



ANNUAL REPORT
2012-2013



GARNET CONSTRUCTION
L I M I T E D

GARNET CONSTRUCTION LTD.

BOARD OF DIRECTORS

MR. KISHAN KUMAR KEDIA
MR. ARUN KUMAR KEDIA
MR. SANJAY KUMAR KEDIA
MR. SHIROMANI CHAUHAN
MR. SANTOSH GINORIA
MRS. SEEMA BHATTAR

CHAIRMAN AND MANAGING DIRECTOR
MARKETING DIRECTOR
FINANCE DIRECTOR
DIRECTOR
DIRECTOR
ADDITIONAL DIRECTOR

AUDITORS

M/s. SHANKARLAL JAIN & ASSOCIATES
12, ENGINEER BUILDING,
265, PRINCESS STREET,
MUMBAI - 400 002.

BANKERS

AXIS BANK LTD.
S. V. ROAD,
MALAD (WEST),
MUMBAI - 400 064.

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

UNION BANK OF INDIA
CHARKOP BRANCH,
KANDIVALI (WEST),
MUMBAI - 400 067.

REGISTRAR & SHARE TRANSFER AGENT : M/s. LINK INTIME INDIA PVT. LTD.
C-13, PANALAL SILK MILL COMPOUND,
LBS MARG, BHANDUP, (WEST)
MUMBAI - 400 078.

REGISTERED OFFICE : 501/531, LAXMI MALL,
LAXMI INDUSTRIAL ESTATE,
NEW LINK ROAD, ANDHERI (WEST),
MUMBAI - 400 053.

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of **GARNET CONSTRUCTION LIMITED** will be held on Monday, the 30th September, 2013 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, 2013, and the Profit & Loss Account for the year ended on that date and the reports of Directors' and Auditors' thereof
2. To re- appoint a Director in the place of Shri Shiromani Chauhan who retires by rotation and being eligible offers himself for re-appointment.
3. To re- appoint M/s Shankarlal Jain & Associates, Chartered Accountants, as Statutory Auditor of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

“Resolved that pursuant to Section 257 and other applicable provisions of the Companies Act, 1956 Mrs. Seema Bhattar be and is hereby appointed as Director, who was appointed as an additional director and as such who holds office up to the ensuing annual general meeting.”

By order of the Board
For Garnet Construction Limited

Kishan Kumar Kedia
Chairman & Managing Director

Place : Mumbai

Dated : 29th May, 2013

Regd. Office : 501/531, Laxmi Mall, Laxmi Industrial Estate,
New Link Road, Andheri West, Mumbai - 400 053.

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 23rd September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of ensuing Annual General Meeting.
3. The annual report containing accounts for the financial year ended March 31, 2013 together with report of Auditors and Directors and the notice of ensuring AGM are available on the company website: www.garnetconstructions.com.

4. Members are requested to :
- Immediately, intimate change of address, if any, to company, quoting reference of registered folio number or client DP ID No.,
 - Produce attendance slip at the entrance of meeting hall;
 - Bring the Annual Report at the entrance of the meeting hall;
5. 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 ten days prior to the meeting so that required information can be made available at the meeting.
6. Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing the Companies the paperless compliance and the said ministry has issued a circular stating that the service of notice/documents including annual reports can be sent by e-mail to the members.

In order to abide by the circular, the members are requested to register their e-mail address, to enable the company to send reports by e-mail. The members holding shares in demat form may register their e-mail address with the respective DPs and the members who hold the shares in physical form are requested to register their e-mail with the Company or Registrar & Share Transfer Agent. This will enable the company to send the annual reports by e-mail.

Explanatory statement, as required under Section 173 (2) of the Companies Act, 1956.

ITEM NO. 4

During the year Mrs. Seema Bhattar was appointed as Additional Director in the Board of Directors Meeting and she is having enough knowledge and experience in marketing, the same will help the Company for better marketing of its project. Therefore, it is the interest of the Company to appoint her as regular director of the Company. The board recommended the acceptance of the resolution. None of the directors is deemed to be interested or concerned in the said resolution except Mrs. Seema Bhattar, Director of the Company

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

**Kishan Kumar Kedia
Chairman & Managing Director**

Place : Mumbai
Dated : 29th May, 2013

Annexure to Notice**Details of Directors seeking appointment / re - appointment at the ensuing Annual General Meeting**

1	Name	Shri Shiromani Chauhan	Mrs. Seema Bhattar
2	Age	79 Years	36 Years
3	Qualification	Graduate	Graduate
4	Nature of Experience	Over four decade of experience in Corporate Advisory Services	Over 10 years of experience in Marketing and Administration
5	List of other Directorship held (excluding Pvt. Co.)	Nil	Nil
6	Chairman / Member of the Committee of other Companies	Nil	Nil

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-First Annual Report and Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS**(Rs. In Lacs)**

	2012-2013	2011-2012
	Stand-alone	
Total Income	2102.13	826.28
Profit before Depreciation, Interest & Tax	397.92	378.74
Depreciation	35.92	32.93
Interest	226.04	198.00
Profit before Tax	135.96	147.81
Provision for Taxation	27.00	16.65
Profit after Tax	108.96	131.16
Share Capital	1390.22	1390.22
Reserves & Surplus	4805.64	4696.69

DIVIDEND

The directors of the company has not recommend any dividend for the year.

OPERATIONAL REVIEW

During the year under review the company has posted net profit of Rs. 108.96 Lacs as against previous year profit of Rs. 131.16 lacs, the same is to due good response towards the Company's various project and better marking strategy adopted by the Company. There is a substantial increase in sales as well as operational expenses compare to previous year, the operational expenses increased mainly due to various ongoing project undertake by the Company. The management is confident in achieving better result in coming financial year.

CORPORATE GOVERNANCE

A report on the corporate governance along with a certificate from the auditors of the company regrading the compliance of conditions of the corporate governance as stipulated under Clause 49 of the listing agreement is included and forms part of this annual report.

All Board members and senior management personnel have affirmed compliance with code of conduct for the year 202-13. A declaration to this effect certified by the Chairman & Managing Director of the company is also attached in the annual report. The Chairman and the Finance Director of the company have certified to the Board with regard to the financial statements and other matters as required under clause 49 of the listing agreement and the said certificate is also attached in the annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of your company and its businesses is given in the Management Discussion and Analysis, which forms part of this annual report.

FIXED DEPOSITS

The company has not accepted any deposit from the public during the year under review, within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

JOINT VENTURE

During the financial year, the Company has entered into a Joint Venture agreement with Callista Realty Private Limited for a 40 storey residential project namely Brillante and the project is located at Panvel.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

The Company has in place adequate systems of internal control that are commensurate with its size and nature of the business and documented procedures covering all financial and operating functions. The company being in real estate industry, it has in place clear processes and well defined roles and responsibilities for its staff at various levels. The Management has a defined reporting system, which facilitates monitoring and adherence to the process and systems in place.

AUDITORS

M/s Shankarlal Jain & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the company hold office up to the conclusion of this annual general meeting and are recommended for re-appointment. The company has received a certificate under section 224 (1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

AUDITORS' REPORT

Your Directors refer to the observations made by the Auditors in their report and wish to state that the notes forming part of accounts are self explanatory and hence do not require any further comments.

DIRECTORS

Mr. Shiromani Chauhan Director of the company, retire by rotation and being eligible offer himself for reappointment. you are requested to reappoint him. Further during the year Mr. Anil Patel resigned, board place their appreciation to him for his valuable support and contribution. Besides, during the year board has appoint Mrs. Seema Bhattar as additional director, you are requested to consider her re-appointment as regular Director.

DIRECTOR RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- ii) Appropriate accounting policies had been selected and applied 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 at the end of the financial year and of the profit of the company for that period;

- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The accounts has been prepared on going concern basis

PARTICULARS OF EMPLOYEES

Statement under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, as amended by the Companies Amendment Act, 1988, none of the employee draws salary in excess of Rs. 5,00,000/- per month, hence no disclosure is required.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to the matters specified therein are not applicable to your company.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the Company has incurred foreign expenses of Rs. 8.29 lacs towards travelling and subscription.

DELISTING OF SECURITIES FROM JAIPUR STOCK EXCHANGE

During the year under review the Company has received the delisting approval from Jaipur Stock Exchange. Presently, the company shares are only listed at Bombay Stock Exchange Ltd.

LISTING FEES

The Company confirms that the Annual Listing Fees due to Bombay Stock Exchange Ltd., Mumbai for the Financial Year 2013-2014 has been paid.

CUSTODIAN CHARGES

The Company confirms that the custodian charge due to National Securities Depository Ltd. and Central Depository Services (India) Ltd. have been paid for the financial year 2013-14 as applicable and payable as per SEBI circular in this regard.

ACKNOWLEDGMENT

Your Directors are pleased to place on record their deep appreciation towards the sincere services and co-operation extended by employees of the organization at all levels. They also wish to place on record their gratitude for the confidence placed in them by the banks & financial institutions they are associated with. Further, your Directors wish to thank the various regulatory authorities, business associates and clients for the valued co-operation.

Place : Mumbai
Dated : 29th May, 2013

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

**Kishan Kumar Kedia
Chairman & Managing Director**

ANNEXURE TO DIRECTOR'S REPORT

REPORT ON CORPORATE GOVERNANCE

1. Corporate Philosophy

Your Company 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.

Your Company confirms the compliance of corporate governance, in all material aspects, with the revised clause 49 of the listing agreement, the details of which are given below:

2. Board of Directors :

A. Composition of the Board

The Board of your Company consists of Executive Chairman and eminent person with considerable professional experience from varied disciplines. The present strength of the company as on March 31, 2013 is six directors. Fifty percent of the Board consists of non executive independent director.

B. Board Meeting and procedure

The Board of Directors of your Company met eleven times during the year on 26.04.2012, 26.07.2012, 13.08.2012, 03.09.2012, 16.10.2012, 29.10.2012, 30.10.2012, 05.11.2012, 30.11.2012, 29.01.2013 and 25.03.2013. The details pertaining to the name and category of Directors on the Board, their attendance at the Board Meetings held during the financial year 2012-13 and at the last Annual General Meeting of the Company and the no. of Directorship on the Board or membership/chairemanship in committee held by them across all the Companies are as under :

Composition of the Board, attendance record, membership of Board Committees

Name	Category	Attendance		No. of Other Directorship \$	Committee (as on March 31, 2013)	
		Board Meeting	Last AGM		Member Ship	Chairman Ship
Mr. Kishan Kumar Kedia	Executive Non Independent	11	Y	-	-	-
Mr. Arun Kedia	Executive Non Independent	11	Y	-	-	-
Mr. Sanjay Kedia	Executive Non Independent	11	Y	-	-	-
Mr. Shriromani Chauhan	Non Executive Non Independent	7	N	-	-	-
Mr. Santosh Ginoria	Non Executive Non Independent	8	Y	-	-	-
Mr. Anil Patel*	Non Executive Non Independent	4	N	-	-	-
Mrs. Seema Bhattar**	Non Executive Non Independent	3	N	-	-	-

*Resigned w.e.f. 05.11.2012

**Appointed w.e.f. 05.11.2012

\$ Directorship not included in Private Limited Company.

3. Audit Committee : 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.

Meeting and Attendance

The Audit committee comprises of three members and all are independent Directors, to exercise powers and discharge function as stipulated in section 292A of the Companies Act, 1956. During the year four meeting were held on 26.04.2012, 26.07.2012, 29.10.2012 & 29.01.2013 and all the members attended the meeting. The role and terms of reference of the audit committee covers the matters specified for audit committees under clause 49 of the listing agreement and provisions of Companies Act, 1956.

The Composition of Audit Committee is as under :

Sr. No.	Name of the Members	Status	Director Status
1	Shiromani Chauhan	Chairman	Non-Executive & Independent
2	Santosh Ginoria	Member	Non-Executive & Independent
3	Seema Bhattar**	Member	Non-Executive & Independent
4	Anil Patel*	Member	Non-Executive & Independent

*Resigned w.e.f . 05.11.2012

**Appointed w.e.f. 05.11.2012

4. Remuneration Committee

Non- Executive Directors were neither paid any remuneration nor sitting fees. The Company has no stock Option Scheme for any of its Directors. In view of above, the Board has not felt the need for a separate remuneration committee.

Details of managerial remuneration paid to its Directors are as under :

Salary	:	Rs. 55,20,000
Commission	:	-
Other Perquisite	:	-
Total	:	Rs. 55,20,000