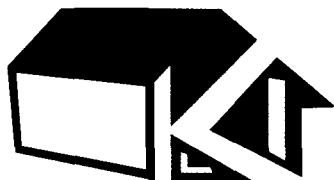


# 22nd Annual Report 2005-06



## Kamanwala Industries Limited



## KAMANWALA INDUSTRIES LIMITED

<b>BOARD OF DIRECTORS</b>	Mr. B.R. Maheshwari	: <i>Chairman</i>
	Mr. M.L. Gupta	: <i>Vice-Chairman &amp; Managing Director</i>
	Mr. Jaipal Jain	: <i>Whole-time Director</i>
	Mr. Atul Jain	: <i>Whole-time Director</i>
	Mr. Tarun Jain	: <i>Whole-time Director</i>
	Mr. S.V. Shanbhag	: <i>Director</i>
	Mr. Bhanwarlal D. Jogani	: <i>Director</i>
	Mr. Ramesh J. Patel	: <i>Director</i>
	Mrs. Pushpa Jain	: <i>Director</i>
	Mr. Amit Jain	: <i>Director</i>

### 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 Second Annual Report 2005-2006

### NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of KAMANWALA INDUSTRIES LIMITED will be held on Wednesday, the 27th September, 2006, at Tendulkar Hall, Saraswat Bhavan, Chhatrapati Shivaji Maharaj Marg, 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, 2006, 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. B. R. Maheshwari who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Atul Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bhanwarlal 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 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Tarun Jain as a Whole-time Director of the Company for a further period of five years from 1st April, 2006 on the terms and conditions and the remuneration as approved by the Board of Directors at its Meeting held on 25th January, 2006 and 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 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. Tarun Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Tarun Jain 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. Tarun 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 Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Amit Jain as a Whole-time Director of the Company w.e.f. 1st August, 2006 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 31st July, 2006 and as set out in the Agreement to be entered into between the Company and Mr. Amit 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. Amit Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Amit 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. Amit Jain as per the said draft of Agreement.”



## KAMANWALA INDUSTRIES LIMITED

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

"RESOLVED THAT subject to approval of the Central Government or any such other authority as may be required under Section 21 of the Companies Act, 1956, the name of the Company be and is hereby changed from "KAMANWALA INDUSTRIES LIMITED" to "KAMANWALA HOUSING CONSTRUCTION LIMITED" or to such other name as may be approved by the Central Government and agreed to by the Board of Directors of the Company and that the name whatever occurs in the Memorandum and Articles of Association of the Company and other documents may be substituted by the name of "KAMANWALA HOUSING CONSTRUCTION LIMITED."

"RESOLVED FURTHER THAT Mr. M. L. Gupta, Managing Director, Mr. Atul Jain and Mr. Tarun Jain, Whole-time Directors of the Company, be and are hereby severally authorised to do all acts, deeds, matters and things including retaining the services of professional as may be required for the aforesaid purpose."

3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6, 7 and 8 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 20th September, 2006 to 27th September, 2006 (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.

### 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.

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 : 25th August, 2006.*

## Twenty Second Annual Report 2005-2006

### ANNEXURE TO THE NOTICE

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

#### Item No. 6:

The tenure of the office of Mr. Tarun Jain, as a Whole-time Director of the Company, expired at the close of business hours on 31st March, 2006.

The Board of Directors at its Meeting held on 25th January, 2006, considered and approved subject to the approval of Members at the forthcoming Twenty Second Annual General Meeting, the re-appointment of Mr. Tarun Jain as a Whole-time Director of the Company for a further term of 5 (five) years with effect from 1st April, 2006. His re-appointment is in accordance with the provisions of Schedule XIII to the Companies Act, 1956. The main terms and conditions of his 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. 50,000/- per mensem.                                      |
| (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 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 appointment.



## KAMANWALA INDUSTRIES LIMITED

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.

Mr. Tarun Jain is interested or concerned in the Resolution pertaining to his re-appointment.

Mr. Jaipal Jain and Mr. Amit Jain, Directors of the Company are interested or concerned in the Resolution of Item No. 6 pertaining to the re-appointment of 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 Resolution regarding re-appointment of the Whole-time Director under Item No.6 is commended for acceptance of the Members.

#### Item No. 7:

Mr. Amit Jain who was appointed as a Non-Executive Director on 30th July, 2004, is now actively participating in the day to day business and managerial affairs of the Company and is giving his full-time in the implementation of the projects of the Company. Hence, the Board of Directors at its Meeting held on 31st July, 2006, considered and approved subject to the approval of Members at the forthcoming Twenty Second Annual General Meeting, the appointment of Mr. Amit Jain as a Whole-time Director of the Company for a term of five years with effect from 1st August, 2006.

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

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

#### Remuneration:

##### (A) Salary & Perquisites:

- |  |   |   |
|--|---|---|
| (i) Salary                                     | : | Rs. 25,000/- per mensem.                                      |
| (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 annual salary.

## Twenty Second Annual Report 2005-2006

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 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.

Mr. Amit Jain is interested or concerned in the Resolution pertaining to his appointment.

Mr. Jaipal Jain and Mr. Tarun Jain, Directors of the Company are interested or concerned in the Resolution of Item No. 7 pertaining to the appointment of Mr. Amit 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 Resolution regarding appointment of the Whole-time Director under Item No. 7 is commended for acceptance of the Members.

### Item No. 8:

For quite sometime in the past, the Directors were giving thought to changing the name of the Company. The new name proposed retains the name "KAMANWALA" which has become widely recognized and accepted over the years in the field in which the Company operates. But with a view to give better representation of the Company's main activity i.e. "Construction and Development of Residential and Commercial Project, it is felt desirable that the name of the Company should be suitably changed. Accordingly, the Board of Directors proposed to change the name of the Company from "KAMANWALA INDUSTRIES LIMITED" to "KAMANWALA HOUSING CONSTRUCTION LIMITED" which has already been approved by the Registrar of Companies, Maharashtra. Therefore, the words "HOUSING CONSTRUCTION" are substituted for the word "INDUSTRIES" and hence name of the Company is to be changed from "KAMANWALA INDUSTRIES LIMITED" To "KAMANWALA HOUSING CONSTRUCTION LIMITED". The Directors trust that this change of name will have the Members' support and approval.

No Director has any interest in the resolution except as a Member of the Company.



KAMANWALA INDUSTRIES LIMITED

**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. B. R. Maheshwari	27.11.1930	12.04.1984	Chartered Accountant	B.Com., F.C.A.	M/s. B.R.M. Leasing & Credit Ltd. M/s. B.R. Maheshwari Consultants Pvt. Ltd.	Nil
Mr. Atul Jain	14.02.1957	01.08.1985	Business	B.A. (Hons.)	M/s. Attar Construction Co. Pvt. Ltd. M/s. Doongursee Diamond Tools Ltd. M/s. Avoir Finance & Investments Pvt. Ltd.	Nil
Mr. Bhanwarlal D. Jogani	04.10.1940	12.04.1984	Business	S.S.C.	M/s. Premji Sales Pvt. Ltd. M/s. Four Season Pvt. Ltd.	Nil

By Order of the Board

M.L. GUPTA

Vice-Chairman &amp; Managing Director

Place : Mumbai

Dated : 25th August, 2006.



## Twenty Second Annual Report 2005-2006

### DIRECTORS' REPORT

To,  
The Members,

Your Directors hereby present their Twenty Second Annual Report on the business and operations of the Company along with the Audited Financial Statements of Account for the year ended 31st March, 2006.

#### FINANCIAL RESULTS:

The Summarised Financial Results of the Company are as follows:

	<b>For the year ended 31.03.2006 (Rs. In Lacs)</b>	<i>For the year ended 31.03.2005 (Rs. In Lacs)</i>
Sale and Other Income .....	<b>1140.63</b>	1420.94
Gross Profit .....	<b>104.36</b>	90.80
Less: Depreciation .....	<b>15.00</b>	6.15
Miscellaneous Expenditure written off .....	—	—
Profit before Taxation .....	<b>89.36</b>	84.65
Provision for Taxation .....	<b>32.75</b>	29.04
Provision for Fringe Benefit Tax .....	<b>3.75</b>	—
Provision for Deferred Tax .....	<b>1.54</b>	2.36
Net Profit/(Loss) for the Year .....	<b>51.32</b>	53.25
Balance brought forward from Previous Year .....	<b>213.61</b>	162.19
Provision for Taxation for Earlier Years .....	—	0.09
Provision for Depreciation for Earlier Years .....	<b>100.19</b>	—
Loss on Sale of Assets .....	<b>2.66</b>	1.74
Profits available for Appropriations .....	<b>162.08</b>	213.61
Appropriations:		
Balance carried to Balance Sheet .....	<b>162.08</b>	213.61

#### 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 2005-06.

#### REVIEW OF OPERATIONS:

During the year the Company achieved the turnover of Rs. 1140.63 Lacs as compared to Rs. 1420.94 Lacs during the previous year. The Company earned the profit after tax Rs. 51.32 Lacs during the year as

compared to the profit after tax Rs. 53.25 Lacs during the previous year.

During the year under view, favourable conditions continued to prevail in the real estate market and on account of which your Company performed reasonably well. With a view to achieve economy at various level of operations, your Directors put forward their best efforts to obtain necessary approval from the local authorities to commence and complete the projects within the scheduled time. Your Company continued to construct residential units with good quality to the



## KAMANWALA INDUSTRIES LIMITED

satisfaction of the customers. In spite of limited financial resources, your Company has started to move on the growth path.

### FUTURE PROSPECTS:

In the real estate market, buoyancy continues to prevail in the current year and is expected to continue in the future as well. Since last two years, the Company has performed with reasonable good operating results and the revenues generated have been ploughed back in acquiring new projects at Bandra-Kurla Complex and at Hyderabad in Joint Venture with M/s. Prajay Engineers Syndicate Ltd. and others for the development of a plot of land admeasuring 35 acres, in which the Company's share is 20%. As such, to make the necessary financial resources available for acquisition and implementation of the projects, the Members' permission was obtained at the Extra-Ordinary General Meeting held on 22nd May, 2006 to increase the borrowing power of the Directors from Rs. 20.00 Crores to Rs. 500.00 Crores.

The construction work of Third Phase of the Residential Project having 70,000 Sq. ft. area at Andheri (East), Mumbai has already commenced and is expected to be completed within the scheduled time. The construction work of the Company's prestigious Commercial Project at Bandra-Kurla Complex having 75,000 Sq. ft. area has also commenced. Your Directors are making their best efforts to finalise the required formalities for the remaining projects of the Company on hand. If the existing buoyant conditions continue to prevail in the future in the real estate business, it is hoped that the Construction Industry as well as the Company will continue to perform operationally well.

### 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, having Script Code No. 511131. The Company has already paid Annual Listing Fees for F.Y. 2006-07.

### DEMATERIALISATION 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 their 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, 2006 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, 2006, 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. B.R. Maheshwari, Mr. Atul Jain and Mr. Bhanwarlal D. Jogani, 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.

#### (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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