

11th Annual Report 2001-2002



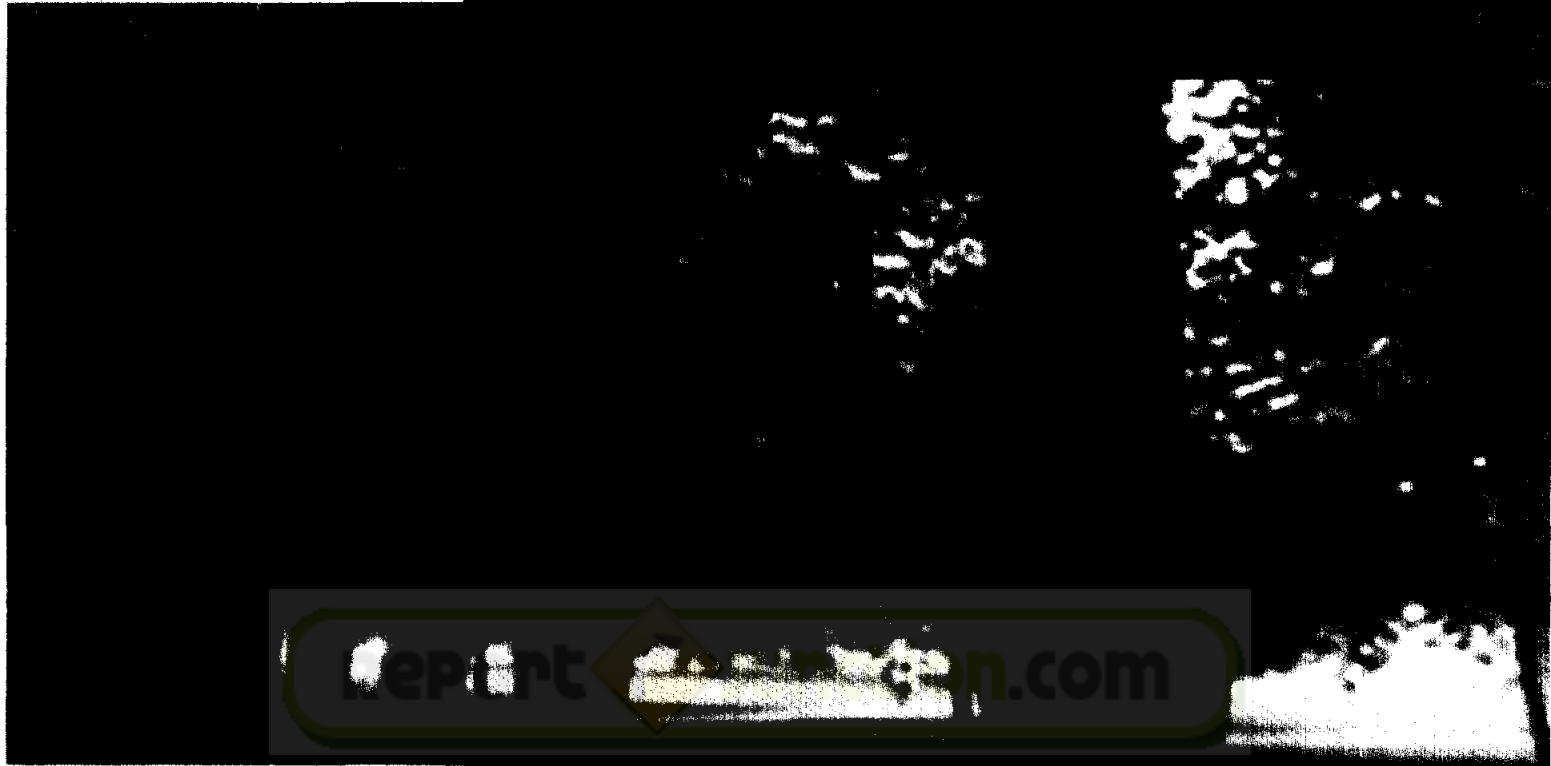
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घराला घरपण देणारी माणसं

D. S. Kulkarni Developers Ltd.

Think for all, Shelter for all.

DSK "VISHWA"
Underconstruction



DSK VISHWA, PH-3
Bhoomipoojan Ceremony
at the hands of
flat owners

D. S. KULKARNI DEVELOPERS LIMITED

| | | |
|---------------------------|---|---|
| BOARD OF DIRECTORS | : | D. S. KULKARNI (CHAIRMAN & MANAGING DIRECTOR) S. M. DESHPANDE (JOINT MANAGING DIRECTOR) VINAY P. PHADNIS (EXECUTIVE DIRECTOR) V. C. JOSHI DR. P. S. PALANDE M. K. P. SETTY G. Y. LIMAYE DR. (MRS.) ASHA C. BHATIA |
| CREDIT RESOURCE | : | BANK OF MAHARASHTRA SYNDICATE BANK THE LAKSHMI VILAS BANK LIMITED SHREE MAHALAXMI CO-OP. BANK LIMITED |
| AUDITORS | : | GOKHALE, TANKSALE & GHATPANDE CHARTERED ACCOUNTANTS |
| COMPANY SECRETARY | : | KAMALJEET KAUR REAL |
| REGISTERED OFFICE | : | 1187/60, J. M. ROAD SHIVAJINAGAR , PUNE - 411 005. |
| ARRANGEMENTS AT | : | DUBAI BAHARIN U.K. U.S.A. KUWAIT |

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11th ANNUAL REPORT 2001-2002**NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held on Tuesday, 17th September 2002 at 9.30 a.m. at the Firodiya Auditorium of Institution of Engineers, Jangli Maharaj Road, Shivaji Nagar, Pune 411 005 to transact the following business :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2002 and the Profit & Loss Account for the year ended on that date and the report of the Directors and of the Auditors thereon.
- (2) To appoint a Director in place of Mr. V. C. Joshi, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Dr. P. S. Palande, who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:**(5) REAPPOINTMENT OF MANAGING DIRECTOR**

To consider and if thought fit, to pass with or without modifications the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government required, if any, approval of the Company be and is hereby accorded to the reappointment of Mr. D. S. Kulkarni, as the Managing Director of the Company for a period of five years from 1st October 2001, on the terms set out in the draft Agreement duly initialed by Mr. G. Y. Limaye, Director of the Company for the purpose of identification, effective from 1st October 2001, to be entered between the Company and Mr. D. S. Kulkarni."

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (2) The Proxy form should be deposited at the Registered office not less than forty-eight hours before the time fixed for the Meeting. For attending the meeting members / proxies should bring their Attendance slips duly filled in.
- (3) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Item No. 5 of the notice is annexed.
- (4) Members are requested to notify to the Company immediately any change in their address, quoting folio number and giving complete address in capital letters with the PIN code. The Beneficial Owners of the dematerialized shares may inform the concerned Depository Participant of any change in their address.
- (5) The register of members and the share transfer books of the Company will remain closed from Monday, 9th September 2002 to Monday 16th September 2002 (both days inclusive) for the purpose of the Annual General Meeting.
- (6) Members are requested to bring their copies of the Annual Report at the Meeting.
- (7) In order to enable the Company to satisfactorily answer questions at the meeting, members who would like to ask any questions about the Annual Report are requested to send their questions so as to reach the Company, at least ten days before the Annual General Meeting.
- (8) With effect from October 30, 2000 the Company's shares are compulsorily traded in dematerialized mode. The Company has completed the necessary arrangements with the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dealings in dematerialised shares. Members are requested to get their shares dematerialized as early as possible.

By the order of the Board of Directors,
For D. S. KULKARNI DEVELOPERS LIMITED

Place: Pune
Date: July 26, 2002

D. S. KULKARNI
(CHAIRMAN & MANAGING DIRECTOR)



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D. S. KULKARNI DEVELOPERS LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 ANNEXED TO THE NOTICE CALLING THE ELEVENTH ANNUAL GENERAL MEETING ON TUESDAY, 17TH SEPTEMBER 2002 AT PUNE.****Item No. (5)**

Shri. D. S. Kulkarni is a promoter-director of the Company and has served the Company as its Chairman and Managing Director since its incorporation. He was re-appointed as such w.e.f. 1st October 2001 by a resolution passed unanimously by the Company's Board of Directors at their meeting held on 25th September 2001. As required by the provisions of the Companies Act 1956, approval for such re-appointment is being sought from the shareholders.

Thanks to his dynamic leadership, mature guidance, knowledge of the Company's core activities and wide experience the Company has prospered during the last ten years. Hence your Directors are of the opinion that it would be in the interest of the Company to reappoint him as the Managing Director for another term of five years.

Notwithstanding the contemporary trends in enhancement of managerial emoluments, Mr. D. S. Kulkarni has graciously agreed to be re-appointed on the terms and conditions stated below which are essentially the same as for his previous term of office.

Pursuant to the aforesaid Board resolution appointing Mr. D. S. Kulkarni as Managing Director, the Company proposes to enter into an agreement with Mr. D. S. Kulkarni w.e.f. 1st October 2001. The appointment of Mr. D. S. Kulkarni is as per the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956, and is subject to the approval of the shareholders in the Annual General Meeting. Hence the resolution stated in Item No. 5 is placed before the Annual General Meeting for its approval.

The important terms and conditions of appointment and remuneration applicable to Mr. D. S. Kulkarni, as set out in the draft agreement effective from 1st October, 2001 are as under:

- I. Mr. D.S. Kulkarni will be looking after the overall general working of the Company and such additional duties as may be assigned by the Board from time to time.
- II. Period of Agreement: 5 years i.e. 1st October 2001 to 30th September 2006.
- III. The remuneration and perquisites payable to Mr. D. S. Kulkarni, with effect from 1st October 2001 are as under:
 1. Salary Rs.50,000/- per month, in the scale of Rs.50,000-5,000-65,000, with increments, at such intervals as the Board may decide from time to time.
 2. House Rent Allowance: 30% of the salary per month.

Housing :

- a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Chairman & Managing Director.
- b) In case the Chairman & Managing Director is provided accommodation owned by the Company, 10% of his salary shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Chairman & Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (2) above.
3. Provident Fund: 12% of the salary per month.
4. Superannuation: 15% of the salary per month.

The contributions at (3) and (4) above are subject to any change effected in the schemes / rules of the respective funds.



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5. Car: Provision of Company's car with driver for both official and personal purpose of the Chairman & Managing Director.
6. Telephone : Provision of telephone at residence. Personal long distance calls shall be billed by the Company to the Chairman & Managing Director.
7. Perquisites : The perquisites shall be with an overall limit of Rs. 2.00 Lacs per annum. Such perquisites will include Leave Travel Assistance; Reimbursement of medical expenses; Club fees, subject to maximum of two clubs; Personal accident insurance, subject to annual premium and gas and electricity expenses.

OTHER BENEFITS:-

Gratuity : Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.

Pension: Benefits in accordance with the rules and regulations in force in the Company from time to time.

Leave: Leave on full pay and allowance at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of six months. Leave encashment for a maximum of eight months accumulated leave to be permitted at the end of the term, after obtaining such approvals as may be necessary.

Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

The above remuneration as aforesaid to be allowed to the Chairman & Managing Director shall be subject to such limits for these remuneration as laid down by the Companies Act, 1956.

The scope and quantum of remuneration and perquisites specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and / or the rules and regulations made thereunder and / or such guidelines as may be announced by the Central Government from time to time.

The Company shall pay to or reimburse the Chairman & Managing Director and he shall be entitled to be paid and or / to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The draft agreement to be entered into by the Company with Shri. D. S. Kulkarni is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 5.00 p.m. on all working days except Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The above terms and conditions shall be deemed to be an abstract under section 302 of the Companies Act, 1956.

The Resolution for the proposed variation in the terms of remuneration of the Chairman & Managing Director is recommended for acceptance by the shareholders.

None of the directors other than Shri. D. S. Kulkarni himself and Shri. S. M. Deshpande who is a relative of Shri. D. S. Kulkarni are concerned or interested in the resolution.

By the order of the Board of Directors,
For D. S. KULKARNI DEVELOPERS LIMITED

Place: Pune
Date: July 26, 2002

D. S. KULKARNI
(CHAIRMAN & MANAGING DIRECTOR)



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D. S. KULKARNI DEVELOPERS LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Eleventh Annual Report and Accounts for the year ending 31st March 2002.

(1) FINANCIAL RESULTS**(Rupees in lakhs)**

| | 2001-2002 | 2000-2001 |
|--|-----------|-----------|
| Sales & Increase in stocks | 2,979.57 | 3,692.49 |
| Profit before tax | 118.21 | 255.32 |
| Less : Provision for current tax liability | (9.04) | (23.00) |
| Add : Deferred tax asset | 177.81 | - |
| Profit after tax | 286.98 | 232.32 |
| Add: Prior year adjustments | - | 1.03 |
| Add: Balance Brought forward | 672.22 | 438.87 |
| Balance of Profit carried to Balance Sheet | 959.20 | 672.22 |

(2) DIVIDEND

In view of the present economic scenario, in spite of satisfactory performance your directors do not recommend any dividend.

(3) WORKING OF THE COMPANY:

The year under review was another year when the construction Industry faced severe constraints. Under the circumstances our performance can be considered satisfactory. The turnover during the year has decreased by approx. 19.31 % from Rs. 3,692.49 Lacs of last year to Rs. 2,979.57 Lacs during the year under review. The Profit before tax has decreased by 53.70 % from Rs. 255.32 Lacs last year to Rs. 118.21 Lacs approximately. As you are aware, the present industrial recession has reduced considerably the size of the market and the profitability of the Construction Industry. This decrease in turnover and profitability has been caused mainly because the Company decided to recognize the impact of both. However it appears that the downturn in the economy is over and the Board hopes to report better performance in the years to come.

Following were the sites at different stages of construction as on the date of Balance sheet.

| S. No. | NAME OF THE SITE | LOCATION |
|--------|-----------------------|------------------------|
| 1 | DSK Vishwa | Sinhagad Road, Pune |
| 2 | DSK Akashganga | Aundh, Pune |
| 3 | DSK Gandharwa Heights | Ganeshkhind Road, Pune |
| 4* | DSK Saraswati | Malad (East), Mumbai |
| 5* | DSK Chandradeep | Mukund Nagar, Pune |

* Since Completed

**11th ANNUAL REPORT 2001-2002****(4) DIRECTORS:**

The board of directors regret to record the sad demise of Dr. K.K.Todmal during the year and express their sincere appreciation for the valuable counsel and guidance given by him during his tenure as the Director of the Company.

Pursuant to article 73 of the articles of association of the Company, Mr. V. C. Joshi & Dr. P. S. Palande retire by rotation and, being eligible, offer themselves for reappointment.

Your Directors recommend their reappointment.

(5) FIXED DEPOSITS:

Fixed deposits from the Public, Shareholders and Employees as on 31st March 2002 stood at Rs.457.81 lacs as against Rs.500.64 lacs in the previous year. There were unclaimed deposits of Rs.2.15 lacs as on 31st March 2002 as against Rs.2.94 lacs in the previous year.

(6) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As the Company does not carry on any manufacturing activity, the particulars relating to conservation of energy & technology absorption required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not stated.

At every possible level Company is trying to conserve the use of electricity.

Company has received Foreign Exchange inflow amounting to Rs. 8.22 lacs (previous year 53.77 lacs) towards flat booking and foreign exchange outflow amounted to Rs. 8.91 lacs (previous year 0.92 lacs) on account of foreign travelling and other incidental Expenses.

(7) PARTICULARS REGARDING EMPLOYEES:

The company has no employees, whose particulars are required to be given u/s 217 (2A) of the Companies Act, 1956.

(8) AUDITORS:

The Auditors M/s Gokhale, Tanksale & Ghatpande, Chartered Accountants, Pune hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Appropriate certificate under Section 224 (1B) of the Companies Act, 1956, has been received. You are requested to re-appoint them as auditors.

(9) AUDIT COMMITTEE:

Pursuant to provisions of section 292A of the Companies Act, 1956, an Audit Committee comprising the following directors has been constituted:

1. Mr. G. Y. Limaye, Chairman
2. Mr. V. C. Joshi, Member
3. Dr. P. S. Palande, Member



(10) CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, the company was required to comply with the provisions relating to corporate governance not later than 31st March 2002. Accordingly the company complied with the relevant provisions concerning Corporate Governance. The Report on Corporate Governance is part of the Annual Report.

(11) DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2002, the directors have followed the applicable accounting standards along with proper explanation relating to material departures,
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- (iv) that the directors have prepared the annual accounts for the year under review on a going concern basis.

(12) ACKNOWLEDGEMENT:

The Directors wish to place on record their gratitude to the bankers, housing finance companies, financial institutions, customers, suppliers, contractors, architects, shareholders and depositors of the Company for their trust, support and co-operation. The Directors also place on record their thanks to the various departments of Government of Maharashtra, Government of India and authorities of different Municipal Corporations of Maharashtra for their valuable co-operation.

The Directors wish to express their sincere appreciation to all the employees for their dedication during the year under review.

For & on behalf of the Board of Directors,

Place: Pune
Date : July 26, 2002

D. S. KULKARNI
CHAIRMAN & MANAGING DIRECTOR

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REPORT ON CORPORATE GOVERNANCE

The era of good Corporate Governance came into existence with the insertion of Clause 49 of the Listing agreement. Your Company believes in attainment of highest levels of transparency in all facets of its operation. The Company is committed to maximise the shareholder value by adopting the principles of good corporate governance in line with provisions stipulated in the listing agreement.

1. Board of Directors

The Board of Directors of the Company consists of a majority of non-executive Directors, many of whom are acknowledged as leading professionals in their respective fields. The Board comprises three whole-time Directors and five independent Directors. The Constitution of the Board is given below:

| Director | #Wholetime/ Independent | *Number of outside directorship held | Number of membership on Board committees |
|--|----------------------------|--|--|
| Mr. D. S. Kulkarni | Wholetime | 1 | 2 |
| Mr. S.M. Deshpande | Wholetime | - | - |
| Mr. Vinay P. Phadnis | Wholetime | - | - |
| Mr. V.C. Joshi | Independent | - | 2 |
| Mr. M. K. P. Setty | Independent | 3 | 1 |
| Dr. P.S. Palande | Independent | 5 | 1 |
| Mr. G.Y. Limaye | Independent | - | 2 |
| (Late) Dr. K.K. Todmal (till 13.04.2002) | Independent | - | - |
| Dr. (Mrs.) Asha C. Bhatia | Independent | - | - |

An Independent Director is a director who apart from receiving director's remuneration does not have any material pecuniary relationship or transactions with the company, its promoters, or its management or its subsidiaries, which in the judgement of the board may affect his independence of judgement.

*This excludes directorships held in foreign companies, private companies and alternate directorships.

2. Audit Committee

The Audit Committee was set up in the earlier year by the Board of Directors on 21st October 2000. During the year six meetings were held one of which was before finalisation of accounts. The said meetings were held on 3rd May 2001, 11th June 2001, 19th June 2001, 4th October 2001, 9th November 2001 and 30th January 2002.

The Constitution of the Committee and the attendance of each member of the Committee is given below:

| Name | Designation | Wholetime/ Independent | Profession | Committee Meetings Attended |
|-------------------|-------------|---------------------------|-----------------------|-----------------------------------|
| Mr. G. Y. Limaye | Chairman | Independent Director | Chartered Accountant | 5 |
| Mr. V. C. Joshi | Member | Independent Director | Business Professional | 6 |
| Mr. P. S. Palande | Member | Independent Director | Ex. IAS Officer | 6 |