



ANNUAL REPORT

2005 - 2006



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

GARNET CONSTRUCTION LTD.

BOARD OF DIRECTORS

SHRI KISHAN KUMAR KEDIA
 SHRI ARUN KUMAR KEDIA
 SHRI SANJAY KUMAR KEDIA
 SHRI SOHANLAL AGARWAL
 SHRI SANTOSH GINORIA
 SHRI SHIROMANI CHAUHAN
 SMT. VAISHALI SAYYED

CHAIRMAN AND MANAGING DIRECTOR
 DIRECTOR - MARKETING
 FINANCE DIRECTOR
 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

UTI BANK LTD.
 S. V. ROAD,
 KANDIVALI (WEST),
 MUMBAI 400 067.

REGISTERED OFFICE

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

WORKS

VILLAGE

HONAD
 DHEKU
 KUMBHIVALI
 DHAMNI
 AMBIVALI
 KARLA

TALUKA

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

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Friday, the 29th September, 2006 at 10.00 a.m. at Ashish-1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006, 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 Shiromani Chauhan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Sohanlal Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. 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

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

"Resolved that Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof and in supersession of earlier resolution Shri Kishan Kumar Kedia be and is hereby appointed as Chairman & Managing Director of the Company with effect from 1st April, 2006 for a period of 5 years on the Remuneration of Rs. 1.20 Lacs per annum with effect from 1st April, 2006 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Chairman & Managing Director of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part - II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company."

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

"Resolved that Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof and in supersession of earlier resolution Shri Arun Kedia be and is hereby appointed as Director - Marketing of the Company with effect from 1st April, 2006 for a period of 5 years on the Remuneration of Rs. 1.20 Lacs per annum with effect from 1st April, 2006 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Director - Marketing of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part - II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company."

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

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"Resolved that Subject to provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable, provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof and in supersession of earlier resolution Shri Sanjay Kedia be and is hereby appointed as Finance Director of the Company with effect from 1st April, 2006 for a period of 5 years on the Remuneration of Rs. 1.20 Lacs per annum with effect from 1st April, 2006 with a liberty to the Board of Directors of the Company (which shall be deemed to include any committee of the Board as and when constituted) to fix, increase, alter or vary from time to time, the remunerations of the said appointment and subject to the same not exceeding at any point of time, the ceiling specified in Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

Resolved Further That in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of his as a Finance Director of the Company, the remunerations shall be governed by the limit prescribed in Section II of Part - II of schedule XIII of the Companies Act, 1956 as amended from time to time.

Resolved Further That the aforesaid consent of the Company is accorded without prejudice to his rights of holding managerial position of whatsoever nature in any other company and draw remuneration therefrom, to the regulatory guidelines and ceiling stipulated in this regard.

Resolved Further That for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such, acts, deeds, matters or things as may be necessary, expedient or desirable in the interest of the Company."

**By order of the Board
For Garnet Construction Limited**

**Place : Mumbai
Dated :28th August, 2006**

**Kishan Kumar Kedia
Chairman & Managing Director**

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

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 25th September, 2006 to 29th September, 2006 (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. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least eight days prior to the meeting so that the required information can be made available at the meeting.
7. 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. 5, 6 & 7

The Board of Directors of the Company at its meeting held on 28th August, 2006 approved the re-appointment and payment of remuneration to Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia as Chairman & Managing Director, Director - Marketing and Finance Director respectively of the Company w.e.f. 1st April, 2006 for a period of 5 years. The Company has achieved substantial growth and profit in their association. The material terms and conditions of their appointment is that they will get the remuneration of Rs. 1.20 lacs p.a. with an increment to be decided by the Board of Director subject to the *same is not exceeding at any point of time, the ceiling laid down under the provisions of the Companies Act, 1956 and Schedule thereto.*

Your directors recommend this resolutions for your approvals. None of the directors except Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia s concerned or interested in this resolution.

The above explanation may also be taken as an abstract of the terms of agreement and memorandum of consent or interest under section 302 (2) of the Companies Act, 1956.

**By order of the Board
For Garnet Construction Limited**

**Place : Mumbai
Dated : 28th August, 2006**

**Kishan Kumar Kedia
Chairman & Managing Director**

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

The brief resume of Directors seeking re-appointment :

1. Shiromani Chauhan (72)

Shri. Shirmonai Chauhan is graduate and having tremendous knowledge of management and corporate advisor and he is associate with company for more than 3 years, he is not hold any other directorship in other company.

2. Sohanlal Agrawal (66)

Shri Sohanlal Agarwal associated with the Company for more than decade and well versed with accounts and finance and he is hold one directorship in public limited Company.

3. Kishan Kumar Kedia (59)

Shri Kishan Kumar Kedia is instrumental person and promoter director of the Company highly experienced person and having tremendous knowledge of management and control of business. He hold 2 directorship in other companies.

4. Arun Kedia (36)

Shri Arun Kedia was appointed as promoter director since incorporation and instrumental person in marketing of the company's project alongwith well versed with statutory compliance. He holds 2 directorship in other Companies.

5. Sanjay Kedia (35)

Shri Sanjay Kedia was appointed as promoter director since incorporation and instrumental person of the Company, he is well versed with finance and implementation part of the Company's projects. He holds 2 directorship in other Companies.

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 14th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2006.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	As on 31.03.2006	As on 31.03.2005
Sales & other Income	605.62	68.79
Profit before Depreciation, Int. & Tax	104.58	17.22
Depreciation	4.66	4.65
Interest	8.71	7.46
Profit before Tax	91.21	5.11
Provision for Taxation	30.10	1.60
Provision for Deferred Taxation	0.66	1.19
Fringe Benefit Tax	0.85	0.00
Profit After Tax	59.60	2.32
Share Capital	540.22	540.22
Reserve & Surplus	135.41	55.03

DIVIDEND

Your directors do not recommend any dividend for the year.

OPERATIONAL REVIEW

Your directors are pleased to inform you that during the year Company has achieved sales and other income of Rs. 605.62 lacs as against the previous years just Rs. 68.79 lacs, registering an increase of more than 8 time over the previous year. The profit after tax is Rs. 59.60 lacs as against Rs. 2.32 lacs during the previous year, an increase of around 25 times.

The Company has improved its turnover due to tremendous development taken place in nearby company sites and locations such as Special Economic Zone and IT park are coming, express ways outlets is available, beside change in marketing strategy and favorable industrial as well as residential construction sector will provide the input to achieved the said turnover. Further its marketing partner for Lonavala project and Company policy for residential sector the Company is almost decided to start the residential construction in Mumbai and its suburban.

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. Beside, this during the year the company has almost sold its Lonavala Karla project, the construction of bungalows will be completed by the next year. Due to overwhelming response of Lonavala (Karla) Residential project, the company is almost finalized another residential project at Lonavala only.

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Beside various infrastructure development are taken place at Khopoli, the Express way out lets is available for Company' site, further the Special Economic Zone and IT Park is planning at nearby Company's site so management is expecting huge demand for its industrial as well as residential project in coming year. The Company is also planning to commence the residential project at Mumbai and its suburban.

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

- | | |
|-------------------------------------|---------------------------------------|
| 1. Sale of Industrial Plots | 2. Sale of Readymade Industrial Galas |
| 3. Residential Construction Segment | 4. Sale of Residential Plots |

DIRECTORS

Shri Shiromani Chauhan and Shri Sohanlal Agarwal, Directors, retire at the ensuing annual general meeting and offers themselves for re-appointment. You are requested to reappoint them.

Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia are appointed as Chairman & Managing Director, Director - Marketing and Finance Director respectively for a period of 5 years w.e.f. 1st April, 2006 subject to approvals of the members, you are requested to consider and approve their resolution.

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

A separate section on Corporate Governance is included in the Annual Report and the certificates from the Company's Auditors confirming the compliances of conditions on Corporate Governance as stipulated in Listing Agreement is annexed thereto.

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

Your Director make the following statement to Section 217 (2AA) of the Companies Act, 1956 :

- 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.

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- 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.

LISTING FEES

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai for the Financial Year 2006 - 2007 has been paid.

PREFERENTIAL ISSUE

As members are aware that during the previous year company has come out with an preferential issue of 25,00,000/- convertible warrants at Rs. 20/- per warrant converted into equity shares at later date, in this regard the Company has already received the necessary in-principle approvals from the Bombay Stock Exchange Ltd. The Company will approach the Stock Exchange during the year for listing purpose.

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. Nil/- 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 : 28th August, 2006

Kishan Kumar Kedia
Chairman & Managing Director