

16<sup>th</sup>  
Annual Report  
2010-2011



**KMF BUILDERS & DEVELOPERS LIMITED**

## BOARD OF DIRECTORS

- 1) KAVITA CHADHA
- 2) SRI MALIK PRADEEP KUMAR
- 3) ANIL RISHIRAJ
- 4) RAVINDER KUMAR SHARMA

- Director
- Whole Time Director
- Director
- Director

## COMPLIANCE OFFICER

Ms. Shweta Gupta

## REGD. OFFICE

No.508, Golf Manor Apartments,  
NAL Wind Tunnel Road,  
Murugeshpalya, Bangalore-17

## CORPORATE OFFICE

1003, Vikram Tower,  
Rajendra Place,  
New Delhi-110008.

## AUDITORS

B Sreenivasa & Co.,  
Chartered Accountants  
Bangalore

## SHARE TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED  
RTA Division - KMF Builders & Developers Ltd.  
2E/21, Jhandewalan Extn.,  
New Delhi - 110 055.  
Ph.No.: 51540060 - 64  
E-mail : alankit@alankit.com

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# KMF BUILDERS & DEVELOPERS LIMITED

## NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of M/s KMF Builders & Developers Limited will be held on Friday, the 2nd December, 2011, at 11.00 am at Sy. No. 118/5, Seegehalli Village, Bidarahalli Hobli, Bangalore South Taluk, Bangalore - 560 067, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2011 and profit and loss account for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a director in place of Ms. Kavita Chadha who retires by rotation and being eligible offers herself for reappointment.
3. To appoint the auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and authorize the Board to fix their remuneration.

### SPECIAL BUSINESS

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

"**RESOLVED THAT** Ms. Kavita Chadha who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** Mr. Anil Rishiraj who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** Mr. Ravinder Kumar Sharma who was appointed as an additional director and who holds office upto the date of this Annual General Meeting, pursuant section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a director of the company, liable to retire by rotation"

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

"**RESOLVED THAT** the approval of the members of the company Pursuant to the provisions of section 81(1) of the companies Act, 1956, including any amendment(s) or re-enactment (s) thereof, (referred to as "the Act") provisions of the memorandum and Articles of Association of the company, Rules, Regulations and Guidelines of the Securities and Exchange Board of India, Regulations or Guidelines issued by the Reserve Bank of India and subject to consent(s) /approval(s)/ permission(s)/ sanction(s), if any from Government of India SEBI, Stock Exchange(s) Reserve Bank of India, Institutions or Bodies under applicable laws and subject to such term(s) & condition(s) and modification(s) as may be prescribed or imposed by any such statutory governmental or other authority(ies) while granting such consent(s), approval(s) permission(s) and sanction(s) which may

## KMF BUILDERS & DEVELOPERS LIMITED

be agreed to by the Board of Directors of the company (here after referred to as " the Board" which terms shall deem include any committee constituted/ to be constituted by the Board, of which Managing Director is a member) the consent of the shareholders be and is hereby accorded to the Board to create offer issue and allot equity shares to the existing shareholders of the company in such ratio and price as may be the decided by the Board on the record date as fixed by the Board in compliance with the act and regulations, for an aggregate amount not exceeding Rs. 14 crores.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, matters deeds and things as may be necessary for the purpose of the rights issue as aforesaid including but not limited to the following:

1. To fix record date(s) for the purpose of the rights issue for ascertaining the names of members who will be entitled to the aforesaid offer of equity shares in consultation with the stock exchange with which the company's shares are listed.
2. To decide and determine the final size of the rights issue the price per share either prior to or after filling the draft letter of offer with SEBI and the rights entitlement ratio for equity shares including terms of the rights issue.
3. To decide the opening and closing dates for the rights issue and to extend vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchange or other authorities from time to time.
4. To appoint lead managers to the Right Issue, Bankers, Registrar, Legal advisors, Printer and such other agencies as may be desired and to remunerate such agencies in relation to the issue of securities and other expenses if any.
5. To decide the mode and manner of allotment of shares if any not subscribed and left/ remaining after allotment of right shares and additional shares applied by the shareholders and renounces:
6. To file necessary returns make declaration/ announcements, furnish information etc, to the concerned authorities in connection with the Right Issue.
7. To take all such other steps as may be necessary in connection with this Right Issue.

By order of the Board of Directors

Place : Bangalore  
Datd: 8th Nov, 2011

Sd/-  
Shweta Gupta  
(Company Secretary)

### NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote on a poll in the meeting instead of himself. The proxy need not be a member.**

The instrument appointing a proxy should be deposited at the company's registered office, not less than 48 hours before the time for holding the aforesaid meeting.

2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
3. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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5. All documents referred to, in the accompanying notice and explanatory statement, are open for inspection at the registered office of the company on all working days, during regular business hours and shall also be available at the meeting.
6. The register of members and share transfer books of the company will remain closed from 30th Nov, 2011 to 2nd Dec, 2011, both days inclusive for the purpose of Book Closure.
7. Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. **Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.**
8. Members are requested to notify immediately any change in their address along with pin code numbers to the company or the Share Transfer Agent of the company (M/s Alankit Assignments Limited, 2E/21, Jhandewalan Extension, New Delhi - 110055).
9. Individual shareholders can take the facility of nomination. For further detail in this regard shareholders may contact Share Transfer Agent of the company.
10. Members are requested to quote their demat account/ folio no. in all correspondence with the company.
11. Members attending the Annual General Meeting are requested to bring along their copies of the annual report, as the same will not be distributed at the meeting.

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### Pursuant to Section 173(2) of the Companies Act, 1956.

#### Explanatory Statement to Item No. 4

Ms. Kavita Chadha was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 21st October, 2010. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Ms. Kavita Chadha as a candidate for the office of director.

Ms Kavita Chadha is a Bachelor of Arts. She has worked for various organisations in senior capacities including Jai Dura Constructions & Om Shiv Construction Co.

None of the Directors except Ms. Kavita Chadha herself is interested in the resolution.

#### Explanatory Statement to Item No. 5

Mr. Anil Rishiraj was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 20th June, 2011. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr. Anil Rishiraj as a candidate for the office of director.

Mr. Anil Rishiraj is a MA (PM & IR) and HRM Diploma Holder. He has worked in various senior capacities for more than 30 years including Ministry of Finance as Executive Officer ( from Sept 1980 to April 2008). Thereafter acted as CEO of Tax Guru Advisory Services P. Ltd. Presently he is engage as Sr. executive Consultant with KR information Security Solutions, New Delhi.

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None of the Directors except Mr. Anil Rishiraj himself is interested in the resolution.

### **Explanatory Statement to Item No. 6**

Mr. Ravinder Kumar Sharma was appointed as an additional director of the company by the Board of Directors of the company in its meeting held on 01st September, 2011. According to the provisions of the Section 260 of the Companies Act, 1956, she holds the office up till the date of ensuing Annual General Meeting.

The company has received a notice in writing from member under section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr. Ravinder Kumar Sharma as a candidate for the office of director.

Mr. Ravinder Kumar Sharma is a Bachelor of Arts. He has worked for Indian Railways. He is having more than 30 yrs experience of Finance related work.

None of the Directors except Mr. Ravinder Kumar Sharma himself is interested in the resolution.

### **Explanatory Statement to Item No. 7**

The company needs more funds for increasing the business. The company is proposing to part finance the Mathura Project out of the Proceeds of the Right Issue and other projects also to the extent possible.

For this, the Board of the Company recommended to raise capital by way of Right issues of shares subject to necessary approval of shareholders in the AGM. Your approval is required by way of special resolution given as ITEM No. 7 above.

None of the directors are interested in the contract except to the extent of their shareholding in the company.

### **Information to Shareholders in pursuance of Clause 49 (IV) (G) of Listing Agreement with reference to appointment / reappointment of Directors (item no. 2, 4, 5, 6)**

Director	Brief Resume	Hold Directorship in	Membership in Committees	No. of Shares held As on (31.03.2011)
Ms. Kavita Chadha	Bachelor of Arts	NIL	None	180100
Mr. Anil Rishiraj	MA (PM & IR) and HRM Diploma	NIL	Two	6000
Mr. Ravinder Kumar Sharma	Bachelor of Arts	NIL	Two	NIL

# KMF BUILDERS & DEVELOPERS LIMITED

## DIRECTORS' REPORT

The Members,

Your directors have pleasure in presenting the 16th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2011.

### FINANCIAL REVIEW:

FINANCIAL PERFORMANCE :	(Fig in Rs.) 2010-11	(Fig in Rs.) 2009-2010
Income from Operation (net of excise)	137,128,000.00	67,220,000.00
Other Income	587,434.79	475,490.85
Profit (before financial charges, depreciation and tax)	10,463,879.78	6,656,239.50
Financial charges	282,680.11	231,764.85
Depreciation	660,208.66	569,609.00
Profit before tax	9,520,991.01	5,854,865.65
Provision for tax (after adjustment of deferred tax)	3,205,326.00	2,129,241.00
Profit after tax	6,315,665.01	3,864,106.65

The turnover of your company has increased by 104% approx i.e. from 672.20 lacs in 2009-10 to Rs. 1371.28 lacs in current year. PAT has increased by 63% from Rs. 38.64 lacs to Rs. 63.15 lacs.

### FUTURE OUTLOOK

The real estate is the promising sector for the entire economy. This year your company has started Residential Apartments Project at Mathura. The construction of Wing B of Purab Manor Project at Bangalore has also got started this year.

Yours Directors are quite hopeful for the success of both the projects.

### DIVIDEND

Your Directors do not recommend any dividend for the Financial Year 2010-11.

### DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the directors of your company subject to notes appended to accounts and auditor's report, confirm:

- that in preparation of annual accounts for the financial year ended 31st March'2011, the applicable accounting standards have been followed and that there are no material departures.
- that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year as at 31.03.2011 and of the profit of the Company for the year ended 31st March, 2010.
- that 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.
- that the annual accounts have been prepared on a going concern basis.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Ms. Kavita Chadha, Director retire by rotation and being eligible offer herself for reappointment.

During the year under review, Mr. S. K. Chadha, Mr. Pradeep Gupta & Ms Snehlata have resigned from the Board of the Company for their personal reasons.

Your Directors place on record the appreciation of the valuable services rendered them during their tenure as Directors of the Company.

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### LISTING

The Equity shares of the company are listed at Bombay Stock Exchange. The Company has paid listing fees to the Stock Exchange for the year 2010-11.

### AUDITORS

M/s B. Sreenivasa & Co., Chartered Accountants, the statutory auditors of the company retire at the conclusion of ensuing Annual General Meeting of the company and being eligible, offer themselves for reappointment.

### AUDITORS' REPORT

The observation of the auditors is self-explanatory and/or is suitably explained in the notes to the accounts.

### CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Corporate Governance and Management Analysis & Discussion Report have been included in this annual report as separate section (forming part of Directors' Report) along with the Auditors' Certificate.

### DEPOSITS

Your company has not accepted any deposit u/s 58A of the Companies Act, 1956 & rules made there under.

### PARTICULARS OF EMPLOYEES

None of the employee of the Company is falling under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2002 for the FY 2010-11.

### ADDITIONAL INFORMATION

Information pursuant to 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 is furnished hereunder:

#### A. CONSERVATION OF ENERGY

Your Company being a real estate company, Form A for Conservation of Energy is not applicable to it.

#### B. TECHNOLOGY ABSORPTION

No such activity has been took place during the year under review..

#### C. FOREIGN EXCHANGE EARNING & OUTGO

Fig in Rs.

Total foreign exchange earnings

---NIL---

Total foreign exchange outgo

---NIL---

#### D. ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment and does not discharge any trade effluents (solid, liquid or gaseous) causing pollution.

### ACKNOWLEDGEMENTS

Your Directors take this opportunity to gratefully acknowledge the valuable co-operation and assistance extended by all of its Government of India, Government of Karnataka, Government of Uttar Pradesh and the company's bankers for their continued support and guidance. Yours directors also wish to place on record their sincere appreciation of the dedication and efforts shown by all employees of the company and are thankful to the shareholders for their continued patronage, trust and confidence in the company.

For and on behalf of the Board of Directors

Place: Bangalore  
Date: 08.11.2011

Sd/-  
Kavita Chadha  
Chairman



# KMF BUILDERS & DEVELOPERS LIMITED

## CORPORATE GOVERNANCE REPORT

In terms of clause 49 of the Listing Agreement of the Stock exchanges, the Compliance Report on Corporate Governance is as reported below:

### Company philosophy on Corporate Governance

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders.

### Corporate Governance Monitoring and Review Process at KMF Builders & Developers Ltd.:

KMF Builders & Developers Ltd. continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also constantly endeavours to implement the best international practices of Corporate Governance, in the overall interest of all stakeholders.

### BOARD OF DIRECTORS

#### (I) Composition of Board

The Board of Directors of your company has a combination of executive, non-executive and independent directors. The Board comprises of four directors headed by a executive Chairman. Half of the Board comprises independent directors who do not have any pecuniary relationship or transactions with the Company, promoters or management which may affect the judgement of any independent director. The Board of Directors approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximising profit and enhancing shareholder value are achieved.

Name	Category	Designation	Directorship held in other public limited Companies	No. of Chairmanships / Memberships of Board Committees			Remarks
				Chairmanship	Membership	Total	
Ms. Kavita Chadha	Promoter Director	Executive Chairman	-	-	-	-	w.e.f. 21.10.2010
Mr. Pradeep Kumar Malik	Promoter Director	Whole time Director	-	-	-	-	-
Mr. Anil Rishiraj	Independent/ Non- executive Director	Director	-	-	2	2	w.e.f. 20.06.2011
Mr. Ravinder Kumar Sharma	Independent/ Non- executive Director	Director	-	2	-	2	w.e.f. 01.09.2011
Mr. S. K. Chadha	Promoter Director	Executive Chairman	2	-	2	2	Cease to be the Director of Company w.e.f.21.10.2010
Mr. Pradeep Gupta	Independent/ Non- executive Director	Director	-	-	2	2	Cease to be the Director of the Company w.e.f. 20.06.2011
Ms. Snehlata	Independent/ Non- executive Director	Director	-	-	2	2	Cease to be the Director of the Company w.e.f. 01.09.2011

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- None of the Directors are related to each other as on date.
- "Independent Directors" means a director who, apart from receiving Director's remuneration, does not have any other material pecuniary relationship with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect the independence of judgement of Directors.
- None of the Directors is a member of more than ten Board level committees, or a Chairman of more than five such committees as required under Clause 49 of the Listing Agreement.
- Mr. S. K. Chadha, Mr. Pradeep Gupta and Ms. Snehlata have resigned from the Board of the Company during the Current Financial Year.

### (II) BOARD MEETINGS, ITS COMMITTEE MEETINGS AND PROCEDURES

Institutionalised decision making process

The annual calendar of Board Meetings is agreed upon at the beginning of the year.

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

The Board of Directors is the apex body constituted by the shareholders entrusted with the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interest of the shareholders is being served.

The following sub-sections deal with the practice of these guidelines at KMF Builders & Developers Ltd.

#### A. Scheduling and selection of Agenda Items for Board meetings

- (i) Minimum four Board meetings are held every year. Apart from the above, additional Board meeting are convened by giving, appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The meeting are usually held at the Company's Registered Office at Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017
- (iii) All divisions/departments of the Company are advised to schedule their work plan well in advance, particularly with regards to matters requiring discussion/approval/decision at the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee meetings
- (iv) The Board is given presentation covering Finance, Sales, Marketing, major business segments and operations of the Company, including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company.

#### Information required to be placed before the Board:

The board has unfettered and complete access to any information within the company. Among others, the information regularly supplied to the board includes:

- ♦ Annual operating plans and budgets and any updates.
- ♦ Capital budgets and any updates.

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- ♦ Quarterly Audited results of the company
- ♦ Minutes of meetings of board, audit committee and other committees of the board.
- ♦ Information on recruitment and removal of senior officers just below the board level.
- ♦ Declaration of dividend.
- ♦ Materially important litigation, show cause, demand, prosecution notices and penalty notices.
- ♦ Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- ♦ Any material default in financial obligations to and by the company or substantial non payment for goods sold by the company.
- ♦ Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed stricture on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- ♦ Details of any joint venture or collaboration agreement.
- ♦ Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- ♦ Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- ♦ Significant sale of investments, subsidiaries, assets which are not in the normal course of business.
- ♦ Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- ♦ Non-compliance of any regulatory, statutory nature or listing requirements as well as share holder services such as non-payment of dividend and delays in share transfer.
- ♦ Risk Assessment & Minimization procedures.

### **C. Board Material distributed in advance**

Agenda and Notes on Agenda are circulated to the Directors, in advance. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

### **D. Recording Minutes of proceedings at Board and Committee meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board/ Committee for their comments. The final minutes are entered in the minute's book within 30 days from conclusion of the meeting.

### **E. Post Meeting Follow-up Mechanism**

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. The important decisions taken at the Board/Committee meetings are communicated to the departments/ divisions concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee for noting by the Board/Committee.

- F.** The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s), is responsible for and is required to ensure compliance with all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under.

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### (III) Number of Board Meetings

During the last financial year, ten board meetings were held during the year. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board meetings are as under:

S.No.	Date	Board Strength	No. of Directors Present
1.	30.04.2010	4	4
2.	12.07.2010	4	3
3.	30.07.2010	4	4
4.	24.09.2010	4	3
5.	01.10.2010	4	4
6.	21.10.2010	4	4
7.	31.01.2011	4	3
8.	31.01.2011	4	4
9.	03.02.2011	4	4
10.	01.03.2011	4	4

### Directors' attendance record

Name	Position	Attendance at Board Meetings		Attendance at last AGM
		No. of meetings held	No. of meetings attended	
Ms. Kavita Chadha	Promoter Director	10	4	NA
Mr. Pradeep Kumar Malik	Promoter Director	10	7	Yes
Mr. S. K. Chadha	Promoter Director	10	6	Yes
Mr. Pradeep Gupta	Independent/ Non-executive Director	10	10	Yes
Ms. Snehlata	Independent/ Non-executive Director	10	10	No

- ♦ Ms. Kavita Chadha appointed w.e.f. 21.10.2010
- ♦ Mr. S. K. Chadha has resigned from the Board of the Company w.e.f. 21.10.2010
- ♦ Mr. Pradeep Gupta has resigned from the Board of the Company w.e.f. 20.06.2011
- ♦ Ms. Snehlata has resigned from the Board of the Company w.e.f. 01.09.2011

### Director's Interest in the Company

Director	Relationship with other directors	Business relationship with the Company, if any	Loans and advances received the from Company	Remuneration paid during 2010-2011 (All figures in Rupees)			
				Sitting fee	Salary & perks	Commis-ssion	Total
Pradeep Kumar Malik	-	-	-	-	300000	-	300000
Kavita Chadha	-	-	-	-	-	-	-

## KMF BUILDERS & DEVELOPERS LIMITED

Details of related party transactions are as follows:

S.No.	Name of the Party	Nature of Transaction	31.03.2011	31.03.2010
1	KAVITA CHADHA - DIRECTOR	Imprest Advance	0.00	1,00,000
2	P K MALIK - DIRECTOR	Imprest Advance	2,41,800 (Cr)	NIL
3	K M F LTD	Investment in Shares	22,06,424.44	22,06,424.44
4	KMF LTD	Advance	55,05,000	NIL
5	KMF SECURITIES LTD	Advance	12,36,956	12,36,956

### (IV) BOARD COMMITTEES

Committees appointed by the board focus on specific areas, and take decisions within the authority delegated to them by the board. The committees also make specific recommendations to the board on various matters from time to time. All decisions and recommendations of the committees are placed before the board for information or approval. Company has following committees as per the requirements of Listing Agreement:

- ♦ Audit committee.
- ♦ Shareholders Grievances Committee.

#### A. AUDIT COMMITTEE

The Audit Committee was constituted in conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges. The Committee comprises of three directors including one Promoter non-executive and two independent directors. The composition of the committee is as under:

Director	Executive/Non Executive/ Independent	Position	Remarks
Mr. Pradeep Gupta	Independent	Chairman	Cease to be the director of the company w.e.f. 20.06.2011
Ms Shehlata	Independent	Member	Cease to be the director of the company w.e.f. 01.09.2011
Mr. Pradeep Kumar Malik	Whole time Director	Member	-

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the company's financial statements, the appointment, independence and performance of internal auditors and the Company's risk management policies.

During the year under review, Mr. Pradeep Gupta & and Ms Snehlata have resigned from the Board of the Company. The Company places on record its appreciation for the valuable services rendered by them during their tenure as Director of the Company.

Terms of reference of the Audit Committee inter alia includes:

#### (i) Review of the following information:

- a) Any change in Accounting policies and practices;
- b) Major accounting entries involving estimates based on exercise of judgment by management;
- c) Significant adjustments made in the financial statements arising out of audit findings;
- d) Going concern assumption;

## KMF BUILDERS & DEVELOPERS LIMITED

- e) Compliance with the listing and other legal requirements concerning financial statements;
  - f) Reviewing with the management performance of statutory auditors and adequacy of internal control systems;
  - g) To look into the reasons for substantial defaults in the payment to the shareholders (in case of payment of declared dividends) and creditors;
  - h) The functioning of whistle Blowing mechanism;
  - i) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - j) Management discussion and analysis of financial condition and results of operations;
  - k) Discussion with internal auditors any significant findings and follow up there on;
  - l) Management letters/letters of internal control weakness issued by the statutory auditors.
- (ii) Disclosure of the following information;**
- a) Related party transaction;
    - ♦ Identification of related parties as per AS18
    - ♦ Statement in summary form of transactions with related parties in the ordinary course of business
    - ♦ Statement of material individual transactions with related parties which are not in the normal course of business
    - ♦ Material transaction with related parties or others, which are not on arm's length basis.
  - b) Compliance with Accounting Standards, and if in preparation of financial statements, a treatment different from that prescribed in an Accounting standard has been followed, management explanation for the same;
  - c) Audit query/report for the quarter;
  - d) Quarterly financial statements before submission to the Board for approval.

**(iii) Meetings:**

The Audit Committee met four times in the year. The details of the attendance of members of the committee are as follows:

Meeting held on	Chairman Present	No. of members present
30.04.2010	Yes	3
30.07.2010	Yes	3
01.10.2010	Yes	3
31.01.2011	Yes	3

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Attendance of each Member at the Audit Committee meetings held during the year:

Name of the Committee Member	No. of meetings held	No. of meetings attended	Remarks
Mr. Pradeep Gupta	4	4	Cease to be the director of the company w.e.f. 20.06.2011
Ms. Snehlata	4	4	Cease to be the director of the company w.e.f. 01.09.2011
Mr. Pradeep Kumar Malik	4	4	-

## KMF BUILDERS & DEVELOPERS LIMITED

### B. SHAREHOLDER'S GRIEVANCE COMMITTEE

#### (i) Composition:

Director	Executive/Non Executive/ Independent	Position	Remarks
Mr. Pradeep Gupta	Independent	Chairman	Cease to be the director of the company w.e.f. 30.10.2009
Ms. Snehlata	Independent	Member	Cease to be the director of the company w.e.f. 01.09.2011
Mr. Pradeep Kumar Malik	WTD	Member	--

#### (ii) Terms of Reference:

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders complaints related to transfer of shares, non-receipts of Balance Sheets, non-receipts of declared dividends, etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company, and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulation, 1992. The Board has delegated the power of approving transfer of securities to the Managing director/or the Company Secretary. To expedite the process of share transfers, the Board has delegated the power of share transfer to Alankit Assignments Limited viz. Registrar and Share Transfer Agents who will attend to the share transfer formalities at least once in fortnight.

#### Meetings:

No meeting was held of the members of Shareholder's grievance committee

#### Compliance Officer:

The Compliance Officer for these committees, at present, is Ms. Shweta Gupta, Company Secretary.

### C. ANNUAL GENERAL MEETINGS

Details of last 3 Annual General Meetings

Year	Location	Date	Time
2009-2010	Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017	21.08.2010	10.00 AM
2008-2009	Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017	30.09.2009	10.00 AM
2007-2008	Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017	30.08.2008	10.00 AM

Note : No postal ballots were used /invited for voting at these meetings.

### D. DISCLOSURES

- The disclosure on material transactions with the promoters, directors or the management, their subsidiaries and relatives etc. is made in Directors' Interest Statement.

## KMF BUILDERS & DEVELOPERS LIMITED

### E. MEANS OF COMMUNICATION

The quarterly & half yearly results are not being sent separately to each household of shareholders. All financial results of your Company are forthwith communicated to all the Stock Exchange, namely Bombay Stock Exchange, Delhi Stock Exchange, Bangalore Stock Exchange and Ahmadabad Stock Exchange, where the securities of the Company are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further the results are usually published in The Hindu (English) & Samyayukta (Malayalam).

These results as well as latest information and official news have also been posted on the Company's website, [www.kmfbuilders.com](http://www.kmfbuilders.com).

Financial results and shareholding pattern of the Company are also available on [www.bseindia.com](http://www.bseindia.com)

### F. GENERAL SHAREHOLDERS' INFORMATION

- **Date of Book Closure/Record Date** : 30th Nov, 2011 to 2nd Dec, 2011, both days inclusive
- **Date and Venue of AGM Date** : 02nd December, 2011
  - Day : Friday
  - Time : 11:00 A.M.
  - Venue of A.G.M. : Flat No. 508, Golf Manor Apartments, NAL Wind Tunnel Road, Murgeshpalya, Bangalore - 560 017
- **Dividend declared** : NIL

- **Financial Calendar (tentative and subject to change)**

Financial reporting for the first quarter ending June 30, 2011	July, 2011
Financial reporting for the second quarter ending Sept 30, 2011	Nov, 2011
Financial reporting for the third quarter ending Dec 31, 2011	Feb, 2011
Financial reporting for the year ending Mar 31, 2012	May, 2012
Annual General Meeting for the year ending Mar 31, 2012	Sept, 2012

- **Listing on Stock Exchange's** :

The shares of your Company are listed on the following Stock Exchanges:

**The Stock Exchange, Mumbai**

Phirozjeejeebhoy Tower,  
Dalal Street, Mumbai - 400 001.

**The Stock Exchange-Ahmedabad**

Kamdhenu complex  
Opp. Sahajanand College  
Ahmedabad-380015

**Bangalore Stock Exchange Ltd.**

Stock Exchange Towers, 51 1st cross, J C Road  
Bangalore-560027

**The Delhi Stock Exchange Association Ltd.**

DSE House, 3/1 Asafali Road  
New-delhi-110002

- **Stock Codes**

The Stock Exchange, Mumbai	: 523248
ISIN No. for NSDL and CDSL	: INE082B01018

The Listing Fees for the financial year 2010-2011 has been paid to all the Stock Exchanges,



## KMF BUILDERS & DEVELOPERS LIMITED

### Stock market data\*

The monthly high and low prices and volume during the financial year 2010-2011

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)
10-Apr	6.86	8.7	6.8	8.21	13,300	50	1,06,670
10-May	8.35	9.39	8.35	9.33	6,600	19	60,587
10-Jun	8.87	8.87	8	8	2,100	5	17,582
10-Jul	7.61	8.93	7.18	8.4	42,000	106	3,54,793
10-Aug	8.8	9.77	8.11	8.34	59,200	158	5,16,256
10-Sep	7.93	8.29	6.86	7.6	32,700	108	2,46,868
10-Oct	7.9	10.96	7.41	10.02	1,34,700	169	12,89,662
10-Nov	10.52	11.37	8.59	9.02	1,35,000	128	13,69,216
10-Dec	9.47	11.49	9.13	11.25	50,300	52	5,23,357
11-Jan	10.7	11.23	10.17	10.67	12,000	16	1,28,682
11-Feb	10.14	11.2	9.51	11.02	38,400	37	4,06,570
11-Mar	10.47	10.47	9	9.85	19,200	15	1,81,566

\* bseindia.com

### ➤ Share transfer procedure

Share transfer request received by the Company or its Registrar & Share Transfer Agent are registered within a period of 15 days from the date of receipt, if the documents are in order in all respect. The Share Transfer Committee meets twice a month.

### ➤ Distribution of shareholding as on 31st March' 2011

No. of equity shares held	Folios		Shares	
	Numbers	%	Numbers	%
1-100	167	21.059	15300	0.251
101- 500	237	29.887	84600	1.389
501-1000	144	18.159	127600	2.095
1001-5000	144	18.159	326400	5.359
5001-10000	33	4.161	252800	4.15
10001-20000	27	3.405	385900	6.336
20001-30000	7	0.883	168500	2.783
30001-40000	3	0.378	99000	1.625
40001-50000	0	0	0	0
50001-100000	15	1.892	1197800	19.667
100001-500000	15	1.892	2682000	44.032
500001-above	1	0.126	750000	12.313
<b>TOTAL</b>	<b>793</b>	<b>100.000</b>	<b>6091000</b>	<b>100.000</b>

## KMF BUILDERS & DEVELOPERS LIMITED

### Pattern of shareholding by ownership as on 31st March 2011

Category	Shareholding	
	Numbers of shares held	Shareholding %
<b>Promoter's holding</b>		
Promoters		
- Indian Promoters	31,53,500	51.77
- Foreign Promoters	-	-
Persons acting in concert	-	-
<b>Sub-Total (A)</b>	<b>31,53,500</b>	<b>51.77</b>
<b>Non- Promoters Holding</b>	-	-
Institutional Investors	-	-
Mutual Funds and UTI	-	-
Banks, Financial Institutional, Insurance Companies	-	-
(Central/State Govt. Institutions/		
Non-Government Institutions)		
FIIS	-	-
<b>Sub-Total (B)</b>	-	-
<b>Others</b>		
Corporate Bodies	629900	10.34
Indian Public (including NSDL & CDSL)	2307600	37.88
NRIs/OCBS	-	-
Trust & Clearing Members	-	-
<b>Sub-Total (C)</b>	<b>2937500</b>	<b>48.23</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>6091000</b>	<b>100.00</b>

➤ **As at 31.03.2011 :**

**Shares held in Physical form** : 2740400 shares (44.82% of share capital)

**Shares held in Dematerialized form** : 3350600 shares (55.18% of share capital)

➤ **Shareholding of Promoters/ Directors, their relatives, associate companies & officers of the Company pursuant to SEBI Regulations:**

Name	Relation	No. of Shares	% to total
S. K. Chadha & Family	Promoter Group	2933300	48.15
Pradeep Kumar Malik & his wife	Promoter Group	220200	3.62

➤ **Outstanding GDR/ADR/Warrants or any convertible instrument**

No outstanding GDR/ADR/Warrants or any convertible instrument as on 31.03.2011.

➤ **Share Transfer Agent**

"Alankit Assignments Limited"

RTA Division - KMF Builders & Developers Ltd..

2E/21, Jhandewalan Extn.,

New Delhi - 110055.

Ph.No.: 011- 51540060 - 64

alankit@alankit.com

## KMF BUILDERS & DEVELOPERS LIMITED

➤ **Investors' correspondence may be addressed to:**

Ms. Shweta Gupta  
(Company Secretary)  
KMF Builders & Developers Ltd.,  
1003, Vikram Tower, Rajendra Place, New Delhi- 110 008  
Tel : 011 -41537811 Fax : 011- 41537812, Email: Kmfbuilder95@gmail.com

Or

"Alankit Assignments Limited"  
RTA Division - KMF Builders & Developers Ltd  
2E/21, Jhandewalan Extn., New Delhi - 110 055.  
Ph.No.: 51540060 - 64", E-mail : alankit@alankit.com

➤ **Other information**

1. For safe and prompt payment of dividend, shareholders can give their mandate i.e. Bank name, A/c No. with address.
2. Any change in address or mandate should be intimated to Company or its transfer agent at the earliest for prompt services.
3. While corresponding with the Company or its Registrar & Transfer Agent, members are advised to quote their Folio No. and No. of shares held. Any such correspondence should be signed by the member(s) or their duly authorised power of attorney. Company shall not entertain any letter, which is not duly signed as an endeavour to protect the interest of members and to avoid any possible fraud.
4. Members holding shares in identical orders of names in more than one folio are requested to write to the Company or Alankit Assignments Limited and send their share certificates to enable consolidation of their holding into one folio.

Note: The details are given purely by way of information. Members may make their own judgement and are further advised to seek independent guidance before deciding on any matter based on the information given therein. Neither the Company nor its officials would be held responsible.

### CERTIFICATE UNDER CLAUSE 49 of LISTING AGREEMENT

To the Members of  
KMF Builders & Developers Ltd

We have examined the compliance of conditions of Corporate Governance by KMF Builders & Developers Ltd for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Company except for one compliant relating to Mr. Suresh Kumar Kharkia with BSE.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kavita Parmar  
Company Secretaries

Sd/-  
Kavita Parmar  
CP.No. 9595

Place : New Delhi  
Dated : 08th Nov, 2011

# KMF BUILDERS & DEVELOPERS LIMITED

## CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL ANNUAL DECLARATION

(in pursuance of Clause 49 (1D) of the Listing Agreement)

This is to certify that to the best of my knowledge and belief and based upon declarations made by the members of the Board of Directors and senior management officers, provisions of the CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL, as adopted by the company in compliance of Clause 49 (1D) of the Listing Agreement are fully followed and complied with during the financial year ending 31st March 2011.

For KMF Builders & Developers Ltd.

Sd/-  
Kavita Chadha  
Director

### Certification by CEO/CFO

The Board of Directors  
KMF Builders & Developers Ltd.  
Bangalore

#### Ref: Certification by CEO/CFO for Financial Year 2010-11

We, the undersigned, in our respective capacities as Chief Executive Officer and Finance Head of KMF Builders & Developers Ltd ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year 2010-11 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken and/or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee, wherever applicable, the following:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For KMF Builders & Developers Ltd.

Sd/-  
Pradeep Kumar Malik  
Finance Head

Sd/-  
Kavita Chadha  
Director

Place: Bangalore  
Date: 08.11.2011

# KMF BUILDERS & DEVELOPERS LIMITED

## MANAGEMENT ANALYSIS & DISCUSSION REPORT

### The Macro Economic Environment

The Indian Economy emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2008-09. The economy experienced a more balanced and positive growth, aided by a solid recovery in Agriculture and continued good performance of Industry and Services. As per advance estimates of the Economic Survey of 2010-11, the growth was strong in 2010-11 with GDP growth at factor cost being 8.5%. The Indian economy is the second highest growing economy and the robust growth of 2010-11 can be ascribed to the following:-

- ♦ Increase in Exports ( in terms of USD ) by 34.4% while imports have grown by 14.1% only
- ♦ Six core industries comprising of crude oil, petroleum refinery products, coal, cement, electricity and steel grew by 5.8% as compared to 5.5% during 2009-10.
- ♦ Overall growth in the Index of Industrial Production (IIP) recorded as 8.2% as compared to 5.3% in previous year.
- ♦ Manufacturing growth was 8.8% and its share in GDP was 15.9%.
- ♦ 242 million tons of the food grains produced showing our self sufficiency in Agriculture.

We are hopeful that the economy will try to match the same growth in the next fiscal also. However rising fuel, metal & mineral prices and general inflation are putting pressure on the domestic economy. Food inflation in particular has remained a cause of concern for the economy. There is a need to be alert and prepared to take proactive steps as the emerging scenario warrants, with the objective of bringing down inflation.

The world economy began to stabilise in the first half of the financial year 2010-11 after the aftermath of the global crisis in the previous years. Signs of recovery were clearly visible and were largely driven by the robust growth in the Emerging Market Economies. Growth in advanced countries was marginal and they continued to face uncertainty with large fiscal deficits, high public debt and high unemployment levels. However, the situation was better compared to the severe crunch faced in the prior year.

In the second half of 2010-11 the growth path was slow. Inflation and high commodity prices have re-emerged as a major concern equally in Emerging Market Economies as well as in developed countries.

### World Trade

The trade growth recovered faster than the real GDP growth of the respective countries during the year 2010-11. This has been made possible, in part by the fiscal stimuli provided by the respective governments and the low base of the prior year. The extent of growth differs substantially across countries and world trade remains below its pre-crisis stage. In India, trade growth was among the best and even reached the pre crisis levels.

### Industry Structure & Development

Your company is engaged in the business of building and development of real estate in various parts of the Country.

Your company has successfully implemented various projects including KMF Gardens at Kalyan, Golf Manor at Bangalore. This year your company has started Residential Apartments Project at Mathura. The construction of Wing B of Purab Manor Project at Bangalore has also get started this year.

The prospects of Real estate sector are quite hopeful and your company is confident for the successful implementation of its various projects.

## KMF BUILDERS & DEVELOPERS LIMITED

### Opportunity & Threats

The Real estate sector is full of opportunities but on the same time it cannot be denied that it is also full of threats. Following are few of the examples of both which your company is fore seeing:-

- ♦ Continuous private sector housing boom will create more construction and opportunities.
- ♦ Public sector projects through public private partnership will bring further opportunities.
- ♦ Developing supply chain through involvement in large projects is likely to enhance the chances in construction.
- ♦ Renewable energy projects will offer opportunities to develop skills and capacity in new markets.
- ♦ More flexible training delivery techniques are now available.
- ♦ Financial supports like loan and insurance and growth in income of people is in support of construction industry.
- ♦ Long-term market instability and uncertainty may damage the opportunities and prevent the expansion of training and development facilities.
- ♦ Current economic situation may have an adverse impact on construction industry.
- ♦ Political and security conditions in the region and late legislative enforcement measures are always threats to any industry in India.
- ♦ Infrastructure safety is a challenging task in construction industry.
- ♦ Lack of political willingness and support on promoting new strategies.
- ♦ Natural abnormal causalities such as earthquake and floods are uncertain and can prevent the construction boom.
- ♦ Inefficient accessibility in planning and concerning the infrastructure and signs.

### Segment-wise or Product wise Performance

Currently your company is trying to diversify its product and range of industry it caters to. Your company now also searching possibilities to work with government projects.

### FUTURE OUTLOOK

The company is primarily engaged in the business of construction of residential housing. The real estate sector is quite promising with various advantages, the few of them are as under:-

- ♦ Employment and training opportunities in the field of construction.
- ♦ Private sector housing boom and commercial building demands.
- ♦ Construction of the multi building projects on the feasible locations in the country.
- ♦ Good structured national network facilitates the boom of construction industry.
- ♦ Low cost well-educated and skilled labour and force is now widely available across the country.
- ♦ Sufficient availability of raw material and natural resources in the country is supportive for the industry.
- ♦ Real estate development is on high and it is attracting the focus of the industry towards construction.

Completed projects include "Golf Manor" at NAL wind tunnel road and "Royal Manor" off Airport Road, behind Leela Palace Hotel in Bangalore. Our other projects include a star hotel in Dalhousie, Himachal Pradesh and a residential apartment complex namely KMF Gardens at Kalyan, near Mumbai.

The company is coming out with another residential project at Mathura. The company is quite hopeful for the success of Mathura Project as well and will earn excellent earnings out of it.

## **KMF BUILDERS & DEVELOPERS LIMITED**

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### **Risks & Concerns**

The concerns listed above in the point Opportunities & Threats will continue to be risks and concerns for your company. The company will left no stone unturned to improve the net worth in coming year.

### **Financial Performance**

Your company has registered all-round phenomenal growth for the FY 2010-11. The Purab Manor Project construction is in full swing for Wing B during the year. The turnover has increased by 104% while PAT has increased by 63%. The turnover of the company has reached to Rs. 1371.28 lacs as against Rs 672.20 lacs in last year.

### **Internal Control System**

Your company has adequate internal control systems commensurate with its size and operations, although not documented. The company regularly gets its accounts audited from the internal auditor.

### **Human Resources / Industrial Resources**

The company during the previous year continued its record of good industrial relations with its employees. During the year various initiatives had been taken to improve the performance and productivity levels in various departments of the company. The company has its in house technical centre in the plant to train the new recruits before their placement that helps in optimum utilisation of resources as well as maintaining quality standards. It also indulges into and implements various HR initiatives and activities including employee welfare, special rewards, performance review system and various employee motivation activities.

### **Cautionary Statement**

This report contains certain statements that the Company believes and may be considered as forward looking statements. These forward looking statements may be identified by their use of words like ' plan', 'hope', 'will', 'expect', 'aim' or such similar words or phrases. All such statements are subject to risks and uncertainties which could cause actual results to vary materially from those contemplated by the relevant forward looking statements.

# KMF BUILDERS & DEVELOPERS LIMITED

## AUDITOR'S REPORT

To

The Members of  
M/s. KMF BUILDERS & DEVELOPERS LTD.,  
Bangalore.

We have audited the attached Balance Sheet of M/s. KMF BUILDERS & DEVELOPERS LTD., as on 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to in Paragraph above, we report that:

- a) We have obtained all the information and explanations to the best of our knowledge and belief that were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of the company.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company.
- d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting standard referred to in sub-section (3c) of Section 211 of the Companies Act, 1956. Except as mentioned in Note No. 10 of Schedule No. 15 in respect of deferred taxes.
- e) On the basis of written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes, thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i) In the case of Balance Sheet, of the State of Affairs of the Company as on 31st March, 2011, and
  - ii) In the case of Profit and Loss Account, of the PROFIT for the year ended on that date.
  - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

sd/-

CA B Sreenivasa Setty  
Proprietor  
Membership No. 205645  
For and on behalf of  
M/s B Sreenivasa & Co.,  
Chartered Accountants

PLACE: BANGALORE  
DATED: 08/11/2011



# KMF BUILDERS & DEVELOPERS LIMITED

## ANNEXURE TO AUDITORS REPORT

(Referred to in paragraph - 3 of our report of even date on the accounts of M/S. KMF BUILDERS & DEVELOPERS LTD. For the year ended 31st March, 2011)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed records.  
b) All the assets have been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. a) According to the information and explanations given to us, the stocks of building materials, spare parts and the materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not taken/granted unsecured loans from Companies listed in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations furnishing to us, the Inter Corporate Deposit granted was interest free loan. Other than this no other loan taken/granted by the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lacs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year covered under section 58A of the Companies Act, 1956 and the rules framed there under.
7. In our opinion and according to the information and explanations given to us, the company has not introduced internal audit system during the year.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of costs records by the company under section 209 (1)(d) of the Companies Act, for the products of the company.
9. a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including income-tax, tax deduction at source, and other material statutory dues with the appropriate authorities.

## KMF BUILDERS & DEVELOPERS LIMITED

- b) According to the information and explanation given to us, no undisputed amounts payable in respect of income-tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st march 2011 for a period of more than six months except TDS of Rs.3093/- from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of income-tax, sales tax, customs duty, excise duty and cess which have not been depositing on account of any dispute.
10. The company has no accumulated loss as on 31st March, 2011 and it has not incurred any cash loss in the financial year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the company has not taken any loans from financial institution and banks except car loans from HDFC Bank. Company has not defaulted in repayment of dues to a bank or a financial institution as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities other than its employees.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Claus 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, the company do not have any term loans except car loans.
17. According to the information and explanation given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short terms basis have been used for long term investment. No long term funds have been used to finance short term assets.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised from the any money from the public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India. and according the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

PLACE: BANGALORE  
DATED: 08/11/2011

sd/-  
CA B Sreenivasa Setty  
Proprietor  
Membership No. 205645  
For and on behalf of  
M/s B Sreenivasa & Co.,  
Chartered Accountants

# KMF BUILDERS & DEVELOPERS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	SCH. NO.	AS ON 31.03.2011	AS ON 31.03.2010
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	60,910,000.00	60,910,000.00
Reserve and Surplus	2	22,780,140.56	16,464,475.55
<b>LOAN FUNDS</b>			
Secured Loans	3	1,961,275.11	0.00
Unsecured Loans		0.00	0.00
Deferred Tax Liabilities (Net)		517,493.00	507,454.00
<b>TOTAL</b>		<b>86,168,908.67</b>	<b>77,881,929.55</b>
<b>APPLICATIONS OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	10,872,458.51	8,254,962.51
Less - Depreciation Block		5,433,507.51	4,773,298.85
Net Block		5,438,951.00	3,481,663.66
<b>INVESTMENT</b>	5	6,147,760.26	5,701,760.26
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
Inventories - Construction W I P	6	116,921,000.00	133,529,000.00
Sundry Debtors	7	1,500,000.00	1,500,000.00
Cash and Bank Balances	8	6,104,344.52	694,824.58
Loans and Advances	9	17,789,290.59	6,556,937.20
		142,314,635.11	142,280,761.78
<b>LESS:CURRENT LIABILITIES &amp; PROVISIONS</b>	10	67,732,437.70	73,582,256.15
<b>NET CURRENT ASSETS</b>		74,582,197.41	68,698,505.63
<b>MISCELLANEOUS EXPENDITURE</b>		0.00	0.00
(To the extent not written off / adjusted)			
Notes on Accounts	15		
<b>TOTAL</b>		<b>86,168,908.67</b>	<b>77,881,929.55</b>

### NOTES:

- The Schedules referred to above form an integral part of the Balance Sheet.
- Significant Accounting Policies and notes forming part of the accounts as per schedules 15 are annexed and form an integral part of the Profit and Loss Account.

**For and on behalf of the Board of Directors**

**As per our report of even date**

sd/-  
(KAVITA CHADHA)  
Director

sd/-  
(MALIK PRADEEP KUMAR)  
Whole Time Director

B Sreenivasa Setty  
Proprietor  
M.S.No.205645  
For and on behalf of  
B Sreenivasa & Co.,  
Firm Reg No. 009287S  
Chartered Accountants

Place : Bangalore  
Date : 08/11/2011

## KMF BUILDERS & DEVELOPERS LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	SCH NO	2010-11	2009-10
<b>INCOME :</b>			
Sale of Flat		137,128,000.00	67,220,000.00
Interest & Miscellaneous Income	11	587,434.79	475,490.85
Increase in Stock- WIP	12	(16,608,000.00)	14,386,560.51
<b>TOTAL - A</b>		<b>121,107,434.79</b>	<b>82,082,051.36</b>
<b>EXPENDITURE :</b>			
Construction Expenses	13	89,423,995.00	68,338,729.00
Administrative & Other Expenses	14	21,502,240.12	7,318,847.71
Depreciation	4	660,208.66	569,609.00
<b>TOTAL - B</b>		<b>111,586,443.78</b>	<b>76,227,185.71</b>
<b>PROFIT / (LOSS) FOR THE YEAR (A-B)</b>		<b>9,520,991.01</b>	<b>5,854,865.65</b>
Less : Income Tax		3,195,287.00	2,060,000.00
Deferred Tax		10,039.00	69,241.00
<b>NET PROFIT CARRIED TO BALANCE SHEET</b>		<b>6,315,665.01</b>	<b>3,864,106.65</b>
<b>EARNING PER SHARE:</b>			
<b>Basic Earning Per Share</b>		<b>1.04</b>	<b>0.63</b>
<b>Diluted Earning Per Share</b>		<b>1.04</b>	<b>0.63</b>

#### NOTES:

- The Schedules referred to above form an integral part of the Profit & Loss Account.
- Significant Accounting Policies and notes forming part of the accounts as per schedules 15 are annexed and form an integral part of the Profit and Loss Account.

For and on behalf of the Board of Directors

As per our report of even date

sd/-  
(KAVITA CHADHA)  
Director

sd/-  
(MALIK PRADEEP KUMAR)  
Whole Time Director

B Sreenivasa Setty  
Proprietor  
M.S.No.205645  
For and on behalf of  
B Sreenivasa & Co.,  
Firm Reg No. 009287S  
Chartered Accountants

Place : Bangalore  
Date : 08/11/2011

## KMF BUILDERS & DEVELOPERS LIMITED

### SCHEDULES ANNEXED THERETO AND FORMING PART OF ACCOUNTS

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE - 1:</b>		
<b>SHARE CAPITAL - AUTHORISED</b>		
7000000 Equity Shares of Rs.10/- each	<u>70,000,000.00</u>	<u>70,000,000.00</u>
<b>ISSUED</b>		
6091000 Equity Shares of Rs.10/- each	<u>60,910,000.00</u>	<u>60,910,000.00</u>
<b>SUBSCRIBED AND PAID UP</b>		
6091000 Equity shares of Rs.10/- each fully paid up	<u>60,910,000.00</u>	<u>60,910,000.00</u>
<b>TOTAL</b>	<u><b>60,910,000.00</b></u>	<u><b>60,910,000.00</b></u>
<b>SCHEDULE - 2 :</b>		
<b>RESERVES AND SURPLUS</b>		
Opening Balance	16,464,475.55	12,600,368.90
ADD : Profit / (Loss) for the year	<u>6,315,665.01</u>	<u>3,864,106.65</u>
<b>TOTAL</b>	<u><b>22,780,140.56</b></u>	<u><b>16,464,475.55</b></u>
<b>SCHEDULE - 3 :</b>		
<b>SECURED LOANS</b>		
HDFC Bank Ltd - Car Loan (Hypothication of Car)	1,961,275.11	0.00
<b>TOTAL</b>	<u><b>1,961,275.11</b></u>	<u><b>0.00</b></u>

# KMF BUILDERS & DEVELOPERS LIMITED

## SCHEDULE - 4 FIXED ASSETS F.Y. 2010-11

Sl. No.	Description	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
		Rate of Dep.	Ason 01.04.10	Additions Dg. the Year	Deletions Dg. the Year	Total	Upto 31.03.10	For the Year	Deletions	Upto 31.03.11	Ason 31.03.11	Ason 31.03.10
1	OFFICE BUILDING	1.63%	320000.00			320000.00	73024.00	5216.00	0.00	78240.00	241760.00	246976.00
2	BOREWELL & TUBEWELL	4.75%	669247.00			669247.00	476835.23	31788.77	0.00	508624.00	160623.00	192411.77
3	D.G.SET	4.75%	280641.00			280641.00	58525.45	13330.55	0.00	71856.00	208785.00	222115.55
4	FIRE FIGHTING EQUIPMENT	4.75%	690962.50			690962.50	457286.22	32821.28	0.00	490107.50	200855.00	233676.28
5	LIFT	4.75%	1696051.25			1696051.25	1208430.68	80561.57	0.00	1288992.25	407059.00	487620.57
6	AIR CONDITIONER	4.75%	129120.00			129120.00	23839.20	6132.80	0.00	29972.00	99148.00	105280.80
7	VIBRATOR	4.75%	61000.00			61000.00	11898.72	2898.28	0.00	14797.00	46203.00	49101.28
8	BOILER	4.75%	56250.00			56250.00	12005.88	2672.12	0.00	14678.00	41572.00	44244.12
9	ROAD ROLLER	4.75%	213750.00			213750.00	44117.13	10152.87	0.00	54270.00	159480.00	169632.87
10	DIESEL ENGINE	4.75%	99000.00			99000.00	35534.50	4702.50	0.00	40237.00	58763.00	63465.50
11	INVERTOR	4.75%	14000.00			14000.00	3241.00	665.00	0.00	3906.00	10094.00	10759.00
12	MIXTURE	4.75%	536625.00			536625.00	107825.69	25490.31	0.00	133316.00	403309.00	428799.31
13	FURNITURE & FIXTURES	6.23%	158372.00	21210.00		179582.00	79807.34	10837.66	0.00	90645.00	88937.00	78564.66
14	CYCLE	7.07%	2508.00			2508.00	847.21	176.79	0.00	1024.00	1484.00	1660.79
15	MOTOR VEHICLE	9.50%	2800322.00	2528670.00		5328992.00	1743021.61	386472.39	0.00	2129494.00	3199498.00	1057300.39
16	COMPUTERS	16.21%	454504.50	34616.00		489120.50	423041.24	33600.26	0.00	456641.50	32479.00	31463.26
17	UPS	16.21%	3120.00			3120.00	2303.75	506.25	0.00	2810.00	310.00	816.25
18	AUTO LEVEL	16.21%	19773.01			19773.01	10279.00	3205.01	0.00	13484.01	6289.00	9494.01
19	REFRIGERATOR	4.75%	0.00	33000.00		33000.00	0.00	919.00	0.00	919.00	32081.00	0.00
20	LAPTOP	16.21%	49716.25			49716.25	1435.00	8059.25	0.00	9494.25	40222.00	48281.25
TOTAL			8254962.51	2617496.00	0.00	10872458.51	4773298.85	660208.66	0.00	5433507.51	5438951.00	3481663.66

# KMF BUILDERS & DEVELOPERS LIMITED

## SCHEDULES ANNEXED THERETO AND FORMING PART OF ACCOUNTS

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE - 5 : INVESTMENTS</b>		
Investment (At Cost)	2,206,424.44	2,206,424.44
Trade Investments (Quoted) KMF Ltd. Market Value of 696100 Shares not quoted and hence market value not ascertained)		
<b>Share Investments</b>		
Satyam Computers (at cost)	845,095.55	845,095.55
TCS (at cost)	1,015,101.00	1,015,101.00
TTML (at cost)	969,050.00	969,050.00
ICICI Prudential Insurance (at cost)	60,000.00	60,000.00
Harig Crank Shaft (at cost)	68,211.25	68,211.25
Ispat Inds (at cost)	901,158.79	455,158.79
Vishal Exports (at cost)	82,719.23	82,719.23
<b>TOTAL</b>	<b>6,147,760.26</b>	<b>5,701,760.26</b>
<b>SCHEDULE - 6 : CONSTRUCTION WIP AND MATERIAL ISSUED FOR CONSTRUCTION AT COST</b>		
Closing Stock - WIP	116,921,000.00	133,529,000.00
<b>TOTAL</b>	<b>116,921,000.00</b>	<b>133,529,000.00</b>
<b>SCHEDULE - 7: SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Over six months	1,500,000.00	1,500,000.00
Others	0.00	0.00
<b>TOTAL</b>	<b>1,500,000.00</b>	<b>1,500,000.00</b>
<b>SCHEDULE - 8 : CASH AND BANK BALANCES</b>		
Cash in Hand	1,828,818.36	898,172.99
<b>TOTAL - A</b>	<b>1,828,818.36</b>	<b>898,172.99</b>
<b>BALANCES WITH SCHEDULE BANKS IN CURRENT ACCOUNTS</b>		
Bank of Baroda - 496	-121,221.32	-2,473,222.00
SBI - Book OD	-419,098.00	-419,098.00
Bank Of India - 42	-4,231,196.45	—
Bank of Baroda - 119	-1,557,252.43	-3,673,446.61
ICICI Bank Ltd., - Sweep A/c	5,957.97	745,000.00
ICICI Bank Ltd.,	208,360.70	315,865.20
Fixed Deposit with Banks	10,389,975.69	5,301,553.00
<b>TOTAL - B</b>	<b>4,275,526.16</b>	<b>(203,348.41)</b>
<b>TOTAL - A+B</b>	<b>6,104,344.52</b>	<b>694,824.58</b>

## KMF BUILDERS & DEVELOPERS LIMITED

### SCHEDULES ANNEXED THERETO AND FORMING PART OF ACCOUNTS

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
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#### SCHEDULE - 9 :

##### LOANS AND ADVANCES

(Unsecured considered good advances recoverable in cash or in kind or for value to be received or pending adjustments)

Advance for Land & Deposits	24,215.99	24,215.99
Advance for Material & Services	6,218,777.00	404,435.00
Inter Corporate Deposit	6,741,956.00	1,236,956.00
Advance for Income Tax & TDS Receivable	675,169.00	630,339.00
Other Advance	4,129,172.60	4,260,991.21
<b>TOTAL</b>	<b>17,789,290.59</b>	<b>6,556,937.20</b>

#### SCHEDULE - 10 :

##### CURRENT LIABILITIES & PROVISIONS

Provision for Income Tax	3,522,395.00	2,060,000.00
Creditors for materials and services	5,511,139.75	1,892,931.25
Liability for Expenses	474,764.00	753,643.00
Liability for Others	663,730.01	203,935.96
Retention Money	897,571.00	629,223.00
Advance for Flats	56,662,837.94	68,042,522.94
<b>TOTAL</b>	<b>67,732,437.70</b>	<b>73,582,256.15</b>

PARTICULARS	2010-11	2009-10
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#### SCHEDULE -11

##### INTEREST & MISC. INCOME

Misc. Income	0.00	23,232.00
Interest - FD & Car Loan	459,698.69	412,805.85
Excess Provision Writtenback	0.00	26,453.00
Short Term Capital Gain - Shares	91,736.10	0.00
Dividend Recived	36,000.00	13,000.00
<b>TOTAL</b>	<b>587,434.79</b>	<b>475,490.85</b>

#### SCHEDULE - 12

##### Increase / Decrease in stock

Opening Stock-WIP	133,529,000.00	119,142,439.49
Closing Stock-WIP	116,921,000.00	133,529,000.00
	<b>(16,608,000.00)</b>	<b>14,386,560.51</b>



## KMF BUILDERS & DEVELOPERS LIMITED

### SCHEDULES ANNEXED THERETO AND FORMING PART OF ACCOUNTS

PARTICULARS	2010-11	2009-10
<b>SCHEDULE - 13</b>		
<b>CONSTRUCTION EXPENSES</b>		
Building Material	55,211,147.00	41,609,803.00
Electrical Material	264,902.00	39,418.00
Labour Charges	31,310,118.00	15,786,406.00
Generator	950,000.00	0.00
Consumables	346,772.00	101,018.00
Land Tax	81,056.00	193,667.00
Lift Rent	25,000.00	250,493.00
Professional Fees	1,085,000.00	800,000.00
Pollution Control Fees	150,000.00	9,557,924.00
	<b>89,423,995.00</b>	<b>68,338,729.00</b>
<b>SCHEDULE -14</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Advertisement Expenses	357,061.00	141,354.00
Accounting Charges	0.00	39,000.00
Auditor Remuneration	50,000.00	50,000.00
Bank Charges & Interest	282,680.11	231,764.85
Business Promotion	701,792.73	98,507.33
Computer Maintenance	18,120.00	0.00
Conveyance	210,056.00	151,768.00
Compensation for cancellation of agreements	10,098,550.00	0.00
Commission & Brokerage	1,736,432.53	0.00
Donation	5,500.00	0.00
Electricity Charges - Office	121,301.00	323,274.00
Insurance	4,280.00	22,094.00
Miscellaneous Expenses	8,932.00	0.00
Office & General Exps	101,966.00	104,684.00
Printing & Stationery	101,143.00	71,013.00
Legal & Professional Charges	214,700.00	718,932.00
Postage & Courier	18,233.00	9,371.00
Rates & Taxes	1,802,229.00	312,876.00
Repairs & Maintenance	223,910.27	79,242.00
Gratuity	50,000.00	50,000.00
Rent	2,243,536.00	1,346,869.00
Salary & Wages	1,722,792.00	2,114,334.00
Staff Welfare	324,037.64	546,381.86
Subscription	2,213.00	1,911.00
Travelling Exps	634,706.88	584,055.15
Transportation Charges	44,790.00	76,447.00
Telephone Charges	290,615.80	198,902.50
Vehicle Maintenance	119,190.16	25,134.02
Water Charges	13,472.00	10,245.00
Vat Tax Paid	0.00	10,688.00
<b>TOTAL</b>	<b>21,502,240.12</b>	<b>7,318,847.71</b>

## KMF BUILDERS & DEVELOPERS LIMITED

### SCHEDULE-15

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:

##### A: SIGNIFICANT ACCOUNTING POLICIES:

##### 1. BASIS FOR PREPARATION:

The Financial statements have been prepared and presented under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India. The accounting policies have been consistently applied.

##### 2. USE OF ESTIMATES:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

##### 3. EVENTS OCCURRING AFTER THE DATE OF BALANCE SHEET:

Material events occurring after the date of Balance Sheet are taken into cognizance and dealt accordingly.

##### 4. REVENUE RECOGNITION: RESIDENTIAL COMPLEX:

Revenue in respect of residential project is recognized based on percentage completion method as per Accounting Standard 7 issued by the ICAI. Under this method, revenue is recognized based on the estimated total cost of the project and estimated sale value based on the transfer of ownership/possession/ GPA/ Katha Transfer/ Agreements.

Interest income recognized on time proportionate basis and other income is recognized on accrual basis

In respect of interest on IT refund/Insurance claim. Income will be recognized on cash basis

##### 5. INFLATION:

Assets and liabilities are recorded at historical cost. These costs are not adjusted to reflect the changing value in the purchasing power of money.

##### 6. FIXED ASSETS & DEPRECIATION:

- a. Fixed Assets were stated at historical cost less accumulated depreciation.
- b. Direct cost relating to assets such as freight, installation, Duties and taxes are included in the cost of the asset.
- c. Depreciation in the books is provided on all depreciable assets on straight line method at the rates prescribed in Schedule -XIV of the Companies Act, 1956 as amended from time to time. The depreciation is calculated on Pro-rata Basis from the date on which the assets is purchased or put to use, whichever is later including the asset, cost of which is less than Rs.5000/-.
- d. Depreciation on Fixed Assets provided on straight line method.

##### 7. TREATMENT OF EXPENDITURE ON CONSTRUCTION WORK:

The expenditure incurred/borrowing cost on construction work was directly allocated to projects, wherever the expenses were not identifiable those expenses were apportioned to the administration and other projects which are in progress.

##### 8. INVESTMENTS:

Investments are stated at cost

## KMF BUILDERS & DEVELOPERS LIMITED

### 9. RETIREMENT BENEFIT:

- a) One Employee is covered under gratuity scheme. The company has determined the gratuity liability.
- b) In case of leave encashment benefits offered to employees, there is no liability for provision of leave encashment benefit at the end of the year.

### 10. DEFERRED TAXES:

Deferred tax recognized subject to the consideration of prudence, on timing differences between taxable income and accounting income, that originates in one period and are capable of reversal in one or more subsequent periods.

### 11. FOREIGN CURRENCY TRANSACTION:

There is no foreign currency inflow or outflow during the year.

### 12. TAXATION:

#### Income tax:

Income tax expense comprises current tax for the year determined in accordance with the income-tax Act, 1961.

#### Deferred tax

Deferred taxation is provided using the liability method in respect of the taxation effect originating from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to reverse in subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only when there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or, written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

### 13. SEGMENTAL REPORTING:

The Company Operates in only one segment of business, namely, development of an Residential Housing. Hence segment reporting is not applicable.

### 14. IMPAIRMENT OF ASSETS:

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired.

### 15. PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognized when the company has present obligations as a result of past event, it is probable that an outflow of resources will be required to settle the obligations, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligations at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect a current best estimate.

All known liabilities wherever material are provided for. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts wherever necessary.

## KMF BUILDERS & DEVELOPERS LIMITED

### NOTES ON ACCOUNTS:

1. Contingent Liabilities Not Provided For in Respect of	Current year (Rs)	Previous year (Rs)
a) Guarantees issued by the Company's Bankers and Counter guarantees issued by the Company	NIL	NIL
2. Managerial remuneration under section 198 of the Companies Act, 1956 paid (or) payable during the year to the Directors	Current year (Rs)	Previous year (Rs)
Remuneration to Director (1 No.)	3, 00,000	3, 00,000
3. Auditors Remuneration	Current year (Rs)	Previous year (Rs)
For audit fees	38,000.00	38,000.00
For tax matters	0.00	12,000.00
For Tax Audit	12,000.00	0.00
Out of Pocket Expense	0.00	0.00
Service Tax	0.00	0.00
<b>TOTAL</b>	<b>50,000.00</b>	<b>50,000.00</b>
4. a) Provision for Income tax and Wealth tax in the accounts for the Financial year ending 31st march, is made on the basis of taxable profits/wealth as defined under the Income Act, 1961 & the Wealth Tax Act respectively.		
b) Provision for income tax Rs.31,95,287/- (Previous Year Rs 20,60,000/- and wealth tax is Nil (Previous year Rs.Nil).		
5. Derivatives:		
The Company has not entered into any derivative contracts during the year under review.		
6. Sundry Creditors disclosure -		
Dues to Micro Small Enterprises -		
The Principal amount and the interest due thereon remaining unpaid to any supplier as at March 31, 2011: Rs. NIL (Previous Year Rs Nil)		
The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.		
7. Balance standing to the debit and credit of loans and advances, Banks and other parties are subject to confirmation and reconciliation.		
8. In the opinion of the Board the value on realisation of Current Assets, Loans and Advances in the ordinary course of business shall not be less than the amount at which they are stated in the Balance Sheet and provision for known liabilities have made and contingent liabilities disclosed properly.		
9. Inventories Work- in -progress includes materials issued for construction valued at cost.		
10. Information required by para 4(d) of part II of schedule VI of the Companies Act, 1956.		
a) statement of expenditure/earnings incurred in foreign currency.	Current year (Rs)	Previous year (Rs)
Outgo	NIL	NIL
Earnings	NIL	NIL

## KMF BUILDERS & DEVELOPERS LIMITED

- b) Particulars in respect of employees whose remuneration is in excess of Rs. 6, 00,000/- p.a.(or) Rs.50,000-p.a. and is employed for the part of the year.

	Current Year Rs	Previous Year Rs
For the full Year (Gross)	NIL	NIL
For part of the Year	NIL	NIL
11. Earnings per share (EPS)	Current Year	Previous Year
a) Amount used as numerator Profit/Loss after taxation attributable to equity share holders	63, 15,665	38, 64,106
b) Weighted average number of equity shares used as the denominator	60, 91,000	60,91,000
c) Nominal value of share	10	10
d) Earning per share (Basic & diluted)	1.04	0.63

**12. RELATED PARTY DISCLOSURES:**

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), issued by the Institute of Chartered Accountants of India, the related parties of the company are as follows:

S. No.	Party	Relation
1	P K MALIK	Key Management Personnel & Shareholder
2	KAVITA CHADHA	
3	SNEHALATA	
4	PRADEEP GUPTA	

In Rs.

S. No.	Name of the Party	Nature of Transaction	01-Apr- 2010	31-Mar- 2011
1	KAVITA CHADHA-DIRECTOR	Imprest Advance	1,00,000	0.00
2	P K MALIK - DIRECTOR	Imprest Advance	NIL	2,41,800 (Cr)
3	K M F LTD	Investment in Shares	22,06,424.44	22,06,424.44
4	KMF LTD	Advance	NIL	55,05,000
5	KMF SECURITIES LTD	Advance	12,36,956	12,36,956

13. The figures in the brackets represent previous year figures. Bracket value of shares is not available.

14. Previous year figures have been rearranged/regrouped wherever necessary.

SIGNATURES TO SCHEDULE '1' TO '15' INCLUSIVE:

**For and on behalf of the Board of Directors**

**As per our report of even date**

sd/-  
(KAVITA CHADHA)  
Director

sd/-  
(MALIK PRADEEP KUMAR)  
Whole Time Director

B Sreenivasa Setty  
Proprietor  
M.S.No.205645  
For and on behalf of  
B Sreenivasa & Co.,  
Firm Reg No. 009287S  
Chartered Accountants

Place : Bangalore  
Date : 08/11/2011

# KMF BUILDERS & DEVELOPERS LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

In Rs.

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before tax	9,520,991.01	5,854,865.65
Adjustment for depreciation	660,208.66	569,609.00
Interest received	(459,698.69)	(412,805.85)
Dividend received	(36,000.00)	(13,000.00)
Short Term Capital Gain	(91,736.10)	—
Deferred Tax Balance (Net)	(10,039.00)	(69,241.00)
Loss/profit on Futures & Options	—	—
Miscellaneous Exps	—	—
(Profit) / Loss on sale of fixed assets	—	—
Interest paid	—	—
OPERATING PROFIT BEFORE CAPITAL CHANGES	9,583,725.88	5,929,427.80
Trade and other receivables	(11,232,353.39)	1,701,785.00
Inventories	16,608,000.00	(14,386,560.51)
Trade Payables	(5,849,818.45)	5,946,310.86
Deferred Tax Balance (Net)	10,039.00	69,241.00
Cash generated from Operation:		
Interest paid	—	—
Direct Taxes Paid	(3,195,287.00)	(2,060,000.00)
Excess IT Provision written back	—	—
Adjustment for earlier year	—	—
NET CASH FROM OPERATING ACTIVITIES - A	5,924,306.04	(2,799,795.85)
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale Of fixed Assets	—	—
Purchase Of fixed Assets	(2,617,496.00)	(95,216.25)
Purchase Of Investment	(446,000.00)	—
Inter - corporate deposits	—	—
Dividend / Interest Received	495,698.69	425,805.85
Short Term Capital Gain	91,736.10	—
Loss/profit on Futures & Options	—	—
NET CASH USED IN INVESTING ACTIVITIES - B	(2,476,061.21)	330,589.60
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	1,961,275.11	(159,766.85)
Proceeds from Issue of Shares	—	—
NET CASH USED IN FINANCING ACTIVITIES - C	1,961,275.11	(159,766.85)
Net Increases / (Decreased) in cash and cash equivalents	5,409,519.94	(2,628,973.10)
Opening Cash and Bank Balances	694,824.58	3,323,797.68
Closing Cash and Bank Balances	6,104,344.52	694,824.58

For and on behalf of the Board of Directors

Extracted From Audited Accounts

sd/-  
(KAVITA CHADHA)  
Director

sd/-  
(MALIK PRADEEP KUMAR)  
Whole Time Director

B Sreenivasa Setty  
Proprietor  
M.S.No.205645  
For and on behalf of  
B Sreenivasa & Co.,  
Firm Reg No. 009287S  
Chartered Accountants

Place : Bangalore  
Date : 08/11/2011

## KMF BUILDERS & DEVELOPERS LIMITED

No.508, Golf Manor Apartments, NAL Wind Tunnel Road, Murugeshpalya, Bangalore-17

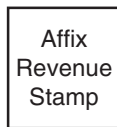
### PROXY FORM

I/We.....of.....in the district of.....being a member(s) of the above named company, hereby appoint Mr./Miss/Mrs.....of.....in the district of..... or failing him/her, Mr./Miss/Mrs.....of.....in the district of.....as my/our proxy to vote, for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday, the 2nd December, 2011, at 11.00 am, or at any adjournment thereof.

No. of shares held..... Registered Folio No.....

D.P.ID No.#..... Client ID No.#.....

Signed this.....day of .....2011.



Signature(s)

**Note:** The proxy form must be deposited at the No.508, Golf Manor Apartments, NAL Wind Tunnel Road, Murugeshpalya, Bangalore-17, not less than 48 hours before the time for holding the meeting. Proxy need not be a member.

# For members holding shares in dematerialised mode.

TEAR HERE

## KMF BUILDERS & DEVELOPERS LIMITED

No.508, Golf Manor Apartments, NAL Wind Tunnel Road, Murugeshpalya, Bangalore-17

### ATTENDANCE SLIP

Name of the shareholder(s) : .....  
(IN BLOCK LETTERS)

Registered Folio No. : .....

D.P.ID No.#..... Client ID No.#.....

I/We hereby record my/our presence at the 16th Annual General Meeting of the company will be held at No.508, Golf Manor Apartments, NAL Wind Tunnel Road, Murugeshpalya, Bangalore-17, on Friday, the 2nd December, 2011, at 11.00 am. I/We certify that I/we am/are registered shareholder/proxy\* for the registered shareholder of the company.

.....  
(Name of the Proxy)

.....  
(Signature of the member/proxy\* to be signed at the attendance counter)

\*Delete whichever is not applicable

#For members holding shares in dematerialised mode.

#### Notes:

1. For their own convenience, the members are requested to deliver their attendance slips at the attendance counter in a queue.
2. Incomplete attendance slips will not be accepted at the attendance counter. For any problem or information, please contact the enquiry counter, before proceeding to attendance counter.
3. Please bring your copy of annual report at the Annual General Meeting.
4. **No gifts/coupons shall be distributed at the meeting.**

**BOOK - POST**

*If Undelivered, please return to :*

**KMF BUILDERS & DEVELOPERS LIMITED**

NO.508, GOLF MANOR APARTMENTS,  
NALWIND TUNNEL ROAD,  
MURUGESHPALYA, BANGALORE-17