

# Garnet International Limited



**27th Annual Report  
2008-2009**

# Garnet International Limited

## BOARD OF DIRECTORS

MR. SURESH GAGGAR  
MR. DEVEN MEHTA  
MR. PANKAJ GOEL  
MR. DINESH NANDWANA  
MR. RAMAKANT GAGGAR

## BANK

HDFC BANK LIMITED

## AUDITORS

M/S. R.S. AGRAWAL & ASSOCIATES

## REGISTERED OFFICE

901, RAHEJA CHAMBERS  
NARIMAN POINT  
MUMBAI – 400 021

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# Garnet International Limited

## NOTICE

NOTICE IS HEREBY GIVEN THAT the 27<sup>th</sup> Annual General Meeting of Garnet International Limited will be held on Tuesday, 29<sup>th</sup> day of September 2009 at 4.30 P.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 2009 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. Deven Mehta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Goel 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: 30<sup>th</sup> June 2009

**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 Monday, 28<sup>th</sup> September 2009 to Tuesday, 29<sup>th</sup> September 2009 (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, 2009.

### Financial Results

| Particulars                               | Rs. in Lacs                               |   |
|---|---|---|
|   | Year ended<br>31 <sup>st</sup> March 2009 | Year Ended<br>31 <sup>st</sup> March 2008 |
| Total Income                              | 185.34                                    | 149.56                                    |
| Profit/(Loss) before Depreciation and Tax | 19.43                                     | 129.12                                    |
| Less: Depreciation                        | 1.26                                      | 1.24                                      |
| Profit/(Loss) before Tax                  | 18.17                                     | 127.88                                    |
| Less: Provision for Tax                   | 10.72                                     | 13.46                                     |
| Net Profit /(Loss) after Tax              | 7.45                                      | 114.42                                    |

### Year and Period under review

During the period under review, your Company registered a total income of Rs.185.34 lacs as against Rs.149.56 lacs in the previous year. Profit before depreciation and tax stood at Rs.19.43 lacs as against Profit of Rs.129.12 lacs in the previous year. Your company reported net profit of Rs.7.45 lacs.

### 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:

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- 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, 2009 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, 2009 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. Deven Mehta and Mr. Pankaj Goel, 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 observations made by the Auditors in their Report read with 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.

# Garnet International Limited

## *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**

**Dated: 30<sup>th</sup> June 2009**

**Suresh Gaggar  
Director**

**Deven Mehta  
Director**

# 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. The company does not have its own web site, however in future as and when the web-site is launched the code of conduct will be posted on that site. In the meantime 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 comprises of Five Directors all of whom are Non-Executive Directors. One third of the Board comprises of independent Directors as there is no 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 Gaggar    | Director    | Promoter, Non-Executive;<br>Non Independent | 1                           | Nil                                  | Nil    |
| Mr. Ramakant Gaggar  | Director    | Promoter; Non-Executive;<br>Non-Independent | 1                           | Nil                                  | Nil    |
| Mr. Deven Mehta      | Director    | Promoter; Non-Executive;<br>Non-Independent | 1                           | Nil                                  | 2      |
| Mr. Dinesh Nandwana  | Director    | Non-Executive;<br>Independent               | 3                           | Nil                                  | Nil    |
| Mr. Pankaj Goel      | Chairman    | Non-Executive;<br>Independent               | 1                           | 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.)

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b) Reappointment of Directors:

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

i) **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 Pvt Ltd, Pals Overseas Pvt Ltd and Sigma Credit and Capital Services Pvt Ltd.

Mr. Mehta is a member in Share Transfer Committee and Audit Committee of Jayavant Products Ltd.

Mr. Deven Mehta holds 100000 equity shares in the Company as on 31<sup>st</sup> March 2009.

ii) **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 does not hold any equity share in the Company as on 31st March 2009.

c) Board Meetings and Annual General Meeting:

During the financial year 2008-09, 5 Board Meetings were held on 21<sup>st</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 24<sup>th</sup> October 2008 and 30<sup>th</sup> January 2009. The last Annual General Meeting of the Company was held on 30<sup>th</sup> September 2008. 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    | 5                              | Yes                                       |
| Mr. Deven Mehta      | 3                              | Yes                                       |
| Mr. Dinesh Nandwana  | 5                              | Yes                                       |
| Mr. Pankaj Goel      | 5                              | No  |
| Mr. Ramakant Gaggar  | 4                              | Yes                                       |



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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 whom 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 2008-09, Five Audit Committee Meetings were held on 30<sup>th</sup> April 2008, 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 24<sup>th</sup> October 2008 and 30<sup>th</sup> January 2009. 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. Pankaj Goel   | Member/Chairman(\$) | 5                               |
| Mr. Dinesh Nandwana   | Chairman/Member(#)  | 5                               |
| Mr. Suresh Gaggar   | Member              | 5                               |
| (\$ ) Appointed as chairman of committee w.e.f. 24 <sup>th</sup> October 2008   |                     |                                 |
| (# ) Ceases to be as chairman of committee w.e.f. 24 <sup>th</sup> October 2008 |                     |                                 |

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.

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- 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 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.