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**ANNUAL REPORT**  
**2008-2009**

*Certified True Copy*  
*For Garnet Construction Ltd.*

*S. J. J. J.*  
Director



**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  
SMT. VAISHALI SAYYED

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

**AUDITORS**

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

**BANKERS**

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

ALLAHABAD BANK  
S. V. ROAD,  
MUMBAI - 400 0

**REGISTERED OFFICE**

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

**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

*Certified True Copy*  
**For Garnet Construction Ltd.**

*Sanjay Kedia*  
**Director**

**NOTICE**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Tuesday, the 29<sup>th</sup> September, 2009 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, 2009, 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 Kishan Kumar Kedia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Santosh Ginoria 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.

By order of the Board  
For **Garnet Construction Limited**

**Kishan Kumar Kedia**  
Chairman & Managing Director

Place : Mumbai  
Dated : 2<sup>nd</sup> September, 2009

**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 21<sup>st</sup> September, 2009 to 29<sup>th</sup> September, 2009 (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.

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

The brief resume of Directors seeking re-appointment :

1. **Kishan Kumar Kedia (62)**

**Shri Kishan Kumar Kede is promoter director of the company and instrumental person in setting up various industrial project of the Company, presently he is looking after the day to day affairs of the Company. He holds directorship in other company.**

2. **Santosh Ginoria (47)**

**Shri Santosh Ginoria was appointed as non-promoter director in 2003 and since he is rendering his valuable services to the Company in relation with marketing and other financial assistance to the Company.**

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 17<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, 2009.

**FINANCIAL RESULTS**

	(Rs. In Lacs)	
	As on 31.03.2009	As on 31.03.2008
Sales & other Income	66.46	7911.40
Profit before Depreciation, Int. & Tax	(367.70)	449.73
Depreciation	16.41	11.04
Interest	38.31	12.38
Profit before Tax	(312.99)	426.31
Provision for Taxation	0.00	160.00
Provision for Deferred Taxation	2.16	1.80
Fringe Benefit Tax	4.00	6.47
Profit After Tax	(319.15)	258.04
Share Capital	790.22	790.22
Reserve & Surplus	856.63	1177.83

**DIVIDEND**

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

**OPERATIONAL REVIEW**

During the year under review the Company has incurred loss of Rs. 319.15 Lacs as against previous year profit of Rs. 258.04 Lacs, the same is due to adverse market scenario and changed in accounting method to recognized income on advances received on execution of sale deed. In the new method the sale is considered only when possession is handover to the customers / parties. Therefore, during the year company has accounted lower sales figure compare to previous year. Further, the construction sector is not performing well and global crises have resulted in cancellation of existing booked plot / bungalow. However, the management is confident in achieving better result in coming financial year.

Presently, the Company is developing Magic Hill (Phase – I) project and as per the management opinion the same will be completed in next financial year. Beside, the Company is also planning to start its Goregaon project in current year and expected to complete the same in coming financial year.

**DIRECTORS**

Shri Kishan Kumar Kedia and Shri Santosh Ginoria, Directors are retire at the ensuing annual general meeting and offers themselves for re-appointment. You are requested to reappoint them. Further during the year Shri Sohanlal Agarwal resigned from the board, board place their appreciation to him for his valuable support.

**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 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 2009 – 2010 has been paid.

## CONVERSION OF CONVERTIBLE WARRANTS INTO EQUITY

Members are aware that company has come out with an preferential issue of 60,00,000/- convertible warrants in the year 06-07 and same has been converted in equity shares during the current financial year. In this connection the Company has received the necessary trading approval from Bombay Stock Exchange ltd..

**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. 3,44,443/- towards the foreign traveling expenses during the year under review.

**ACKNOWLEDGEMENT**

Your Directors thanks the banks 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.

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

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

Place : Mumbai  
Dated : 2<sup>nd</sup> September, 2009

**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 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 twelve times during the year on 29.04.2008, 06.05.08, 12.05.08, 28.05.08, 14.07.08, 29.07.2008, 26.08.2008, 07.10.08, 24.10.2008, 22.12.2008, 28.01.2009 and 30.03.2009. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2008 – 09 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	12	Y	2	-
Mr. Arun Kedia	ENI	12	Y	2	-
Mr. Sanjay Kedia	ENI	12	Y	2	-
Mr. Sohanlal Agarwal*	NEI	4	N	1	-
Mr. Santosh Ginoria	NEI	6	Y	-	-
Mr. Shiromani Chauhan	NEI	5	N	-	-
Mrs. Vaishali Sayyed	NEI	5	N	-	-

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

\* resigned w.e.f. 22<sup>nd</sup> December, 2008

**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 29.04.2008, 28.07.2008, 23.10.2008 & 27.01.2009 and all the members except Shri Sohanlal Agarwal 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.	Sohanlal Agarwal*	Member	Non-Executive & Independent
4.	Sanjay Kedia	Member	Executive & Non Independent

\* Resigned w.e.f. 22<sup>nd</sup> December, 2008

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 2008 – 09 are as under :

Managerial Remuneration :

Salary	: Rs. 15,00,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 15,00,000

#### 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, 2009 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
EGM	Wednes., 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.
AGM	Saturday, 29.09.2007, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
EGM	Monday, 12.03.2007, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Friday, 29.09.2006, 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 at point no. 11 under the head notes to 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 Free Journal and Navshakti" 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, 2009  
 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 21<sup>st</sup> September, 09 to 29<sup>th</sup> September, 09.(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 09 – 10
- a) First quarter : Last week of July, 09
- b) Second quarter : Last week of October, 09
- c) Third quarter : Last week of January, 10
- d) Fourth quarter : Last week of April, 10
- e) Annual General Meeting (For 09 – 10) : By August / September, 10

- 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 2008 – 2009 are as follows :

Month	Bombay Stock Exchange Ltd.	
	High	Low
April	52.35	41.50
May	51.65	37.55
June	40.00	26.70
July	33.00	22.80
August	35.25	25.35
September	29.95	19.85
October	23.60	16.00
November	19.40	11.00
December	17.40	10.00
January	16.80	11.00
February	13.90	09.05
March	10.70	08.00

- 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 31.03.2009

Share Holding of Nominal Value		Share Holders		Share Amount	
		No.	% to Total	In Rs.	% to Total
0	5000	6630	85.24	11259260	14.25
5001	10000	600	7.71	5064750	6.41
10001	20000	271	3.48	4240860	5.37
20001	30000	85	1.09	2196510	2.78
30001	40000	37	0.48	1340100	1.70
40001	50000	46	0.59	2210220	2.80
50001	100000	56	0.72	4179910	5.29
100001 and Above		53	0.68	48530390	61.41
<b>Total</b>		<b>7778</b>	<b>100</b>	<b>7,90,22,000</b>	<b>100</b>

## 12) Shareholding pattern as on 31.03.2009

Category	No. of Shares	% of Shares
<b>Promoter's Holding</b>		
Indian Promoters	2228123	28.20
<b>Sub Total</b>	2228123	28.20
<b>Non-Promoters</b>		
<b>Institutional Investors</b>		
Banks, Financial Inst., Insurance Company (Centra/State Govt.Inst./Non-Govt.Inst.)	400	0.01
<b>Sub Total</b>	400	0.01
<b>Others</b>		
Private Corporate Bodies	1541728	19.51
Indian Public	3887584	49.20
NRIs/OCBs	146756	1.86
Clearing Member	97109	1.23
Trusts	500	0.01
<b>Sub Total</b>	2939400	54.41
<b>Grand Total</b>	7902200	100

13) Shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2009

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	Smt. Vaishali Sayyed	3,600

- 14) Dematerialisation of shares: 80% of the share capital has been dematerialised as on 31<sup>st</sup> March, 2009.
- 15) The Company has issued 60,00,000 convertible warrants on preferential basis to promoter and other and the same has been converted into equity in the current year.
- 16) Site Location : Industrial Plot at Village – Honard, 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 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.

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

**For Garnet Construction Limited**

Date : 2<sup>nd</sup> September, 2009  
Place : Mumbai

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

**DECLARATION**

I, Mr. Kishan Kumar Kedia, Chairman & Managing Director do hereby declare that all members of the Board of Directors and the management personnel have affirmed compliances with the code of conduct for the year ended on 31<sup>st</sup> March, 2009.

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

Date : 2<sup>nd</sup> September, 2009  
Place : Mumbai

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

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### **Industry Structure & Development**

The Construction sector contributed about 8.5% to the country's GDP in FY 08. Over past few years, growth of the construction has followed the trend of economic growth rate of the country. The multiplier factor between growth rates of construction and GDP has been about 1.5X-1.6X. Over past 3 years, construction as a percentage of GDP has increased from 8.0% in FY 06 to 8.5% in FY 08. Construction activity being labour intensive has generated employment for about 33 million people in the country.

The construction industry to a great extent is dependent on the investments in infrastructure, industrial and real estate sector. Planning Commission has envisaged an outlay of about Rs. 14,000 bn during Eleventh five year plan for infrastructure development in the country. These investments in different sub segments of infrastructure would be achieved through a combination of public, Public-Private-Partnerships. This total investment would ultimately translate into an effective construction investment of about Rs. 10,000 bn in next 4-5 years. Similarly, during the same period, construction industry could also witness order inflow above Rs. 1,500 bn on the back of investments planned by various manufacturing sectors. Real Estate segment also, throws opportunity of effective construction investment above Rs. 1,000 bn over next five years.

The Company is engaged in the construction industry and developing industrial as well as residential land / bungalows / plots / sheds for industrial and residential purposes. Presently, the Company engaged in construction of bungalow of its Magic Hill Phase – I as well as Crystal Spring Customers. In private sector particularly at Khopoli, your company is a dominant player engaged in construction and its related services. The price of the Company's project is depends upon the other infrastructure development taken place in nearby vicinity along with overall construction market. The current market condition gives confident to Company to finish its ongoing project well with in time.

### **Opportunities and Threats**

The Indian economy is estimated to have grown by 9% in FY08 as compared to 9.6% in FY07, as per available data. The construction sector grew by 9.8%. The Indian construction industry has been playing a vital role in overall economic developments, as its contribution to GDP at the current market prices has gone up from 5.3 % in FY02 to around 7.8% during FY08. In fact, during the FY02 – FY08 the sector grew at CAGR of 20.3 %.

As per the available data the construction sector is expected to grow by at least 8-9% and provide 2.5 million employment opportunities per annum in coming financial year.

The major threats for this sector is that the sector performance not only depend upon its own demand but also performance of various others factors such escalation of commodity prices, widening credit spread and rising interest rates. Besides this the slow down of overall growth and sharp reduction in property prices are also major threats for the industry. Further, any major changes announced by the Government in relation with its policy decision.

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

**Segment wise Performance and reporting**

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

**Company's Outlook**

The Company has almost sold out its Magic Hills (Phase – I) project and planning to start the marketing its second and third phase in coming financial year. The Company is also planning to start the construction activity of its Goregaon based commercial project in current year. The same is resulted in good financial performance of the Company in coming financial year.

**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.

**VIJAY KUMAR MISHRA**

B. Com. (Hons.), A.C.A., F.C.S.

**DEBASHISH MUKHOPADYAY**

B. Com., A.C.S.

**VKM & ASSOCIATES****PRACTISING COMPANY SECRETARIES**116, Trinity Building, 1st Floor, 227, Dr. C. H. Street,  
Behind Parsi Dairy, Marine Lines (E), Mumbai - 2.

Tel.: 2207 7267 • Fax : 2207 7542

Mob.: 93229 77388 • Email : vkmassociates@yahoo.com.

**CERTIFICATE ON CORPORATE GOVERNANCE**

**To**  
**The Members of**  
**Garnet Construction Limited**

We have examined the compliances of Corporate Governance by **Garnet Construction Limited** for the year ended 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The Compliance of condition 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 compliances of the conditions of 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, and the representation made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances as per the records maintained by the Company and presented to the Shareholders / Investor Grievance Committee of the Company.

We further state that such compliances 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.

Place : Mumbai  
Date : 2<sup>nd</sup> September, 2009

*For VKM & Associates*  
*Company Secretaries*

*(Vijay Kumar Mishra)*  
*Partner*  
*C. P. No. 4279*



**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 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, 2009 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 and subject to note 4 in respect of change of method for recognition of income effect on loss is unascertained & note 9 in respect of non provision of doubtful debts of Rs. 116.86 Lakhs.**
- (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 2009 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**

**Dated : 2nd Sept. 2009  
Place : Mumbai**

**S.LAGRAWAL  
PARTNER  
M.No-72184**

**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

**ANNEXURE TO THE AUDITOR'S REPORT FOR  
THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2009:**

(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 same as previous year and to the Companies under the same management as defined in Sub-Section (1B) of Section 370 of the Companies Act, 1956. The Company has taken Loans (unsecured) Rs 18.28 Lakhs from Directors listed in the register maintained under Section 301 of the Act.
  - (b) In our opinion the terms & condition of the said loan are not prima facie prejudicial to the interest of the company.
  - (c) 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) As explained to us and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of each party during the year have been entered in the Register.
  - (b) In our opinion and according to the information and explanations given to us, the aforesaid transactions

have been made at prices which are 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 except temporary advance received from Directors relatives, however the same has been repaid during the year 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 for a period of more than six months from the date they become payable. **Except Income Tax demand 14, 75,445 being disputed hence not provided.**
10. **The Company has neither accumulated losses as at 31<sup>st</sup> March, 2009, but it has incurred cash losses 29,65,75,524/ during the financial year ended on that date or in immediately preceding financial year but there was no cash loss 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. The Company is not engaged in the Trading & Broking in Shares, Securities and Debentures therefore, the Company need not have to maintain the full records of all transactions entered on behalf of the clients and making timely entries in the register. All the Shares and securities and other investments held by the Company is in its own name except to the extent of the exemption, if any granted U/s 49 of the Companies Act, 1956.
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. The Company had taken a Loan against Property amounting to Rs. 237.42 Lakhs from Reliance Capital Ltd during the earlier year and the same has been used for the business purpose.
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 to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
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 had raised money by way of issue of 60,00,000 Convertible Warrants of Rs. 10/- each at a issue price of Rs. 78/- per warrant on a Preferential basis. Out of the above issue, the Company had received a part amount of Rs. 942.55 Lakhs including received in P.Y 468 Lakhs. The Company has used the money raised through such issue for the same purpose for which it has been raised.
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**

**Dated : 2nd Sept. 2009  
Place : MUMBAI**

**S.L.AGRAWAL  
(PARTNER)**

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## GARNET CONSTRUCTION LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2009.

PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT(RS)	PREVIOUS YEAR AMOUNT(RS)
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
SHARE CAPITAL	A	79,022,000	79,022,000
CONVERTIBLE WARRANT ISSUE	B	98,255,000	46,800,000
RESERVES & SURPLUS	C	85,663,504	117,783,486
<b>LOAN FUNDS :</b>			
SECURED LOANS	D	27,532,530	27,796,544
UNSECURED LOANS- FROM DIRECTORS		1,828,197	-
DEFERRED TAX LIABILITY		1,827,795	1,611,628
<b>TOTAL SOURCES OF FUNDS</b>		<b>294,129,025</b>	<b>273,013,658</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
GROSS BLOCK	E	31,485,147	25,143,904
LESS : DEPRECIATION		6,933,191	5,293,225
NET BLOCK		<u>24,551,956</u>	<u>19,850,678</u>
FURNITURE & FIXTURE (WIP)		1,644,270	-
GOREGAON (WIP)		22,799,119	-
INVESTMENTS ( At cost)		-	50,250
INVESTMENT IN SHARES		-	-
INVESTMENT IN GOLD SHARES		35,228	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
STOCK IN TRADE	F	267,480,045	217,541,314
SUNDRY DEBTORS	G	806,872,057	926,437,846
CASH & BANK BALANCE	H	11,424,228	40,867,007
LOANS & ADVANCES	I	50,663,739	27,463,388
		<u>1,136,440,069</u>	<u>1,212,309,554</u>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
CURRENT LIABILITIES	J	159,191,641	78,604,218
PROVISIONS	K	734,288,922	883,469,815
		<u>893,480,563</u>	<u>962,074,033</u>
<b>NET CURRENT ASSETS</b>		<b>242,959,506</b>	<b>250,235,522</b>
MISCELLANEOUS EXPENDITURES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	L	2,138,946	2,877,208
<b>TOTAL APPLICATION OF FUNDS</b>		<b>294,129,025</b>	<b>273,013,658</b>

SIGNIFICANT ACCOUNT POLICIES & NOTES TO  
ACCOUNTS

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AS PER OUR REPORT OF EVEN DATE  
FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTSFOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
GARNET CONSTRUCTION LIMITEDS.L.AGRAWAL  
PARTNER  
M.NO.72184KISHAN KUMAR KEDIA  
CHAIRMAN AND  
MANAGING DIRECTORARUN KEDIA  
DIRECTOR  
MARKETINGMUMBAI  
DATED : 2nd Sept. 2009

## GARNET CONSTRUCTION LIMITED

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT(RS)	PREVIOUS YEAR AMOUNT(RS)
<b>INCOME :</b>			
INCOME FROM OPERATIONS	M	5,799,600	790,209,321
OTHER INCOME	N	846,598	930,814
	TOTAL	<u>6,646,198</u>	<u>791,140,135</u>
<b>EXPENDITURE :</b>			
SALES RETURNED MADE SALES FOR EARLIER YEARS		50,907,367	
LESS: COST OF SALES RETURNED		<u>33,657,176</u>	-
PROJECT DEVELOPMENT EXPENSES	O	1,889,455	725,252,654
BUSINESS ADMINISTRATION EXPENSES	P	5,748,008	12,587,984
PERSONNEL EXPENSES	Q	4,246,636	3,549,485
SELLING & DISTRIBUTION EXPENSES	R	2,549,694	4,038,173
DEPRECIATION		1,641,087	1,103,997
INTEREST		3,830,885	1,237,809
INVESTMENT W/OFF		50,250	-
DEFERRED REVENUE EXP. W/OFF		738,602	738,602
	TOTAL	<u>37,944,809</u>	<u>748,508,704</u>
<b>NET PROFIT BEFORE TAX/(LOSS)</b>		(31,298,611)	42,631,431
LESS : PROVISION FOR TAXATION		-	16,000,000
PROVISION FOR DEFERRED TAXATION		216,167	180,244
PROVISION FOR FRINGE BENEFIT TAX		400,000	646,868
<b>NET PROFIT AFTER TAX</b>		<u>(31,914,778)</u>	<u>25,804,319</u>
ADD: TAXATION FOR PREVIOUS YEARS EXCESS		567,182.00	1,916
ADD: TAXATION FOR PREVIOUS YEARS (SHORTAGE)		772,386.00	-
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<u>(32,119,982)</u>	<u>25,802,403</u>
<b>EARNING PER SHARE(BASIC)</b>		(0.40)	0.33
<b>EARNING PER SHARE(DILUTED)</b>		(3.5)	3.03

SIGNIFICANT ACCOUNT POLICIES &amp; NOTES TO ACCOUNTS

S

AS PER OUR REPORT OF EVEN DATE  
FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTSFOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
GARNET CONSTRUCTION LIMITEDS.L.AGRAWAL  
PARTNER  
M.NO.72184KISHAN KUMAR KEDIA  
CHAIRMAN AND  
MANAGING DIRECTORARUN KEDIA  
DIRECTOR  
MARKETINGMUMBAI  
DATED : 2nd Sept. 2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2009.

AS ON 31/03/2009.

AS ON 31/03/2008.

PARTICULARS	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)
<b>SCHEDULE : A: SHARE CAPITAL</b>				
<b><u>AUTHORISED SHARE CAPITAL :-</u></b>				
5,80,00,000 Equity Shares of Rs. 10/- each		580,000,000.00		580,000,000.00
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL:-</u></b>				
79,02,200 Equity Shares of Rs. 10/- each fully paid (Include 25,00,000 Equity Shares of Rs. 10/- each fully paid issued against the Preferential Convertible Warrants)		79,022,000.00		79,022,000.00
		79,022,000.00		79,022,000.00
<b>SCHEDULE : B:</b>				
<b><u>CONVERTIBLE WARRANT ISSUE:</u></b>				
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:-</u></b>				
60,00,000 Warrants of Rs. 10/- each issued at Rs. 78/- per warrant partly paid (Previous Year 6000000 Warrants)		98,255,000.00		46,800,000.00
		98,255,000.00		46,800,000.00
<b>SCHEDULE :C: RESERVES &amp; SURPLUS</b>				
<b><u>PROFIT &amp; LOSS ACCOUNT :</u></b>				
Opening Balance		92,783,485.96		66,981,083.08
Add : Profit during the Year		(32,119,982.14)		25,802,402.88
		60,663,503.82		92,783,485.96
<b><u>SHARE PREMIUM ACCOUNT</u></b>				
Opening Balance		25,000,000.00		25,000,000.00
		85,663,503.82		117,783,485.96
<b>SCHEDULE :D: SECURED LOANS</b>				
Car Loan from Citi Bank		-		118,722.74
Car Loan from ICICI Bank Loan A/C No.6676017-2104		573,938.33		617,123.33
Car Loan from ICICI Bank Loan A/C No.7091684-3934		129,441.99		621,352.66
Car Loan from ICICI Bank Loan A/C No.9534946		291,157.00		604,199.00
ICICI Bank Ltd - Loan A/c No.13847005		1,614,879.00		-
FD With Axis Bank OD A/c		125,000.00		-
HDFC Bank Car loan A/c - Honda City		617,663.69		955,362.24
Kotak Mahindra Prime Ltd-Car Loan -Innova		438,101.00		747,431.00
Reliance Capital Ltd -I		12,747,130.17		12,956,523.88
Reliance Capital Ltd -II	Refer Note 2	10,995,218.36		11,175,829.50
		27,532,529.54		27,796,544.35

Note : 1. Car Loan is secured by the first charge of the Motor Car.



SCHEDULE - E: FIXED ASSETS :-

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		RATE OF DEPRECIATION
	OPENING BALANCE 01/04/2008	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	DEDUCTIO N DURING THE YEAR	DEPRECIATIO N	AS ON 31/03/2009	AS ON 31/03/2008	AS ON 31/03/2009	
		YEAR	YEAR	YEAR	YEAR				
OFFICE PREMISES	14,207,200.00	-	-	-	231,377.25	2,441,427.00	11,765,773.00	11,997,350.25	1.63%
COMPUTER & PRINTER	339,559.00	15,062.00	14,000.00	1,122.00	54,808.69	279,177.00	61,444.00	114,068.69	16.21%
FAX MACHINE	28,000.00	-	-	-	1,330.00	18,620.00	9,380.00	10,710.00	4.75%
AIR CONDITIONER	202,392.00	-	-	-	9,613.81	90,872.00	111,520.00	121,133.81	4.75%
XEROX MACHINE	121,134.00	-	-	-	5,754.78	78,089.01	43,045.00	48,799.77	4.75%
CELLULAR PHONE	146,950.00	-	-	-	6,980.11	74,338.01	72,612.00	79,592.10	4.75%
OFFICE EQUIPMENTS	219,865.00	117,000.00	-	-	10,548.63	45,022.00	251,843.00	185,391.63	4.75%
PAGER	19,317.50	-	-	-	918.13	11,500.50	7,817.00	8,735.13	4.75%
FURNITURE & FIXTURES	763,405.30	-	-	-	48,324.22	523,854.30	239,551.00	287,875.22	6.33%
MOTOR CAR	9,051,719.01	6,163,014.00	-	-	1,265,111.97	3,360,878.01	11,853,855.00	6,955,952.97	9.50%
MOTOR BIKE	44,362.00	60,167.00	-	-	6,119.79	9,413.00	55,116.00	41,068.79	9.50%
<b>TOTAL</b>	<b>25,143,903.81</b>	<b>6,355,243.00</b>	<b>14,000.00</b>	<b>1,122.00</b>	<b>1,641,087.36</b>	<b>6,933,190.81</b>	<b>24,551,956.00</b>	<b>19,850,678.36</b>	
<b>P.Y</b>	<b>22,571,458.81</b>	<b>2,572,445.00</b>	<b>-</b>	<b>-</b>	<b>1,103,997.10</b>	<b>5,293,225.45</b>	<b>4,189,228.33</b>	<b>5,293,225.43</b>	

## SCHEDULE : F: STOCK IN TRADE :-

**(A) STOCK OF LAND (WITHOUT N.A.)  
(TO BE DEVELOPED)**

Opening Stock of Land	113,278,809.87	42,684,990.87	
Add : Purchase of Land/Sales Return during the Year	18,171,010.00	77,552,465.00	
	131,449,819.87	120,237,455.87	
Less : Trfd. of Land to Magic Hills-Phase-I	-	6,673,766.00	
Cost of Sales made during the year	1,706,840.00	284,880.00	
		129,742,979.87	113,278,809.87

**(B) LAND FOR DEVELOPMENT (WITH N.A.): [ PANCHDEEP HOUSING COMPLEX ]**

Opening Stock	3,475,069.23	3,500,002.65	
	3,475,069.23	3,500,002.65	
Less : Cost of Plots Sold	182,614.59	24,933.42	
Closing Stock		3,292,454.64	3,475,069.23

**(C) LAND FOR DEVELOPMENT (WITH N.A.): [ EMERALD INDUSTRIAL ESTATE ]**

Opening Stock	308,458.27	326,888.68	
Add : Trfd. of Land from Without N.A./Sales Return	-	56,547.49	
Add : Development Expenses - Incurred	-	-	
	308,458.27	383,436.17	
Less : Cost of Plots Sold	-	74,977.90	
Closing Stock		308,458.27	308,458.27

**(D) LAND FOR DEVELOPMENT (WITH N.A.): [ ARKOSH INDUSTRIAL ESTATE ]**

Opening Stock	174,798.66	174,798.66	
Add : Development Expenses - Incurred	-	-	
	174,798.66	174,798.66	
Less : Cost of Plots Sold	-	-	
Closing Stock		174,798.66	174,798.66

**(E) CRYSTAL SPRINGS-PHASE-II : (GARNET RESORTS- KARLA) :-**

Opening Work in Process-Bunglows	2,377,645.56	2,065,098.01	
Add : Trfd. of Land from Without N.A./Sales Return	-	934,002.80	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	-	8,809,500.00	
	2,377,645.56	11,808,600.81	
Less : Cost of Plots Sold	-	9,430,955.25	
Closing Stock of Bunglows		2,377,645.56	2,377,645.56

**(F) PLOT CONSTRUCTION (NEELKANTH INDUSTRIAL ESTATE) :-  
DHAMNI VILLAGE (Taluka- Khalapur, Dist.-Raigadh):-**

Opening Stock	1,158,471.05	2,067,175.12	
Add : Trfd. of Land from Without N.A.	75,968.64	-	
Add : Development Expenses - Incurred	-	-	
	1,234,439.69	2,067,175.12	
Less : Advance received from Parties	-	-	
Less : Cost of Plots Sold	-	908,704.07	
Closing Stock of Plots		1,234,439.69	1,158,471.05

**(G) GARNET RESORTS- PLOT DEVELOPMENT -KARLA :-**

Opening Balance of Plots	-	-	
Less: Trfd. To Bunglow Scheme	-	-	

**(H) CRYSTAL SPRINGS- BUNGLOW SCHEME(PHASE-I) -KARLA :-**

Opening Balance of Bungalows	129,197.39	129,197.39
Add : Trfd. From Garnet Resorts- Plot Development.	-	-
	<u>129,197.39</u>	<u>129,197.39</u>
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	1,862,504.32	-
	<u>1,991,701.71</u>	<u>129,197.39</u>
Less : Cost of Bungalows Sold	-	-
Closing Stock of Bungalows	1,991,701.71	129,197.39

**(I) CRYSTAL SPRINGS- BUNGLOW SCHEME(PHASE-III) -KARLA :-**

Opening Balance of Bungalows	724,562.86	724,562.86
Add : Purchase of Land Without N.A.	-	-
	<u>724,562.86</u>	<u>724,562.86</u>
Add : Development Expenses - Incurred	-	-
	<u>724,562.86</u>	<u>724,562.86</u>
Less : Cost of Bungalows Sold	-	-
Closing Stock of Bungalows	724,562.86	724,562.86

**(J) BUILDING PROPERTY (DINDOSHI-GOREGAON)**

Opening Balance of Building	92,921,757.00	-
Add : Purchase during the year	-	90,856,640.00
	<u>92,921,757.00</u>	<u>90,856,640.00</u>
Add : Development Expenses - Incurred	-	2,065,117.00
Development Expenses - Provided	-	-
	<u>92,921,757.00</u>	<u>92,921,757.00</u>
Less : Cost of Sales	-	-
Closing WIP of Building	92,921,757.00	92,921,757.00

**(K) MAGIC HILL-4 BHK CLASSIC- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	695,033.21	-
Add : Trf. From Magic Hill (Total Area)	-	2,398,313.42
	<u>695,033.21</u>	<u>2,398,313.42</u>
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	16,602,903.04	391,337,500.00
	<u>17,297,936.25</u>	<u>393,735,813.42</u>
Less : Cost of Bungalows Sold	-	393,040,780.21
Closing Stock of Bungalows	17,297,936.25	695,033.21

**(L) MAGIC HILL-4 BHK MODERN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	244,608.17	-
Add : Trf. From Magic Hill (Total Area)	-	383,059.87
	<u>244,608.17</u>	<u>383,059.87</u>
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	-	30,537,600.00
	<u>244,608.17</u>	<u>30,920,659.87</u>
Less : Cost of Bungalows Sold	-	30,676,051.70
Closing Stock of Bungalows	244,608.17	244,608.17

**(M) MAGIC HILL-3 BHK CLASSIC- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	302,446.89	-
Add : Trf. From Magic Hill (Total Area)	-	914,010.83
	<u>302,446.89</u>	<u>914,010.83</u>
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	4,578,853.76	146,130,400.00
	<u>4,881,300.65</u>	<u>147,044,410.83</u>
Less : Cost of Bungalows Sold	-	146,741,963.94
Closing Stock of Bungalows	4,881,300.65	302,446.89

**(N) MAGIC HILL-3 BHK MODERN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	454,070.23	-	
Add : Trf. From Magic Hill (Total Area)	-	744,058.21	
	<hr/>	<hr/>	
	454,070.23	744,058.21	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	6,705,611.20	69,291,300.00	
	<hr/>	<hr/>	
	7,159,681.43	70,035,358.21	
Less : Cost of Bungalows Sold	-	69,581,287.98	
	<hr/>	<hr/>	
Closing Stock of Bungalows		7,159,681.43	454,070.23

**(O) MAGIC HILL-3 BHK TWIN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	196,644.07	-	
Add : Trf. From Magic Hill (Total Area)	-	237,611.59	
	<hr/>	<hr/>	
	196,644.07	237,611.59	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	-	9,789,000.00	
	<hr/>	<hr/>	
	196,644.07	10,026,611.59	
Less : Cost of Bungalows Sold	-	9,829,967.52	
	<hr/>	<hr/>	
Closing Stock of Bungalows		196,644.07	196,644.07

**(P) MAGIC HILL-3 BHK ROW HOUSE- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	253,840.82	-	
Add : Trf. From Magic Hill (Total Area)	-	269,651.12	
	<hr/>	<hr/>	
	253,840.82	269,651.12	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	2,141,547.20	3,777,800.00	
	<hr/>	<hr/>	
	2,395,388.02	4,047,451.12	
Less : Cost of Bungalows Sold	-	3,793,610.31	
	<hr/>	<hr/>	
Closing Stock of Bungalows		2,395,388.02	253,840.82

**(Q) MAGIC HILL-2 BHK TWIN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	125,029.81	-	
Add : Trf. From Magic Hill (Total Area)	-	223,368.17	
	<hr/>	<hr/>	
	125,029.81	223,368.17	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	-	23,497,500.00	
	<hr/>	<hr/>	
	125,029.81	23,720,868.17	
Less : Cost of Bungalows Sold	-	23,595,838.36	
	<hr/>	<hr/>	
Closing Stock of Bungalows		125,029.81	125,029.81

**(R) MAGIC HILL-2 BHK ROW HOUSE- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	79,922.02	-	
Add : Trf. From Magic Hill (Total Area)	-	147,548.34	
	<hr/>	<hr/>	
	79,922.02	147,548.34	
Add : Development Expenses - Incurred	-	-	
Development Expenses - Provided	-	16,159,000.00	
	<hr/>	<hr/>	
	79,922.02	16,306,548.34	
Less : Cost of Bungalows Sold	-	16,226,626.32	
	<hr/>	<hr/>	
Closing Stock of Bungalows		79,922.02	79,922.02

**(S) MAGIC HILL-OPEN PLOT- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Plot	640,948.47	-
Add : Trf. From Magic Hill (Total Area)	-	1,356,144.45
	<u>640,948.47</u>	<u>1,356,144.45</u>
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	1,689,788.24	19,718,400.00
	<u>2,330,736.71</u>	<u>21,074,544.45</u>
Less : Cost of Plots Sold	-	20,433,595.97
Closing Stock of Plots	2,330,736.71	640,948.47
<b>TOTAL CLOSING STOCK</b>	<u><u>267,480,045.40</u></u>	<u><u>217,541,313.59</u></u>
<b>(AS CERTIFIED &amp; VERIFIED BY THE MANAGEMENT)</b>		

**SCHEDULE : G: SUNDRY DEBTORS:-**

(Unsecured, Considered Good)

Debts Outstanding for more than Six Months	500,894,374.62	605,965,176.97
Debts Outstanding for Less than Six Months	305,977,682.00	320,472,669.00
	<u><u>806,872,056.62</u></u>	<u><u>926,437,845.97</u></u>

**SCHEDULE : H: CASH & BANK BALANCE:-**

Cash on Hand	101,683.39	270,785.39
<b><u>Cash at Bank:</u></b>		
State Bank of India	25,000.00	-
The South Indian Co. Op. Bank Ltd.	1,763.99	1,763.99
Bank of Maharashtra (C.A.182)	9,925.00	9,925.00
FD With Bank Against Loan	150,000.00	-
Exis Bank Ltd.	11,135,855.88	40,526,772.86
Exis Bank Ltd. (Warrant) A/c	-	57,760.00
	<u><u>11,424,228.26</u></u>	<u><u>40,867,007.24</u></u>

**GARNET CONSTRUCTION LIMITED****SCHEDULE : I: LOANS & ADVANCES :-**

(Unsecured, Considered Good)

Advance against Purchase of Land	28,064,223.00	11,426,485.00
Advances to parties under Same Management	-	160,000.00
Sundry Receivables	22,118,409.75	4,959,048.58
Sundry Deposits	433,096.00	363,096.00
Taxes Paid in Advance	48,010.00	10,554,758.00
	<u><u>50,663,738.75</u></u>	<u><u>27,463,387.58</u></u>

**SCHEDULE : J : CURRENT LIABILITIES :**

Sundry Creditors	28,821,743.25	69,229,413.08
Advances from parties under Same Management	-	2,341,179.00
Commission Payable	-	40,869.00
Other Liabilities	129,695,991.30	6,992,756.87
Bank Balance-UTI(Cr) Warrant A/c	673,906.00	-
	<u><u>159,191,640.55</u></u>	<u><u>78,604,217.95</u></u>

**SCHEDULE : K : PROVISIONS :****Provision Made For :**

Development Expenses at Land Sold	4,677,203.20	4,677,203.20
Development Expenses at Panchdeep Housing Complex	8,173,048.24	8,173,048.24
Development Expenses at Emerald Industrial Estate	4,389,725.30	4,389,725.30
Development Expenses at Arkose Industrial Estate	1,331,664.50	1,331,664.50
Development Expenses for Plot Construction at Dhamni	1,016,692.37	1,016,692.37
Development Expenses for Bungalow Scheme-Crystal Springs-phase-I	79,746.73	79,746.73
Development Expenses for Bungalow Scheme-Crystal Springs-Phase-II	2,137,440.04	83,918,619.53
Development Expenses for Bungalow Scheme-Crystal Springs-Phase-III	23,415,000.00	23,415,000.00
Provision Expenses for Bungalow- Phase I - Magic Hill	688,668,402.00	-
Development Expenses for 4 BHK Classic Bungalow Scheme-Magic Hill-Phase-I	-	391,337,500.00
Development Expenses for 4 BHK Modern Bungalow Scheme-Magic Hill-Phase-I	-	30,537,600.00
Development Expenses for 3 BHK Classic Bungalow Scheme-Magic Hill-Phase-I	-	146,130,400.00
Development Expenses for 3 BHK Modern Bungalow Scheme-Magic Hill-Phase-I	-	69,291,300.00
Development Expenses for 3 BHK Twin Bungalow Scheme-Magic Hill-Phase-I	-	9,789,000.00
Development Expenses for 3 BHK Row House Bungalow Scheme-Magic Hill-Phase-I	-	3,777,800.00
Development Expenses for 2 BHK Twin Bungalow Scheme-Magic Hill-Phase-I	-	23,497,500.00
Development Expenses for 2 BHK Row House Bungalow Scheme-Magic Hill-Phase-I	-	16,159,000.00
Development Expenses for Open Plot- Bungalow Scheme-Magic Hill-Phase-I	-	19,718,400.00
Provision for Income Tax	-	45,582,747.00
Fringe Benefit Tax Payable	400,000.00	646,868.00
	<u>734,288,922.38</u>	<u>883,469,814.87</u>

**DEFERRED REVENUE EXPENSES**

Opening Balance	2,877,548.32	115,800.00	
Add : Warrant Issue Expenses incurred during the year	<u>2,877,548.32</u>	<u>3,500,010.00</u>	
Less : Expenses W/Off (1/5th)	<u>738,602.00</u>	<u>738,602.00</u>	
	<u>2,138,946.32</u>		<u>2,877,208.00</u>
Deferred Revenue Exp. carried to Balance Sheet	<u>2,138,946.32</u>		<u>2,877,208.00</u>
	<u>2,138,946.32</u>		<u>2,877,208.00</u>

AS PER OUR REPORT OF EVEN DATE  
FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS

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

S.L.AGRAWAL  
PARTNER  
M.NO.72184

KISHAN KUMAR KEDIA  
CHAIRMAN AND  
MANAGING DIRECTOR

ARUN KEDIA  
DIRECTOR  
MARKETING

MUMBAI  
DATED : 2nd Sept. 2009

## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2009.

PARTICULARS	AS ON 31/03/2009.		AS ON 31/03/2008.	
	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)	AMOUNT(RS.)
<b>SCHEDULE : M: INCOME FROM OPERATIONS:-</b>				
<b>SALE OF PLOTS :</b>				
SALE - MAGIC HILLS	-	-	789,782,428.00	-
EMERALD INDUSTRIAL ESTATE	-	-	-	-
SALE OF PLOT AT PANCHDEEP HOUSING COMPLEX	639,600.00	-	244,699.00	-
SALE OF PLOTS AT NEELKANTH INDL. ESTATE	1,160,000.00	-	3,253,350.00	-
SALE OF BUNGLOWS AT CRYSTAL SPRINGS-KARLA	-	-	-	-
SALE OF LAND	4,000,000.00	-	1,887,500.00	-
SALE OF BUNGLOWS AT LONAVALA-PHASE-2	-	-	13,625,000.00	-
SALE OF INDUSTRIAL PLOT-EMERALD	-	5,799,600.00	1,603,141.00	810,396,118.00
		5,799,600.00		810,396,118.00
Less- Sales Return (Plots)				20,186,796.71
		<u>5,799,600.00</u>		<u>790,209,321.29</u>
<b>SCHEDULE : N : OTHER INCOME :-</b>				
Rebates & Discount				19,145.50
Interest received				10,000.00
Interest received on F.D.		233,056.00		740,458.00
Lease Rent received		60,000.00		60,000.00
Compensation Received				19,710.00
Excess provision for Expenses W/Off		553,541.95		81,500.00
		<u>846,597.95</u>		<u>930,813.50</u>
<b>SCHEDULE : O : PROJECT DEVELOPMENT EXPENSES :-</b>				
<b>(A) COST OF LAND SOLD :</b>				
<b>[WITHOUT N.A.]</b>				
Opening Stock of Land	113,278,809.87		42,684,990.87	
Add : Purchase of Land/ Sales Return during the Year	18,171,010.00		77,552,465.00	
Add : Development Expenses -Incured	-		-	
	<u>131,449,819.87</u>		<u>120,237,455.87</u>	
Less: Trfd. of Land to Magic Hills-Phase-I	-		6,673,766.00	
Less : Closing Stock of Land	<u>129,742,979.87</u>		<u>113,278,809.87</u>	
		<u>1,706,840.00</u>		<u>284,880.00</u>
<b>(B) COST OF PLOTS SOLD : [ PANCHDEEP HOUSING COMPLEX ]</b>				
Opening Stock	3,475,069.23		3,500,002.65	
Less : Closing Stock	<u>3,292,454.64</u>		<u>3,475,069.23</u>	
Cost of sales		<u>182,614.59</u>		<u>24,933.42</u>
<b>(C) COST OF PLOTS SOLD : [ EMERALD INDUSTRIAL ESTATE ]</b>				
Opening Stock	308,458.27		326,888.68	
Add : Trfd. of Land from Without N.A.	-		-	
Purchase of Land during the Year/Sales Return	-		56,547.49	
Add : Development Expenses - Incurred	-		-	
	<u>308,458.27</u>		<u>383,436.17</u>	
Less : Closing Stock	<u>308,458.27</u>		<u>308,458.27</u>	
Cost of Sales				<u>74,977.90</u>
<b>(D) COST OF PLOTS SOLD : [ ARKOSH INDUSTRIAL ESTATE ]</b>				
Opening Stock	174,798.66		174,798.66	
Add : Trfd. of Land from Without N.A.	-		-	
Add : Development Expenses - Incurred	-		-	
	<u>174,798.66</u>		<u>174,798.66</u>	
Less : Closing Stock	<u>174,798.66</u>		<u>174,798.66</u>	
Cost of Sales				

**(E) COST OF SALES-CRYSTAL SPRINGS-BUNGLOWS-PHASE-II :**

Opening Work in Process	2,377,645.56	2,065,098.01
Add : Trfd. of Land from Without N.A.	-	934,002.80
Add : Development Expenses - Incurred	-	8,809,500.00
	2,377,645.56	11,808,600.81
Less : Closing Stock of Bunglows	2,377,645.56	2,377,645.56
Cost of Sales	-	9,430,955.25

**(F) COST OF PLOTS SOLD : [ NEELKANTH INDUSTRIAL ESTATE ]**

Opening Stock	1,158,471.05	2,067,175.12
Add : Trfd. of Land from Without N.A./cost of goods sold returned	75,968.64	-
Add : Development Expenses - Incurred	-	-
	1,234,439.69	2,067,175.12
Less : Closing Stock	1,234,439.69	1,158,471.05
Cost of Sales	-	908,704.07

**(G) COST OF PLOTS SOLD: GARNET RESORTS-PLOTS- KARLA):-**

Opening Stock	-	-
Less : Trfd. Of Plots to Bungalow Scheme	-	-
Add: Purchase of Land during the Year	-	-
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	-	-
Less : Closing Stock	-	-
Cost of Sales	-	-

**(H) COST OF BUNGLOWS SOLD:(CRYSTAL SPRINGS-PHASE-I) LONAVALA):-**

Opening Stock	129,197.39	129,197.39
Add : Trfd. From garnet Resorts- Plots Development	-	-
	129,197.39	129,197.39
Add: Purchase of Land during the Year/cost of goods returned	1,862,504.32	-
Add : Development Expenses - Incurred	-	-
Development Expenses - Provided	-	-
	1,991,701.71	129,197.39
Less : Closing Stock	1,991,701.71	129,197.39
Cost of Sales	-	-

**(I) COST OF BUNGLOWS SOLD:(CRYSTAL SPRINGS-PHASE-III) LONAVALA):-**

Opening Stock	724,562.86	724,562.86
Add : Trfd. From garnet Resorts- Plots Development	-	-
	724,562.86	724,562.86
Add: Purchase of Land during the Year	-	-
Add : Development Expenses - Incurred	-	-
	724,562.86	724,562.86
Less : Closing Stock	724,562.86	724,562.86
Cost of Sales	-	-

**(J) BUILDING PROPERTY (DINDOSHI-GOREGAON)**

Opening Stock	92,921,757.00	-
Add: Purchase of Land during the Year	-	90,856,640.00
Add : Development Expenses - Incurred	-	2,065,117.00
	92,921,757.00	92,921,757.00
Less : Closing Stock of WIP	92,921,757.00	92,921,757.00
Cost of Sales	-	-

**(K) MAGIC HILL-4 BHK CLASSIC- BUNGLOW SCHEME(PHASE-D):-**

Opening Balance of Bunglows	695,033.21	-
Add : Trf. From Magic Hill (Total Area)/cost of good returned	16,602,903.04	2,398,313.42
	17,297,936.25	2,398,313.42
Add : Development Expenses - Incurred	-	391,337,500.00
	17,297,936.25	393,735,813.42
Less : Closing Stock	17,297,936.25	695,033.21
Cost of Sales	-	393,040,780.21



**(L) MAGIC HILL-4 BHK MODERN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	244,608.17	-
Add : Trf. From Magic Hill (Total Area)	-	383,059.87
	<u>244,608.17</u>	<u>383,059.87</u>
Add : Development Expenses - Incurred	-	30,537,600.00
	244,608.17	30,920,659.87
Less : Closing Stock	244,608.17	244,608.17
Cost of Sales	-	<u>30,676,051.70</u>

**(M) MAGIC HILL-3 BHK CLASSIC- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	302,446.89	-
Add : Trf. From Magic Hill (Total Area)/cost of goods returned	4,578,853.76	914,010.83
	<u>4,881,300.65</u>	<u>914,010.83</u>
Add : Development Expenses - Incurred	-	146,130,400.00
	4,881,300.65	147,044,410.83
Less : Closing Stock	4,881,300.65	302,446.89
Cost of Sales	-	<u>146,741,963.94</u>

**(N) MAGIC HILL-3 BHK MODERN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	454,070.23	-
Add : Trf. From Magic Hill (Total Area)/cost of good returned	6,705,611.20	744,058.21
	<u>7,159,681.43</u>	<u>744,058.21</u>
Add : Development Expenses - Incurred	-	69,291,300.00
	7,159,681.43	70,035,358.21
Less : Closing Stock	7,159,681.43	454,070.23
Cost of Sales	-	<u>69,581,287.98</u>

**(O) MAGIC HILL-3 BHK TWIN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	196,644.07	-
Add : Trf. From Magic Hill (Total Area)	-	237,611.59
	<u>196,644.07</u>	<u>237,611.59</u>
Add : Development Expenses - Incurred	-	9,789,000.00
	196,644.07	10,026,611.59
Less : Closing Stock	196,644.07	196,644.07
Cost of Sales	-	<u>9,829,967.52</u>

**(P) MAGIC HILL-3 BHK ROW HOUSE- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	253,840.82	-
Add : Trf. From Magic Hill (Total Area)/cost of goods returned	2,141,547.20	269,651.12
	<u>2,395,388.02</u>	<u>269,651.12</u>
Add : Development Expenses - Incurred	-	3,777,800.00
	2,395,388.02	4,047,451.12
Less : Closing Stock	2,395,388.02	253,840.82
Cost of Sales	-	<u>3,793,610.31</u>

**(Q) MAGIC HILL-2 BHK TWIN- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	125,029.81	-
Add : Trf. From Magic Hill (Total Area)	-	223,368.17
	<u>125,029.81</u>	<u>223,368.17</u>
Add : Development Expenses - Incurred	-	23,497,500.00
	125,029.81	23,720,868.17
Less : Closing Stock	125,029.81	125,029.81
Cost of Sales	-	<u>23,595,838.36</u>

**(R) MAGIC HILL-2 BHK ROW HOUSE- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	79,922.02	-
Add : Trf. From Magic Hill (Total Area)	-	147,548.34
	<u>79,922.02</u>	<u>147,548.34</u>
Add : Development Expenses - Incurred	-	16,159,000.00
	79,922.02	16,306,548.34
Less : Closing Stock	79,922.02	79,922.02
Cost of Sales	-	<u>16,226,626.32</u>

**(S) MAGIC HILL-OPEN PLOT- BUNGLOW SCHEME(PHASE-I):-**

Opening Balance of Bungalows	640,948.47	-
Add : Trf. From Magic Hill (Total Area)/cost of goods returned	1,689,788.24	1,356,144.45
	<u>2,330,736.71</u>	<u>1,356,144.45</u>
Add : Development Expenses - Incurred	-	19,718,400.00
	2,330,736.71	21,074,544.45
Less : Closing Stock	2,330,736.71	640,948.47
Cost of Sales	-	<u>20,433,595.97</u>

Survey Charges	-	-
Site Expenses	-	-
Revenue Tax	-	256,881.00
Stamp Duty & Registration	-	153,904.00
Power & Fuel Expenses	-	95,216.00
Security Charges	-	19,600.00
Transportation Charges	-	82,880.00
	-	<u>608,481.00</u>
	<u>1,889,454.59</u>	<u>725,252,653.95</u>

**SCHEDULE : P : BUSINESS ADMINISTRATION EXPENSES :**

Telephone & Fax Charges	541,429.50	516,329.50
Conveyance	171,604.00	109,857.00
Postage & Courier expenses	139,212.00	89,115.00
Electricity charges	485,850.00	341,033.00
Sundry expenses	80,803.50	44,900.00
Repairs & maintenance	129,918.00	661,560.00
Membership fees	40,450.00	-
Printing & Stationery	211,272.50	100,504.50
R.O.C. Filing Fees	9,000.00	1,490.00
Computer & Internet Expenses	34,936.00	12,143.00
Share Processing Charges	39,999.30	57,013.00
Stock Exchange Listing Fees	15,029.00	15,000.00
Professional fees	191,519.00	4,416,575.00
Office Expenses	1,021,705.91	351,491.00
Tea & Refreshment Expenses	-	37,660.00
Bank Charges	82,422.26	58,264.17
Amount W/Off	-	39,619.00
Loan Processing & Legal Expenses	248,673.00	253,282.00
Loss on Sale of Assets	11,877.70	-
Maintainence Charges -Society	122,392.00	-
Petrol Expenses	891,862.31	-
Rent Paid	520,000.00	380,000.00
Services Expenses	65,604.48	-
Website Development Charges	28,652.00	-
Donation & Charity	477,323.00	501.00
<b><u>Auditor's Remuneration :</u></b>		
For Audit Fees	60,000.00	40,562.00
For Tax Audit Fees	20,000.00	10,000.00
For Income Tax Matters	20,000.00	16,854.00
	<u>100,000.00</u>	<u>67,416.00</u>
Dematerialisation Charges	36,473.00	34,231.00
Insurance Premium	50,000.00	5,000,000.00
	<u>5,748,008.46</u>	<u>12,587,984.17</u>

**SCHEDULE : Q : PERSONNEL COST:**

Directors Remuneration	1,500,000.00		1,140,000.00	
Salaries of Staff	2,511,740.00		2,275,593.00	
Staff welfare Expenses	234,896.00	4,246,636.00	133,892.00	3,549,485.00
		<u>4,246,636.00</u>		<u>3,549,485.00</u>

**SCHEDULE : R : SELLING & DISTRIBUTION EXPENSES :-**

Travelling Expenses		702,238.60		360,470.27
Motor Car Expenses		466,733.00		1,352,635.81
Advertisement Expenses		326,338.00		219,222.50
Business Promotion Exp.		918,074.86		802,732.08
Commission		22,472.00		1,171,785.00
Motor Car Insurance		113,838.00		131,327.00
		<u>2,549,694.46</u>		<u>4,038,172.66</u>

AS PER OUR REPORT OF EVEN DATE  
FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS

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

S.L.AGRAWAL  
PARTNER  
M.NO.72184

KISHAN KUMAR KEDIA  
CHAIRMAN AND  
MANAGING DIRECTOR

ARUN KEDIA  
DIRECTOR  
MARKETING

MUMBAI  
DATED : 2nd Sept. 2009

**GARNET CONSTRUCTION LIMITED****SCHEDULE "S" :- STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009 :-****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 Bungalows. During the year under review, the Company has followed the method of accounting for the recognising of sales on the basis execution of agreement and full amount received against the sale of Plot/ Bungalows for its ongoing projects as prescribed in AS-9 Revenue of Recognition. 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. FOREIGN CURRENCY TRANSACTION:**

All the Foreign Currency Transactions are accounted for at the exchange rate prevailing on the date of such transaction. Unsettled monetary assets and liabilities are transferred at the closing rate and the relevant loss/gain is recognised to Profit and loss Account.

**5. PUBLIC ISSUE EXPENSES:**

Such expenses are amortised 1/5<sup>th</sup> in each year.

**6. 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 crystallise.

**B. NOTES FORMING PART OF THE ACCOUNT**

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 Citi Bank, HDFC Bank, ICICI Bank & Kotak Mahindra Bank Ltd is secured by the first charge of the Motor Car. During the year ICICI bank has taken possession of vehicle necessary effect will be given on settlement of the loan  
  
(ii) Term loan taken from Reliance Capital Ltd is secured against mortgage of immovable properties of the company and of a director and personally guaranteed by the Directors.
3. During the previous financial year the company had entered into various agreements for sale of its Plots, Real Estate etc. In accordance with the practise followed by the company sales revenue and profit thereon were recognised at the time of entering such agreement based on advance received against sales.  
During the year due to unfavourable conditions, some of the parties to whom sales had been effected have failed to meet their commitment. Therefore during the year certain sales agreements effected in earlier years stands cancelled and sales return and reversal of profit thereon has been effected during the year
4. During the year, the company has changed it's method to recognised income on advance received on execution of sale deed for completion of sale method as prescribed in AS-9 Revenue Recognition .Hence sales is recognised when possession is handover to the parties. Due to change in Accounting Method in respect of recognition of sales fact on Profit & loss A/c is in determined
5. During the year under review and as per the information and explanation provided by the management, the Company has issued 60,00,000 Convertible warrants of Rs.10/- each at a premium of Rs. 68/- each convertible before 18 months in equity Shares from the date of allotment for augmenting the financial resources for the development of Lonavala Magic Hills project. The Company has received a part payment amounting to Rs.982.55 Lacs from the allottees. The Balance amount of Rs. 3697.45 Lacs has since been received during the current year.

6. **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) Relative of key management Personnel and sister concern</b>	
Kedia Industrial Development Corporation	Sister Concern
S.K Investments	Sister Concern
R J Investments	Sister Concern
Varsha Construoction	Sister Concern
Neelkanth Industrial Estate	Sister Concern
Panchsheel Industrial Estate	Sister Concern
Aditya Industrial Estate	Sister Concern
Panchdeep Industrial Estate	Sister Concern
Anupam Kedia	Relative of Director
Kusumdevi Kedia	Relative of Director
Anita Ginoria	Relative of Director
Asha Ginoria	Relative of Director
Surendra Ginoria	Relative of Director
Sushil Ginoria	Relative of Director
<b>c) Associates Concern</b>	
Garnet Capital Finance Ltd.	Associates Concern
Garnet Agro Industries Ltd.	Associates Concern
Kedia Land Developers Pvt. Ltd.	Associates Concern
Garnet Herbal Remedies Ltd.	Associates Concern

7. Segment information under Accounting Standard – 17 segment reporting is not applicable to the company as the company having only one segment of Properties Development.
8. Sundry debtors include doubtful debts of Rs 11686634/- for which no provision has been made as the management is hopeful to recover the same.
9. Deferred Tax Liabilities pursuant to AS 22 is calculated as under

	2009	2008
<b>Deferred tax Liabilities:</b>		
On Depreciation	18,27,795	16,11,628
Less: Deferred Tax Assets:	NIL	NIL
Net Deferred Tax Liabilities	1827795	1611628

10. Management is of the opinion that there is no impairment of assets during the year as per AS-28.

**Transaction carried out with related parties in the Ordinary Course of Business.**

	<u>31/03/2009</u>	<u>31/3/2008</u>
Advance received Back	18,656,717.00	4, 54,500.00
Repayment of Advances received	5, 12,982.00	43, 79,825.00

<b>Outstanding as at the year end</b>	<b>31/3/2009</b>	<b>31/3/2008</b>
Advances to parties under Same Management	NIL	1, 60,000 (Dr)
Advance from Parties under Same Management	18,28,197(Cr.)	23, 41,179 (Cr.)

**Note : Related Parties are as identified by the Company and relied upon by the Auditor.**

**11. Equity per Share :**

	<u>31/03/2009</u>	<u>31/03/2008</u>
Net Profit after Tax (Rs. In Lacs)	(319.1)	258.04
No. of Shares used in computing		
Earning Per Share	79, 02,200	79, 02,200
Earning Per Share (Basic.)	(4.06)	3.27
Earning Per Share (Diluted.)	(3.53)	3.03
Face Value Per Share(In Rs.)	10.00	10.00

12 Debtors, Creditors and Loans & Advances are subject to Confirmation. All the Debtors are unsecured and considered good.

13 Bank Balance include cheques in hand of Rs. 59,50,000 which since has been realised

14 Auditor's Remuneration includes the following :-

	<b>31/03/2009</b>	<b>31/03/2008</b>
Audit Fees	Rs. 60000.00	Rs. 40,662.00
Tax Audit Fees	Rs. 20000.00	Rs 10000.00
Income Tax Matters	Rs. 20000.00	Rs.16,854.00
<b>TOTAL</b>	<b>Rs. 1,00,000.00</b>	<b>Rs. 67,416.00</b>

**15. Additional information as required under Schedule VI of the Companies Act, 1956 is as under:**

**Particulars of Licensed Capacity & Installed Capacity:**

	<b>Current Year</b>	<b>Previous Year</b>
Licensed Capacity & Installed Capacity	N.A.	N.A.

**16. SUPPLEMENTARY STATUTORY INFORMATIONS :**

Remuneration paid to Directors:

	<u>31/03/2009</u> <u>Rs in Lakhs</u>	<u>31/03/2008</u> <u>Rs. in Lakhs</u>
Salaries	15.00	11.40
Commission	0.00	0.00
Perquisites	0.00	0.00
	-----	-----
<b>Total</b>	<b>15.0</b>	<b>11.40</b>

17. Expenditure in Foreign Currency: The Company has incurred an expenditure of Rs.3,44,443/- (P.Y.- Rs 1,13,307) towards Travelling & Lodging & Boarding Expenses on Foreign Travel.
18. **Contingency Liabilities not provided-** Income Tax demand 14,75,445 being disputed hence not provided
19. Additional information as required under Schedule VI of the Companies Act, 1956 is either NIL or **NOT APPLICABLE.**
20. Figures has been regrouped or rearranged wherever necessary for the comparison purposes.

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

As per our Annexed Report

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

FOR GARNET CONSTRUCTION LIMITED

**S.L.AGRAWAL**  
PARTNER  
M.NO.72184**MR. K. K. KEDIA**  
CHAIRMAN &  
MANAGING DIRECTOR**MR.ARUN KEDIA**  
DIRECTOR  
MARKETING

PLACE : MUMBAI.

DATE : 2nd Sept. 2009



ANNEXURE "H"  
F.Y.: 2008-2009

QUANTITATIVE INFORMATION :	CURRENT YEAR (31.03.2009)				PREVIOUS YEAR (31.03.2008)			
	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>								
(i) Land (Without N.A.)	267.37	-	11,646,089.69	1,133	217	-	9,433,459.49	427
(ii) Plots at Panchdeep Housing Complex		75	524,687.26	35		76	528,451.86	35
(iii) Plots at Emerald Industrial Estate		4	39,939.30	3		4	39,939.30	3
(iv) Plots at Arkosh Industrial Estate		1	12,974.83	2		1	12,974.83	2
(v) Sheds at Neelkanth Industrial Estate-W.I.P.		-	-	-		-	-	-
(vi) Plots at Neelkanth Industrial Estate		11	35,812.11	12		20	63,903.11	21
(vii) Garnet Resorts -Crystal Springs Phase-II		18	32,099.57	24		16	27,880.00	21
(viii) Garnet Resorts -Crystal Springs Phase-III		4	8,920.00	7		4	8,920.00	7
(ix) Bungalows at Garnet Resorts -Karla		1	1,710.00	1		1	1,710.00	1
(x) Building at Dindoshi-Goregaon				929				
(xi) Magic Hill-4 BHK Classic		50	127,750.00	7				
(xii) Magic Hill-4 BHK Modern		24	44,960.00	2				
(xiii) Magic Hill-3 BHK Classic		73	55,591.00	3				
(xiv) Magic Hill-3 BHK Modern		59	83,460.00	5				
(xv) Magic Hill-3 BHK Twin		38	36,144.00	2				
(xvi) Magic Hill-3 BHK Row House		33	46,657.00	3				
(xvii) Magic Hill-2 BHK Twin		1	22,981.00	1				
(xix) Magic Hill-2 BHK Row House		13	14,690.00	1				
(xx) Magic Hill-Open Plot		33	117,809.00	6				
<b>b) Closing Stock -</b>								
(i) Land (Without N.A.)	284.25	-	12,386,936.39	1,297	267	-	11,646,089.69	1,133
(ii) Plots at Panchdeep Housing Complex		71	497,431.35	33		75	524,687.26	35
(iii) Plots at Emerald Industrial Estate		4	39,939.30	3		4	39,939.30	3
(iv) Plots at Arkosh Industrial Estate		1	12,974.83	2		1	12,974.83	2
(v) Sheds at Neelkanth Industrial Estate		-	-	-		-	-	-
(vi) Plots at Neelkanth Industrial Estate		13	40,168.11	12		11	35,812.11	12
(vii) Garnet Resorts -Crystal Springs Phase-II		18	32,099.57	24		18	32,099.57	24
(viii) Garnet Resorts -Crystal Springs Phase-III		4	8,920.00	7		4	8,920.00	7
(ix) Bungalows at Garnet Resorts -Karla(Phase-I)		2	4,820.58	20		1	1,710.00	1
(x) Building at Dindoshi-Goregaon				929				929
(xi) Magic Hill-4 BHK Classic		56	146,666.00	173		50	127,750.00	7
(xii) Magic Hill-4 BHK Modern		24	44,960.00	2		24	44,960.00	2
(xiii) Magic Hill-3 BHK Classic		75	60,895.00	49		73	55,591.00	3
(xiv) Magic Hill-3 BHK Modern		62	90,190.00	72		59	83,460.00	5
(xv) Magic Hill-3 BHK Twin		38	36,144.00	2		38	36,144.00	2
(xvi) Magic Hill-3 BHK Row House		24	48,412.00	24		33	46,657.00	3
(xvii) Magic Hill-2 BHK Twin		18	22,981.00	1		1	22,981.00	1
(xix) Magic Hill-2 BHK Row House		13	14,690.00	1		13	14,690.00	1
(xx) Magic Hill-Open Plot		36	128,680.00	23		33	117,809.00	6
<b>c) Purchases -</b>								
(i) Land (Without N.A.)	18.73	-	821,650.50	181	96	-	4,185,571.50	776
(ii) Plots at Panchdeep Housing Complex								
T/f from (i) above		-	-	-		-	-	-
(iii) Plots at Emerald Industrial Estate								
T/f from (i) above		-	-	-		1	6,908.98	1
(iv) Plots at Arkosh Industrial Estate								
T/f from (i) above	0	-	-	-		-	-	-
(v) Sheds at Neelkanth Industrial Estate								
(vi) Plots at Neelkanth Industrial Estate								
T/f from (i) above	0	-	-	-		-	-	-
(vii) Land for Bungalows (Crystal Springs Phase-III)	0.00	-	-	25		-	-	25
(viii) Trf. From Plot Devt. For Bunlow at Karla	0.00	-	-	-		-	-	-
(IX) Purchase of Building at Dindoshi				929.22				929.22

d) Sales -								
(i) Land (Without N.A.)	1.86	-	80,803.80	17	1.19	-	51,945.30	3
T/f to (iv)	0.00	-	-	-	-	-	-	-
(ii) Plots at Panchdeep Housing Complex	-	-	-	-	1	-	3,764.60	-
(iii) Plots at Emerald Industrial Estate	-	-	-	1	1	-	9,160.81	1
(iv) Plots at Arkosh Industrial Estate	-	-	-	-	-	-	-	-
(v) Sheds at Neelkanth Industrial Estate	-	-	-	-	-	-	-	-
(vi) Plots at Neelkanth Industrial Estate	-	-	-	9	9	-	28,091.00	9
(vii) Plots at Garnet Resorts- Karla	-	-	-	-	-	-	-	-
T/f to (viii)	-	-	-	-	-	-	-	-
(viii) Bungalow Scheme -Crystal Springs Phase-I	-	-	-	-	-	-	-	-
(ix) Bungalow Scheme -Crystal Springs Phase-II	-	-	-	6	5	-	8,390.00	6
(x) Bungalow Scheme -Crystal Springs Phase-III	-	-	-	-	-	-	-	-
(xi) Magic Hill-4 BHK Classic	-	-	-	17	90	-	313,070.00	17
(xii) Magic Hill-4 BHK Modern	-	-	-	1	8	-	25,448.00	1
(xiii) Magic Hill-3 BHK Classic	-	-	-	6	44	-	112,408.00	6
(xiv) Magic Hill-3 BHK Modern	-	-	-	3	26	-	53,301.00	3
(xv) Magic Hill-3 BHK Twin	-	-	-	-	5	-	7,530.00	-
(xvi) Magic Hill-3 BHK Row House	-	-	-	-	2	-	2,906.00	-
(xvii) Magic Hill-2 BHK Twin	-	-	-	1	15	-	18,075.00	1
(xix) Magic Hill-2 BHK Row House	-	-	-	1	11	-	12,430.00	1
(xx) Magic Hill-Open Plot	-	-	-	7	35	-	131,456.00	7

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details.

69044

11

Registration No.

State Code

Balance Sheet Date

31

03

2009

#### II. Capital raised during the year.(Amount in Rs. Thousands)

Public Issue

Right Issue

NIL

NIL

Bonus Share Issue

Private Placement

NIL

NIL

#### III. Position of Mobilisation and Deployment of Funds.

(Amount in Rs. Thousands)

Total Liabilities

Total Assets

2,94,129

2,94,129

Paid up Capital

Reserves &amp; Surplus

79,022.00

85,663.50

Secured Loans

Unsecured Loans

27,533

1828.20

Deferred Tax Liability

1827.80

Convertible Warrant issue

98255.00

## Net Fixed Assets

24,551.96

## Investments

35.23

## Net Current Assets

2,42,959.51

## Misc. Expenditure

2,138.95

## Capital Work In Progress

16,67,069.12

## IV. Performance of the Company (Amount in Rs. Thousands)

## Turnover

6,646.20

## Total Expenditure

37944.81

## Profit/Loss Before Tax

(31,298.61)

## Profit/Loss After Tax

(31,298.61)

## Earning per Share

(4.04)

## Dividend rate %

NIL

## Generic Name of Service of Company

Item Code No.

N. A

Product  
Description

DEVELOPMENT OF INDUSTRIAL PLOTS, CONSTRUCTION OF SHEDS

INDUSTRIAL &amp; RESIDENTIAL COMPLEXES, WORK CONTRACTS, ETC.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009		2007-2008	
	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.	AMOUNT RS.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items		-31298610.71		42,631,430.71
<b>ADJUSTED FOR :</b>				
Depreciation	1641087.364		1,103,997.10	
Miscellaneous Expenses W/off	738,262.00		738,602.00	
Interest Received	-233056		750,458.00	
Dividend received	0		-	
Previous Year Exp. W/ Back	-553541.95		81,500.00	
Interest Paid	3830885.19		1,237,809.20	
Loss on Sale of Fixed Assets	11877		-	
Investment W/off	50250		-	
		5485763.604		3,912,366.30
Operating Profit before Working Capital changes		-25812847.11		46,543,797.01
<b>ADJUSTED FOR :</b>				
Trade and other Receivables	119565789		630,606,763.42	
Inventories	-49940769		165,868,599.35	
Trade Payables	-69209637		(885,965,011.91)	
Loans & advance	(23,200,351.00)		-	
		-22784968		(89,489,649.14)
Cash Generated from Operations		-48597815.11		(42,945,852.12)
Interest Paid		-3830885.19		(1,237,809.20)
Interest Received		233056		750,458.00
Direct Taxes Paid		-		(10,938,824.00)
Net Prior Year Adjustment		-		(1,916.00)
Previous Year Exp. W/ Back		553541.95		81,500.00
Net Cash from Operating Activities		-51642102.35		(54,292,443.32)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchases of Fixed Assets		-30798632		2,572,445.00
Sale of Fixed Assets		14000		-
Purchase of Investments		-35228		-
Interest Received		0		750,458.00
Dividend Received		0		-
Net Cash used in Investing Activities		-30819860		3,322,903.00
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital		51455000		46,800,000.00
Proceeds from Long Term Borrowings		1564183		24,569,871.00
Repayment of Finance Lease Liabilities		0		-
Payment of Issue Expenses		0		(3,500,010.00)
Net Cash used in Financing Activities		53019183		67,869,861.00
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		-29442779.35		16,900,320.68
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		40867007.24		23,966,686.56
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>		11424228		40,867,007.24

NOTES: 1 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

2 Investment Write off considered as Operating Activities

3 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

S.L.AGRAWAL  
PARTNER  
PLACE : MUMBAI  
DATED : 2nd Sept. 2009

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

KISHAN KUMAR KEDIA  
CHAIRMAN & MANAGING  
DIRECTOR

ARUN K. KEDIA  
DIRECTOR  
MARKETING

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Garnet Construction Limited, for the Year ended 31st March, 2009. 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 2nd September, 2009 to the Members of the Company.

**FOR SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**S.L.AGRAWAL  
PARTNER**

**PLACE : MUMBAI  
DATED : 2nd Sept. 2009**

## 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 17<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 Tuesday, the 29<sup>th</sup> September, 2009 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 17<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 29<sup>th</sup> September, 2009 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 \_\_\_\_\_ 2009.

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.