



# **ANNUAL REPORT**

## **2008-2009**

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

*Sgy Shue*  
**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 SANTOSH GINORIA  
SHRI SHIROMANI CHAUHAN  
SMT. VAISHALI SAYYED

CHAIRMAN AND MANAGING DIRECTOR  
DIRECTOR - MARKETING  
FINANCE DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

### AUDITORS

SHANKARLAL JAIN & ASSOCIATES  
12, ENGINEER BUILDING,  
265, PRINCESS STREET,  
MUMBAI 400 002.

### BANKERS

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

ALLAHABAD BANK  
S. V. ROAD,  
MUMBAI - 400 0

### 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

*Certified True Copy*

*For Garnet Construction Ltd.*

*Sajay Patel*

**Director**

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

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Tuesday, the 29<sup>th</sup> September, 2009 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, 2009, 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 Kishan Kumar Kedia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Santosh Ginoria who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditor 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 : 2<sup>nd</sup> September, 2009

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 21<sup>st</sup> September, 2009 to 29<sup>th</sup> September, 2009 (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. Kishan Kumar Kedia (62)**

**Shri Kishan Kumar Kede is promoter director of the company and instrumental person in setting up various industrial project of the Company, presently he is looking after the day to day affairs of the Company. He holds directorship in other company.**

**2. Santosh Ginoria (47)**

**Shri Santosh Ginoria was appointed as non-promoter director in 2003 and since he is rendering his valuable services to the Company in relation with marketing and other financial assistance to the Company.**

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

Your Directors have pleasure in presenting to you the 17<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, 2009.

**FINANCIAL RESULTS**

	(Rs. In Lacs)	
	As on 31.03.2009	As on 31.03.2008
Sales & other Income	66.46	7911.40
Profit before Depreciation, Int. & Tax	(367.70)	449.73
Depreciation	16.41	11.04
Interest	38.31	12.38
Profit before Tax	(312.99)	426.31
Provision for Taxation	0.00	160.00
Provision for Deferred Taxation	2.16	1.80
Fringe Benefit Tax	4.00	6.47
Profit After Tax	(319.15)	258.04
Share Capital	790.22	790.22
Reserve & Surplus	856.63	1177.83

**DIVIDEND**

Due the losses your directors do not recommend any dividend for the year.

**OPERATIONAL REVIEW**

During the year under review the Company has incurred loss of Rs. 319.15 Lacs as against previous year profit of Rs. 258.04 Lacs, the same is due to adverse market scenario and changed in accounting method to recognized income on advances received on execution of sale deed. In the new method the sale is considered only when possession is handover to the customers / parties. Therefore, during the year company has accounted lower sales figure compare to previous year. Further, the construction sector is not performing well and global crises have resulted in cancellation of existing booked plot / bungalow. However, the management is confident in achieving better result in coming financial year.

Presently, the Company is developing Magic Hill (Phase – I) project and as per the management opinion the same will be completed in next financial year. Beside, the Company is also planning to start its Goregaon project in current year and expected to complete the same in coming financial year.

**DIRECTORS**

Shri Kishan Kumar Kedia and Shri Santosh Ginoria, Directors are retire at the ensuing annual general meeting and offers themselves for re-appointment. You are requested to reappoint them. Further during the year Shri Sohanlal Agarwal resigned from the board, board place their appreciation to him for his valuable support.

**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.

**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****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 Shankarlal Jain & 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 2009 – 2010 has been paid.

**CONVERSION OF CONVERTIBLE WARRANTS INTO EQUITY**

Members are aware that company has come out with an preferential issue of 60,00,000/- convertible warrants in the year 06-07 and same has been converted in equity shares during the current financial year. In this connection the Company has received the necessary trading approval from Bombay Stock Exchange Ltd..

**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****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. 3,44,443/- 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.

Place : Mumbai

Dated : 2<sup>nd</sup> September, 2009

For and on behalf of the Board of  
Garnet Construction Limited

Kishan Kumar Kedia  
Chairman & Managing Director

**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****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 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 Six 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 twelve times during the year on 29.04.2008, 06.05.08, 12.05.08, 28.05.08, 14.07.08, 29.07.2008, 26.08.2008, 07.10.08, 24.10.2008, 22.12.2008, 28.01.2009 and 30.03.2009. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2008 – 09 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	12	Y	2	-
Mr. Arun Kedia	ENI	12	Y	2	-
Mr. Sanjay Kedia	ENI	12	Y	2	-
Mr. Sohanlal Agarwal*	NEI	4	N	1	-
Mr. Santosh Ginoria	NEI	6	Y	-	-
Mr. Shiromani Chauhan	NEI	5	N	-	-
Mrs. Vaishali Sayyed	NEI	5	N	-	-

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

\* resigned w.e.f. 22<sup>nd</sup> December, 2008

**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 four meetings were held on 29.04.2008, 28.07.2008, 23.10.2008 & 27.01.2009 and all the members except Shri Sohanlal Agarwal had attended the meeting. The role and terms of reference of the audit committee covers the matter specified for



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

audit committees under clause 49 of the listing agreement and provisions of Companies Act, 1956. Presently the committee comprises of three Directors and majority of them are independent Director.

The Composition of Audit Committee is as under :

<b>S. No.</b>	<b>Name of the members</b>	<b>Status</b>	<b>Director Status</b>
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

\* Resigned w.e.f. 22<sup>nd</sup> December, 2008

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.
- Preparation of various financial statement for better fund planning
- Assistance in meeting financial requirement of the Company
- 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 2008 – 09 are as under :

Managerial Remuneration :

Salary	: Rs. 15,00,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 15,00,000

#### **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, 2009 there were no complaints pending and no share transfer pending for registration.

**GARNET CONSTRUCTION LIMITED****ANNUAL REPORT****e. General Body Meeting**

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

AGM/EGM held	Day, Date & Time	Venue
EGM	Wednes., 21.01.2009, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Friday, 26.09.2008, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
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.
AGM	Friday, 29.09.2006, 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 at point no. 11 under the head 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 Free Journal and Navshakti” 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 : 29<sup>th</sup> September, 2009  
 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 21<sup>st</sup> September, 09 to 29<sup>th</sup> September, 09.(both days inclusive.)

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

4) ISIN No. : INE797D01017