

# Garnet International Limited

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**25th Annual Report  
2006-2007**

# Garnet International Limited

## BOARD OF DIRECTORS

MR. SURESH GAGGAR  
MR. JITENDRA METHA  
MR. DEVEN MEHTA  
MR. DINESH NANDWANA  
MR. PANKAJ GOEL

## BANK

HDFC BANK LIMITED

## AUDITORS

M/S. R. S. AGARWAL & ASSOCIATES

## REGISTERED OFFICE

28, BOMBAY SAMACHAR MARG,  
3RD FLOOR,  
FORT, MUMBAI - 400 023.

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Contents	Page No.
Notice	02
Director's Report	03
Corporate Governance	06
Auditors Certificate	17
Analysis Report	18
Auditors Report	20
Annxure	22
Balance Sheet	25
Schedule	28

# Garnet International Limited

## NOTICE

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of Garnet International Limited will be held on Tuesday, 21st Day of August 2007 at 4:30 P.M at Registered office of the Company at 28, Bombay Samachar Marg, 3rd Floor, Fort, Mumbai - 400 023 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2007 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. Pankaj Goel 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.
4. To appoint M/s. R.S. Agrawal & Associates, Chartered Accountants, the retiring Auditors as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board

Place: Mumbai  
Dated: 28th June, 2007

SURESH GAGGAR  
CHAIRMAN

### 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 Saturday, 18th August 2007 to Tuesday, 20th August 2007 (both days inclusive).

# Garnet International Limited

## 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, 2007.

### Financial Results

in Lacs

Particulars	Year ended 31st March 2007	Year Ended 31st March 2006
Total Income	216.32	33.65
Profit/(Loss) before Depreciation and Tax	202.43	26.70
Less: Depreciation	0.99	1.45
Profit/(Loss) before Tax	201.44	25.25
Less: Provision for Tax	24.17	2.19
Net Profit /(Loss) after Tax	177.27	23.06

### Year and Period under review

During the year under review, the major operations were investment in shares and Securities. The Company has did not undertake any new business operations. The Company registered a total income of Rs. 216.32 lacs as against Rs. 33.65 lacs in the previous year. Profit before depreciation and tax stood at Rs.202.43 lacs as against Profit of Rs. 26.70 lacs in the previous year. Your company earned net profit of Rs. 177.27 lacs.

Your Company is in the process of identifying new business opportunities with better prospects and strong future outlook. Various new business proposals were examined by the Company during the year under review. In view of the continued bullish sentiments prevailing in the capital markets due to persistent investors confidence and strong economic factors, it is proposed that the Company do undertake activities pertaining to investments in equity capital of both listed and unlisted companies with promising future.

### Audit Committee

The Audit Committee comprises of Mr. Dinesh Nandwana, Mr. Pankaj Goel and Mr. Suresh Gaggar as the Members of the Committee.

Mr. Dinesh Nandwana has been appointed as the Chairman of the Committee.

### 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.

# Garnet International Limited

- 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, 2007 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 31st, 2007 on a going concern basis.

## **Corporate Governance**

As required under the Listing Agreement with Bombay Stock Exchange Limited a report On Corporate Governance is given in Annexure –A to this Report

## **Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pankaj Goel and Mr. Deven Mehta, 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 and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

## **Auditors' Comments**

The company is in the process of complying with the observations made by the Auditors in their Report also read with the relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

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

### **(A) Conservation of Energy and Technology Absorption**

Considering the Companys 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

# Garnet International Limited

## *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**

**Dated: 28 June 2007**

**Suresh Gaggar**  
Director

**Dinesh Nandwana**  
Director

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# Garnet International Limited

## REPORT ON CORPORATE GOVERNANCE

### 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.

### 2. Board of Directors

#### a) Composition of the Board

The Board comprises of Five Directors all of whom are Non-Executive Directors. The Chairman of the Board is a Non-executive Director and one third of the Board comprises of independent Directors. 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 Public Company Directorship*	No. of other Committee Membership #	
				Chairman	Member
Mr. Suresh Gaggar	Chairman	Promoter Non-Executive Non Independent	NIL	NIL	NIL
Mr. Jitendra Mehta	Director	Promoter Non-Executive Non Independent	1	NIL	3
Mr. Deven Mehta	Director	Promoter Non-Executive Non Independent	1	NIL	2
Mr. Dinesh Nandwana	Director	Non-Executive Independent	2	NIL	NIL
Mr. Pankaj Goel	Director	Non-Executive Independent	1	NIL	1

\* 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.



# Garnet International Limited

b) Reappointment of Directors:

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

i) **Mr. Pankaj Goel**

Mr. Pankaj Goel is a commerce graduate with more than 2 decades of experience in manufacturing of PVC pipes, HDPE/PP woven sacks.

Mr. Pankaj Goel is a Director of Pankaj Polymers Limited, Pankaj Strips Private Limited, Pankaj Capfin Private Limited and Aman Tubes Private Limited.

Mr. Pankaj Goel is a member of the shareholders/investors grievance committee of Pankaj Polymers Limited.

Mr. Pankaj Goel holds 0 equity shares in the Company as on 28<sup>th</sup> June 2007

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, Funds Mobilisation, Working Capital arrangement etc.

Mr. Deven Mehta is also a Director in Jayavant Products Limited, Amgis Holdings Private Limited, Jenny Impex Private Limited, Jyoti Bright Bar Private Limited, Pals Overseas Private Limited, Senorita Impex Private Limited, Sigma Credit & Capital Services Private Limited.

Mr. Mehta does not hold any Chairmanship/Membership in the committees of other companies.

Mr. Deven Mehta holds 196400 equity shares in the Company as on 28<sup>th</sup> June 2007

c) Board Meetings and Annual General Meeting:

During the financial year 2006-07, 8 Board Meetings were held on -1<sup>st</sup> June 2006, 6<sup>th</sup> July 2006, 31<sup>st</sup> July 2006, 31<sup>st</sup> October 2006, 2<sup>nd</sup> January 2007, 29<sup>th</sup> January 2007, 28<sup>th</sup> February 2007 and 30<sup>th</sup> March 2007. The last Annual General Meeting of the Company was held on 22<sup>nd</sup> September 2006. 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	8	Yes
Mr. Jitendra Mehta	5	Yes
Mr. Deven Mehta	6	Yes
Mr. Dinesh Nandwana	5	No
Mr. Pankaj Goel	5	No



# Garnet International Limited

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.

**2. Audit Committee**

a) **Constitution of Audit Committee:**

The Committee comprises three Non-executive Directors majority of whom are independent directors. All members of the Committee are financially literate. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India.

b) **Composition of Audit Committee and Number of Meetings Attended:**

During the Financial year 2006-07, Four Audit Committee Meetings were held on 6<sup>th</sup> July 2006, 31<sup>st</sup> July 2006, 31<sup>st</sup> October 2006 and 29<sup>th</sup> January 2007. The composition of the Audit Committee and the number of meeting attended were as under:

<b>Committee Members Attending the Meeting</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Mr. Dinesh Nandwana	Chairman	4
Mr. Pankaj Goel	Member	4
Mr. Suresh Gaggar	Member	4

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.

# Garnet International Limited

- 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 judgment 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.