

26th Annual Report 2009-10



Joint Venture Project, "SAVOY CHAMBERS", Santacruz (W), Mumbai.



KAMANWALA HOUSING CONSTRUCTION LIMITED



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>
Mrs. Pushpa 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. Shobha Jain	: <i>Director</i>
Mr. Sorabh Gupta	: <i>Director</i>

AUDITORS

M/s. Vimal Punmiya & Co.,
Chartered Accountants,
Mumbai.

ADVOCATES

Mr. Mukesh Jain, Mumbai,
Mrs. S. S. Ayyar, Mumbai.

BANKERS

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

SHARE TRANSFER AGENTS

M/s. Sharex Dynamic (India) Pvt. Ltd.,
Unit No.1,
Luthra Industrial Premises,
Andheri-Kurla Road,
Safed Pool, Andheri (East),
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 Sixth Annual General Meeting of KAMANWALA HOUSING CONSTRUCTION LIMITED will be held on Thursday, the 30th September, 2010, at 11.30 A.M., at Tendulkar Hall, Saraswat Bhavan, Chhatrapati Shivaji Maharaj Marg, Mogul Lane, Mahim (West), Mumbai-400 016, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mrs. Pushpa Jain who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Amit Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jaipal Jain who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Tarun Jain who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors and to fix their remuneration.

Special Business:

8. 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 five years from 1st November, 2010 on the terms and conditions and the remuneration as approved by the Board of Directors at its Meeting held on

31st July, 2010 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 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 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 authorized to enter into an Agreement on behalf of the Company with Mr. M.L. Gupta 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 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 five years from 1st November, 2010 on the terms and conditions and the remuneration as approved by the Board of Directors at its Meeting held on 31st July, 2010 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 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 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."

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY/PROXIES NEED NOT BE MEMBER(S) 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. Details of Directors' appointment/re-appointment pursuant to Clause "49" of the Listing Agreement with the Stock Exchange are annexed hereto.
4. Pursuant to Section 154 of the Companies Act, 1956, the Register of Beneficial Owners, the Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2010 to 30th September, 2010 (both days inclusive).
5. If the dividend on Equity Shares as recommended by the Directors is declared at the Meeting, payment of such dividend will be made on or after 5th October, 2010 to the Beneficial Owners of Equity Shares whose names appear in the statement of beneficial ownership furnished by the Depositories as at the end of business hours on 22nd September, 2010. In case of Shares

held in physical form, the dividend shall be paid to those Members whose names appear in the Register of Members as on 30th September, 2010.

6. The Corporate Members intending to send their duly authorized representative(s) are requested to send a duly certified copy of the Board resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
7. The Members intending to seek any information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at least Ten days before the date of Annual General Meeting so that the same may be complied within time.
8. The 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 (East), Mumbai - 400 072.
9. The Members who hold shares in electronic form are requested to bring their numbers of DP ID/Client ID for the purpose of proper identification 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: 31st July, 2010.



KAMANWALA HOUSING CONSTRUCTION LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 8 and 9

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, 2010.

The Board of Directors at its Meeting held on 31st July, 2010 considered and approved subject to the approval of Members at the forthcoming Twenty Sixth Annual General Meeting, the re-appointments 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, 2010. 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.1,00,000/- per mensem	Rs.1,00,000/- 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 40% of the monthly salary per month.	House Rent not to exceed 40% 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 above salary (A)(i) shall be increased by Rs.10,000/- on expiry of every year of their respective term of office.

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 15 days encashable every year in the month of March during the tenure of their service.

C. Minimum Remuneration:

The above remuneration of A(i) and A(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.

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

(i) A provision of car with driver (or reimbursement of driver's salary) for the use of Company's business.

(ii) Free telephone facility at residence.

(iii) 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 and remuneration payable to them.

Mr. Sorabh Gupta being a relative of Mr. M.L. Gupta, be deemed to be interested or concerned in Resolution of Item. No. 8.

Mr. Jaipal Jain, Mrs. Shobha Jain and Mrs. Pushpa Jain, Directors, being relatives of Mr. Atul Jain, be deemed to be interested or concerned in the Resolution of Item No. 9.

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 No. 8 and 9 are commended for acceptance of the Members.

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

Place: Mumbai

Dated: 31st July, 2010.

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	Qualification	Directors in other Companies incorporated in India	Chairman/Member of Committee of Companies
Mrs. Pushpa Jain	31.03.1962	09.08.1995	Management	B.Sc.	M/s. Attar Construction Company Pvt. Ltd. M/s. Avoir Finance & Investments Pvt. Ltd.	- NIL -
Mr. Amit Jain	21.07.1973	30.07.2004	Planning & Execution of Projects	B.Com.	M/s. Tradewin Mercantile Company Pvt. Ltd. M/s. Emcure Packagings Pvt. Ltd.	- NIL -
Mr. Jaipal Jain	27.10.1944	12.04.1984	Business & Finance	B.Com.	M/s. Response Tin Packagings Pvt. Ltd.	Member of Share Allotment Committee of Kamanwala Housing Construction Ltd.
Mr. Tarun Jain	30.09.1967	25.08.1990	Business & Finance	B.Com.	M/s. Attar Construction Company Pvt. Ltd. M/s. Classy Investments Pvt. Ltd. M/s. Ritika Steels & Scraps Pvt. Ltd. M/s. Textrade Tin Packagings Pvt. Ltd.	Member of Materials Purchases Committee of Kamanwala Housing Construction Ltd.

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

Place: Mumbai

Dated: 31st July, 2010.



KAMANWALA HOUSING CONSTRUCTION LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Sixth Annual Report on the business and operations of the Company along with the audited Financial Statements of Account for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS:

The summarized Financial Highlights of the Company are as follows:

	For the Year ended 31.03.2010 (Rs. in Lacs)	For the Year ended 31.03.2009 (Rs. in Lacs)
Sales and Other Income	7,213.52	5,904.27
Gross Profit	897.96	471.65
<u>Less:</u> Depreciation	14.87	15.36
Miscellaneous Expenditure written off	1.40	1.40
Profit before Taxation	881.69	454.89
Provision for Taxation	320.00	154.62
Provision for Fringe Benefit Tax	—	7.77
Provision for Deferred Tax	0.87	2.29
Net Profit/(Loss) for the year	560.82	290.21
Balance brought forward from Previous Year	3,364.09	3,258.20
<u>Add:</u> Income-tax Refund for earlier years	—	1.48
<u>Less:</u> Provision for Income Tax for earlier years	24.80	—
Provision for Dividend and Tax thereon for earlier year	—	20.92
Loss on sale of assets	9.59	—
Profits available for Appropriations	3,890.52	3,528.97
Appropriations:		
Proposed Dividend	140.93	140.93
Dividend Tax	23.41	23.95
Balance carried to Balance Sheet	3726.18	3,364.09

DIVIDEND:

For the year under review, your Directors have recommended a Dividend of Re. 1/- (10%) per Share of Rs. 10/- each. The total outgoing on account of Dividend payment will be Rs. 1,64,33,858/- inclusive of Dividend Tax. The Dividend if declared, will be free of tax in the hands of the Members of the Company. In the previous year, the Company had declared a Dividend of Re. 1/- (10%) per Share.

REVIEW OF OPERATIONS:

During the year under review, the Company recorded the turnover of Rs. 7,213.52 Lacs as compared to Rs. 5,904.27 Lacs for the previous year. The Company earned a profit after tax of Rs. 560.82 Lacs for the year as compared to Rs. 290.21 Lacs in the previous year.

During the first half of the year under review, the Company's operations remained adversely affected in the aftermath of great recession of year 2008. The second half of the year

witnessed the advent of good times for the real estate sector with the dark clouds of global economic and financial crisis drifting away mainly due to coordinated fiscal and monetary stimulus packages exercised by the major economies of the world. This resurgence can also be attributed to some extra ordinary measures taken by the Reserve Bank of India as well as the Central Government for supporting growth and maintaining healthy levels of monetary liquidity. The steps taken by the real estate developers to address consumers concerns through better packages and positioning of their projects also proved to be contributory factor in the upswing. The Company resorted to innovative concept of affordable housing as an immediate survival strategy. In the wake of much improved market condition, we hope that the Company will register far better performance in the current year.

REPORT ON CORPORATE GOVERNANCE:

The Report on Corporate Governance is attached herewith as **Annexure – I** and forms part of this Report. The Certificate from Practicing Company Secretary, Mr. Upendra C. Shukla, on compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Management Discussion & Analysis Report is attached herewith as **Annexure – II** and forms part of this Report.

DIRECTORS:

Pursuant to the provisions of the Companies Act, 1956 and relevant Article of the Articles of Association of the Company, Mrs. Pushpa Jain, Mr. Amit Jain, Mr. Jaipal Jain and Mr. Tarun Jain retire by rotation at the forthcoming Annual General Meeting and being eligible they offer themselves for re-appointment. As per item no. 8 and 9 of the Notice of the Annual General Meeting, Mr. M.L. Gupta and Mr. Atul Jain are being proposed to be re-appointed respectively as a Managing Director and a Whole-time Director of the Company w.e.f 1st November 2010.

The Members are recommended to approve their appointments/re-appointments.

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 and 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, 2010 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.

DEPOSITS:

Your Company has not accepted any Deposits from the public or its employees during the year under review. There were no outstanding Deposits repayable as on 31st March, 2010.

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.

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, 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.



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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. The Members are requested to appoint the Auditors of the Company for the current year and fix their remuneration.

ACKNOWLEDGEMENT:

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, Corporation Bank, Legal & 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

Place: Mumbai

Dated: 31st July, 2010.

B.R. Maheshwari
Chairman

ANNEXURE - I

CORPORATE GOVERNANCE REPORT:

1. Company's Philosophy on Corporate Governance:

Your Company is fully committed to the principles of good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit. Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and efficient management of an organization. Good Corporate Governance ensures transparency in operations, makes disclosures and enhances shareholders value without compromising in any way compliance with applicable laws and regulations.

Your Company believes that good governance brings about sustained corporate growth and long term benefits to all stakeholders.

Your Company also believes that Corporate Governance must balance individual interest with corporate goals and must operate within accepted norms of propriety, equity, fair play and sense of justice.

This chapter, along with the Chapters on Management Discussion & Analysis and Additional Shareholders Information, reports the Company's compliance with Clause 49 of the Listing Agreement with the Stock Exchange.

2. Board of Directors:

The Board of Directors as at 31st March, 2010 consisted of 12 (Twelve) Directors of which six are non-executive Directors. The Company has a non-executive and independent Director as a Chairman and one-third of the total number of Directors is independent. The number of non-executive Directors is 50% of the total number of Directors. The composition of the Board is in conformity with Clause "49" of the Listing Agreement.

(a) Number of Board Meeting:

Four Board Meetings were held during the period 1st April, 2009 to 31st March, 2010 on the following dates:

(i) 28th May, 2009, (ii) 31st July, 2009, (iii) 27th October, 2009 and (iv) 29th January, 2010.

(b) Composition, Status and Attendance at the Board Meetings and at the last AGM.

As on 31st March, 2010 the Company's Board comprised of Twelve Members:

Sr. No.	Name of the Director	Status	No. of Board Meetings		Attendance at the last AGM(*)
			Held	Attended	
1.	Mr. B.R. Maheshwari Chairman	Independent Non-Executive	4	3	Yes
2.	Mr. M.L. Gupta Vice Chairman & Managing Director	Non-Independent Executive	4	4	Yes
3.	Mr. Jaipal Jain Whole-time Director	Non-Independent Executive	4	4	No
4.	Mr. Atul Jain Whole-time Director	Non-Independent Executive	4	3	Yes
5.	Mr. Tarun Jain Whole-time Director	Non-Independent Executive	4	2	Yes
6.	Mr. Amit Jain Whole-time Director	Non-Independent Executive	4	2	No
7.	Mrs. Pushpa Jain Whole-time Director	Non-Independent Executive	4	1	No
8.	Mr. S.V. Shanbhag	Independent Non-Executive	4	4	Yes
9.	Mr. B.D. Jogani	Independent Non-Executive	4	4	No
10.	Mr. Ramesh J. Patel	Independent Non-Executive	4	4	Yes
11.	Mrs. Shobha Jain	Non-Independent Non-Executive	4	3	No
12.	Mr. Sorabh Gupta	Non-Independent Non-Executive	4	2	Yes

(*) The Twenty Fifth Annual General Meeting of the Company was held on 29th September, 2009.