



**ANNUAL REPORT**  
**2011-2012**



**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  
SHRI ANIL PATEL

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

### **AUDITORS**

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

### **BANKERS**

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

ALLAHABAD BANK  
S. V. ROAD,  
ANDHERI (WEST),  
MUMBAI – 400 058.

### **REGISTERED OFFICE**

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

### **CORPORATE OFFICE**

401, LAXMI MALL,  
LAXMI IND. ESTATE, LINK ROAD,  
ANDHERI (WEST),  
MUMBAI – 400 053.

### **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 20<sup>th</sup> Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Friday, the 28<sup>th</sup> September, 2012 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, 2012, 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**

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

Place : Mumbai  
Dated : 20<sup>th</sup> August, 2012

**Regd. Office :** 17, Milap Apartment, 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 20<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (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.

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

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

Place : Mumbai  
Dated : 20<sup>th</sup> August, 2012

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

The brief resume of Directors seeking re-appointment :

**1. Kishan Kumar Kedia (66)**

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 Nil directorship in other companies.

**2. Santosh Ginoria (50)**

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

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 20<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, 2012.

**FINANCIAL RESULTS**

	<b>(Rs. In Lacs)</b>	
	<b>As on 31.03.2012</b>	<b>As on 31.03.2011</b>
Sales & other Income	826.28	368.66
Profit before Depreciation, Int. & Tax	378.74	69.84
Depreciation	32.93	25.39
Interest	198.00	147.06
Profit before Tax	147.81	(164.69)
Provision for Taxation	16.65	62.08
Provision for Deferred Taxation	0.00	0.00
Profit After Tax	131.16	(226.77)
Share Capital	1390.22	1390.22
Reserve & Surplus	4696.69	4565.53

**DIVIDEND**

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

**OPERATIONAL REVIEW**

During the year under review the Company has earned profit of Rs. 131.16 Lacs as against previous year losses of Rs. 226.77 Lacs, the same is due to good sales and better marketing of company projects besides there is substantial increased in sales figures compare to previous year, your Company able to generate profit. Further the construction sector is doing reasonable well, the same is additional factor for current year. However, the management is confident in achieving better result 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.

**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 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 Jaipur Stock Exchange, Jaipur for the Financial Year 2012 – 2013 has been paid, further during the year company has de-listed its securities form Ahmedabad Stock Exchange, Ahmedabad during the year, hence listing fees for current year is not applicable to Ahmedabad Stock Exchange.

**CUSTODIAN CHARGES**

The Company confirms that the Custodian Charges due to the National Securities Depository Ltd., and Central Depository Services (India) Ltd. have been paid for the financial year 2012-13 as applicable and payable as per the SEBI circular 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 incurred Rs. 2,36,977- towards the foreign traveling expenses during the year under review.

### **DELISTING OF SECURITIES**

During the year under review Company has applied for voluntary delisting of its securities from Ahmedabad Stock Exchange and Jaipur Stock Exchange, in this regard company has received the approval from Ahmedabad Stock Exchange, however approval from Jaipur Stock Exchange is awaiting at any movement.

### **ACKNOWLEDGEMENT**

Your Directors thanks the banks, financial institutions 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 : 20<sup>th</sup> August, 2012

## 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 and Lonavala 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 Seventeen times during the year on 07.04.2011, 29.04.2011, 28.06.2011, 19.07.2011, 25.07.2011, 29.07.2011, 11.08.2011, 30.08.2011, 07.09.2011, 21.09.2011, 20.10.2011, 01.11.2011, 01.12.2011, 23.12.2011, 12.01.2012, 24.01.2012 and 30.03.2012. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2011 – 12 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	17	Y	-	-
Mr. Arun Kedia	ENI	17	Y	2	-
Mr. Sanjay Kedia	ENI	17	Y	2	-
Mr. Santosh Ginoria	NEI	7	Y	-	-
Mr. Shiromani Chauhan	NEI	6	N	-	-
Mr. Anil Patel	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 four meetings were held on 29.04.2011, 29.07.2011, 20.10.2011 & 23.01.2012 and all the members had attended the 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. Presently the committee comprises of three Directors and majority of them are independent Director.

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.	Anil Patel	Member	Non-Executive & 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.

Review of quarterly financial statement ensuring compliances with regulatory guidelines before submission to the Board

Overseeing of the Company's financial reporting process and disclosure of financial information.

Preparation of various financial statement for better fund planning

Recommended appointment, removal of statutory auditors and payment of fees to them.

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 2011 – 12 are as under:

Managerial Remuneration :

Salary	: Rs. 55,80,000
Commission	: -
Other Perquisite	: -
Total	: Rs. 55,80,000

**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, 2012 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	Thurs., 29.09.2011, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Wednes., 29.09.2010, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
AGM	Tuesday, 29.09.2009, 10.00 a.m.	Ashish Banquet, Malad (West), Mumbai – 400 064.
EGM	Wednes., 21.01.2009, 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 under the notes forming part of 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 “Free Press House and Navshakti” newspapers. The Company will implement its own website and shortly it will display all the required information on its website.

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

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

Date	:	28 <sup>th</sup> September, 2012
Time	:	10.00 a.m.
Venue	:	Ashish – 1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai – 400 064.