

**24th
Annual Report
2007-08**

KAMANIWALA HOUSING CONSTRUCTION LIMITED



"SAVOY RESIDENCY" - Santacruz (W), Mumbai.



KAMANWALA HOUSING CONSTRUCTION LIMITED

BOARD OF DIRECTORS

Mr. B.R. Maheshwari	: <i>Chairman</i>
Mr. M.L. Gupta	: <i>Vice-Chairman & 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. Amit 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>
Mrs. Shobha Jain	: <i>Director</i>
Mr. Sorabh Gupta	: <i>Director</i>

AUDITORS

Vimal Punmiya & Co.,
Chartered Accountants,
Mumbai.

SOLICITORS

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

ADVOCATES

Mr. Mukesh Jain, Mumbai.

BANKERS

Indian Overseas Bank,
Oriental Bank of Commerce,
Punjab National Bank.

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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KAMANWALA HOUSING CONSTRUCTION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Fourth Annual General Meeting of KAMANWALA HOUSING CONSTRUCTION LIMITED will be held on Friday, the 5th September, 2008, at Tendulkar Hall, Saraswat Bhavan, Chhatrapati Shivaji Maharaj Marg, Mogul Lane, Mahim (West), 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, 2008, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Jaipal Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Tarun Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ramesh J. Patel who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Special Business:

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

“RESOLVED THAT Mrs. Shobha Jain who was appointed as an Additional Director of the Company by the Board of Directors on 24th April, 2008 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing her candidature for the office of the Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

8. To consider, and if thought fit, to pass with or

without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sorabh Gupta who was appointed as an Additional Director of the Company by the Board of Directors on 24th April, 2008 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

9. 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 Mrs. Pushpa Jain as a Whole-time Director of the Company w.e.f. 1st February, 2008 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 15th January, 2008 and as set out in the Agreement to be entered into between the Company and Mrs. Pushpa Jain, a draft of which, as initialed 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 authorized 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 Mrs. Pushpa Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mrs. Pushpa Jain be suitably amended to give effect to the same.”

“AND RESOLVED ALSO THAT the Board of Directors be and is hereby authorized to enter into

an Agreement on behalf of the Company with Mrs. Pushpa Jain as per the said draft of Agreement.”

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

“RESOLVED THAT upon the recommendation of the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board of Directors formed for the time being to exercise the powers conferred on the Board of Directors in this behalf) and pursuant to Article 144 of the Articles of Association of the Company and subject to all other applicable provisions of the Companies Act, 1956 including any amendment thereto or re-enactment thereof for the time being in force and subject to such approvals, permissions and/or sanctions of Reserve Bank of India, SEBI, Stock Exchange(s) and other appropriate Authorities/Institutions as may be applicable and subject to such conditions or guidelines, if any, prescribed or stipulated by SEBI and other concerned authorities or any of them from time to time, a sum up to Rs. 7,04,65,800/- (Rupees Seven Crores Four Lakhs Sixty Five Thousand Eight Hundred Only) out of the sum standing to the credit of Securities Premium Account, forming part of the Reserves and Surplus of the Company, be and the same is hereby capitalized and applied for the allotment of 1 (One) Bonus Equity Share of Rs.10/- (Rupees Ten) credited as fully paid-up for every 1 (One) eligible existing fully paid Equity Share of Rs.10/- (Rupees Ten) held by the Members and accordingly, the Board be and is hereby authorized to appropriate the said sum for distribution to and amongst the Members of the Company whose names appear in the Register of Members or as the Beneficial Owner(s) of the Equity Shares of the Company in the records of the Depositories, at the close of business on such date (hereinafter referred to as “the Record Date”) to be hereafter fixed by the

Board or its Committee and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the nominal amount in the Capital of the Company, held by each such Member and not as income.”

“RESOLVED FURTHER THAT the Bonus Shares on Equity Shares arising out of conversion of Optionally Fully Convertible Warrants and Equity Shares issued on amalgamation of M/s Doongursee Diamond Tools Limited when the Scheme of Amalgamation becomes effective, shall be kept in abeyance till the Equity Shares are allotted on conversion and/or amalgamation as the case may be.”

“RESOLVED FURTHER THAT the new Equity Shares shall be allotted subject to the Memorandum and Articles of Association of the Company and shall in all respects rank *pari passu* with the existing fully paid-up Equity Shares of the Company, with a right, to participate dividend in full to be proposed after the date of allotment of these Equity Shares as the Board may determine.”

“RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the said Bonus Shares but in the case of Members who opt to receive the Bonus Shares in dematerialized form, the Bonus Shares aforesaid shall be credited to the Beneficiary Accounts of the Shareholders with their respective depository participants within the stipulated time as may be allowed by the appropriate Authorities and in the case of Shareholders who opt to receive the Bonus Shares in physical form, the Share Certificates in respect thereof shall be delivered within such time as may be allowed by the appropriate Authorities.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorized to do all such acts, deeds, matters and things and the same will be binding to the Members *ab initio*.”



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The above salary (A)(i) shall be increased by Rs.10,000/- on expiry of every year of her term of office as a Whole-time Director.

(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 her 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.

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

Mrs. Pushpa Jain is interested or concerned in the Resolution pertaining to her appointment upto the remuneration she will draw as a Whole-time Director.

Mr. Jaipal Jain and Mr. Atul Jain, Directors of the

Company be deemed to be interested or concerned in the appointment of Mrs. Pushpa Jain to the extent she will be entitled to remuneration as a Whole-time Director.

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.

A 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 is commended for acceptance of the Members.

Item No. 10

The Company has comfortable reserves position and as per the last audited Balance Sheet as at 31st March, 2008, the free reserves of the Company were Rs. 60,45,29,335/-. The paid up Equity Share Capital was Rs. 5,65,15,800/- as compared to turnover of Rs. 97,23,91,786/-. The present paid up Equity Shares Capital would be increased to Rs. 14,09,31,600/-, in view of further conversion of Convertible Warrants and issue of shares on amalgamation of M/s Doongursee Diamond Tools Limited becoming effective.

In order to broad base the existing Equity Share Capital and in view of comfortable reserves position, the Board of Directors at its Meeting held on 27th May, 2008 has recommended capitalization of reserves upto a sum of Rs. 7,04,65,800/- by issue of Bonus Shares in the proportion of 1:1 (i.e. One fully paid Bonus Share of face value of Rs. 10/- each for every fully paid Equity Share of Rs. 10/- each) held by the Members as on the Record Date as may be decided by the Board or Committee thereof.

The Directors recommend to pass the concerned resolution.

All the Directors may be deemed to be concerned or interested in the above resolution(s), to the extent of their respective shareholding, if any, in the Company.

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 Experience/ Occupation	Qualification	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.	M/s Response Tin Packaging Pvt. Ltd.	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 Limited M/s Classy Investments Pvt. Ltd. M/s Ritika Steels & Scraps Pvt. Ltd. M/s Textrade Tin Packagings Pvt. Ltd.	Nil
Mr. Ramesh J. Patel	09.03.1939	12.04.1984	Investment Consultant	B. Com.	M/s JNP Shares & Stock Pvt. Ltd. M/s Sapan Holding & Trading Pvt. Ltd.	Nil
Mrs. Shobha Jain	07.05.1945	24.04.2008	Business	B.A. (Hons.)	M/s Textrade Tin Packaging Pvt. Ltd.	Nil
Mr. Sorabh Gupta	24.12.1973	24.04.2008	Marketing in Telecom (Lucent Technology U.S.A.)	B.E. (Telecom) M.S. (Telecom)	NIL	Nil

By Order of the Board

M. L. GUPTA

Vice Chairman & Managing Director

Place : Mumbai

Dated : 27th May, 2008.



KAMANWALA HOUSING CONSTRUCTION LIMITED

DIRECTORS' REPORT

To,
The Members,

Yours Directors have pleasure in presenting their Twenty Fourth Annual Report on the business and operations of the Company along with the Audited Financial Statements of Account for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS:

The Summarized Financial Highlights of the Company are as follows:

	For the Year ended 31.03.2008 (Rs. in Lacs)	For the Year ended 31.03.2007 (Rs. in Lacs)
Sales and Other Income	9723.92	8340.44
Gross Profit	3278.20	1509.84
Less: Depreciation	17.39	15.17
Miscellaneous Expenditure written off	1.40	—
Profit before Taxation	3259.41	1494.67
Provision for Taxation	810.00	185.00
Provision for Fringe Benefit Tax	6.60	3.92
Provision for Deferred Tax	0.65	0.97
Net Profit/(Loss) for the year	2442.16	1304.78
Balance brought forward from Previous Year	1245.83	162.08
Provision for Income-tax for earlier Years	0.38	5.39
Loss on Sale of Assets	—	1.57
Profits available for Appropriations	3687.61	1459.90
Appropriations:		
General Reserve	244.22	97.86
Proposed Dividend	158.29	99.33
Dividend Tax	26.90	16.88
Balance carried to Balance Sheet	3258.20	1245.83

DIVIDEND:

Due to improved performance of the Company, your Directors are pleased to recommend a Dividend of Rs. 2.50 (25%) per Share of Rs. 10/- each as against Rs. 2/- (20%) per Share in the previous year. The total outgoing on account of Dividend payment will be Rs. 1,85,19,080/- inclusive of Dividend Tax as against Rs. 1,16,21,301/- in the previous year. The Dividend if declared will be free of tax in the hands of the Members of the Company.

REVIEW OF OPERATIONS:

During the year under review, the Company recorded the highest ever turnover of Rs. 9,723.92 Lacs as compared to Rs. 8,340.44 Lacs for the previous year. The Company also earned a substantially higher after tax profit of Rs. 2,442.16 lacs for the year as against Rs. 1,304.78 Lacs in the previous year.

With a view to achieve economy at various levels of

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operations, your Directors put forward their best efforts to obtain necessary approvals from the concerned authorities to commence and complete the projects within the scheduled time. Your Company has continued to construct Residential as well as Commercial Projects with good quality to the satisfaction of the customers. The continued good performance provided opportunities to the Company for expansion in its business activities.

The Indian economy continued to be on a robust growth trajectory with Gross Domestic Products (GDP) rate exceeding over 9% in the year 2007-08, which was supported by an accelerated growth in both manufacturing and service sectors. As a result, buoyancy in real estate and infrastructure sectors also continued during the year with unprecedented inflow of funds led to sustained increase in prices of land, particularly at prime locations in Metros. It is expected that in the current year also the GDP growth will be around 9%. Economic conditions during the year continued to be buoyant around the world. Asia continued to be the prime mover of growth, with China once again dominating the World economic scenario. India was not far behind.

CORPORATE GOVERNANCE:

The Company has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance with soul and spirit.

A report on the Corporate Governance practice being followed by the Company along with a Certificate from the Practicing Company Secretary, Mr. Upendra C. Shukla on compliance of mandatory requirements thereof, Managing Director's Certification and Management Discussion & Analysis are given as Annexures to this Report.

DIRECTORS:

At the Meeting of the Board of Directors of the Company held on 15th January, 2008, Mrs. Pushpa Jain was appointed as a Whole-time Director of the Company for a period of 5 (five) years effective from 1st February, 2008. The terms and conditions of her appointment including remuneration payable to her are subject to the approval of the Members.

At the Meeting of the Board of Directors of the

Company held on 24th April, 2008, Mrs. Shobha Jain and Mr. Sorabh Gupta were appointed as Additional Directors of the Company. Pursuant to provisions of Section 257 of the Companies Act, 1956, the Company has received notices from the Members together with requisite deposits, signifying their intention to propose Mrs. Shobha Jain and Mr. Sorabh Gupta as candidates for the office of 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 retire by rotation at the forthcoming Annual General Meeting and being eligible, they offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act 1956, your Directors, based on the representations received from operating management and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the statutory auditors and those have been applied consistently. Reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date;
- (iii) 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; and
- (iv) the annual accounts have been prepared on a going concern basis.

PREFERENTIAL ISSUE:

As approved by the Members in their Extra-Ordinary General Meeting held on 15th December, 2006, the Company had issued 19,95,000 Optionally Fully



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Convertible Warrants (OFCWs) @ Rs. 98/- each on Preferential Basis. At the beginning of the year under review 15,00,000 OFCWs were pending for conversion into equal number of Equity Shares of Rs.10/- each. During the year, 6,85,000 OFCWs were converted into 6,85,000 Equity Shares and these Equity Shares have already been listed on the Bombay Stock Exchange Limited. The funds generated by such conversion of OFCWs aggregated to Rs. 6,04,17,000/- were utilized as under:

(i) Deployed in the Projects	: Rs. 6,04,11,483/-
(ii) Balance lying with the Bank	: Rs. 5,517/-
Total	: <u>Rs. 6,04,17,000/-</u>

At the end of the year, 8,15,000 OFCWs were still pending for conversion into Equity Shares.

PROPOSED BONUS ISSUE OF EQUITY SHARES:

In view of comfortable reserves and surplus position of the Company, the Board of Directors at its Meeting held on 27th May, 2008 decided to broad base the existing Equity Share Capital by way of capitalization of Securities Premium Account upto a sum of Rs. 7,04,65,800/- by issue of Bonus Shares in the proportion of 1:1 (i.e. one fully paid Bonus Share of face value of Rs. 10/- each for every fully paid Equity Share of Rs. 10/- each) held by the Members as on the Record Date. After issue of Bonus Shares, the paid-up Equity Share Capital would be increased to Rs. 14,09,31,600/-.

SUBSIDIARY COMPANY:

The Statement of the Company's interest as a Holding Company in Subsidiary Company, viz., M/s. Doongursee Diamond Tools Ltd., as specified in Section 212 of the Companies Act, 1956 is annexed hereto along with its audited Statements of Account.

The Consolidated Financial Statements of the Company and its Subsidiary Company, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

AMALGAMATION:

The Members, Secured Creditors and Unsecured Creditors have already approved with requisite majority the Scheme of Amalgamation of M/s. Doongursee

Diamond Tools Limited with the Company in their respective Meetings held on 22nd February, 2008. The Petition in respect thereof has already been filed with the Hon'ble High Court at Bombay and the Order for the same is being awaited.

DEPOSITS AND LOANS/ADVANCES:

Your Company has not accepted any Deposits from the public or its employees during the year under review and accordingly, there were no outstanding Deposits repayable as on 31st March, 2008.

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, regarding employees is given in the Annexure to the Directors' Reports.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of Energy and Technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings and outgo during the year under review.

AUDITORS:

M/s. Vimal Punmiya & Co., Chartered Accountants, the Auditors of your Company retire at the forthcoming Annual General Meeting. They are being eligible for re-appointment, the Members are recommended to appoint them as the Auditors of the Company for the current year and fix their remuneration.

As required under the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

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ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for unstinted support and co-operation received during the year from Shareholders, Customers, Suppliers, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank, Legal and other Professionals, Mumbai Municipal Corporation and other Local Authorities.

The Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board

B.R. Maheshwari
Chairman

Place : Mumbai

Dated : 27th May, 2008.

ANNEXURE 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, 2008.

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement	Age (Years)	Previous Employment
1.	Mr. M. L. Gupta	Managing Director	42,74,932/-	B.Com., A.C.A.	35	01-11-1985	62	Executive Modi Rubber Ltd.
2.	Mr. Jaipal Jain	Whole-time Director	44,75,455/-	B.Com.	36	24-04-1987	64	—
3.	Mr. Atul Jain	Whole-time Director	42,17,615/-	B.A. (Economics)	24	01-11-1985	51	—
4.	Mr. Tarun Jain	Whole-time Director	42,24,855/-	B.Com.	18	01-04-1996	41	—
5.	Mr. Amit Jain	Whole-time Director	39,29,855/-	B.Com.	4	01-08-2006	35	—
6.	Mrs. Pushpa Jain*	Whole-time Director	36,61,855/-	B.Sc.	13	01-02-2008	46	—

* Mrs. Pushpa Jain was appointed as a Whole-time Director w.e.f. 1st February, 2008.

Notes:

1. Nature of employment in all cases is contractual.
2. The Gross Remuneration includes Salary, Commission, House Rent Allowances, Monetary Value of Perquisites and Contribution to Provident Fund wherever applicable.
3. Mr. Jaipal Jain, Mr. Atul Jain, Mr. Tarun Jain, Mr. Amit Jain and Mrs. Pushpa Jain are related to each other.

For and on behalf of the Board

B.R. Maheshwari
Chairman

Place : Mumbai

Dated : 27th May, 2008.