in the fiscal 2003 whereas it stood at Rs. 6.90 lacs in fiscal 2004. This is because of the borrowings by the Company in the fiscal 2004.

Depreciation

The depreciation as a percentage to total income has decreased from 2.53% in fiscal 2003 to 2.17% in fiscal 2004. This is because of no substantial addition to the fixed assets during the fiscal 2004. The depreciation for the year 2004 was Rs. 38.60 lacs as against Rs. 38.80 lacs in the fiscal 2003.

Profit Before Tax & Extraordinary items

The profit before tax & extra ordinary items increased by 56.24% during the fiscal 2004 in comparison to the fiscal 2003 on account of increased revenue in the fiscal 2004 as compared to the previous year.

Profit After Tax & Extraordinary items

The profit after tax & extraordinary items increased by 20.95% during the fiscal 2004 in comparison to the fiscal 2003 on account of increased revenue in the fiscal 2004 as compared to the previous year.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5(a) OF SEBI (DIP) GUIDELINES

LIQUIDITY AND CAPITAL RESOURCES

The Company depends on both internal and external sources of liquidity to fund working capital and capital expenditure. The Company has traditionally funded the working capital requirements and capital expenditures from internally generated funds, unsecured loans and debt financing. In respect of the debt funding of working capital, the Company used cash credit limits from the Federal Bank whereas for project or capital expenditure, the company has entered into long term borrowings in the form of term loans which are in Rupees. As of March 31, 2006, the Company had cash and cash equivalents of Rs. 81.87 lakhs, which represented an increase of Rs. 38.62 lakhs over fiscal 2005. As of March 31, 2006, the company also had committed but undrawn credit facilities of Rs. 223.94 lakhs in respect of term loans and Rs. 1250 lakhs in respect of working capital finance.

Dividend

The dividends declared by the company for the last five fiscal years are presented below:

Statement of Dividend paid for the last five years:

Financial Year	Dividend %	Dividend per share Rupees	Dividend Amount (Rs. lakhs) in	Dividend Tax	No. of shares	Class of shares
2001-02	NIL	NIL	NIL	NIL	8,06,180	Equity Shares of Rs. 10/- each
2002-03	1.00	1.00	2.98	0.38	29,81,180	Equity Shares of Rs. 10/-
2003-04	5.00	5.00	14.91	1.91	29,81,180	Equity Shares of Rs. 10/-
2004-05	5.00	5.00	* 14.97	2.09	74,27,190	Equity Shares of Rs. 10/-
2005-06	5.00	5.00	* 37.25	5.22	84,87,190	Equity Shares of Rs. 10/-

* The dividend had been paid to the respective shareholders on pro-rata basis.

Dividends are approved at the annual general meeting of the shareholders based on the recommendation of the Board. The Board considers a number of factors in making a recommendation to pay dividends, including but not limited to profits earned during the fiscal year, future capital expenditure plans, cash flow situation, financing needs and shareholders interest. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

i.) **Unusual or infrequent events or transactions**

There have been no unusual or infrequent transactions that have taken place during the last three years.

ii.) **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Changes in steel and cement prices for non escalation contracts could adversely impact the profitability of the Company.

iii.) **Known Trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Except as described in this Draft Red Herring Prospectus in general and the section titled "Risk Factors" and "Management Discussion and Analysis of Financial Conditions and Results of Operations", in particular, to our knowledge, there are no avenues or known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of the company from continuing operations.

iv.) **Changes in relationship between costs and revenues**

The changes in the prices of major raw material like steel and cement (for non-escalation contracts) has a significant bearing on the revenues of the Company.

v.) **Extent to which material increases in revenues are due to increased volumes, introduction of new projects**

Increases in revenue are by and large linked to increase in volume of construction activity carried out by the company. The Company registered an increase of 129.23% in the total income for the FY 2006 compared to the previous year on account of a substantial increase in the contract receipts which stood at Rs. 5008.88 lacs as compared to Rs. 2179.83 lacs in the previous year.

vi.) **Total revenue of the industry segment in the which the Company operates**

The Company is engaged in the execution of civil engineering projects and specializes in construction and maintenance of roads and highways, construction of bridges, erection of transmission lines, electrification projects, as well as commercial and residential complexes.

vii.) **The extent to which the business is seasonal**

Execution of work on construction sites may be affected by heavy monsoon/extreme weather. Usually the company has experienced lower overall construction progress in the July-September quarters dues to southwest monsoons, which affects most parts of India..

viii.) **Any significant dependence on a single or few suppliers or customers**

The company sources the raw material from a number of suppliers and is not under threat from excessive dependence on any single or few suppliers.

SECTION VI : LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Litigation involving the Company

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

Except as stated below there are no other outstanding litigations including statutory dues, commercial disputes, patent disputes etc. No Criminal proceedings have been launched against the Company or any of the Directors for any of the offences under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956.

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.)

The Company has not defaulted in meeting any economic offences, statutory dues, Bank dues, institutional dues and any dues to instrument holders of debentures, fixed deposits.

In terms of Clause 6.11.1.1(g), as at March 31, 2006, the Company does not owe any sum to any Small Scale Undertaking, which is outstanding for more than 30 days.

AGAINST THE COMPANY

Criminal Proceedings

The Company received a notice from an advocate stating inter alia that his client, Mr. Sarayu Prasad Singh has been cheated by the company of a sum aggregating Rs. 4,85,215/-. A criminal case, being Dhurwa P.S. criminal case No. 112/05 (Gr No. 1760 of 2005) was initiated against the officers/Directors of the Company, namely, Mr. Chinmay Mukherjee, Mr. Ramesh Kumar Mehra, Mr. Sidh Nath Mehra, Mr. Mahesh Mehra and Mr. V. Balakrishnan. In the said case, the Court of the Chief Judicial Magistrate, Ranchi, on August 31, 2005, issued a warrant of arrest against all the accused persons, under Sections 406/420/467/468/471/120B of The Indian Penal Code, 1860. All the accused persons have been granted bail in the said case which is now pending for evidence before the said Court. In the event the Company and/or its directors are convicted of the offence(s) complained of, they may be sentenced to imprisonment under the relevant provisions of the Indian Penal Code, 1860.

Income Tax Proceedings

- A. The Company has received a notice of Demand dated March 28, 2005 under section 156 from the Income Tax Authorities, for the assessment year 2002-2003. Under the said notice the Company was allowed a sum of Rs. 1,30,628/- - as refund. By an order dated March 25, 2005 the Income Tax Officer Ward 7(3) Kolkata passed an order after giving the Company a hearing, whereby the Company was disallowed a certain component of the depreciation as well as filing fee and accordingly the Total Income computation was altered. However, the ITO has directed the department to draw up penalty proceedings under Section 271(1)(b) against the Company. But till date the company has not received any such notice. The Company has preferred an appeal before the Commissioner of Income Tax (Appeals). The Appeal being No. 26/CIT(A)-VII 02-03 is still pending.
- B. During course of scrutiny assessment for the assessment year 2003-2004, the I.T.O Ward 7(3) /Kolkata passed an order u/s 143(3) of the Income Tax Act 1961 and assessed the total income at Rs. 87,45,920/- and directed the company to make payment of a sum of Rs. 54,36,142/- against deduction of Rs. 97,690/- towards regular payment of tax for the assessment year 2003-2004 by issuing notice u/s 156 of the income Tax Act. It was revealed by the company that surcharge was wrongly charged at Rs. 15,30,535/- in stated of Rs. 1,53,054/-. Hence, a rectification petition u/s 154 was filed and the ITO Word 7(3) passed the recitation order u/s 154 reducing the demand at

Rs. 38,35,170/- In respect of disallowance of Rs. 20,56,823/- on account of works Contract Tax u/s 43B, no appeal has been preferred as the same has been claimed as deduction in the subsequent assessment years. Being aggrieved by the addition, the company has made appeal before the CIT (A) -VII/Kolkata. The Appeal being No. 22/CIT(A)-VII 03-04 is still pending.

In the event that the Company is unsuccessful in defending its cause in the said Appeals, the Company will be liable to pay the amounts demanded by the Income Tax Authorities.

BY THE COMPANY

Constitutional & Writ Proceedings

The Company has instituted a proceeding under Article 226 of the Constitution of India before the High Court at Calcutta being W.P. No. 1441 of 2006. The said case has been filed against, inter alia, Mackintosh Burn Limited (a Company partly owned by the Govt. of West Bengal) for a writ of mandamus directing the said Company, inter alia, to refund the sum of Rs. 73,78,000/- along with the sum of Rs. 5,80,000/- which was deposited by KIDCO towards security deposit for the project of widening and strengthening of Hata-Swaspur-Musabani Road.

The aforesaid case, is still pending disposal before the High Court.

LITIGATIONS OF COMPANIES PROMOTED BY THE PROMOTERS/DIRECTORS OF KIDCO

There are no cases / litigations filed by or against companies promoted by the promoters/Directors of Kidco.

AGAINST OR BY THE PROMOTERS:

There are no cases / litigations filed by or against the promoters except as mentioned below:

A case had been filed by Moku Sheikh alias Mokai Sheikh against Mahesh Mehra before the Motor Accident Claims Tribunal of Burdwan which had been registered as MAC Case No. 190 of 2005 which was subsequently renumbered as MAC Case No. 87 of 2005. In the said case the claimant prayed for compensation for the injuries sustained by him in an accident where he was hit by a "Bolero" car bearing registration no. WB 03 B- 3161 (belonging to Mahesh Mehra). The said case was decided ex parte against Mahesh Mehra on 27.03.2006 and as per the order and judgment passed by the Tribunal Mahesh Mehra was directed to pay a sum of Rs. 1.5 Lacs as compensation to the claimant within two months from the date of the Order, failing which the said amount shall carry interest at the rate of 9% p.a. from the date of default till realisation.

Subsequently an execution case (being Money Ex. Case no. 6 of 2006) was filed by the claimant against Mahesh Mehra before the said Tribunal which is pending disposal.

LITIGATIONS RELATED TO COMPANY BELONGING TO PROMOTER GROUP

There are no cases / litigations filed by or against company belonging to promoter group.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that may materially or adversely affect or are likely to affect the profitability of the Company or the value of the assets or the ability to pay the material liabilities within the next twelve months.

Except as stated in this Draft Red Herring Prospectus, there is no subsequent development after the due date of the Auditor's Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company.

GOVERNMENT APPROVALS AND LICENSES

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

Licences/Approvals Obtained By The Company:

Sl. No.	Name of Registration	Licence/Registration No. & Date	Name of Issuing Authority/Department
	Construction Division		
1	Trade Licence	Assessee No. 11-025-21-0070-2	Kolkata Municipal Corporation
2	VAT	19291106058 dated 29.12.2005	Asst. Commissioner Commercial Taxes Beadon Street Charge, Kolkata, West Bengal
3	Service Tax	AACCK1581ST001 dated August 16, 2006 (earlier 1327/GTA/CON/SB-01/KOL/2005-06 dated November 24, 2005.)	Service Tax Commissionerate, Kolkata
4	Central Sales Tax	6230(BS) with effect from March 2, 2001	Deputy Commissioner, Commercial Taxes, Kolkata North Circle
5	ESI	Code No. 91-28982-102 with effect from January 1, 2004.	Employees' State Insurance Corporation
6	Provident Fund	Establishment Code No. W.B./CA /40549	Regional Provident Fund Commissioner Employees' Provident Fund Organisation, Kolkata
7	Thekeddar Registration	Letter dated 11.12.2004 with the Rural Development, Government of Jharkhand valid up to 10.11.2007.	Bihar Thekeddar Rules and regulations 1996
8	Contract Labour Registration	Licence bearing No. 3549 dated 09.08.2003	Contract Labour (Regulation and Abolition) Act, 1978 by the office of the Licensing Officer, Ranchi.
9	Commercial Tax	Registration bearing No.	Department of Commercial Taxes,

		RN(W) 2985 for the year 2004-2005	Jharkhand.
10	Central Sales Tax	RN(W) 3059 (Central) Dated 08.09.2004 w.e.f. April 17, 2004	Deputy Commissioner Commercial Taxes, Ranchi, Jharkhand
11	Reseller Registration	W.e.f. April 17, 2004	Certificate of Registration as a reseller in respect of materials used in the execution of the Works Contract in the State of Jharkhand.
12	VAT	TIN 21151116580 w.e.f. 25.04.2006	Orissa Value Added Tax Act, 2004
13	Central Sales Tax	21151116580 (Central) w.e.f. 20.05.2006	Central Sales Tax (Registration & Turnover) Rules 1957 for the State of Orissa
14	Chattisgarh Commercial Taxes Registration	Registration Certificate bearing No. 11032966-05 dated 11.05.2005	Commercial Tax Officer, Korba Circle, Chattisgarh
15	Central Sales tax	Registration Certificate bearing No. 1103/2327 dated 11.05.2005	Commercial Tax Officer, Korba Circle, Chattisgarh, Central Sales Tax (Registration & Turnover) Rules, 1957
16	Contractor Registration	Class A Section 5 Contractor under the Works Department Rules, 1983.	Development Commissioner, Government of Chattisgarh
17	Commercial Taxes Registration	RC.No. HYR/07/1/4667/2004-05.dated 1309.2004 w.e.f. 07.09.2004	Asst. Commercial Tax Officer Government of Andhra Pradesh
18	Roads and Buildings Registration	COT/SP/321/2004 dated 24.03.2005 w.e.f. 22.03.2005.	Government of Andhra Pradesh Roads and Buildings Department
19	VAT	11030250241 dated 16.08.2005 w.e.f. April 01, 2005.	State of Sikkim
20	Sikkim Sales Tax	3453/04-05/SKM(E)/CT with effect from December 08, 2004.	Asst. Comm. Of Commercial Taxes Sikkim
21	Central Sales Tax	3424 /04-05/SKM(E)/CT (Central) with effect from December 08, 2004	Central Sales Tax (Registration & Turnover) Rules 1957 for the State of Sikkim
22	Importer - Exporter Code (IEC)	0202003621 dated 13.06.2002	Director General Of Foreign Trade (DGFT)
23	PAN	AACCK1581F	Income Tax PAN Services Unit (UTI-ISL)
24	TAN	TAN No. CALK03688G dated 12.01.2005	National Securities Depository Limited (NSDL)
25	Empanelment with Engineering Projects (India) Ltd	Registration Number EPI/CON/5069 for the following classification of works: CW(a) Civil Works CW (d) Road Works E/M(e) Electrical Works	Engineering Projects (India) Ltd
26	Empanelment as approved Contractor	Nos. NPCC/CA/44 for the category of Work NPCC/RB/29 without any	National Projects Construction Corporation Ltd.

		Financial Limits.	
	Hotel Division		
27	Trade Licence	Dated 31.05.2006 valid up to 31.03.2007	Salboni Gram Panchayat P.O. – Jhargram Dist – Paschim Midnapore (W.B.)
28	West Bengal Sales Tax	Regn. No. 9959 dated 07.03.2001 w.e.f 08.02.2001	Assistant Commissioner Commercial Taxes Calcutta Northe Circle

Licences/Approvals Applied For But Not Yet Received:

Sr. No.	Approval/Consent	Date Application of	Concerned Authority
1	Registration of Trade Mark "KAUSHLYA"	25.11.2006	Trade Marks Registry IP Bhawan, 5th Floor Sector – V, Salt Lake Kolkata – 700 091
2	Registration of Trade Mark "KAUSHLYA INFRASTRUCTURE" logo	30.08.2006	Trade Marks Registry IP Bhawan, 5th Floor Sector – V, Salt Lake Kolkata – 700 091
2	Renewal of Sarai Registration	24.07.2006	Sarai Registration Department Office of the District Magistrate Paschim Midnapore (W.B.)
3	Liquor / Bar Licence	02.08.2005	Supdt. Of Excise, Midnapore
4	Registration & Installation of 10KVA Diesel Generator Set	12.10.2006	Collector (RRMC) Paschim Medinipur
5	Environment Clearance / Pollution Certificate	26.10.2006	West Bengal Pollution Control Board
6	Fire Licence	17.10.2006	West Bengal Fire & Emergency Services
7	Registration under Shops & Establishments	21.10.2006	West Bengal Shops & Establishments Act, 1963
8	Prepared Food Licence	20.07.2006	Chief Medical Officer of Health Jhargram, Midnepur

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

1. Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution passed by the Board of Directors at their meeting held on 26th July, 2006 which is subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on 21st August, 2006 the shareholders approved the Issue at the EGM of the Company held at Kolkata.

2. Prohibition by SEBI/RBI/Any other Authority

The Company, its directors, its promoters, Promoter Group, the Group Companies, persons in control of the promoter companies, other companies with which the promoters/directors are associated as directors or as promoters are not prohibited from accessing/operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

Neither the Company nor its directors, associates, promoters, promoters Group companies or relatives of the Promoters have been detained as wilful defaulter by the RBI or government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

3. Eligibility of the Company to enter the capital market

The Company is eligible for the issue as per Clause 2.2.1 of the SEBI (DIP) Guidelines as confirmed by the Auditors of the Company :

- The Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;
- The Company has had a pre-Issue net worth of not less than Rs. 1 crore in each of the three preceding full years;
- The name of the Company has not been changed in the last one year.
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2006;

The distributable profits as per Section 205 of the Companies Act, net worth and net tangible assets for the last three years as per Company's audited financial statements are as under:

(Rs. in crores except % age of monetary assets)

	For the year ended march 31		
	2006	2005	2004
Distributable Profits ¹	3.09	1.43	0.67
Net Worth ²	14.65	9.91	4.18
Net Tangible Assets ³	21.90	15.39	10.58
Monetary Assets ⁴	0.82	0.43	0.63
Monetary Assets as a % of Net Tangible Assets	3.74	2.81	5.96

Notes :

¹Distributable profits have been defined in terms of section 205 of the Companies Act.

²Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

³Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

⁴Monetary assets comprise of cash and bank balances, public deposit account with the Government.

The Company undertakes that the number of allottees (i.e., Persons receiving Allotment in the Issue) shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In

case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay, subject to and in accordance with, applicable law.

4. Disclaimers

SEBI DISCLAIMER CLAUSE:

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLM, SREI CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM, SREI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 29.11.2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- a. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- III. WE CONFIRM THAT, BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

IV. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS; AND

V. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

5. CAUTION STATEMENT /DISCLAIMER STATEMENT FROM THE ISSUER AND BOOK RUNNING LEAD MANAGER:

The Company, its Directors, BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or the advertisements or any other material issued by or at the instance of the above mentioned entities and any one placing reliance on any other source of information, including the website of the Company "www.kaushalyainfrastructure.com" would be doing so at his or her own risk.

The BRLM do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLM and the Underwriting Agreement to be entered into amongst the Underwriters and the Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at the bidding centres or elsewhere.

The Company and Lead Manager are obliged to update the Draft red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Neither the Company, the BRLM nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

6. Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or Trusts under the applicable Trust Law and who are authorised under their constitution to hold and invest in shares, permitted Insurance Companies and Pension Funds and to permitted non residents including FIIs, NRIs and other eligible Foreign investors. This Draft Red Herring Prospectus does not, however, **constitute an offer to sell or, an invitation to** subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue shall be subject to the exclusive jurisdiction of appropriate court(s) in, Kolkata, India only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in

such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

7. Disclaimer Clause of the Stock Exchanges

Disclaimer Clause Of The Bombay Stock Exchange Limited (BSE) – The Designated Stock Exchange

[•]

Disclaimer Clause of The National Stock Exchange Association Limited (NSE)

[•]

8. Filing of Draft Red Herring Prospectus with the Board and The Registrar of Companies

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed has been filed with SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 005. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of the Companies, West Bengal, Kolkata located at Office of the Registrar of Companies, West Bengal, "NIZAM PALACE", 2nd MSO Building, 2nd Floor, 234/4 A.J.C Bose Road, Kolkata – 700 020

9. Listing

Initial listing applications have been made by the Company to the Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE) for permission to list the equity shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares are not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Red Herring Prospectus. If such money is not paid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from the date the expiry of 8 days, will be jointly and severally liable to repay the money with interest as prescribed under section 73 of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

10. Impersonation

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who

- a) makes in a fictitious name an application to a company for acquiring, or subscribing of any Shares therein, or**
- b) otherwise induces a company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

11. Consents

Consents, in writing, of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to the Company, Bankers to the Issue, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, and Registrar to the Issue, Syndicate Members, Escrow Collection

Bankers and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, Kolkata as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the ROC.

M/s Sumanta & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the ROC.

M/s Sumanta & Co., Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report on the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the ROC.

12. Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

13. Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sl. No.	Activity	Estimated Amount (Rs. in lakhs)	% of Total Expenses	% of Total Issue size *
1.	Fees of BRLM	[•]	[•]	[•]
2.	Underwriting commission	[•]	[•]	[•]
3.	Brokerage & Selling commission	[•]	[•]	[•]
4.	Advertisement & Marketing expenses	[•]	[•]	[•]
5.	Printing and Stationery, Distribution, postage etc	[•]	[•]	[•]
6.	Fees of Registrar to the issue	[•]	[•]	[•]
7.	Other Expenses (including legal fees, filing fees, listing fees, depository charges etc)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* Will be incorporated after finalization of Issue price

Fees Payable To The BRLM

The total fees payable to the Book Running Lead Manager (including underwriting commission if any, and brokerage and selling commission) for the issue will be as per the Memorandum of Understanding entered into with SREI Capital Markets Ltd, dated 22nd November, 2006, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated 3rd November, 2006 between the Company and the Registrar, a copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

14. Underwriting Commission, Brokerage And Selling Commission

The Underwriting commission for the Issue would be set out in the Underwriting Agreement, copy of which would be available for inspection at the Registered Office of the Company. Brokerage will be paid on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the brokers columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

In case of tampering or over stamping of broker/agents codes on the application form, Issuers decision to pay brokerage in respect will be final and no further correspondence will be entertained in the matter.

15. Previous Rights and Public Issues, if any

The Company has not made any previous rights and public issues since inception.

16. Previous issues of shares otherwise than for cash

The Company has not made any previous issues of shares for consideration otherwise than for cash.

17. Commission and Brokerage on Previous Issues

The Company has not made any previous public or right issue since inception and as such no amount has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription of the equity shares

18. PARTICULARS IN REGARD TO KIDCO AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 THAT MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

The following company has been declared to be under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956:

1. Bengal KDC Housing Development Limited
2. Keleenworth Marketing Private Limited
3. Mahanti Engineers Private Limited
4. Sun Kissed Merchandise Private Limited
5. Meko International Limited
6. Trimurti Component Private Limited
7. Rainy Guard Poly Sheet Private Limited
8. BNA Infotech Private Limited
9. Pushpadanta Vyapar Private Limited

For more details, please refer to the section titled "Financial and Other Information of Companies, Firms Promoted/Controlled by the Promoters" beginning on page no.128 of this Draft Red Herring Prospectus.

There have been no capital issues during last three years either by the Company or any other company under the same management within the meaning of Sec. 370(1)(B) of the Act.

19. Promise Vis-À-Vis Performance – The Company

This is the first public issue of the Company. Hence Promise vis-à-vis performance is not applicable to the Company.

Listed Ventures of Promoters

The promoters do not have any listed venture and hence not applicable.

20. Outstanding Debentures Or Bond Issues

The Company does not have any outstanding debentures or bonds.

21. Outstanding Preference Shares

The Company does not have any outstanding preference shares.

22. Stock Market Data

This being the first public issue of the Company the Equity Shares of the company are not listed on any stock exchange hence no stock market data is available.

23. Mechanism for Redressal of Investor Grievance

The Memorandum of Understanding between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, Intime Spectrum Registry Limited, for a period of at least three years from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Company and Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository participant and the respective Syndicate member or collection center where the application was submitted.

The Company has constituted a Shareholder's Grievance Committee on June 21, 2006 comprising of Mr P K Bhattacharjee (*Independent Director*) as the Chairman and Mr Mahesh Mehra, Director and Mr Sidh Nath Mehra, Whole Time Director as members.

The Company has also appointed Mr A.B.Chakrabartty, Company Secretary as the Compliance Officer of the Company.

All investor complaints that cannot be resolved by the Company Secretary and the Compliance Officer would be placed before the Shareholder's Grievance Committee for resolution. The Company will settle investor grievances expeditiously and satisfactorily.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The company has appointed, Mr A. B. Chakraborty, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Mr. A.B. Chakrabartty
Kaushalya Infrastructure Development Corporation Limited
HB 170, Sector III
Salt Lake
Kolkata – 700 106
Tel: +91-33-2358 3694/ 2334 4166
Fax: +91-33-2334 4148
Email: info@kaushalyainfrastructure.com

24. Changes in Auditors during last 3 years and reasons thereof

The auditors of the company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

There have been no changes of Statutory Auditors in the last three years. M/s Sumanta & Co., Chartered Accountants were appointed as Statutory Auditors of the Company at the AGM held on 30th September, 2002.

25. Capitalization of Reserves Or Profits

The Company has till date not capitalized the reserves or profits.

26. Revaluation of assets

The Company revalued its Fixed Assets comprising of Land during the financial year 2005-06. The above land is located at Hothi –B Village, Gram Panchayat Hothi –B, Zaheerabad, Medak District, Andhra Pradesh.

On account of the revaluation, the gross block of the Land was increased by Rs.99.81 lakhs. The above amount was credited to Revaluation Reserves, and the accounts were approved by the Shareholders at their Annual General Meeting held on 29th September, 2006. The same was adopted in the Company's books.

The Company revalued its Fixed Assets comprising of Land during the financial year 2002-03. The above land is located at Dag No. 614 (Old 37/4), J.L. No. 731, Mouza Jungle Khas Police Station and Sub-Registry Office Jhargram, District Midnapore, West Bengal.

On account of the revaluation, the gross block of the Land was increased by Rs.142.65 lakhs. The above amount was credited to Revaluation Reserves, and the accounts were approved by the Shareholders at their Annual General Meeting held on 29th September, 2003. The same was adopted in the Company's books.

For further details, please refer to the section titled "Summary of financial and operating information" beginning from page no 110 of this Draft Red Herring Prospectus.

SECTION VIII : ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, the terms of this Draft Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents / certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications, rules and regulations relating to the issue of capital, listing and trading of securities issued from time to time by SEBI / Government of India / Stock Exchanges / RBI / ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The issue of Equity Shares by the Company has been authorised pursuant to a resolution of the Board of Directors passed at their meeting held on 26th July, 2006, and by a special resolution passed pursuant to Section 81 (1A) of the Companies Act at the Extraordinary General Meeting of the shareholders of the Company held on 21st August 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company including rights in respect of dividend. The allottees will be entitled to dividends and other corporate benefits, if any, declared by the company after the date of allotment. For a description of the Articles of Association, please refer to "Main Provisions of the Articles of Association of the Company" on page 195 of this Draft Red Herring Prospectus.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders of the Company, at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition. Dividend shall be paid to the shareholders as per provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Draft Red Herring Prospectus at a price band of Rs. [•] at the lower end and Rs. [•] at the higher end. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI DIP Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr A.B. Chakrabarty, Company Secretary as the Compliance Officer of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity shareholders shall have the following rights: -

- Right to receive dividend, if declared;
- Right to receive notice, annual reports, attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting, dividend, forfeiture and lien, transfer and transmission and/or consolidation /splitting of Shares, refer to the section titled "Main Provisions of the Articles Of Association of the Company" on page 195 of this Draft Red Herring Prospectus.

Market Lot & Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares of the Company will be in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of [•] Equity Shares to the successful bidders.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Kolkata, West Bengal India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s) may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the Prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either; -

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment / transfer of Equity Shares in the Issue will be made only in dematerialized mode , there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing of the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

"If the company does not receive the minimum subscription of 90% of the net Issue to public including devolvement of Underwriters within 60 days from the bid / Issue closing date, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company

becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Arrangements for disposal of odd lots

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- Refunds shall be made in the following manner:
 - ❑ In case of applicants residing in any of the centres specified by the SEBI – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
 - ❑ In case of other applicants – by despatch of refund orders by registered post, where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and
 - ❑ In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the SEBI from time to time.
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

Nothing contained in the Articles of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of the Company" starting from page no. 195 of this Draft Red Herring Prospectus.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of the RBI, OCBs cannot participate in this Issue.

ISSUE STRUCTURE

Public Issue of 95,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per equity share for cash aggregating Rs. [•] Lakhs, comprising of 4,75,000 equity shares of Rs. 10 each reserved for the Eligible Employees (the "employee reservation portion") and a Net Issue to the Public of 90,25,000 equity shares of Rs.10/- each being made through a 100% book building process. The Issue would constitute 48.46% of the fully diluted post issue paid up Equity Capital of the Company.

Details of the issue structures are tabulated below:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 4,75,000 equity shares	Upto 45,12,500 equity shares	Not less than 13,53,750 equity shares or net issue less allocation to QIB bidders and Retail bidders	Not less than 31,58,750 equity shares or net issue less allocation to QIB bidders and Non institutional bidders
Percentage of Issue size available for allocation	Upto [•]% of the Issue size	Upto 50% of the Net Issue to public out of which 5% shall be available for Mutual Funds	Not less than 15% of the Net Issue to public	Not less than 35% of the Net Issue to Public
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate 5% to Mutual Funds on proportionate basis Balance to QIBs including Mutual Funds	Proportionate	Proportionate
Minimum Bid	[•] Equity Shares and thereafter in multiples of [•] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [•] Equity Shares thereafter	[•] Equity Shares and thereafter in multiples of [•] Equity Shares thereafter
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed 4,75,000 Equity Shares	Not exceeding the Net issue subject to regulations as applicable to the Bidders	Not exceeding the Net issue subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can apply	Eligible employees being permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI	Resident Indian individuals, HUF (in the name of Karta), Companies, Corporate Bodies, Scientific Institutions Societies and Trusts and NRIs	Individuals, (including NRIs and HUF(in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed Rs.1,

	present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Promoter directors are not eligible to be treated as eligible employees	multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.		00,000 in value
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

ISSUE PROCEDURE

Principal Terms And Conditions Of The Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring Prospectus, Bid cum Application Form, the Revision Form, and other terms and conditions as may be incorporated in the CAN, Allotment Advice, and any other documents/certificates that may be executed in respect of the Issue. In addition the Equity Shares shall also be subject to laws as applicable, guidelines, notifications, rules and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Registrar of Companies, Stock Exchanges, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto 50% of the net Issue to public shall be allotted to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the net issue to public would be available for allocation to Non-Institutional Bidders and not less than 35% of the net issue to public would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. QIB Bids can be submitted only through Syndicate members. In the case of QIB Bidders, the Company in consultation with the BRLM may reject any Bid at the time of acceptance of the Bid cum Application Form, provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful bidders, only in the dematerialised form. Bidders will not have the option of getting allotment of the security shares in physical form. The Equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares @ Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for shares of the company at various prices and is collated from bids from various investors.

Number of Equity shares Bid For	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 22 per share in the above example. The issuer, in consultation with the BRLM, will finalise the issue price at or below such cut-off price i.e. at or below Rs.22 per share. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of CAN and filing of Red Herring Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Red Herring Prospectus with ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

CATEGORY	COLOUR OF BID CUM APPLICATION FORM
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders, Eligible NRIs applying on a non-repatriation basis	White
NRI or FIIs applying on a repatriation basis	Blue
Eligible Employee	Pink

Who can Bid?

- i Indian nationals resident in India who are major, or in the names of minor as natural/legal guardians in single or joint names (not more than three);
- ii Hindu Undivided Families or HUFs, in the individual name of Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application form as follows: "Name of sole or first Bidder: XYZ" Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- iii Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares;
- iv Indian mutual funds registered with SEBI;
- v Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI guidelines as applicable);
- vi Venture Capital Funds registered with SEBI;
- vii Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- viii State Industrial Development Corporations;
- ix Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares;
- x Eligible NRIs on repatriation basis or a non-repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- xi FIIs registered with SEBI on repatriation basis or on repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- xii Scientific and / or industrial research organizations authorised under their constitution to invest in Equity Shares;
- xiii Insurance companies registered with Insurance Regulatory and Development Authority;
- xiv Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
- xv Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
- xvi Multilateral and bilateral development financial institutions;
- xvii Any other QIBs permitted to invest in the issue under applicable laws and regulations; and
- xviii Employees of the Company

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-

Institutional Portion where allocation is on a proportionate basis. Such bidding and subscription may be on their own or their client's account.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals or statutory guidelines.

Application by Mutual Funds

(As per the current regulations, the following restrictions are applicable for investments by mutual funds):

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 2,25,625 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIB bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds.

No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In terms of SEBI Guidelines, 5% of the QIB Portion (i.e. 2,25,625 Equity Shares) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Application by Eligible NRIs

Bid cum application forms have been made available for NRIs at the registered office of the Company, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying bids shall be payable in Kolkata only.

Application by FIIs

(As per the current regulations, the following restrictions are applicable for investments by FIIs):

No single FII can hold more than 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual

As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A (1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations,

1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by NRIs or FIIs on Repatriation basis

Bids and revision to bids must be made:

On the bid cum application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of [•] Equity Shares thereafter so that the Bid amount exceeds Rs. 1,00,000; for further details. Please refer to the sub-section titled "Maximum and Minimum Bid size" on page no. 171 of this Draft Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission, in case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

(As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds):

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture Capital Fund or the Foreign Venture Capital Investor.

SEBI issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the draft Red Herring prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the limits under applicable laws or regulations.

Maximum and Minimum Bid size

a) For Retail Individual Bidders:

The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is more than Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, then the same would be considered for allocation under the Non-Institutional Bidders portion. The option to bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Non-institutional Bidders and QIBs Bidders :

The Bid must be for a minimum of such number of Equity Shares that the minimum Bid Amount exceeds Rs. 100,000. Above this minimum Bid Amount, the Bid should be in multiples of [•] Equity Shares. A Bid cannot be submitted for more than the size of the net Issue to public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non-Institutional bidders, who are individuals, have to ensure that the bid amount is greater than Rs. 1,00,000 for being considered for allocation in Non-Institutional portion. In case the bid amount reduces to Rs. 1,00,000 or less due to a revision in bids or revision of price band, bids by Non-Institutional bidders who are eligible in the Retail portion would be considered for allocation under the Retail portion. Non-Institutional bidders and QIBs are not allowed to bid at 'Cut-off'.

c) For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, the maximum Bid in this portion cannot exceed 4,75,000 shares.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders

- a. The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- b. The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- c. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from the Registered office of the Company or from the BRLM or from a Syndicate Member or from their websites.
- d. Investors who are interested in subscribing to the Company's Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) to register their bid.
- e. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper (Bengali). This advertisement shall be in the format and contain the disclosures specified in Part A of

Schedule XX-A of the SEBI Guidelines. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band will be published in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids subject to the terms of the Syndicate Agreement and the Red herring Prospectus.
3. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no.172 of the Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of bids" on page no.175 of the Draft Red Herring Prospectus.
5. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
6. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page no. 174 of the Draft Red Herring Prospectus.
7. Investors who are interested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

Bids at Different Price Levels

1. The price band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs.10/- each, Rs. [•] being the floor of the price band and Rs. [•] being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1/-
2. In accordance with the SEBI guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding/Issue period, by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members, in which case the Bidding Period shall be extended further for a period of three additional working days, subject to the total Bidding / Issue Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English

and Hindi), and one regional newspaper (Bengali) and also indicating the change on the relevant websites of the BRLM and the websites and the terminals of the Syndicate Members.

4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder can bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders bidding for more than Rs.100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.
6. Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who bid at the Cut-Off price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidder bidding at Cut-Off price shall and Bidders in the Employee Reservation Portion bidding at Cut-Off price shall submit bid – cum – application form along with a cheque / demand draft for the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in the Employee Reservation Portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), who bid at Cut-off price, the Retail Individual Bidders and Eligible Employees who bid at Cut-off price shall receive the refund of the excess amounts from the respective refund or Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who had Bid at Cut off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective refund or Escrow Account, as the case may be.
9. The minimum application value shall be within the range of Rs. [•] to Rs. [•]. The issuer company, in consultation with the BRLM, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures in this regard, in the offer document. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. [•] to Rs. [•].

Option to Subscribe

Equity Shares being issued through the Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount / Margin Amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and

on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company and as per Draft Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLM to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph entitled "Payment Instructions" on page 183 of this Draft Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash / stock investments / money order shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund account with the Banker(s) to the Issue as applicable. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section entitled "Issue Structure" on page 165 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- a. The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- b. The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding / Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.
- c. The aggregate demand and price for bids registered on each of the electronic facilities of the BSE and the NSE will be downloaded on a regular half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. This information can be accessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com

- d. At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor category – Employee/Individual / Corporate / NRI / FII / Mutual Funds etc.;
 - Number of Equity Shares bid for;
 - Bid Price;
 - Bid-cum-Application Form number;
 - Amount paid on submission of Bid-cum-Application Form; and
 - Depository Participant Identification no. and client identification no. of the demat account of the Bidder
- e. A system generated Transaction Registration Slip (TRS) will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the Syndicate Members.** The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional Bidders, Retail Bidders and bids under Employee Reservation portion, Bids would not be rejected except on the technical grounds listed page no. 186 in the Draft Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by the BSE and NSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLM are cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company
- i. It is also to be distinctly understood that the approval given by the BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or continued to be on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Date would be uploaded on a regular basis.
- b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus
- c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- e) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

- f) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- j) In case of a discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation/Allotment

- a. After the Bid Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss the pricing strategy with the Company.
- b. The Company, in consultation with the BRLM will finalize the Issue Price and the number of equity shares to be allocated in each investor category.
- c. The allotment to QIB Bidders of upto 50% of the Net Issue to public (including 5% specifically reserved for mutual funds) would be on a proportionate. The allocation to Non-Institutional Bidders of not less than 15% of the net Issue to public and Retail Individual Bidders of not less than 35% of the net Issue to public would be on a proportionate basis in a manner specified in the SEBI Guidelines, and subject to valid bids being received at or above the Issue Price.
- d. Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLM. However if the aggregate demand by mutual funds is less than [•] shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the Net Issue to the public and allocated in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page no. 188 of this Draft Red Herring Prospectus.
- e. Allocation to all investors including eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- f. The BRLM and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

- g. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the allotment without assigning reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- h. The allotment details shall be put on the website of the Registrar to the Issue.

Notice to QIBs: allotment reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and ROC Filing

- a. The Company, the BRLM, and other Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s)/allotment to the Bidders.
- b. After signing the Underwriting Agreement, the Company would update and file the Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, West Bengal, Kolkata, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Bengali) with wide circulation at Kolkata.

Advertisement Regarding Issue Price and Draft Red Herring Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Bengali) with wide circulation at Kolkata. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the Draft Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN) and Allotment for the Issue

- a. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

- b. The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- c. Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- d. The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs".

Designated Date and Transfer of Funds to Public Issue Account

- a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment.
- b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.
- c) After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case the Company fails to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- d) Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Draft Red Herring Prospectus;
- b. Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non resident Bid-cum-Application Form (blue in colour) or Eligible Employee Bid Cum Application Form (pink in colour), as the case may be;
- c. Ensure that you Bid only in the Price Band;
- d. Ensure that the details about your depository participant and beneficiary account are correct as shares will be allotted in the dematerialised form only;
- e. Ensure that the DP account is activated;
- f. Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository participant. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the beneficiary account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

- g. Ensure Bids are submitted at the bidding centres only on forms bearing stamp of the Syndicate Member at the Bidding Centres;
- h. Ensure that you have been given a TRS for all your bid options;
- i. Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- j. Submit the Bid with the applicable Margin Amount. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form, where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. and attach a copy of Form 60 or 61 as the case may be, together with permissible documents as address proof;
- k. QIBs shall submit their bids only to the BRLM or Syndicate Members duly appointed in this regard;
- l. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

Don'ts:

- a. Do not Bid for lower than minimum Bid size.
- b. Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.
- c. Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a Syndicate Member.
- d. Do not Pay Bid amount in cash. or by money order or by postal order or by stock invest.
- e. Do not Send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.
- f. Do not Bid at cut off price (for QIB Bidder and Non-Institutional Bidders and Bidders bidding under Employee reservation portion, for whom the bid amount exceeds Rs. 1 Lac).
- g. Do not Fill up the Bid cum Application Form for an amount that exceeds the issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus
- h. Submit Bids accompanied by Stockinvest
- i. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Filling Up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the BRLM or Syndicate Members.

Bids and Revision of Bids

Bids and revisions to Bids must be:

- a. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis and pink colour for eligible employees).
- b. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- d. For Retail Individual Bidders, the Bids must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum Bid amount of Rs. 1 Lac.
- e. For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000/- and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws and regulations.
- f. For Eligible Employees, the Bid must be for a minimum of [•] Equity Shares and shall be in multiples of [•] Equity Shares thereafter. The maximum Bid in this portion cannot exceed 4,75,000 Equity Shares.
- g. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP-ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number will be provided by them in the Bid cum application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) Hence, **Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, nor the Company shall have any responsibility and undertake any liability for the same.**

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund order and the demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their DPs.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on the records.

Refund orders / Allocation Advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders' sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely names of the Bidders (including the order of names of joint holders), the DP's identity and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means a permanent employee or the director(s) of the Company or its subsidiary, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date. Promoter directors are not eligible to be treated as eligible employees

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Form).
- (b) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form:
- (c) The sole/ first bidder should be Eligible Employees as defined above.
- (d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- (e) Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- (f) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- (g) The maximum bid in this category by any Eligible Employee cannot exceed Rs. [•].
- (h) Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- (i) If the aggregate demand in this category is less than or equal to 4,75,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to Public. In case of under-subscription in the Net Issue to Public, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- (k) If the aggregate demand in this category is greater than 4,75,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to the section titled "Basis of Allotment" on page 188 of this Draft Red Herring Prospectus.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details)
3. By eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Individual Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;
4. By other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] thereafter such that the Bid Price exceeds Rs. 100,000.
5. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000.
6. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
7. Refunds dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Insurance Companies

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Mutual Funds

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLM may deem fit.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three).
- **By NRIs** – For a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page no.171 of this Draft Red Herring Prospectus.
- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of [•] that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page no. 171
- In the names of individuals or in the names of FIIs or in the names of FVCIs, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, FVCIs registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and FVCIs and all Non-Residents, NRIs, FIIs and FVCIs applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

The Company shall open an Escrow Accounts of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms :

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member(s) of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - a) In case of Resident Retail and Non Institutional Bidders: "Escrow Account – Kidco Public Issue"
 - b) In case of Non Resident Retail and Non Institutional Bidders: "Escrow Account - Kidco Public Issue -NR"
 - c) In case of QIB Bidders : "Escrow Account – Kidco Public Issue -QIB"
 - d) In case of Eligible Employees : Escrow Account – Kidco Public Issue – Eligible Employee"
4. In case of Bids by eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of a NRO Account.
6. In case of Bids by FIIs, FVCIs registered with SEBI and the ,multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
8. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
10. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stock invest/Money Orders/Postal orders will not be accepted

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Syndicate Member at the time of submitting the Bid-Cum Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. Application with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

The BRLM reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.**

Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address:

- a. Ration Card
- b. Passport
- c. Driving License
- d. Identity Card issued by any institution
- e. Copy of the electricity bill or telephone bill showing residential address
- f. Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- g. Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

COMPANY RIGHT TO REJECT BIDS

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs provided the reasons for rejecting the same shall be provided to such bidders in writing. In case of Non Institutional Bidders and Retail Bidders, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on *inter-alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;

4. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
6. PAN photocopy/PAN communication/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. GIR number furnished instead of PAN;
8. Bids for lower number of Equity Shares than specified for that category of investor;
9. Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band;
10. Bids at cut-off price by a QIB bidder or a Non Institutional Bidder, whose bid amount exceeds Rs. 100,000;
11. Bids for number of Equity Shares, which are not multiples of [•];
12. Category not ticked;
13. Multiple Bids;
14. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/ money order/ postal order/ cash;
16. Signature of sole and / or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or member of the Syndicate;
18. Bid-cum-Application Form does not have the Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by OCBs;
23. Bids by person who is not eligible to acquire Equity shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 172 of this Draft Red Herring Prospectus;
25. Bids by U.S. persons other than entities that are both "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act, 1933 and "qualified purchasers" under the Investment Companies Act;
26. Bids by QIBs not submitted through members of the Syndicate;

27. Bids by employees of the Company or Directors of the Company not eligible to apply in the Employee Reservation Portion; or
28. Bids under the Employee Reservation Portion for amounts greater than Rs. 4.75 lacs.

Basis of Allotment

A. For Retail Individual Bidders:

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue to Public less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 31,58,750 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 31,58,750 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue to Public less allotment to QIBs Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 13,53,750 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 13,53,750 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•]. Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

- ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity Shares remaining un subscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;
- b. In the second instance allotment to all QIBs shall be determined as follows:
- i. The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - ii. The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - iii. Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be at least 45,12,500 Equity Shares.

D. For Employee Reservation Portion

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,75,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 4,75,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 4,75,000 Equity Shares up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate basis of allocation, refer below.
- Under-subscription, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

Procedure and Time Schedule for Allotment of Equity Shares

The Syndicate Members have the right to reject the Bid received from QIB at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non- Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment/transfer of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the (•):

The subscription for each portion will be computed separately.

- a. Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000, shall be those which have applied for minimum shares arrived at by multiplying the minimum shares to be allotted by the number of times, the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of times the category is subscribed.
- b. If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- c. The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- d. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.)

In this context, the following two tripartite agreements have been signed between (Registrars of the Company), the Depositories and the Company:

- i. An Agreement dated [•] among NSDL, the Company and the Registrar to the Issue.
- ii. An Agreement dated [•], among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the relevant details of his or her depository account are liable to be rejected:

- a. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- b. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- c. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository, In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidders).
- e. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to get rejected.
- g. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

- h. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- i. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the dematerialized segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch along with details of Depository Participant, where the Bid-cum-Application was submitted and cheque /draft number and issuing bank thereof.

Pre-Issue and Post Issue related problems

Investors can contact the Compliance Officer Mr. A.B. Chakrabartty, Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. He may be contacted at :

Mr. A.B. Chakrabartty
Kaushalya Infrastructure Development Corporation Limited
HB 170, Sector III
Salt Lake
Kolkata – 700 106
Tel: +91-33-2358 3694/ 2334 4166
Fax: +91-33-2334 4148
Email: info@kaushalyainfrastructure.com

Address of the Registrar :

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai – 400 078
Tel : +91-22-2596 0320 (9 lines)
Fax: +91-22-2596 0329
E-Mail: kidcl.ipo@intimespectrum.com
Website: www.intimespectrum.com

Disposal of Applications and Applications Money

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall put in its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk and

- The Company shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Modes of Refund

The Company shall make refunds to applicants using the following modes :

- In case of applicants residing in any of the centres specified by SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) , as is for the time being permitted by the Reserve Bank of India.
- In case of other applicants – by dispatch of refund orders by registered post , where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules) and
- In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

Dispatch of Refund Orders

The Company shall make refunds to applicants in case of over subscription using the following modes.

- In case of applicants not residing in any of the centres specified by the SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as is for the time being permitted by the Reserve Bank of India.
- In case of other applicants – by dispatch of refund orders by registered post , where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules) and
- In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

- b. Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name**

shall be punishable with imprisonment for a term which may extend to five years."

Interest in case of delay in dispatch of allotment letters/refund orders

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in, a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the Issue.

However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centres where Bidding terminals were set up to receive Bids from Bidders.

UNDERTAKINGS BY THE COMPANY

The Company undertakes as follows:

- a. that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- b. that all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- c. adequate funds required for making refunds to the unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company.
- d. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund
- e. that the refund orders or allotment advice to the successful bidders shall be despatched within specified time; and
- f. that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Draft Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b. Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- c. Details of all un utilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such un utilized monies have been invested.
- d. The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilization for the purposes described above, the company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, bank deposits and similar securities with banks for necessary duration. Such investment would be in accordance with the investment policies approved by the Board from time to time

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs, FIIs foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual. The aggregate holding by FIIs in a company cannot exceed 24% of its issued share capital, however, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of the Company, inter-alia, includes the following clauses:

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

3. Amount of Capital

The Authorized Share Capital of the company shall be the capital as specified in Clause V of the Memorandum of Association, with power to increase and reduce the Share Capital of the company and to divide the shares in the Capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for time being be provided in the Articles of Association.

4. Increase of capital by the Company and how carried into effect

The Company in General Meeting may, from time to time, increase the Capital by the creation of new Shares. Such increase to be of such aggregate amount and to be divided into such shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, or otherwise and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

5. Office

Except in so far as otherwise provided in the conditions of issue of shares by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

6. Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which at or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

7. Provision applicable on the Issue of redeemable Preference shares

On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof, the following provisions shall take effect:

- a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh Issue of shares made for the purpose of the redemption.
- b) no such shares shall be redeemed unless they are fully paid.
- c) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions

of the Act relating to the reduction of the share capital of the Company shall, excepts as provided in Section 80 of the Act, apply as. if the Capital Redemption Reserve Account were paid up share capital of the Company.

8. Reduction of Capital

The Company may (subject to the Provisions of Section 78, 80, 100 to capital 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

9. Sub-division, consolidation and cancellation of shares

Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company in General Meeting may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

10. Modification of Rights

Whenever the Capital is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is confirmed by a Resolution passed at a separate General Meeting of the holders of shares of that class and supported by the votes of the holders of at least three-fourths of those shares, and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting, but so that the quorum thereof shall be members present in person or by proxy and holding three fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if it were omitted.

SHARES AND CERTIFICATES

11. Register and Index of Members

The Company shall cause to be kept a. Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.

12. Shares to be Numbered progressively and no share to be subdivided

The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

13. Further issue of capital

Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of the un-issued capital or out of the increased share capital then

- a) such further shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on those shares at the date.
 - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED that the Directors may decline without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they may think, in their sole discretion, deem fit.
1. Notwithstanding anything contained in the sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner whatsoever.
 - i. if a special resolution to that effect is passed by the company in general meeting; or
 - ii. where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained -in the resolution, moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members so entitled to voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
 2. Nothing in sub-clause (c) of (1) hereof shall be deemed;
 - a) To extend the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
 3. Nothing in this article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loan raised by the company:
 - i. To convert such debentures or loans into shares in the company; or
 - ii. To subscribe for shares in the company (whether such option is conferred in these articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that government in this behalf ; and
- b. in the case of debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the Central Government in this behalf, has also been

approved by a special resolution passed by the company in general meeting before the issue of the debentures or raising of the loans.

18. Liability of Members

Every member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

19. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates each for one or more of such shares and the company shall complete and have ready for delivery of such certificates within 3 month from the date of allotment, unless the conditions of issue thereof otherwise provide or within 1 month of the receipt of application of registration of transfer, transmission, subdivision or consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificates and delivery of a certificate of shares to one of several joint holder shall be sufficient delivery to all such holders.

20. Issue of New Certification place of one defaced, lost or destroyed

If any certificate be worn out, defaced, mutilated or torn or if there be no production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificates) as the directors shall prescribe, provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced, worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirement of any stock exchange or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or the rules applicable in this behalf.

The provision of this act shall mutatis mutandis apply to the debentures of the company.

21. The first named joint holder deemed to be sole holder

If any share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations.

22. Company not bound to recognize any interest in share other than that of registered holder

Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

23. Buy back of Securities by the Company

The Company shall have power, subject to and in accordance with all the applicable provisions of the Act and the rules made there under, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or securities premium account of the Company or proceeds of any shares or other specified securities provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities or from such other sources as may be permitted by Law on such terms, conditions and in such manner as may be prescribed by the Law from time to time in respect of such purchase.

- 23 A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing allotment of share, attending (not voting) at the general meeting, appointment of directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the general meeting by a special resolution.

UNDERWRITING AND BROKERAGE

24. Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued, and in the case of debentures, two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly "in one way and partly in the other.

25. Brokerage

The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

26. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

27. (a) Directors may make calls

The Board may, from time to time and subject to the terms on which any shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

- (b) That option or right to call of shares shall not be given to any person except with the sanction of the issuer in general meetings.

28. Notice of calls

Fifteen days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

29. Calls to date from resolution

A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board

30. Calls may be revoked or postponed

A call may be revoked or postponed at the discretion of the Board.

30A. The option or right to call of shares not be given to any person except with the sanction of the company in general meeting.

31. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

32. Directors may extend time

The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour.

33. Calls to carry interest

If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest of the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

34. Sums deemed to be calls

Any sum, which may by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

35. Proof on trial of suit for money due on shares

On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member, in respect of whose shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book; and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

36. Partial payment not to preclude forfeiture

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

37. Calls in advance

The directors may, if they think fit, subject to the provisions of section 92 of the act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually paid for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

38. Company to have lien on shares

The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause.

39. As to enforcing lien by sale

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell, shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

40. Application of proceeds of sale

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARE

41. If call on installment not paid notice may be given

If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

42. Form of notice

The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at

the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

43. If notice not complied with shares may be forfeited

If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares -and not actually paid before the forfeiture.

44. Notice of forfeiture to a member

When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.

45. Forfeited share to become property of the company

Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re allot or otherwise dispose of the same in such manner as think fit.

46. Power to annul forfeiture

The Board may, at anytime before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

47. Liability on Forfeiture

A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

48. Effect of forfeiture

The forfeiture of a share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the share and all other rights, incidental to the share except only such of those rights as by these Articles are expressly saved.

49. Evidence of forfeiture

A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

50. Cancellation of share certificate in respect of forfeited shares

Upon any sale, re-allotment or other disposal under the provisions of the preceding. Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to

issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

51. Register of transfers

The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

52. Instruments of transfer

The instrument of transfer shall be in writing and all provision of section 108 of the companies Act, 1956 and statutory modification there of for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

53. To be executed by transferor and transferee

Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).

54. Common form of transfer

The instruments of transfer shall be in the form prescribed by the Act or the Rules made thereunder or where no such form is prescribed in the usual common form or any other form approved by the Stock Exchange in India or as near thereto as circumstances will admit.

55. Transfer Books when closed

The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient,

56. Directors may refuse to register transfer

Subject to the provision of section 111 of the act and section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the director shall within 1 (One) month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not, be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

57. Nomination

Every holder of shares in, or Debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.

Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall-vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.

Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.

58. Transmission in the name of nominee

Any person who becomes a nominee by virtue of the provision of the above Article, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

- a. to be registered himself as holder of the shares or debentures, as the case may be; or
- b. to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder and the certificate (s) of Shares or Debentures, as the case may be, held by the deceased in the Company.

Subject to the provisions of Section 109B(3) of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.

A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a member or Debenture holder in relation to meetings of the Company.

The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.

59. No transfer to insolvent etc.

No share shall in any circumstances be transferred to any insolvent or persons of unsound mind.

60. Registration of persons entitled to shares otherwise than by transfer (The transmission article)

Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to

his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

61. Person entitled may receive dividend without being registered as a member

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

62. Transfer to be presented with evidence of title

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

63. Conditions of registration of transfer

For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

64. Fee on transfer or transmission

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of attorney or similar other document.

65. Company not liable for disregard of a notice in prohibiting registration of transfer

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the Prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

DEMATERIALIZATION OF SECURITIES

- 65A. Definitions

The provisions of this Article shall apply notwithstanding anything to the contrary contained in, any other Articles.

1. For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository, 'SEBI' means the Securities & Exchange Board of India; established under Section 3 of the Securities & Exchange Board of India Act, 1992 and

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt with in accordance with the provisions of the Depositories Act, 1996.

2. Dematerialisation of Securities

The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

3. Options for Investors

Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

4. Securities in depositories to be in fungible form

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

5. Rights of Depositories and beneficial owners

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities, which are held by a depository and shall be deemed to be a Member of the Company.

6. Service of Documents

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

7. Transfer of securities

Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

8. Allotment of securities dealt with in a depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

9. Distinctive number of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

10. Register and Index of Beneficial Owners

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

BORROWING POWERS

67. Power to borrow

The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

68. Conditions on which money may be borrowed

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future] including its uncalled capital for the time being.

72. Register of mortgages etc to be kept

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures, and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118 and 125 and 127 to 144, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

74. Shares may be converted to stock

The Company in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which the shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time re-convert any stock into paid-up shares of any denomination.

75. Rights of stockholders

The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and. advantages as regards dividends and voting at the meetings of the Company, and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETING OF MEMBERS

76. Annual General Meeting Summary

General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which

the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(l) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in' the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

77. Extraordinary General Meeting

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-fourth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.

78. Regulation of the Members to state object of meeting

Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.

78. On receipt of requisitions Directors to call meeting and in default requisitionists may do so

Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from default requisitionists the date of deposit of the requisition, the requisitionists, or such of their may do so number as, represents either a majority In value of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the meeting, bid in either case, any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

80. Meeting called by requisitionists

Any meeting called under the foregoing Articles by the requisitionists shall Meeting called by be called in the same manner, as neatly as possible, as that in which requisitionist meetings are to be called by the Board.

81. Twenty-one days notice of meeting to be given

Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary and by whosoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner, hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in the case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid up share capital of the Company as gives a right to vote at the meeting any be convened by a shorter notice. In the case of an Annual General Meeting, I any business other than (I) the consideration of the Accounts, Balance Sheets and Reports of the Board

of Directors and Auditors (ii) the declaration of dividend, (III) the appointment of Directors in place of those retiring (iv) the appointment of and fixing of remuneration of the Auditors, is proposed to be transacted then in that event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every director, and the Manager (if any). Where any such item of special business relates to or affects any other Company, the extent of shareholding interest in other company of every Director and the Manager, if any, of the Company shall also be set out in the Statement if the extent of such share holding interest is not less than 20 percent of the paid-up share capital of that other company, where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

84. Quorum of General Meeting

Five members present in person shall be quorum for a General Meeting.

85. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

86. If quorum not present meeting to be dissolved or adjourned

If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the office of the Company is for the time being situate as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

87. Chairman of General Meeting

The Chairman (if any) of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the Chair, then the directors present may choose one of their member to be the Chairman of the meeting. If no director were present or if all the directors present decline to take the chair, then the Members present shall elect one of their member to be Chairman.

88. No business shall be discussed at any General Meeting except the election of a Chairman, while the chair is vacant.

89. Chairman with consent may adjourn meeting

The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned meeting other than the business, left unfinished at the meeting from which the adjournment took place.

90. Questions at general meeting decided

At any General Meeting a resolution put to vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid-up on all the shares conferring that right, and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

91. Chairman's casting vote

In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

92. Poll be taken if demanded

If a poll is demanded as aforesaid, the same shall, subject to Article 89 Poll if be taken if be taken at such time (not later than forty-eight hours from the time when demanded the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

93. Scrutinizers at poll

Where a poll is to be taken, the Chairman of the meeting shall appoint two Scrutinizer at poll Scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a Scrutinizer from office and fill vacancies in the office of Scrutinizer from such removal or from any other cause.

VOTE OF MEMBERS

96. Members in arrears not to vote

No member shall be entitled to vote either personally or by proxy, at any Members In General Meeting or Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on vote which any calls or other sums presently payable by him have not been paid or, in regard to which the, Company has, and has exercised any right of lien.

97. Number of vote which a person entitled

Subject to the provisions of these Articles and without prejudice to any Number of vote special privileges or restrictions as to voting for the time being attached to which a person entitled any class of shares for the time being forming part of the Capital of the company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the Company. Provided, however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of subsection (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

100. Vote of joint holders

If there be joint holders of any shares, anyone of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto by the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member In whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.

101. Vote in person or by proxy

Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.

103. Appointment of proxy

Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

105. A member present by proxy shall be entitled to vote only on a poll.

107. Form of Proxy

Every instrument of proxy whether for a specified meeting or otherwise shall, Form of proxy as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

109A. Passing of resolution by postal ballot

Notwithstanding any thing contained in the foregoing, the company shall Passing of transact such business, as may be specified by the Central Government, resolution by postal ballot from time to time, through the means of postal ballot. In case of resolutions to be passed by postal ballot, no meeting need to be held at a specified time and space requiring physical presence of members to form a quorum. Where a resolution will be passed by postal ballot the company shall, in addition to the requirements of giving requisite clear days notice, send to all the members the following:

- i. Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
- ii. Postal ballot for giving assent or dissent, in writing by members: and
- iii. Postage prepaid envelope (by Registered Post) for communicating assents or dissents on the postal ballot to the company with a request to the members to send their communications within 30 days from the date of dispatch of Notice.

The Company shall also follow such procedure, for conducting vote by postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.

111. Minutes of General Meeting and inspection thereof by

1. The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof In books kept for that purpose with their pages consecutively numbered.
2. Each page at every such book shall be initiated or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or liability of that Chairman- within that period, by a Director duly authorised by the Board for the purpose.
3. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
4. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

5. All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meetings.
6. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting
 - a) is or could reasonably be regarded, as, defamatory of any person, or
 - b) is irrelevant or immaterial to the proceeding, or
 - c) is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

7. Any such minutes shall be evidence of the proceedings recorded therein.
8. The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

112.
 1. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three not more than twelve.
 2. The first Directors of the Company were the following:
 - i. MR. Ramesh Kumar Mehra
 - ii. MR. Sidh Nath Mehra
 - iii. MR. Mahesh Mehra

113. Power to appoint exofficio directors

If at any time the Company obtains any loan or any assistance in connection Power to appoint there with by way of guarantee or otherwise from any person, firm, body exofficio directors corporate, local authority or public body (hereinafter called "the institution") or if at any time the Company issues any shares, debentures and enters into any contract or arrangement with the institution, whereby the institution subscribes for or underwrites the issue of the Company's shares or debentures or provides any assistance to the Company in any manner and it is a term of the relative loan, assistance, contract or agreement that the institution shall have the right to appoint one or more directors to the Board of the Company, then subject to the provisions of Section 225 of the Act and subject to the terms and conditions of such loan, assistance, contract or arrangement, the institution shall be entitled to appoint one or more director or Directors, as the case may be, to the Board of the Company and to remove from office any director so appointed and to appoint another in his place or in the place of Director so appointed who resigns or otherwise vacates his office, Any such appointment or removal shall be made in writing and shall be served at the office of the Company The director or directors so appointed shall neither be required to hold any qualification share nor be liable to retire by rotation and shall continue in the office for so long as the relative loan, assistance, contract or arrangement, as the case may be, subsists.

- 114A. If the Company at any time have a minimum paid up capital of Rupees Five Crore or such sum as may be prescribed and at least one thousand or more small shareholders, then the company may, suo motto or upon requisition of not less than one tenth of the total number of small shareholders, proceed to appoint a nominee from amongst small shareholders as a Director of the Company. The small 'shareholders' director shall before his appointment, file his consent, to act as a Director, in writing to the Company and the tenure of such appointment shall be three years at a time without retirement by rotation, but shall be eligible for reappointment for another tenure. He shall, however, not be appointed as Managing Director or Whole Time Director under any circumstances and shall be subject to same disqualifications and shall vacate his office on the same grounds as are applicable to other Directors, in pursuance of these Articles. The company shall follow such Rules as may be prescribed by the Central Government in this behalf.

Restrictions on directorship

No small shareholders' director appointed in accordance with the provisions of this Article shall hold office at the same time as "small shareholders' director" in more than two companies.

115. Appointment of alternate directors

The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director when he returns to that State. If the terms of office of the Original Director are determined before he so returns to that state, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

117. Share qualification of directors

Until otherwise determined by the Company in General Meeting, a Director shall not be required to hold any shares in the capital of the Company as his qualification

118. Directors can act before acquiring qualification

Without prejudice to the restrictions imposed by Section 226 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him within two months from his appointment as a director.

119. Director's power to fill casual vacancies

Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

120. Remuneration of Directors

1. Subject to the provisions of the Act, a Managing Director, or Managing Remuneration of Directors or Director who is/are in the whole-time employment of the Directors Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
2. Subject to the provisions of the Act, a Director who is neither in the whole-time employment nor a Managing Director, may be paid remuneration either.
 1. by way of monthly, quarterly or annual payment with the approval of the Central Government, or
 2. by way of commission if the Company by a special resolution authorised such payment.
 3. The fees payable to a Director (including a Managing or whole-time Director, if any), for attending a Meeting of the Board or Committee thereof may be in accordance with and subject to the provisions of Section 309 of the Act or such other sum as the Company in General Meeting may from time-to time determine.

121. Reimbursement of expenses to Directors for meeting of the Board

The Board may allow any pay to any director who is not a bonafide resident Reimbursement of the place where the meetings of the Board are ordinarily held and who of expenses to Directors for shall come to such place for the purpose of attending any meeting, such attending meeting sum as the

Board may consider fair compensation for traveling, boarding, of the Board lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or resided out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company.

123. (1) Vacation of office of director

The office of a Director shall ipso facto be vacated if: -

- a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any necessary for his appointment; or
- b) he is found to be of unsound mind by a Court of competent jurisdiction; or
- c) he applies to be adjudicated an insolvent;
- d) or he is adjudged insolvent; or
- e) he is convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six month or
- f) he falls to pay any call in respect of shares of the Company h by him, whether alone or jointly with others, within six month from the last date fixed for the payment of the call; or
- g) he absents from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three rmonths whichever is the longer, without obtaining leave of absence from the Board; or
- h) he or any firm of which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee, security for a loan, from the Company in contravention of Section 295 of the Act; or
- i) he acts in contravention of Section 299 of the Act; or
- j) he has been removed from office in pursuance of Section 203 c the Act; or
- k) by notice in writing to the Company that he resigns his office; or
- l) any office or place of profit under the Company or under an) subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate the office.

(2) Notwithstanding any matter or thing in sub-clauses (d), (e) and 0) of clause (1), the disqualification referred to in those sub-clauses shall not take effect

- a) for thirty days from the date of adjudication sentence or order; or
- b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- c) where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.

125. Disclosure of interest

A director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company either himself or along with his relatives holds or hold two per cent of the paid-up share capital in any such other company.

126. General notice on interest

A General Notice given to the Board by the Directors, to the effect that he General notice of is a director or member of a specified body corporate or is a member of a interest specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired of such general notice and no renewal thereof, shall be of effect unless it is given at a meeting the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

127. Interested director not to participate or vote in Board's proceeding

No director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company if he is in any way whether directly or indirectly concerned or interested such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and 9 if he does vote, his vote shall be void; provided however, that nothing here Contained shall apply to:

- a. any contract of indemnity against any loss that the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.
- b. any contract or arrangement entered Into or to be entered into with, public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:
 - i. in his being:
 - a. a director in such company, and
 - b. the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or
 - ii. in his being a member holding not more than 2% of its paid-up , share capital.

128. Register of contracts in which directors are interested

The Company shall keep a Register in accordance with Section 301(I) - and shall within the time specified in section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company & the names of the bodies corporate and firms of which notice has been given by him under Article 125. The Register shall be kept at the office of the company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provision of Section 163 of the Act shall apply accordingly.

129. Directors may be directors of companies promoted by the company

A Director may be or become a director of any company promoted by the Company or "in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 209(6) or Section 314 of the Act may" be applicable.

130. Retirement and rotation of directors

At every Annual General Meeting of the Company, one-third if such of the Directors for the time being as are liable to retire by rotation or if there number is not three or a multiple of three, the number nearest to one-third shall retire from office.

131. Ascertainment of Directors retiring by rotation and filing of vacancies

Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but, as between persons who became -directors on the same day, those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.

132. Retiring Director eligible for re-election

A retiring Director shall be eligible for re-election.

133. Filing up of vacancies at general meeting

Subject to Sections 258 and 259 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated off ice by electing a person thereto.

134. Provision for default of appointment

- a. If the place of the retiring Director is not so filled up and the meeting provisions for has not expressly, resolved not to fill the vacancy, the meeting shall default of appointment stand adjourned until the same day in the next week, at the same time and place.
- b. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be so deemed to have been reappointed at the adjourned meeting, unless:
 - i. at that meeting or at the previous meeting the resolution for the reappointment of such Director has been put to the meting and lost;
 - ii. the retiring Director has, by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so reappointed;
 - iii. he is not qualified or is disqualified for appointment;
 - iv. a resolution whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
 - v. the provision to sub-section (2) of Section 263 of the Act is applicable to the case.

135. Company may increase or reduce the number of directors

Subject to Section 259 of the Act, the Company may, by Ordinary Company may Resolution, from time to time, increase or reduce the number of directors, Increase or reduce the and may after their qualifications the Company (subject to the provisions number of Section 284 of the Act) remove any Director before the expiration of his directors period of office and appoint another qualified person in his seat. The person so appointed shall hold Office during such time as the director in whose place he is appointed would have held the same if he had not been removed.

136. Notice for candidate for office of directors except in certain cases

1. No person not being a retiring Director, shall be eligible for appointment to the office of director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office.
2. Every person (other than a director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.
3. A person other than a Director reappointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or reappointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

137. Register of Directors etc and notification of change to Registrar

- a. The Company shall keep at its office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act and shall otherwise comply with the provisions of the said Section in all respects.
- b. The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

138. Disclosure by directors of appointment only in other body corporate

- (a) Every Director (including a person deemed to be a Director by Virtue of the Explanation to sub-section (1) of Section 303 of the Act) Managing Director, Manager, or Secretary of the Company, shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body which are required to be specified under sub-section (1) of Section 303 of the Act.

Disclosure by a Director of his holder of shares and debentures of company etc,

- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provision of that section.

MANAGING DIRECTOR

139. Board may appoint Managing Director or managing Directors

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director or Managing Directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions- of Article 140, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested In the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act.

140. Restriction on management

The Managing Director or Managing Directors shall not exercise the powers to:

- a) make calls on shareholders in respect of money unpaid on the shares in the Company;
- b) issue debentures and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to
- c) borrow moneys, otherwise than on debentures;
- d) invest the funds of the Company, and
- e) make loans.

141. Certain persons not to be appointed

The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole-time Director who

- a) is an undischarged insolvent, or has at any time been adjudged as insolvent;
- b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made a composition with them; or
- c) is, or has, at any time been convicted by a Court of an offence involving moral turpitude.

142. Special position of Managing Director

A Managing Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 129. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

143. Meetings of Directors

The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

144. Notice of Meeting

Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India; to every other Director.

146. Chairman

The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board the Chairman is not present within five minutes after the time appointed, for holding the same, the Directors present shall choose some one of their member to be the chairman of such meeting.

147. Quorum

The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

149. Matters to be decided on majority of votes

Subject to the provisions of Sections 316, 327(4) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and- in case of any equality of votes, the Chairman shall have a second or casting vote.

150. Power to appoint committee and delegate

The Board may subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may from time to time be imposed upon it by the Board.

151. Proceedings of committee

The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the Article 149.

152. Resolution without Board Meeting

Save in those case where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors, or members of the Committee, at their usual address in India, and has been approved by such of them as are then in India, or by a majority of them as are entitled to vote on the resolution.

154. Minutes of proceedings of meeting of Board

1. The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in the books kept for that purpose with their pages consecutively numbered.
2. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
3. In no case shall the minutes of proceedings of a meeting be attached I to any such book as aforesaid by a pasting or otherwise.
4. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
5. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
6. The minutes shall also contain
 - a) the names of the Directors present at the meeting; and
 - b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.

7. Nothing contained in sub-clause (1) to (6) shall be deemed to require the Inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting :
 - a) is, or could reasonably be regarded as defamatory of any person.
 - b) is irrelevant or immaterial to the proceedings; or
 - c) is detrimental to the interest of the Company.
8. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

155. Power of Director

The Board may exercise all such powers of the Company and do all such acts, and things as are not, by the Act, or any other Act, or by the Memorandum, or by the Articles of the Company, required to be exercised by the Company in General Meeting subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

- a. sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking.
- b. remit, or give time for the repayment of any debt due by a Director.
- c. invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
- d. borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves - that is to say, reserve not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall, subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated to the extent there in stated; or
- e. contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

156. Absolute powers of Board in certain cases

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers; that is to say, power

1. To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
2. To pay any charge to the capital account of the Company and Commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act.

3. Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in shares, bonds, debentures, mortgages, or other securities of the Company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled capital or not so charged;
5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the firm being or in such manner as they may think fit;
6. To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
7. To appoint any person to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, And of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and, perform any awards made thereon;
9. To act on behalf of the. Company in all matters relating to bankrupts and insolvents;
10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
11. Subject to the provisions of Sections 292, 295, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
13. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose;
14. To distribute by way of bonus amongst the staff of the Company, share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and

from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section. 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of any apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or debenture-stock, and without being bound to keep the same, separate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their, discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
17. Subject to the provisions of the Act to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. Also, from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
18. To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company be necessary or expedient of comply with;
19. From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such Local Boards and to fix their remuneration;
20. Subject to Section 292 & 293 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow or moneys, and to authorize the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) And for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the share holders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;
22. Subject to Sections 294, 294A, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, and to execute and do all such, acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
23. Subject to the provisions of Companies Act, 1956, the Board may pay such remuneration to Chairman/Vice Chairman of the Board upon such conditions as they may think fit.

THE SECRETARY

157. Secretary

The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the Board comprises only three Directors, neither of them shall be the Secretary. The Secretary appointed by the directors pursuant to this Article shall be a whole-time Secretary. The Directors may also at any time appoint some person, who need not be Secretary, to keep the registers required to be kept by the Company.

THE SEAL

158. The seal its custody and use

- a. The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- b. The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

159. Every Deed or other instrument, to which the seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share Certificate, the Seal shall be affixed in accordance with the Article 19(a).

DIVIDENDS

160. Division of profits

The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

161. The company in general meeting may declare a dividend
- The Company in General Meeting may declare dividends to be paid to The company in members according to their respective rights, but no dividend shall exceed general meeting may declare a the amount recommended by the Board, but the company in general meeting dividend may declare a smaller dividend.
162. Dividend only to be paid out of profits
- No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that ;
- a. if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
 - b. if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.
163. Interim Dividend
- The Board may, from time to time, pay to the Members such interim Dividend as in their judgment, the position of the Company justifies.
165. Payment of prorata dividend
- All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
166. Dividend to be kept in abeyance
- The Board may retain the dividends payable upon shares in respect of which any person is under the Article 60 entitled to become a member or which any person under that Article is entitled to transfer; until such a person shall become a member, in respect of such shares or duly transfer the same.
168. Deduction of money owed to the company
- No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
169. Right of dividend where shares transferred
- A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.
170. Manner of paying dividend
- Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered

address of the member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holdings. Every such cheque or Warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

171. Non-forfeiture of unclaimed dividend

No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the company shall comply with the provision of Sections 205A and 205C of the Act in respect of all unclaimed or unpaid dividends.

172. Dividend may be set off against calls

Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend and the dividend may, if so arranged between the Company and the member, be set off against the calls.

172A. Where the company has declared a dividend but which has not been paid or dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of the expiry of said period of 30 days open a special A/C in that behalf in any scheduled bank called "Unpaid dividend of M/s. Kaushalya Infrastructure Development Corporation Limited" and transfer to the said account the total amount of unpaid dividend or where no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid/unclaimed for a period of 7 year from the date of such transfer, shall be transferred by the Company to the General Revenue A/C of the Central Govt.

A claim to any money so transferred to the general revenue account may be preferred to the central govt. by the shareholders to whom the money is due. No unclaimed/ unpaid dividend shall be forfeited by the board.

CAPITALISATION OF RESERVES

173. Issue of Bonus Shares

Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures, or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

174. Utilisation of undistributed capital profits

A General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

176. Directors to keep true accounts

1. The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act, with respect to
 - a. all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
 - b. all sales and purchases of goods by the Company.
 - c. the Assets and liabilities of the Company.
2. Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
3. The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
4. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.
5. The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

177. Places of keeping accounts

The Board shall from time to time determine whether and to what extent and at what times and place and under what conditions are regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no person (not being a member) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board.

178. Laying of accounts before Annual General Meeting

The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Account and Reports as are required by these Sections

179. Accounts when to be sent

A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex facie are payable to the bearer thereof); to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

AUDIT

180. Accounts to be audited

Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

181. First auditor or auditors

The First Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting provided that. the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the company not less than fourteen days before the date of the Meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General, Meeting may appoint the first Auditor or Auditors.

The aforesaid provisions shall mutatis mutandis apply to any Secretarial Auditor appointed under the relevant provisions of the Act.

DOCUMENTS AND NOTICES

182. Service of documents and notice

1. A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.
2. Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so; service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

186. Service of notice of General Meetings

Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore on or to (a) every member (b) every person entitled to a share in consequence of the death or Insolvency of a member, and (c) the Auditor for the time being of the Company.

188. Document or notice to be signed

Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

WINDING UP

190. Liquidators Powers

The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the Contributories in specie any part of the assets of the Company and may with the like sanction; vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

192. Person when to be indemnified by the company

Every Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceeding, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of Act, in which relief is granted to him by the Court.

SECRECY

193. No member to enter the premises of the company without permission

Subject to the provisions of these Articles and the Act no member, or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade-secret, mystery, of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors will be inexpedient in the interest of the Company to communicate.'

SECTION X : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by Kidco entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material contracts have been entered into or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, shall be delivered to the Registrar of Companies, West Bengal, Kolkata, for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of Kaushalya Infrastructure Development Corp. Ltd. HB 170, Sector III, Salt Lake, Kolkata – 700 016 between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Draft Red Herring Prospectus till the Closing Date of the Issue.

Material Contracts

- i) Letter of Appointment dated 25th September, 2006 from the Issuer Company appointing SREI Capital Markets Limited as Book Running Lead Manager to the Issue.
- ii) Memorandum of Understanding dated 22nd November, 2006 entered into by the Issuer Company with SREI Capital Markets Limited
- iii) Letter of Appointment dated 25th September, 2006 from the Issuer Company appointing Intime Spectrum Registry Limited as Registrar to the Issue.
- iv) Memorandum of Understanding dated 3rd November, 2006 entered into by the Issuer Company with Intime Spectrum Registry Limited.
- v) Engagement Letter dated 16.05.2006 to M/s Mukherjee Agarwalla & Co. appointing them as Legal Advisor to the Issue.
- vi) Escrow Agreement dated [•] between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
- vii) Syndicate Agreement dated [•] between the Company, the BRLM, and the Syndicate members
- viii) Underwriting Agreement dated [•] between the Company, the BRLM, and the Syndicate Members.
- ix) Tripartite Agreement dated [•] between the Company, NSDL and Intime Spectrum Registry Limited.
- x) Tripartite Agreement dated [•] between the Company, CDSL and Intime Spectrum Registry Limited

Documents for Inspection

- i) Memorandum and Articles of Association of Kaushalya Infrastructure Development Corporation Limited as amended from time to time.
- ii) Certificate of Incorporation dated June 4, 1992.
- iii) Fresh Certificate of Incorporation dated November 5, 2001 consequent upon change of name from R.M.S. Exim Private Limited to Kaushalya Infrastructure Development Corporation Private Limited
- iv) Fresh Certificate of Incorporation dated February 7, 2002 consequent upon conversion into public limited company from Kaushalya Infrastructure Development Corporation Private Limited to Kaushalya Infrastructure Development Corporation Limited
- v) Memorandum of Association of Bengal KDC Housing Development Limited
- vi) Memorandum of Understanding dated 23rd March, 2006 between West Bengal Housing Board and the Company
- vii) Resolution Passed by the Board of Directors at their meeting held on 26th July, 2006 for the proposed Public Issue.
- viii) Special Resolution passed by the shareholders of the Company at the EGM held on 21 August 2006, pursuant to Section 81 (1A) of the Companies Act, 1956.
- ix) Initial listing applications dated [•] and [•] filed with BSE and NSE.
- x) Copies of Annual Report of Kaushalya Infrastructure Development Corporation Limited for the years ended 31st March, 2002, 2003, 2004, 2005 and 2006.
- xi) Copies of Audited Financial Results of Kaushalya Infrastructure Development Corporation Limited for the quarter ended 30th June, 2006.
- xii) Auditor's Report on the Restated financial statements of the Company dated 2nd November, 2006 and included in the Draft Red Herring Prospectus.
- xiii) Sanction letter(s) of borrowings by the Company.

- xiv) Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Manager, Registrar to the Issue, Bankers to the Company, and Legal Advisor to the Issue, to act in their respective capacities.
- xv) Tax Benefit Certificate dated 02.11.2006 from M/s Sumanta & Co., Chartered Accountants, Statutory Auditors of the Company.
- xvi) Copy of the Auditors Certificate dated 22.11.2006 from M/s Sumanta & Co., Chartered Accountants regarding the Sources and Deployment of Funds as on 22.11.2006 (till date).
- xvii) Copies of the Resolutions passed at the Annual General Meeting of the shareholders held on 30th September, 2005 confirming the appointment of Mr. Prashant Mehra as Managing Director and Mr. Sidh Nath Mehra as Whole Time Director.
- xviii) Copies of Quotations obtained for purchase of equipments.
- xix) In-principle listing approvals from BSE dated [●], and from NSE dated [●].
- xx) General Power of Attorney dated 29th November, 2006 executed by Directors in favour of Mr. Prashant Mehra for signing and making necessary changes in the Draft Red Herring Prospectus.
- xxi) Legal Advisor's Certificate dated 23rd November, 2006.
- xxii) Legal Due Diligence Report of Mukherjee Agarwalla & Co.
- xxiii) Due Diligence Certificate dated 29.11.2006 to SEBI from SREI Capital Markets Ltd.
- xxiv) SEBI Observation Letter no. [●] dated [●].
- xxv) Reply to SEBI's observations vide letter dated [●].
- xxvi) Resolution of the Members of the Company passed at the AGM held on 30.09.2002 appointing M/s Sumanta & Co., Chartered Accountants, Kolkata, as statutory auditors.
- xxvii) Copies of form along with relevant resolutions regarding increase in the Authorised Share Capital.
- xxviii) Copy of the Board Resolution approving this Draft Red Herring Prospectus.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Ramesh Kumar Mehra, Chairman

Mr. Prashant Mehra, Managing Director

Mr. Sidh Nath Mehra, Whole Time Director

Mr. Mahesh Mehra, Director

Mr. Rajesh Kumar Agarwal, Director

Mr. Parag Keshar Bhattacharjee, Director

Mr. Amar Kumar Biswas, Director

Signed by Mr. A.B. Chakraborty, Company Secretary

Place: Kolkata

Date : 29.11.2006