



A relationship that  
leads to growth and  
success

**D. S. KULKARNI DEVELOPERS LTD.**  
AN ISO 9001, ISO 14001, OHSAS 18001 COMPANY

**20<sup>th</sup>**  
ANNUAL  
REPORT  
2010-11

# The Camouflaged Opportunity



Opportunity is a shrewd lady. She is always knocking at your door, but you seldom realize it. On 5th August, financial circles all over the world were shook by a single piece of news. The United States lost its top-tier AAA credit rating from Standard & Poor's. This development has plunged the already fragile European economies into further crisis. How will all this impact Indian Realty? In my opinion, if we can see through the camouflage, there lies an opportunity!

Austerity measures of the Obama administration can mean greater opportunity for Indian IT companies if they are able to maintain their competitive edge. This forebodes good news for the construction industry. Additionally, the reduced crude oil prices will impact the high metal prices. This can cut construction expenditure. Reduced housing costs, phenomenal domestic demand and a 'new opportunity for IT sector'; put everything together, the picture looks bright.

Coming to our company's activities, in 2010-11 we have launched two housing projects, DSK Gandhkosh and DSK Kunjaban. Both projects were booked within a few days of launch, with Kunjaban managing that in a span of 3 days! Now, on the anvil is the launch of 6 projects in Mumbai and Pune, Also we are developing a 250 acres special township in Manjari Annexe at Pune. The high-end project in Manjari will provide top-notch world class amenities that match the highest expectations. We hope to launch this project in near future.

I am certainly upbeat about the prospects of our company and glad to present to you the success of 2010-11 in figures.

**D. S. Kulkarni**  
Chairman & Managing Director

# BOARD OF DIRECTORS



- **Mr. D. S. Kulkarni**  
(Chairman & Managing Director)
- **Mrs. J. D. Kulkarni**  
(Wholetime Director)
- **Mr. Shirish Kulkarni**  
(Executive Director)
- **Mr. V. C. Joshi**
- **Dr. M. K. P. Setty**
- **Mr. K. K. Taparia**
- **Mr. R. D. Kharosekar**

## Company Secretary

- Mr. Amol Purandare

## Credit Resources

- Bank of Maharashtra
- Bank of Baroda
- Central Bank of India
- Indian Overseas Bank
- IDBI Bank Ltd
- State Bank of India
- Syndicate Bank
- ICICI Bank Ltd.

## Auditors

Gokhale, Tanksale & Ghatpande,  
Chartered Accountants, Pune

## Registered Office

‘DSK House’, 1187/60, J. M. Road,  
Shivajinagar, Pune - 411 005.

# Contents

Notice of Annual General Meeting	05
Directors' Report	12
Report on Corporate Governance	17
Management Discussion and Analysis Report	31
Auditors' Report	35
Balance Sheet	39
Profit & Loss Account	40
Cash Flow Statement	41
Schedules forming part of the Balance Sheet and the Profit and Loss Account	43
Notes to and forming Part of the Accounts	51
Balance Sheet Abstract and Company's General Business Profile	64
Statement Under Section 212	65
Auditor's Report on Consolidated Financial Statements	67
Consolidated Balance Sheet	68
Consolidated Profit & Loss A/c	69
Consolidated Cash Flow Statement	71
Schedules Forming Part Consolidated Balance Sheet and Profit and Loss A/c	73
Notes on Consolidated Financial Statements	81
Proxy Form & Attendance Slip	87

## NOTICE

**NOTICE** is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Thursday, the 29th day of September, 2011 at 9.30 a.m. at S. M. Joshi Socialist Foundation Auditorium, Navi Peth, Ganjave Chowk, Opp. Patrakar Bhavan, Pune 411 030 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. V. C. Joshi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. K. Taparia who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint the auditors and fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications the following resolution as an **ORDINARY RESOLUTION**:  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 314, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of Mr. D. S. Kulkarni, as the Wholetime Director of the Company designated as Chairman & Managing Director for a period of five years from 1st October 2011, on the terms and conditions of his reappointment as set out in the draft Agreement to be entered between the Company and Mr. D. S. Kulkarni, a draft of which is placed before this meeting and initialed by Mr. V. C. Joshi, Director for the purpose of identification."
7. To consider and if thought fit, to pass with or without modifications the following resolution as an **ORDINARY RESOLUTION**.  
"RESOLVED THAT pursuant to Sections 198, 269, 314, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of Mrs. J. D. Kulkarni, as the Wholetime Director of the Company for a period of five years from 1st October, 2011, on the terms and conditions of her reappointment as set out in the draft Agreement to be entered between the Company and Mrs. J. D. Kulkarni, a draft of which is placed before this meeting and initialed by Mr. V. C. Joshi, Director for the purpose of identification."
8. To consider and if thought fit, to pass with or without modifications the following resolution as a **SPECIAL RESOLUTION**.  
"RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 149(2A) of the Companies Act, 1956 for the commencement by the Company of all or any of the business activities specified in clause III (C) clause nos. 24, 26, 27, 40, 47, 48, 49, 50, 51, 54, 59, 62, 63, 66, 68, 72, 73, 74, 75 of the Objects Clause of the Memorandum of Association of the Company at such time and in such manner as the Board of Directors may think fit in this regard."

### 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 OF THE COMPANY 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 Nos. 6, 7 & 8 of the notice is annexed.
- (4) Members are requested to notify to the Company immediately any change in their address, quoting folio number and give 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.  
The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company or Sharepro Services (India) Pvt. Ltd. (R&T Agent)
- (5) The Share Transfer Books of the Company will remain closed from 22nd September, 2011 to 29th September, 2011 (both days inclusive).
- (6) As per new SEBI circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009, for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for all the transferees to furnish copy of PAN card to the Company or Registrars and Share Transfer Agents for registration of such transfer of shares.
- (7) Members are requested to bring their copies of the Annual Report at the Meeting. As a Green Initiative measure, extra copy will not be made available at the venue.
- (8) In order to enable the Company to satisfactorily answer questions at the meeting, members who would like to ask any questions about the performance of the Company are requested to send their questions so as to reach the Company at least ten days before the Annual General Meeting.
- (9) The Company's shares are compulsorily traded in dematerialized mode. The Company has made necessary arrangements with the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dealings in dematerialised shares. Members holding shares in physical form are requested to get their shares dematerialized as early as possible.
- (10) The dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members on 29th September, 2011.
- (11) Members who have not received their dividend for the earlier years are requested to contact the Registrars and Share Transfer Agents :  
Sharepro Services (India) Pvt. Ltd.  
Samhita Warehousing Complex  
Gala No-52 to 56, Bldg No.13 A-B  
Near Sakinaka Telephone Exchange  
Andheri -Kurla Road, Sakinaka, Mumbai – 400 072.
- (12) The Company has transferred unclaimed amounts of dividend paid up to and including FY 2002-2003 to the General Revenue Account / Investor Education and Protection Fund of the Central Government as required under Section 205 A and 205 C of the Companies Act, 1956.

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

**D. S. KULKARNI**  
(CHAIRMAN & MANAGING DIRECTOR)

Place : Pune  
Date : 2nd August, 2011

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, ANNEXED TO THE NOTICE CALLING THE TWENTIETH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, THE 29TH DAY OF SEPTEMBER, 2011 AT PUNE.**

**Item No. 6**

Mr. D. S. Kulkarni is a Promoter-Director of the Company and has served the Company as its Chairman and Managing Director since its incorporation. The Board of Directors at its meeting held on 2nd August, 2011 has passed a resolution for the reappointment of Mr. D. S. Kulkarni as Chairman and Managing Director for a further period of 5 years from 1st October, 2011. As required by the provisions of the Companies Act, 1956, approval for such re-appointment is being sought from the shareholders.

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

Pursuant to the aforesaid Board resolution re-appointing Mr. D. S. Kulkarni as the Chairman & Managing Director, the Company proposes to enter into an agreement with Mr. D. S. Kulkarni w.e.f. 1st October 2011. The re-appointment of Mr. D. S. Kulkarni is as per the provisions of Section 269 read with Schedule XIII and other applicable provisions of 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. 6 is placed before the Annual General Meeting for its approval.

The salient terms and conditions of re-appointment and remuneration applicable to of Mr. D. S. Kulkarni, as set out in the said draft agreement effective from 1st October, 2011 are as under:

- I. Mr. D.S. Kulkarni will be looking after the overall 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 2011 to 30th September 2016.
- III. The remuneration and perquisites payable to Mr. D. S. Kulkarni, with effect from 1st October 2011 are as under:
  1. Basic Salary : ₹ 15,50,000/- (Rs. Fifteen Lakh Fifty Thousand Only) per month, in the scale of ₹ 15,50,000 - ₹ 2,50,000- ₹ 1,00,00,000.
  2. House Rent Allowance : ₹ 2,50,000/- (Rs. Two Lakh Fifty Thousand Only) per month.
  3. Provident Fund Contribution : As per Company Rules

The Board of Directors shall have the power to revise the remuneration from time to time, as per the scale stated above, provided however that the remuneration payable to Mr. D. S. Kulkarni shall not exceed prescribed percentage of the Net Profits of the Company for the financial year calculated in accordance with the provisions of Section 198 subject to the provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The said remuneration be treated as minimum remuneration payable to Mr. D.S. Kulkarni, Chairman & Managing Director of the Company in case of inadequacy or absence of profit (calculated in accordance with the provisions of Section 198 and other applicable provisions of the Companies Act, 1956) in any financial year till the end of his term.

The contribution at (3) above is subject to any change effected in the scheme/ rules of the fund.

4. Car: Provision of one or more Company's car(s) with driver as may be required from time to time.
5. Telephone: Provision of one or more landline telephone(s) at residence as may be required from time to time and mobile phone. All the bills for telephone and mobile phone will be borne and paid by the Company.

6. Perquisites: These shall be with an overall upper limit of ₹10 Lacs per annum on the value thereof. Such perquisites will include leave travel allowance; reimbursement of medical expenses; club fees, subject to maximum of two clubs; personal accident insurance premium and gas and electricity expenses.

**OTHER BENEFITS:**

Gratuity Benefit 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 Benefit in accordance with the rules and regulations in force in the Company from time to time.

Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave upto a period of five months. Leave encashment for accumulated leave for a maximum of five months to be permitted at any time during the term.

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 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 or any re-enactment, alteration, modification thereof. 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 above remuneration has been considered and recommended for approval by the Remuneration Committee in its meeting held on 1st August, 2011.

The draft agreement to be entered into by the Company with Mr. D. S. Kulkarni is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Sundays and Public Holidays, till the date 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 re-appointment of the Chairman & Managing Director is recommended for approval by the shareholders.

None of the directors other than Mr. D. S. Kulkarni himself; and Mrs. J. D. Kulkarni and Mr. Shirish Kulkarni who are relatives of Mr. D. S. Kulkarni are concerned or interested in the resolution.

**Item No. (7)**

Mrs. J. D. Kulkarni was appointed as a Wholetime Director of the Company on 23rd August, 2006 for a period of 5 years. She looks after the administrative matters of the Company.

The Board of Directors at its meeting held on 2nd August, 2011 has passed a resolution for the reappointment of Mrs. J. D. Kulkarni as Wholetime Director for a further period of 5 years from 1st October, 2011. As required by the provisions of the Companies Act, 1956, approval for such re-appointment is being sought from the shareholders.

The terms and conditions of appointment of Mrs J. D. Kulkarni as Wholetime Director are as follows:

1. Remuneration of ₹ 50,000/- (Rs. Fifty Thousand Only) per month.
2. Provident Fund Contribution : As per Company Rules

The said remuneration be treated as minimum remuneration payable to Mrs. J. D. Kulkarni, Whole time Director of the Company in case of inadequacy or absence of profit (calculated in accordance with the provisions of Section 198 and other applicable provisions of the Companies Act, 1956) in any financial year till the end of her term.



The contribution at (2) above is subject to any change effected in the scheme/ rules of the fund.

3. Car: Provision of the Company's car with driver

4. Telephone: Provision of one telephone at residence and mobile phone.

Perquisites: These shall be with an overall upper limit of ₹ 5 Lacs per annum on the value thereof. Such perquisites will include leave travel allowance; reimbursement of medical expenses; club fees, subject to maximum of two clubs; personal accident insurance premium and gas and electricity expenses

#### **OTHER BENEFITS:**

Gratuity Benefit 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 each completed year of service.

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

Leave: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave upto a period of five months. Leave encashment for accumulated leave for a maximum of five months to be permitted at any time during the term.

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 to be allowed to the Wholetime Director shall be subject to such limits for remuneration as laid down by the Companies Act, 1956.

The Company shall pay to or reimburse the Wholetime Director and she 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 her for the purpose of or on behalf of the Company.

The above remuneration was considered and recommended for approval by the Remuneration Committee in its meeting held on 1st August, 2011.

The draft agreement to be entered into by the Company with Mrs. J. D. Kulkarni is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Sundays and Public Holidays, till the date 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 terms of remuneration of the Whole Time Director is recommended for acceptance by the shareholders.

None of the directors other than Mrs. J. D. Kulkarni herself and Mr. D. S. Kulkarni and Mr. Shirish Kulkarni who are relatives of Mrs. J. D. Kulkarni are concerned or interested in the resolution.

#### **Item No. 8**

The Company proposes to develop an 'Integrated Township' at a large stretch of land acquired by it near Manjari, Pune. Location clearance has been obtained and the Company has approached the concerned authorities for other clearances. The Company desires to launch the 'Integrated Township' as soon as practicable.

As per the requirements of the Urban Development Department under Maharashtra Regional and Town Planning Act, 1966, development of a Township attracts various provisions as to its construction, development, maintenance, finance, infrastructure, etc. Infrastructure development forms an integral part. A Township is required to develop infrastructure like roads, water supply, sanitation and other amenities

on the housing site through developmental planning. Setting up of public utilities like school, hospital, shopping complex, playground, etc. is mandatorily required for an approved Township.

In order to consider and avail the opportunities to start new business activities in the areas mentioned above, it is thought desirable to pass an enabling resolution to this effect. Several clauses of Memorandum of Association of the Company either singly or in a combination empower it to commence any or many of these activities, which will be subjected to the Board approval.

Section 149(2A) of the Companies Act, 1956 requires consent of the shareholders by special resolution for commencement of the said new business activities.

**Relevant Clause Nos. are produced in brief:**

Clause No.	Gist of the Business Activity
24	Trustees, insurance agents, underwriters, guarantee brokers, commission agents, etc.
26	Business of mechanical, electrical, civil and hydraulic engineers, contractors, consultants, experts, manufacturers and sellers and dealers in all engineering lines
27	Manufacture, deal, hire, store and warehouse all engines, machinery, machines
40	Deal in Steel and fabricated steel items.
47	Rural development, rural uplift, social development, creating employment
48	Assist government in achieving various socio-economic goals
49	Train or pay for training of any employee, Director of the Company
50	Charitable dispensaries, hospitals, gymkhanas, play grounds, clubs, libraries
51	Estate agent and estate manager
54	Schools, colleges or training centers or places for instructions
59	Undertake activities of pollution control
62	Cinema theatres, recording and editing, dubbing studios
63	Business of consultants, advisors, investigators, surveyors.
66	Establish, purchase or acquire take on lease, sub-lease, run, conduct cold storage, ware houses, etc.
68	All kinds of agency business – transporter, clearing agents, freight contractors, steamer agents, forwarding agent, licensing agents.
72	Business of finance Company
73	Deal in stocks, shares, bonds, debentures, debenture stocks, deposits, units, etc.
74	Device and implement schemes for developing saving habits promotion and investment.
75	Act as financial, investment, taxation, labour, secretarial, technical consultants.

In view of the Green Initiative undertaken by the Company, whole text of the relevant clauses is not reproduced above. The full text of the aforesaid relevant clause numbers, available in the Memorandum of Association of the Company which is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Sundays and Public Holidays, till the date of the ensuing Annual General Meeting. Members co-operation is solicited. The full text of Memorandum of Association is also available on the website of the Company [www.dskdl.com/Investors/Memorandum of Association](http://www.dskdl.com/Investors/Memorandum of Association)

None of the Directors are concerned or interested in passing this resolution except as shareholders of the Company.

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

Place : Pune  
Date : 2nd August, 2011

**D. S. KULKARNI**  
(CHAIRMAN & MANAGING DIRECTOR)