



# **ANNUAL REPORT**

## **2007-2008**



**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  
 BORIVALI

**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  
 MUMBAI SUBURBAN

**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****NOTICE**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Friday, the 26<sup>th</sup> September, 2008 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 31<sup>st</sup> March, 2008, 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 Sanjay Kedia 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.

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

Place : Mumbai  
Dated : 26<sup>th</sup> August, 2008

**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 19<sup>th</sup> September, 2008 to 26<sup>th</sup> September, 2008 (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.

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

The brief resume of Directors seeking re-appointment :

**1. Sanjay Kedia (39)**

Shri Sanjay Kedia is promoter director of the company and instrumental person in setting up various industrial project of the Company, presently he is looking after the finance department of the Company for its various project. He is hold other directorship in other company.

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**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 16<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, 2008.

**FINANCIAL RESULTS**

	<b>(Rs. In Lacs)</b>	
	<b>As on 31.03.2008</b>	<b>As on 31.03.2007</b>
Sales & other Income	7911.40	3088.58
Profit before Depreciation, Int. & Tax	449.73	883.98
Depreciation	11.04	7.75
Interest	12.38	11.24
Profit before Tax	426.31	864.99
Provision for Taxation	160.00	300.00
Provision for Deferred Taxation	1.80	2.03
Fringe Benefit Tax	6.47	3.58
Profit After Tax	258.04	559.40
Share Capital	790.22	790.22
Reserve & Surplus	1177.83	919.81

**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. 7911.40 lacs as against the previous years Rs. 3088.58 lacs, registering an increase of more than 2.5 time over the previous year. However the profit after tax is Rs. 258.04 lacs as against Rs. 559.40 lacs during the previous year, same is on account of provision of development and other related expenses. The management is confident in achieving better financial result once the Company complete its ongoing projects.

The Company has successfully completed its Lonavala Project and venture into Magic Hills project at Khopoli, the said project is combination of residential and commercial construction and will be completed in three phases. The first phase is already open for booking and Company has received very good response for the same. The Company is planning to develop IT Park and rendering Logistic Services at Khopoli in near by financial year.

Further, the Company has already acquired the suitable land at Mumbai suburban station for its Commercial project, the construction for the said project will commence once the Company will receive the required Government approvals and the same is expecting in a short period.

**FUTURE OUTLOOKS AND PROSPECTS**

As you are aware that the Company is engaged in the construction activity in the State of Maharashtra by providing infrastructure facility of its best quality to its valued customers to meet their residential and industrial requirement. During the year under review the Company has successfully completed its Lonavala project and ventured into Mega Township Project located at Khopoli.

Due to overwhelming response of Lonavala (Karla) Residential project, the company has started another residential project at Khopoli at Mumbai Express Highway i.e. Magic Hills and for the said project the marketing and booking for its first phase has been started and company has received very good response from its overseas customers. Besides this, the Company is also planning to construct commercial premises at Mumbai Suburban along with setting up of IT Park and rendering Logistic services at its Khopoli Site.

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The Company also have land bank in the form of industrial land at Khopoli, and is same is ready for industrial purposes the Company is expecting good response for its industrial land, since the various infrastructure development are taken place near by Khopoli, the same will help the company to sell the industrial land at better price.

**DIRECTORS**

Shri Sanjay Kedia, Director, retire at the ensuing annual general meeting and offers himself for re-appointment. You are requested to reappoint him.

**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.

**ACCOUNTING POLICY IN RELATION WITH SALES**

Since the Company engaged in the construction of the Industrial Plots, Sheds & the Residential Bungalows. Earlier the company has followed the accounting policy in relation with sales is Advance payment received against the sale of Plot/ Bungalows for its ongoing projects has been consider as a sales of the company now the company has decided with effect from 1<sup>st</sup> April 2008 once the company receive full payment against the particular plot and or bungalow then only the same has been considered as a sale.

**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, further there is a change in accounting policy in relation with recognition of sales as well as income.
- 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 2008 – 2009 has been paid.

### ISSUE OF CONVERTIBLE WARRANTS

As members are aware that company has come out with an preferential issue of 60,00,000/- convertible warrants and same has been allotted during the financial year under review after the company has received the necessary approval form Stock Exchange in this regard.

### 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 received sale proceed of Rs. 209.98 lacs in foreign currency and incurred Rs. 1.13 Lacs towards the foreign traveling, lodging & boarding 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

**Kishan Kumar Kedia**  
Chairman & Managing Director

Place : Mumbai  
Dated : 26<sup>th</sup> August, 2008

**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 as well as residential construction at Khopoli, Lonavala now at Mumbai 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 :**

The Board of your Company consists of Seven Directors including non-executive independent Director. Your Company has an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors. All the members of the Board are eminent with sound knowledge and background in different field.

The Board is headed by Shri Kishan Kumar Kedia. The non executive director constitutes more than half of the total numbers of directors.

**Board Meetings and procedure**

The Board of Directors of your Company met eleven times during the year on 24.04.2007, 01.06.2007, 20.06.2007, 25.06.2007, 24.07.2007, 11.08.2007, 03.09.2007, 30.10.2007, 03.12.2007, 29.01.2008 and 24.03.2008. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2007 – 08 and at the last Annual General Meeting of the Company and the no. of Directorship on the Board or membership/chairmanship in committee held by them across all the Companies are as under :

Name of Directors	Position / Status	Attended Board Meeting	Last AGM	Directorship	No. of other Committee Membership/ Chairmanship
Mr. Kishan Kumar Kedia	ENI	11	Y	2	-
Mr. Arun Kedia	ENI	11	Y	2	-
Mr. Sanjay Kedia	ENI	11	Y	2	-
Mr. Sohanlal Agarwal	NEI	7	N	1	-
Mr. Santosh Ginoria	NEI	9	Y	-	-
Mr. Shiromani Chauhan	NEI	6	N	-	-
Mrs. Vaishali Sayyeds	NEI	7	N	-	-

ENI = Executive Not Independent, NEI = Non-executive Independent Director

**c. Audit Committee**

The Board of Directors has constituted Audit committee of Directors to exercise powers and discharge function as stipulated in Section 292A of the Companies Act, 1956 During the year five meetings were held on 23.04.2007, 23.07.2007, 29.10.2007, 28.01.2008 and 24.03.2008, 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. The committee comprises of four Directors who are Non-executive and majority of them are independent Director.

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The Composition of Audit Committee is as under :

S. No.	Name of the members	Status	Director Status
1.	Shiromani Chauhan	Chairman	Non-Executive & Independent
2.	Santosh Ginoria	Member	Non-Executive & Independent
3.	Sohanlal Agarwal	Member	Non-Executive & Independent
4.	Sanjay Kedia	Member	Executive & Non Independent

Terms of reference :

The terms of reference of this committee are wide enough covering the matters specified for Audit Committee under Clause 49 of the Listing Agreement as amended.

- Overseeing of the Company's financial reporting process and disclosure of financial information.
- Review of quarterly financial statement ensuring compliances with regulatory guidelines before submission to the Board
- Recommended appointment, removal of statutory auditors and payment of fees to them.
- Statement of significant related party transactions.

#### **Remuneration Committee**

The Board has not constituted any Remuneration Committee which is non mandatory however the details of remuneration paid to the Directors for the year 2007 - 08 are as under :

Managerial Remuneration :

Salary	: Rs. 11,40,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 11,40,000

#### **d. 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, 2008 there were no complaints pending and no share transfer pending for registration.

#### **e. General Body Meeting**

Particulars of Last Three Annual General Meeting held are as follows :

AGM/EGM held	Day, Date & Time	Venue
AGM	Saturday, 29.09.2007, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
EGM	Monday, 12.03.2007, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.

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AGM Friday, 29.09.2006, 10.00 a.m. Ashish Banquet, Malad (West),  
Mumbai – 400 064.

AGM Friday, 16.09.2005, 10.00 a.m. Ashish Banquet, Malad (West),  
Mumbai – 400 064.

No special resolution were put through postal ballot last year and nor is there any proposal for this year. The postal ballot exercise shall be conducted from time to time of the provisions referred in respect of matters where applicable.

**f. Disclosures**

The related party transactions are furnished in Schedule S as given under notes to accounts.

There were no instances of non-compliance or penalty / strictures 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.

**g. Means of Communication**

The quarterly results are published in the “The Economic Times and Maharashtra Times” newspapers. The Company do not have its website for displaying results or official news. Further the company has complied with the requirement of SEBI EDIFAR on regular basis.

Management discussion and analysis is a part of the Annual Report.

**General Shareholders Information****1) AGM – Date, time and venue :**

Date : 26<sup>th</sup> September, 2008  
Time : 10.00 a.m.  
Venue : Ashish – 1 Banquet, Land Mark Building, Link Road,  
Mid Chowky, Malad (West), Mumbai – 400 064.

2) Date of book closure from 19<sup>th</sup> September, 07 to 26<sup>th</sup> September, 08.(both days inclusive.)

3) Dividend payment date : not applicable since no dividends is recommended by the Board.

4) ISIN No. : INE797D01017

5) Reporting of Un-audited Financial Result : In respect of year 08 – 09

a) First quarter	:	Last week of July, 08
b) Second quarter	:	Last week of October, 08
c) Third quarter	:	Last week of January, 09
d) Fourth quarter	:	Last week of April, 09
e) Annual General Meeting (For 08 – 09)	:	By August / September, 09

6) Listing on Stock Exchanges: Ahmedabad, Bombay and Jaipur Stock Exchanges.  
The Company has already passed resolution for delisting of securities to Ahmedabad and Jaipur Stock Exchange.

7) Stock Code :	The Stock Exchange, Mumbai	-	526727
	The Stock Exchange, Ahmedabad	-	18353
	The Stock Exchange, Jaipur	-	497