

MD	✓		BKC	✓
CS	WA		DPY	WA
RO	✓		DIV	WA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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Kamanwala Industries Limited





CERTIFIED *For Kamanwala Industries Limited*

KAMANWALA INDUSTRIES LIMITED

Vice-Chairman & Managing Director

BOARD OF DIRECTORS

Mr. B.R. Maheshwari	: Chairman
Mr. M.L. Gupta Kamanwala	: Vice-Chairman & Managing Director
Mr. Jaipal Jain	: Whole-time Director
Mr. Atul Jain	: Whole-time Director
Mr. Tarun Jain	: Whole-time Director
Mr. S.V. Shanbhag	: Director
Mr. N.K. Gupta	: Director
Mr. Bhanwarlal D. Jogani	: Director
Mr. Ramesh J. Patel	: Director
Mrs. Pushpa Jain	: Director

AUDITORS

Vimal Punmiya & Co.,
Chartered Accountants,
Mumbai.

SOLICITORS

Dhru & Co., Mumbai,
Ayyar & Co., Mumbai.

BANKERS

Oriental Bank of Commerce,
State Bank of Patiala.

REGISTRARS AND SHARE TRANSFER AGENTS

Vijay Securities Services Pvt. Ltd.,
19, Shakil Niwas,
Mahakali Caves Road, Andheri (East),
Mumbai-400 093.

REGISTERED OFFICE

405/406, New Udyog Mandir 2,
Mogul Lane, Mahim (West),
Mumbai-400 016.

Thirteenth Annual Report 1996-97

NOTICE

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of KAMANWALA INDUSTRIES LIMITED will be held on Tuesday, the 30th September, 1997 at Hinduja Auditorium, 315, New Charni Road, Mumbai 400 004 at 11-30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaipal Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.J. Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.D. Jogani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Jaipal Jain as a Whole-time Director of the Company w.e.f. 24th April, 1997 for a period of five years on the terms and conditions and the remuneration as approved by the Board of Directors at its meeting held on 29th March, 1997 and as set out in the Agreement to be entered into between the Company and Mr. Jaipal Jain, a draft of which, as initialled by the Chairman for the purpose of identification, has been placed before the Meeting."

"RESOLVED FURTHER THAT the Board of Directors, be and is hereby empowered and authorised to vary such terms and conditions of the Agreement including any increase or enhancement in the remuneration not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to by the Board of Directors and Mr. Jaipal Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Jaipal Jain be suitably amended to give effect to the same."

"AND RESOLVED THAT the Board of Directors be and is hereby authorised to enter into an Agreement on behalf of the Company with Mr. Jaipal Jain as per the said draft of Agreement."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, consent be and is

hereby accorded to the Board of Directors of the Company to dispose off the whole of the undertaking and assets of the Steel Division of the Company situated at, D-8, Sinner Taluka Co-op. Industrial Estate, Shirdi Road, Musalgaon, Sinner, Dist. Nashik-422 103, for such consideration and on such terms as the Directors in their absolute discretion consider beneficial to the Company."

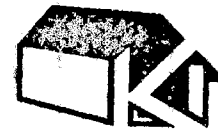
"RESOLVED FURTHER THAT Mr. M.L. Gupta Kamanwala, Managing Director and Mr. Jaipal Jain, Mr. Atul Jain and Mr. Tarun Jain, Whole-time Directors of the Company, be and are hereby jointly and severally authorised and empowered to enter into, sign, seal, execute and deliver such agreements, assignments, conveyances, contracts, deeds, writings, and other instruments and to do all such acts, deeds and things in the name and on behalf of the Company as the Board may consider expedient, usual, necessary or proper for the said sale and effectuating the transfer of the said Division of the Company."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item No. 6 and 7 as stated above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 1997 to 30th September, 1997 (both days inclusive).
4. Members are hereby requested to notify change in their addresses, if any, to the Registrars and Share Transfer Agents of the Company.
5. Members are requested to bring their copy of Annual Reports to the Meeting since no copy of the Report will be distributed at the Meeting.
6. Pursuant to Section 205A(5) of the Companies Act, 1956, all dividends upto the financial year ended 31st March, 1993, which remained unpaid or unclaimed, have been transferred to the General Revenue Account of the Central Government. Members concerned are requested to claim the amount from the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai 400 033. In case any assistance is required, please write to the Company.

By Order of the Board
M. L. GUPTA KAMANWALA
Vice-Chairman & Managing Director

Registered Office:
405/406, New Udyog Mandir-2,
Mogul Lane, Mahim (W),
Mumbai-400 016.
Dated: 8th August, 1997.



KAMANWALA INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

ITEM NO. 6:

The Board of Directors at its meeting held on 29th March, 1997 considered and approved, subject to the approval of Members at the Thirteenth Annual General Meeting, the re-appointment of Mr. Jaipal Jain as a Whole-time Director of the Company for a term of Five Years with effect from 24th April, 1997.

His re-appointment is in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

The main terms and conditions of the re-appointment as specified in the draft agreement as to the remuneration payable to him are as follows:

REMUNERATION:

(A) Salary & Perquisites:

- | | |
|---|-------------------------------------|
| (i) Salary | Rs. 15,000/- per mensem |
| (ii) Commission | 1% of the Net Profit of the Company |
| (iii) Perquisites: | |
| (a) House Rent Allowance | 20% of the monthly salary per month |
| (b) Medical Benefit for self and family | One month's salary per annum |
| (c) Leave Travel Allowance | One month's salary per annum |
| (d) Electricity | Payment of actual Bills |

The total value of the above mentioned or any other perquisites payable shall not exceed annual salary.

B. Payment of the following perquisites will not be included in the computation of the ceiling on remuneration:

- (i) Provident Fund/Superannuation Fund:
Company's contribution to Provident Fund or Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (ii) Gratuity:
One-half month's salary for each completed year of service.
- (iii) Leave & Leave encashment:
Privilege leave of one month for every 11 months of service. Encashment of accumulated leave at the end of the tenure.

C. Minimum Remuneration:

The above remuneration of (i) and (iii) (i.e. Salary & Perquisites) will be paid as Minimum Remuneration in case of loss or inadequacy of profits for any financial year during the term of his re-appointment.

D. The Whole-time Director will also be entitled to:

- (a) A provision of car with driver (or reimbursement of driver's salary) for the use of Company's business.
- (b) Free telephone facility at residence.
- (c) Reimbursement of all reasonable expenses including entertainment expenses incurred in connection with the business of the Company.

He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

No other Director other than Mr. Atul Jain, Mrs. Pushpa Jain and Mr. Tarun Jain is interested or concerned in the resolution.

The above should be treated as an abstract as required under Section 302 of the Companies Act, 1956.

The above draft of the proposed agreement to be entered into is available for inspection during the office hours on any working day at the Registered Office of the Company.

ITEM NO. 7:

The Company acquired Steel Division at Nashik in the financial year 1995-96 by way of amalgamation of erstwhile M/s. Shree Saibaba Castings Pvt. Ltd. Since, its acquisition, this Division has not performed as per expectations due to unfavourable market conditions, extremely high rate of tariff on electricity power and liberalisation of economic policy of the Central Government. In the interest of the Company, the Board of Directors, therefore, propose to dispose off the whole of the undertaking and assets of that Division.

The Members are requested and recommended to give their consent and accordingly pass the resolution in this behalf.

All the Directors are interested in the resolution to the extent of their Shareholding in the Company.

By Order of the Board

M. L. GUPTA KAMANWALA

Vice-Chairman & Managing Director

Registered Office:

405/406, New Udyog Mandir-2,
Mogul Lane, Mahim (West),
Mumbai-400 016.

Dated: 8th August, 1997.

Thirteenth Annual Report 1996-97

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present the Thirteenth Annual Report on the operations of the Company alongwith the Audited Statements of Accounts for the Financial Year ended 31st March, 1997.

FINANCIAL RESULTS:

The Summarised Financial Results of the Company for the Year under review are as follows:

	For the year ended 31-3-1997 (Rs. in lacs)	For the year ended 31-3-1996 (Rs. in lacs)
Sales and Other Income	1362.87	2100.42
Gross Profit	75.50	123.76
Less: Depreciation	35.61	42.23
Miscellaneous Expenditure Written Off	0.97	2.20
Loss on Sale of Assets	—	0.51
Loss on Cancellation of Shares	—	0.12
Profit before Taxation	38.92	78.70
Provision for Taxation	12.51	18.85
Net Profit for the Year	26.41	59.85
Balance brought forward from previous year	199.89	196.26
Loss brought forward of Shree Saibaba Castings Pvt. Ltd. now amalgamated with the Company	—	(26.74)
Provision for Taxation for earlier years	4.03	—
Profits available for Appropriations	222.27	229.37
Appropriations:		
(i) Dividend payable on amalgamation (F. Y. 1994-95)	—	0.60
(ii) Proposed Dividend (Subject to deduction of Income-tax at source) .	—	28.88
Balance carried to Balance Sheet	222.27	199.89

DIVIDEND:

With a view to preserve the liquidity of the Company and to plough back the profits, it has been decided by the Board of Directors not to recommend any dividend.

REVIEW OF OPERATIONS:

During the year Company achieved the turnover of Rs. 1362.87 Lacs as compared to Rs. 2100.42 Lacs during the previous year. The Profit before and after tax decreased from Rs. 78.70 Lacs and Rs. 59.85 Lacs respectively of the previous year to Rs. 38.92 Lacs and Rs. 26.41 Lacs

respectively during the year under review. The decrease in Sales turnover, Profit before and after tax is mainly attributable to the unfavourable market conditions prevailing in the Construction and Steel Industries. Since, last one and a half years the Construction Industry is witnessing a slump in the prices. During the years 1993 to 1995, the corporate enterprises invested a large amount of money in the real estate business which brought about an unprecedented boom. But, all of a sudden, towards the beginning of the year 1996, the economy of the country failed to respond to economic liberalisation process.



KAMANWALA INDUSTRIES LIMITED

FUTURE PROSPECTS:

(i) PALI HILL PROJECT (BANDRA):

The construction work at the Pali Hill Project (Bandra) is going on in full swing and the same is expected to be completed within a period of one year. This Project being one of the Premier Projects of the Company, will improve the profitability of the Company.

(ii) ANDHERI PROJECT:

This Project is also a Premier Project of the Company. The Company has already obtained necessary approvals from local and civil authorities for development of the Project into a commercial complex. The construction work at the Project will be commenced in a near future. The project being situated at the central commercial place at Andheri, Mumbai, which is connected to Airport and Central and Western Suburbs, will fetch a great deal of revenue for the Company.

(iii) SHAKUNTALA PARK PROJECT (VIRAR):

The development of Virar and surrounding areas has been undertaken by CIDCO and civic amenities are expected to be provided to these areas very soon. The Company has already initiated necessary actions to get approval of CIDCO under the township development scheme. Your Directors are hopeful that CIDCO will grant its approval in a near future and the development of the project will commence accordingly.

(iv) STEEL DIVISION:

The Steel Division has not performed as per projections laid down by the Board of Directors. It is facing the adverse market conditions and accordingly, it has decided to close down the same. Your Directors will take further appropriate course of actions very soon in the interest of the Company.

SUBSIDIARY COMPANY:

The Annual Accounts of Subsidiary Company, M/s. Doongursee Diamond Tools Ltd., are attached herewith. The Statement of Company's interest as a Holding Company, in the Subsidiary as specified in Sub-section 3 of Section 212 of the Companies Act, 1956 is annexed hereto.

FIXED DEPOSIT:

As on 31st March, 1997, the Company was holding an aggregate sum of Rs. 133.19 Lacs on account of Fixed

Deposits from the public as well as Shareholders. There are no outstanding deposits repayable as on 31st March, 1997.

DIRECTORS:

Pursuant to the Provisions of the Companies Act, 1956 and relevant Article of Association of the Company Mr. Jaipal Jain, Mr. Ramesh J. Patel and Mr. B.D. Jogani are retiring by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

It is also proposed to approve the re-appointment of Mr. Jaipal Jain as a Whole-time Director of the Company w.e.f. 24th April, 1997 as per the details given in the Notice of 13th Annual General Meeting.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'A' to the Directors' Report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Details of energy consumption, technology absorption and adaptation and foreign exchange earned and spent in accordance with the provisions of Section 217 (1) (c) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988, are given in Annexure 'B' to the Directors' Report.

AUDITORS:

M/s. Vimal Punmiya & Company, Chartered Accountants, the Auditors of your Company retire at the conclusion of the forthcoming Annual General Meeting. You are requested to appoint them. A certificate has been received from them to the effect that if appointed, their appointment will be within the limit specified under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT:

- (i) As regards to paragraphs 3(a) to 3(c) of the Auditors' Report, the Notes on the Accounts are self-explanatory and as such your Directors have no further comments to offer.
- (ii) As regards to paragraph 3(d) of the said Report your Directors have to state as under :

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The Company has to borrow funds from time to time depending on availability of funds and rate of interest for acquiring lands for development of office premises/residential buildings. Due to prevailing recession in the real estate/property market and the circumstances beyond the control of the Company on account of certain formalities, implementation of projects on hand is considerably delayed.

Accordingly, the Company has been advised that in such a situation and circumstances it would be a correct and genuine method of accounting to capitalise interest and commitment charges to the project costs instead of charging the same directly to the Profit & Loss Account. Hence, this change is effected to a correct and genuine method of accounting during the year.

ACKNOWLEDGEMENTS:

The Directors take this opportunity to express their gratitude to Oriental Bank of Commerce, State Bank of Patiala, Bombay Municipal Corporation, other Local Bodies, Flat-holders and Employees of the Company for their whole-hearted co-operation and valuable support.

For and on behalf of the Board,

B.R. MAHESHWARI
Chairman

Place : Mumbai

Date : 8th August, 1997.

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KAMANWALA INDUSTRIES LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT:

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experi- ence (Years)	Date of commence- ment	Age (Years)	Previous Employment
1.	Shri M.L. Gupta Kamanwala	Managing Director	4,73,220	B.Com., A.C.A.	24	1-11-1985	50	Executive, Modi Rubber Ltd.
2.	Shri Jaipal Jain	Whole-time Director	4,30,611	B.Com.	25	24-4-1987	52	---
3.	Shri Atul Jain	Whole-time Director	5,04,182	B.A. (Economics)	16	1-11-1985	40	---
4.	Shri Tarun Jain	Whole-time Director	4,30,611	B.Com.	7	30-9-1967	30	---

NOTES:

1. Nature of employment in all cases is contractual.
2. The Gross Remuneration includes Salary, House Rent Allowances, Monetary value of perquisites and contribution to Provident Fund wherever applicable.
3. Shri Jaipal Jain, Shri Atul Jain and Shri Tarun Jain are related to each other.

ANNEXURE 'B' TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1997:

(A) POWER CONSUMPTION:

	1996-97	1995-96
1. ELECTRICITY:		
Purchased Units (KWH)	6,190.48	11,415.22
Total Amount (Rs. Thousands)	19,487.05	33,016.24
Average Rate/Unit (Rs./KWH)	3.15	2.89
2. CONSUMPTION PER METRIC TONNE OF PRODUCTION:		
Electricity (KWH)	0.776	0.785

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Not applicable as we do not have any foreign collaboration on date.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (i) Foreign Exchange earned : Nil (Nil)
- (ii) Foreign Exchange outgo : Rs. 2,84,570/- (Rs. 10,91,060/-)

For and on behalf of the Board,
B.R. MAHESHWARI
Chairman

Place : Mumbai
Dated : 8th August, 1997.

Thirteenth Annual Report 1996-97

AUDITORS' REPORT TO THE MEMBERS OF KAMANWALA INDUSTRIES LIMITED

We have audited the attached Balance Sheet of KAMANWALA INDUSTRIES LIMITED as at 31st March, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books; and
 - (c) The Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
3. Attention is invited to Notes to the Accounts in Schedule 19 — with regards to the following:
 - (a) Note 1 (f) — regarding non-provision of accruing future liability for gratuity and other retirement benefits which is not actuarially determined.
 - (b) Note 8 — regarding non-provision of an advance of Rs. 2,11,410/- paid to managers of public issue against which there is a counter claim of Rs. 4,14,575/- as stated in Note 2 (a).

Had provision been made for item 3(b) above, Profit after tax would have been lower by Rs. 2,11,410/- and Reserves and Surplus would have been lowered by a like amount.

- (c) Note 11 — regarding non-provision of disputed doubtful debts of Rs. 23,337.02 in respect of which matter is pending before the court.
- (d) Note 16 — regarding change in accounting policy in respect of commitment charges Rs. 31,20,964/- and interest Rs. 49,37,660/- capitalised to the Andheri Project. If the Company follows the old accounting policy of treating these expenses as revenue then the profit for the year under review would be lower by Rs. 80,58,624/- and Reserves and Surplus would be lower by the same amount.
4. Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 1997; and
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For VIMAL PUNMIYA & CO.,
Chartered Accountants

VIMAL C. PUNMIYA
Proprietor

Place : Mumbai
Dated : 8th August, 1997.