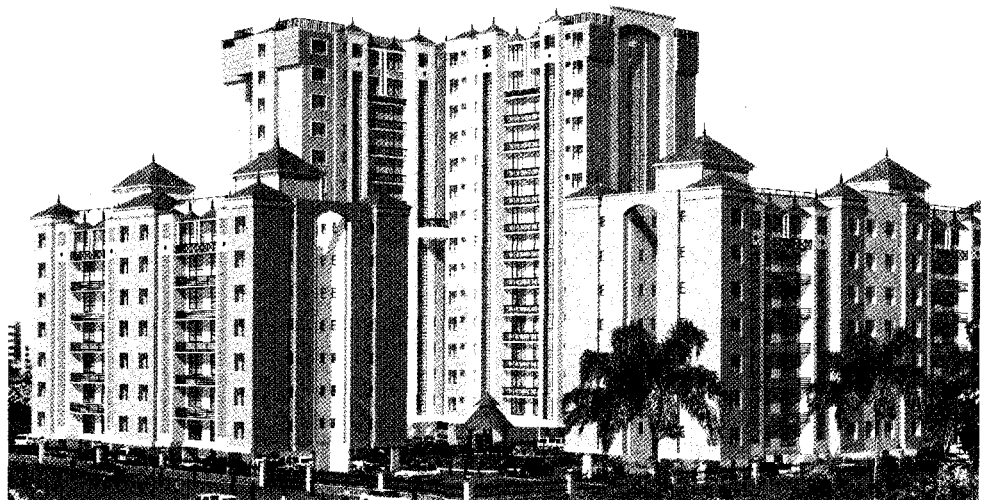


# 21st Annual Report 2004-05

Report



Manavsthal, Andheri-East, Mumbai.



Kamanwala Industries Limited



## KAMANWALA INDUSTRIES LIMITED

### BOARD OF DIRECTORS

Mr. B.R. Maheshwari	: Chairman
Mr. M.L. Gupta	: 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. Bhanwarlal D. Jogani	: Director
Mr. Ramesh J. Patel	: Director
Mrs. Pushpa Jain	: Director
Mr. Amit Jain	: Director

### AUDITORS

Vimal Punmiya & Co.,  
Chartered Accountants,  
Mumbai.

### SOLICITORS

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

### BANKERS

Indian Overseas Bank,  
Oriental Bank of Commerce.

### SHARE TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.,  
Unit No. 1,  
Luthra Industrial Premises,  
Andheri-Kurla Road,  
Safed Pool, Andheri (E),  
Mumbai - 400 072.

### REGISTERED OFFICE

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

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## Twenty First Annual Report 2004-2005

### NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting of KAMANWALA INDUSTRIES LIMITED will be held on Tuesday, the 20th September, 2005, at the Registered Office of the Company at 405/406, New Udyog Mandir - 2, Mogul Lane, Mahim (W), Mumbai - 400 016, 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, 2005; 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. Tarun Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ramesh J. Patel 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 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. M.L. Gupta as a Managing Director of the Company for a further period of 5 years from 1st November, 2005 on the terms and conditions and the remuneration as approved by the Board of Directors at its Meeting held on 14th July, 2005 and as set out in the Agreement to be entered into between the Company and Mr. M.L. Gupta, 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. M.L. Gupta and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. M.L. Gupta be suitably amended to give effect to the same."

"AND RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into an Agreement on behalf of the Company with Mr. M.L. Gupta 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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Atul Jain as a Whole-time Director of the Company for a further period of 5 years from 1st November, 2005 on the terms and conditions and the remuneration as approved by the Board of Directors at its Meeting held on 14th July, 2005 and as set out in the Agreement to be entered into between the Company and Mr. Atul 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. Atul Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Atul Jain be suitably amended to give effect to the same."



## KAMANWALA INDUSTRIES LIMITED

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

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 or any other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act as amended from time to time, the consent of the Company be and is hereby accorded for upward revision in salary and other perquisites payable to Mr. Jaipal Jain, Whole-time Director of the Company w.e.f. 1st November, 2005, till the balance period of his tenure of office 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 authorised to enter into an Agreement on behalf of the Company with Mr. Jaipal Jain as per the said draft of Agreement."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and 310 or any other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act as amended from time to time, the consent of the Company be and is hereby accorded for upward revision in salary and other perquisites payable to Mr. Tarun Jain, Whole-time Director of the Company w.e.f. 1st November, 2005, till the balance period of his tenure of office as set out in the Agreement to be entered into between the Company and Mr. Tarun 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 authorised to enter into an Agreement on behalf of the Company with Mr. Tarun Jain as per the said draft of Agreement."

## 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/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, must be deposited at the Company's Registered Office not less than 48 hours before the time of the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6, 7, 8 and 9 as stated above is annexed hereto.
4. Details of Directors' appointment/re-appointment pursuant to Clause "49" of the Listing Agreement with the Stock Exchange are annexed hereto.
5. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2005 to 20th September, 2005 (both days inclusive).
6. Members are hereby requested to notify change in their addresses, make correspondence and send documents of share transfers, etc. either directly to the Company at the Registered Office or to the Office of Share Transfer Agents of the Company, M/s. Sharex Dynamic (India) Pvt. Ltd., at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.
7. 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.

By Order of the Board

M.L. GUPTA  
Vice-Chairman & Managing Director

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

Dated : 14th July, 2005.



## Twenty First Annual Report 2004-2005

### ANNEXURE TO THE NOTICE

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

#### Item No. 6 and 7:

The present tenure of the office of Mr. M.L. Gupta and Mr. Atul Jain, Managing Director and Whole-time Director respectively expires simultaneously at the close of business hours on 31st October, 2005.

The Board of Directors at its Meeting held on 14th July, 2005 considered and approved subject to the approval of Members at the forthcoming Twenty First Annual General Meeting, the re-appointment of Mr. M.L. Gupta as a Managing Director and Mr. Atul Jain as a Whole-time Director of the Company for a further term of 5 (five) years with effect from 1st November, 2005. Their respective re-appointments are in accordance with the provisions of Schedule XIII to the Companies Act, 1956. The main terms and conditions of these re-appointments as specified in the draft agreements as to the remuneration payable to them are as follows:

Particulars	Mr. M.L. Gupta (Managing Director)	Mr. Atul Jain (Whole-time Director)
Remuneration:		
A. Salary & Perquisites:		
(i) Salary	Rs. 50,000/- per mensem.	Rs. 50,000/- per mensem.
(ii) Commission	1% of the Net Profit of the Company.	1% of the Net Profit of the Company.
(iii) Perquisites:		
(a) Free Unfurnished Residential Accommodation.	House Rent not to exceed 30% of the monthly salary per month.	House Rent not to exceed 30% of the monthly salary per month.
(b) Medical Benefit for self and family	One month's salary per annum.	One month's salary per annum.
(c) Leave Travel Allowance	One month's salary per annum.	One month's salary per annum.
(d) Electricity	Payment of actual Bills.	Payment of actual Bills.

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

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 their appointments.



## KAMANWALA INDUSTRIES LIMITED

D. The Managing Director and 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.

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

Mr. M.L. Gupta, Managing Director of the Company is not liable to retirement by rotation.

Mr. M.L. Gupta and Mr. Atul Jain, are interested or concerned in the respective resolutions pertaining to their appointments.

Mr. Jaipal Jain and Mrs. Pushpa Jain, Directors of the Company are interested or concerned in the Resolution of Item No. 7 pertaining to the appointment of Mr. Atul Jain.

No other Director is interested or concerned in these resolutions.

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

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

The Resolutions regarding re-appointments of the Managing Director and the Whole-time Director under Item Nos. 6 and 7 are commanded for acceptance of the Members.

#### Item No. 8:

The revised terms of remuneration payable to Mr. Jaipal Jain, Whole-time Director of the Company are as under:

- (i) Salary : Rs. 50,000/- per mensem w.e.f. 1st November, 2005.
- (ii) Commission : 1% of the Net Profit of the Company.
- (iii) Perquisites:
  - (a) Free Unfurnished Residential Accommodation : House Rent not to exceed 30% 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 the annual salary.

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.

## Twenty First Annual Report 2004-2005

### 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 appointment.

Mr. Jaipal Jain, Whole-time Director will also be entitled to:

- (a) A provision of car with a 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.

Mr. Jaipal Jain is interested or concerned in the resolution pertaining to the revision in salary and perquisites payable to him.

Mr. Atul Jain, Mr. Tarun Jain, Mrs. Pushpa Jain and Mr. Amit Jain, Directors of the Company are interested or concerned in the Resolution No. 8 pertaining to revision in salary and perquisites payable to Mr. Jaipal Jain.

No other Director is interested or concerned in this 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.

The Board commends the Resolution for acceptance by the Members.

### Item No. 9:

The revised terms of remuneration payable to Mr. Tarun Jain, Whole-time Director of the Company are as under:

- (i) Salary : Rs. 50,000/- per mensem w.e.f. 1st November, 2005.
- (ii) Commission : 1% of the Net Profit of the Company.
- (iii) Perquisites:
  - (a) Free Unfurnished Residential Accommodation : House Rent not to exceed 30% 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 the annual salary.

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.

**KAMANWALA INDUSTRIES LIMITED****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 appointment.

Mr. Tarun Jain, Whole-time Director will also be entitled to:

- (a) A provision of car with a 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.

Mr. Tarun Jain is interested or concerned in the resolution pertaining to the revision in salary and perquisites payable to him.

Mr. Jaipal Jain, Mr. Atul Jain and Mr. Amit Jain, Directors of the Company are interested or concerned in the Resolution No. 9 pertaining to revision in salary and perquisites payable to Mr. Tarun Jain.

No other Director is interested or concerned in this 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.

The Board commends the Resolution for acceptance by the Members.

**APPOINTMENT/RE-APPOINTMENT OF DIRECTORS**

Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchange:

Name of Director	Date of Birth	Date of Appointment	Special Expertise/ Occupation	Qualifications	Director in other Companies Incorporated in India	Chairman/ Member of Committee of Companies
Mr. Jaipal Jain	27.10.1944	12.04.1984	Business & Finance	B.Com.	Nil	Nil
Mr. Tarun Jain	30.09.1967	25.08.1990	Business & Finance	B.Com.	M/s. Attar Construction Co. Pvt. Ltd. M/s. Doongursee Diamond Tools Ltd. M/s. Classy Investments Pvt. Ltd. M/s. Ritika Steels & Scraps Pvt. Ltd.	Nil
Mr. Ramesh J. Patel	09.03.1939	12.04.1984	Investment Consultant	B.Com.	M/s. JNP Shares & Stock Brokers (P) Ltd. M/s. Sapan Holding & Trading (P) Ltd.	Nil

By Order of the Board

M.L. GUPTA

Vice-Chairman & Managing Director

Place : Mumbai

Dated : 14th July, 2005.



## Twenty First Annual Report 2004-2005

### DIRECTORS' REPORT

To,  
The Members,

Your Directors hereby present their Twenty First Annual Report on the business and operations of the Company along with the Audited Financial Statements of Account for the year ended 31st March, 2005.

#### FINANCIAL RESULTS:

The Summarised Financial Results of the Company are as follows:

	For the year ended 31.03.2005 (Rs. In Lacs)	For the year ended 31.03.2004 (Rs. In Lacs)
Sales and Other Income	1420.94	819.28
Gross Profit .....	90.80	17.43
Less: Depreciation .....	6.15	5.03
Miscellaneous Expenditure written off .....	—	0.25
Profit before Taxation .....	84.65	12.15
Provision for Taxation .....	29.04	6.97
Provision for Deferred Tax .....	2.36	2.56
Net Profit/(Loss) for the Year .....	53.25	2.62
Balance brought forward from Previous Year .....	162.19	168.08
Provision for Taxation for Earlier Years .....	0.09	0.14
Loss on Sale of Assets .....	1.74	8.37
Profits available for Appropriations .....	213.61	162.19
Appropriations:		
Balance carried to Balance Sheet .....	213.61	162.19

#### DIVIDEND:

With a view to conserve and plough back the resources of the Company, the Board of Directors has decided not to recommend any dividend for Financial Year 2004-05.

#### REVIEW OF OPERATIONS:

During the year the Company achieved the turnover of Rs. 1420.94 Lacs as compared to Rs. 819.28 Lacs during the previous year. The Company earned the profit after tax Rs. 53.25 Lacs during the year as compared to the profit after tax Rs. 2.62 Lacs during the previous year.

During the year, over all market conditions in the Construction Industry remained satisfactory. The improvement in the operating results is largely attributable to persistent efforts of the Management to complete the projects within its scheduled time and achievement in economy at various level of operations. Your Directors have tried their level best to create demand for the Company's constructed flats at reasonably competitive rates with good quality to the satisfaction of the customers. Inspite of having faced severe financial constraints and adverse market conditions in the past, your Company has performed reasonably well.



## KAMANWALA INDUSTRIES LIMITED

### FUTURE PROSPECTS:

The buoyancy in the real estate market continues in the current year also. This may further contribute to improvement in the profit of your Company in current year as well. This would help your Company to come out of financial crunch having been faced during the last several years. The investment by the NRIs in the real estates has further paved the way for improvement in market conditions for housing and commercial projects. A number of legislative developments have taken place during the recent past to further push the economic reforms in the Country. But the fact is that policy of the Central Government towards Construction Industry still remains highly unclear and uncertain. On the one hand, the Central Government is eager to provide shelter at cheaper rates to each and every poor family in the Country and on the other hand, the Government has heavily imposed Taxes, like Value Added Tax (VAT), Service-Tax, etc. on the construction activities. This uncertain and unclear policy of the Central Government may bring about adverse market conditions in the real estate market in the days to come.

The construction work of the Second Phase of the project at Andheri (East), Mumbai is going on in full swing and is expected to be completed in the scheduled time. The construction work for the Third Phase is expected to commence in a very short-time as the permission for the same has already been obtained from the Local Authority and the Plans are being finalised.

Your Directors are making their best efforts for acquiring some new projects of the Company. The necessary formalities for other projects on hand are expected to be finalised in a near future. If the current market conditions in the real estate business continue in the future, your Directors hope that the Company will perform operationally well in the future which will help further improve the financial position of the Company.

### LISTING OF COMPANY'S SECURITIES:

The Company's Equity Shares are listed with The Stock Exchange, Mumbai at Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. The Company has already paid Annual Listing Fees for F.Y. 2005-06.

### DEMATERIALIZATION OF COMPANY'S SECURITIES:

The Company's Equity Shares are dematerialised with M/s. National Securities Depository Ltd. (NSDL) and

M/s. Central Depository Services (India) Ltd. (CDSL) under ISIN-INE344D01018. The Members who are interested in dematerialising their Physical Share Certificate(s) and convert them into Electronic form are requested to send their dematerialisation requests along with Share Certificate(s) to the Depository Participants registered with NSDL and CDSL.

### SUBSIDIARY COMPANY:

The Annual Statements of Account of Subsidiary Company, viz., M/s. Doongursee Diamond Tools Ltd., for the year ended 31st March, 2005 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 DEPOSITS:

As on 31st March, 2005, the Company was not holding any Fixed Deposits from the Public and accordingly, there were no outstanding Deposits repayable on that date.

### DIRECTORS:

Pursuant to the provisions of the Companies Act, 1956 and relevant Article of the Articles of Association of the Company, Mr. Jaipal Jain, Mr. Tarun Jain and Mr. Ramesh J. Patel, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible they offer themselves for re-appointment.

### PARTICULARS OF EMPLOYEES:

The Company did not have any employee who was in receipt of remuneration of Rs. 24,00,000/- or more per annum and/or if employed for a part of the year receiving remuneration at the rate which in aggregate was Rs. 2,00,000/- or more per month.

### 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)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given here as under:

#### (A) POWER CONSUMPTION:

There was no Power Consumption during the year under review.