



## **ANNUAL REPORT**

**2002-2003**



**GARNET CONSTRUCTION  
L I M I T E D**

*Certified True Copy  
For Garnet Construction Ltd.*

A handwritten signature in black ink, appearing to read 'Reginald Dinda'.

**Director**

**GARNET CONSTRUCTION LIMITED**

**ANNUAL REPORT**

**BOARD OF DIRECTORS**

SHRI KISHAN KUMAR KEDIA  
SHRI ARUN K. KEDIA  
SHRI SANJAY K. KEDIA  
SHRI SOHAN LAL AGARWAL

CHAIRMAN AND MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

**AUDITORS**

NAVIN NISHAR & ASSOCIATES  
A/11, PARUL KUNJ CO.OP. HSG. SOC. LTD.,  
267, S. V. P. ROAD, BORIVALI (WEST),  
MUMBAI - 400 092.

**BANKERS**

KARNATAKA BANK LTD.  
STATION ROAD,  
KANDIVALI (WEST),  
MUMBAI - 400 067.

THE SOUTH INDIAN CO OP BANK LTD.  
SHIMPOLI ROAD,  
BORIVALI (WEST),  
MUMBAI - 400 092.

**REGISTERED OFFICE**

17, MILAP APARTMENTS,  
S. V. ROAD,  
MALAD (WEST),  
MUMBAI - 400 064.

**WORKS**

VILLAGE  
HONAD  
DHEKU  
KUMBHIVALI  
DHAMNI  
AMBIIVALI  
KARLA

TALUKA  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
KHALAPUR, DIST. RAIGAD  
MAVAL, DIST. PUNE

*Certified True Copy*  
*For Garnet Construction Ltd.*

*Bayaj S. S. S.*  
**Director**

**NOTICE**

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Tuesday, the 30<sup>th</sup> September, 2003 at 11.30 a.m. at Registered Office of the Company situated at, 17, Milap Apartment, S. V. Road, Malad (West), Mumbai - 400 064, to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003, and the Profit & Loss Account for the year ended on that date and the reports of Directors' and Auditors' thereof.
2. To appoint a Director in the place of Shri Sohanlal Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL RESOLUTION**

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

"Resolved that pursuant to Section 257 of the Companies Act, 1956, Shri Santosh Ginoria be and is hereby appointed as a Director, who was appointed as an additional director in the Board of Directors Meeting and as such who holds office up to the date of ensuing Annual general Meeting."

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

"Resolved that pursuant to Section 257 of the Companies Act, 1956, Shri Shiromani Chauhan be and is hereby appointed as a Director, who was appointed as an additional director in the Board of Directors Meeting and as such who holds office up to the date of ensuing Annual general Meeting."

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

"Resolved that pursuant to Section 257 of the Companies Act, 1956, Smt. Minal Dalal be and is hereby appointed as a Director, who was appointed as an additional director in the Board of Directors Meeting and as such who holds office up to the date of ensuing Annual general Meeting."

By order of the Board

For Garnet Construction Limited

Place : Mumbai  
Dated : 30<sup>th</sup> August, 2003

**Kishan Kumar Kedia**  
Chairman & Managing Director

*Certified True Copy*  
*For Garnet Construction Ltd.*

*Sayaj Sankar*  
**Director**

**GARNET CONSTRUCTIONS LIMITED****ANNUAL REPORT****NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The register of Members and the Share Transfer Book will remain closed from 22<sup>nd</sup> September 2003 to 29<sup>th</sup> September, 2003 (both days inclusive) for the purpose of ensuing Annual General Meeting.
3. Members are requested to notify any changes in their address quoting their folio number to the Company's share department.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of the Annual Report at the Meeting.
6. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.

**Explanatory Statement, as required under Section 173 (2) of the Companies Act, 1956.**

**ITEM NO. 4, 5 & 6**

Shri Santosh Ginoria, Shri Shiromani Chauhan & Smt. Minal Dalal were appointed as additional directors during the year and from that date they have been associated with the Company and looking after the affairs of the Company. Further, to comply the listing agreement and corporate governance provisions the board proposes to re-appoint them as regular directors. The Board therefore recommends to members for their approvals to the appoint them as independents non-promoter directors. None of the Directors are interested in or concerned with the said resolution.

By order of the Board  
For Garnet Construction Limited

Place : Mumbai  
Dated : 30<sup>th</sup> August, 2003

**Kishan Kumar Kedia**  
**Chairman & Managing Director**

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

**Details of Director Appointed /Seeking re-appointment in forthcoming Annual General Meeting :**

**The brief resume of Directors seeking appointment :**

**1. Santosh Ginoria (41)**

Mr. Santosh Ginoria has been associates with the Company since appointment and has vast experience of accounts, projects and other related areas.

**2. Shiromani Chauhan (69)**

Mr. Shiromani Chauhan has been associates with the Company since appointment and has vast experience of accounts, planning and administration.

**3. Minal Dalal (31)**

Mrs. Minal Dalal has been associates with the Company since appointment and has vast experience of administration, finance and accounts.

**The brief resume of Directors seeking re-appointment :**

**1. Sohanlal Agarwal (63)**

He was appointed as director in 1994. He holds 1 directorship in other public Limited Companies.

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 11<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2003.

**FINANCIAL RESULTS**

	<b>(Rs. In Lacs)</b>	
	<b>As on 31.03.2003</b>	<b>As on 31.03.2002</b>
Profit before Depreciation & Tax	6.27	5.56
Depreciation	4.16	3.59
Profit before Tax	2.11	1.97
Provision for Taxation	0.24	0.30
Provision for Deferred Taxation	1.37	1.22
Profit After Tax	0.50	0.45
Share Capital	540.22	540.22
Reserve & Surplus	38.56	38.07
Net Worth	578.78	578.29
Book value per Share	10.71	10.70
E. P. S. (Rs.)	0.01	0.01

**DIVIDEND**

Your directors do not recommend any dividend for the year.

**OPERATIONAL REVIEW**

Your directors are pleased to communicate to you that despite the fall in the sales, the Company has been able to earn more profit before tax and depreciation during the year under review. The Company has sold 10 plots and achieved turnover of Rs. 49.96 lacs as compared to previous year of Rs. 70.75 lacs. The reduction in sales was due to wait and watch policy adopted by the new entrepreneurs in the transposition period where the overall economic growth is expected and interest rates are falling. This has resulted in shifting in booking of plots in the current year. The profit before tax has been higher though marginal due to high depreciation and provision for deferred taxation. The profit after tax is Rs. 0.50 lacs as compared to previous year of Rs. 0.45 lacs.

**FUTURE OUTLOOKS AND PROSPECTS**

As you are aware that the Company is engaged in the industrial development in the State of Maharashtra by providing infrastructure of best quality and other ancillary services to the customers for putting up any kind of project. Your directors are pleased to inform you that at present the Company has been instrumental in setting up of 150 projects in its various industrial estates. The Company designs the industrial estates considering the requirement of its customers and matching with the project requirement of any industry/sector. Further, the Company has developed dedicated and core team for rendering the following essential services for putting up any kind of project :

1. Assistance in selection of land / plot suiting the customers project requirement
2. Vastu Shastra Assistance followed by services
3. Assistance in obtaining the SIA/SSI Registration
4. Assistance in securing power connection from MSEB

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5. Assistance in securing consent from MPCB
6. Assistance in getting the project finance

The Company has also designed its payment mechanism in the most suited manner based upon the customer's repayment capabilities and requirement. This ensures the Company to increase its sale and also the collection at good price of its land, as it eliminates the discounting and bargaining procedures. Thus, We at Garnet fulfill our customer's requirement at ONE STOP by rendering all the services besides industrial land/plot for smooth implementation.

The Company has been successful in raising project finance worth Rs. 50 crores for its esteemed customers.

The Company has identified the following as growth and focus areas :

1. Sale of Industrial Plots
2. Sale of Readymade Industrial Galas
3. Making foray in the Residential Construction Segment

The construction industry in general has been stagnant for the past 2 years and now had shown some rising trend of growth. With the overall economic growth coupled with regime of falling in interest rate, has induced many entrepreneurs especially small and middle sized to convert their ideas into reality. The construction industry at present is not anticipating any down fall in the market rate. The impact of all these will be reflected in the financial results of the Company in the current and next years.

Further, the Company has ventured into residential project, at Lonavala. The said project of admeasuring 25 acres valued at Rs. 7 crores is almost ready for construction. The Company is in the process of obtaining the N.A. permission, which is expected very shortly.

## **DIRECTORS**

Shri Sohanlal Agarwal Director, retire at the ensuing annual general meeting and offers himself for re-appointment. You are requested to reappoint him. During the year under review, Shri Santosh Ginoria, Shri Shiromani Chauhan and Smt. Minal Dalal have joined the Board and have been appointed as Additional Directors. It would be in the interest of the company to appoint them as a regular director and therefore, you are requested to consider and approve the resolution of appointing them. During the year Smt. Anupam Kedia and Smt. Kusumdevi Kedia both resigned from the board. Board places their appreciation to both directors for their valuable support. Further, the place of Smt. Varsha Kedia, director of the Company is vacant due to her sad demise.

## **FIXED DEPOSITS**

Your Company has not accepted any fixed deposit during the year under review which falls under the definition of Section 58 A of the Companies Act, 1956.

## **CORPORATE GOVERNANCE**

The Management discussion and analysis and the compliance of corporate governance are annexed to this report.



**GARNET CONSTRUCTIONS LIMITED****ANNUAL REPORT****AUDITORS**

The Auditors M/s Navin Nishar & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible offer themselves for reappointment. You are requested to consider their reappointment for the next financial year and fix their remuneration.

The Specific notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and do not require any further elucidation.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to provisions of Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm :

- i. that in the preparation of Annual Accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures if any.
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgements 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 the end of the Financial year and of the Profit & Loss of the Company for that period.
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so to prevent and detect fraud and other irregularities.
- iv. that the Directors had prepared the accounts on a going concern basis.

**STATUTORY DISCLOSURES**

- A) Particulars of the employees of the Company pursuant to Section 217 (2A) of the Companies Act, 1956 is not required to be given as none of the employees of the Company drawn remuneration in excess of amount prescribed in the section.
- B) Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988:
  - i) Part A and Part B relating to Conversion of Energy and technology Absorption are not applicable to the Company as your Company is not a manufacturing Company.
  - ii) Foreign Exchange Earning and Outgo :- The Company has incurred Rs.42,522/- towards the foreign traveling expenses during the year under review.

**ACKNOWLEDGEMENT**

Your Directors thanks the banks for their valuable and timely financial assistance and support provided to the Company. Your Directors also thanks to the customers, suppliers, Government Institutions and others for the co-operation extended to the Company. The Board also places on record its appreciation for the assistance and co-operation received from staff and you the shareholders.

For and on behalf of the Board of  
Garnet Construction Limited

Place : Mumbai  
Dated : 30<sup>th</sup> August, 2003

Kishan Kumar Kedia  
Chairman & Managing Director



**ANNEXURE TO DIRECTOR'S REPORT****Corporate Governance Report****a. Company's philosophy on code of Governance**

The Garnet Construction Ltd. believes that good corporate governance is essential to achieve long term goals and also to enhance the shareholders value. The Company is engaged in construction activity and rendering good quality of industrial construction at Khopoli to strive for continuous improvement in all other areas to create value that can sustain over a long term for all its shareholders, employees, customers, government and others.

**b. Board of Directors :****1. The Board of Directors of the Company is comprised of :**

Promoter Director            Mr. Kishan Kumar Kedia  
                                       Mr. Arun Kedia  
                                       Mr. Sanjay Kedia  
                                       Mr. Sohanlal Agarwal

Non promoter Director      Mr. Santosh Ginoria  
                                       Mr. Shiromani Chauhan  
                                       Mrs. Minal Dalal

**2. Attendance of Directors at Board meetings and Annual general Meeting**

Name of Directors	No. of Board Meeting held	Attended	Last AGM	No. of other Directorship	Committee Membership/ Chairmanship
Mr. Kishan Kumar Kedia	8	8	Y	4	-
Mr. Arun Kedia	8	8	Y	4	-
Mr. Sanjay Kedia	8	8	Y	3	-
Mr. Sohanlal Agarwal	8	3	N	1	-

8 Board meetings were held during the year on 27.04.2002, 29.07.2002, 09.08.2002, 30.08.2002, 29.10.2002, 30.01.2003, 10.03.2003 and 25.03.2003.

**c. Audit Committee**

The Audit Committee is comprised of 3 members viz. Mr. Sohanlal Agarwal Mr. Sanjay Kedia and Mr. Arun Kedia. There were three meeting held during the year on 03.09.2002, 06.01.2003 and 25.03.2003, all the members had attended all meeting. The role and terms of reference of the audit committee covers the matter specified for audit committees under clause 49 of the listing agreement and provisions of Companies Act, 1956.

**d. Remuneration Committee**

The Board has constituted Remuneration Committee which is non mandatory in its meeting held on 16<sup>th</sup> February, 2003 and the committee consists of

1. Mr. Kishan Kumar Kedia
2. Mr. Arun Kedia
3. Mr. Sanjay Kedia

The remuneration paid to Directors for the year 2002 - 2003 are as under :

**Managerial Remuneration :**

Salary	: Rs. 1,80,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 1,80,000

**e. Shareholders / Investors Grievance Committee**

The Board has constituted a share transfer committee consisting of Mr. Kishan Kumar Kedia, Mr. Sanjay Kedia and Mr. Arun Kedia, and Mr. Arun Kedia is designated as Compliance Officer. As on 31<sup>st</sup> March, 2003 there were no complaints pending and no share transfer pending for registration for more than 30 days as on the said date.

**f. General Body Meeting**

Location and time where last three Annual general Meeting (AGMs) were held :

AGM/EGM held	Day, Date & Time	Venue
AGM	Monday, 30.09.2002, 11.30 a.m.	Registered Office
AGM	Saturday, 29.09.2001, 11.30 a.m.	Registered Office
EGM	Tuesday, 29.05.2001 11.00 a.m.	Registered Office
AGM	Friday, 29.09.2000, 11.30 a.m.	Registered Office

No special resolution were put through postal ballot last year and nor is there any proposal for this year.

**g. Disclosures**

The related party transactions are furnished in note no. B(4) of the Schedule R as given under notes to accounts.

No penalty or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.