



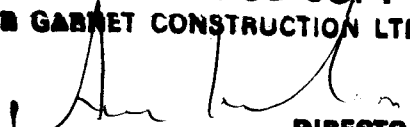
ANNUAL REPORT
2004 - 2005

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GARNET CONSTRUCTION
L I M I T E D

CERTIFIED TRUE COPY
FOR GARNET CONSTRUCTION LTD.


DIRECTOR

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held at the Ashish Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai – 400 064 on Friday the 16th September, 2005 at 10.00 a.m. 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 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 Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the authorised capital of the Company be increased from Rs. 6,00,00,000/- (Rupees Six Crore Only) to Rs. 8,00,00,000/- (Rupees Eight Crore Only) by creation of 20,00,000 (Twenty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each, ranking pari passu with the existing equity shares and that clause V of the Memorandum of Association of Company be altered accordingly."

"RESOLVED THAT the existing clause V (a) of the Memorandum of Association of the Company be and is hereby substituted by the following :

V (a) The Authorised Share capital of the Company is Rs. 8,00,00,000/- (Rupees Eight Crore Only) divided into 80,00,000 (Eighty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each capable of being increased in accordance with the Company's regulations and the provisions of the Companies Act, 1956."

**CERTIFIED TRUE COPY
FOR GARNET CONSTRUCTION LTD.**


DIRECTOR

GARNET CONSTRUCTION LIMITED**ANNUAL REPORT****GARNET CONSTRUCTION LIMITED**

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

ATTENDANCE SLIP

Please complete this attendance slip, and hand it over to the entrance of the meeting hall.

I hereby record my presence at the 13th Annual General Meeting Held on Friday, the 16th September, 2005.

Signature _____

Folio No. _____

Name of the Shareholder _____

Tear Here**GARNET CONSTRUCTION LIMITED**

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

PROXY FORM

I / We _____ of _____ in the district of _____ being a Member / Members of Garnet Construction Limited hereby appoint _____ of or failing him of _____ in the district of _____ as my / our Proxy to vote for me / us on my / our behalf at the 13th Annual General Meeting of the Company to be held on Friday, the 16th September, 2005 at Ashish 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 _____ 2005.

Folio No. _____

No of Shares Held _____

**Affix
One Rs.
Revenue
Stamp**

Signature

Note : The form duly completed should be deposited at the registered Office of the Company at 17, Milap Apartment, S.V. Road, Malad (West), Mumbai 400 064

GARNET CONSTRUCTION LIMITED**ANNUAL REPORT**

- II. The option to acquire the Equity Shares can be exercised by the Warrants Holder in one or more trenches on or before the expiry of 18 months from the date of allotment of the Warrants.
- III. In the event the Warrants Holder does not exercise the above option, the Warrants on or before of 18 months from the date of allotment of the Warrants, the Warrants shall lapse and the 10% of exercise price as indicated in point I above shall stand forfeited by the Company.
- IV. The Warrants allotted to above persons, shall be subject to lock-in period for a period of one year from the date of allotment of Warrants. The lock in on the Equity Shares resulting from the exercise of the option under the Warrants shall be reduced to the extent the Warrants have already lock-in.
- V. The issue of the Warrants as well as Equity Shares, arising from the exercise of the option under the Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956. the Memorandum & Articles of Association of the Company and also the Preferential Issue Guidelines issued by SEBI or any other authority as the case may be, or any modifications thereof.
- VI. The Equity Shares to be issued and allotted as a consequence of exercise of the option under the Warrants in the manner aforesaid shall rank pari-passu in all respect including payment of Dividend with the existing Equity Shares of the Company.
- VII. In the event of the Company making a right offer / bonus offer of new Equity Shares prior to the allotment of Equity Shares resulting from the exercise of the option under the Warrants shall stand increased in the same proportion as that of right offer / bonus issue and such additional Equity Shares will be offered to the Share Warrants Holders at the same price at which the existing Shareholders are offered the Equity Shares.

RESOLVED FURTHER THAT the funds so raised shall be for augmenting the net-worth of the Company, meeting the development expenses of the Company specifically for Lonavala Residential and Khopoli Industrial projects beside acquisition of new Residential Land at Lonavala and Mumbai.

RESOLVED FURTHER THAT the Relevant Date in relation to the shares for the purpose of determining the issue price under the SEBI (Disclosure & Investor Protection) Guidelines, 2000, relating to the preferential issue shall be 16th August, 2005.

RESOLVED FURTHER THAT Shri Kishan Kumar Kedia and Shri Arun Kedia, directors of the Company be and are hereby jointly and/or severally authorized to take all such steps and sign all such documents as may be deemed necessary to give effect to this resolution and to delegate all or any of the powers herein conferred to any officer or officers of the Company to give effect to the aforesaid resolution legal experts, consultants and to pay any fees, commission, remuneration, incur expenses and take such further steps as required for the above."

By order of the Board
For Garnet Construction Limited

Place : Mumbai
Dated : 1st August, 2005

Kishan Kumar Kedia
Chairman & Managing Director

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

GARNET CONSTRUCTION LIMITED**ANNUAL REPORT****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005.**

PARTICULARS	2004 - 2005		2003 - 2004	
	AMOUNT(RS)	AMOUNT(RS)	AMOUNT(RS)	AMOUNT(RS)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		510,754.26		2,580,882.15
ADJUSTED FOR :				
Depreciation	464,658.99		433,762.39	
Miscellaneous Expenses W/off	353,605.02		353,605.04	
Interest Received	--		--	
Dividend received	--		(5,000.00)	
Previous Year Exp. W/ Back	(1,040,503.51)		(1,717,016.54)	
Interest Paid	745,599.25		590,258.43	
		<u>523,359.75</u>		<u>(344,390.68)</u>
Operating Profit before Working Capital changes		1,034,114.01		2,236,491.47
ADJUSTED FOR :				
Trade and other Receivables	(16,299,796.64)		5,043,345.60	
Inventories	(1,098,340.90)		1,619,899.80	
Trade Payables	16,862,365.47		(5,356,172.89)	
		<u>(535,772.07)</u>		<u>1,307,072.51</u>
Cash Generated from Operations		498,341.95		3,543,563.99
Interest Paid		(745,599.25)		(590,258.43)
Interest Received		--		--
Direct Taxes Paid		(924,000.00)		--
Net Prior Year Adjustment		(3,683.00)		(34,238.00)
Previous Year Exp. W/ Back		1,040,503.51		1,717,016.54
Net Cash From Operating Activities		<u>(134,436.79)</u>		<u>4,636,084.10</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of Fixed Assets		(36,725.00)		(741,879.00)
Sale of Fixed Assets		--		--
Purchase of Investments		--		--
Interest Received		--		--
Dividend Received		--		5,000.00
Net Cash used in Investing Activities		<u>(36,725.00)</u>		<u>(736,879.00)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital		--		--
Proceeds from Long Term Borrowings		(2,558,697.75)		(1,427,267.11)
Repayment of Finance Lease Liabilities		--		--
Payment of Issue Expenses		--		--
Net Cash used in Financing Activities		<u>(2,558,697.75)</u>		<u>(1,427,267.11)</u>
NET INCREASE IN CASH & CASHEQUIVALENTS (A+B+C)		(2,729,859.54)		2,471,937.99
OPENING BALANCE OF CASH & CASHEQUIVALENTS		3,113,479.65		641,541.66
CLOSING BALANCE OF CASH & CASHEQUIVALENTS		383,620.11		3,113,479.65

As per Our Report of Even Date
FOR NAVIN NISHAR & ASSOCIATES
CHARTERED ACCOUNTANTS

NAVIN K. NISHAR
PROPRIETOR
PLACE: MUMBAI

DATED : 1ST AUGUST, 2005.

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

KISHAN KUMAR KEDIA
CHAIRMAN & MANAGING
DIRECTOR

ARUN K. KEDIA
DIRECTOR

GARNET CONSTRUCTION LIMITED**ANNUAL REPORT****2. INTENTION OF THE PROMOTERS**

The promoters do not intend to subscribe the Warrants and the same are for the approval of the members.

No Change in Control :

The exiting promoters of the Company will continue to be in control of the Company and there will not be any changes in the management / control of the Company as a result of the proposed preferential allotment.

3. SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE :

ISSUE :

Category	Pre-issue Equity Holding	% of Share Holding	Post-issue	
			Equity Holding *	% of Share Holding
	30 th June, 2005			
1. Promoters Group				
a. Indian Promoters	25,64,700	47.48 %	25,64,700	32.46 %
b. Total for Promoters Group	25,64,700	47.48 %	25,64,700	32.46 %
2. Institutional Investors				
a. Banks, Fin. Ins., Ins. Co.	400	0.01%	400	0.01%
b. Total of Ins. Investors	400	0.01%	400	0.01%
3. Others				
a. Resident Indians	23,79,989	44.06 %	26,29,989	33.28 %
b. Bodies Corporate	3,92,562	7.27 %	26,42,562	33.44 %
c. NRIs/OCBs	57,350	1.06 %	57,350	0.73 %
d. Under Clearing Member	7,199	0.13 %	7,199	0.09 %
e. Total of Others	28,37,100	52.52 %	53,37,100	67.54 %
Total Paid-up Capital	71,40,000	100.00%	79,02,200	100.00 %

* Assuming that the proposed warrants holder have exercised their entitlement in full

Lock in Period:

The Warrants to be issued to above allottees shall be locked in for a period as prescribed under SEBI [Disclosure & Investor Protection] Guidelines 2000 as amended.

4. Proposed Time Within which Allotment will be completed :

The Company will complete the allotment of shares within a period of 15 days from the date of passing of the resolution by the shareholders or where the allotment on preferential basis requires any approval by any regulatory authority or central Government, the allotment of shares will be completed within 15 days from the date of such approvals.

Balance Sheet Abstract and Company's General Business Profile**I. Registration Details.**

Registration No.

69044

State Code

11

Balance Sheet Date

31

03

2005

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

Public Issue

NIL

Right Issue

NIL

Bonus Share Issue

NIL

Private Placement

NIL

Naked Warrants Pref. order

NIL

III. Position of Mobilisation and Deployment of Funds. (Amount in Rs. Thousands)

Total Liabilities

61,188.90

Paid up Capital

54,022.00

Secured Loans

502.12

Deferred Tax Liability

1162.09

Net Fixed Assets

14,244.93

Net Current Assets

46,893.72

Total Assets

61,188.90

Reserves & Surplus

5,502.69

Unsecured Loans

Nil

Investments

50.25

Misc. Expenditure

NIL