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**GANESH  
HOUSING  
CORPORATION  
LIMITED**

AN ISO 9001: 2000 COMPANY

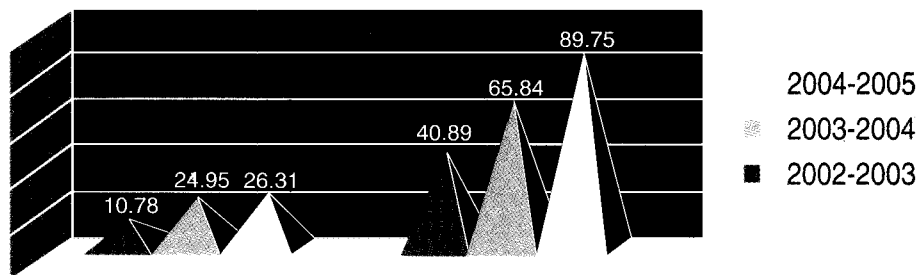
**14<sup>TH</sup>** ANNUAL REPORT  
2004-2005

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## MISSION STATEMENT

Ganesh Housing was incorporated with the philosophy to embellish the market with construction products & services that provide complete satisfaction and value to our customers, shareholders and employees. It is our prime endeavor to prove ourselves the leaders in real estate and expand in various areas of infrastructure development. We aim to incessantly develop world class infrastructure, complexes & cherished homes in our pursuit to be recognized as a truly multinational construction company by 2010.

GOVINDBHAI C. PATEL  
chairman  
Ganesh Housing Corporation Ltd.



**BOARD OF DIRECTORS**

SHRI GOVINDBHAI C. PATEL	CHAIRMAN & WHOLE TIME DIRECTOR
SHRI DIPAK G. PATEL	VICE CHAIRMAN & WHOLE TIME DIRECTOR
SHRI BIMAL K. PATEL	DIRECTOR
SHRI ARVINDBHAI R. NANAVATI	DIRECTOR
DR. BHARAT J. PATEL	DIRECTOR
SHRI ASHISH J. AMIN	DIRECTOR
DR. TARANG M. DESAI	DIRECTOR
SHRI SHEKHAR G. PATEL	MANAGING DIRECTOR

**BANKERS**

TAMILNAD MERCANTILE BANK LIMITED  
HDFC BANK LTD.

**VICE PRESIDENT (LEGAL) & COMPANY SECRETARY**

SHRI VIJAY R. LALAJI

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**AUDITORS**

JATIN PARIKH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
AHMEDABAD

**REGISTERED OFFICE**

1ST FLOOR, 'SAMUDRA',  
NR.KLASSIC GOLD HOTEL,  
OFF C.G.ROAD, ELLISBRIDGE,  
AHMEDABAD - 380 006.

**REGISTRAR AND SHARE TRANSFER AGENT**

MCS LIMITED  
101 Shatdal Complex,  
Opp Bata Show Room,  
Ashram Road, Ahmedabad - 380 009.



## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of **GANESH HOUSING CORPORATION LTD.** will be held on Friday, the 9th September, 2005 at 3.00 p.m. at the Registered Office of the Company at 1st Floor, Samudra, Nr. Klassic Gold Hotel, Off C. G. Road, Ellisbridge, Ahmedabad - 380 006 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss account for the year ended on that date together with the Directors' and Auditors' Reports thereon.
2. To declare a dividend on equity shares.
3. (a) To appoint a Director in place of Shri Ashish J Amin, who retires by rotation and being eligible offers himself for reappointment.  
(b) To appoint a Director in place of Dr Tarang M Desai, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

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

RESOLVED THAT Shri Bimal K Patel, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office at this meeting under section 260 of the Companies Act, 1956 and in respect to whom the Company has pursuant to section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.

### Registered Office :

1st Floor, Samudra,  
Nr. Klassic Gold Hotel,  
Off C. G. Road, Ellisbridge,  
Ahmedabad - 380 006.

By order of the Board

Vijay R. Lalaji  
Vice President (Legal)  
& Company Secretary

Date : 18th July, 2005

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy should be lodged with the Company not less than 48 hours before the scheduled commencement of the meeting.
3. The Register of Members and the Share Transfer Books shall remain closed from Friday, 26th August, 2005 to Friday, 9th September, 2005 (Both days inclusive).
4. The dividend, if declared at the Annual General Meeting, will be paid on or after 9th September, 2005 to those persons or their mandates :  
(a) whose names appear as Beneficial Owners as at the end of the business hours on 25th August, 2005 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form ; and  
(b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/ its Registrar and Transfer Agents on or before 25th August, 2005.
5. Members are requested to communicate the change in address if any, (i) to the Company's Registrar for physical share accounts and (ii) to their Depository Participants (DPs) in respect of the electronic share accounts.
6. Members are requested to bring the copy of Annual Report while attending the Annual General Meeting of the Company.
7. If any shareholder has any query with regard to accounts the same may be sent to the Company's Registered Office at least 7 days before the Meeting.
8. The Company has already transferred unclaimed dividend declared upto Financial Year ended 30th March, 1996 to General Revenue Account/ Investor Education and Protection Fund set up u/s 205 C of Companies Act, 1956. Those members who have not claimed/ collected their dividend upto the said financial year may claim dividend from Registrar of Companies, Ahmedabad.
9. The Company has already transferred public issue refund to Investor Education and Protection Fund set up under section 205 C of the Companies Act, 1956. Those members who have not claimed their refund may contact Registrar of Companies, Ahmedabad.
10. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.



## ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

### ITEM NO.5

Shri Bimal K Patel was appointed an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 read with Article 109 of the Articles of Association of the Company. Shri Patel holds office upto the date of the Annual General Meeting of the Company. In terms of section 257 of the Companies Act, 1956, the Company has received a notice in writing alongwith a deposit of Rs.500/- from one member of the Company signifying his intention to propose the candidature of Shri Patel for the office of Director. Shri Patel is having rich and varied experience to his credit. The Company will be immensely benefited due to his induction in Board of the Company.

None of the Directors of the Company except Shri Bimal K Patel may be deemed to be concerned or interested in the item.

The members are requested to pass the resolution as an Ordinary Resolution.

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1st Floor, Samudra,  
Nr. Klassic Gold Hotel,  
Off C. G. Road, Ellisbridge,  
Ahmedabad - 380 006.

By order of the Board

Vijay R. Lalaji  
Vice President (Legal)  
& Company Secretary

Date : 18th July, 2005

(a) The brief particulars of retiring directors proposed for reappointment are as under:

Name of the Director	Brief Particulars	Details of Other Directorships	Details of Membership of Committees
Shri Ashish J. Amin	He is having rich experience of 16 years in finance, administration, production, marketing etc.	Carnation Nutra-analogue Foods Ltd.	Nil
Dr Tarang M. Desai	He is a prominent consulting physician	Nil	Nil

(b) The brief particulars of additional director whose appointment is proposed to be regularised are as under :

Name of the Director	Brief Particulars	Details of Other Directorships	Details of Membership of Committees
Shri Bimal K. Patel	He is having wide experience of 15 years in real estate development.	Nil	Nil



## DIRECTORS' REPORT

Dear Members,

Your Directors present herewith the Fourteenth Annual Report and the audited accounts of the Company for the year ended 31st March, 2005.

(Rupees in lacs)

FINANCIAL RESULTS	YEAR ENDED 31-3-2005	YEAR ENDED 31-03-2004
Net Sales/Income from operations	1498.37	1449.26
Total Expenditure	466.56	455.04
Interest	9.77	0.73
Gross Profit before dep. and taxation	1022.04	993.49
Depreciation	9.56	4.86
Provision for Taxation	Nil	Nil
Net Profit/(loss)	1012.48	988.63
(Provision)/Reversal for Deferred Tax	40.57	9.89
Profit available for appropriation	1053.05	998.52
Add : Balance of Profit brought forward from last year	2230.76	1232.24
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Total amount available for appropriation	3283.81	2230.76
<b>Appropriations :</b>		
(a) General Reserve	160.00	Nil
(b) Proposed Dividend on equity shares	84.05	Nil
(c) Tax on Dividend	11.79	Nil
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<b>Balance carried to Balance sheet</b>	<b>3027.97</b>	<b>2230.76</b>
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### OPERATIONS

From the financial results, it can be observed that the Company continues to make positive progress with increase in turnover and profitability. The results show that the Company has now turned the corner and is in a growth trajectory. The results have enabled the Company to come back on the dividend list after a gap of 9(nine) years. This has been made possible by dedicated co-operation of employees at all levels and the management's determination to turn the Company round despite severe constraints. The initiatives introduced to reduce operating costs, improve financial management and enhance overall productivity and efficiency have resulted in continuous improvement in financial and operating performance over the years. During the year under review, the Company has completed "MAHALAYA" project. The said project is covered under section 80IB of the Income Tax Act, 1961.

Enthused by the success in construction projects, the Company has already entered infrastructure sector in a big way. The Company signed a Memorandum of Understanding with the Government of Gujarat under Vibrant Gujarat for setting up International Pharma and Biotech Park at Changodar - Matoda, Nr Ahmedabad involving total investment of Rs.15-20 crores. The Company has received overwhelming response for the said project. The requisite approvals from the Central Government and State Government have been obtained. The Pharma and Biotech companies intending to establish units in the said industrial park will get benefits/incentives from Central and State Governments.



The income of the Company has increased marginally from Rs.1449.25 lacs in F.Y.2003-04 to Rs.1498.37 lacs in F.Y.2004-05. The profit before tax has enhanced from Rs.988.63 lacs in the F.Y.2003-04 to Rs.1012.48 lacs in F.Y.2004-05. Earnings per share (EPS) is Rs.26.31.

### **DIVIDEND**

It is heartening to note that the Company is back on the dividend list. A dividend of 21% has been proposed, subject to the approval of the shareholders. The corresponding dividend payout will be Rs.84.05 lacs. In addition, tax (inclusive of surcharge and education cess) of Rs.11.79 lacs is payable by the Company on distribution of dividend.

### **OUTLOOK**

Your Company, one of the largest real estate and infrastructure Company in Ahmedabad, has embarked upon fresh investments to the tune of Rs.100 crores in new reality projects. The new investment will include development of residential properties like bungalows, row houses and apartments.

The Company is planning three schemes which will involve an outlay of Rs.100 crores. A project for construction of 122 residential bungalows will be taken up in the vicinity of Thaltej, Sarkhej-Gandhinagar Highway at a cost of Rs.40 crores. One another project for construction of 150 row houses at a total cost of Rs.20 crores will go underway in the vicinity of Sola area. Further, a scheme of apartment cum commercial construction will also be taken up in Paldi area at a cost of Rs.40 crores.

Alongwith the current projects in hand the Company also plans to venture into the infrastructure, hospitality and entertainment sectors as well.

### **DEMATERIALISATION OF EQUITY SHARES**

As at 31st March 2005, 85.72% Equity Shares were held in demat form.

### **DIRECTORS**

Shri Ashish J Amin and Dr Tarang M Desai retire at the ensuing at Annual General Meeting and being eligible offer themselves for reappointment. Shri Bimal K Patel was appointed as Additional Director of the Company during the year under review.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA), your Directors confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments 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 on 31st March, 2005 and of the profit of the Company for the year ended 31st March, 2005.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

**DEPOSITS**

At the end of the year, there were no unclaimed or unpaid deposits.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars regarding Conservation of Energy and Technology Absorption pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board Of Directors) Rules, 1988 are NIL. As regards foreign exchange earnings and outgo, members are requested to refer to Note No.14 of Schedule No.20 in Notes forming part of accounts for the year ended 31st March, 2005.

**INFORMATION AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956.**

During the year under review, there was no employee in respect of whom information as per section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of the Employee) Rules, 1975 is required to be given in the Directors' Report.

**AUDITORS**

M/s. Jatin Parikh & Associates, Chartered Accountants, Ahmedabad auditors of the Company, hold the office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. The Company has received a written certificate from the Auditors to the effect that their reappointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. The remarks of the auditors are self-explanatory.

**CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is furnished as a part of Directors' Report and the Certificate from the Company's Auditors regarding Compliance of Conditions of Corporate Governance is annexed to the said report.

**STOCK EXCHANGES**

At present equity shares of the Company are listed on Ahmedabad and Mumbai stock exchanges. The Company has paid Annual fees upto financial year 2005-2006 to Ahmedabad and Mumbai Stock Exchanges.

**ACKNOWLEDGMENTS**

Your Directors place on record the warm appreciation of valuable co-operation received from Tamilnad Mercantile Bank Limited and others. Your Directors are also thankful to the employees for their unstinted support and co-operation.

ON BEHALF OF THE BOARD

Place : Ahmedabad  
Date : 18th July, 2005

GOVINDBHAI C. PATEL  
CHAIRMAN



## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### (i) Industry Structure and Developments

An individual's home is a place of refuge and comfort a heaven that protects him from anxieties of world. It is a retreat where he can build and live his dreams and share them with his family. This feeling of security ultimately percolates into an individual's dealing with society making him a good citizen. There is a shortage of 2240 lacs dwelling units in India. In India's national plans, Construction Industry's role is significant. Liberalisation Policies and various fiscal incentives offered by the Government to the Construction and Real Estate Sector have provided a huge impetus to the Construction Industry. The Central Government has liberalized FDI in construction sector which is a very good sign.

### (ii) Opportunities and threats

The acute shortage of dwelling units in India offer immense opportunities to the construction sector in the decades to come. In the year under review the Company has also entered infrastructure sector. The Company is required to comply with Central Government/ State Government / local authorities rules and regulations which are changed from time to time. Due to fierce competition, we will have to put in innovative ideas for marketing the products.

### (iii) Segment wise or product wise performance

Till now the Company was constructing residential flats, row houses and bungalows. All these used to be considered as only one segment. All these construction were carried out in and around Ahmedabad. However, starting from this year the Company has taken up a project of International Pharma and Biotech Park. In this project the Company shall set up a Pharmaceutical and Bio Technology Park near Ahmedabad. The Company shall provide world class facilities for any manufacturer who wants to set up a production unit in Pharma or Biotech Industry. This is considered to be a different segment and hence segmentwise details are given in note No.18 of Schedule No.20.

### (iv) Outlook

Income tax Act, 1961 offers various exemptions not only to the persons buying dwelling units but also to companies engaged in construction. The construction sector offers immense opportunities. In order to enter infrastructure in a big way the Company has applied Government of Gujarat for registration as Approved Contractor. The Company has planned three projects for construction of bungalows, row houses, apartment cum commercial complexes at a cost of Rs.100 crores to be completed in next two/ three years.

### (v) Risks & Concerns

There has been competition with the entry of various new players including multinational Companies in the Industry. With increased competition, there is pressure on profit margins. Increase in the prices of certain inputs like Cement, Steel, Diesel, Bitumen etc. result in reduction in profit margin. The imposition of Service Tax in residential units will Jack up the ultimate price of units. Stamp duty leviable on first allottee is a major hurdle for the growth of construction industry.

### (vi) Internal Control Systems & their adequacy

In 2003, the Company obtained ISO 9001 : 2000 certification from KPMG. The Company is rigidly adhering to the standards laid down by KPMG in the last two years. Looking to the size and nature of Company's business, the requisite Internal Control System has been put in place.

**(vii) Discussion on financial performance with respect to Operational Performance**

The momentum of good performance continued in the financial year 2004-05. The income of the Company has increased from Rs. 1449.25 lacs in the financial year 2003-04 to Rs. 1498.37 lacs in the financial year 2004-05. The profit before tax has stepped up from Rs. 988.63 lacs in the financial year 2003-04 to Rs. 1012.48 lacs in the financial year 2004-05. The earning per share is Rs. 26.31. N.P. ratio is 70.27%. The Company has initiated cost cutting measures to improve operational performance.

**(viii) Material developments in human relations**

It is Company's core belief to employ professionals at all levels. The Company has employed professionals at corporate office and construction sites. Necessary training is imparted to employees to keep them abreast of latest developments in their subjects. During the year under review relations with employees have remained cordial.

**(ix) Enhancing shareholder value**

For the year 2004-05, the Board has recommended a dividend of 21%. The Company is putting in conscientious and strenuous efforts to enhance shareholders value through cost control, innovative marketing, strengthen brand equity etc..

**(x) Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such litigation and industrial relations.