

28th Annual Report 2011-12

MANAVSTHAL - Malad (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. Bhanwarlal D. Jogani	: <i>Director</i>
Mr. Ramesh J. Patel	: <i>Director</i>
Mr. Pankaj R. Majithia	: <i>Director</i>
Mrs. Shobha Jain	: <i>Director</i>
Mr. Sorabh Gupta	: <i>Director</i>

AUDITORS

M/s. Mittal & Associates
Chartered Accountants,
Mumbai.

ADVOCATES

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

BANKERS

Indian Overseas Bank,
Oriental Bank of Commerce,
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 Eighth Annual General Meeting of the Members of KAMANWALA HOUSING CONSTRUCTION LIMITED will be held on Friday, the 28th September, 2012, 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 on 31st March, 2012 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Atul Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Bhanwarlal D. Jogani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Pushpa Jain, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Amit Jain, 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Jaipal Jain as a Whole-time Director of the Company for a further period of three years w.e.f. 24th April, 2012 as approved by the Board of Directors at its Meeting held on 11th February, 2012 on the terms and conditions as to the remuneration payable to him as recommended by the Remuneration Committee and as set out in the

Agreement, to be entered into between the Company and Mr. Jaipal Jain a draft of which, duly initialled by the Chairman for the purpose of identification, is 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. Jaipal Jain and that the aforesaid draft of the Agreement to be entered into between the Company and Mr. Jaipal Jain be suitably amended to give effect to the same."

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

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

"RESOLVED THAT pursuant to the provisions of Section 314 and any other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Mr. Vaibhav Jain, a relative of the Director, to the post of General Manager (Interior) on a monthly salary of ₹ 25,000/- (in the scale of ₹ 25,000/- – ₹ 2,500/- – ₹ 35,000/-) and on such terms and conditions as stipulated in appointment letter issued to Mr. Vaibhav Jain."

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 A MEMBER / MEMBERS 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 Members and Share Transfer Books of the Company will remain closed from 21st September, 2012 to 28th September, 2012 (both days inclusive).
5. 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.
6. 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.
7. 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.
8. 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

Place: Mumbai

Dated: 11th August, 2012.

ANNEXURE TO THE NOTICE

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

Item No. 7

The tenure of the Office of Mr. Jaipal Jain, as a Whole-time Director of the Company, expired at the close of business hours on 23rd April, 2012.

The Board of Directors at its Meeting held on 11th February, 2012 considered and approved subject to the approval of Members at the forthcoming Twenty Eighth Annual General Meeting, the re-appointment of Mr. Jaipal Jain as a Whole-time Director of the Company for a further term of 3 (three) years with effect from 24th April, 2012. 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 recommended by the Remuneration Committee and as specified in the draft agreement as to the remuneration payable to him are as follows:

Remuneration:

A. Salary & Perquisites:

- | | |
|--|---|
| (i) Salary | : ₹ 1,25,000/- per month (in the pay scale of ₹ 1,25,000 – ₹ 15,000 – ₹ 1,55,000) |
| (ii) Commission | : 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. |
| (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 |



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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 his office.

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 his appointment.

D. The 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.

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

Mr. Jaipal Jain, Mr. Atul Jain, Mr. Tarun Jain, Mr. Amit Jain, Mrs. Shobha Jain and Mrs. Pushpa Jain, being relatives may be deemed to be interested to the extent of the remuneration payable to Mr. Jaipal Jain 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.

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

Item No. 8

The Board of Directors in its Meeting held on 11th August 2012 had, subject to necessary approval of the Members of the Company, appointed Mr. Vaibhav Jain as General Manager (Interior) on the following terms and conditions as to remuneration:

1. Salary ₹ 25,000/- per month (in the scale of ₹ 25,000/- – ₹ 2,500/- – ₹ 35,000/-)
2. Bonus as applicable to other employees
3. Contribution to Provident Fund
4. A Car with a Driver
5. Retirement Gratuity

Mr. Vaibhav Jain is a Commerce Graduate from the University of Bombay and has pursued the MBA course in the USA. He has about five years experience in the construction industry.

Mr. Vaibhav Jain is a son of Mr. Atul Jain and Mrs. Pushpa Jain, Whole-time Directors. Pursuant to the provisions of Section 314 of the Companies Act, 1956, Members' consent is required for appointment of any relative of the Director to any place of profit carrying remuneration exceeding ₹ 20,000/-.

A copy of the appointment letter issued to Mr. Vaibhav Jain is available for inspection by the Members during the normal business hours of the Company except on Sunday, Saturdays and public holidays.

Mr. Atul Jain and Mrs. Pushpa Jain being the relatives be deemed to be interested in the resolution to the extent of remuneration being drawn by Mr. Vaibhav Jain as General Manager (Interior). None of the other Directors is interested or concerned in the proposed resolution.

STATEMENT OF ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF SECTION II(B) OF PART II OF SCHEDULE-XIII TO THE COMPANIES ACT, 1956:

I. General Information:

Kamanwala Housing Construction Limited was incorporated on 12th April, 1984 in the name and style of Kamanwala Housing Development Finance Company Limited as a Public Limited Company. The name of the Company was changed to Kamanwala Industries Limited on 24th January, 1995 and subsequently with a view to correctly reflect the present activities of the Company, name of the Company was changed to Kamanwal

Housing Construction Limited on 9th November, 2006. The Company's Shares are listed on the Bombay Stock Exchange Ltd. The Company is engaged in construction and development of residential flats, commercial premises and industrial galas. As of date, the Company earns almost total revenue from construction and development activities.

The detailed financial position and performance of the Company for the last five years are as under:-

(₹ in Lacs)					
Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
(I) EQUITY AND LIABILITIES:					
Equity Share Capital	1409.32	1409.32	1409.32	1409.32	565.16
OFCWs Application Money	—	—	—	—	79.87
Reserves & Surplus	7092.12	6702.32	6468.61	6106.52	5973.42
Non-Current Liabilities	4658.33	228.39	8809.39	12158.12	9789.69
Current Liabilities	8854.76	15117.57	6850.21	6035.10	6517.96
Total	22014.53	23457.60	23537.53	25709.06	22926.10
(II) ASSETS:					
Fixed Asset (Net)	242.80	215.38	202.33	211.89	219.70
Other Non-Current Assets	228.81	158.51	2815.27	2286.42	2049.73
Current Assets	21542.92	23082.31	20517.13	23206.55	20651.07
Other Current Assets	—	1.40	2.80	4.20	5.60
Total	22014.53	23457.60	23537.53	25709.06	22926.10

Total Income	7797.51	4736.53	7213.52	5904.27	9723.91
Interest & Financial Charges	1058.51	1167.48	828.73	614.39	871.27
Depreciation	19.41	16.52	14.87	15.36	17.39
Tax Expense	176.68	143.22	345.68	164.68	817.24
Net Profit	389.80	233.71	526.43	290.21	2442.16



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II. Information about the appointee:

Mr. Jaipal Jain aged 68 years, is a Bachelor of Commerce. He joined the Company as a Non-Executive Director on 12th April, 1984. Considering his enthusiasm, business acumen and active participation in the affairs of the Company, the Board of Directors thought it fit to appoint him as a Whole-time Director of the Company on 24th April, 1987.

His total remuneration package as indicated in the proposed resolution of his re-appointment is quite reasonable compared to still higher remuneration packages prevailing in the comparable industry for senior positions.

III. Reasons for loss / inadequate profits:

The Company is engaged in the building construction activity. Due to volatile market conditions, rising interest and input costs, unfavourable government policies and cut throat competition from the unorganized real estate sector, profit margin remained subdued. Efforts are being made to increase revenue by undertaking premium housing / commercial projects which could provide better profit margin.

By Order of the Board

M. L. GUPTA

Vice-Chairman & Managing Director

Place : Mumbai

Dated : 11th August, 2012.

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. Atul Jain	14.02.1957	01.08.1985	Business	B.A. (Hons.)	1. M/s. Attar Construction Company Pvt. Ltd. 2. M/s. Avoir Finance & Investments Pvt. Ltd. 3. M/s. Diamond Software Developers Pvt. Ltd.	As a Member of: (1) Shareholders' Grievance Committee of M/s. Kamanwala Housing Construction Ltd.
Mr. Bhanwarlal D. Jogani	04.10.1940	12.04.1984	Business	S.S.C.	1. M/s. Premji Sales Pvt. Ltd. 2. M/s. Four Seasons Pvt. Ltd.	As a Member of: (i) Audit Committee of M/s. Kamanwala Housing Construction Ltd. (ii) Share Allotment Committee of M/s. Kamanwala Housing Construction Ltd.
Mrs. Pushpa Jain	31.03.1962	09.08.1995	Managerial Expertise	B.Sc.	1. M/s. Attar Construction Company Pvt. Ltd. 2. M/s. Avoir Finance & Investments Pvt. Ltd.	N I L
Mr. Amit Jain	21.07.1973	30.07.2004	Planning & Execution of Projects	B.Com.	1. M/s. Tradewin Mercantile Company Pvt. Ltd.	N I L

By Order of the Board

M. L. GUPTA

Vice-Chairman & Managing Director

Place : Mumbai

Dated : 11th August, 2012.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report on the business and operations of the Company along with the audited Financial Statements of Account for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS:

The Summarized Financial Highlights of the Company are as follows:

	For the Year ended 31-03-2012 (₹ In Lacs)	For the Year ended 31-03-2011 (₹ In Lacs)
Sales and Other Income.....	7,797.51	4,736.53
Gross Profit	587.29	394.85
Less: Depreciation	19.41	16.52
Miscellaneous Expenditure written off	1.40	1.40
Profit before Taxation.....	566.48	376.93
Provision for Taxation	172.48	140.00
Provision for Taxation for earlier years	2.52	2.33
Provision for Deferred Tax	1.68	0.89
Net Profit / (Loss) for the year	389.80	233.71
Balance brought forward from previous year.....	3,886.08	3,652.37
Profits available for Appropriations.....	4,275.88	3,886.08
Appropriations:		
Balance carried to Balance Sheet	4,275.88	3,886.08

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 the Financial Year 2011-12.

REVIEW OF OPERATIONS:

During the year under review, the Company recorded the turnover of ₹ 7,797.51 Lacs as compared to ₹ 4,736.53 Lacs for the previous year. The Company earned profit after tax of ₹ 389.80 Lacs for the year as compared to ₹ 233.71 Lacs in the previous year.

Amid the deteriorating macroeconomic fundamentals and sagging business confidence, your Company has performed better as compared to last year's performance. But due to increased input costs, strains on cash flows and pressure on margins continued adversely affecting the financial performance of the Company. During the year under review, a residential project known as "SAVOY RESIDENCY" and a joint venture commercial project named as "SAVOY CHAMBERS" situated at Santacruz (West), Mumbai, were completely executed and the sale of entire space of both projects



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has been accounted for Construction work at the Company's Residential project at Malad (West), Mumbai, is well in progress and is expected to be completed as per scheduled time. Construction activity is also well in progress at residential joint venture project known as "Simmering Heights", at Mahim (West), Mumbai, and is expected to be executed within the scheduled time. Execution plans have been laid for other projects. Necessary approvals from the concerned authorities are being awaited. In the prevailing uncertain and unfavourable economic, financial and business climate in the global economy in general and in India in particular, it is very difficult to lay down capital expenditure (Capex) plans. As soon as clouds of uncertainties are drifted away, your Directors will lay down well conceptualized thought out expansion and diversification plans. The Company has the strong balance sheet position with reasonable level of leveraging. Your Directors hope that the Company will register a better performance in the current year with improved cash flows.

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, Mr. Atul Jain, Mr. Bhanwarlal D. Jogani, Mrs. Pushpa Jain and Mr. Amit Jain retire by rotation at the forthcoming 28th Annual General Meeting and being eligible they offer themselves for re-appointment. As per Item No. 7 of the Notice for convening the 28th Annual General Meeting, Mr. Jaipal Jain is being proposed to be re-appointed as a Whole-time Director of the Company w.e.f. 24th April, 2012.

The Members are requested to approve their 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. 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, 2012 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 detecting and preventing the 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 was no outstanding Deposit repayable as on 31st March, 2012.

PARTICULARS OF EMPLOYEES:

The Company did not have any employee who was in receipt of remuneration exceeding ₹ 60,00,000/- per annum and if employed for a part of the year exceeding remuneration at the rate which in aggregate was ₹ 5,00,000/- 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, Provisions of Section 217 (1)(e) of the Company's Act, 1956 relating to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable to the Company.

There was no foreign exchange earnings and expenses during the year under review.

AUDITORS' REMARKS:

As regards Auditors' remarks, your Directors wish to state as under:

- (i) Regarding interest amount of ₹ 11,25,506/- on delayed payments of Service Tax, the said interest liability has accrued as the purchasers of flats / office premises did not make the payments of Service Tax to the Company in time. Hence, there was delay in making payments of Service Tax to the Government Treasury.
- (ii) Regarding Income Tax demand of ₹ 1,69,763/- for A.Y. 2007-08 and ₹ 2,32,724/- for A.Y. 2008-09 — these demands raised by the Assessing Officer are subject to rectification. The rectification applications are pending for both the Assessment Years. The Orders of rectifications are being awaited from the Income Tax Department.

AUDITORS:

M/s. Mittal & Associates, Chartered Accountants, the Auditors of your Company, retire at the forthcoming 28th Annual General Meeting. They are eligible for re-appointment. The Members are requested to appoint the Auditors of the Company for the current year and fix their remuneration.

ACKNOWLEDGEMENTS:

Your Directors would like to express their appreciation for the co-operation and assistance received from Banks, Government authorities, customers, suppliers and shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services rendered by all the employees of the Company.

For and on behalf of the Board

B. R. Maheshwari
Chairman

Place : Mumbai

Dated : 11th August, 2012.