

16th
Annual Report
2010-2011



KMF BUILDERS & DEVELOPERS LIMITED

BOARD OF DIRECTORS

- 1) KAVITA CHADHA
- 2) SRI MALIK PRADEEP KUMAR
- 3) ANIL RISHIRAJ
- 4) RAVINDER KUMAR SHARMA

- Director
- Whole Time Director
- Director
- Director

COMPLIANCE OFFICER

Ms. Shweta Gupta

REGD. OFFICE

No.508, Golf Manor Apartments,
NAL Wind Tunnel Road,
Murugeshpalya, Bangalore-17

CORPORATE OFFICE

1003, Vikram Tower,
Rajendra Place,
New Delhi-110008.

AUDITORS

B Sreenivasa & Co.,
Chartered Accountants
Bangalore

SHARE TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED
RTA Division - KMF Builders & Developers Ltd.
2E/21, Jhandewalan Extn.,
New Delhi - 110 055.
Ph.No.: 51540060 - 64
E-mail : alankit@alankit.com

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KMF BUILDERS & DEVELOPERS LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of M/s KMF Builders & Developers Limited will be held on Friday, the 2nd December, 2011, at 11.00 am at Sy. No. 118/5, Seegehalli Village, Bidarahalli Hobli, Bangalore South Taluk, Bangalore - 560 067, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2011 and profit and loss account for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a director in place of Ms. Kavita Chadha who retires by rotation and being eligible offers herself for reappointment.
3. To appoint the auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and authorize the Board to fix their remuneration.

SPECIAL BUSINESS

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

"**RESOLVED THAT** Ms. Kavita Chadha who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** Mr. Anil Rishiraj who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** Mr. Ravinder Kumar Sharma who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** the approval of the members of the company Pursuant to the provisions of section 81(1) of the companies Act, 1956, including any amendment(s) or re-enactment (s) thereof, (referred to as "the Act") provisions of the memorandum and Articles of Association of the company, Rules, Regulations and Guidelines of the Securities and Exchange Board of India, Regulations or Guidelines issued by the Reserve Bank of India and subject to consent(s) /approval(s)/ permission(s)/ sanction(s), if any from Government of India SEBI, Stock Exchange(s) Reserve Bank of India, Institutions or Bodies under applicable laws and subject to such term(s) & condition(s) and modification(s) as may be prescribed or imposed by any such statutory governmental or other authority(ies) while granting such consent(s), approval(s) permission(s) and sanction(s) which may

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be agreed to by the Board of Directors of the company (here after referred to as " the Board" which terms shall deem include any committee constituted/ to be constituted by the Board, of which Managing Director is a member) the consent of the shareholders be and is hereby accorded to the Board to create offer issue and allot equity shares to the existing shareholders of the company in such ratio and price as may be the decided by the Board on the record date as fixed by the Board in compliance with the act and regulations, for an aggregate amount not exceeding Rs. 14 crores.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters deeds and things as may be necessary for the purpose of the rights issue as aforesaid including but not limited to the following:

1. To fix record date(s) for the purpose of the rights issue for ascertaining the names of members who will be entitled to the aforesaid offer of equity shares in consultation with the stock exchange with which the company's shares are listed.
2. To decide and determine the final size of the rights issue the price per share either prior to or after filling the draft letter of offer with SEBI and the rights entitlement ratio for equity shares including terms of the rights issue.
3. To decide the opening and closing dates for the rights issue and to extend vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchange or other authorities from time to time.
4. To appoint lead managers to the Right Issue, Bankers, Registrar, Legal advisors, Printer and such other agencies as may be desired and to remunerate such agencies in relation to the issue of securities and other expenses if any.
5. To decide the mode and manner of allotment of shares if any not subscribed and left/ remaining after allotment of right shares and additional shares applied by the shareholders and renounces:
6. To file necessary returns make declaration/ announcements, furnish information etc, to the concerned authorities in connection with the Right Issue.
7. To take all such other steps as may be necessary in connection with this Right Issue.

By order of the Board of Directors

Place : Bangalore
Dtd: 8th Nov, 2011

Sd/-
Shweta Gupta
(Company Secretary)

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote on a poll in the meeting instead of himself. The proxy need not be a member.**
The instrument appointing a proxy should be deposited at the company's registered office, not less than 48 hours before the time for holding the aforesaid meeting.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
3. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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5. All documents referred to, in the accompanying notice and explanatory statement, are open for inspection at the registered office of the company on all working days, during regular business hours and shall also be available at the meeting.
6. The register of members and share transfer books of the company will remain closed from 30th Nov, 2011 to 2nd Dec, 2011, both days inclusive for the purpose of Book Closure.
7. Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. **Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.**
8. Members are requested to notify immediately any change in their address along with pin code numbers to the company or the Share Transfer Agent of the company (M/s Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi - 110055).
9. Individual shareholders can take the facility of nomination. For further detail in this regard shareholders may contact Share Transfer Agent of the company.
10. Members are requested to quote their demat account/ folio no. in all correspondence with the company.
11. Members attending the Annual General Meeting are requested to bring along their copies of the annual report, as the same will not be distributed at the meeting.

Pursuant to Section 173(2) of the Companies Act, 1956.

Explanatory Statement to Item No. 4

Ms. Kavita Chadha was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 21st October, 2010. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Ms. Kavita Chadha as a candidate for the office of director.

Ms Kavita Chadha is a Bachelor of Arts. She has worked for various organisations in senior capacities including Jai Dura Constructions & Om Shiv Construction Co.

None of the Directors except Ms. Kavita Chadha herself is interested in the resolution.

Explanatory Statement to Item No. 5

Mr. Anil Rishiraj was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 20th June, 2011. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr. Anil Rishiraj as a candidate for the office of director.

Mr. Anil Rishiraj is a MA (PM & IR) and HRM Diploma Holder. He has worked in various senior capacities for more than 30 years including Ministry of Finance as Executive Officer (from Sept 1980 to April 2008). Thereafter acted as CEO of Tax Guru Advisory Services P. Ltd. Presently he is engage as Sr. executive Consultant with KR information Security Solutions, New Delhi.

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None of the Directors except Mr. Anil Rishiraj himself is interested in the resolution.

Explanatory Statement to Item No. 6

Mr. Ravinder Kumar Sharma was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 01st September, 2011. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr. Ravinder Kumar Sharma as a candidate for the office of director.

Mr. Ravinder Kumar Sharma is a Bachelor of Arts. He has worked for Indian Railways. He is having more than 30 yrs experience of Finance related work.

None of the Directors except Mr. Ravinder Kumar Sharma himself is interested in the resolution.

Explanatory Statement to Item No. 7

The company needs more funds for increasing the business. The company is proposing to part finance the Mathura Project out of the Proceeds of the Right Issue and other projects also to the extent possible.

For this, the Board of the Company recommended to raise capital by way of Right issues of shares subject to necessary approval of shareholders in the AGM. Your approval is required by way of special resolution given as ITEM No. 7 above.

None of the directors are interested in the contract except to the extent of their shareholding in the company.

Information to Shareholders in pursuance of Clause 49 (IV) (G) of Listing Agreement with reference to appointment / reappointment of Directors (item no. 2, 4, 5, 6)

Director	Brief Resume	Hold Directorship in	Membership in Committees	No. of Shares held As on (31.03.2011)
Ms. Kavita Chadha	Bachelor of Arts	NIL	None	180100
Mr. Anil Rishiraj	MA (PM & IR) and HRM Diploma	NIL	Two	6000
Mr. Ravinder Kumar Sharma	Bachelor of Arts	NIL	Two	NIL

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DIRECTORS' REPORT

The Members,

Your directors have pleasure in presenting the 16th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2011.

FINANCIAL REVIEW:

FINANCIAL PERFORMANCE :	(Fig in Rs.) 2010-11	(Fig in Rs.) 2009-2010
Income from Operation (net of excise)	137,128,000.00	67,220,000.00
Other Income	587,434.79	475,490.85
Profit (before financial charges, depreciation and tax)	10,463,879.78	6,656,239.50
Financial charges	282,680.11	231,764.85
Depreciation	660,208.66	569,609.00
Profit before tax	9,520,991.01	5,854,865.65
Provision for tax (after adjustment of deferred tax)	3,205,326.00	2,129,241.00
Profit after tax	6,315,665.01	3,864,106.65

The turnover of your company has increased by 104% approx i.e. from 672.20 lacs in 2009-10 to Rs. 1371.28 lacs in current year. PAT has increased by 63% from Rs. 38.64 lacs to Rs. 63.15 lacs.

FUTURE OUTLOOK

The real estate is the promising sector for the entire economy. This year your company has started Residential Apartments Project at Mathura. The construction of Wing B of Purab Manor Project at Bangalore has also got started this year.

Yours Directors are quite hopeful for the success of both the projects.

DIVIDEND

Your Directors do not recommend any dividend for the Financial Year 2010-11.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the directors of your company subject to notes appended to accounts and auditor's report, confirm:

- that in preparation of annual accounts for the financial year ended 31st March'2011, the applicable accounting standards have been followed and that there are no material departures.
- that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year as at 31.03.2011 and of the profit of the Company for the year ended 31st March, 2010.
- that proper and sufficient care has been taken 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.
- that the annual accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Ms. Kavita Chadha, Director retire by rotation and being eligible offer herself for reappointment.

During the year under review, Mr. S. K. Chadha, Mr. Pradeep Gupta & Ms Snehlata have resigned from the Board of the Company for their personal reasons.

Your Directors place on record the appreciation of the valuable services rendered them during their tenure as Directors of the Company.

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LISTING

The Equity shares of the company are listed at Bombay Stock Exchange. The Company has paid listing fees to the Stock Exchange for the year 2010-11.

AUDITORS

M/s B. Sreenivasa & Co., Chartered Accountants, the statutory auditors of the company retire at the conclusion of ensuing Annual General Meeting of the company and being eligible, offer themselves for reappointment.

AUDITORS' REPORT

The observation of the auditors is self-explanatory and/or is suitably explained in the notes to the accounts.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Corporate Governance and Management Analysis & Discussion Report have been included in this annual report as separate section (forming part of Directors' Report) along with the Auditors' Certificate.

DEPOSITS

Your company has not accepted any deposit u/s 58A of the Companies Act, 1956 & rules made there under.

PARTICULARS OF EMPLOYEES

None of the employee of the Company is falling under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2002 for the FY 2010-11.

ADDITIONAL INFORMATION

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished hereunder:

A. CONSERVATION OF ENERGY

Your Company being a real estate company, Form A for Conservation of Energy is not applicable to it.

B. TECHNOLOGY ABSORPTION

No such activity has been took place during the year under review..

C. FOREIGN EXCHANGE EARNING & OUTGO

Fig in Rs.

Total foreign exchange earnings

---NIL---

Total foreign exchange outgo

---NIL---

D. ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment and does not discharge any trade effluents (solid, liquid or gaseous) causing pollution.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to gratefully acknowledge the valuable co-operation and assistance extended by all of its Government of India, Government of Karnataka, Government of Uttar Pradesh and the company's bankers for their continued support and guidance. Yours directors also wish to place on record their sincere appreciation of the dedication and efforts shown by all employees of the company and are thankful to the shareholders for their continued patronage, trust and confidence in the company.

For and on behalf of the Board of Directors

Place: Bangalore
Date: 08.11.2011

Sd/-
Kavita Chadha
Chairman

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CORPORATE GOVERNANCE REPORT

In terms of clause 49 of the Listing Agreement of the Stock exchanges, the Compliance Report on Corporate Governance is as reported below:

Company philosophy on Corporate Governance

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders.

Corporate Governance Monitoring and Review Process at KMF Builders & Developers Ltd.:

KMF Builders & Developers Ltd. continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also constantly endeavours to implement the best international practices of Corporate Governance, in the overall interest of all stakeholders.

BOARD OF DIRECTORS

(I) Composition of Board

The Board of Directors of your company has a combination of executive, non-executive and independent directors. The Board comprises of four directors headed by a executive Chairman. Half of the Board comprises independent directors who do not have any pecuniary relationship or transactions with the Company, promoters or management which may affect the judgement of any independent director. The Board of Directors approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximising profit and enhancing shareholder value are achieved.

Name	Category	Designation	Directorship held in other public limited Companies	No. of Chairmanships / Memberships of Board Committees			Remarks
				Chairmanship	Membership	Total	
Ms. Kavita Chadha	Promoter Director	Executive Chairman	-	-	-	-	w.e.f. 21.10.2010
Mr. Pradeep Kumar Malik	Promoter Director	Whole time Director	-	-	-	-	-
Mr. Anil Rishiraj	Independent/ Non- executive Director	Director	-	-	2	2	w.e.f. 20.06.2011
Mr. Ravinder Kumar Sharma	Independent/ Non- executive Director	Director	-	2	-	2	w.e.f. 01.09.2011
Mr. S. K. Chadha	Promoter Director	Executive Chairman	2	-	2	2	Cease to be the Director of Company w.e.f.21.10.2010
Mr. Pradeep Gupta	Independent/ Non- executive Director	Director	-	-	2	2	Cease to be the Director of the Company w.e.f. 20.06.2011
Ms. Snehlata	Independent/ Non- executive Director	Director	-	-	2	2	Cease to be the Director of the Company w.e.f. 01.09.2011

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- None of the Directors are related to each other as on date.
- "Independent Directors" means a director who, apart from receiving Director's remuneration, does not have any other material pecuniary relationship with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect the independence of judgement of Directors.
- None of the Directors is a member of more than ten Board level committees, or a Chairman of more than five such committees as required under Clause 49 of the Listing Agreement.
- Mr. S. K. Chadha, Mr. Pradeep Gupta and Ms. Snehlata have resigned from the Board of the Company during the Current Financial Year.

(II) BOARD MEETINGS, ITS COMMITTEE MEETINGS AND PROCEDURES

Institutionalised decision making process

The annual calendar of Board Meetings is agreed upon at the beginning of the year.

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

The Board of Directors is the apex body constituted by the shareholders entrusted with the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interest of the shareholders is being served.

The following sub-sections deal with the practice of these guidelines at KMF Builders & Developers Ltd.

A. Scheduling and selection of Agenda Items for Board meetings

- (i) Minimum four Board meetings are held every year. Apart from the above, additional Board meeting are convened by giving, appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The meeting are usually held at the Company's Registered Office at Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017
- (iii) All divisions/departments of the Company are advised to schedule their work plan well in advance, particularly with regards to matters requiring discussion/approval/decision at the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee meetings
- (iv) The Board is given presentation covering Finance, Sales, Marketing, major business segments and operations of the Company, including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company.

Information required to be placed before the Board:

The board has unfettered and complete access to any information within the company. Among others, the information regularly supplied to the board includes:

- ♦ Annual operating plans and budgets and any updates.
- ♦ Capital budgets and any updates.