

GARNET INTERNATIONAL LTD.

31ST ANNUAL REPORT
2012-2013

GARNET INTERNATIONAL LTD.

BOARD OF DIRECTORS

MR. DINESH NANDWANA
MR. DEVEN MEHTA
MR. SURESH GAGGAR
MR. SHARAD RATHI
MR. RAMAKANT GAGGAR

BANK

HDFC BANK LIMITED

AUDITORS

M/S. R.S. AGRAWAL & ASSOCIATES

REGISTERED OFFICE

901, RAHEJA CHAMBERS
NARIMAN POINT
MUMBAI - 400 021

Contents	Page No.
Notice	03
Directors Report	05
Corporate Governance	07
Auditors Certificate	17
Analysis Report	18
Auditors Report	19
Annexure	20
Balance Sheet - Garnet International Ltd	22
Notes on Account	25
Balance Sheet - Consolidated	32
Notes on Account	35

NOTICE

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of Garnet International Limited will be held on Saturday, 6th day of July at 11.00 A.M at 901, Raheja Chambers, Nariman Point, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2013 and Balance Sheet as on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dinesh Nandwana who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Deven Mehta who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 and read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof, for the time being in force) and as approved by Board of Directors, approval of Members of the Company be and is hereby accorded to the appointment of Mr. Suresh Gaggar as Managing Director of the Company for a period of three (3) years commencing from 6th July, 2013 and on the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Suresh Gaggar, Managing Director, the draft whereof is placed before this meeting and for the purpose of identification, is initialed by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement as may be agreed to between the Board of Directors and the Managing Director.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

5. To consider and if thought fit, to pass, with or without modification (s) the following as a special resolution:

"RESOLVED THAT M/s. MVK Associates, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to fill in casual vacancy caused by the resignation of M/s. R.S. Agrawal & Associates, Chartered Accountants and that the said new Statutory Auditors of the Company shall hold office from the date of this meeting till the conclusion of next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company."

By order of the Board

Place: Mumbai
Dated: 29th May 2013

SURESH GAGGAR
DIRECTOR

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 5th July 2013 to Saturday, 6th July 2013 (both days inclusive).
4. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors appointed/re-appointed is appearing in the Corporate Governance Report forming part of this Annual Report.
5. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued Circulars stating that service of notice/document including Annual Report can be sent by e-mail to its members.

To support this green initiative of the government, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Registrar of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Subject to necessary approval by the Members in the Annual General Meeting, the Board of Directors of the Company in its Meeting held on 29th May, 2013, have recommended for the appointment of Mr. Suresh Gaggar as Managing Director of the Company for a period of three years with effect from July 6, 2013 to July 5, 2016.

Mr. Suresh Gaggar aged 50 years, is Post Graduate (M.Com.). He is very dynamic person having vast experience, in-depth knowledge and strong understanding of various intricacies of the Securities Market and Financial Services. He has exhaustive and rich experience of securities business of more than 21 years and has an extensive expertise in analyzing and identifying potential investment opportunities in the Indian equity market. He is Director of the company since 4th March 1996.

The Board of Directors of the Company has subject to provisions of Sections 198, 269, 309, and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, appointed Mr. Suresh Gaggar as Managing Director for a period of three years with effect from July 6, 2013, on the remuneration terms and broad terms and conditions detailed hereunder:

Salary:-Nil

Mr. Suresh Gaggar shall not be subject to retirement by rotation during his tenure as Managing Director

A copy of the draft agreement referred to in the resolution is available for inspection by the members at the Registered Office of the Company on any working day excluding public holidays and Sundays, between 11.00 A.M. to 1.00 P.M. up to and including the date of Annual General Meeting.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolution as per the terms set out in Item No 4 of the accompanying Notice is being placed before the members in the Annual General Meeting.

None of the Directors of the Company except Mr. Suresh Gaggar and Mr. Ramakant Gaggar are, in any way, concerned or interested in the resolution.

The Directors recommend the resolution for approval of members.

Item No. 5

The Statutory Auditors of the Company, M/s. R.S. Agrawal & Associates, Chartered Accountants have tendered their resignation from the office of the Statutory Auditors of the Company with effect from 29th May 2013 due to their other pre-occupations. Your Company proposes to appoint M/s. MVK Associates, Chartered Accountants as Statutory Auditors of the Company to fill in the casual vacancy caused by resignation tendered by M/s. R.S. Agrawal & Associates, Chartered Accountants. The proposed new auditors M/s. MVK Associates, Chartered Accountants have given a certificate to the effect that their appointment, if made, will be in accordance with the provisions of Section 224 of the Companies Act, 1956.

The Resignation letter received from M/s. R.S. Agrawal, Chartered Accountants together with the certificate received from M/s. MVK Associates, Chartered Accountants in terms of Section 224 (1-B) of the Companies Act, 1956, is available for inception of the members of the Company at the Registered Office of the Company between 11:00 AM and 2:00 PM on all working days till the date of the Annual General Meeting.

None of the Directors of the Company is interested or concerned in this resolution.

REQUEST TO MEMBERS

1. Members are requested to bring their copy of the Annual Report to the Meeting.
2. Members who have multiple folios in identical names in the same order are requested to send all the Share Certificates to the Registrar of the Company.

DIRECTOR'S REPORT

The Members

The Directors of Garnet International Limited take pleasure in presenting the Annual Report on the operations of the company, together with the audited accounts for the year ended March 31, 2013.

Financial Results

Particulars	Amount in ₹	
	Year ended 31 st March 2013	Year ended 31 st March 2012
Total Income	25618409.92	257653792.11
Profit/(Loss) before Depreciation and Tax	1512408.54	7032305.46
Less: Depreciation	572916.17	572154.31
Profit/(Loss) before Tax	939492.37	6460151.15
Less: Provision for Tax	274994.00	160864.00
Net Profit /(Loss) after Tax	664498.37	6299287.15

Year under review

During the year under review, your Company registered a total income of ₹ 25618409.92 as against ₹ 257653792.11 in the previous year. Profit before depreciation and tax stood at ₹ 1512408.54 as against Profit of ₹ 7032305.46 in the previous year. Your company reported net profit of ₹ 664498.37.

Dividend

Your Directors does not recommend any dividend for the financial year ended on 31st March, 2013.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India is presented in a separate section forming part of the Annual Report.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- the applicable standards have been followed in the preparation of the annual accounts.
- 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 at March 31, 2013 and the profit of the company for the year ended on that date.
- the Directors have taken appropriate and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the attached Statement of Accounts for the year ended March 31, 2013 on a going concern basis.

Subsidiary Company

Your Company has a subsidiary company namely Sukartik Clothing Private Limited with a stake of 50.21%. The Balance Sheet, Statement of Profit and Loss and other statements of the Subsidiary Company are not being attached with the Annual Report of the Company. The Company will make available the Annual Accounts of the Subsidiary Company and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Company will also be kept open for inspection at the Registered Office of the Company. The consolidated Financial Statements presented by the Company include the financial results of its Subsidiary.

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India, Corporate Governance practice and have implemented all the prescribed stipulations.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ramakant Gaggar and Mr. Sharad Rathi, Directors of the Company, shall retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board of Directors recommends their re-appointment.

Fixed Deposits

During the year under review, the company had neither accepted nor renewed any deposit from public within the meaning of Section 58 A of the Companies Act, 1956.

Auditors

M/s. R.S. Agrawal & Associates, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting. They have expressed their desire not to seek re-appointment. The Directors wish to put on record their appreciation for the services rendered by them.

The Company has received a notice from a member proposing the appointment of M/s. MVK Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from conclusion of the ensuing Annual General Meeting till the conclusion of next Annual General Meeting. They have confirmed their eligibility and have given their consent for the proposed appointment. Members are requested to appoint Auditors at the ensuing Annual General Meeting.

Comments on Auditors' Report

The company is in the process of taking remedial measures on the observations made by the Auditors in their Report.

Conservation of Energy, Research & Development, Technology absorption, Foreign exchange Earnings and Outgo:

(A) Conservation of Energy and Technology Absorption

Considering the Company's business activities, the Directors have nothing to state in connection with Conservation of Energy and Technology Absorption.

(B) Foreign Exchange Earnings And Outgo

During the year under review, the Company did not have any Foreign Exchange Earnings or Outgo.

Particulars as per section 217(2A) of Companies Act, 1956

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

Acknowledgements

The Directors greatly value the support and co-operation received during the year from the Financial Institution, the Company's Bankers, Statutory Authorities and all organizations connected with its business. The Directors also take pleasure in commending the valuable contributions made by the Company's employees at all levels during the year under review.

For and on behalf of the Board

Place: Mumbai
Date: 27th May 2013

Suresh Gaggar
Director

Ramakant Gaggar
Director

Report on Corporate Governance

(As required under Clause 49 of the Listing Agreement of the Stock Exchange)

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. Corporate Governance assumes a great deal of importance in the business life of the Company through adoption of best governance practices and its adherence in the true spirit at all times. The Company believes that proper Corporate Governance facilitates effective management and control of business. The Company's goal is to find creative and productive ways of delighting its stakeholders, while fulfilling the role of a responsible corporate representative committed to best practices. The Company has implemented the mandatory requirements of the 'Code of Corporate Governance' as mentioned in the clause 49 of the Listing Agreement. On the company's website www.garnetint.com information useful to investors are available. The code of conduct is available at registered office of the company for inspection of shareholders.

2. Board of Directors

a) Composition of the Board

The Board, during the year, comprised of 5 Directors all of them are Non-Executive Directors. 2 out of them are independent Directors. The company does not have chairman. All the Directors are liable to retire by rotation. The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
				Chairman	Member
Mr. Suresh Gagar	Director	Promoter, Non-Executive; Non Independent	0	Nil	Nil
Mr. Ramakant Gagar	Director	Promoter; Non-Executive; Non-Independent	1	Nil	Nil
Mr. Deven Mehta	Director	Promoter; Non-Executive; Non-Independent	1	Nil	Nil
Mr. Dinesh Nandwana	Director	Non-Executive; Independent	8	Nil	Nil
Mr. Sharad Rathi	Director	Non-Executive; Independent	0	Nil	Nil

* Directorships in Private and Foreign Companies, if any, are excluded.

Memberships of only Audit Committee, Shareholders/investors' Grievance Committee and Remuneration Committee have been considered.

b) Reappointment of Directors:

Resume of the Directors whose appointment/re-appointment is proposed at the forthcoming Annual General Meeting is as under:

i) **Dinesh Nandwana**

Mr. Dinesh Nandwana is a member of Institute of Chartered Accountants of India having over 25 years of experience of administration. He is Chairman of Vakrangee Softwares Limited, a company pioneer in the e-governance domain and has one of the largest capacities in delivering large scale document and print management solutions.

Directorships held by Mr. Dinesh Nandwana in other companies are as under:

Sr. No.	Name of the Company
1.	Vakrangee Softwares Limited
2.	Vakrangee IT Solutions Limited
3.	Vakrangee Technologies Limited
4.	Vakrangee Infraprojects Limited
5.	Omnis Infra-Power Limited
6.	Omnis Edu-Health Limited
7.	Vakrangee Lacteus and Hortus Limited
8.	Vakrangee Finserve Limited
9.	Vakrangee Holdings Pvt Ltd
10.	NJD Biotech Pvt Ltd
11.	eDoc Vision Infotech Pvt Ltd
12.	Vakrangee Capital Pvt Ltd
13.	MDN Share & Stock Brokers Pvt Ltd
14.	MDN Multi Commodities Pvt Ltd
15.	Vakrangee Energy Pvt Ltd

Mr. Dinesh Nandwana does not hold any Chairmanship/Membership in committees of other companies.

Mr. Sharad Rathi does not have any equity shares in the Company as on 31st March 2013.

ii) **Mr. Deven Mehta**

Mr. Deven Mehta has an in-depth knowledge of Capital Market. He has sound experience in investment and fund management and management consultancy, derivatives, fund mobilization, working capital arrangement etc.

Directorships held by Mr. Mehta in other companies are as under:

Sr. No.	Name of the Company
1	Amgis Holdings Pvt Ltd
2.	Pals Overseas Pvt Ltd
3.	Jyoti Bright Bar Pvt Ltd
4.	Sigma Credit & Capital Services P Ltd
5.	S.J. Capital Advisors Pvt Ltd
6.	Smart Card IT Solutions Ltd
7.	Jayavant Products Limited
8.	SJ Finstock Pvt Ltd
9.	DND Financial Services P Ltd

Mr. Mehta is member of Share Transfer Committee, Audit Committee and Remuneration Committee in Jayavant Products Limited.

Mr. Mehta holds 100000 equity shares in the Company as on 31st March 2013

c) Board Meetings and Annual General Meeting:

During the financial year 2012-2013, 11 Board Meetings were held on 18th April 2012, 14th May 2012, 30th June 2012, 16th July 2012, 14th August 2012, 3rd September 2012, 5th November 2012, 29th January 2013, 8th February 2013, 25th February 2013 and 30th March 2013. The last Annual General Meeting of the Company was held on 29th September 2012. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows.

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Suresh Gaggar	11	Yes

Mr. Deven Mehta	10	Yes
Mr. Dinesh Nandwana	10	Yes
Mr. Sharad Rathi	10	No
Mr. Ramakant Gaggar	11	Yes

- d) **Code of Conduct**
The Board has laid down a code of conduct for all Board members and senior management of the company. The Company has obtained the confirmation of the Compliance with the Code from all its Board members and senior management personnel.

3. **Audit Committee**

- a) **Constitution of Audit Committee:**
The Committee comprises three Non-executive Directors majority of them are independent directors. All members of the Committee are financially literate.
- b) **Composition of Audit Committee and Number of Meetings Attended:**
During the Financial year 2012-2013, Five Audit Committee Meetings were held on 14th May 2012, 14th August 2012, 3rd September 2012, 5th November 2012 and 29th January 2013. The composition of the Audit Committee and the number of meeting attended were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Sharad Rathi	Chairman	5
Mr. Dinesh Nandwana	Member	5
Mr. Suresh Gaggar	Member	5

- c) **Attendees:**
The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Executive- Accounts attend such meetings. The Statutory Auditors are also invited to these meetings.
- d) **The Terms of Reference of the Audit Committee:**
The terms of reference of the Audit Committee as defined by the Board are as under:
- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
 - ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 - iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.

- (c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - ix) Discussion with internal auditors on any significant findings and follow up there on.
 - x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 - xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.
- e) Powers of the Audit Committee:
The Board has delegated the following powers to the Audit Committee:
- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
 - ii) Seek information from any employee.
 - iii) Obtain outside legal or other professional advice, if necessary.
 - iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Subsidiary company:

- a) The company has one subsidiary company namely Sukartik Clothing Private Limited. Mr. Suresh Gaggar, Mr. Navratan Gaggar and Mr. Ramakant Gaggar are on the the Board of the subsidiary company.
- b) The audit committee of the company reviews the financial statements of and investments made by the subsidiary company.
- c) The minutes of subsidiary company are placed before the board of directors of the company.
- d) Significant transactions and arrangements entered into by the subsidiary company are, periodically, also brought to the attention of the board of the company.

5. Remuneration Committee

- a) Composition of Remuneration Committee and the number of meetings attended:
During the financial year 2012-2013, Mr. Deven Mehta, Mr. Suresh Gaggar and Mr. Ramakant Gaggar were Members of the Remuneration Committee but there were no meetings of the remuneration committee held.
- b) Terms of reference:
The committee has the mandate to review and recommend compensation payable to the executive directors and senior management of the company. It shall also administer the company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the executive directors at the beginning of the year.
- c) Remuneration Policy:
- i) Management Staff :
Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.
 - ii) Non-Executive Directors :
The Company does not pay any sitting fees to the Non-executive Directors.

6. Shareholders'/Investors' Grievance Committee

- a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders' / Investors' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Suresh Gaggar, a Non-Executive Director. No Shareholders' / Investors' Grievance Committee Meetings held during the financial year 2012-2013. The Composition of the Shareholders/Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Suresh Gaggar	Chairman	0
Mr. Ramakant Gaggar	Member	0
Mr. Deven Mehta	Member	0

- b) Mr. Ramakant Gaggar is the Compliance officer of the Company.
- c) During the year 2012-2013, the Company has not received any complaints from shareholders / investors. There were no complaints pending as at end of the year.
- d) Share Transfers in Physical Mode
Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee of the Company meets as often as required.

7. General Body Meetings

- a) Location, time and date of holding of the last three Annual General Meetings are given below:

Financial Year	Date	Time	Location of the Meeting
2009-10	29/09/10	10.00 A.M	Raheja Chambers, Nariman Point Mumbai - 400 021
2010-11	29/09/11	11.00 A.M	Raheja Chambers, Nariman Point Mumbai - 400 021
2011-12	29/09/12	11.00 A.M	Raheja Chambers, Nariman Point Mumbai - 400 021

- b) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2009-10	Nil
2010-11	Nil
2011-12	Nil

- c) No Special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

8. Disclosures

- a) **Related Party Transactions:**
There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Company at large.
Attention of members is drawn to the disclosures of transactions with the related parties set out in Note 26 of Notes on financial statements.
The Company's major related party transactions are generally with its Associates considering various business and other factors.
All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.
- b) **Statutory Compliance, Penalties and Strictures:**
The Company has complied with requirements of the Stock Exchange/SEBI and Statutory Authorities on all matters related to capital markets during the last year. There are no penalties or strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authorities relating to the above.
The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements. The Company does not have Whistle Blower Policy. No employee of the Company has been denied access to the Audit Committee of the Company.
- c) The Company has complied with the non-mandatory requirements relating to remuneration Committee. The financial statements of the Company are unqualified.

9. General Shareholder Information

- a) **Means of Communication:**
The quarterly results of the Company are generally published in Free Press Journal and Dainik Navshakti. The Company proposes that all quarterly, half-yearly and full year audited results be published at least in 2 newspapers. The

quarterly results shall further be submitted to the Bombay Exchange Limited shortly after the conclusion of the respective meetings.

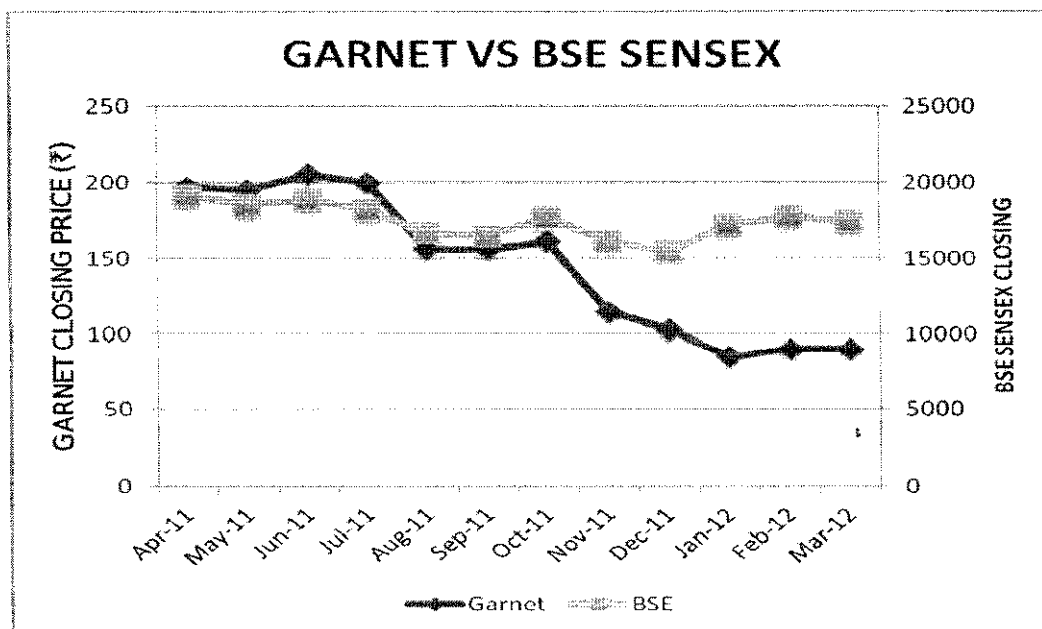
No presentations were made to institutional investors or to the analysts during the year under review.

- b) Annual General Meeting:
- Day, Date and Time : Saturday, 6th July 2013 at. 11.00 a.m.
 - Venue : 901, Raheja Chambers,^s Nariman Point, Mumbai – 400 021
 - Financial Year : 2012-2013
The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.
 - Date of Book Closure : 5th July 2013 June to 6th July 2013 (both days inclusive).
 - Dividend payment date : N.A.
 - Listing on Stock Exchanges: The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") and Calcutta Stock Exchange Association Limited ("CSE"). The Company has paid the listing fees to the Bombay Stock Exchange Limited.
- c) Stock Code / Symbol:
BSE - 512493
CSE - 35007
ISIN No: - INE590B01010
(Fully paid up shares having face value of Rs. 10)

- d) Market Price Data:
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd. During each month post listing is as follows:

Month	BSE	
	High (₹)	Low (₹)
April 2012	96.15	79.00
May 2012	99.95	65.70
June 2012	98.50	78.05
July 2012	102.00	86.65
August 2012	99.85	73.50
September 2012	104.00	76.00
October 2012	109.90	86.95
November 2012	102.90	77.75
December 2012	99.85	74.10
January 2013	80.70	65.75
February 2013	84.00	70.50
March 2013	88.00	61.70

- e) Share Price Movement for the period April, 2012 to March 2013 Garnet International Limited vs BSE Sensex



- f) **Share Transfer System:**
Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

- g) **Category wise Shareholding as at March 31, 2013:**

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	2800476	44.99%
2.	Non-Resident Indians	198886	3.19%
3.	Private Bodies Corporate	2162539	34.74%
4.	Indian Public	1053124	16.92%
5.	Market Maker	9975	0.16%
	Total	6225000	100.00%

- h) **Distribution of Shareholding as at March 31, 2013:**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	623	73.5540	829390	1.3320
5,001 - 10,000	77	9.0910	599970	0.9640
10,001 - 20,000	46	5.4310	663670	1.0660
20,001 - 30,000	27	3.1880	677690	1.0890
30,001 - 40,000	5	0.5900	170360	0.2740

40,001 - 50,000	9	1.0630	441590	0.7090
50,001 - 100,000	14	1.6530	961560	1.5450
100,001 and above	46	5.4310	57905770	93.0210
TOTAL	847	100.0000	62250000	100.0000

i) Dematerialisation of Shares and Liquidity:

About 99.86% of the shares have been dematerialized as on March 31, 2013. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and Calcutta Stock Exchange Association Limited (CSE).

j) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2013.

k) Registrar and Share Transfer Agents:

Link Intime India Pvt Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai-400078.

l) Plant Locations: The Company does not have any manufacturing activities.

m) Address for Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Pvt Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai-400078.
Tele: 022 - 25963838
Fax: 022 - 25946969 / 25960329

For general correspondence:

Garnet International Limited
Secretarial Department
901, Raheja Chambers,
Free Press Journal Marg,
Nariman Point Mumbai - 400 021.
Tel: 022 - 66369942
Fax: 022 - 66369943

CODE OF CONDUCT DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended on 31st March, 2013.

For Garnet International Limited

Sharad Rathi
Chairman – Audit Committee

Place: Mumbai
Date: 27th May 2013

CEO/CFO Certification

As required by sub clause V of the listing Agreement with the Stock Exchanges, I have certified to the Board that for the financial year ended 31st March 2013, the Company has complied with the requirements of the said sub clause.

For Garnet International Limited

Sharad Rathi
Chairman – Audit Committee

Place: Mumbai
Date: 27th May 2013

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
GARNET INTERNATIONAL LIMITED

We have examined the compliance with the conditions of Corporate Governance by GARNET INTERNATIONAL LIMITED ("the company"), for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the company with Stock Exchange(s) in India, with the relevant records and documents maintained by the company and furnished to us and the report of Corporate Governance as approved by the Board of Directors of the company.

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement subject to that *the company does not have the whole time company secretary to act as the secretary of the audit committee which is not in conformity with the requirements of clause 49 of the listing agreement with the stock exchanges.*

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

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants

Anuja Dedhia
Partner
M. No. 123589

Place : Mumbai
Dated : 27th May 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The company is constantly exploring available opportunities. The company has taken constructive steps to undertake activities pertaining to garment industries and allied textile line through its subsidiary.

Opportunities and Threats

There is intense competition in the seamless garments produced by the subsidiary company still the company expects good opportunities through better quality control.

Outlook

The new activities in the subsidiary company promise a bright future. The profit margins in the sector may increase further with expected liberalized government policies.

Internal control systems and their adequacy

Garnet's internal control systems and procedures are adequately commensurate with the magnitude of its current business. The operating and business control procedures have been planned and implemented in a manner that ensures efficient use of resources, as well as compliance with procedures and regulatory requirements. The internal control system is being further strengthened by laying out well-documented guidelines, approval and authorization procedures.

Environment and Safety

Being conscious of the need for environmentally clean and safe operations, the Company conducts its operations ensuring safety of all concerned, compliance of statutory and industrial requirements for environmental protection and conservation of natural resources to the extent possible.

Human Resources

During the year under review, the Company has enjoyed cordial professional relations with employees at all levels.

INDEPENDENT AUDITOR'S REPORT

To
The Members of
GARNET INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Garnet International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, subject to our comments in paragraph 2(f) below and the consequential effects thereof which are not quantifiable, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report 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 law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of the written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. as stated in note 30 to financial statements,
 - i) Loans & Advances, involving an amount of ₹ 82,25,000/- (year end outstanding ₹ 82,25,000 /-) given during the year under review, are in contravention of provisions of Section 295 of the Act; and
 - ii) Contracts of purchase and sale of shares amounting to ₹ 3,67,487.20/- and ₹ 32,46,584.94/- respectively entered in to during the year, are in contravention of provisions of section 297 of the Act;

The possible impact of these non-compliances, in the event of the Company's condonation requests are not granted has not been determined or recognized in the financial statements.

For R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Firm Registration no. 100156W)

Mumbai
27th May 2013

Anuja Dedhia
Partner
M. No. 123589

1. in respect of fixed assets:
 - a) the Company has maintained records, showing particulars including quantitative details and situation of its fixed assets;
 - b) as explained to us, all the fixed assets have been physically verified by the management at the end of year. We are informed that no material discrepancies have been noticed by the management on such verification as compared to the aforesaid records of fixed assets; and
 - c) during the year Company has not disposed off substantial part of fixed assets that affects the going concern.
2. in respect of inventory:
 - a) as explained to us, inventories of shares and securities have been physically verified during the year by the management. in our opinion, the frequency of verification is reasonable;
 - b) the procedures, as explained to us, that followed by the management for physical verification of shares and securities, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business; and
 - c) on the basis of our examination of the records of shares and securities of the Company, we are of the opinion that, the Company is maintaining proper records. No material discrepancies have been noticed on physical verification of shares and securities held as stock-in-trade as compared to book records.
3. according to information and explanation given to us :
 - a) the Company has granted interest free unsecured loan to the companies, firm and other parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 2,22,25,000/- to 4 parties. The year end balance was ₹ 2,12,25,000 /- from such 4 parties (including 3 parties having outstanding since last year);
 - b) the terms and conditions of the aforesaid interest free loans granted are prima facie not prejudicial to the interest of the Company;
 - c) the receipt of principal amount of the aforesaid loans granted is regular;
 - d) since the aforesaid loans granted, as informed to us, are receivable on demand, no amount has been classified as overdue;
 - e) the Company has taken unsecured loan from the companies, firm and other parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 1,43,16,700/- from 3 parties. The year end balance was ₹ 31,41,700/- from such 2 parties;
 - f) the terms and conditions of the aforesaid loans taken were prima facie not prejudicial to the interest of the Company and such loans were taken free of interest; and
 - g) since the aforesaid unsecured loans taken, as informed to us, were repayable on demand, therefore the payment of the principal amount is considered to be regular.
4. on the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5.
 - a) according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section; and
 - b) in our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available. *However, in respect of certain transactions of purchase and sale of shares, we are unable to comment in absence of similar transactions with other parties at the relevant time.*
6. in our opinion, the Company has not accepted any deposit from the public within the meaning of section 58A and 58AA of the Act and the Rules framed there under.
7. the Company, being a listed company, also the Company's paid-up capital and reserves at the commencement of financial year exceeds ₹ fifty lacs and with average annual turnover of preceding three years exceeding ₹ five crores, is required to have an internal audit system, *however, the Company, during the year, had no such internal audit system;*
8. we are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act.
9. in respect of statutory dues:
 - a) according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues

with the appropriate authorities as applicable to it. There are no arrears of undisputed statutory dues as at the last day of financial year concerned, outstanding for a period of more than six months from the date they became payable; and

- b) on the basis of the information given to us, the outstanding amount of income tax under the Income Tax Act, 1961 on account of any dispute are as follows :

Assessment year to which the amount relates	Amount (₹)	Forum where dispute is pending
2011-12	2,98,77,158/-	Commissioner of Income Tax (Appeals)
2010-11	1,03,75,398/-	
2009-10	8,67,878/-	
2008-09	27,13,106/-	
2006-07	10,94,507/-	
2005-06	17,31,627/-	

10. the accumulated losses of the Company at the end of the financial year have not exceeded fifty percent of its net worth. The Company has not incurred cash losses during the financial year under audit and also in the immediately preceding financial year;
11. as per the information and explanation given to us and based on documents and record produced to us, there were no dues payable to any financial institution, bank or debenture holders during the year;
12. according to the information and explanation given to us and based on documents and record produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
13. in our opinion, the Company is not a chit or a nidhi / mutual benefit fund or a society;
14. in respect of dealing / trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and other investments have been held by the Company in its own name or in process of transfer in the name of the Company except to the extent of exemptions provided by section 49 of the Act;
15. according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
16. as per the records of the Company, the Company has not obtained any term loan during the year;
17. as per the information and explanation given to us and on the overall examinations of the financial statements of the Company, we are of the opinion that funds raised on short-term basis have not been utilized for long-term investments;
18. during the year, the Company has not made any preferential allotment of share to parties and companies covered in the Register maintained under Section 301 of the Act;
19. the Company did not have any outstanding debenture during the year;
20. the Company has not raised any money through a public issue during the year; and
21. based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Firm Registration no. 100156W)

Mumbai
27th May 2013

Anuja Dedhia
Partner
M. No. 123589

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	62250000.00	47250000.00
Reserves and surplus	3	<u>358130583.31</u>	<u>170116896.19</u>
		420380583.31	217366896.19
Non-current liabilities			
Deferred tax liabilities (net)	4		294607.00
Current liabilities			
Short term borrowings	5	13491700.00	20534140.00
Trade payables	6	366155.65	5035710.51
Other current liabilities	7	6624775.40	37738649.00
Short term provisions	8	<u>194311.73</u>	<u>2179564.75</u>
		20676942.78	65488064.26
TOTAL		<u>441381027.09</u>	<u>283149567.45</u>
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	9	4198445.01	7774311.19
Intangible assets	9	<u>0.00</u>	<u>0.00</u>
		4198445.01	7774311.18
Non-current investments	10	146860114.34	150860114.34
Long term loans and advances	11	203105000.00	2605000.00
Other non current assets	12	<u>13510073.00</u>	<u>13510073.00</u>
		367673632.35	174749498.52
Current assets			
Inventories	13	17806062.19	28044442.06
Trade receivables	14	873194.75	342194.75
Cash and bank balances	15	545172.07	3508110.96
Short term loans and advances	16	54459934.13	76482923.13
Other current assets	17	<u>23031.60</u>	<u>22398.03</u>
		73707394.74	108400068.93
TOTAL		<u>441381027.09</u>	<u>283149567.45</u>
Contingent Liabilities and Commitments (To the extent not provided for)	26		
Significant accounting policies See accompanying notes to financial statements	1		

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
Firm registration No. 100156W

For and on behalf of the board

Anuja Dedhia
Partner
Membership no. 123589

Ramakant Gaggar
Director

Suresh Gaggar
Director

Mumbai
Dated: 27th May 2013

Mumbai
Dated: 27th May 2013

GARNET INTERNATIONAL LIMITED
Statement of Profit and Loss for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
Revenue from operations	18	25234558.74	167120754.71
Other income	19	383851.18	90533037.40
Total Revenue		25618409.92	257653792.11
Expenses:			
Purchases of Stock-in-Trade	20	11828128.67	190795123.25
Changes in inventories	21	10238379.87	41395530.69
Employee benefit expenses	22	705032.00	747184.00
Finance cost	23	0.00	5397806.00
Depreciation and amortisation expenses	9	572916.17	572154.31
Other expenses	24	1334660.84	12285842.71
Total expenses		24679117.55	251193640.96
Profit before Tax		939292.37	6460151.15
Tax expenses			
Current tax		246100.00	1753625.00
Deferred tax		28894.00	5779.00
MAT credit entitlement		0.00	(1598540.00)
Profit after tax for the period		274994.00	160864.00
		664298.37	6299287.15
Earning per equity share	25		
Basic and Diluted		0.14	1.33
Significant accounting policies	1		
See accompanying notes to financial statements			

As per our attached report of even date

For **R. S. Agrawal & Associates**
Chartered Accountants
Firm registration No. 100156W

For and on behalf of the board

Anuja Dedhia
Partner
Membership no. 123589

Ramakant Gaggar
Director

Suresh Gaggar
Director

Mumbai
Dated: 27th May 2013

Mumbai
Dated: 27th May 2013

(A) CASH FLOW FROM OPERATING ACTIVITIES	2012-2013	2011-2012
Net profit before tax and extraordinary items	939292.37	6460151.15
Adjustment for:		
Depreciation	572916.17	572154.31
Miscellaneous expenditure written off	0.00	0.00
Loss / (Profit) on sale of Investments	(11609.00)	(79870267.09)
Loss / (Profit) on sale of land	(5145000.00)	0.00
Investment Income:		
- Interest	(383851.18)	(152266.43)
- Dividend	(267019.50)	(983392.75)
Interest Expenses	0.00	5397806.00
Operating Profit before Working Capital changes	(4295271.14)	(68575814.81)
Adjustment for:		
- Trade and other Receivables	(179008644.57)	6049798.64
- Inventories	10238379.87	41395530.69
- Trade Payables	(35777482.46)	42172554.54
Cash generated from operations	(208843018.30)	21042069.06
Direct taxes paid	(1764799.02)	(749498.54)
Cash flow before extraordinary Items	(210607817.32)	20292570.52
Extraordinary Items	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	(210607817.32)	20292570.52
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments (Net)	4000000.00	(57742416.67)
Purchase of Fixed Assets	(7050.00)	(8900.00)
Loan (given) / Refund	0.00	0.00
Sale of Fixed Assets	8155000.00	0.00
Interest / Other income	383851.18	152266.43
Profit / (Loss) on sale of Investments	11609.00	79870267.09
Dividend received	267019.50	983392.75
Proceeds from / Payment for Deposits	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	12810429.68	23254609.60
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	15000000.00	0.00
Premium on Issue of Share Capital	187349188.75	0.00
Miscellaneous Expenditure	0.00	0.00
Proceeds from Long Term Borrowings	0.00	0.00
Repayment of Long Term Borrowings	0.00	0.00
Proceeds from Short Term Borrowings	0.00	20534140.00
Repayment of Short Term Borrowings	(7042440.00)	(70000000.00)
Changes in Working Capital Borrowings from Banks	0.00	0.00
Interest Paid	0.00	(5397806.00)
Dividend paid	(472500.00)	(4725000.00)
NET CASH FROM FINANCING ACTIVITIES	194834248.75	(59588666.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2963138.89)	(16041485.88)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	35084110.96	19549596.84
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	545172.07	3508110.96

Notes to cash flow statement:

1. All figures in brackets are outflow.
2. Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date

For R.S.AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

For and on behalf of the Board

Anuja Dedhia
Partner
Membership No. 123589

Suresh Gaggar
Director

Ramakant Gaggar
Director

Place : Mumbai
Dated: 27th May 2013

Place : Mumbai
Dated: 27th May 2013

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING

- i) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- ii) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

2. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

- i) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and the relevant provisions thereof.
- ii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.
- iii) Based on the nature of activity and the time between acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

3. TANGIBLE AND INTANGIBLE ASSET

- i) Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.
- ii) Intangible fixed asset comprising software licenses are stated at cost of acquisition including any cost attributable bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

4. INVESTMENTS

- i) Investments are classified into Non Current and Current Investments.
- ii) Non Current investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.
- iii) Current investments are being valued at cost or market value whichever is lower.

5. VALUATION OF STOCK OF SHARES AND SECURITIES

Shares and securities held as "stock-in-trade" are valued at cost or net realizable value whichever is lower and on FIFO basis.

6. DEPRECIATION

- i) No depreciation is provided on land.
- ii) Depreciation on fixed assets is being provided on "Straight line method basis" at the rates specified in Scheduled XIV to the Act.
- iii) Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed.
- iv) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.

7. EXPENDITURE FOR BENEFIT OF ENDURING NATURE

Miscellaneous expenditure, such as preliminary expenditure and share issue expenditure is amortised over a period of 5 years from the financial year in which it is incurred.

8. INCOME FROM INVESTMENTS

Incomes from Investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

9. TREATMENT OF CONTINGENT LIABILITIES

Contingent liabilities are disclosed by way of note to the accounts. Disputed demands in respect of Income Tax, Sales Tax etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advances till the final disposal of the matter.

10. TAXES ON INCOME:

Income tax expense comprises of Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the assessable income at the rate applicable for the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets, arising mainly on account of unabsorbed depreciation and losses under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized, only to the extent there is a reasonable certainty of its realization. At each balance sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

Particulars	As at 31.03.2013		As at 31.03.2012	
Note 2: Share capital				
	Numbers	Amount(₹)	Numbers	Amount(₹)
Authorised:				
Equity Shares of ₹ 10/- each	7500000	75000000.00	7500000	75000000.00
Total		<u>75000000.00</u>		<u>75000000.00</u>
Issued, subscribed and paid-up :				
Equity Shares of ₹ 10/- each fully paid	6225000	62250000.00	4725000	47250000.00
Total		<u>62250000.00</u>		<u>47250000.00</u>
2.a Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :-				
Particulars	Numbers	Amount (₹)	Numbers	Amount (₹)
Outstanding at the beginning of the year	4725000	47250000.00	4725000	47250000.00
Issued during the year	1500000	15000000.00	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	6225000	62250000.00	4725000	47250000.00
2.b During the year the Company has, on preferential basis, allotted 1500000 equity share of ₹ 10/- at a premium of ₹ 125/- per share as per SEBI Guidelines. Expenses relating to it has been reduced from the Securities Premium.				
2.c The equity shares of the Company have rights and restrictions as prescribed under law, in particular the Companies Act, 1956.				
2.d Shareholders holding more than 5% of the share capital at the end of the year:				
Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Shri Ramakant Gaggar	979079	15.73	908743	19.23
Evergreen Infotech & Datacom Private limited	500778	8.04	500778	10.60
Smt. Indra Gaggar	454921	7.31	458921	9.71
Shri Suresh Gaggar	464206	7.46	487206	10.31
Navkar Corporation Limited	1500000	24.10	-	-
Note 3: Reserves and surplus				
Securities premium				
Balance at the beginning of the year	139000000.00		139000000.00	
Add: Received during the year on issue of shares	187500000.00		0.00	
	<u>326500000.00</u>		<u>139000000.00</u>	
Less : Share Issue expenses	150811.25	326349188.75	0.00	139000000.00
Surplus in Statement of Profit and loss :				
Balance at the beginning of the year	31116896.19		25366760.04	
Add (less): Profit (loss) after tax for the year	664298.37		6299287.15	
Less:				
Proposed dividend for the year [Dividend per share ₹ Nil (P.Y. ₹ 0.10)]	0.00		472500.00	
Provision for tax on proposed dividend for the year	0.00		76651.00	
		31781194.56		31116896.19
Total		<u>358130383.31</u>		<u>170116896.19</u>
Note 4: Deferred tax liabilities (Net)				
Deferred Tax Liabilities on account of :				
Depreciation		343200.00		352150.00
Deferred Tax Assets on account of :				
Business Losses *		0.00		39682.00
Gratuity		19699.00		17861.00
Total		<u>323501.00</u>		<u>294607.00</u>
* Deferred tax assets arising on losses has not been recognized in view of uncertainty in generating the profit in the future.				
Note 5: Short term borrowings				
Unsecured Loans:				
Loans repayable on demand from other parties		13491700.00		12184140.00
Loans repayable on demand from Associate Company (refer note 28)		0.00		8350000.00
Total		<u>13491700.00</u>		<u>20534140.00</u>
Note 6: Trade payables				
Micro and small enterprises*		0.00		0.00
Others		366155.65		5035710.51
Total		<u>366155.65</u>		<u>5035710.51</u>
* As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2013.				
Note 7: Other current liabilities				
Unpaid dividends*		162816.40		149272.00
Statutory liabilities		38318.00		35258.00
Accrued Expenses		3641.00		4119.00
Other Payables		6420000.00		37550000.00
Total		<u>6624775.40</u>		<u>37738649.00</u>
* There is no outstanding dues to be paid to Investor Education and Protection Fund.				

Particulars	(Amount in ₹)	
	As at 31.03.2013	As at 31.03.2012
Note 8: Short term provisions		
Provision for employees benefits (Gratuity) (refer note 29)	63750.00	57804.00
Provision for taxation (net of taxes paid)	130561.73	1572609.75
Provision for proposed dividend	0.00	472500.00
Provision for tax on proposed dividend	0.00	76651.00
Total	194311.73	2179564.75

Note 9: Fixed assets

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 31.03.2012	Additions during the Year	Sold/transfer during the Year*	Total As at 31.03.2013	Provided upto 31.03.2012	Provided for the Year	Written Back during the Year	Total upto 31.03.2013	Total as at 31.03.2013	Total as at 31.03.2012
Tangible Assets										
Land	3088090.00	0.00	3010000.00	78090.00	0.00	0.00	0.00	0.00	78090.00	3088090.00
Vehicle	5160200.00	0.00	0.00	5160200.00	1116500.91	490219.00	0.00	1606719.91	3553480.08	4043699.09
Office Equipments	1210810.05	0.00	0.00	1210810.05	647940.25	57513.48	0.00	705453.72	505356.33	562869.80
Computers	551700.00	7050.00	0.00	558750.00	502364.77	11573.94	0.00	513938.71	44811.29	49335.23
Electric Equipment	192500.00	0.00	0.00	192500.00	162182.93	13609.75	0.00	175792.68	16707.32	30317.07
Intangible Asset										
Computer Software	3481275.00	0.00	0.00	3481275.00	3481275.00	0.00	0.00	3481275.00	0.00	(0.00)
Total as at 31.03.2013	13684575.05	7050.00	3010000.00	10681625.05	5910263.87	572916.17	0.00	6483180.03	4198445.01	7774311.18
Total as at 31.03.2012	13675675.05	8900.00	0.00	13684575.05	5338109.56	572154.31	0.00	5910263.87		

9.1 Land transferred to "Stock in trade" vide board resolution dated 30th June 2012 as due to technical reasons the land can not be used for mining purposes.

Note 10: Non-current investments

Other than trade (at cost):	Numbers	Amount(₹)	Numbers	Amount(₹)
Quoted: Investments in fully paid equity instruments:				
Ambitious Plastomac Company Limited having face value of ₹ 10/-	206400	6147550.00	206400	6147550.00
Suryajyoti Spinning Mills Limited having face value of ₹ 10/- #	75000	4053828.95	75000	4053828.95
Vakrangee Software Limited having face value of ₹ 1/- (P.Y ₹ 10/-)	720	5952.39	36	5952.39
Unquoted: Investments in fully paid equity instruments:				
a) Investment in a Subsidiary Company (refer note 26)				
Sukartik Clothing Pvt. Ltd having face value of ₹ 10/-	121000	16700000.00	121000	16700000.00
b) Investment in an Associate Company: (refer note 26)				
Bhuta Investment Pvt Ltd having face value of ₹ 100/-	60000	12000000.00	60000	12000000.00
c) Investment in Shares of other Companies:				
T.N.R Infrastructures Limited having face value of ₹ 10/-	1435000	107625000.00	1435000	107625000.00
Reliable Smart City Private Limited having face value of ₹ 10/-	0	0.00	400000	4000000.00
Investments in Government securities				
National Saving Certificates*	230	23000.00	230	23000.00
Other non-current investment				
Silver bar	16.445Kg	304783.00	16.445Kg	304783.00
Total		146860114.34		150860114.34
Particulars	Book value (₹)	Market value (₹)**	Book value (₹)	Market value (₹)**
Aggregate value of:				
Quoted investments	10207331.34	1139448.00	10207331.34	2037925.80
Unquoted investments	136325000.00	N.A.	140325000.00	N.A.

(*) stands in the name of one of the directors

** The market value of quoted investments is based on the Bombay Stock Exchange quotations as on 31.03.2013 or nearest traded date, wherever available. The market value of shares, for which the quotations of the Bombay Stock Exchange were not available, has been considered as nil.

75000 equity shares of Suryajyoti Spinning Mills Limited, were given as security to VSB Investment Private Limited, towards margin for trading in shares and securities.

Note 11: Long term loans and advances

Unsecured, considered good				
Security deposit				
Share Application money		30000.00		30000.00
To a company in which two directors of the company are members and director	575000.00		575000.00	
Others	0.00		2000000.00	
Intercorporate Loans		575000.00		2575000.00
Total		20250000.00		0.00
		203105000.00		2605000.00

Note 12: Other non current assets

Minimum alternate tax credit entitlement		13510073.00		13510073.00
Total		13510073.00		13510073.00

Particulars	As at 31.03.2013	As at 31.03.2012
Note 13: Inventories		
Stock-in- trade- Shares	17806062.19	28044442.06
Total	<u>17806062.19</u>	<u>28044442.06</u>
Details of Stock -in- trade- Shares(Face value of ₹ 10/- each):		
343213 (P.Y 538913) equity shares of Gini Silk Mills Ltd	11034297.95	21529574.35
1200(P.Y 1200) equity shares of Jayavant Products Limited	41940.00	28560.00
75(P.Y Nil) equity shares of J.Kumar Infra Project Ltd	11205.61	11205.61
573733 (P.Y 616733 equity shares of Pankaj Polymers Limited (PPOL)	6718413.43	4175282.41
Nil (P.Y 271522) equity shares of Pankaj Polypack Limited (PPL)*	0.00	2299551.67
18(P.Y 18) equity shares of Reliable Ventures India Limited	205.20	268.02
Total	<u>17806062.19</u>	<u>28044442.06</u>
* allotted as per scheme of demerger of PPOL in the ratio of 12:5, accordingly, the carrying cost of PPL shares has been adjusted.		
Note 14: Trade receivables		
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payments	342194.75	0.00
Other debts		
Due from a company in which a director of the company is member and director	0.00	342194.75
Due from a director	<u>531000.00</u>	<u>0.00</u>
Total	<u>873194.75</u>	<u>342194.75</u>
Note 15: Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
In a Current account	116851.67	3280345.96
In a Unpaid dividend account*	162816.40	149272.00
Cash in hand	198755.00	53969.00
Other bank balances		
Fixed deposits with banks with maturity period more than 3 months but upto 12 months.	66749.00	24524.00
Fixed deposits with banks with maturity period more than 12 months.	0.00	0.00
Less: Fixed deposits with banks with maturity period more than 12 months transferred to "Other Non Current Assets", refer note 12)	0.00	0.00
Total	<u>545172.07</u>	<u>3508110.96</u>
* Earmarked against the corresponding provision.		
Note 16: Short term loans and advances		
Unsecured, considered good		
Loans and advances to related parties (refer note 28)		
Office Deposits to Associate company	10000000.00	30000000.00
Loan to Subsidiary company	13000000.00	11000000.00
Loan to Associate company	2975000.00	0.00
Intercompany loans		
To the companies in which director(s) is(are) member(s) and director(s)	5250000.00	13250000
Others	<u>22679737.13</u>	<u>22204752.13</u>
Prepaid expenses	27929737.13	35454752.13
Advance to employees	42197.00	23171.00
Other receivables	13000.00	5000.00
	500000.00	0.00
Total	<u>54459934.13</u>	<u>76482923.13</u>
Note 17: Other current assets		
Interest Accrued on fixed deposits	20655.60	20201.03
Interest Accrued on National saving certificate	2376.00	2197.00
Total	<u>23031.60</u>	<u>22398.03</u>

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Note 18: Revenue from operations		
Sale of Shares	16886041.74	210939597.73
Profit (loss) on sale of Shares transaction - intra-day	(11609.00)	(10510503.88)
Profit (loss) on Shares transactions- F & O	(5204333.50)	(84541731.89)
Sale of Land (refer note 9.1)	8155000.00	0.00
Other operating revenues		
Dividend	267019.50	983392.75
Commission	5142440.00	50250000.00
Total	5409459.50	51233392.75
	25234558.74	167120754.71
Note 19: Other income		
Interest		
on fixed deposits	259790.18	590.43
on National saving certificate	2376.00	2197.00
on Loans	121685.00	149479.00
Net gain on sale of Non-current investments	383851.18	152266.43
	0.00	90380770.97
Total	383851.18	90533037.40
Note 20: Purchases of Stock in trade		
Shares & Securities	8818128.67	190795123.25
Cost of land transferred from fixed asset (refer note 9.1)	3010000.00	0.00
Total	11828128.67	190795123.25
Note 21: Changes in inventories		
Opening stocks:		
Stock in Trade - Shares	28044442.06	69439972.75
Less: Closing stocks:		
Stock in Trade - Shares	17806062.19	28044442.06
Total	10238379.87	41395530.69
Note 22: Employee benefit expenses		
Salaries and Wages	614060.00	639741.00
Contribution to Provident Fund and other funds	43007.00	49961.00
Staff Welfare Expenses	47965.00	57482.00
Total	705032.00	747184.00
Note 23: Finance cost		
Interest paid on loan	0.00	5204031.00
Interest on late payment of taxes	0.00	193775.00
Total	0.00	5397806.00
Note 24: Other expenses		
Advertisement and publicity	170708.00	113713.00
Auditors' remuneration (refer note 27)	302492.00	308842.00
Bank charges	7311.46	430.90
Commission and brokerage	0.00	158938.00
Communication expenses	65835.00	192168.00
Demat charges	4588.82	145176.36
Donation	0.00	631100.00
General expenses	61891.19	60650.07
Insurance	633.00	917.00
Legal and professional charges	170166.40	146807.00
Bad debts	134689.42	0.00
Printing and stationery	23670.00	81565.00
Prior Period Exp.	1500.00	1086.00
Rates and taxes	36840.00	41721.00
Repairs and maintenance	14384.00	17473.00
Securities Transaction Tax	56122.72	1691804.00
Share Trading Expenses	218778.83	8612485.38
Travelling and conveyance	64850.00	80966.00
Total	1334460.84	12285842.71
Note 25 : Earning per equity share		
Net profit (loss) after tax	UNIT	
	₹	664298.37
Weighted average number of shares used in computing basic earnings per share	Numbers	-24658
Face value of equity shares	₹	10
Basic earnings per share	₹	1.33
Diluted earnings per share	₹	0.14

Note 26: Contingent Liabilities not provided for:

The disputed demand outstanding from the Assessment year 2005-06 to 2011-12 is ₹ 4,66,59,674/-. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

Note 27: Payment to Auditors (including service tax)

Statutory audit under the Companies Act 1956	196630.00	193025.00
Tax Audit under the Income Tax Act 1961	33708.00	33090.00
Taxation matters	8427.00	8272.50
Certifications	30899.00	30334.50
Others	32828.00	44120.00
	<u>302492.00</u>	<u>308842.00</u>

Note 28 : Related party disclosures

Related party disclosures as required by Accounting Standard (AS) -18 "Related Party Disclosures", notified by Companies (Accounting Standards) Rules, 2006(as amended) are given below:

- I) Names of related parties and description of relationships
- Subsidiary Company
Sukartik Clothing Private Limited
 - Associate Company
Bhuta Investment Private Limited
- II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	Volume of Transactions		Balances as on	
	2012-13	2011-12	31.03.2013	31.03.2012
Current liabilities				
Short term borrowings				
Unsecured Loans:				
Bhuta Investment Private Limited	8350000.00	58100000.00	0.00	8350000.00
Non current assets				
Non-current investments				
Unquoted: Investments in fully paid equity instruments:				
Sukartik Clothing Private Limited	0.00	0.00	16700000.00	16700000.00
Bhuta Investment Private Limited	0.00	0.00	12000000.00	12000000.00
Current assets				
Short term loans and advances				
Office Deposit				
Bhuta Investment Private Limited	20000000.00	0.00	10000000.00	30000000.00
Intercompany loans				
Sukartik Clothing Private Limited	2000000.00	1000000.00	13000000.00	11000000.00
Bhuta Investment Private Limited	2975000.00	0.00	2975000.00	0.00

Sub note: Related party relationship is identified by the Company and relied upon by the auditors.

Note 29: The company has provided gratuity payable to its employees at full value without ascertaining the present value of future payment of gratuity as the Payment of Gratuity Act, 1972 is, in view of number of employees, not applicable to the company. The company has recognised as an expense, the short term benefits to its employees such as bonus, leave encashment etc.

Note 30: The management is proposing to make applications for condonation for following non-compliances to the appropriate authorities:

- Loans & Advances, involving an amount of ₹ 82,25,000/- (year end outstanding ₹ 82,25,000/-) given by the company during the year, are in contravention of provisions of Section 295 of the Act;
- Contracts of purchase and sale of shares and securities, amounting to ₹ 3,67,487.20/- and ₹ 32,46,584.94/- respectively entered into by the company at arm length prices during the year, are in contravention of provisions of section 297 of the Act;

Note 31 : The Company has taken office premises on lease and license basis. The same is not non-cancellable and for a period of 11 months and renewable at the mutual consent at mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with agreed terms. No rentals are payable on such lease

Note 32: The Company has reclassified previous year figures to conform to this year's classification.

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
Firm registration No. 100156W

For and on behalf of board

Anuja Dedhia
Partner
Membership no. 123589

Ramakant Gaggar
Director

Suresh Gaggar
Director

Mumbai
Dated: 27th May 2013

Mumbai
Dated: 27th May 2013

INDEPENDENT AUDITORS' REPORT

TO,
THE BOARD OF DIRECTORS,
GARNET INTERNATIONAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GARNET INTERNATIONAL LIMITED ("the Company") and its subsidiary M/s. Sukartik Clothing Private Limited (hereinafter referred to as "the subsidiary"), collectively referred to as "the Group", as at 31st March 2013, which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956(" the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments in paragraphs 1 and 2 under the heading "Other matters" below and the consequential impact thereof which are not quantifiable*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other matters

1. As stated in note 31 to the consolidated financial statements:

- i) *Loans & Advances, involving an amount of ₹ 82,25,000/- (year end outstanding ₹ 82,25,000 -/-) given by the Company during the year under review, are in contravention of provisions of Section 295 of the Act; and*
- ii) *Contracts of purchase and sale of shares amounting to ₹ 3,67,487.20/- and ₹ 32,46,584.94/- respectively entered in to by the Company during the year, are in contravention of provisions of section 297 of the Act;*

The possible impact of these non-compliances, in the event of the Company's condonation requests are not granted has not been determined or recognized in the financial statements.

2. As stated in note 32 on consolidated financial statements, *the subsidiary has, during the year, not made provision for gratuity as per Accounting Standard-15, the financial impact of the same, as given in the said note, is not ascertainable and therefore cannot be commented upon.*
3. Contrary to the statutory requirement, the Company and the subsidiary, during the year, had no internal audit system.

For R.S.AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

Anuja Dedhia
Partner
Membership No. 123589

Place: Mumbai
Date: 27th May 2013

GARNET INTERNATIONAL LIMITED
Consolidated Balance Sheet as at 31st March 2013

(Amount in ₹)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	62250000.00	47250000.00
Reserves and surplus	3	<u>363778493.87</u>	<u>174483493.11</u>
		426028493.87	221733493.11
Minority Interest			
		23311429.64	21772536.15
Non-current liabilities			
Long Term Borrowing	4	9575.44	116175.59
Deferred tax liabilities (net)	5	<u>2197761.00</u>	<u>1805487.00</u>
		2207336.44	1921662.59
Current liabilities			
Short term borrowings	6	13726700.00	20769140.00
Trade payables	7	9146717.70	10305579.51
Other current liabilities	8	8704397.36	40180897.50
Short term provisions	9	<u>712487.30</u>	<u>2179564.75</u>
		32290302.36	73435181.76
TOTAL		<u>483837562.31</u>	<u>318862873.62</u>
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	10	51165954.51	56910040.58
Intangible assets	10	<u>34723.75</u>	<u>34723.75</u>
		51200678.26	56944764.32
Non-current investments	11	125621900.69	129892304.66
Long term loans and advances	12	203523190.00	3082351.13
Other non current assets	13	<u>13510073.00</u>	<u>13826163.00</u>
		393855841.95	203745583.11
Current assets			
Inventories	14	25304784.13	33053574.78
Trade receivables	15	16150617.05	10829941.40
Cash and bank balances	16	5420076.75	4218551.06
Short term loans and advances	17	42708044.13	66958812.95
Other current assets	18	<u>398198.30</u>	<u>56410.32</u>
		89981720.36	115117290.51
TOTAL		<u>483837562.31</u>	<u>318862873.62</u>
Contingent Liabilities and Commitmen (To the extent not provided for)	27		
Significant accounting policies	1		
See accompanying notes to financial statements			

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
Firm registration No. 100156W

For and on behalf of the board

Anuja Dedhia
Partner
Membership no. 123589

Ramakant Gaggar
Director

Suresh Gaggar
Director

Place: Mumbai
Dated: 27th May 2013

Place: Mumbai
Dated: 27th May 2013

GARNET INTERNATIONAL LIMITED
Consolidated Statement of Profit and Loss for the year ended 31st March 2013

(Amount in ₹)

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
Gross revenue from operations	19	91554377.32	214944316.09
Less: Excise Duty		(1332051.85)	(1144190.00)
Net revenue from operations		90222325.47	213800126.09
Other income	20	545399.32	90641412.74
Total Revenue		90767724.79	304441538.83
Expenses:			
Cost of materials consumed	21	27898006.66	17798244.99
Purchases of stock-in-Trade	22	12709551.67	191100763.25
Changes in inventories	23	8504980.93	39834441.02
Employee benefit expenses	24	3932942.00	3769197.00
Finance cost	25	23645.43	5426613.16
Depreciation and amortisation expenses	10	4676354.34	4517693.58
Other expenses	26	27579760.29	33372615.64
Total expenses		85325241.33	295819568.64
Profit before Tax		5442483.46	8621970.19
Tax expenses			
Current tax		1295100.00	2165525.00
Deferred tax		392274.00	2423249.00
MAT credit entitlement		0.00	(1900677.00)
Tax adjustment for earlier years		0.00	0.00
		1687374.00	2688097.00
Profit after tax before share of result of Associates and minority interest		3755109.46	5933873.19
Add/(Less): Minority Interest		(1538893.49)	181948.86
Add/(Less): Share in Profit (Loss) of an Associate		(270403.97)	(235192.29)
		(1809297.46)	(53243.43)
Profit after tax for the year		1945812.00	5880629.76
Earning per equity share	27		
Basic and Diluted		0.41	1.24
Significant accounting policies	1		
See accompanying notes to financial statements			

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
Firm registration No. 100156W

For and on behalf of the board

Anuja Dedhia
Partner
Membership no. 123589

Ramakant Gaggar
Director

Suresh Gaggar
Director

Place: Mumbai
Dated: 27th May 2013

Place: Mumbai
Dated: 27th May 2013

(A) CASH FLOW FROM OPERATING ACTIVITIES	For the year ended 31.03.2013	For the year ended 31.03.2012
Net Profit before Tax and Extraordinary Items	5442483.46	8621970.19
Adjustment for		
Depreciation	4676354.34	4517693.58
Miscellaneous Expenditure written off	0.00	0.00
Loss / (Profit) on sale of Land	(5145000.00)	0.00
Loss / (Profit) on sale of Investments	(11609.00)	(79870267.09)
Investment Income		0.00
- Interest	(161548.14)	(260641.77)
- Dividend	(383851.18)	(983392.75)
Interest Expenses	(243374.07)	5423532.16
Operating Profit before Working Capital changes	4173455.41	(62551105.68)
Adjustment for		
- Trade and other Receivables	(183911694.81)	(1190509.14)
- Inventories	7748790.65	40187913.89
- Trade Payables	(32643345.53)	46896795.27
Cash generated from operations	(204632794.28)	23343094.35
Advance Tax & TDS	(2236462.32)	(1246584.49)
Cash flow before Extraordinary Items	(206869256.60)	22096509.86
Extraordinary Items	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	(206869256.60)	22096509.86
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments (Net)	4000000.00	(57742416.67)
Purchase of Fixed Assets	(1942268.28)	(3463426.45)
Loan (given) / Refund	0.00	0.00
Sale of Fixed Assets	8155000.00	0.00
Interest / Other income	161548.14	260641.77
Profit / (Loss) on sale of Investments	11609.00	79870267.09
Dividend received	383851.18	983392.75
Proceeds from / Payment for Deposits	0.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	10769740.04	19908458.49
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	15000000.00	0.00
Premium on Share Capital	187349188.75	0.00
Share Application Money	0.00	0.00
Miscellaneous Expenditure	0.00	0.00
Proceeds from Long Term Borrowings	0.00	280000.00
Repayment of Long Term Borrowings	(92670.57)	(71153.84)
Increase (decrease) in unsecured loans	0.00	0.00
Proceeds from Short Term Borrowings	2000000.00	20534140.00
Repayment of Short Term Borrowings	(7042440.00)	(72500000.00)
Changes in Working Capital Borrowings from Banks	0.00	0.00
Interest Paid	243374.07	(5423532.16)
Dividend paid	(472500.00)	(4725000.00)
NET CASH FROM FINANCING ACTIVITIES	196984952.25	(61905546.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	885435.69	(19900577.65)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4218551.06	24119128.71
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	5103986.75	4218551.06

Notes to cash flow statement:

- All figures in brackets are outflow.
- Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date

For R.S.AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

For and on behalf of the Board

Anuja Dedhia
Partner
Membership No. 123589

Suresh Gaggar
Director

Ramakant Gaggar
Director

Place : Mumbai
Dated: 27th May 2013

Place : Mumbai
Dated: 27th May 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS:

1. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated positions of the Companies. Recognising this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.
2. Principles of Consolidation :

The Consolidated Financial Statements relate to Garnet International Limited and its subsidiary Sukartik Clothing Private Limited. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006. The Consolidated financial Statements have been prepared on the following basis:

 - a) The Financial Statements of the Company and its subsidiary company have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. after fully eliminating Intra group balances, intra group transactions and unrealized profits or losses.
 - b) The difference between the costs of investment in the subsidiary and the Company's share of equity at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
 - c) The difference between the proceeds from the disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary
 - d) Minority Interest's share of net profit (loss) of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
 - e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
 - f) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements"
 - g) As far as possible, the consolidated financial statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements
3. Significant accounting policies :
 - a) CAPITAL WORK IN PROGRESS

The cost incurred for fixed assets, the construction of which is not completed, are included under "capital work-in-progress" and the same are classified and added to the respective assets on the completion.
 - b) VALUATION OF STOCK OF SHARES AND SECURITIES AND INVENTORIES
 - (i) Shares and securities held as "stock-in-trade" are valued at cost or net realizable value whichever is lower and on FIFO basis.
 - (ii) Valuation of inventories is exclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
 - (iii) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
 - (iv) Stores, spares and tools are being valued at weighted average cost.
 - (v) Goods in transit, if any, are stated at actual cost up to the date of the Balance Sheet.
 - (vi) Finished stocks are being valued at direct cost or net realisable values whichever is lower.
 - c) REVENUE RECOGNITION
 - (i) Incomes from investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.
 - (ii) Sale of Goods is recognized on transfer of significant risks and rewards of ownership which is on the dispatch of goods.
 - (iii) Sales are stated net of discount, claims, and shortage. Commission, brokerage and incentives on sales, wherever applicable, have been separately recognized as an expense.
 - (iv) Incomes from job charges are recognized as and when the services are rendered.
 - (v) Interest income is accounted on accrual basis.
 - d) PRIOR PERIOD EXPENSES/INCOME

The group follows the practice of making adjustments through "prior period items" in respect of all material transaction pertaining to the period prior to current accounting period/year.
 - e) MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure, such as preliminary expenditure and share issue expenditure is amortized over a period of 5 years, as the case may be, from the financial year in which it is incurred.
 - f) EMPLOYEE BENEFITS
 - (i) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.

- (ii) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects are taken up by the company.

g) BORROWING COSTS

The group capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the group uses the interest rates applicable to that specific borrowing as the capitalization rate. Capitalization of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit and Loss Account.

h) SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies of the group. Segments have been identified in line with the Accounting Standard - 17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

i) EXCISE DUTY

- (i) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- (ii) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- (iii) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

j) TRANSACTION IN FOREIGN CURRENCIES

- (i) Initial Reorganisation: Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.
- (ii) Conversion: Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.
- (iii) Exchange Difference: The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.
In case the monetary items are covered by the forward exchange contracts, the difference between the yearend exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.
- (iv) Forward Exchange Contracts: In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.
Exchange differences on such contracts are recognised in the statement of profit and loss account in the year in which the exchange rate changes.
Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.
In case of transactions covered by forward exchange contracts, which are intended for trading or speculation purposes, the premium/discount is ignored and at each balance sheet date, the value of the contract is marked to its market value and gain/loss on the contract is recognised.
- (v) Non-monetary foreign currency items such as investments are carried at cost.

k) IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

4. Other significant accounting policies :

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
Note 2: Share capital				
	Numbers	Amount(₹)	Numbers	Amount(₹)
Authorised:				
Equity Shares of ₹10/- each	7500000	75000000.00	7500000	75000000.00
Total		<u>75000000.00</u>		<u>75000000.00</u>
Issued, subscribed and paid-up :				
Equity Shares of ₹10/- each fully paid	6225000	62250000.00	4725000	47250000.00
Total		<u>62250000.00</u>		<u>47250000.00</u>
2.a Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :-				
Particulars	Numbers	Amount (₹)	Numbers	Amount (₹)
Outstanding at the beginning of the year	4725000	47250000.00	4725000	47250000.00
Issued during the year	1500000	15000000.00	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	6225000	62250000.00	4725000	47250000.00
2.b During the year the Company has, on preferential basis, allotted 1500000 equity share of ₹ 10/- at a premium of ₹ 125/- per share as per SEBI Guidelines. Expenses relating to it has been reduced from the Securities Premium.				
2.c The equity shares of the Company have rights and restrictions as prescribed under law, in particular the Companies Act, 1956.				
2.d Shareholders holding more than 5% of the share capital at the end of the year:				
Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Shri Ramakant Gaggar	979079	15.73	908743	19.23
Evergreen Infotech & Datacom Private limited	500778	8.04	500778	10.60
Smt. Indra Gaggar	454921	7.31	458921	9.71
Shri Suresh Gaggar	464206	7.46	487206	10.31
Navkar Corporation Limited	1500000	24.10	-	-
Note 3: Reserves and surplus				
Securities premium				
Balance at the beginning of the year	139000000.00		139000000.00	
Add: Received during the year on issue of shares	<u>187500000.00</u>		<u>0.00</u>	
	326500000.00		139000000.00	
Less : Share issue expenses	<u>150811.25</u>	326349188.75	<u>0.00</u>	139000000.00
Capital Reserve on consolidation				
At the beginning of the year and at the end of year		4948062.98		4948062.98
Surplus in Statement of Profit and loss :				
Balance at the beginning of the year	30535430.13		25203951.37	
Add (less): Profit (loss) after tax for the year	<u>1945812.00</u>		<u>5880629.76</u>	
Less:				
Proposed dividend for the year [Dividend per share ₹ NIL (P.Y. ₹	0.00		472500.00	
Provision for tax on proposed dividend for the year	<u>0.00</u>		<u>76651.00</u>	
		32481242.14		30535430.13
Total		<u>363778493.87</u>		<u>174483493.11</u>
Note 4: Long term borrowings				
Secured Loan				
Vehicle loan from HDFC bank		9575.44		116175.59
Total		<u>9575.44</u>		<u>116175.59</u>
(a) Nature of security : Hypothecation of the vehicle financed by the bank.				
(b) Terms of Repayment: : 35 EMIs commencing from June 2011 of ₹ 9688/- each (outstanding EMI'S 13).				
(c) Current maturities of EMIs has been grouped under "Other Current Liabilities" refer note 8.				
Note 5: Deferred tax liabilities (Net)				
Deferred Tax Liabilities on account of :				
Depreciation		2217460.00		1863030.00
Deferred Tax Assets on account of :				
Business Losses *		0.00		39682.00
Gratuity		19699.00		17861.00
Total		<u>2197761.00</u>		<u>1805487.00</u>
* Deferred tax assets arising on losses has not been recognized in view of uncertainty in generating the profit in the future.				
Note 6: Short term borrowings				
Unsecured Loans:				
Loans repayable on demand from:				
Associate Company (refer note 29)	0.00		8350000.00	
Others Companies	<u>13726700.00</u>		<u>12419140.00</u>	
Total		<u>13726700.00</u>		<u>20769140.00</u>

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
Note 7: Trade payables		
Micro and small enterprises*	0.00	0.00
Others	9146717.70	10305579.51
Total	9146717.70	10305579.51

* As per the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, none of the suppliers are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2012".

Note 8: Other current liabilities

Current maturities of a long-term debt	106600.15	92670.57
Unpaid dividends*	162816.40	149272.00
Overdrawn Bank balance	0.00	846558.93
Creditors for capital expenditure	324236.81	149715.00
Payables to Employees	824775.00	601937.00
Advance from Customers	98563.00	161542.00
Statutory liabilities	297981.00	254928.00
Accrued expenses	469425.00	374274.00
Other payables	6420000.00	37550000.00
Total	8704397.36	40180897.50

* There is no outstanding dues to be paid to Investor Education and Protection Fund.

Note 9: Short term provisions

Provision for employees benefits (Gratuity) (refer note 32)	63750.00	57804.00
Provision for taxation (net of taxes paid)	648737.30	1572609.75
Provision for proposed dividend	0.00	472500.00
Provision for tax on proposed dividend	0.00	76651.00
Total	712487.30	2179564.75

Note 11: Non-current investments

Other than trade (at cost):	Numbers	Amount(₹)	Numbers	Amount(₹)
Quoted: Investments in fully paid equity instruments:				
Ambitious Plastomac Company Limited having face value of ₹ 10,	206400.00	6147550.00	206400	6147550.00
Suryajyoti Spinning Mills Limited having face value of ₹ 10/- #	75000.00	4053828.95	75000	4053828.95
Wakrangee Software Limited having face value of ₹ 10/-	720.00	5952.39	720	5952.39
Unquoted: Investments in fully paid equity instruments:				
a) Investment in an Associate Company: (refer note 30)				
Bhuta Investment Private Limited having face value of ₹100/	60000.00	7461786.35	60000	7732190.32
b) Investment in other Companies:				
T.N.R Infrastructures Limited having face value of ₹10/- @	1435000.00	107625000.00	1435000	107625000.00
Reliable Smart City Private Limited having face value of ₹10/	0.00	0.00	400000	4000000.00
Investments in Government securities				
National Saving Certificates*	230.00	23000.00	230	23000.00
Other non-current investment				
Investment in Silver bar	16.445Kg	304783.00	16.445Kg	304783.00
Total		125621900.69		129892304.66
Particulars	Book value (₹)	Market value (₹)**	Book value (₹)	Market value (₹)**
Aggregate value of:				
Quoted investments	10207331.34	1139448.00	10207331.34	2037925.80
Unquoted investments	115086786.35	N.A.	11957190.32	N.A.

(*) stands in the name of one of the directors

** The market value of quoted investments is based on the Bombay Stock Exchange quotations as on 31.03.2012 or nearest traded date, wherever available. The market value of shares, for which the quotations of the Bombay Stock Exchange were not available, has been considered as nil.

75000 equity shares of Suryajyoti Spinning Mills Limited, were given as security to VSB Investment Private Limited, towards margin for trading in shares and securities.

@Particulars of investment in Associate company:

Name of the Associate :	Bhuta Investment Private limited	
	As at 31.03.2013	As at 31.03.2012
Particulars		
No. of Equity Shares held :	60000	60000
% of holding :	32.43%	32.43%
Original cost of Investment :	12000000.00	12000000.00
Amount of Goodwill in original cost :	3380432.65	3380432.65
Share in accumulated Profit/ (Loss) / Reserves :	(887377.03)	(652184.74)
Share in current year Profit/(Loss) :	(270403.97)	(235192.29)
Carrying amount of Investment :	7461786.35	7732190.32

Note 12: Long term loans and advances

Unsecured, considered good		
Security deposits	360250.00	360250.00
Advance tax (net of provision for tax)	0.00	59161.13
Unsecured, considered doubtful		
Advance for capital goods	87940.00	87940.00
Share Application money		
To a company in which two directors of the company are members and directors	575000.00	575000.00
Others	0.00	2000000.00
Intercompany Loans	20250000.00	0.00
Total	203523190.00	3082351.13

Note 13: Other non current assets

Minimum alternate tax credit entitlement	13510073.00	13826163.00
Total	13510073.00	13826163.00

GARNET INTERNATIONAL LIMITED
Notes on Consolidated Financial Statements for the Year ended 31st March 2013
Note 10: Fixed assets

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 31.03.2012	Addition during the year	Sold / Transfer during the year *	As at 31.03.2013	Total up to 31.03.2012	Provided for the year	Written back during the year	Total up to 31.03.2013	Total as at 31.03.2013	Total as at 31.03.2012
Tangible assets										
Land	7438690.00	0.00	3010000.00	4428690.00	0.00	0.00	0.00	0.00	4428690.00	7438690.00
Office Premises	1042601.00	0.00	0.00	1042601.00	120376.97	16994.40	0.00	137371.37	905229.63	922224.03
Office Equipments	2007836.05	153780.00	0.00	2161616.05	803120.86	137395.77	0.00	940316.62	1221099.43	1204715.19
Factory Building	8587242.16	174217.00	0.00	8761459.16	408261.19	290729.40	0.00	698990.58	8062468.58	8178980.97
Plant And Machinery	32776541.45	1563237.28	0.00	34339778.73	3618117.93	3436323.48	0.00	7054441.42	27285387.31	28158423.52
Furniture And Fixtures	492356.30	28933.00	0.00	521289.30	65705.99	31997.34	0.00	97703.33	423585.98	426650.31
Electric Equipment	192500.00	0.00	0.00	192500.00	162182.93	13609.75	0.00	175792.68	16707.32	30317.07
Computers	757687.93	22101.00	0.00	779788.93	595631.40	46659.70	0.00	642291.10	137497.82	162056.52
Vehicles	7396258.00	0.00	0.00	7396258.00	1388707.70	702644.51	0.00	2091352.21	5304905.79	6007550.30
Intangible assets										
Computer Software	3531275.00	0.00	0.00	3531275.00	3496551.25	0.00	0.00	3496551.25	34723.75	34723.75
Goodwill arise on consolidation	3380432.65	0.00	0.00	3380432.65	0.00	0.00	0.00	0.00	3380432.65	3380432.65
Total as at 31.03.2013	67603420.54	1942268.28	3010000.00	66535688.82	1065856.22	4676354.34	0.00	15335010.56	51200678.26	56944764.32
Total as at 31.03.2012	63482182.09	3324212.45	0.00	66806394.54	6062093.04	4426106.32	0.00	10468199.36		

10.1 Land transferred to "Stock in trade" vide board resolution dated 30th June 2012 as due to technical reasons the land can not be used for mining purposes.

Particulars	As at 31.03.2013	As at 31.03.2012
Note 14: Inventories		
Raw Materials	3620515.30	3042209.15
Work in progress	0.00	1508250.00
Finished goods	3209720.00	60985.97
Stock-in trade:		
Shares and securities	17806062.19	28044442.06
Fabrics	266440.61	179220.67
	18072502.80	28223662.73
Consumables	402046.04	218466.94
Total	25304784.13	33053574.78

Details of Raw Materials:		
Yarn	1784300.78	1989265.13
Dyes & Cemicsals	1836214.52	1052944.01
	3620515.30	3042209.15
Details of work in progress:		
Garments	0.00	1508250.00
Details of Finished goods:		
Garments	3209720.00	60985.97
Details of Stock-in trade:		
Shares and securities (Face value of ₹ 10/- each):		
343213 (P.Y 538913) equity shares of Gini Silk Mills Ltd	11034297.95	21529574.35
1200(P.Y 1200) equity shares of Jayavant Products Limited	41940.00	28560.00
75 (P.Y Nil) equity shares of J.Kumar Infra Project Ltd	11205.61	11205.61
573733 (P.Y 616733) equity shares of Pankaj Polymers Limited (PPOL)	6718413.43	4175282.41
Nil (P.Y 271522) equity shares of Pankaj Polypack Limited (PPL)*	0.00	0.00
18(P.Y 18) equity shares of Reliable Ventures India Limited	205.20	268.02
Fabric	266440.61	179220.67

* allotted as-per scheme of demerger of PPOL in the ratio of 12:5, accordingly, the carrying cost of PPL shares has been adjusted.

Note 15: Trade receivables

Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payments	1730572.40	419090.00
Other debts		
Due from a company in which a director of the company is member and director	0.00	342194.75
Due from a director	531000.00	0.00
Others	13889044.65	10,068,656.65
	14420044.65	10410851.40
Total	16150617.05	10829941.40

Note 16: Cash and bank balances

Cash and cash equivalents:		
Balances with banks		
In Current accounts	1069934.11	3286557.98
Unpaid dividends*	162816.40	149272.00
Cash in hand	436474.62	541894.45
Other bank balances:		
Fixed deposits with banks with maturity period more than 3 months but upto 12 months.	3750851.62	240826.63
Fixed deposits with banks with maturity period more than 12 months.	0.00	0.00
Less: Fixed deposits with banks with maturity period more than 12 months transferred to "Other Non Current Assets", refer note 13)	0.00	0.00
Total	5420076.75	4218551.06

* Earmarked against the corresponding provision.

Note 17: Short term loans and advances

Unsecured, considered good

Loans and advances to related parties (refer note 29)		
Office Deposits to Associate company	10000000.00	30000000.00
Loan to Associate company	2975000.00	0.00
Intercompany loans		
To the companies in which director(s) is(are) member(s) and director(s)	5250000.00	13250000
Others	22679737.13	22204752.13
	27929737.13	35454752.13
Advance to suppliers	105836.00	11470.00
Prepaid expenses	215213.00	217163.00
Advance to employees	13000.00	10000.00
Vat credit receivable	906137.00	1262004.94
Duty Drawback receivable	63121.00	0.00
Other receivables	500000.00	3422.88
Total	42708044.13	66958812.95

Note 18: Other current assets

Interest Accrued on fixed deposits	44227.30	23886.32
Interest Accrued on National saving certificate	2376.00	2197.00
Interest Accrued on security deposit	35505.00	30327.00
Minimum alternate tax credit entitlement	316090.00	0.00
	398198.30	56410.32

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Note 19: Revenue from operations		
Sales :		
Shares and securities	16886041.74	210939597.73
Garments		
Local	36094243.50	25552244.20
Export	829029.60	0.00
	<u>36923273.10</u>	<u>25552244.20</u>
Dyes & Chemicals	25150.40	0.00
Sale of Land (refer note 10.1)	8155000.00	0.00
Profit (loss) on sale of Shares transaction - intra-day	(11609.00)	(10510503.88)
Profit (loss) on Shares transactions- F & O	(5204333.50)	(84541731.89)
Services:		
job work charges	29371395.08	22271317.18
Other Operating revenues		
Dividend	267019.50	983392.75
Commission	5142440.00	50250000.00
	<u>5409459.50</u>	<u>51233392.75</u>
Less: Excise duty	1332051.85	1144190.00
Total	<u>91554377.32</u>	<u>214944316.09</u>

Note 20: Other income

Interest		
on fixed deposits	318767.32	75268.77
on National saving certificate	2376.00	2197.00
on Loans	121685.00	149479.00
on security deposits	39450.00	33697.00
	<u>482278.32</u>	<u>260641.77</u>
Net gain on sale of Non-current investments	0.00	90380770.97
Export Incentive	63121.00	0.00
Total	<u>545399.32</u>	<u>90641412.74</u>

Note 21: Cost of materials consumed

Opening stocks:				
Raw material				
Yarn	1989265.13		2825813.86	
Stock in Trade	0.00		0.00	
Dyes & Chemicals	1052944.01		552516.31	
	<u>3042209.14</u>		<u>3378330.17</u>	
Add : Cost of purchases				
Raw materials				
Yarn	5399894.34		2821692.49	
Stock in Trade	0.00		0.00	
Dyes & Chemicals	23076418.47		14640431.47	
	<u>28476312.81</u>		<u>17462123.96</u>	
Less: Closing stock				
Raw material				
Yarn	1784300.78		1989265.13	
Stock in Trade	0.00		0.00	
Dyes & Chemicals	1836214.52		1052944.01	
	<u>3620515.30</u>		<u>3042209.14</u>	
Total	<u>27898006.65</u>		<u>17798244.99</u>	
Imported and Indigenous Raw materials consumed:	Consumption in ₹	% of total consumption	Consumption in ₹	% of total consumption
Imported	0.00	0.00%	613100.49	28.15%
Indigenous	28898006.66	103.58%	17185144.50	71.85%
	<u>28898006.66</u>	<u>103.58%</u>	<u>17798244.99</u>	<u>100.00%</u>

Note 22: Purchases of stock-in-Trade

Fabric	857885.00	305640.00
Dyes & Chemicals	23538.00	0.00
Shares and securities	8818128.67	190795123.25
Cost of land transferred from fixed asset (refer note 10.1)	3010000.00	0.00
	<u>12709551.67</u>	<u>191100763.25</u>

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Note 23: Changes in inventories		
Opening stocks:		
Finished goods	60985.97	97805.22
Stock in Trade :		
Shares and Securities	28044442.06	69439972.75
Fabrics	179220.67	93000.00
	28223662.73	69532972.75
Work in progress	1508250.00	0.00
Less: Closing stocks:		
Finished goods	3209720.00	60985.97
Stock in Trade :		
Shares and Securities	17806062.19	28044442.06
Fabrics	266440.61	179220.67
Work in progress	0.00	1508250.00
Add/(Less): Variation in excise duty on opening and closing stock of finished goods	5694.97	3438.24
Total	8504980.93	39834441.02
Note 24: Employee benefit expenses		
Salaries and Wages	3271501.00	2934958.00
Contribution to Provident Fund and other funds	382285.00	566064.00
Staff Welfare Expenses	279156.00	268175.00
Total	3932942.00	3769197.00
Note 25: Finance cost		
Interest on loan	23585.43	5229757.16
Interest on late payment of taxes	60.00	193775.00
Other borrowing cost	0.00	3081.00
Total	23645.43	5426613.16
Note 26: Other expenses		
Manufacturing Expenses		
Job Charges	7291281.00	5321107.60
Power and Fuel	6288797.79	4823313.53
Stentering Charges	0.00	216315.00
Tubler & Compaction Exp.	35899.00	96146.00
Dyeing Charges	218917.78	223497.59
Packing Expenses	35852.00	658903.55
Fabrication Charges	56821.00	192177.00
Husk and Ash Lifting Charges	113113.00	79800.00
Stores and Spares Consumed*	9490695.20	6758446.30
Insurance	163464.00	149436.00
Repairs & Maintenance(Machinery)	743106.81	436969.96
Compaction Charges	75759.00	46827.00
Shortage Exp.	1094.00	5234.00
	24514800.58	19008173.53
Administration and other expenses		
Brokerage and Commission	26901.00	396116.00
Communication Expenses	210374.36	359232.98
Demat charges	4588.82	145176.36
Advertisement and publicity	170708.00	113713.00
Securities Transaction Tax	56122.72	1691804.00
Share Trading Expenses	218778.83	8612485.38
Legal and Professional Charges	200108.08	215018.00
Auditors' remuneration (refer note 28)	402518.00	413675.00
Insurance	633.00	917.00
General expenses	61891.19	60650.07
Prior Period Exp.	1500.00	1086.00
Donation	7000.00	646100.00
Bank Commission / Charges	8736.86	761.80
Membership and Subscription	31085.00	82224.00
Bad debts	134689.42	0.00
Miscellaneous Expenses	564719.48	411608.06
Printing and Stationery	111406.00	165164.00
Rates and taxes	37350.00	41721.00
Repairs & Maintenance	156323.00	271712.00
Transportation Charges	45640.00	168453.15
Travelling and Conveyance	613073.26	560074.80
	3064147.02	14357692.60
Net foreign exchange loss(gain)	812.69	6749.51
Total	27579760.29	33372615.64

* All stores and spares consumed are indigenous in nature.

Particulars		For the year ended 31.03.2013	For the year ended 31.03.2012
Note 27 : Earning per equity share			
Net profit (loss) after tax	Unit		
Weighted average number of shares used in computing basic earnings per share	₹	1945812.00	5880629.76
Face value of equity shares	Numbers	4749658	4725000
Basic and diluted earnings per share	₹	10	10
	₹	0.41	1.24
Note 28: Payment to Auditors (including service tax)			
Statutory audit under the Companies Act 1956		241574.00	237969.00
Tax Audit under the Income Tax Act 1961		56180.00	55561.00
Taxation matters		19663.00	19508.50
Certifications		32002.00	30334.50
Out of pocket expenses		3417.00	9637.00
Others		49682.00	60665.00
		<u>402518.00</u>	<u>413675.00</u>
Note 29 : Related party disclosures			

Related party disclosures as required by Accounting Standard (AS) -18 "Related Party Disclosures", notified by Companies (Accounting Standards) Rules, 2006(as amended) are given below:

I) Names of related parties and description of relationships
Associate Company

Bhuta Investment Private Limited

II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	Volume of Transactions		Balances as on	
	2012-13	2011-12	31.03.2013	31.03.2012
Current liabilities				
Short term borrowings				
Unsecured Loans:				
Bhuta Investment Private Limited	8800000.00	58100000.00	0.00	8350000.00
Non current assets				
Non-current investments				
Unquoted: Investments in fully paid equity instruments:				
Bhuta Investment Private Limited	0.00	0.00	12000000.00	12000000.00
Current assets				
Short term loans and advances				
Office Deposit				
Bhuta Investment Private Limited	20000000.00	0.00	10000000.00	30000000.00

Sub note: Related party relationship is identified by the Company and relied upon by the auditors.

Note 30: The associate concern charges the depreciation on fixed assets on Written Down Value Method, whereas the group charges the depreciation on fixed assets on Straight Line Method.

Note 31 : The management is proposing to make applications for condonation for following non-compliances to the appropriate authorities:
(i) Loans & Advances, involving an amount of ₹ 82,25,000/- (year end outstanding ₹ 82,25,000/-) given by the company during the year, are in contravention of provisions of Section 295 of the Act;

(ii) Contracts of purchase and sale of shares and securities, amounting to ₹ 3,67,487.20/- and ₹ 27,15,584.94/- respectively entered into by the company at arm length prices during the year, are in contravention of provisions of section 297 of the Act;

Note 32 :

(a) In case of Subsidiary Company: No provision has been made for accrued liability in respect of gratuity payable to employees, as the company is in the process of taking actuarial valuation certificate for present value of future liabilities.

(b) The company has provided gratuity payable to its employees at full value without ascertaining the present value of future payment of gratuity as the Payment of Gratuity Act, 1972 is, in view of number of employees, not applicable to the company. The company has recognised as an expense, the short term benefits to its employees such as bonus, leave encashment etc.

Note 33: Contingent liabilities (to the extent not provided for)

	As at 31.03.2013	Amount(₹) As at 31.03.2012
Undertakings given by the subsidiary company under EPCG Scheme, pending fulfillment of		
a. export obligation	1143839.00	1143839.00

The disputed demand outstanding from the Assessment year 2005-06 to 2011-12 is ₹ 4,66,59,674/-. Based on the decisions of the Appellate authorities and the interpretations of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

Note 34 : The Company has taken office premises on leave and license basis. The same is not non-cancellable and for a period of 11 months and renewable at the mutual consent at mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with agreed terms. No rentals are payable on such lease

GARNET INTERNATIONAL LIMITED
 Consolidated Statement of Profit and Loss for the year ended 31st March 2013

Particulars	(Amount in ₹)	
	For the year ended 31.03.2013	For the year ended 31.03.2012
Note 35: C. I. F. value of imports:		
		(Amount in ₹)
		For the year ended
Raw Materials	2012-2013	2011-2012
Capital goods:	0.00	613100.03
Seamless Knitting Machine	108215.00	0.00
Note 36: Earnings in Foreign Exchange:		
		(Amount in ₹)
		For the year ended
FOB value of Exports *	2012-2013	2011-2012
* based on shipping bill for which BRCs are pending	829029.6	0

Note 37: Detail of Subsidiary and Associate Company considered in the Consolidated Financial Statements are :

a) Subsidiary Company

Sukartik Clothing Private Limited ("the subsidiary")
 Country of incorporation: India
 Proportion of ownership interest as at 31st March 2013 is 50.21% (P.Y. 50.21%).
 Financial statement is drawn up to 31st March 2013

b) Associate Company

Bhuta Investment Private Limited ("the associate")
 Country of incorporation - India
 Percentage of ownership interest as at 31st March 2013 is 32.43% (PY 32.43%)
 Financial statement is drawn up to 31st March 2013.

Note 38: Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary.

Primary segment Disclosure - Business segment

Particulars	Shares and Securities		Textile		Consolidated Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
(i) Segment Revenue						
Operating income	25234558.74	257501525.68	64987766.73	46679371.38	90222325.47	304180897.06
Less: Inter-segment revenue	0.00	0.00	0.00	0.00	0.00	0.00
Net revenue from operations	25234558.74	257501525.68	64987766.73	46679371.38	90222325.47	304180897.06
(ii) Result						
Segment Results	555641.19	11705690.72	4428209.38	2082250.86	4983850.57	13787941.58
Less: Unallocated corporate expenses					0.00	0.00
Operating Profit					4983850.57	13787941.58
Less: Interest expense (Net)					(458632.89)	5165971.39
Profit before Tax					5442483.46	8621970.19
Provision for Taxation (Net)						
Current Tax					1295100.00	2165525.00
MAT Credit Entitlement					0.00	(1900677.00)
Deferred Tax					392274.00	2423249.00
Adjustment for earlier years					0.00	0.00
Profit for the year before Minority Interests					1687374.00	2688097.00
					3755109.46	5933873.19
(iii) Other Information						
Segment Assets	411681027.09	255390406.32	73314316.21	64241522.07	484995343.31	319631928.39
Unallocated Common Assets					0.00	0.00
Total Assets					484995343.31	319631928.39
Segment Liabilities	20546381.05	63915454.51	11622935.02	8063293.09	32169316.07	71978747.60
Unallocated Common Liabilities					0.00	0.00
Total Liabilities					32169316.07	71978747.60
Capital Expenditure	7050.00	8900.00	1935218.28	3315312.45	1942268.28	3324212.45
Depreciation and Amortisation	572916.17	572154.31	4103438.18	3945539.28	4676354.35	4517693.58
Non-cash expenses other than depreciation	0.00	0.00	0.00	0.00	0.00	0.00

Secondary Segment Disclosure - Geographical segment

	Domestic		Overseas		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Revenue from Customers	90222325.47	304180897.06	0.00	0.00	90222325.47	304180897.06

Foot notes:

1 Business Segment :

The group has considered business segments as the primary segment for disclosure. The segments have been identified taking into account the organisational structure as well as the differing risks and returns of these segments. Shares and Securities Segment comprises of income from share trading, intra-day transaction, investments and dividend. Textile Segment comprises of sales of garments and dyeing done on job work basis.

2 Secondary Segment :

The geographical segments are considered for disclosure as secondary segment. Domestic segment includes sales to customers located in India and income accrued in India. Overseas segment includes sales to customers located outside India and income derived from outside India.

3 Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

As per our attached report of even date

For R.S.AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration no. 100156W)

For and on behalf of the Board

Anuja Dedhia
Partner
Membership No. 123589

Suresh Gaggar
Director

Ramakant Gaggar
Director

Place : Mumbai
Dated: 27th May 2013

Place : Mumbai
Dated: 27th May 2013

GARNET INTERNATIONAL LIMITED

Details of Subsidiary Company U/S 212(8)

Name of the Subsidiary	Capital (a)	Reserves and Surplus (b)	Total Assets (c)	Total Liabilities (d)	Details of Investments (e)	Turnover (f)	Profit before Taxation (g)	Provision for Taxation (h)	Profit after Taxation (i)	Proposed Dividend (j)
Sukartik Clothing Private Limited	2410000.00	44407121.19	73314316.21	73314316.21	0.00	66319818.58	4502991.09	1412380.00	3090611.09	0.00

Foot note:

Pursuant to circular number 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Accounts and other documents of the subsidiary companies are not required to be attached with the Balance Sheet of the company. Any member desirous of the same may write to the Company.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company

Name of the Subsidiary	Number of shares in the subsidiary company held by the financial year ending date		The net aggregate of profits/(losses) if the subsidiary company so far as they concern the members of Garnet International Limited	
	Equity	Extent of holding	For the current financial year Dealt with in the accounts of Garnet International Limited for the year ended 31st March 2013	For the previous financial years Not dealt with in the accounts of Garnet International Limited for the year ended 31st March 2012
Sukartik Clothing Private Limited	121000	50.21	₹	₹