



ANNUAL REPORT 2006 - 2007

*Certified True Copy
For Garnet Construction Limited*

Syng Hwa
Director



**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

AXIS 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
ISHAMBE
KHARSUNDI
MANDHARD
KARLA

TALUKA

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

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For Garnet Construction Limited

Sanjay Kedia

Director

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Saturday, the 29th September, 2007 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, 2007, 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 Arun Kedia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Smt. Vaishali Sayyed 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 in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing guidelines issued by the Securities & Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretariat of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof, for the time being of force) and other applicable laws, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such terms and conditions as may be determined by the Boards of Directors of the Company (hereinafter referred to as "the Board" which expression shall include and committee constituted for the time being in force, there of) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the Company be and is hereby accorded to Board and the Board be and is hereby authorized to offer, issue and allot on preferential basis Sixty Lacs Warrants carrying an entitlement to subscribe to an equivalent number of Equity Shares of face value of Rs.10/- each at a exercise price (Including Premium) decided by the Board of Directors which is not lower than the minimum price specified as per Clause 13.1.1.1 of Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 but not higher than Rs.80 per share to the persons mentioned below on a preferential allotment basis

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Director

S. No.	Name of the Applicant (Proposed Allottees)	No. of Warrants proposed to be Allotted
Promoter Group		
1	Kishan Kumar Kedia	5,50,000
2	Kusumdevi Kedia	6,00,000
3	Arun Kedia	5,00,000
4	Sanjay Kedia	6,50,000
Non-promoter Group		
5	Krishna Mingrate Ltd.	675,000
6	Alpha Chemie Trade Agencies Pvt. Ltd.	675,000
7	Talent Infoweb Ltd.	675,000
8	Buniyad Chemicals Ltd.	500,000
9	Charla Estate & Financial Mgmt. Pvt. Ltd.	325,000
10	Kim Electronics Industries Ltd.	325,000
11	Mihir Agencies Pvt. Ltd.	200,000
12	Griffin Chemicals Ltd.	200,000
13	Jagdish Modani	50,000
14	Rachna Jhunjhunwala	50,000
15	Ajay Sawant	25,000
		60,00,000

RESOLVED FURTHER THAT the warrants shall be issued by the Company on the following terms and conditions :

- I. The amount to be paid up on the Warrants at the time of allotment shall not be less than 10% of the exercise price, and the rights to be attached to them and other such terms and conditions of the Warrants may be decided in accordance with SEBI Guidelines and other provisions of applicable law, by the Board of Directors.
- II. The option to acquire the Equity Shares can be exercised by the Warrants Holder in one or more trenches on or before the expiry of 18 months from the date of allotment of the Warrants.
- III. In the event the Warrants Holder does not exercise the above option, the Warrants on or before of 18 months from the date of allotment of the Warrants, the Warrants shall lapse and the 10% of exercise price as indicated in point I above shall stand forfeited by the Company.
- IV. The Warrants allotted to above persons, shall be subject to lock-in period as per the SEBI Guidelines and other provisions of applicable law. The lock in on the Equity Shares resulting from the exercise of the option under the Warrants shall be reduced to the extent the Warrants have already lock-in.
- V. The issue of the Warrants as well as Equity Shares, arising from the exercise of the option under the Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956, the Memorandum & Articles of Association of the Company and also the Preferential Issue Guidelines issued by SEBI or any other authority as the case may be, or any modifications thereof.

VI. The Equity Shares to be issued and allotted as a consequence of exercise of the option under the Warrants in the manner aforesaid shall rank pari-passu in all respect including payment of Dividend with the existing Equity Shares of the Company.

VII. In the event of the Company making a right offer / bonus offer of new Equity Shares prior to the allotment of Equity Shares resulting from the exercise of the option under the Warrants shall stand increased in the same proportion as that of right offer / bonus issue and such additional Equity Shares will be offered to the Share Warrants Holders at the same price at which the existing Shareholders are offered the Equity Shares.

RESOLVED FURTHER THAT the funds so raised shall be for augmenting the net-worth of the Company, meeting the development and other necessary expenses of the Company's various projects such as mega township project at Khopoli, acquisition of new land and starting of logistic business, beside meeting working capital requirement of the Company.

RESOLVED FURTHER THAT the Relevant Date in relation to the shares for the purpose of determining the issue price under the SEBI (Disclosure & Investor Protection) Guidelines, 2000, relating to the preferential issue shall be 29th August, 2007.

RESOLVED FURTHER THAT Shri Kishan Kumar Kedia and Shri Arun Kedia, Chairman and Managing Director and Director Marketing of the Company be and are hereby jointly and/or severally authorized to take all such steps and sign all such documents as may be deemed necessary to give effect to this resolution and to delegate all or any of the powers herein conferred to any officer or officers of the Company to give effect to the aforesaid resolution legal experts, consultants and to pay any fees, commission, remuneration, incur expenses and take such further steps as required for the above."

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

"Resolved that partial modification has been made in the members resolution passed in the previous Annual General Meeting of the Company held on 29th September, 2006 in relation with terms and condition of appointment of whole time directors, in this regard the board of directors has decided to provide insurance coverage to its whole time directors and key personnel, subject to compliances of various provisions read with Schedule XIII of the Companies Act, 1956."

By order of the Board
For Garnet Construction Limited

Place : Mumbai
Dated : 3rd September, 2007

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 27th September, 2007 to 29th September, 2007 (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 Company has listed its shares on The Bombay Stock Exchange Limited, P. J. Tower, Dalal Street, Mumbai - 400 001 under Security Code No. 526727. The Company is regular in payment of the Listing Fee to the Exchange.
7. 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.
8. 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

The Following disclosure is made in accordance with the provisions of Chapter XIII of the Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000.

1. OBJECTS OF THE ISSUE :

The Company is developing the mega township project at Khopli which includes residential and commercial space for the customers, beside acquisition of land for company's new project along with starting logistic business, along with meeting the working capital requirement of the company and to enable the said objectives, it is considered necessary to issue warrants. The proposed funds will be utilized towards the own/equity contribution while financing the aforesaid plans. The increase in networth through issue of warrants would also enable it to raise additional borrowing in case of requirement.

2. INTENTION OF THE PROMOTERS

The promoters intend to subscribe warrants being proposed for the approval of the members.

GARNET CONSTRUCTION LIMITED**ANNUAL REPORT****No Change in Control :**

The exiting promoters of the Company will continue to be in control of the Company and there will not be any changes in the management / control of the Company as a result of the proposed preferential allotment.

3. SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE :

Category	Pre-issue Equity Holding	% of Share Holding	Post-issue Equity Holding *	% of Share Holding
	30 th June, 2007			
1. Promoters Group				
a. Indian Promoters	22,28,123	28.20 %	45,28,123	32.57 %
b. Total for Promoters Group	22,28,123	28.20 %	45,28,123	32.57 %
2. Financial Institution / Banks/ Mutual Funds				
a. Banks	400	0.00%	400	0.00 %
b. Total of Fin. Ins./ Banks/ Mutual Funds	400	0.00 %	400	0.00 %
3. Public				
a. Resident Indians	35,63,002	45.09 %	36,88,002	26.53 %
b. Bodies Corporate	20,21,485	25.58 %	55,96,485	40.26 %
c. NRIs/OCBs	89,190	1.13 %	89,190	0.64 %
d. Under ESOP	0	0	0	0
e. Total of Public	56,73,677	71.80 %	93,73,677	67.43 %
Total Paid-up Capital	79,02,200	100.00%	1,39,02,200	100.00 %

* Assuming that the proposed warrants holder have exercised their entitlement in full.

Lock in Period:

The Warrants to be issued to above allottees shall be locked in for a period as prescribed under SEBI [Disclosure & Investor Protection] Guidelines 2000 as amended.

4. Proposed Time Within which Allotment will be completed :

The Company will complete the allotment of shares within a period of 15 days from the date of passing of the resolution by the shareholders or where the allotment on preferential basis requires any approval by any regulatory authority or central Government, the allotment of shares will be completed within 15 days from the date of such approvals.

Certificates from Auditors :

M/s Navin Nishar & Associates, Chartered Accountants, Statutory Auditors of the Company has certified that the proposed preferential issue is being made in accordance with the requirements contained in SEBI (DIP) Guidelines, 2000 for Preferential Issue. A copy of the said certificates is available for inspection by the shareholders at the registered office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 3.00 p.m. prior to the date of Annual General Meeting and will also be available for inspection at the meeting.

5. Details of Proposed Allotment of Warrants :

S.No.	Name of the Proposed Allottes	Pre - Issue Holding		Preferential Allotment	
		No. of Equity Shares	% of pre issue Capital	No. of Proposed Warrants to be allotted	% of post issue Equity Shares *
Promoter Group					
1	Kishan Kumar Kedia	4,09,100	5.18 %	5,50,000	6.90 %
2	Kusumdevi Kedia	6,43,380	8.14 %	6,00,000	8.58 %
3	Arun Kedia	6,39,117	8.09 %	5,00,000	8.55 %
4	Sanjay Kedia	5,36,426	6.79 %	6,50,000	7.81 %
Non Promoter Group					
5	Krishna Mingrate Ltd.	0.00	0.00 %	6,75,000	4.86 %
6	Alpha Chemie Trade Age. P. Ltd.	0.00	0.00 %	6,75,000	4.86 %
7	Talent Infoweb Ltd.	0.00	0.00 %	6,75,000	4.68 %
8	Buniyad Chemicals Ltd.	0.00	0.00 %	5,00,000	3.60 %
9	Charla Estate & Fin. Mgmt. P. Ltd.	0.00	0.00 %	3,25,000	2.34 %
10	Kim Electronics Industries Ltd.	0.00	0.00 %	3,25,000	2.34 %
11	Mihir Agencies Pvt. Ltd.	0.00	0.00 %	2,00,000	1.44 %
12	Griffin Chemicals Ltd.	0.00	0.00 %	2,00,000	1.44 %
13	Jagdish Modani	0.00	0.00 %	50,000	0.36 %
14	Rachna Jhunjhunwala	0.00	0.00 %	50,000	0.36 %
15	Ajay Sawant	0.00	0.00 %	25,000	0.18 %
TOTAL				60,00,000	43.16%

Note :-

* Assuming that the warrants holders have exercised their entitlement in full.

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The above warrants will be issued and allotted at a price not less than the higher of the following in terms of SEBI Guidelines for preferential issue as amended from time to time :-

- a. The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months preceding the relevant date, or
- b. The average of the weekly high and low of the closing prices of the related shares quoted on a Stock Exchange during the two weeks preceding the relevant date.

The minimum issued price per share is in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Explanation :

- (i) "Relevant Date" for the purpose of this clause means the date thirty days prior to the date on which the meeting of general body meeting of shareholders is held in terms of Section 81 (1A) of the Companies Act, 1956 to consider the proposed issue, which is 29th August, 2007.
- (ii) "Stock Exchange" for the purpose of this clause means any of the recognized stock exchange in which the shares are listed and in which the highest trading volume in respect of shares of the Company has been recorded during the preceding six months prior to the relevant date.

The resolution requires approval of the members as per the provisions of the Companies Act, 1956 and your Board recommends the resolution for approval. None of the directors of the Company is interested or concerned in the said resolution.

ITEM NO. 6

As members are aware that in the previous annual general meeting the members have approved the appointment of Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia as Chairman and Managing Director, Director Marketing and Finance Director respectively. Further as you are aware that these directors are rendering their sincere efforts to expand the operations of the Company, in this connection the Board has decided to provide insurance coverage to them along with Company's key personnel. The resolution requires approval of the members as per the provisions of the Companies Act, 1956 and your Board recommends the resolution for approval. None of the directors of the Company is interested or concerned in the said resolution except Shri Kishan Kumar Kedia, Shri Arun Kedia and Shri Sanjay Kedia.

By order of the Board
For Garnet Construction Limited

Place : Mumbai
Dated : 3rd September, 2007

Kishan Kumar Kedia
Chairman & Managing Director

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

The brief resume of Directors retiring by rotation :-

1. Arun Kedia (39)

Shri Arun Kedia is promoter director of the company and instrument person in setting up various industrial project of the Company, presently he is looking after the marketing of the Company various project. He is hold two directorship in other company.

2. Vaishali Sayyed (30)

Smt. Vaishali Sayyed associated with the Company for more than two years and looking after the back office administration and she is well versed with office administration and other system she is hold nil directorship in other Company.

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