

GARNET International Ltd.

**28th Annual Report
2009-2010**

BOARD OF DIRECTORS

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

BANK

HDFC BANK LIMITED
MANEKJI WADIA BLDG., GR. FLOOR,
NANIK MOTWANI MARG,
FORT, MUMBAI - 400 001

AUDITORS

M/S. R.S. AGRAWAL & ASSOCIATES

REGISTERED OFFICE

901, RAHEJA CHAMBERS
NARIMAN POINT
MUMBAI - 400 021. INDIA

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NOTICE

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting of Garnet International Limited will be held on Wednesday, 29th day of September 2010 at 10.00 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 2010 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. Ramakant Gaggar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dinesh Nandwana 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.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Sharad Rathi, who was appointed as an Additional Director of the Company with effect from 21.07.2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose terms expires at the 28th Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Sharad Rathi for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation."

By order of the Board

Place: Mumbai
Dated: 3rd August 2010

**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 Tuesday, 28th September 2010 to Wednesday, 29th September 2010 (both days inclusive).

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

Item No. 5

Mr. Sharad Rathi was appointed as an Additional Director of the Company with effect from 21.07.2010. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, the term of office as Additional Director of the aforesaid person shall expire at the 28th Annual General Meeting of the Company. In the meantime, the Company has received notice under section 257 of the said act from a shareholder proposing the candidature of Mr. Sharad Rathi for the office of Director of the Company. The Board recommends the appointment of Mr. Sharad Rathi as a Director of the Company.

The resolution vide Item No. 5 is therefore proposed for the approval of the Members.

Mr. Sharad Rathi shall be deemed to be concerned or interested in the resolution for his respective appointment. Apart from the said Director, no other director shall be deemed to be concerned or interested in the said resolution

By order of the Board

Place: Mumbai
Dated: 3rd August 2010

**SURESH GAGGAR
DIRECTOR**

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, 2010.

Financial Results

Rs. in Lacs

Particulars	Year ended 31 st March 2010	Year ended 31 st March 2009
Total Income	2410.55	27434.46
Profit/(Loss) before Depreciation and Tax	476.81	19.43
Less: Depreciation	1.95	1.26
Profit/(Loss) before Tax	474.87	18.17
Less: Provision for Tax	61.86	10.72
Net Profit /(Loss) after Tax	413.01	7.45

Year and Period under review

During the period under review, your Company registered a total income of Rs.2410.55 lacs as against Rs.27434.46 lacs in the previous year. Profit before depreciation and tax stood at Rs.476.81 lacs as against Profit of Rs.19.43 lacs in the previous year. Your company reported net profit of Rs.413.01 lacs.

Dividend

Your Directors have recommended a dividend of Re.1.00 per equity share for the financial year ended on 31st March, 2010.

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, 2010 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, 2010 on a going concern basis.

Garnet International Limited

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. Dinesh Nandwana, 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.

Mr. Sharad Rathi who was appointed as an Additional Director of the Company as on 21.07.2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 would vacate his office on the date of ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said act from a shareholder proposing the candidature of the aforesaid person as a Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of the aforesaid person as a Director of the Company.

Mr. Pankaj Goel had tendered resignation due to his other pre-occupations. Your Directors place on record their deep appreciation for the valuable contribution made by the outgoing Director during his association with the Company.

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 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: 3rd August, 2010

Suresh Gaggar Ramakant Gaggar
Director Director

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 website, 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, during the year, comprised of 5 Directors all of whom 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	1	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	2
Mr. Dinesh Nandwana	Director	Non-Executive; Independent	4	Nil	Nil
Mr. Pankaj Goel@	Director	Non-Executive; 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.

@ resigned with effect from 21st July 2010 and Shri Sharad Rathi has been appointed as director in his place.

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. Ramakant Gaggar**

Mr. Ramakant Gaggar is a Commerce Graduate having vast experience in administration and secretarial matter. Mr. Ramakant Gaggar is the Compliance officer of the Company having good knowledge of Corporate and other allied laws

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

Sr. No.	Name of the Company
1.	ARSS Engineering Limited
2.	Bhuta Investment P. Ltd.
3.	Maxwell Management Services P. Ltd.
4.	Sukartik Clothing P Ltd.
5.	Evergreen Infotech & Datacom P. Ltd.
6.	MCG Commodities Services P. Ltd.
7.	Minex Explore Pvt. Ltd.

Mr. Ramakant Gaggar does not hold any Chairmanship/Membership in committees of other companies.

Mr. Ramakant Gaggar holds 912950 equity shares in the Company as on 31st March 2010

ii) **Mr. Dinesh Nandwana**

Mr. Dinesh Nandwana is a member of Institute of Chartered Accountants of India having over 23 years of experience of administration. He is Chairman of Vakrangee Softwares Limited, a company involved in development of administrative aspect of both digitized photo and multilingual technology.

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

Sr. No.	Name of the Company
1	Vakrangee Softwares Limited
2.	Vakrangee Technologies Limited
3.	Vakrangee IT Solutions Limited
4.	Vakrangee Infraprojects Limited
5.	NJD Holdings Private Limited
6.	NJD Biotech Private Limited
7.	eDoc Vision Infotech Private Limited
8.	Dream River (Neral) Developers Private Limited
9.	MDN Shares & Stock Brokers P. Ltd.
10.	MDM Multi Commodities P. Ltd.
11.	Vakrangee Energy Private Limited

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

Mr. Nandwana does not hold any equity shares in the Company as on 31st March 2010

iii) **Mr. Sharad Rathi**

Mr. Sharad Rathi is a member of Institute of Chartered Accountants of India having over 17 years of varied experience in the field of merchant banking, project financing, syndication of loans, IOP's, PE, debt assignments etc..

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

Sr. No.	Name of the Company
1.	Blue Square Corporate Service P. Ltd.

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

Mr. Rathi does not hold any equity shares in the Company as on 31st March 2010

c) Board Meetings and Annual General Meeting:

During the financial year 2009-2010, 6 Board Meetings were held on 24th April 2009, 30th June 2009, 31st July 2009, 30th October 2009, 29th January 2010 and 22nd February, 2010,. The last Annual General Meeting of the Company was held on 29th September 2009. 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 Gagar	6	Yes
Mr. Deven Mehta	5	Yes
Mr. Dinesh Nandwana	6	No
Mr. Pankaj Goel	6	Yes
Mr. Ramakant Gagar	5	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 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 2009-10, Five Audit Committee Meetings were held on 30th April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 29th January 2010.