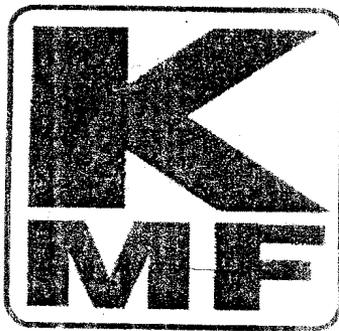


17<sup>th</sup>  
Annual Report  
2011-2012



**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. Snweta Gupta

## REGD. OFFICE

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

## CORPORATE OFFICE

1007, 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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## NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of M/s KMF Builders & Developers Limited will be held on Saturday, the 30th June, 2012, at 10.30 am at No.508, Golf Manor Apartments, Nal Wind Tunnel Road, Murugeshpalya, Bangalore to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2012 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 Mr. Anil Rishiraj who retires by rotation and being eligible offers himself 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 **Special Resolution**:

**"RESOLVED THAT** pursuant to section 81(1)(a) and any other applicable provisions of the Companies Act, 1956, rules, regulations and/or any other law(s) for the time being in force and subject to the approval of shareholders and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed by the concerned Registrar of Companies, (ROC), the Securities and Exchange Board of India, (SEBI) and any other regulatory authority, the Board of Directors of the Company be and is hereby authorised to make a follow on public issue of Equity Shares by issue of prospectus for meeting the capital cost of expansion project to be set up by the Company, for such no. of equity shares at such price as shall be determined in consultation of the Merchant Banker(s) and as per the terms of prospectus to be issued, to the said initial public issue."

**RESOLVED FURTHER THAT** Mr. Pradeep Kumar Malik, Whole Time Director and Mrs. Kavita Chadha, Director, of the Company be and are hereby severally and/or jointly authorised to finalise the draft Red Herring Prospectus (RHP) in consultation with the Merchant Banker(s) and to settle other matters concerning the proposed issue to enable the Merchant Bankers/ Lead Managers to submit draft RHP/RHP prospectus with all necessary documents to SEBI, ROC and/or any other regulatory authority as may be required, for their approval.

**RESOLVED FURTHER THAT** Mr. Pradeep Kumar Malik, Whole Time Director and Mrs. Kavita Chadha, Director, of the Company be and are hereby severally and/ or jointly authorised to issue advertisements in such newspapers as he may deem fit and proper about the future prospects of the Company and the proposed issue conforming to the guidelines issued by the SEBI."

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

**"RESOLVED THAT** pursuant to the provisions of section 94 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members of the company be and is hereby given that each of the issued and subscribed 6091000 Ordinary Shares of Rs. 10 each in the capital of the company be sub-divided into 2 shares of Rs. 5 each fully paid-up and that each such share shall henceforth be known as Equity Share of Rs.5/- each.

**RESOLVED FURTHER THAT** the existing certificates of shares be called back by the Board of Directors and cancelled and that new certificates in respect of the equity shares of Rs. 5 each be issued in lieu of the existing equity shares of Rs.10/- each in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960.

# KMF BUILDERS & DEVELOPERS LIMITED

**RESOLVED FURTHER THAT** Mr. Pradeep Kumar Malik, Whole Time Director and Mrs. Kavita Chadha, Director, of the Company be and are hereby severally and/ or jointly authorised to do all such acts, deeds for the purpose of giving effect to this resolution."

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

**"RESOLVED THAT** subject to the approval of the members of the company and pursuant to section 16 & 94 of the Companies Act 1956 and other applicable provisions, if any, of the said Act, (including any statutory modification or re-enactment thereof for the time being in force), the Clause 3(a) of the Articles of Association of the company shall be replaced by the following:-

3(a). The Authorized share capital of the company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of the Memorandum of Association.

**RESOLVED FURTHER THAT** the existing clause V of the Memorandum of Association of the company as to share capital be and is hereby deleted and in its place the following clause be substituted

V. The Authorized share capital of the company is Rs. 20,00,00,000/- (Rupees Twenty crore only) divided in **4,00,00,000 (Four Crore)** equity shares of Rs. 5/- (Rupees five ) each.

By order of the Board of Directors

Place : Bangalore  
Dated: 02nd June, 2012

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 him. 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.
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 28th June, 2012 to 30th June, 2012, 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.**

# **KMF BUILDERS & DEVELOPERS LIMITED**

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.

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

### **Explanatory Statement to Item No. 4**

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

For this, the Board of the Company recommended to raise capital by way of follow on public issue of shares subject to necessary approval of shareholders in the AGM. Your approval is required by way of special resolution given as ITEM No. 4 above.

None of the Directors of the Company are in any way interested in the Resolution, except of their shareholding and the shareholding of their relatives in the Company.

Your Directors recommend the above Resolution for your approval.

### **Explanatory Statement to Item No. 5**

The sub-division of equity shares has been proposed with a view to broad base the investors base by encouraging the participation of the retail investors and also with a view to increase the liquidity of the equity shares of the Company. The Board of Directors in its meeting held on June 2, 2012, recommended sub-division of each equity shares of the Company of face value of Rs. 10/- each to face value of Re.5/- each.

As per the provisions of Section 94 of the Companies Act, 1956, approval of the Shareholders is required for subdivision of shares.

None of the Directors of the Company are in any way interested in the Resolution, except of their shareholding and the shareholding of their relatives in the Company.

Your Directors recommend the above Resolution for your approval.

### **Explanatory Statement to Item No. 6**

For the purpose of effecting resolution No. 5 above, the alteration in MOA & AOA is necessary.

As per the provisions of Section 16 and other provisions of the Companies Act, 1956, approval of the Shareholders is required for alteration of articles & memorandum of the company.

None of the Directors of the Company are in any way interested in the Resolution, except of their shareholding and the shareholding of their relatives in the Company.

Your Directors recommend the above Resolution for your approval.

# KMF BUILDERS DEVELOPERS LIMITED

## DIRECTORS' REPORT

The Members,

Your directors have pleasure in presenting the 17th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2012.

### FINANCIAL REVIEW:

FINANCIAL PERFORMANCE :	(Fig in Rs.) 2011-12	(Fig in Rs.) 2010-2011
Income from Operation (net of excise)	206,096,571.00	137,255,736.10
Other Income	0.00	0.00
Profit (before financial charges, depreciation and tax)	13,989,606.07	9,993,480.09
Financial charges (Net off)	-376,292.35	-187,719.58
Depreciation	810,206.00	660,208.66
Profit before tax	13,555,692.42	9,520,991.01
Provision for tax (after adjustment of deferred tax)	4,785,549.00	3,205,326.00
Profit after tax	8,770,143.42	6,315,665.01

The turnover of your company has increased by 150.25% approx i.e. from 1372.73 lacs in 2010-11 to Rs. 2060.96 lacs in current year. PAT has increased by 72% from Rs. 63.15 lacs to Rs. 87.70 lacs.

### FUTURE OUTLOOK

The real estate is the promising sector for the entire economy. The real estate sector is quite promising with various advantages like Construction of the multi building projects on the feasible location in the country, good structured national network facilities the boom of construction industry.

Real estate development is on high and it is attracting the focus of the industry towards construction.

Our running projects are Residential Apartments at Mathura and Purab Manor at Bangalore.

Yours Directors are quite hopeful for the success of both the projects as well and will earn excellent earning out of it.

### DIVIDEND

Your Directors do not recommend any dividend for the Financial Year 2011-12.

### 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'2012, 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 31.03.2012 and of the profit of the Company for the year ended 31st March, 2012.
- 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, Mr. Anil Rishiraj, Director retires by rotation and being eligible offer himself for reappointment.

# KMF BUILDERS & DEVELOPERS LIMITED

## 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 2011-12.

During the Financial Year Company has delisted its shares from Ahmedabad Stock Exchange, Bangalore Stock Exchange and application of delisting is pending in Delhi Stock Exchange.

## 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 2011-12.

## 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

Total foreign exchange earnings  
Total foreign exchange outgo

Fig in Rs.

---NIL---

---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  
Sd/-

Kavita Chadha  
Chairman

Place: Bangalore  
Date: 02.06.2012

# KMF BUILDERS & DEVELOPERS LIMITED

## 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 an 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		
				Chairmanship	Membership	Total
Ms. Kavita Chadha	Promoter Director	Executive Chairman	-	-	-	-
Mr. Pradeep Kumar Malik	Promoter Director	Whole time Director	-	-	-	-
Mr. Anil Rishiraj	Independent/ Non- executive Director	Director	-	-	2	2
Mr. Ravinder Kumar Sharma	Independent/ Non- executive Director	Director	-	3	2	2

- 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.

## (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, Murugeshpalya, 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.
- ♦ Quarterly Audited results of the company
- ♦ Minutes of meetings of board, audit committee and other committees of the board.
- ♦ Information on recruitment and removal of senior officers just below the board level.
- ♦ Declaration of dividend.

# **KMF BUILDERS & DEVELOPERS LIMITED**

- Materially important litigation, show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company or substantial non payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed stricture on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Significant sale of investments, subsidiaries, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer
- Risk Assessment & Minimization procedures.

## **C. Board Material distributed in advance**

Agenda and Notes on Agenda are circulated to the Directors, in advance. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

## **D. Recording Minutes of proceedings at Board and Committee meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board/ Committee for their comments. The final minutes are entered in the minute's book within 30 days from conclusion of the meeting.

## **E. Post Meeting Follow-up Mechanism**

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. The important decisions taken at the Board/Committee meetings are communicated to the departments/ divisions concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee for noting by the Board/Committee.

- F. The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s), is responsible for and is required to ensure compliance with all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under.