



**ANNUAL REPORT**  
**2010-2011**



**GARNET CONSTRUCTION**  
**L I M I T E D**

## **GARNET CONSTRUCTION LTD.**

### **BOARD OF DIRECTORS**

SHRI KISHAN KUMAR KEDIA  
SHRI ARUN KUMAR KEDIA  
SHRI SANJAY KUMAR KEDIA  
SHRI SANTOSH GINORIA  
SHRI SHIROMANI CHAUHAN  
SHRI ANIL PATEL

CHAIRMAN AND MANAGING DIRECTOR  
DIRECTOR - MARKETING  
FINANCE DIRECTOR  
DIRECTOR  
DIRECTOR  
ADDITIONAL DIRECTOR

### **AUDITORS**

SHANKARLAL JAIN & ASSOCIATES  
12, ENGINEER BUILDING,  
265, PRINCESS STREET,  
MUMBAI - 400 002.

### **BANKERS**

AXIS BANK LTD.  
S. V. ROAD,  
KANDIVALI (WEST),  
MUMBAI - 400 067.

ALLAHABAD BANK  
S. V. ROAD,  
ANDHERI (WEST),  
MUMBAI - 400 058.

### **REGISTERED OFFICE**

17, MILAP APARTMENTS,  
S.V. ROAD,  
MALAD (WEST),  
MUMBAI - 400 064.

### **CORPORATE OFFICE**

401, LAXMI MALL,  
LAXMI IND. ESTATE, LINK ROAD,  
ANDHERI (WEST),  
MUMBAI - 400 053.

### **WORKS**

#### **VILLAGE**

HONAD  
DHEKU  
KUMBHIVALI  
DHAMNI  
AMBIVALI  
KARLA

#### **TALUKA**

KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
MAVAL, DIST. PUNE



### NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Thursday, the 29<sup>th</sup> September, 2011 at 10.00 a.m. at Ashish -1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064, to transact the following business :

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011, and the Profit & Loss Account for the year ended on that date and the reports of Directors' and Auditors' thereof.
2. To appoint a Director in the place of Shri Arun Kedia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Sanjay Kedia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

#### **SPECIAL BUSINESS**

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

**"Resolved that** pursuant to Section 257 of the Companies Act, 1956 Shri Anil Patel be and is hereby appointed as Director, who was appointed as an additional director in the Board of Directors Meeting and as such who holds office up to the date of ensuing annual general meeting."

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

**"Resolved that** Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof that Shri Kishan Kumar Kedia be and is hereby appointed as Chairman & Managing Director of the Company with effect from 1<sup>st</sup> April, 2011 for a period of 5 years on the Remuneration of Rs. 1.50 Lacs per annum with effect from 1<sup>st</sup> April, 2011 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Chairman & Managing Director of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part - II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company."

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

"Resolved that Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof that Shri Arun Kedia be and is hereby appointed as Director - Marketing of the Company with effect from 1st April, 2011 for a period of 5 years on the Remuneration of Rs. 1.50 Lacs per annum with effect from 1st April, 2011 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Director - Marketing of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part - II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company."

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

"Resolved that Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof that Shri Sanjay Kedia be and is hereby appointed as Finance Director of the Company with effect from 1st April, 2011 for a period of 5 years on the Remuneration of Rs. 1.50 Lacs per annum with effect from 1st April, 2011 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.



Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Finance Director of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part – II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company.”

By order of the Board  
For Garnet Construction Limited

**Kishan Kumar Kedia**  
Chairman & Managing Director

Place : Mumbai  
Dated :29<sup>th</sup> August, 2011

Regd. Office : 17, Milap Apartment, S. V. Road,  
Malad (West), Mumbai – 400 064.

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The register of Members and the Share Transfer Book will remain closed from 22<sup>nd</sup> September, 2011 to 29<sup>th</sup> September, 2011 (both days inclusive) for the purpose of ensuing Annual General Meeting.
3. Members are requested to notify any changes in their address quoting their folio number to the Company's share department.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of the Annual Report at the Meeting.
6. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least eight days prior to the meeting so that the required information can be made available at the meeting.

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

**ITEM NO. 5**

During the year Shri Anil Patel was appointed as Additional Director in the Board of Directors meeting and he is having enough knowledge and experience in construction industry the same will help the Company in its operations. Therefore, it is in the interest of the Company to appoint him as regular director of the Company. The board recommended the acceptance of the resolution. None of the directors is deemed to be interested or concerned in the said resolution except Shri Anil Patel, Director of the Company.



**ITEM NO. 6, 7 & 8**

The Board of Directors of the Company at its meeting held on 3<sup>rd</sup> September, 2011 approved the re-appointment and payment of remuneration to Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia as Chairman & Managing Director, Director – Marketing and Finance Director respectively of the Company w.e.f. 1<sup>st</sup> April, 2011 for a period of 5 years. Their material terms and conditions of their appointment is that they will get the remuneration of Rs. 1.50 lacs p.a. with an increment to be decided by the Board of Director subject to the same is not exceeding at any point of time, the ceiling laid down under the provisions of the Companies Act, 1956 and Schedule thereto.

Your directors recommend this resolutions for your approvals. None of the directors except Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia are concerned or interested in this resolution.

The above explanation may also be taken as an abstract of the terms of agreement and memorandum of consent or interest under section 302 (2) of the Companies Act, 1956.

By order of the Board  
For Garnet Construction Limited

**Kishan Kumar Kedia**  
Chairman & Managing Director

Place : Mumbai  
Dated : 29<sup>th</sup> August, 2011

**Details of Director Appointed /Seeking re-appointment in forthcoming Annual General Meeting :**

The brief resume of Directors seeking re-appointment :

**1. Kishan Kumar Kedia (65)**

Shri Kishan Kumar Kedia is instrumental person and promoter director of the Company highly experienced person and having tremendous knowledge of management and control of business. He holds Nil directorship in other companies.

**2. Arun Kedia (42)**

Shri Arun Kedia was appointed as promoter director since incorporation and instrumental person in marketing of the company's project along with well versed with statutory compliance. He holds Nil directorship in other Companies.

**3. Sanjay Kedia (41)**

Shri Sanjay Kedia was appointed as promoter director since incorporation and instrumental person of the Company, he is well versed with finance and implementation part of the Company's projects. He holds Nil directorship in other Companies.

**4. Anil Patel (26)**

Shri Anil Patel is by profession engineers and will play important role in company operation specially in designing and other works for setting up projects of the Company, presently he is looking after the Company Magic Hill project. He holds Nil directorship in other company.



**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 19<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

	(Rs. In Lacs)	
	As on 31.03.2011	As on 31.03.2010
Sales & other Income	1236.60	507.62
Profit before Depreciation, Int. & Tax	(0.94)	(262.07)
Depreciation	25.39	80.84
Interest	138.36	18.76
Profit before Tax	(164.69)	(162.47)
Provision for Taxation	0.00	0.00
Provision for Deferred Taxation	0.00	18.27
Profit After Tax	(164.69)	(144.30)
Share Capital	1390.22	1390.22
Reserve & Surplus	4565.53	4792.30

**DIVIDEND**

Due the losses your directors do not recommend any dividend for the year.

**OPERATIONAL REVIEW**

During the year under review the Company has suffered losses of Rs. 164.69 Lacs as against previous year losses of Rs. 144.30 Lacs, the same is due to sales return and therefore even there is substantial increased in sales figures compare to previous year, your Company unable to generate profit. Further the construction sector is not doing well, the same is additional factor for current year losses. However, the management is confident of achieving better result in coming financial year.

**DIRECTORS**

Shri Arun Kedia and Shri Sanjay Kedia, Directors are retiring at the ensuing annual general meeting and offers themselves for re-appointment. You are requested to reappoint them. Further during the year Smt. Vaishali Sayyed resigned from the board, board place their appreciation to her for her valuable support. Besides, during the year board has appointed Shri Anil Patel, as additional director you are request to consider his re-appointment as regular director.

**FIXED DEPOSITS**

Your Company has not accepted any fixed deposit during the year under review which falls under the definition of Section 58 A of the Companies Act, 1956.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance is included in the Annual Report and the certificates from the Company's Auditors confirming the compliances of conditions on Corporate Governance as stipulated in Listing Agreement is annexed thereto.



The Management discussion and analysis and the compliance of corporate governance are annexed to this report.

### AUDITORS

The Auditors M/s Shankarlal Jain & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible to offer themselves for reappointment. You are requested to consider their reappointment for the next financial year and fix their remuneration.

The Specific notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and do not require any further elucidation.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Director make the following statement to Section 217 (2AA) of the Companies Act, 1956 :

- i. that in the preparation of Annual Accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures if any, further there is a change in accounting policy in relation with recognition of sales as well as income.
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial year and of the Profit & Loss of the Company for that period.
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so to prevent and detect fraud and other irregularities.
- iv. that the Directors had prepared the accounts on a going concern basis.

### LISTING FEES

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai for the Financial Year 2011 – 2012 has been paid.

### CUSTODIAN CHARGES

The Company confirms that the Custodian Charges due to the National Securities Depository Ltd., and Central Depository Services (India) Ltd. have been paid for the financial year 2011-12 as applicable and payable as per the SEBI circular in this regard.

### STATUTORY DISCLOSURES

- A) Particulars of the employees of the Company pursuant to Section 217 (2A) of the Companies Act, 1956 is not required to be given as none of the employees of the Company drawn remuneration in excess of amount prescribed in the section.
- B) Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988:

- i) Part A and Part B relating to Conversion of Energy and technology Absorption are not applicable to the Company as your Company is not a manufacturing Company.
- ii) Foreign Exchange Earning and Outgo :- The Company has incurred Rs. 1,83,572/- towards the foreign traveling expenses during the year under review.

**ACKNOWLEDGEMENT**

Your Directors thanks the banks, financial institutions for their valuable and timely financial assistance and support provided to the Company. Your Directors also thanks to the customers, suppliers, Government Institutions and others for the co-operation extended to the Company. The Board also places on record its appreciation for the assistance and co-operation received from staff and you the shareholders.

Place : Mumbai  
Dated : 29<sup>th</sup> August 2011

**For and on behalf of the Board of  
Garnet Construction Limited**

**Kishan Kumar Kedia  
Chairman & Managing Director**



## ANNEXURE TO DIRECTOR'S REPORT

## Corporate Governance Report

## a. Company's philosophy on code of Governance

The Garnet Construction Ltd. believes that good corporate governance is essential to achieve long term goals and also to enhance the shareholders value. The Company is engaged in construction activity and rendering good quality of industrial as well as residential construction at Khopoli and Lonavala. To strive for continuous improvement in all other areas to create value that can sustain over a long term for all its shareholders, employees, customers, government and others.

## b. Board of Directors :

The Board of your Company consists of Six Directors including non-executive independent Director. Your Company has an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors. All the members of the Board are eminent with sound knowledge and background in different field.

The Board is headed by Shri Kishan Kumar Kedia. The non executive director constitutes more than half of the total numbers of directors.

## Board Meetings and procedure

The Board of Directors of your Company met eight times during the year on 29.04.2010, 29.07.2010, 26.08.2010, 07.10.2010, 28.10.2010, 03.01.2011, 28.01.2011 and 28.03.2011. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2010 – 11 and at the last Annual General Meeting of the Company and the no. of Directorship on the Board or membership/chairmanship in committee held by them across all the Companies are as under :

Name of Directors	Position / Status	Attended Board Meeting	Last AGM	Directorship	No. of other Committee Membership/ Chairmanship
Mr. Kishan Kumar Kedia	ENI	8	Y	-	-
Mr. Arun Kedia	ENI	8	Y	-	-
Mr. Sanjay Kedia	ENI	8	Y	-	-
Mr. Santosh Ginoria	NEI	6	Y	-	-
Mr. Shiromani Chauhan	NEI	5	N	-	-
Mrs. Vaishali Sayyed *	NEI	5	N	-	-
Mr. Anil Patel **	NEI	1	N	-	-

ENI = Executive Not Independent, NEI = Non-executive Independent Director

\* Resigned w.e.f. 28<sup>th</sup> January , 2011

\*\* Appointed w.e.f. 28<sup>th</sup> January , 2011



### c. Audit Committee

The Board of Directors has constituted Audit committee of Directors to exercise powers and discharge function as stipulated in Section 292A of the Companies Act, 1956 During the year four meetings were held on 29.04.2010, 29.07.2010, 27.10.2010 & 27.01.2011 and all the members had attended the meeting. The role and terms of reference of the audit committee covers the matter specified for audit committees under clause 49 of the listing agreement and provisions of Companies Act, 1956. Presently the committee comprises of three Directors and majority of them are independent Director.

The Composition of Audit Committee is as under :

S. No.	Name of the members	Status	Director Status
1.	Shiromani Chauhan	Chairman	Non-Executive & Independent
2.	Santosh Ginoria	Member	Non-Executive & Independent
3.	Sanjay Kedia	Member	Executive & Non Independent

#### Terms of reference :

The terms of reference of this committee are wide enough covering the matters specified for Audit Committee under Clause 49 of the Listing Agreement as amended.

- Overseeing of the Company's financial reporting process and disclosure of financial information.
- Review of quarterly financial statement ensuring compliances with regulatory guidelines before submission to the Board
- Recommended appointment, removal of statutory auditors and payment of fees to them.
- Preparation of various financial statement for better fund planning
- Assistance in meeting financial requirement of the Company
- Statement of significant related party transactions.

#### Remuneration Committee

The Board has not constituted any Remuneration Committee which is non mandatory however the details of remuneration paid to the Directors for the year 2010 – 11 are as under :

#### Managerial Remuneration :

Salary	: Rs. 33,00,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 33,00,000

**d. Shareholders / Investors Grievance Committee**

The Board has constituted a share transfer committee consisting of Mr. Kishan Kumar Kedia, Mr. Sanjay Kedia and Mr. Arun Kedia, and Mr. Arun Kedia is designated as Compliance Officer. As on 31<sup>st</sup> March, 2011 there were no complaints pending and no share transfer pending for registration.

**e. General Body Meeting**

Particulars of Last Three Annual General Meeting held are as follows :

AGM/EGM held	Day, Date & Time	Venue
AGM	Wednesday 29.09.2010, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Tuesday, 29.09.2009, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
EGM	Wednesday 21.01.2009, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Friday, 26.09.2008, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.

No special resolution were put through postal ballot last year and nor is there any proposal for this year. The postal ballot exercise shall be conducted from time to time of the provisions referred in respect of matters where applicable.

**f. Disclosures**

The related party transactions are furnished in point no.3 under notes forming part of accounts.

There were no instances of non-compliance or penalty / strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

**g. Means of Communication**

The quarterly results are published in the "The Economic Times and Maharashtra Times" newspapers. The Company do not have its website for displaying results or official news. Further the company has complied with the requirement of SEBI EDIFAR on regular basis.

Management discussion and analysis is a part of the Annual Report.

**General Shareholders Information**

## 1) AGM – Date, time and venue :

Date :	29 <sup>th</sup> September, 2011
Time :	10.00 a.m.
Venue :	Ashish – 1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai – 400 064.



- 2) Date of book closure from 22<sup>nd</sup> September, 11 to 29<sup>th</sup> September, 11.(both days inclusive.)
- 3) Dividend payment date : not applicable since no dividends is recommended by the Board.
- 4) ISIN No. : INE797D01017
- 5) Reporting of Un-audited Financial Result : In respect of year 11 – 12
- a) First quarter : Last week of July, 11
- b) Second quarter : Last week of October, 11
- c) Third quarter : Last week of January, 12
- d) Fourth quarter : Last week of April, 12
- e) Annual General Meeting (For 11 – 12) : By August / September, 12
- 6) Listing on Stock Exchanges: Ahmedabad, Bombay and Jaipur Stock Exchanges.  
The Company has already passed resolution for delisting of securities to Ahmedabad and Jaipur Stock Exchange.
- 7) Stock Code : The Stock Exchange, Mumbai - 526727  
The Stock Exchange, Ahmedabad - 18353  
The Stock Exchange, Jaipur - 497
- 8) Market Price Data – High/Low during the each month of the financial year 2010 – 2011 are as follows:
- | Month     | Bombay Stock Exchange Ltd. |       |
|-----------|----------------------------|-------|
|           | High                       | Low   |
| April     | 18.75                      | 16.05 |
| May       | 18.70                      | 14.90 |
| June      | 18.00                      | 14.05 |
| July      | 28.40                      | 16.00 |
| August    | 26.10                      | 19.60 |
| September | 23.45                      | 19.70 |
| October   | 22.40                      | 19.00 |
| November  | 21.00                      | 17.30 |
| December  | 20.00                      | 16.15 |
| January   | 19.45                      | 15.80 |
| February  | 16.20                      | 13.50 |
| March     | 16.35                      | 12.55 |
- 9) Registrar & Share Transfer agent (RTA) : M/s Link Intime India Pvt. Ltd.  
(for physical & demat shares) C-13, Panalal Silk Mill Compound,  
LBS Marg, Bhandup,  
Mumbai – 400 078.
- 10) Share Transfer System : All valid requests for Share transfer have been processed and noting is pending. Share transfer committee meets as and when required depending upon the volume of transfers. Share Certificates in physical mode are sent as statutorily provided.



## 11) Distribution of shareholding as on 31.03.2011

Share Holding of Nominal Value		Share Holders		Share Amount	
		No.	% to Total	In Rs.	% to Total
0	5000	5661	84.42	9715040	6.99
5001	10000	526	7.84	4411210	3.17
10001	20000	246	3.67	3783570	2.72
20001	30000	68	1.01	1736850	1.25
30001	40000	34	0.51	1229030	0.88
40001	50000	46	0.69	2197940	1.58
50001	100000	54	0.81	4193100	3.02
100001 and Above		71	1.06	111755260	80.39
<b>Total</b>		<b>6706</b>	<b>100</b>	<b>13,90,22,000</b>	<b>100</b>

## 12) Shareholding pattern as on 31.03.2011

Category	No. of Shares	% of Shares
<b>Promoter's Holding</b>		
Indian Promoters	4528123	32.57
<b>Sub Total</b>	<b>4528123</b>	<b>32.57</b>
<b>Non-Promoters</b>		
<b>Others</b>		
Private Corporate Bodies	5021403	36.12
Indian Public	4193562	30.16
NRIs	129972	0.93
Clearing Member	29140	0.21
<b>Sub Total</b>	<b>9374077</b>	<b>67.43</b>
<b>Grand Total</b>	<b>13902200</b>	<b>100</b>

13) Shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2011

14)

S. No.	Name of the non-Executive Directors	No. of Shares Held
1	Shri Shiromani Chauhan	1,000
2	Shri Santosh Ginoria	6,100
3	Shri Anil Patel	Nil

15) Dematerialisation of shares: Appx. 45% of the share capital has been dematerialised as on 31<sup>st</sup> March, 2011.

16) There is no instrument pending for conversion.

17) Site Location : Industrial Plot at Village – Honad, Dheku, Kumbhivali, Dhamni, Ambivali, Taluka – Khalapur, Dist. – Raigad, Residential Plot at Village – Karla, Dist. – Pune.

**Address for Correspondence :**

- Shareholders holding shares in physical Mode are requested to lodge share transfer, transmission and intimate changes if any in their registered addresses, residential status etc. quoting their folio no to Company's Registrar and Share Transfer Agent.
- Query on Annual Report be addressed to Company's registered office.

**Compliance :**

This section of the report together with the information given under Management Discussion and Analysis and brief resume of Directors constituted a detailed report on Corporate Governance.

The Company has complied with Mandatory requirement of Corporate Governance. The Board would review implementation of Non – Mandatory Requirements of Corporate Governance Code in due course of time.

Auditors Certificates regarding compliances of conditions of Corporate Governance is annexed to this report.

**For Garnet Construction Limited**

Date : 29<sup>th</sup> August 2011  
Place : Mumbai

**Kishan Kumar Kedia**  
**Chairman & Managing Director**



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### **Industry Structure & Development**

The global economic development is in fact, likely to have a mixed effect on the investment market in the real estate sector. The current credit rating downgrade in the US can have an impact on Indian real estate too. In terms of residential real estate, the lowering of crude oil prices has a softening effect on inflation which will turn help home buyers.

The Mumbai and its nearby vicinity areas offers several option to NRIS and foreign director investment in terms of housing option that match global standard, NRIs is a segment who is attracted to invest in India as it has become a highly favoured real estate investment destination even by foreign direct investors. Not only that, it has a huge real estate market potential and also returns from real estate investments in India have consistently been exceptional. Easy accessibility to home loan facilities from banks and financial institutions, a much improved set of unorganized and disciplined real estate developers and availability of houses meet global standards are the other attractive features for NRIs.

Beside above this sector contributes more than 5 per cent to the nation's GDP and 78 per cent to the gross capital formation. Total capital expenditure of state and central govt. will be touching

However going by the predictions, the realty market looks poised for some action as the current worldwide economic developments tip the scales in its favour.

### **Opportunities and Threats**

The Indian economy has witnessed considerable progress in the past few decades. Most of the infrastructure development sectors moved forward, but not to the required extent of increasing growth rate up to the tune of 8 to 10 per cent. The Union Government has underlined the requirements of the construction industry.

The Company target overseas customer for its various projects, the marketing partners will help in soliciting the overseas buyers. Looking at the existing response from overseas buyers the Company has started to develop residential project at Khopoli namely Magic Kingdom. The same project will suited to current market situation and middle and high income group. Beside this, Company is also planning to construct the few projects at Kholke, Panvel as well as at various other stations in coming years and expect good turnover and profitability.

The major threats for this sector is slow down of industrial growth and reduction in property prices, higher bank / financial institutions interest rates are major threats for the industry. Further the movement of Stock Market is also play a vital role in property market, beside any major changes by the Government in relation with its policy decision.

However, the Company is planning such a way that even do affected by such above threats but has come out with positive developments against such threats and has been successful in marketing its product demand in market.

#### **Segmentwise Performance and reporting**

The Company is engaged only in one segment of construction and sale of industrial as well residential plots hence, segment wise performance is not applicable. Financial Performance of the Company for the year under review has already been covered under the Directors' Report.

#### **Company's Outlook**

The Company is engaged in the infrastructure development by providing industrial as well as residential land / bungalows / plots / sheds for industrial and residential purposes. The Company prepare the residential as well as industrial estates in such a way that meet the excellent in terms of quality, earth quake resistant structures, design and architectural excellence and also landscaping on par with other developers presently worked at Khopoli. Beside this the Company plans township that will take care of the present and future need of the customers, meeting their financial need by way of designing of unique loan scheme and equally support by payment mechanism.

Presently Company is developing its Magic Hill Bungalow Project Beside Magic Kingdom residential project is also coming up at Khopoli. Further the Company is planning to develop the other project in near future the same will provide the hospitality services to its customers by way of providing facility such as resorts, health club and other similar services.

#### **Cautionary Statement**

Statements in this report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



**Shankarlal Jain And Associates****Chartered Accountants**

12, Engineer Building, 265 Princess Street, Mumbai - 400 002. • Email : info@sljainindia.com

Tel.: 2203 6623, 2206 5739 • Fax : 91-22-2208 6269 • Website : sljainindia.com

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
**GARNET CONSTRUCTION LIMITED**

We have examined the compliance of conditions of Corporate Governance by Garnet construction Limited (the Company) for the year ended March 31, 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 examinations were limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

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

For Shankarlal Jain & Associates  
Chartered Accountants  
Firm Regn no: 109901W

Place: Mumbai  
Date: 29<sup>TH</sup> August 2011

SATISH JAIN  
Partner  
M. No. 48874

**Shankarlal Jain And Associates****Chartered Accountants**

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**AUDITOR'S REPORT**

To,  
The Members of  
**GARNET CONSTRUCTION LIMITED**  
**MUMBAI.**

- (1) We have audited the attached Balance Sheet, of **GARNET CONSTRUCTION LIMITED** as at 31st March, 2011 and the related Profit and Loss Account & Cash Flow Statement for the year ended on that date annexed thereto. Which we have signed of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Management of **GARNET CONSTRUCTION LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order.
- (4) Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by the Companies Act, 1956 have been kept by the Company, so far as it appears from our examination of books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.



- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable. Except A.S 15 in respect of liabilities for GRATUITY & LEAVE ENCASHMENT which are treated on cash basis.
- e) On the basis of written representations received from Directors & taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified from being appointed as Directors of the Company under clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account & Cash Flow read together with the Significant Accounting Policies and the Notes thereon give the information required by the Companies Act, 1956 in the manner so required.
- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011 and
- (ii) in so far as it relates to Profit and Loss Account, of LOSS of the Company for the year ended on that date.
- (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 109901W

Dated : 29<sup>th</sup> August 2011  
Place : Mumbai

SATISH JAIN  
PARTNER  
M.No-48874

**Shankarlal Jain And Associates****Chartered Accountants**

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**ANNEXURE TO THE AUDITOR'S REPORT FOR THE PERIOD  
ENDED 31<sup>ST</sup> MARCH, 2011:**

(Referred to in paragraph 1 of our report of even date)

1. (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of Fixed Assets. **However the same is to be updated**
  - (b) All the assets have been physically verified by the management during the year and in our opinion it 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, the Company has not disposed off a substantial part of Fixed Assets during the year and therefore paragraph 4(i)(c) of the Companies (Auditor's Report) order, 2003 (hereinafter referred to as order) is not applicable.
2. (a) Physical verification of Inventories was conducted by the management during the year and 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 and no material discrepancies have been noticed on physical verification of inventories as compared to book records..
3. (a) During the year the Company has not granted loans secured or unsecured to the Companies, Firms or other parties listed in the register maintained under section 301 of the companies Act, 1956 therefore provision of sub clauses (b) (c) & (d) of clause iii of the Companies (Auditors Report) order 2003 are not applicable to the company.
  - (d) The company has taken loans from one parties of Rs.10.42 Lakhs from the Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (e) In our opinion the rate of interest and other terms and conditions of loans are not prima-facie prejudicial to the interest of the company.
  - (f) The principal amount and interest has been repaid in time.
4. In our opinion and according to the information and explanations given to us, the internal control procedure of the Company relating to the purchase of Land and Fixed Assets and sale of Land, Plots & Sheds are commensurate with the size of the Company and the nature of its business and we have neither come across nor have we been informed of any major weakness in internal control procedures.



5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to 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 as specified under the provisions of section 58-A and 58AA of the Companies Act, 1956 and therefore the Directives issued by the Reserve Bank of India and the provisions of section 58-A and 58AA of the Companies Act, 1956 and rules framed there under is not applicable. As explained to us, the Company has not received any order from the Company Law Board.
7. As per the information and explanations given to us, during the year under audit, the Company did not have an Internal Audit System but had an efficient system for accounting and internal controls.
8. As per the information and explanations given to us, the Central Government has not prescribed the maintenance of costs records under Section 209(1) (d) of the Companies Act, 1956 for the Companies procedures.
9. (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' State insurance, Income-Tax, Sales Tax, Wealth-Tax, Customs Duty, Excise Duty, service tax, cess and other statutory dues, if any, with the appropriate authorities. Arrears of outstanding statutory dues as at 31st March, 2011 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us no disputed amount payable in respect of dues relating to Provident Fund, sales tax, Customs duty, wealth tax and cess and other Statutory dues were in arrears as at 31st March, 2011 for a period of more than six months from the date they become payable.
10. The Company does not have accumulated losses as at 31st March, 2011, but it has incurred cash losses of Rs. 1,30,97,917/- during the financial year ended on that date and there was cash loss of Rs 1,35,49,786/- in immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks during the year.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the period under review.
13. As per the information and explanation given to us, the provisions of Special Statutes applicable to Chit fund, Nidhi or Mutual benefit society 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 clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company. All the shares held by the company as investments are in its own name.
15. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the Company.

16. In our opinions, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments and vice versa.
18. The company has not made any preferential allotment of shares.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year under review.
20. The company has not raised any funds with a public issue during the year.
21. Based on the Audit Procedures performed and as per the information and explanations given to us by the management, we, report that no fraud on or by the Company has been reported or noticed during the year.

**FOR SHANKARLAL JAIN & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

**Firm Reg. No. 109901W**

**Dated : 29<sup>th</sup> August 2011**

**Place : MUMBAI**

**SATISH JAIN**

**(PARTNER)**

**M.No-48874**

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## GARNET CONSTRUCTION LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2011

PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT(RS)	PREVIOUS YEAR AMOUNT(RS)
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
SHARE CAPITAL	A	139,022,000	139,022,000
RESERVES & SURPLUS	B	456,553,370	479,230,866
<b>LOAN FUNDS :</b>			
SECURED LOANS	C	205,723,137	85,393,228
UNSECURED LOANS	D	1,025,770	702,836
<b>TOTAL SOURCES OF FUNDS</b>		<b>802,324,277</b>	<b>704,348,930</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
GROSS BLOCK	E	43,699,040	35,488,100
LESS : DEPRECIATION		9,876,629	7,337,372
NET BLOCK		33,822,411	28,150,728
<b>INVESTMENTS</b>	F	30,337,074	30,035,228
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
STOCK IN TRADE	G	571,559,489	364,634,139
SUNDRY DEBTORS	H	554,943,725	698,925,441
CASH & BANK BALANCE	I	99,601,760	241,042,866
LOANS & ADVANCES	J	404,689,567	185,526,531
		1,630,794,541	1,490,128,977
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
CURRENT LIABILITIES	K	479,444,494	259,099,023
PROVISIONS	L	414,127,797	586,641,725
		893,572,291	845,740,748
<b>NET CURRENT ASSETS</b>		<b>737,222,250</b>	<b>644,388,229</b>
<b>MISCELLANEOUS EXPENDITURES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>	M	942,542	1,774,744
<b>TOTAL APPLICATION OF FUNDS</b>		<b>802,324,277</b>	<b>704,348,929</b>
<b>SIGNIFICANT ACCOUNT POLICIES &amp; NOTES TO ACCOUNTS</b>			
		W	
AS PER OUR REPORT OF EVEN DATE FOR SHANKARLAL JAIN & ASSOCIATES CHARTERED ACCOUNTANTS		FOR AND ON BEHALF OF THE BOARD OF DIRECTORS GARNET CONSTRUCTION LTD	
SATISH JAIN PARTNER M.NO. 48874  MUMBAI DATED : 29 <sup>th</sup> August 2011		KISHAN KUMAR KEDIA CHAIRMAN AND MANAGING DIRECTOR	ARUN KEDIA DIRECTOR MARKETING

## GARNET CONSTRUCTION LIMITED

PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT(RS)	PREVIOUS YEAR AMOUNT(RS)
<b>INCOME :</b>			
INCOME FROM OPERATIONS	N	45,422,620	11,698,576
OTHER INCOME	O	20,061,244	8,128,358
INCREASE/(DECREASE) IN STOCK	P	58,175,668	30,935,318
<b>TOTAL</b>		<b>123,659,532</b>	<b>50,762,252</b>
<b>EXPENDITURE :</b>			
SALES RETURN (NET OF COST OF SALES)	Q	28,617,861	5,050,506
COST OF SALES	R	7,122,469	2,036,743
LAND & CONSTRUCTION COST	S	58,230,469	30,935,318
PERSONNEL EXPENSES	T	11,017,309	7,225,631
BUSINESS ADMINISTRATION & SELLING EXPENSES	U	18,765,269	11,811,983
INTEREST	V	13,836,275	8,084,059
DEPERECIATION		2,539,257	1,875,674
<b>TOTAL</b>		<b>140,128,909</b>	<b>67,019,914</b>
<b>NET PROFIT BEFORE TAX/(LOSS)</b>		<b>(16,469,377)</b>	<b>(16,257,662)</b>
LESS :			
PROVISION FOR DEFERRED TAXATION		-	1,827,795
<b>NET PROFIT AFTER TAX</b>		<b>(16,469,377)</b>	<b>(14,429,867)</b>
LESS/(ADD): TAXATION FOR PREVIOUS YEARS		6,208,119	(2,771)
ADD: TAXATION FOR PREVIOUS YEARS EXCESS			
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<b>(22,677,496)</b>	<b>(14,427,096)</b>
EARNING PER SHARE(BASIC)		(1.18)	(1.12)
EARNING PER SHARE(DILUTED)		(1.18)	(1.12)

SIGNIFICANT ACCOUNT POLICIES & NOTES  
TO ACCOUNTS

W

AS PER OUR REPORT OF EVEN DATE  
FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTSFOR AND ON BEHALF OF THE BOARD OF  
DIRECTORS  
GARNET CONSTRUCTION LTDSATISH JAIN  
PARTNER  
M.NO. 48874KISHAN KUMAR KEDIA  
CHAIRMAN AND  
MANAGING DIRECTORARUN KEDIA  
DIRECTOR  
MARKETINGMUMBAI  
DATED : 29<sup>th</sup> August 2011



## GARNET CONSTRUCTION LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2011

PARTICULARS	AS ON 31/03/2011 AMOUNT(RS.)	AS ON 31/03/2010 AMOUNT(RS.)
<b>SCHEDULE : A: SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL :-</b>	<b>580,000,000</b>	<b>580,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL:-</b>		
1,39,02,200(P.Y 79,02,200) Equity Shares of Rs. 10/- each fully paid (Include 60,00,000 Euit Shares of Rs. 10/- each fully paid issued against the Preferental Conveteble Warrants)	139,022,000	139,022,000
	<b>139,022,000</b>	<b>139,022,000</b>
<b>SCHEDULE :B: RESERVES &amp; SURPLUS</b>		
<b>SHARE PREMIUM ACCOUNT</b>		
Opening Balance	433,000,000	25,000,000
Add:During the Year		408,000,000
	<b>a 433,000,000</b>	<b>433,000,000</b>
<b>PROFIT &amp; LOSS ACCOUNT :</b>		
Opening Balance	46,230,866	60,663,504
Add : Profit during the Year	(22,677,496)	(14,432,638)
	<b>b 23,553,370</b>	<b>46,230,866</b>
	<b>a+b 46,553,370</b>	<b>479,230,866</b>
<b>SCHEDULE :C: SECURED LOANS</b>		
HDFC Bank Car loan A/c - Honda City (Repayable within one year Rs Nil (P.Y Rs 255676.35) )	-	255,676
Kotak Mahindra Prime Ltd-Car Loan -Innova (Repayable within one year Rs Nil (P.Y Rs 95,541) )	-	92,541
ICICI Bank Ltd - Car Loan A/c No.13847005-Mercedes (Repayable within one year Rs. 253314/- (PY. Rs. 713286/-))	253,314	966,600
FD With Axis Bank OD A/c	-	125,000
Overdraft Facility -Allahabad Bank	45,419,202	60,521,080
Reliance Capital Ltd -I (Repayable within one year Rs. 220964, (PY Rs. 191778/-))	12,388,905	12,580,683
Reliance Capital Ltd -II (Repayable within one year Rs. 190595, (PY Rs. 165420/-))	10,686,228	10,851,648
SICOM LOAN (Repayable within one year Rs. 6712088, (PY NIL)) (Refer Note B. Point No. 2 of Notes to Accounts)	136,975,488	-
	<b>205,723,137</b>	<b>85,393,228</b>
<b>SCHEDULE :D: UNSECURED LOANS</b>		
From Directors	1,025,770	702,836
	<b>1,025,770</b>	<b>702,836</b>

**SCHEDULE : E FIXED ASSETS - FORMING PART OF THE BALANCE SHEET AS ON 31.03.2011**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		RATE OF DEPRECIATION		
	OPENING BALANCE 01/04/2010	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	GROSS BLOCK AS ON 31/03/2011	ACCUMULATED DEPRECIATION AS ON 01/04/2010	DEDUCTION DURING THE YEAR	DEPRECIATION FOR THE YEAR	TOTAL DEPRECIATION		AS ON 31/03/2011.	AS ON 31/03/2010
OFFICE PREMISES	14,207,200.00			14,207,200.00	2,573,004.00		231,577.00	2,904,581.00	11,302,619.00	11,534,196.00	1.63%
FAX MACHINE	28,000.00			28,000.00	19,950.00		1,330.00	21,280.00	6,720.00	8,050.00	4.75%
AIR CONDITIONER	202,392.00			202,392.00	100,484.00		9,613.62	110,097.62	92,294.38	101,908.00	4.75%
XEROX MACHINE	219,134.00			219,134.00	83,843.00		10,408.87	94,251.86	124,882.14	135,291.01	4.75%
CELLULAR PHONE	169,749.00	34,000.00		203,749.00	81,678.00		9,545.00	91,223.00	112,526.00	88,071.00	4.75%
OFFICE EQUIPMENTS	417,657.00	167,519.00		585,156.00	59,026.18		25,052.09	84,078.27	501,077.73	358,610.82	4.75%
PAGER	19,317.50			19,317.50	12,418.50		917.58	13,336.08	5,981.42	6,899.00	4.75%
FURNITURE & FIXTURES	4,290,876.30	102,770.00		4,393,646.30	683,824.30		274,654.74	958,479.04	3,435,167.26	3,607,052.00	6.33%
COMPUTER & PRINTER	582,556.00	162,351.00		744,907.00	339,628.00		110,820.87	450,448.87	294,458.13	242,928.00	16.21%
LAPTOP	52,999.00	181,102.00		234,101.00	6,443.00		27,354.84	33,797.84	200,303.16	46,556.00	16.21%
MOTOR CAR	15,193,710.01	7,563,198.00		22,756,908.01	3,257,729.86		1,828,052.40	5,085,782.26	17,671,125.75	11,935,980.15	9.50%
MOTOR BIKE	104,529.00			104,529.00	19,343.00		9,930.26	29,273.25	75,255.75	85,186.01	9.50%
<b>TOTAL</b>	<b>35,488,099.81</b>	<b>8,210,940.00</b>		<b>43,699,039.81</b>	<b>7,337,371.83</b>		<b>2,539,257.27</b>	<b>9,876,629.10</b>	<b>33,822,410.71</b>	<b>28,150,727.98</b>	
<b>P.Y</b>	<b>31,485,146.81</b>	<b>8,096,239.00</b>		<b>35,488,099.81</b>	<b>6,933,190.81</b>		<b>1,875,674.33</b>	<b>7,337,371.83</b>	<b>28,150,727.97</b>	<b>24,551,956.00</b>	



## GARNET CONSTRUCTION LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2011

<b>SCHEDULE : F: INVESTMENTS :-</b>		
<b>1) IN SHARES</b>		
<b>UNQUOTED</b>		
30000 (30000) Equity share of VARAHA INFRA LTD of Rs.10 each	30,000,000	30,000,000
<b>2) IN GOLD Coins { 152.32 Gms (P.Y 20.32 Gms) }</b> (Market Value Rs 3,16,444 /- P.Y Rs 37,862 /-)	337,074	35,228
	<b>30,337,074</b>	<b>30,035,228</b>
<b>SCHEDULE : G: STOCK IN TRADE :-</b> (As Valued & certified by the management)		
<b>(A) Freehold Land</b>	326,922,469	178,172,787
<b>(B) Work in Progress</b>	244,637,019	186,461,351
<b>Total</b>	<b>571,559,489</b>	<b>364,634,139</b>
<b>SCHEDULE : H: SUNDRY DEBTORS:-</b> (Unsecured, Considered Good)		
Debts Outstanding for more than Six Months	554,943,725	698,925,441
	<b>554,943,725</b>	<b>698,925,441</b>
<b>SCHEDULE : I: CASH &amp; BANK BALANCE:-</b>		
Cash on Hand	262,624	721,383
<b>Balance with Schedule Bank</b>		
Balance With Schedule Bank	99,339,136	240,171,483
Fixed Deposit (Pledge with Bank for Loan Taken)	-	150,000
	<b>99,601,760</b>	<b>241,042,867</b>
<b>SCHEDULE : J: LOANS &amp; ADVANCES :-</b> (Unsecured, Considered Good)		
Advance against Purchase of Land	111,077,443	34,667,659
Advance Against Share Application	12,500,000	12,500,000
Advance Against Property	237,730,254	111,500,000
Sundry Receivables	26,272,995	4,480,019
Sundry Deposits	2,354,396	2,337,896
Advance Tax net of Provisions	11,234,696	961,055
Advance to Suppliers	3,391,604	19,048,220
Prepaid Expenses	128,179	31,682
	<b>404,689,567</b>	<b>185,526,531</b>
<b>SCHEDULE : K : CURRENT LIABILITIES :</b>		
Sundry Creditors	20,925,075	20,135,774
Advance against Properties	449,580,380	237,708,518
Deposits received	6,722,999	1,000,000
Other Liabilities	2,216,039	254,731
	<b>479,444,494</b>	<b>259,099,023</b>
<b>SCHEDULE : L : PROVISIONS :</b>		
<b>Provision Made For :</b>		
Development Expenses at Land Sold		2,337,868
Development Expenses at Panchdeep Housing Complex	7,465,021	7,465,021
Development Expenses at Emerald Industrial Estate		1,521,481
Development Expenses for Plot Construction at Dhamni	654,336	654,336
Development Expenses for Bungalow Scheme -Crystal Springs		23,415,000
Provision for expenses for Bungalow -Magic Hills	406,008,440	551,248,018
	<b>414,127,797</b>	<b>586,641,725</b>
<b>SCHEDULE : M : DEFERRED REVENUE EXPENSES</b>		
Opening Balance		
Add : Warrant Issue Expenses incurred during the year	1,774,744	2,138,946
Less : Expenses W/Off (1/5th)	1,774,744	468,000
Deferred Revenue Exp. carried to Balance Sheet	832,202	2,606,946
	<b>942,542</b>	<b>1,774,744</b>

## GARNET CONSTRUCTION LIMITED

SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	AS ON 31/03/2011		AS ON 31/03/2010	
	AMOUNT(Rs.)	AMOUNT(Rs.)	AMOUNT(Rs.)	AMOUNT(Rs.)
<b>SCHEDULE : N : INCOME FROM OPERATIONS:-</b>				
<b>SALE OF PLOTS :</b>				
SALE OF PLOT AT PANCHDEEP HOUSING COMPLEX	22,602,295		751,083	
SALE OF PLOTS AT NEELKANTH INDL. ESTATE	1,553,325		-	
SALE OF LAND AT TALAVALI	2,675,000		-	
SALE OF LAND-NA LAND	-		3,200,000	
SALE OF LAND-HONAD	15,387,000		6,800,000	
SALE OF OPEN PLOT MAGIC HILL	250,000		247,493	
SALE OF INDUSTRIAL PLOT-EMERALD	2,000,000		700,000	11,698,576
SALE OF CFC LAND & DEVELOPMENT INCOME	955,000	45,422,620		
		45,422,620		11,698,576
<b>SCHEDULE : O : OTHER INCOME :-</b>				
Rebates & Discount		97,327		232,772
Interest received on F.D.		351,141		14,350
Lease Rental Received		18,091,295		190,000
Income from Land Development		-		1,862
Expenses of Project completed W/Back		1,521,481		7,689,374
		20,061,244		8,128,358
<b>SCHEDULE : P : INCREASE/ (DECREASE) IN STOCK</b>				
Opening Sptock of WIP		186,461,351		155,526,033
Less : Closing stock of WIP		244,637,019		186,461,351
		58,175,668		30,935,318
<b>SCHEDULE : O Sales return (Net of Cost of sales)</b>				
SALES RETURNED FROM SALES FOR EARLIER YEARS	52,627,977		16,017,459	
LESS: COST OF SALES RETURNED	24,010,116	28,617,861	10,966,954	5,050,506
		28,617,861		5,050,506
<b>SCHEDULE : R: COST OF SALES</b>				
Cost of Plots/Properties sold		7,122,469		2,036,743
		7,122,469		2,036,743
<b>SCHEDULE : S : LAND &amp; CONSTRUCTION COST</b>				
Development expenses		58,230,469		30,935,318
		58,230,469		30,935,318
<b>SCHEDULE : T : PERSONNEL COST:</b>				
Directors Remuneration	3,300,000		3,300,000	
Salaries of Staff	7,045,312		3,503,759	
Staff welfare Expenses	671,997		421,872	
		11,017,309		7,225,631



## GARNET CONSTRUCTION LIMITED

SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2011

<b>SCHEDULE : U: ADMINISTRATIVE &amp; SELLING EXPENSES</b>			
Rent Paid		4,479,500	1,320,000
Insurance		112,715	124,003
Travelling & Conveyance		1,127,915	815,761
Telephone & Telex Charges		842,217	852,062
Legal & Professional Charges		2,826,672	1,203,599
Repairs & maintenance		359,914	209,815
Transportation Expenses		1,720	44,594
Selling Expenses/Business Promotion Exp		1,643,895	869,503
Other Miscellaneous Expenses		5,335,019	3,774,997
<b>Auditor's Remuneration</b>			
For Audit Fees	70,000		70,000
For Tax Audit Fees	30,000		30,000
For Other matters	88,493	188,493	49,457
Commission		-	355,000
Loss on sale of Asset		-	1,116,792
Bank Charges		41,432	63,975
Advertisement Exp		973,574	80,223
Miscellaneous Expenditure Written Off		832,202	832,202
		<b>18,765,269</b>	<b>11,811,983</b>
<b>SCHEDULE : V: INTEREST</b>			
TO BANK		3,042,728	4,526,462
OTHERS		10,793,547	3,557,597
		<b>13,836,275</b>	<b>8,084,059</b>

**GARNET CONSTRUCTION LIMITED****SCHEDULE "W" SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 :-****A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :**

The significant Accounting Policies followed by the Company are as stated below :-

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

(a) The Financial Statements are prepared under the historical cost convention in accordance with the generally accepted accounting principals and the provisions of the Companies Act, 1956, subject to what is stated herein below, as adopted consistently by the Company.

(b) The Company being a Development and Construction Company engaged in the construction of the Industrial Plots, Sheds & the Residential Bunglows. During the year under review, the Company has followed the method of accounting for the recognizing of sales on the basis completion of sales method prescribed in AS-9 Revenue Recognition. Hence sales are recognized when possession is handed over to the parties. All expenses and incomes not directly related to particular projects are charged to Profit and loss account of the financial year during which the same are incurred.

(c) All revenue, costs, assets & liabilities are accounted for on accrual basis.

**2. FIXED ASSETS :**

Fixed Assets have been stated at Cost less Depreciation.

**3. DEPRECIATION :**

Depreciation on all assets of the Company has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**4. INVESTMENTS :**

i) All the long-term investments are stated at cost of acquisition and provision for diminution is made if the fall in value of investment is other than temporary nature.

ii) All the current investments are stated at cost of fair market value whichever is lower

**5. FOREIGN CURRENCY TRANSACTION :**

All the Foreign Currency Transactions are accounted for at the exchange rate prevailing on the date of such transaction.

**6. PUBLIC ISSUE EXPENSES :**

Such expenses are amortized 1/5th in each year.



## 7. TAXES ON INCOME

(a) Provision for Income Tax is made on the basis of income for the current accounting period in accordance with the Income tax Act, 1961.

(b) Deferred tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

## 8. REVENUE RECOGNITION :

(i) The company is engaged in construction activity and the sales are recognized when the construction is completed and possession is given.

(ii) During the financial year 2008-09 the company had entered into various agreements for sale of its plots, Real Estate etc. In accordance with the practice followed by the company in the past, sales revenue and profit thereon were recognized at the time of entering such agreement based on advance received against sales.

(iii) During the previous financial year due to unfavorable conditions, some of the parties to whom sales had been affected have failed to meet their commitment. Therefore during the previous financial year certain sales agreement effected in 2008-09 & earlier year's stands cancelled and sales return and reversal of profit thereon has been effected during the previous financial year.

The company upto 31st March 2008 considered sales as completed and credited its profit and loss account by the agreed sales consideration of unit sold. Such units sold were not ready for possession; necessary provisions for expenses to be incurred were made on such sales. In F.Y.2008-09 company has changed the method of accounting so as to recognize sale on giving possession of unit sold. In case of sales return affected out of such sales, work in progress is reflected at cost which includes provision for expenses provided in earlier years.

## 9. IMPAIRMENT OF ASSETS

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for the items of fixed assets carried at cost. However, in the opinion of the management, no provisions is required for impairment of assets in the current year.

## B. NOTES FORMING PART OF THE ACCOUNTS

1. No provisions are made for liability of gratuity and leave encashment which are treated on cash basis in the accounts and amount for which is unascertained.

2. i) The Car Loan from the ICICI Bank Ltd is secured by the first charge of the Motor Car. The HDFC Bank Car Loan & Kotak Mahindra Bank Car Loan were satisfied in the current Financial year.

ii) Term loan taken from Reliance Capital Ltd - I is secured against mortgage of immovable properties of the company and personally guaranteed by the Directors.

iii) Term loan taken from Reliance Capital - II is secured against mortgage of Property owned by director and personal guarantee by the director.

iv) Overdraft facility with Allahabad bank is secured against mortgage of Goregaon ( Dindoshi ) Property and personal guarantee of two of the directors

iv) Term Loan from SICOM Ltd is secured against mortgage of first charge on industrial land given on lease and first charge on N.A land located at Isambe, Taluka Khalapur. It is also secured by hypothecation and escrow of lease rent receivable.

### 3. Related party Disclosures :

#### List of Related Parties :

<b>a) Key Management Personnel</b>	
Kishan Kumar Kedia	Chairman & MD
Arun Kumar Kedia	Director
Sanjay Kumar Kedia	Director
Santosh Kumar Ginoria	Director
<b>b) Associate Concern/ Relative of Managerial Person</b>	
S. K Investments	Associate Concern
Neelkanth Industrial Estate	
Panchsheel Industrial Estate	
Aditya Industrial Estate	
Panchdeep Industrial Estate	Relative of Director
Kusumdevi Kedia	
Anu S kedia	

#### Previous year figures shown in bracket (Amt in Rs. Lakhs)

Particulars of transactions	Relative	Opening balance	Transactions during the year		Closing balance
Remuneration	Key Management Personnel	-	33.00 Dr (33.00 Dr)	-	0.15 Cr (0.30 Cr)
Interest		-	1.42 Dr (1.94 Dr)	-	-
Loans Received		7.03 Cr (18.28 Cr)	10.42 Cr (9.89 Cr)	7.19 Dr (21.14 Dr)	10.26 Cr (7.03 Cr.)
Advances Received	Relative of Director	-	14.80 Cr	14.80 Dr	-
Advances Given	Key Management Personnel	-	211.13 Cr	211.13 Dr	-
	Associate Concerns	-	84.00 Cr (2793.20 Cr)	84.00 Dr (2793.20 Dr)	-
	Relative of Director	-	19.50 Cr	19.50 Dr	-

Note: related parties are identified by the company & relied upon by the auditor.



4. Service tax payable on account of Notification No. 36/2010-ST dated 28-6-2010 valid w.e.f 01/07/2010 is neither provided nor paid by the assessee since as per the relevant clause in the agreements with customers, the same would be recovered from the customers & paid to the authorities as and when the liability arises.

5. Segment information under Accounting Standard-17 Segment Reporting is not applicable to the Company having only one segment of Properties Development.

6. Sundry Debtors include doubtful debts of Rs. 96,74,503/- (P.Y Rs 1,16,86,634/-) For which no provision has been made as the management is hopeful to recover the same

7. Deferred Tax liabilities pursuant to AS 22 is calculated here as under:

Deffered Tax Liabilities	Current year	Previous Year
On Depreciation	1518651.77	1289955.09
<b>Less: Deffered Tax Assets:</b>		
On Unabsorbed Business Losses (Restricted to the extent of deferred TaxLiabilities)	1518651.77	1289955.09
<b>NET DEFERRED TAX LIABILITIES</b>	<b>NIL</b>	<b>NIL</b>

8. Equity Per Share

	Current year	Previous Year
Net Profit after Tax (Rs. In Lacs)	(164.69)	(144.30)
Weighted Avg No. of Shares Used in Computing earning Per Share	1,39,02,200	1,29,02,200
Earning per share (Basic)	(1.18)	(1.12)
Earnings Per Share (Diluted)	(1.18)	(1.12)
Face Value Per Share(In Rs.)	10.00	10.00

9. Debtors Creditors and loans & advances are subject to confirmation and reconciliation. All the debtors are unsecured and considered good except those as notified in Point No. 6 above.

10. Auditors's Remuneration includes the following:

	Current year	Previous Year
Audit Fees	Rs. 70,000.00	Rs. 70,000.00
Tax Audit Fees	Rs. 30,000.00	Rs. 30,000.00
Income Tax & other Matters	Rs. 88,493.00	Rs. 49,457.00
Total	Rs. 1,88,493.00	Rs. 1,49,457.00

**11. Additional Information/ Quantitative data pursuant to paragraph 3 & 4 Part II of Schedule VI of the Companies Act, 1956 are as under:-**

[A] Particulars of Licensed Capacity & Installed Capacity:

Particulars	Current year	Previous Year
Licensed Capacity & Installed Capacity	N/A	N/A

[B] Quantitative details as required under the para is annexed separately.

**12. Supplementary Statutory Information:**

Remuneration Paid to Directors:

Particulars	Current year	Previous Year
	(Rs. In Lakhs)	(Rs. In Lakhs)
Salaries	33.00	33.00
Commission	0.00	0.00
Perquisites	0.00	0.00

13. Expenditure in Foreign Currency: The Company has incurred an expenditure of Rs. 1,83,572/- (P.Y. - Rs. 47,266/-) towards on Foreign Travel Expenses.

14. Contingent Liability:- Capital Commitment amounting to Rs.1,95,68,545/- (P.Y Rs. 31.12 Cr.)

15. Balance Sheet Abstract and Company's General Business Profile as required in terms of Part IV of the Companies Act 1956 is attached herewith.

16. Figures have been regrouped or rearranged wherever necessary for the comparison purposes.

**SIGNATURES TO THE SCHEDULES " A " TO " W ".**

As per our Annexed Report

For **SHANKARLAL JAIN & ASSOCIATES**  
CHARTERED ACCOUNTANTS.

For **GARNET CONSTRUCTION LIMITED**

**SATISH JAIN**  
PARTNER  
M.NO. 48874

**MR. K. K. KEDIA**  
CHAIRMAN &  
MANAGING DIRECTOR

**MR. ARUN KEDIA**  
DIRECTOR  
Marketing

PLACE : MUMBAI.  
DATE : 29<sup>th</sup> August 2011



**GARNET CONSTRUCTION LTD.**  
**F.Y.:- 2010-2011**  
**QUANTITATIVE INFORMATION : CLOSING STOCK**

PARTICULARS	CURRENT YEAR (31.03.2011)				PREVIOUS YEAR (31.03.2010)			
	ACRES	NO. OF PLOTS	SQ. FTS.	VALUE RS. IN LACS	ACRES	NO. OF PLOTS	SQ. FTS.	VALUE RS. IN LACS
<b>A) Opening Stock</b>								
1] Land (Without N.A.)	339.00	-	14,739,839	1,734	284.24	-	12,386,936	1,297
2] Plots at Panchdeep Housing Complex	-	70.00	493,695	33	-	71	497,431	33
3] Plots at Emerald Industrial Estate	-	4.00	37,687	3	-	4	37,687	3
4] Plots at Arkosh Industrial Estate	-	-	0	0	-	1	12,975	2
5] Plots at Neelkanth Industrial Estate	-	13.00	40,168	12	-	13	40,168	12
<b>B] Add :- Purchases</b>								
1] Land (Without N.A.)	199.83	-	8,704,682	1,559	56.32	-	2,425,022	454
2] Plots at Panchdeep Housing Complex	-	-	0	0	-	-	-	-
3] Plots at Emerald Industrial Estate	-	-	0	0	-	-	-	-
4] Plots at Arkosh Industrial Estate	-	-	0	0	-	-	-	-
5] Plots at Neelkanth Industrial Estate	-	-	0	0	-	-	-	-
<b>C) Add :- Sales Return</b>								
3] Plots at Emerald Industrial Estate	-	-	-	-	-	1	6,909	7
<b>D] Less :- Sales *</b>								
1] Land (Without N.A.)	11.66	-	507,916	181	1.67	-	72,119	68
2] Plots at Panchdeep Housing Complex	-	16.00	92,737	226	-	1	3,737	8
3] Plots at Emerald Industrial Estate	-	2.00	19,921	20	-	1	6,909	7
4] Plots at Arkosh Industrial Estate	-	-	-	-	-	1	12,975	32
5] Plots at Neelkanth Industrial Estate	-	5.00	12,907	16	-	-	-	-
<b>E] Closing Stock -</b>								
1] Land (Without N.A.)	527.17	-	22,936,605	3,233	339	-	14,739,839	1,734
2] Plots at Panchdeep Housing Complex	-	54.00	400,958	27	-	70	493,695	33
3] Plots at Emerald Industrial Estate	-	2.00	17,767	1	-	4	37,687	3
5] Plots at Neelkanth Industrial Estate	-	8.00	27,261	9	-	13	40,168	12

\* Sales does not include sales of plot under WIP and CFC plots

**GARNET CONSTRUCTION****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I.	REGISTRATION DETAILS :		STATE CODE
	REGISTRATION NO. 69044		11
	BALANCE SHEET DATE 31/03/2011		
II.	<b><u>CAPITAL RAISED DURING THE YEAR (AMOUNT IN THOUSAND RUPEES)</u></b>		
	PUBLIC ISSUE		RIGHT ISSUE
	NIL		NIL
	BONUS ISSUE		PRIVATE PLACEMENT
	NIL		NIL
III.	<b><u>POSITION TO MOBILISATION AND DEPLOYMENT OF FUNDS</u></b>		
	(AMOUNT IN RUPEES)		
	TOTAL LIABILITIES		TOTAL ASSETS
	802,324,277		802,324,277
	<b><u>SOURCES OF FUNDS</u></b>		
	PAID UP CAPITAL		RESERVES & SURPLUS
	139,022,000		456,553,370
	SECURED LOANS		UNSECURED LOANS
	205,723,137		1,025,770
	DEFERRED TAX LIABILITY		CONVERTIBLE WARRANT ISSUE
			NIL
	<b><u>APPLICATION OF FUNDS</u></b>		
	NET FIXED ASSETS		INVESTMENT
	33,822,411		30,337,074
	NET CURRENT ASSETS		MISC. EXPENDITURE
	737,222,250		942,542
	Capital Work In Progress		
	NIL		
IV.	<b><u>PERFORMANCE OF COMPANY (AMOUNT IN THOUSAND RUPEES)</u></b>		
	TOTAL TURNOVER		TOTAL EXPENDITURE
	123,659,532		140,128,909
	PROFIT / (LOSS) BEFORE TAX		PROFIT/(LOSS) AFTER TAX
	(16,469,377)		(16,469,377)
	EARNING PER SHARE (IN RS.)		DIVIDEND
	(1.18) (Basic/Diluted)		NIL
V.	<b><u>GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY</u></b>		
	(AS PER MONETARY TERMS)		
	ITEM CODE NO.(ITC CODE)		N.A.
	PRODUCT DESCRIPTION		
	ITEM CODE NO.(ITC CODE)		Development of Industrial Plots, Construction of Sheds
	PRODUCT DESCRIPTION		Industrial & Residential Complexes, Work contracts, Etc

FOR SHANKARLAL JAIN & ASSOCIATIONS  
CHARTERED ACCOUNTANTS

FOR GARNET CONSTRUCTION

DIRECTORS.

SATISH JAIN  
PARTNER  
M.NO.48874  
PLACE: MUMBAI  
DATE: 25<sup>th</sup> August 2011



# GARNET CONSTRUCTION LIMITED

# ANNUAL REPORT

## GARNET CONSTRUCTION LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

A.	Particulars	2010-11		2009-2010	
		AMOUNT RS.	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.
	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit before tax and extraordinary items				
	<b>ADJUSTED FOR :</b>				
	Depreciation		(164.69)		(162.58)
	Miscellaneous Expenses W/off	25.39			
	Interest Received	8.32		18.76	
	Rent received	(3.51)		8.32	
	Expenses of project completed W/Back	(180.91)		(0.14)	
	Interest Paid	(15.21)		(1.90)	
	Loss on Sale of Fixed Assets	138.36		(76.91)	
	Expenses directly debited to Provision	0.00		80.84	
		(1,709.92)		11.17	
	Operating Profit before Working Capital changes		(1,737.49)		(1,395.58)
	<b>ADJUSTED FOR:</b>				
	Trade and other Receivables		(1,902.18)		(1,355.44)
	Inventories	1,439.82			(1,518.01)
	Trade Payables	(2,069.25)		1,089.08	
	Loans & advance	2,203.45		(743.56)	
		(2,088.89)		999.07	
	Cash Generated from Operations		(514.88)		
	Less : Taxes Paid Net off Refund Recived (C.Y.)		(2,417.06)		(8.04)
	Less : Taxes Paid (P.Y.)		(111.72)		(1,526.07)
	Interest Paid		(53.09)		(9.61)
	Interest Received		(138.36)		
	Expenses of project completed W/Back		3.51		(80.84)
	Net Cash From Operating Activities		(2,716.72)		0.14
					(1,616.37)
B.	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchases of Fixed Assets				
	Sale of Fixed Assets		(82.11)		(64.52)
	Purchase of Investments		0.00		15.05
	Rent received		(3.02)		(300.00)
	Net Cash used in Investing Activities		180.91		1.90
			95.79		(347.57)
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds from Issue of Share Capital/Warrants				
	Proceeds from Long Term Borrowings		0.00		3,697.45
	Repayment of Finance Lease Liabilities		1,206.53		567.35
	Payment of Issue Expenses		0.00		0.00
	Net Cash used in Financing Activities		0.00		(4.68)
			1,206.53		4,260.12
	<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>				
	OPENING BALANCE OF CASH & CASH EQUIVALENTS		(1,414.41)		
	CLOSING BALANCE OF CASH & CASH EQUIVALENTS		2,410.43		2,296.18
			996.02		114.24
					2,410.43

**NOTES:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India
- Previous year's figures have been regrouped and reclassified to confirm to these of current year

As per Our Report of Even Date  
FOR SHANKARLAL JAIN & ASSOCIATION  
CHARTERED ACCOUNTANTS

SATISH JAIN  
PARTNER  
M. No: 48874  
PLACE : MUMBAI  
DATED : 29<sup>th</sup> August 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
OF GARNET CONSTRUCTION LIMITED

KISHAN KUMAR KEDIA  
CHAIRMAN & MANAGING  
DIRECTOR

ARUN KEDIA  
DIRECTOR  
MARKETING

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Garnet Construction Limited, for the Year ended 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Mumbai Stock Exchange and is based on and in accordance with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 29 August, 2011 to the Members of the Company.

**FOR SHANKARLAL JAIN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**Firm Reg. No. 109901W**

**SATISH JAIN**  
**PARTNER**  
**M. No: 48874**  
**PLACE : MUMBAI**  
**DATED : 29th August, 2011**



**GARNET CONSTRUCTION LIMITED**

Regd. Office : 17, Milap Apartments, S.V Road, Malad (West), Mumbai - 400 064

**ATTENDANCE SLIP**

Regd. Folio No.	_____
DP ID	_____
Client ID	_____
No. of Shares held	_____

I hereby record my presence at the 1<sup>9</sup><sup>th</sup> Annual General Meeting of the Company held at Ashish - 1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064 on Thursday, the 29<sup>th</sup> September, 2011 at 10.00 a.m.

1. Full Name of the member (In Block Letter) \_\_\_\_\_
2. Full name of the joint - Holders (s) (In Block Letter) \_\_\_\_\_
3. Full Name of the Proxy (In Block Letter) \_\_\_\_\_
4. Signature of the Member/Proxy attending the Meeting \_\_\_\_\_

-----Tear Here-----

**GARNET CONSTRUCTION LIMITED**

Regd. Office: 17, Milap Apartments, S.V Road, Malad (West), Mumbai - 400 064

**PROXY FORM**

Regd. Folio No.	_____
DP ID	_____
Client ID	_____
No. of Shares held	_____

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member / Members of Garnet Construction Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her of \_\_\_\_\_ as my / our Proxy to vote for me / us on my / our behalf at the 1<sup>9</sup><sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 29<sup>th</sup> September, 2011 at Ashish-1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064 at 10.00 a.m. and at any adjourned thereof.

Signed this \_\_\_\_\_ Day \_\_\_\_\_ 2011.

Affix  
One Rs.  
Revenue  
Stamp

\_\_\_\_\_  
Signature

Note : Member/Proxy attending the Meeting must fill - in this Attendance Slip and hand it over at the entrance of the venue of the Meeting.

**Book-Post**

If Undelivered, please return to :

**GARNET CONSTRUCTION LIMITED**

17, Milap Apartment, S. V. Road,  
Malad (W), Mumbai - 400 064.