

Date : 21st October, 2017

To

Dept. of Corporate Services
Bombay Stock Exchange Ltd.
P. J. Tower,
Dalal Street, Fort,
Mumbai – 400 001.

Ref. : Garnet Construction Ltd. (Script Code 526727)

Reg. : Submission of Annual Report - 2016-17

Dear Sir,

This is with reference to above please find enclosed herewith annual report for the financial year 2016-17 as per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please acknowledge the same. This is for your information and record purpose.

Thanking you,

Yours faithfully

For Garnet Construction Ltd.



Kishan Kumar Kedia
Chairman & Managing Director

Encl . : a/a

Garnet Construction Limited

Registered & Corporate Office:

501/531, Laxmi Mall, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai - 400 053.

Tel: 91-22-42578500 | Fax: 91-22-42578522 | E-mail: garnet@garnetconstructions.com | www.garnetconstructions.com

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Garnet Construction Limited will be held on **Friday the 29th September, 2017** at 10.00 am 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 adopted
 - a). the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and Auditors thereon; and
 - b). the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Kedia (DIN No. 00205220), who retires by rotation, and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Shankarlal Jain & Associates LLP, Chartered Accountants (Firm Registration No. 109901W/W100082), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2017-18 on such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) (subject to any modification and re-enactment thereof), the consent, sanction, permission or approval as the case may be of the members of the company be and is hereby accorded to the board of directors to enter into any contract or arrangements with related parties Kishan Kumar Kedia, Neelkanth Industrial Estate, Panchdeep Industrial Estate, S.K Investment, Aditya Industrial Estate, Kedia Industrial Development Corporation, and its subsidiary as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, appointment of agent for purchase or sale of goods, materials, services or property or otherwise disposing of any goods, materials or property or availing or rendering of any services or appointment of such related party to any office or place of profit in the Company or its subsidiary or associate Company or reimbursement of any transaction or any other transaction of whatever nature with related parties.

RESOLVED FURTHER THAT the board of directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and relevant rules framed thereunder and other applicable provisions, if any, whereby, a document may be served on any member by the Company by sending it to him/her by post, by registered post, by speed post, by electronic mode, or any other modes as may be prescribed, consent of the members be and is hereby accorded to charge from the member such fees in advance equivalent to estimated actual expenses of delivery of the documents delivered through registered post or speed post or by courier service or such other mode of delivery of documents pursuant to any request by the shareholder for delivery of documents, through a particular mode of service mentioned above provided such request along with requisite fees has been duly received by the Company at least 10 days in advance of dispatch of documents by the Company to the shareholder;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors or Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary, proper or desirable to give effect to the resolution.

Registered Office:
501/531, Laxmi Mall,
Laxmi Industrial Estate,
New Link Road,
Andheri (West),
Mumbai – 400 053

By Order of the Board

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

(Mumbai)
5th September, 2017

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT PROXY TO ATTEND AND ON A POLL VOTE, INSTEAD OF HIMSELF/HERSELF. [A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES INORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A Person shall not act as a Proxy for more than 50 Members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

3. The Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 are annexed hereto.
4. Corporate Members are requested to send to the Company, at its Registered Office a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
5. Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 25, 2017 to Friday, September 29, 2017 (both days inclusive).
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), Mandates, Nomination, Power of Attorney, Change of Address, Change of Name, Email Address, Contact Numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Transfer Agents to provide efficient and better services. Members holding shares in Physical Form are requested to intimate such changes to Transfer Agents M/s. Link Intime India Pvt. Ltd.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.
9. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2016 -17 will also be available on the Company's website www.garnetconstructions.com for their download. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11:00 a.m. and 1:00 p.m. on all days except Saturdays, Sundays and public holidays, from the date hereof up to the date of the Annual General Meeting.
10. Notice of the AGM along with Annual Report 2016-17 is being sent by electronic mode to those members whose email addresses are registered with the Company / Depository Participants unless any member has requested for the physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by permitted mode. To support the Green Initiative, members (holding shares in electronic form) who have not registered their email addresses, are requested to register the same with their Depository Participants. Members holding shares in physical mode are requested to register their email ID with the Registrar and Share Transfer Agent of the Company.
11. Brief profile of the Directors retiring by rotation and being eligible for re-appointment and the Directors proposed to be re-appointed/appointed at this Annual General Meeting has been furnished in this Annual Report.
12. Members desirous of obtaining any information with regard to accounts are requested to write to the Company Secretary at the Registered Office of the Company, at least 10 days in advance, so as to compile the same.

13. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 are requested to fill up the Form SH-13 and send to the office of the Company's Transfer Agent.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Transfer Agent.

15. Voting Through Electronic Means

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically on the resolutions mentioned in the notice of 25th Annual General Meeting of the Company.

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under :

- i. The voting period begins on **Tuesday, 26 Day of September, 2017 at 9:00 a.m. and ends on Thursday, 28 Day of September, 2017 at 5:00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of Friday, 22 Day of September, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below :

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p><input type="checkbox"/> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p><input type="checkbox"/> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p><input type="checkbox"/> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)</p>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help or write an email to helpdesk.evoting@cdslindia.com.

General Instructions :

- a. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Friday, 22 Day of September, 2017.
- b. A copy of this notice has been placed on the website of the Company and the website of CDSL.
- c. In case of any other queries/grievances connected with voting by electronic means, you may also contact Company Secretary.
- d. Mr. Mohd. Akram, (CP No. 9411), Practicing Company Secretaries from Mohd Akram, Company Secretaries have been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- e. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witness not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- f. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.garnetconstructions.com and on the website of CDSL within 48 hrs of conclusion of the General Meeting and communicated to the BSE Limited.

GARNET CONSTRUCTION LIMITED | 2016-17

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013.

ITEM NO. 4

The provision of Section 188 of the Companies Act, 2013 that govern the related parties transaction require approval from members through special resolution.

Further as per the proviso to Section 188 provides that nothing shall apply to any transaction entered into by the Company in its ordinary course of business other than transaction which are not on arm's length basis.

In the light of said section the Board of Directors of your company has approved the proposed transaction along with annual limits that your company may enter into with its Related Parties for the Financial Year 2017-18 and beyond.

All prescribed disclosures as required to be given under the provisions of the Companies Act, 2013 and the Companies (meetings of Board and its Power) Rules, 2014 are given below in a tabular format for kind perusal of the members.

Maximum Value of Contract / Transaction for the Financial Year 2017-18 (in Lakhs)					
Transaction defined u/s 188 (1) of the Companies Act, 2013					
	Sale or supply of any good materials	Purchase or otherwise buying materials / property of any kind	Loan (With Interest)	Technical Consultancy Fees	Leasing of Property
Name of Related Parties					
S.K. Investment		500.00			
Aditya Ind.Estate			500.00		
Kedia Industrial Development Corporation			500.00		
Neelkanth Industrial Estate			500.00		
Kishan Kumar Kedia			1500.00		
Panchdeep Industrial Estate			500.00		
Associates					
NIL					
Subsidiaries					
NIL					

The Board of Directors of your Company has approved this in the Board Meeting held on 5th September, 2017 and recommended the Resolution as set out in the accompanying Notice for the approval of members of the Company as a special resolution.

Except Promoter Directors and Key Managerial Personnel of the Company and their relatives, no other director is concerned or interested in the resolution.

ITEM NO. 5

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by registered post, by speed post, by electronic mode, or any other modes as may be prescribed. Further a member may request the delivery of document through any other mode by paying such fees as maybe determined by the members in the Annual General Meeting. Accordingly, the Board recommends the passing of the Special Resolution at Item No. 5 of the accompanying Notice for members approval.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Registered Office:
501/531, Laxmi Mall,
Laxmi Industrial Estate,
New Link Road,
Andheri (West),
Mumbai – 400 053

By Order of the Board

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

(Mumbai)
5th September, 2017

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015, ARE AS UNDER:

Name of the Director	Sanjay Kedia
Director Identification Number (DIN)	00205220
Aged	48 Years
Position Held	Finance Director
Nationality	Indian
Date of Appointment on Board	15/10/1992
Qualification	Graduate
Shareholding in Garnet Construction Ltd.	14.94%
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	One
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Nil

Mr. Kishan Kumar Kedia, Chairman & Managing Director, Mr. Arun Kedia, Director Marketing and Mr. Sanjay Kedia, Finance Director are have inter-se relationships between the Board Members.

DIRECTORS'S REPORT

To,
The Members,
Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

Financial summary or highlights/Performance of the Company (Standalone)

The Board's Report shall be prepared based on the stand alone financial statements of the company. Rs. In Lacs

Particulars	2016-2017	2015-2016
Gross Income	1142.25	4665.58
Profit Before Interest and Depreciation	389.16	617.58
Finance Charges	165.78	241.66
Gross Profit	223.38	375.92
Provision for Depreciation	62.26	85.81
Net Profit Before Tax	161.12	290.10
Provision for Tax	26.14	73.10
Net Profit After Tax	134.98	217.00
Balance of Profit brought forward	981.84	764.84
Balance available for appropriation	1116.82	981.84
Proposed Dividend on Equity Shares	0	0
Tax on proposed Dividend	0	0
Transfer to General Reserve	0	0
Surplus carried to Balance Sheet	1116.82	981.84

Brief description of the Company's working during the year/State of Company's affair

During the year under review the Company has total income is decreased and same is Rs. 1142.25 lacs as against previous year Rs. 4665.58, the same is on account of lower bookings & possession in our residential and commercial projects. However the company has posted net profit of Rs. 134.98 Lacs as against previous year profit of Rs. 217.00, the same is due to lower depreciation in compliance with provisions of the act and lower amount of Financial charges debited to P&L. Further there is no change among the business of the Company.

Dividend

Your directors regret to inform you that we do not recommend any dividend for the year to strengthen the position of the company

Unclaimed Dividend

There is no balance lying in unpaid equity dividend account.

Reserve

The Company has transferred the available profit into its reserve during the year under review.

Share Capital

There is no change in the share capital of the Company during the year.

Directors and Key Managerial Personnel

Mr. Sanjay Kedia Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. Pursuant to the recommendation of Nomination and Remuneration Committee the Board of Directors of the Company in their meeting held on 5th September, 2017.

A separate meeting of Independent Director was held for the purpose of evolution of performance of non-independent directors, performance of board as a whole and of the chairman talking into account the views of the executive and non executive directors.

The company has received a declaration subject to Section 149 (7) of the Companies Act, 2013 from all the Independent Director confirming that they meet the criteria of Independent as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16 (b) of the Listing Regulations.

Particulars of Employees

In terms of the provisions of Section 197 (12) of the Act read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the details required therein forms part of this report. Having regard to the provisions of Section 136(1) read with the its relevant provision of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered office of the Company during working hours and any member interested in obtaining such information may write to the Company and the same will be furnished without any fee and free of cost. In terms of the requirement of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in **Annexure V** which forms part of this report.

Number of Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year 8 Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Details of Subsidiary/Joint Ventures/Associate Companies

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is given as **Annexure-III**.

Auditors

M/s Shankarlal Jain & Associates LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditor of the Company in the 23rd Annual General Meeting (AGM) of the members held on 29th September, 2015 to hold office for a 3 years, subject to rectification of their appointment the members are requested to rectify their appointment. The Audit Committee and Board of Directors have recommended rectification of their appointment as Statutory Auditor.

Auditors Reports

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

During the year, the statutory auditor had not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no details is required to be disclosed under Section 134 (3) (ca) of the Companies Act, 2013.

Disclosure about Cost Audit

As per the Cost Audit Orders, Cost Audit is not applicable to the Company's construction business for the FY 2017-18.

Secretarial Audit Report

In terms of Section 204 of the Act and Rules made there under, Mr. Mohd Akram, Practicing Company Secretary have been appointed Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure IV** to this report. The report is self-explanatory and do not call for any further comments.

Internal Audit & Controls

The Company appoint Mr. Asim Santara as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the board of directors and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in over all operations of the company.

Vigil Mechanism :

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company.

Risk Management policy

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enlarging shareholders value and providing an optimum risk reward trade off. The risk management approach is based on a clear understanding of the risks that the organization faces, disciplined risk monitoring and laid down procedure to inform the Board about risk assessment & minimization procedure. The risk management approach is based on a clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk management and mitigation measures.

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **Annexure - I**.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Internal Financial Controls with reference to financial statements as designated and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet or renewed any fixed deposits during the year.

Particulars of loans, guarantees or investments under section 186

The particulars of loans, guarantees and investments give/made during the financial year under review and governed by the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the financial statements.

Particulars of contracts or arrangements with related parties:

All contracts/arrangements/transactions entered by the company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of material related party transaction are furnished in **Annexure II** and forms part of this report. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the company's website

Your Directors also draw attention of the members to Note 27 to the financial statement which sets out related party disclosures.

As per the requirement under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), approval of the Audit Committee was received for all the Related Party Transactions. As per the Regulation 23(8) of the SEBI Regulations, the Company has sought approval of shareholders for passing necessary resolution.

Corporate Governance

As per Regulation 27 of the Listing Regulation, a report of the Corporate Governance and the Certificate of the Auditors of the Company in respect of the Compliance thereof are appended hereto and forming part of this report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached in the report on Corporate Governance. The Board of Directors of the Company adopted the Code of Conduct and the same is posted on the Company's website. The Directors and Senior Management personnel have affirmed their compliance with the said code.

Management Discussion and Analysis

The Management Discussion and Analysis of the financial condition and result of operation of the Company under review, is annexed and forms an integral part of the Directors' Report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company pursuant to the Section 4 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act. 2013 has constituted an Internal Complaints Committee. During the year, no complaint was lodged with the Internal Complaint Committee.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

No such order passed by the any of the regulatory authority or courts or tribunals.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

During the year under review, the Company has not carried out any manufacturing activity and hence the Directors have nothing to report under Section 134 (3) (m) of the Companies Act 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with reference to Conservation of Energy and Technology Absorption. Further, there is no foreign exchange earnings and outgo.

Corporate Social Responsibility (CSR)

The Disclosure as per Rule 9 of the Companies (Corporate Social responsibility Policy) Rules, 2014 are not applicable to the Company.

Statement on Declaration Given By Independent Directors Under Sub-Section (6) Of Section 149:-

The independent directors have submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-Section(6).

Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (i) in the preparation of annual accounts for the year ended 31 March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the Company as at end of the st financial year ended on 31 March, 2017 and of the profit and loss of the Company for the said financial year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a “going concern basis”;

- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Consolidated Financial Statements

The Consolidated Financial Statements, pursuant to Section 129 of the Companies Act, 2013 are attached to the Standalone Financial Statements of the Company which forms part of this report.

Listing Fees

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to BSE where the Company's Shares are listed.

Acknowledgements

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Shareholders, Bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed displayed by all executive, officer and staff, resulting in successful performance of the Company.

of Directors

For and on behalf of the Board

Place : Mumbai
Date : 5th September, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

Annexure I**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2017****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.****I. REGISTRATION AND OTHER DETAILS:**

- i. CIN :- L25200MH1991PLC059943
ii) Registration Date :- 15th October, 1992
iii) Name of the Company :- Garnet Construction Limited
iv) Category / Sub-Category of the Company :- Public Limited
v) Address of the Registered office :- 501/531, Laxmi Mall, Laxmi Ind. Estate,
New Link Road, Andheri (West),
Mumbai – 400 053
vi) Whether listed company :- Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :- Link Intime India Pvt. Ltd.
C-13, Panalal Silk Mill Compound,
LBS Marg, Bhandup, Mumbai – 400 078
Tel. : 022-25963838
Fax : 022-25946969
Email :accounts@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Construction	45201 & 45202	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name	% of Holding
1	Callista Realty Ltd.	50%

GARNET CONSTRUCTION LIMITED | 2016-17

c) Others (specify)									
Non Resident Indians	189349	38700	228049	1.64	212121	38700	250821	1.81	0.17
HUF	159223	0	159223	1.14	146864	0	146864	1.06	-0.09
Foreign Nationals									
Clearing Members	13634	0	13634	0.10	145665	0	145665	1.05	0.95
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-	4327672	1946405	6274077	45.13	4328772	1945305	6274077	45.13	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4327672	1946405	6274077	45.13	4328772	1945305	6274077	45.13	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	11305695	2596505	13902200	100	11956795	3246905	13902200	100	0

B) Shareholding of Promoter-

S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kishan Kumar Kedia	1759100	12.65	Nil	1759100	12.65	Nil	Nil
2	Kusumdevi Kedia	1928380	13.87	Nil	1928380	13.87	Nil	Nil
3	Arun Kedia	1864117	13.41	Nil	1864117	13.41	Nil	Nil
4	Sanjay Kedia	2076426	14.94	Nil	2076426	14.94	Nil	Nil
5	Narendra Kedia	100	0.00	Nil	100	0.00	Nil	Nil
	TOTAL	7628123	54.87	Nil	7628123	54.87	Nil	Nil

C) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Alpha Chemetrade Agency	675000	4.86	675000	4.86
2.	Krishna Mingranite Ltd	675000	4.86	675000	4.86
3.	Garnet Capital Finance Ltd.	414846	2.08	414846	2.08
4.	Jayshree Parihani	374400	2.69	236401	1.70
5.	Deepika Dilip Harpalni	251381	1.83	251381	1.83

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6.	Lalit Dilip HHarpalani	108963	0.78	107963	0.78
7.	Karvy Stock Broking Ltd.	87943	0.57	89738	0.65
8.	Atlantis Developers & Infrastructure Pvt Ltd	79250	0.57	79250	0.57
9.	Buniyad Chemicals Ltd	75000	0.54	75000	0.54
10.	Vakil Ahemd Siddiqui	75000	0.54	75000	0.54

D) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year		At the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sanjay Kedia	2076426	14.94	2076426	14.94	2076426	14.94
2.	Arun Kedia	1864117	13.41	1864117	13.41	1864117	13.41
3.	Kishan Kumar Kedia	1759100	12.65	1759100	12.65	1759100	12.65
4.	Shiromani Chauhan	3900	0.03	3900	0.03	3900	0.03
5.	Santosh Ginoria	Nil	Nil	Nil	Nil	Nil	Nil
6.	Seema Bhattar	Nil	Nil	Nil	Nil	Nil	Nil
7.	Hetal Talreja	Nil	Nil	Nil	Nil	Nil	Nil
8.	Pavan Gupta	Nil	Nil	Nil	Nil	Nil	Nil

E) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal Amount	4011.67	181.61		4193.28
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	4011.67	181.61		4193.28
Change in Indebtedness during the year				
* Addition	1777.43	24.35		1801.78
* Reduction	2367.25	131.10		2498.35
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	3421.84	74.86		3496.70
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	3421.84	74.86		3496.70

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V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Rs in Lacs

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Kishan Kedia	Arun Kedia	Sanjay Kedia	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.85	5.85	5.85	17.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	5.85	5.85	5.85	17.55
	Ceiling as per the Act				17.86

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Shiromani Chauhan	Santosh Ginoria	Seema Bhattar	
1	Independent Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

GARNET CONSTRUCTION LIMITED | 2016-17**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2.04	10.20	12.24
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5	Others, please specify				
	Total		2.04	10.20	12.24

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 5th September, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

Annexure II**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transaction	Not Applicable
c)	Duration of the contracts/arrangements/transaction	Not Applicable
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
e)	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
f)	Date of approval by the Board	Not Applicable
g)	Amount paid as advances, if any	Not Applicable
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Kishan Kumar Kedia Director
b)	Nature of contracts/arrangements/transaction	Loan with Interest
c)	Duration of the contracts/arrangements/transaction	1 year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
e)	Date of approval by the Board	09.11.2015
f)	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors

Place : Mumbai
Date : 5th September, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

Annexure III**Form AOC- 1**

(Pursuant to first proviso to sub- section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures Part

“A”: Subsidiaries

Rs in Lacs

S. No.	Particulars	Callista Realty Ltd.
1.	Reporting Period	April 16- March 17
2.	Reporting Currency	INR
3.	Share Capital	5.006
4.	Reserve & Surplus	17.61
5.	Total Assets	1890.93
6.	Total Liabilities	1890.93
7.	Investments	-
8.	Turnover (Total Revenue)	-
9.	Profit / (Loss) Before Tax	-2.56
10.	Provision for Tax	-1.03
11.	Profit / (Loss) After Tax	-1.52
12.	Proposed Dividend	-
13.	% of Shareholding	50

Notes: There were no subsidiaries liquidated during the financial year 2016-17.

“B”: Associates and Joint Venture

There is no Company fall under this category.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 5th September, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

Annexure IV

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Garnet Construction Limited
501/531, Laxmi Mall, New Link Road,
Laxmi Industrial Estate,
Andheri (West), Mumbai – 400 053

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Garnet Construction Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Reserve bank of India Act, 1934 and rules and regulation made there under from time to time and any other modification enactment issue by RBI which is applicable on Non Banking Financial Companies (NBFC);
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 2014 (Not applicable to the Company during the Audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the Audit period).
- (ii) The Listing Agreements entered into by the Company with BSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

- 1) The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities as and when required and their disclosures have been noted and recorded by the Board;
- 2) The Directors have complied with the disclosure requirements in respect of their eligibility of appointments, their being independent and compliance with the Code of Conduct for Directors and Senior Management Personnel;
- 3) The Company has obtained all necessary approvals under the various provisions of the Act.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Mohd Akram
Practising Company Secretary

Mohd Akram
ACS No. 22589
C P No.: 9411

Place: Mumbai
Date: 5th September, 2017

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

‘ANNEXURE A’

To,
The Members,
Garnet Construction Ltd.
501/531, Laxmi Mall, New Link Road,
Laxmi Industrial Estate,
Andheri (West), Mumbai – 400 053

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Mohd Akram
Practising Company Secretary

Mohd Akram
ACS No. 22589
C P No.: 9411

Place: Mumbai
Date: 5th September, 2017

ANNEXURE – V

PARTICULARS OF EMPLOYEE AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE (5)(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- i. The ration of the remuneration of each director to the median remuneration of employee for financial year :-**

Executive Directors	Ratio to median remuneration
Kishan Kumar Kedia, Chairman & Managing Director	0.54
Arun Kedia, Director Marketing	0.54
Sanjay Kedia, Finance Director	0.54

- ii. The percentage increase in remuneration in the financial year of following :-**

Executive Directors & KMP	% increase
Kishan Kumar Kedia, Chairman & Managing Director	Nil
Arun Kedia, Director Marketing	Nil
Sanjay Kedia, Finance Director	Nil
Hetal Talreja, Chief Financial Officer	31%
Pavan Gupta, Company Secretary	Nil

- iii. Percentage increase in median remuneration of employees in the financial year :- 17%.**

- iv. Number of permanent employee on the roll of company :- 20**

- v. Explanation on the relationship between average increase in remuneration and company expenditure :-**

The Profit before Tax for the financial year ended March 31, 2017 decreased by 20.37% whereas the increase in median remuneration was 17%.

- vi. Comparison of the remuneration of the KMP against the performance of the Company :-**

Average increase in remuneration of key managerial personnel is 7.75% based upon individual performance, company's performance and as measure to motivate them for better future performance.

- vii. Variation in the market capitalisation of the company, prices earnings ratio as at the closing date of the current financial year and previous financial year :-**

Particulars	31.03.2017	31.03.2016	% Change
Market Capitalization (Rs in Lacs)	1722.48	1668.26	3.25
Price Earnings Ratio	0.97	1.56	-37.82

- viii. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies :-**

Name of Exchange	Closing Market Price as of 31.03.2017	Public Offer in 1993	Growth by
BSE	13.39	10	33.90

- ix. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :-**

Increase in Salaries is as per industry standards.

- x. **Comparison of each Key Managerial Personnel against the performance of the Company .**

None

- xi. **The key parameters for any variable component of remuneration availed by the Directors.**

None

- xii. **Ratio of the remuneration of the highest paid director to that of the employee, who are not director but receive remuneration in excess of the highest paid director during the year.**

The ratio is as 1.33

- xiii. **Affirmation that the remuneration is as per the remuneration policy of the Company.**

It is affirmed that the remuneration paid is as per the remuneration policy of the Company.

STATEMENT PURSUANT TO SECTION 197 912) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE SAID FINANCIAL YEAR.

- A. Employed throughout the year under review and were in receipt of the remuneration in aggregate of not less than Rs. 60,00,000/- p. a. :- None
- B. Employed for the part of the year under review and were in receipt of the remuneration in aggregate of not less than Rs. 5,00,000/- p. m. :- None

For and on behalf of the Board of Directors

Place : Mumbai
Date : 5th September, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN No. 00205146

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Corporate Governance is a value-based framework for managing the affairs of the Company in a fair and transparent manner. As a responsible Company, Garnet Construction Limited ('GCL') uses this framework to maintain accountability in all its affairs, and employ democratic and open processes, which in turn leads to adoption of best governance practices and its adherence in true spirit, at all times. The Company's philosophy is primarily based on the principles of integrity, transparency, fairness, accountability, full disclosure and independent monitoring of the state of affairs. The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

This governance protects and balances the interests of all the stakeholders thereby enhancing the shareholder value.

2. Board of Directors

A. Board Composition

Present strength of the Board is 8 (Eight) Directors. The Board comprises of three (3) Executive and 3 (three) Non-Executive Director. The board is headed by Mr. Kishan Kumar Kedia, Executive Chairman.

Category	Name of Director
Executive and Non-Independent Director	Mr. Kishan Kumar Kedia Mr. Arun Kedia Mr. Sanjay Kedia
Non Executive and Independent Director	Mr. Shiromani Chauhan Mr. Santosh Ginoria Mrs. Seema Bhattar

B. Board Meetings

Eight Board Meetings were held during the financial year 2016 – 17 on 30th May, 2016, 27th July, 2016, 13th August, 2016, 6th September, 2016, 14th November, 2016, 13th February, 2017, 24th March, 2017 and 31st March, 2017.

Details of Composition, Status, Attendance at the Board Meetings and the last Annual General Meeting, Number of other Directorship and other committee position held :-

Name	Category	Attendance		No. of Other Directorship \$	Committee (as on March 31, 2017)	
		Board Meeting	Last AGM		Member Ship	Chairman Ship
Mr. Kishan Kumar Kedia	Executive Non Independent	8	Yes	2	-	-
Mr. Arun Kedia	Executive Non Independent	8	Yes	1	1	-
Mr. Sanjay Kedia	Executive Non Independent	8	Yes	2	-	-
Mr. Shiromani Chauhan	Non Executive Independent	4	No	-	-	-
Mr. Santosh Ginoria	Non Executive Independent	4	Yes	1	-	-
Mrs. Seema Bhattar	Non Executive Independent	4	No	-	-	-

\$ Directorship included in Private Limited Company.

Shri Arun Kedia and Shri Sanjay Kedia and Shri Kishan Kumar Kedia are Promoters and are relatives.

None of the Directors on board is a member of more than nine committee and a Chairman of more than 5 committee across all the committees in which they are directors and the necessary disclosures in this regard have been made by them.

3. Audit Committee :

Brief description of terms of reference

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Overseeing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are accurate, complete and reliable;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review with management the annual financial statements and auditors reports thereon before submission to the board for their approval;
- Review with management quarterly financial statement ensuring compliances with regulatory guidelines before submission to the Board;
- Preparation of various financial statement for better fund planning purpose and based upon the requirement of fund for the Company;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Approval of any subsequent modification of transaction of the company with related parties;
- Valuation of company's projects or assets of the company wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management performance of statutory and internal auditors, their adequacy of the internal control systems;
- Formulate the scope, functioning, periodicity and methodology for conducting the internal audit on consultation with the internal auditor and discuss with them regarding any significant findings and follows up thereon;
- Discussion with statutory auditors before the audit commence, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To review the function of the Whistle Blower mechanism;

Committee Composition

The Committee comprises of three members and all are independent Directors, to exercise powers and discharge their function as stipulated under Companies Act, 2013. During the year four meetings were held on 30.05.2016, 13.08.2016, 14.11.2016 & 13.02.2017 and all the members attended the meeting. Quorum of the committee is two Independent Directors as Members.

The Composition of Audit Committee is as under:

Sr. No.	Name of the members	Status	Director Status	Meeting Attended
1	Shiromani Chauhan	Chairman	Non-Executive & Independent	4
2	Santosh Ginoria	Member	Non-Executive & Independent	4
3	Seema Bhattar	Member	Non-Executive & Independent	4

4. Nomination & Remuneration Committee

The brief description of terms of reference

The Committee's terms of reference includes :

1. Identifying person who are qualified to become and who may be appointed in senior management in accordance with the criteria laid down and recommended to the board their appointment and removal;
2. Carry on the evaluation of directors performance;
3. Formulation of the criteria for evaluation of independent director and the Board;
4. Recommended to the board a policy relating to the remuneration of the directors, key managerial personnel and other employees;

The members of the Nomination and Remuneration Committee met two times on 13th August, 2016 and 13th February, 2017. All the members were attended the said meetings.

The Composition of Committee is as under:

Sr. No.	Name of the members	Status	Director Status	Meeting Attended
1	Shiromani Chauhan	Chairman	Non-Executive & Independent	2
2	Santosh Ginoria	Member	Non-Executive & Independent	2
3	Seema Bhattar	Member	Non-Executive & Independent	2

Remuneration Policy

Remuneration for the Whole-time Director, KMP and Senior Management Personnel

Managing Directors and Whole-time Director

The remuneration to be paid to the Managing and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and/or as per the provisions of the Companies Act, 2013 and the rules made thereunder. The Managing Directors and Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, and other medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and /or Central Government, wherever required.

Minimum and Excess Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Directors and Whole-time Director in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

If any Managing Director and Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company.

Independent Non- Executive Directors:

There is no provision of remuneration has been made to Independent director. However, committee is proposes to recommended the board for payment of Sitting Fees to Independent Directors from current year onwards.

KMP and Senior Management Personnel:

The KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, and same shall be decided and approved by the Board on the recommendation of the Committee.

Approval of the Remuneration Policy & Amendment in the Policy:

This Remuneration Policy shall apply to all future employment agreements with members of Company's Senior Management including Key Managerial Person and Board of Directors. The Remuneration Policy is binding for the Board of Directors including its provisions on stock options. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Board's minutes. The Nomination & Remuneration Committee shall review the policy from time to time and make necessary recommendations to the Board. Any amendment to this Policy can be made only with the approval of the Board of Directors of the Company.

Disclosure of Information & Dissemination:

Information on the total remuneration of Board of Directors, Key Managerial Personnel and Senior Management may be disclosed in the Company's annual financial statements. The Company's Remuneration Policy shall be published on its website.

5. Stakeholder Relationship Committee

The Committee looks into various issues relating to shareholders / investors including transfer and transmission of shares held by shareholders in physical forms as well as non receipt of annual reports etc. the committee also looks into issue including status of dematerialization / re-materialization of shares and issue of duplicate shares.

The members of the Stakeholders Relationship Committee met three times on 13th August, 2016, 14th November, 2016 and 13th February, 2017. All the members were attended the said meetings.

The Composition of Committee is as under:

Sr. No.	Name of the members	Status	Director Status	Meeting Attended
1	Santosh Ginoria	Chairman	Non-Executive & Independent	3
2	Shiromani Chauhan	Member	Non-Executive & Independent	3
3	Arun Kedia	Member	Executive & Non - Independent	3

During the financial year 2016-2017 the Company did not receive any complaints from the shareholders.

6. General Body Meeting

The details of last three Annual general Meeting

Year	Date	Venue	Time
2016	September 29, 2016	Ashish Banquet, Malad (West), Mumbai – 64	10.00 am
2015	September 29, 2015	Ashish Banquet, Malad (West), Mumbai – 64	10.00 am
2014	September 30, 2014	Ashish Banquet, Malad (West), Mumbai – 64	10.00 am

All special resolution as set out in the notice of Annual General Meeting were passed by the shareholders at respective meeting with requisite majority. Neither any resolution was passed through postal ballot last year nor is any resolution proposed to be passed through postal ballot this year.

7. Disclosures

Disclosures regarding Materially Significant Related Party Transactions:

All transactions with any of the related parties were in the ordinary course of business and at arm's length. Particulars of the Related Party Transaction have been disclosed in Note No. 27 of the accounts.

Disclosure regarding certain Non-Compliances related to Capital Markets :

There are no penalties or strictures imposed on the company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

There were no instances of non-compliance of any matter related to the capital market during the last three (3) years.

Whistle Blower Policy

The Board of Directors of the Company have framed Whistle Blower Policy for the directors and employees. The policy has been disclosed on the website of the Company.

Compliance of Mandatory requirements

Certificate from the Auditor of the Company confirming compliances with the mandatory requirements under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report.

Compliance on Corporate Governance:

The Company has complied with Corporate Governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

8. Means of Communication

- The quarterly / half yearly financial results are published in English & Marathi newspaper.
- Quarterly, Half Yearly and Annual Financial Results of the Company are sent to the stock exchange immediately after they have been approved by the board. Quarterly and Annual Results are published in the newspaper and also uploaded on company's website.
- Management Discussion and Analysis Report form the part of the Annual Report.

9. General Shareholder Information**Annual General Meeting :**

Day & Date& Time : Friday, 29th September, 2017 at 10.00 am.
Venue : Ashish Banquet, Malad (West), Mumbai – 400 064

Date of Book closure : Monday 25th September, 17 to Friday 29th September, 17.
(both days inclusive.)

Dividend payment date : Not applicable since no dividends is recommended by the Board.

Listing on Stock Exchanges: Bombay Stock Exchanges, and Annual Listing fees for the Financial Year 2017-18 has been paid to the stock exchange.

Reporting of Audited / Un-audited Financial Result : In respect of Financial Year 2017-18

- a) First quarter : on or before 14th September, 17
b) Second quarter : on or before 14th December, 17
c) Third quarter : on or before 14th February, 18
d) Fourth quarter : with in 60 days from the end of the Financial Year
e) Annual General Meeting (For 17 – 18) : Within statutory time limit

Stock Code : The Stock Exchange, Mumbai - 526727

Market Price Data – High/Low price of the Equity Shares of the Company during the financial year 2016 – 17 on BSE :-

Month	Bombay Stock Exchange Ltd.	
	High	Low
April	13.90	11.80
May	13.00	11.51
June	16.92	12.00
July	22.80	16.10
August	21.75	16.50
September	21.20	16.00

GARNET CONSTRUCTION LIMITED | 2016-17

October	23.00	16.20
November	23.95	13.00
December	14.55	12.81
January	15.60	12.00
February	14.00	12.00
March	13.90	11.70

Share Transfer System : The company's equity shares which are in dematerialized form are dealt through the depositories in electronic mode. Transfer of shares in physical form is processed by the Company's Registrar and Transfer Agent (RTA) within fifteen days from the date of receipt, provided the documents are complete in all respects. All requests for transfer / transmission in physical mode are processed by the RTA.

Distribution of shareholding as on 31.03.2017

Number of Equity Shares		Share Holders		Share Amount	
		No.	% to Total	In Rs.	% to Total
0	500	4474	82.53	7409240	5.33
501	1000	408	7.53	3490750	2.51
1001	2000	226	4.17	3549200	2.55
2001	3000	92	1.70	2393130	1.72
3001	4000	35	0.65	1232580	0.89
4001	5000	52	0.96	2486600	1.79
5001	10000	63	1.16	4438840	3.19
100001 and Above		71	1.31	114021660	82.02
Total		5421	100.00	139022000	100.00

Shareholding pattern as on 31.03.2017

Category	No. of Shares	% of Shares
Promoters	76,28,123	54.87
Private Corporate Bodies	21,30,241	15.32
Indian Public	36,00,486	25.90
NRI/OCBs	2,50,821	1.80
Clearing Member / Other	2,92,529	2.10
Grand Total	1,39,02,200	100.00

Reconciliation of Share Capital Audit Report :

As stipulated by SEBI, a qualified practicing Company Secretary carries out the Reconciliation of Share Capital to reconcile the total capital held with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The report, inter alia, confirms that the total listed and paid-up share capital of the Company is in agreement with the aggregate of the total dematerialised shares and those in physical mode.

Dematerialization of Shares and Liquidity as on March 31, 2017

Mode of Holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Physical	1383	25.51	1945405	13.99
Electronic	4038	74.49	11305695	86.01
TOTAL	5421	100.00	13902200	100.00

Details of shares held by Non-executive Director are given in extract of Annual return in Form MGT – 9.

Dematerialization of Shares : As on 31st March, 2017 Appx. 86 % of the total issued, subscribed and paid-up equity share capital of the company were in dematerialized form.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, its date of conversion and likely impact on Equity : There are no outstanding instruments and hence there will be no dilution of the equity.

Address for Correspondence :

Shareholders holding in physical mode are requested to lodge share transfer, transmission and intimate change of address, if any in their registered address quoting their folio no. to the company Share Transfer Agent at :-

M/s Link Intime India Pvt. Ltd.
C-13, Panalal Silk Mill Compound,
LBS Marg, Bhandup, Mumbai – 400 078.

Query on Annual Report be addressed to Company's registered office.

Designated email id : investors@garnetconstructions.com.

Declaration on Compliance of the Company's Code of Conduct

The Company has framed a Code of Conduct for the Members of the Board of Directors and the Senior Management of the Company pursuant to Regulation 17 (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all the members of the board of directors and senior management have affirmed compliance with said code of conduct for the financial year 2016-17.

For and on behalf of the Board

Place : Mumbai
Dated : 30th May, 2017

Kishan Kumar Kedia
Chairman & Managing Director
DIN: 00205146

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**ECONOMY OVERVIEW:**

Construction is the sixth-largest economic sector in India, accounting for 7.8% of the country's GDP in FY2016, the second-biggest employer (after agriculture), with about 35mn people engaged, and the second-largest recipient of FDI after the services sector. Over FY2012-2016, the GVA of the sector expanded at a moderate CAGR of 3.4% -- lower than GDP's 6.5% -- pushed down by the overall deceleration of the residential market. However, renewed government focus on infrastructure, coupled with a rising demand for commercial and retail properties, proved to be a solid foundation for fostering growth.

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th amongst 160 countries.

Foreign Direct Investment (FDI) received in Construction Development sector (townships, housing, built up infrastructure and construction development projects) from April 2000 to March 2017 stood at US\$ 24.3 billion, according to the Department of Industrial Policy and Promotion (DIPP).

CURRENT GLOBAL SCENARIO

Currently, the global economy is in severe slowdown mode amidst deepening credit crunch and upsetting developmental targets of economies across the world. In the prevailing scenario, infrastructure remains a top priority for addressing developmental gaps as it is considered omnipotent with potentials of lifting economies out of the financial turmoil. The governments around the world are pumping money to generate demands for goods and services by creating jobs through higher spending into physical and social infrastructure. Likewise, the Indian government on its part is not lagging behind on this score and has taken concrete steps to revive the sector to regain its past glory.

URBAN INFRASTRUCTURE

To boost urban infrastructure across the country, the government has initiated multiple measures to lift the infrastructure and construction sectors from the ongoing slowdown and has allocated Rs. 11,842 crore under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which is much higher than Rs. 6870 crore sanctioned in the previous budget. The funds aimed at integrated development of urban infrastructure and services in rural areas and urban cities to boost allied sectors including construction material, steel and cement.

In addition, the government has also set aside Rs. 40,900 crore for 2009–10 for its Bharat Nirman initiative. This is a time bound plan for the development of housing, rural roads, power, irrigation, telephony, and drinking water supply. This would in turn boost business opportunities to small and large players alike in the construction and infrastructure as they would offer sizeable scope for contractual work for the local populace.

That apart, the decision of the government to continue with a corpus of Rs. 4,000 crore for rural roads in the Interim Budget has brought cheer to the companies engaged in construction, infrastructure, logistics and transport segments. The move is expected to bring a shift in the supply-chain pattern and improve the delivery of construction materials as due to lack of such facilities in the countryside, the delivery is inadequate both in term of quantity and quality.

Today, most of the tier II and III towns are emerging as rural market hubs of production, consumption and distribution.

The government has also launched the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) with an outlay of Rs. 64 billion to address infrastructure needs of 5,098 small towns and cities with an outlay of about Rs. 1,064. The JNNURM outlay of over Rs.1 trillion is targeted at augmenting urban infrastructure needs of over 65 mission cities under which the government provides grants ranging from 35% to 90% of the project cost, depending upon the size of the city with state governments and private players contributing the rest.

Moreover, the emphasis on creating infrastructure in villages through Rural Infrastructure Development Fund (RIDF) has raised hopes for construction and consumer companies hoping that the growing demands from the rural heartland will boost the sagging sectors. Most construction and infrastructure companies from power to roads, airports, ports and urban transport are asking for more in the final budget. Likewise oil & gas, civil aviation, ports, bridges, and semi-urban areas are set to offer lot of opportunities to the construction industry also to its important constituents like construction equipment, real estate and allied building activities. The measures are bound to lift the commodity linked industries including cement, steel, aluminum, glass, paint, stones, and tiles.

The government recent measures focused on encouraging banks to fund PPP projects. This is a positive and progressive move at a time when the financing options of infrastructure players have shrunk in the backdrop of global credit crisis, delaying financial closures. Initially, the banks were demanding a higher equity proportion compared to earlier norms. The refinancing measures will provide better comfort to banks in lending to the infrastructure sector.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements, identified by words like ‘plans’, ‘expects’, ‘will’ and so on. All statements that address expectations or projections about the future are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company’s actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Passing of the long-pending Real Estate Regulatory Bill, which was widely discussed, is an unequivocal victory for the Indian real estate sector. The real estate industry has welcomed the major reform that promises to bring in much-needed transparency and accountability.

It will create a much-needed consumer right protection umbrella for buyers of real estate, thereby increasing consumer confidence as well as creating lasting developer brands strong on quality and timely delivery of their projects.

Norms on size of projects had been relaxed from 1,000 sq. m to 500 sq. m and further reduction in size can be brought under the purview of the regulator by state governments.

OTHER GOVERNMENT INCENTIVE

The overall allocation for roads, housing and electrification increased 18% year-on-year in the Union Budget 2017-18. However, the allocation for the National Investment and Infrastructure Fund continues to be low.

The fund was expected to leverage the initial funding multifold for investment and provide a stimulus to the infrastructure sector, which will not happen in FY18.

The sale of public private partnership projects in the roads sector has increased significantly during 2016, which is likely to continue in 2017.

"This may aid in deleveraging of balance sheets of construction companies. However, this will continue to remain a buyers' market, given the significant demand and supply mismatch," the rating agency said.

The sector outlook could be revised to negative, if the companies shift their focus back to public private partnership projects, leading to an increase in capital intensity without adequate equity infusions. Accumulation of large order books leading to a liquidity squeeze could also lead to the sector outlook being revised to negative.

SEGMENT-WISE PERFORMANCE

The Company is engaged in construction and sale of industrial as well residential plots only, hence the segment wise reporting is not applicable. Financial Performance of the Company for the year under review has already covered under the Directors' Report.

OUTLOOK

The Company believes that demand conditions in the real estate sector are exhibiting early signs of improvement and the Management is positive that the Company will be able to achieve better growth than previous year by executing its real estate development and other operations and taking advantage of potential revival in economic growth and its resultant positive effects on the real estate sector over the medium term. The Company shall continue to strive to acquire new projects to increase sales and profit of the Company.

OPPORTUNITIES

The Company's long term view on the Infra and Real Estate Segment is positive due to increasing urbanization, favorable demographics, and growth of the service sector and rising income are still intact. The Company continuously endeavored the processes based upon the for specific area and/or location which will enabling the Company to achieve better result in delivering quality to each of our project as well as customers.

RISK MANAGEMENT

The Company works in an environment which is affected by various factors, some of which are controllable while some are outside the control of the Company. At Garnet, we have developed a robust risk management framework that reduces the volatility due to unfavorable internal and external events, facilitates risk assessment, as reviews by the management.

Economic conditions : An unexpected development in any of the macroeconomic variables that may adversely impact the Company's profitability or viability. Real estate are cyclical industry and they get impacted more by the changes in macroeconomic variables like interest rate, GDP Growth, purchasing power, inflation, among others.

Execution Risk : The Real Estate and construction projects are subject to various execution risks like regulatory hurdles, delay in receipt of approvals, availability of labour and raw material, etc. Any such delay may result in cost overruns and impact the Company's operations unfavorably.

Liquidity Risk : The Real estate business has significant initial outflow with staggered and long-term inflows. Delays in project cycle; inadequate funding resources may have an impact on the liquidity position of the Company.

Regulatory Eenvironment : Our operations are exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations in India and abroad. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our operations is key to our growth strategy and results of operations.

Collection of receivables from our clients : Our operations involve significant working capital requirements and prompt collection of receivables affect favorably to our liquidity and results of operations. However, there can be no assurance that any such development would not adversely affect our business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate internal control system to safeguard all assets and ensure their efficient productivity. The Company practices quality management system for design, planning and construction that complies with International quality standards.

The Company has a suitable internal control system for the business processes, operations, financial reporting, compliance with applicable laws and regulations. The Internal Auditor conducts periodical audits to ensure adequacy of internal control systems and adherence to management policies. Wherever deemed necessary, internal control systems are also reassessed and corrective action is taken, if required.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Manpower is biggest strength in any Sector. The Company maintains its focus on its human resources as it believes that a motivated and empowered workforce is the key to sustained competitive advantage. The Company has maintained excellent relations with its employees across all levels of the organization during the period under review. All efforts were made to ensure a high employee satisfaction. Adequate measures were undertaken to enhance the skill sets of the employees.

CAUTIONERY STATEMENT

This management discussion and analysis may contain forward looking statements that reflects your Company's performance with respect to future events. The actual results may differ materially from those anticipated in the forward looking statements as a result of many factors.

For and on behalf of the Board of Directors

Kishan Kumar Kedia
Chairman & Managing Director
DIN: 00205146

Place: Mumbai

Date: 30th May, 2017

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**To
The Members of
Garnet Construction Limited**

We have examined the compliances of Corporate Governance by **Garnet Construction Limited** for the year ended 31st March, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) of the said Company with Stock Exchange.

The Compliance of condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance stipulated in the above mentioned Listing Regulations.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Company and presented to the Stakeholders Relationship Committee of the Company.

We further state that such compliances is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 30th May, 2017

**For Shankarlal Jain & Associates LLP
Chartered Accountants
Firm Regn No: 109901W/W100082**

**Satish Jain
M. No: 048874
Partner**

GARNET CONSTRUCTION LIMITED

STANDALONE FINANCIAL STATEMENTS

FINANCIAL YEAR – 2016-2017

INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF
GARNET CONSTRUCTION LIMITED
MUMBAI

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **GARNET CONSTRUCTION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. **Except AS 15 in respect of liabilities for GRATUITY & LEAVE ENCASHMENT which are treated on cash basis.**
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations of its financial position in its financial statements as of March 31, 2017.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For SHANKARLAL JAIN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 109901W/W100082**

**Place : MUMBAI
Dated : 30/05/2017**

**SATISH JAIN
PARTNER
M.No. 048874**

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s GARNET CONSTRUCTION LIMITED** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SHANKARLAL JAIN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Registration No. 109901W/W100082**

**Place : MUMBAI
Dated : 30/05/2017**

**SATISH JAIN
PARTNER
M.No. 048874**

**M/s. GARNET CONSTRUCTION LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2017**

ANNEXURE B TO AUDITORS REPORT

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
c) The title deeds of immovable properties held as fixed assets are in the name of the company.
2. The stocks of goods have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable in relation to the size of the company and nature of its business. The discrepancies noticed on verification between the physical and book records were not material.
3. As per the information and explanations given to us, the company has not granted unsecured loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. Hence relevant clause is not applicable.
4. As per the information and explanations given to us, the company has not granted loans, or given guarantee or security for any person specified under section 185 and section 186 of the Companies Act, 2013. The company has not invested in any company in contravention of section 186 of the Companies Act, 2013.
5. As per the information and explanations given to us, the company has not accepted deposits from the public within the meanings of Sections 73 to 76 of the Companies Act and the rules framed there under.
6. In our opinion and according to information and explanations given to us, the Central Government has not prescribed the maintenance of costs records under section 148 of the Companies Act, 2013.
7. a) According to the information and explanation given to us and based on the books and records examined by us the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues, wherever applicable, have been generally deposited regularly during the year with appropriate authorities. There are no outstanding statutory dues as on 31st March, 2017 for a period of more than six months from the date they become payable.
b) According to the information and explanation given to us and based on the books and records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues, wherever applicable, which have not been deposited on account of any dispute.
8. In our opinion the company has not defaulted in repayment of dues to a financial institution or Bank during the year.

9. As per the information and explanation given to us the company has not raised money by way of public offer. The company has utilized the term loan for the purpose for which it was taken by the company and has not committed any default
10. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.
11. The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. As per the information and explanation given to us the company is not a nidhi company hence provisions of Nidhi Rules, 2014 are not applicable.
13. All the transactions entered into with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. The company has not entered into any non-cash transactions with directors or persons connected with him.
16. In our opinion the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

**For SHANKARLAL JAIN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Registration No. 109901W/W100082**

**Place : MUMBAI
Dated : 30/05/2017**

**SATISH JAIN
PARTNER
M.No. 048874**

GARNET CONSTRUCTION LIMITED

BALANCE SHEET AS AT 31.03.2017

Particulars	Notes	As at 31st March,	As at 31st March,
		2017	2016
		Rs	Rs
<u>EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	2	13,90,22,000	13,90,22,000
Reserves and Surplus	3	54,46,81,869	53,11,83,683
		68,37,03,869	67,02,05,683
<u>NON - CURRENT LIABILITIES</u>			
Long Term Borrowings	4	26,87,21,766	19,62,54,237
Deferred Tax Liabilities (Net) (Refer Note 26)		1,19,62,213	1,25,10,069
Other Long Term Liabilities	5	1,00,000	66,76,829
		28,07,83,978	21,54,41,135
<u>CURRENT LIABILITIES</u>			
Short Term Borrowings	6	74,86,000	1,81,60,805
Trade Payables	7	5,51,64,854	7,45,07,956
Other Current Liabilities	8	69,09,55,997	79,14,73,710
Short Term Provisions	9	12,73,707	6,20,586
		75,48,80,558	88,47,63,057
TOTAL		1,71,93,68,405	1,77,04,09,876
<u>ASSETS</u>			
<u>NON - CURRENT ASSETS</u>			
Fixed Assets			
Tangible Assets	10	6,09,60,556	6,71,47,067
Non - Current Investments	11	3,07,31,117	3,07,31,117
Long Term Loans and Advances	12	94,34,069	1,08,42,000
		10,11,25,742	10,87,20,184
<u>CURRENT ASSETS</u>			
Inventories	13	1,03,79,09,861	1,00,57,11,357
Trade Receivables	14	39,91,89,521	43,58,18,461
Cash and Bank Balances	15	45,22,402	60,74,297
Short Term Loans and Advances	16	17,65,37,622	21,40,25,600
Other Current Assets	17	83,258	59,978
		1,61,82,42,663	1,66,16,89,692
TOTAL		1,71,93,68,405	1,77,04,09,876
Significant Accounting Policies	1		
<p>The accompanying notes including other explanatory information form an integral part of financial statement.</p>			
<p>As per our attached report of even date For Shankarlal Jain & Associates LLP Chartered Accountants Firm Reg. No.109901W/W100082</p>		<p>For and on behalf of the Board of Directors of Garnet Construction Limited</p>	
<p>Satish Jain Partner M. No. 048874 Place : Mumbai Date : 30th May, 2017</p>		<p>Kishan Kumar Kedia Chairman & Managing Director</p>	
		<p>Arun Kedia Marketing Director</p>	<p>Sanjay Kumar Kedia Finance Director</p>
		<p>Hetal Talreja Chief Financial Officer</p>	<p>Pavan Gupta Company Secretary</p>

GARNET CONSTRUCTION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

Particulars	Notes	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Rs	Rs
<u>INCOME</u>			
Revenue from operations	18	11,35,19,632	46,25,57,216
Other income	19	7,05,278	40,00,855
Total Revenue (I)		11,42,24,910	46,65,58,071
<u>EXPENSES</u>			
Operating costs	20	5,67,92,704	38,06,16,983
Employee benefits expense	21	63,50,118	88,40,800
Finance cost	22	1,65,78,453	2,41,65,927
Depreciation and amortisation expense		62,25,501	85,81,199
Other expenses	23	1,21,66,003	1,53,42,620
Total Expenses (II)		9,81,12,779	43,75,47,529
Profit for the year before tax (I - II)		1,61,12,131	2,90,10,542
Tax Expenses :			
Current tax		33,00,000	59,00,000
Deferred tax		(5,47,856)	13,76,490
(Excess) / short tax related to earlier years		(1,38,199)	33,543
Profit for the year		1,34,98,186	2,17,00,509
Earning per equity share of face value Rs. 10 each:	29		
Basic		0.97	1.56
Diluted		0.97	1.56
Significant Accounting Policies	1		

The accompanying notes including other explanatory information form an integral part of financial statement.

As per our attached report of even date
 For Shankarlal Jain & Associates LLP
 Chartered Accountants
 Firm Reg. No.109901W/W100082

For and on behalf of the Board of Directors
 of Garnet Construction Limited

Kishan Kumar Kedia
 Chairman & Managing Director

Satish Jain
 Partner
 M. No. 048874
 Place : Mumbai
 Date : 30th May, 2017

Arun Kedia
 Marketing Director

Sanjay Kumar Kedia
 Finance Director

Hetal Talreja
 Chief Financial Officer

Pavan Gupta
 Company Secretary

GARNET CONSTRUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Cash Flow from Operating Activities				
Profit Before Tax as per Statement of Profit and Loss		1,61,12,131		2,90,10,542
Adjusted for:				
Depreciation and Amortisation Expense	62,25,501		85,81,199	
Interest Income	(6,52,698)		(23,64,905)	
Finance Cost	1,65,78,453		2,41,65,927	
(Profit) / Loss on Sale of Fixed Assets	-		6,48,610	
Expenses directly debited to provision	(20,250)		(20,250)	
Miscellaneous Expenses W/off		2,21,31,006		3,10,10,581
Operating Profit before Working Capital Changes		3,82,43,137		6,00,21,123
Adjusted for:				
(Increase)/Decrease in Inventories	(3,21,98,504)		21,65,44,755	
(Increase)/Decrease in Trade Receivables	3,66,28,940		5,23,21,607	
(Increase)/Decrease in Other Receivables	3,76,14,698		6,10,48,656	
Increase/(Decrease) in Trade Payable	(1,93,43,102)		3,07,91,774	
Increase/(Decrease) in Other Liabilities and Provisions	2,43,55,526	4,70,57,558	(27,13,28,589)	8,93,78,203
Cash Generated From Operations		8,53,00,695		14,93,99,326
Less: Income tax Refund		22,49,101		10,00,000
Income Tax Paid		(34,79,600)		(51,18,608)
Net Cash from / (used in) Operating Activities (A)		8,40,70,196		14,52,80,718
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(38,990)		(3,71,730)	
Sale of Fixed Assets	-		5,07,000	
Interest Received	6,52,698		23,64,905	
		6,13,708		25,00,175
Net Cash from / (used in) Investing Activities (B)		6,13,708		25,00,175
Cash Flow from Financing Activities				
Repayment From Borrowings	(24,74,00,208)		(15,88,40,383)	
Interest Paid	(1,65,78,453)		(2,41,65,927)	
Proceeds From Borrowings	17,77,42,863	(8,62,35,797)	1,81,60,805	(16,48,45,505)
Net Cash from / (used in) Financial Activities (C)		(8,62,35,797)		(16,48,45,505)
(A+B+C)		(15,51,894)		(1,70,64,612)
Cash and Cash Equivalents - Opening Balance		60,74,296		2,31,38,907
Cash and Cash Equivalents - Closing Balance		45,22,402		60,74,296

As per our attached report of even date
For Shankarlal Jain & Associates LLP
Chartered Accountants
Firm Reg. No.109901W/W100082

Satish Jain
Partner
M. No. 048874
Place: Mumbai
Date : 30th May, 2017

For and on behalf of the Board of Directors
of Garnet Construction Limited

Kishan Kumar Kedia
Chairman & Managing Director

Arun Kedia
Marketing Director

Hetal Talreja
Chief Financial Officer

Sanjay Kumar Kedia
Finance Director

Pavan Gupta
Company Secretary

Significant Accounting Policies forming part of Financial Statements for the year ended 31st March, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention, on accrual basis. GAAP comprises mandatory Accounting Standards issued by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 USE OF ESTIMATES :

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

1.3 TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS :

Tangible assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable/allocable cost of bringing the asset to its working condition for its intended use. The cost also includes direct cost and other related incidental expenses. Revenues earned, if any during trial run of assets is adjusted against cost of the assets.

1.4 DEPRECIATION AND AMORTIZATION :

Depreciation on all assets of the Company has been provided on Straight Line Method at the rates and in the manner specified in schedule II of the Companies Act, 2013. The details of estimated life for each category of asset are as under:

Type of Asset	Life
Office Premises	60 Years
Plant & Machinery	15 Years
Office Equipments	5 Years
Computers	3 Years
Furniture & Fixtures	10 Years
Motor Car	8 Years
Motor Bike	10 Years

1.5 IMPAIRMENT OF ASSETS :

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceed its recoverable amount, an impairment loss is recognized in the income statement for the items Of fixed assets carried at cost. However in the opinion of the management, no provision is required for impairment of asset in the current year.

1.6 INVESTMENTS :

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary decline in the value of the investments.

1.7 INVENTORIES :

a) Construction work in progress

The construction work in progress is valued at lower of cost and net realizable value. Cost includes cost of land, development rights, rates and taxes, construction costs, borrowing costs, other direct expenditure, allocated overheads and other incidental expenses.

b) Finished stock of completed projects (ready units)

Finished stock of completed projects and stock in trade of units is valued at lower of cost and net realizable value.

c) Inventory includes certain land purchased in the name of directors and employees who holds the same in trust for the Company

1.8 REVENUE RECOGNITION :

i) Revenue for real estate development/sale

The Company being a Development and Construction Company engaged in the construction of the Industrial Plots Sheds and the Residential Bungalows. During the year under review, the Company has followed the method of accounting for the recognizing of sales on the basis completion of sales method prescribed in AS-9 Revenue Recognition. Hence sales are recognized when possession is handed over to the parties. All expenses and incomes not directly related to particular projects are charged to Profit and loss account of the financial year during which the same are incurred.

Further based on the Guidance Note on Accounting for Real Estate Transaction (Revised 2012) issued by the ICAI, company has followed percentage completion method for projects where construction activity has been commenced from 1st April,2012.

The estimates relating to percentage of completion, costs of completion, area available for sale etc. being of a technical nature are reviewed and revised periodically by the Management and are considered as change in estimates and accordingly, the effect of such changes in estimates is recognized prospectively in the period in which such changes are determined.

Revenue of open plots / land is recognized on the execution of agreement.

ii) Rent

Rental Income is recognized on a time proportion basis as per the contractual obligations agreed with the respective tenant.

iii) Interest

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.9 FOREIGN CURRENCY TRANSACTION :

All the Foreign Currency Transactions are accounted for at the exchange rate prevailing on the date of such transaction.

1.10 SHARE ISSUE EXPENSES :

Share issue expenses are amortized over a period not exceeding 5 years.

1.11 TAXES ON INCOME :

- (a) Provision for Income Tax is made on the basis of income for the current accounting period in accordance with the Income tax Act, 1961.
- (b) Deferred tax resulting from timing difference between book and tax profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.
- (c) The Company has made current tax provision for Minimum Alternate Tax (MAT) under section 115JB of the Income tax Act, 1961. As per the provisions of section 115JAA. MAT Credit receivable has to be recognized as an asset in accordance with the recommendations contained in Guidance note issued by the ICAI. However same is not accounted as receivable in the books of accounts since the management is doubtful of availing the credit against Income tax payable due to uncertainty of taxable profits in the upcoming years

1.12 EARNING PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognized when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Possible future obligations or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liabilities in the notes to accounts of financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.14 BORROWING COSTS

Borrowing costs relating to acquisition and/or construction of qualifying assets are capitalized to the extent that the funds are borrowed and used for purpose of constructing a qualifying asset until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs which are not related to acquisition and/or construction activities nor are incidental thereto are charged to the Statement of profit and loss.

GARNET CONSTRUCTION LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31st March,	As at 31st March,
	2017	2016
	Rs.	Rs.
2 Share Capital		
Authorised		
58,000,000 (Previous year 58,000,000) Equity Shares of Rs. 10 each	58,00,00,000	58,00,00,000
Total authorised share capital	58,00,00,000	58,00,00,000
Issued, Subscribed and Paid up		
13,902,200 (Previous year 13,902,200) Equity Shares of Rs. 10 each fully paid up	13,90,22,000	13,90,22,000
Total issued, subscribed and fully paid up share capital	13,90,22,000	13,90,22,000

a. Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31st March,	As at 31st March,
	2017	2016
	Number of Shares	Number of Shares
Equity shares of Rs. 10 each		
Outstanding at the beginning of the year	1,39,02,200	1,39,02,200
Issued during the year	-	-
Bought back during the year	-	-
Outstanding at the end of the year	1,39,02,200	1,39,02,200

b. Terms/rights attached to equity shares

The Company has only one class of Equity Share having value of Rs. 10 each with an entitlement of one vote per share. In the event of company declares and pays dividends in Indian rupees, the dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, the distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

Equity shares of Rs. 10 each fully paid	As at 31st March,		As at 31st March,	
	2017		2016	
	Number of shares	% of holding shares	Number of shares	% of holding shares
Kusumdevi Kedia	19,28,380	13.87%	19,28,380	13.87%
Sanjay Kumar Kedia	20,76,426	14.94%	20,76,426	14.94%
Arun Kumar Kedia	18,64,117	13.41%	18,64,117	13.41%
Kishan Kumar Kedia	17,59,100	12.65%	17,59,100	12.65%

3 Reserves and Surplus	As at 31st March,	As at 31st March,
	2017	2016
Securities premium account		
Balance as per last financial statements	43,30,00,000	43,30,00,000
Less: Utilised for bonus issue/fresh equity shares	-	-
Closing balance	43,30,00,000	43,30,00,000
Surplus in the statement of profit and loss		
Balance as per last financial statements	9,81,83,683	7,64,83,174
Profit for the year	1,34,98,186	2,17,00,509
Depreciation for Previous Years	-	-
Balance available for appropriation	11,16,81,869	9,81,83,683
Closing balance	11,16,81,869	9,81,83,683
Total reserves and surplus	54,46,81,869	53,11,83,683

GARNET CONSTRUCTION LIMITED NOTES TO FINANCIAL STATEMENTS						
4 <u>Long Term Borrowings</u> Secured loans (Refer Note 24) Term loans From bank From financial institution/NBFC Total long term borrowings			As at 31st March, 2017	As at 31st March, 2016		
			14,85,10,982	16,69,66,628		
			12,02,10,784	2,92,87,609		
			26,87,21,766	19,62,54,237		
Particulars	2016-17			2015-2016		
	Non-current Portion	Current Maturity	Total	Non-current Portion	Current Maturity	Total
From bank						
Union Bank of India	12,29,00,000	96,57,934	13,25,57,934	13,38,84,607	76,00,000	14,14,84,607
Kotak Mahindra Bank Ltd		9,86,280	9,86,280	10,95,519	20,94,357	31,89,876
United Bank of India - Loan A/c no. 169330000648	2,56,10,982	52,86,071	3,08,97,053	3,19,86,502	63,27,792	3,83,14,294
From financial institution/NBFC						
SICOM	-	-	-	-	5,00,00,000	5,00,00,000
SICOM	-	-	-	-	4,73,25,276	4,73,25,276
Pnb Housing Finance Limited	4,61,63,224	55,96,056	5,17,59,279			
Bank OD/ Axis		4,90,14,497	4,90,14,497			
India Infoline Housing Finance Ltd (IIHFL)	7,40,47,560	29,21,527	7,69,69,087			
India Infoline Investment Services Limited	-	-	-	15,61,484	56,86,457	72,47,941
India Infoline Finance Limited	-	-	-	2,77,26,125	22,50,157	2,99,76,282
Religare Finvest Limited - Loan A/c [13Cr]	-	-	-	-	5,76,65,725	5,76,65,725
Religare Finvest Limited - Loan A/c [6CR]	-	-	-	-	2,59,62,669	2,59,62,669
Total	26,87,21,766	7,34,62,365	34,21,84,130	19,62,54,237	20,49,12,433	40,11,66,670
5 <u>Other Long Term Liabilities</u> Other Security deposits received from clients* Total other long term liabilities *Security Deposits received are interest free and are repayable after completion of lease term			As at 31st March, 2017	As at 31st March, 2016		
			1,00,000	66,76,829		
			1,00,000	66,76,829		
6 <u>Short Term Borrowings</u> From Directors Others Total short term borrowings						
			-	1,31,09,911		
			74,86,000	50,50,894		
			74,86,000	1,81,60,805		
7 <u>Trade Payables</u> Trade payables Total trade payables						
			5,51,64,854	7,45,07,956		
			5,51,64,854	7,45,07,956		
8 <u>Other Current Liabilities</u> Current maturities of long term borrowings (Refer note 4) Others Statutory dues Advance received from customers Total other current liabilities						
			7,34,62,365	20,49,12,433		
			28,34,154	25,51,984		
		61,46,59,478	58,40,09,293			
			69,09,55,997	79,14,73,710		
9 <u>Short Term Provisions</u> Provision for Expenses Development Expenses for Plot Construction at Dhamni Provision for Income Tax (Net of Advance Tax) Total short term provisions						
			6,00,336	6,20,586		
			6,73,371			
			12,73,707	6,20,586		

GARNET CONSTRUCTION LIMITED

NOTE - 10

FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1 April, 2016 (RS.)	ADDI- TIONS (RS.)	DEDU- CTIONS (RS.)	AS AT 31 March, 2017 (RS.)	UPTO 1 April, 2016 (RS.)	FOR THE YEAR (RS.)	DEDU- CTIONS (RS.)	UPTO 31 March, 2017 (RS.)	AS AT 31 March, 2017 (RS.)	AS AT 1 April, 2016 (RS.)
Tangible Assets										
Office Premises	4,38,20,123			4,38,20,123	30,78,059	7,31,008		38,09,067	4,00,11,056	4,07,42,064
Plant & Machinery	77,95,175			77,95,175	11,81,910	5,23,465		17,05,375	60,89,800	66,13,265
Computers	35,56,687			35,56,687	32,10,489	2,81,161		34,91,650	65,037	3,46,198
Office Equipments	42,27,938	38,990	2,19,134	40,47,794	28,14,099	6,10,264	2,19,134	32,05,229	8,42,566	14,13,840
Furniture & Fixtures	1,65,92,750			1,65,92,750	56,31,607	17,49,555		73,81,162	92,11,587	1,09,61,142
Motor Car	2,36,28,326			2,36,28,326	1,67,73,590	23,06,068		1,90,79,658	45,48,668	68,54,736
Motor Bike	2,32,452			2,32,452	16,629	23,980		40,609	1,91,843	2,15,823
TOTAL	9,98,53,451	38,990	2,19,134	9,96,73,307	3,27,06,384	62,25,501	2,19,134	3,87,12,751	6,09,60,556	6,71,47,067
Previous Year	10,33,38,752	3,71,730	38,57,031	9,98,53,451	2,68,26,606	85,81,199	27,01,421	3,27,06,384	6,71,47,067	7,65,12,147

GARNET CONSTRUCTION LIMITED
NOTES TO FINANCIAL STATEMENTS

	As at 31st March, 2017	As at 31st March, 2016
11 <u>Non - Current Investments</u>		
Unquoted equity instruments		
Investment in shares		
Varaha Infrastructure Limited 30,000 (Previous year 30,000) equity shares of Rs. 1000 each fully paid up	3,00,00,000	3,00,00,000
Callista Realty Limited 25,030 (Previous year 25,030) equity shares of Rs. 10 each fully paid up	2,50,300	2,50,300
Other long term investments (valued at cost unless stated otherwise)		
Unquoted		
Investment in others		
Gold coins	4,80,817	4,80,817
Total non current investments	3,07,31,117	3,07,31,117
Notes		
Aggregate amount of unquoted investments	3,07,31,117	3,07,31,117
12 <u>Long Term Loan and Advances</u>		
Unsecured, considered good	94,34,069	95,84,069
Security deposits		
Advance income tax (net of provision of Rs.33,00,000/-; Previous year Rs.56,00,000)	-	12,57,931
Total long term loan and advances	94,34,069	1,08,42,000
13 <u>Inventories (valued at lower of cost and net realizable value)</u>		
(As certified by management)		
Finished goods	67,23,98,414	65,13,43,395
Construction work - in - progress	36,55,11,447	35,43,67,962
Total inventories	1,03,79,09,861	1,00,57,11,357
14 <u>Trade Receivables</u>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	39,91,89,521	43,58,18,461
Total trade receivables	39,91,89,521	43,58,18,461
14A		
Trade Receivables include doubtful debts of Rs. 7,04,275 (Previous year Rs. 31,05,275) for which no provision has been made as the management is hopeful to recover the same		
	As at 31st March, 2017	As at 31st March, 2016
15 <u>Cash and Bank Balances</u>		
i) Cash and cash equivalents		
Balances with bank	38,63,068	49,68,020
Cash on hand	3,68,333	8,15,277
	42,31,402	57,83,297
ii) Cash and bank balances		
Fixed Deposit with Bank		
Deposit with original maturity for less than 12 months	2,91,000	2,91,000
	2,91,000	2,91,000
Total Cash and Bank Balances	45,22,402	60,74,297
16 <u>Short Term Loans and Advances</u>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,45,68,506	4,88,72,545
Security deposits	11,00,000	16,00,000
Others		
Advances to employees	3,49,000	10,39,117
Advances against property	15,56,75,391	15,95,75,391
Prepaid expenses	30,77,813	8,13,974
Duties and taxes receivable	17,66,913	21,24,573
Total short term loans and advances	17,65,37,622	21,40,25,600
17 <u>Other Current Assets</u>		
Interest accrued on fixed deposit	83,258	59,978
Total other current assets	83,258	59,978

GARNET CONSTRUCTION LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
18 Revenue From Operations		
Sale of commercial & Residential units	7,99,51,126	41,18,19,518
Sale of land / plots	62,54,240	2,38,96,840
Rent on immovable property	1,04,48,908	2,68,40,858
Compensation received	1,28,65,358	-
Land Development Work	40,00,000	-
Total revenue from operations	11,35,19,632	46,25,57,216
19 Other Income		
Interest income on		
Fixed deposit with bank	27,307	4,08,947
Others	6,25,391	19,55,958
Miscellaneous Incomes	52,580	16,35,950
Total other income	7,05,278	40,00,855
20 Operating costs		
Project related expenses:		
Garnet Palladium Project:	1,27,37,777	5,67,04,208
Land & Construction Cost:		
a) Crystal Spring Bungalow Scheme	44,51,908	57,01,659
b) Magic Hill	4,36,40,953	6,05,63,309
c) Magic Heaven	23,69,515	42,93,432
d) Magic Life	16,90,100	23,22,026
e) N A Land	2,36,78,742	3,34,03,025
f) Panchdeep Housing Complex	4,22,213	10,84,569
	7,62,53,431	10,73,68,020
Change in Inventories (Refer Note 28)	(3,21,98,504)	21,65,44,755
Total cost of construction, land and development expenses	5,67,92,704	38,06,16,983
21 Employee Benefits Expense		
Salaries and wages*	59,95,416	86,97,333
Staff welfare expenses	3,54,702	1,43,467
Total employee benefit expense	63,50,118	88,40,800
*Includes Directors Remuneration of Rs. 17,55,000 (Previous year Rs. 32,04,000)		
22 Finance Costs		
Interest expenses	1,52,63,344	2,40,31,515
Other borrowing cost	13,15,109	1,34,412
Total finance costs	1,65,78,453	2,41,65,927

GARNET CONSTRUCTION LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
23 Other Expenses		
Advertisement expenses	1,68,984	3,23,478
Auditors remuneration	7,68,000	4,05,500
Bank charges	1,24,575	1,34,345
Business promotion expenses	-	9,03,829
Electricity expenses	8,29,967	8,34,120
Legal and professional fees	7,64,787	10,04,067
Loss on Sale of Vehicle	-	6,48,610
Membership fees and entrance fees	3,10,137	2,52,842
Rent expenses	57,00,000	54,75,000
Rates and taxes	11,41,172	2,71,492
Repairs to		
Building	2,13,192	6,63,093
Others	4,51,022	6,58,029
Telephone and communication expenses	3,40,903	5,15,508
Traveling and conveyance expenses	3,71,718	14,33,354
Insurance	2,55,077	4,20,033
Miscellaneous expenses	7,26,468	13,99,320
Total other expenses	1,21,66,003	1,53,42,620

GARNET CONSTRUCTION LIMITED

NOTES TO FINANCIAL STATEMENTS

24 Borrowings**a PNB Housing finance Limited - Rs. 5.46 Crores**

Secured against premises situated at Laxmi Industrial Estate. The floating rate of interest is 12.00% p.a

b United Bank of India - Rs. 4.5 Crores

Secured by way of registered mortgage of 11 residential bungalows located at Magic Hills bearing plot no. 13, 14, 15, 16 & 17 (part), Ambivali, Khalapur. The rate of interest is Base Rate + 1.50% p.a.

c Union Bank of India - Rs. 14.45 Crores

Secured by way of first charge on piece or parcel of land admeasuring 1,206,856 square feet located at Village Honad, Taluka Khalapur and hypothecation and escrow of the lease rent receivable. The rate of interest is Base Rate + 3.25% p.a.

d Axis bank Overdraft facility - Rs. 5 Crores

Secured against registered mortgage of Unit no. 302, 507, 407, 402 of Garnet Paladium. The rate of interest is 12.90% p.a.

f India Infoline Housing Finance Limited - Rs. 7.70 Crores

Secured against registered mortgage 18 units of Garnet Paladium, Malad. The rate of interest is 17.00% p.a.

g Kotak Mahindra Bank Ltd. - 0.75 Crores

Secured by way of first charge on automobiles. The rate of interest is 18.00% p.a.

25 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
Commitments		
Advance against Property	2,34,13,234	2,26,81,534
Total	2,34,13,234	2,26,81,534

26 Deferred Tax Liability / (Asset)

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
Deferred tax liability		
Related to Fixed assets (Depreciation / Amortization)	1,19,62,213	1,25,10,069
Gross deferred tax liability	1,19,62,213	1,25,10,069
Net Deferred Tax Liability / (Asset)	1,19,62,213	1,25,10,069

GARNET CONSTRUCTION LTD
NOTES TO ACCOUNTS

27. Related Party Disclosure

List of Related Parties only with whom transactions are executed.

a) Key Management Personnel/Relative of Managerial Person	
Kishan Kumar Kedia	Chairman & Managing Director
Arun kumar Kedia	Marketing director
Sanjay Kumar Kedia	Finance Director
Kusum devi Kedia	Relative of director
b) Subsidiary Company	
Callista Realty Limited	Subsidiary Company
c) Associate Concern	
S.K. Investment	Associate Concern
J.S. Realty Private Limited	
Neelkant Industrial Estate	
Panchsheel Industrial Estate	
Aditya Industrial Estate	
Panchdeep Industrial Estate	
Kedia Industrial Development Corporation	

Previous year figures shown in bracket (Amount in Rs. Lakhs)

Particulars of transactions	Relative	Opening balance	Transaction during the year		Closing balance
Purchase of investment	Subsidiary Company	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Remuneration	Key Management Personnel	Nil (Nil)	17.55 Dr. (32.04 Dr.)	Nil (Nil)	Nil (Nil)
Interest		Nil (Nil)	21.94 Dr. (2.67 Dr.)	Nil (Nil)	Nil (Nil)
Loan Received		131.09 cr. (Nil)	1026.77 Dr. (40.30 Dr.)	895.68 Cr. (171.40 Cr.)	Nil (131.09 Cr.)
	Associate Concerns	Nil (Nil)	141.98 Dr. (Nil)	141.98 Cr. (Nil)	Nil (Nil)
Interest	Associate Concerns	Nil (Nil)	2.45 Dr. (Nil)	Nil (Nil)	Nil (Nil)
Advance Given	Key Management Personnel	Nil (Nil)	Nil (136.01 Dr.)	Nil (136.01Cr.)	Nil (Nil)
	Associate Concerns	Nil. (58.02 Dr.)	Nil (398.19 Dr)	Nil (456.22 Cr)	Nil (Nil)
	Relative of Director	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note: Related parties are identified by the company & relied upon by the auditor.

GARNET CONSTRUCTION LIMITED

NOTES TO FINANCIAL STATEMENTS

28 Operating Cost:

Change in inventories

Particular	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Inventories at the end of the year:		
Stock-in- trade (trading)	44,56,935	44,56,935
Panchdeep Housing Complex	3,08,50,820	3,09,81,822
Emerald	2,44,609	2,44,609
N.A Land	63,68,46,050	61,56,60,029
Work-in-progress	36,55,11,447	35,43,67,962
b) Inventories at the beginning of the year:		
Stock-in- trade (trading)	44,56,935	44,56,935
Panchdeep Housing Complex	3,09,81,822	3,49,72,573
Emerald	2,44,609	2,44,609
N.A Land	61,56,60,029	58,23,69,747
Work-in-progress	35,43,67,962	60,02,12,248
Net (increase)/decrease	(3,21,98,504)	21,65,44,755

29 Earnings per share (EPS)

<u>Particulars</u>	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax	1,34,98,186	2,17,00,509
Weighted average number of equity shares in calculating basic and diluted EPS	1,39,02,200	1,39,02,200
Basic EPS	0.97	1.56
Diluted EPS	0.97	1.56

30 Auditors' Remuneration

<u>Particulars</u>	For the year ended 31 March 2017	For the year ended 31 March 2016
<u>Auditors' Remuneration</u>		
As auditor		
Audit fee	3,00,000	3,00,000
Tax audit fee	50,000	50,000
In other capacity	4,18,000	55,500
Total auditors remuneration	7,68,000	4,05,500

GARNET CONSTRUCTION LIMITED

NOTES TO FINANCIAL STATEMENTS

- 31 The Company's normal operating cycle in respect of operations relating to under construction real estate projects may vary from project to project depending upon the size of the project, type of development, project complexities and related approvals. Operating cycle for all completed projects and other business is based on 12 months period. Assets and Liabilities have been classified into current and non-current based on the operating cycle of respective businesses.
- 32 The Company operates in Single Segment i.e. Real Estate \ Real Estate Development and therefore Segment Reporting as per AS-17 'Segment Reporting' is not applicable.
- 33 No provisions are made for liability of gratuity and leave encashment which are treated on cash basis in the accounts and amount for which is unascertained.
- 34
- a. In the opinion of the management, any of the assets other than fixed assets and non- current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which these are stated.
- b. The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to confirmations or reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.
- 35 Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

Signature to Notes No 1 to 35

For **SHANKARLAL JAIN & ASSOCIATES LLP**
CHARTERED ACCOUNTANTS
Firm Reg. No.109901W/W100082

Satish Jain
PARTNER
M. No. 048874

Place : Mumbai
Date : 30th May, 2017

For and on behalf of the Board of Directors
of Garnet Construction Limited

Kishan Kumar Kedia
Chairman & Managing Director

Arun Kedia
Marketing Director

Sanjay Kumar Kedia
Finance Director

Hetal Talreja
Chief Financial Officer

Pavan Gupta
Company Secretary

Garnet Construction Ltd.**Disclosure on Specified Bank Notes - Standalone**

During the year, the company had specified bank notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R.308(E.) dated 31st march 2017.

The details of SBNs held and transacted during the period from November 8,2016 to December 30,2016 the denomination-wise SBINs and other notes as per notification are as follows:

(Amt in Rs.)

Name	SBNs	Other denomination notes	Total
Closing Balance as on 08.11.2016	3,34,000	15,000	3,49,000
(+) Permitted receipts	-	1,10,000	1,10,000
(-) Permitted Payments	3,34,000	96,313	4,30,313
(-) Amounts deposited in Banks	-	-	-
Closing Balance as on 30.12.2016	-	28,687	28,687

Disclosure on Specified Bank Notes - Consolidated

During the year, the company had specified bank notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R.308(E.) dated 31st march 2017.

The details of SBNs held and transacted during the period from November 8,2016 to December 30,2016 the denomination-wise SBINs and other notes as per notification are as follows:

(Amt in Rs.)

Name	SBNs	Other denomination notes	Total
Closing Balance as on 08.11.2016	5,54,000	18,766	5,72,766
(+) Permitted receipts	-	1,20,000	1,20,000
(-) Permitted Payments	3,54,000	1,10,017	4,64,017
(-) Amounts deposited in Banks	2,00,000	-	2,00,000
Closing Balance as on 30.12.2016	-	28,749	28,749

GARNET CONSTRUCTION LIMITED

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014
in the prescribed Form AOC-1 relating to subsidiary companies

Sr no	Name of the Subsidiary Company	Date of Acquisition	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1	Callista Realty Ltd	31.03.2014	500,600	1,760,759	189,092,564	186,831,205	-	-	(255,748)	-	(152,364)	-	50.00%

GARNET CONSTRUCTION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR – 2016-2017

INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF
GARNET CONSTRUCTION LIMITED
MUMBAI

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **GARNET CONSTRUCTION LIMITED** ("the Company") and its subsidiary companies (the Company and its subsidiary companies together referred as 'the Group'), which comprise the consolidated Balance Sheet as at 31st March, 2017, the Statement of consolidated Profit and Loss, and the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information('the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2017, and its consolidated profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Statement of consolidated Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. **Except AS 15 in respect of liabilities for GRATUITY & LEAVE ENCASHMENT which are treated on cash basis.**
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors of the group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations of its financial position in its financial statements as of March 31, 2017.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

**For SHANKARLAL JAIN & ASSOCIATES LLP,
CHARTERED ACCOUNTANTS
Firm Registration No. 109901W/W100082**

**Place : MUMBAI
Dated : 30/05/2017**

**SATISH JAIN
PARTNER
M.No. 048874**

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s GARNET CONSTRUCTION LIMITED** ("the Company") and its subsidiary company as of 31 March 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHANKARLALJAIN & ASSOCIATES LLP**
Firm Reg. No. 109901W/W100082
Chartered Accountants

(Satish Jain)
Partner
Membership No. 48874

Place: Mumbai
Dated: 30/05/2017

GARNET CONSTRUCTION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31.03.2017

Particulars	Notes	As at 31st March,	As at 31st March,
		2017	2016
		Rs.	Rs.
<u>EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	2	13,90,22,000	13,90,22,000
Reserves and Surplus	3	54,55,62,249	53,21,40,244
Minority Interest		11,30,679	12,06,861
		68,57,14,928	67,23,69,105
<u>NON - CURRENT LIABILITIES</u>			
Long Term Borrowings	4	26,87,21,766	19,62,54,237
Deferred Tax Liabilities (Net) (Refer Note 26)		1,19,62,213	1,25,10,069
Other Long Term Liabilities	5	1,00,000	66,76,829
		28,07,83,978	21,54,41,135
<u>CURRENT LIABILITIES</u>			
Short Term Borrowings	6	74,86,000	1,81,60,805
Trade Payables	7	5,61,17,200	7,54,88,486
Other Current Liabilities	8	87,68,00,397	98,63,55,034
Short Term Provisions	9	13,08,166	8,41,300
		94,17,11,763	1,08,08,45,625
TOTAL		1,90,82,10,669	1,96,86,55,865
<u>ASSETS</u>			
<u>NON - CURRENT ASSETS</u>			
Fixed Assets			
Tangible Assets	10	6,17,90,239	6,82,16,599
Non - Current Investments	11	3,04,80,817	3,04,80,817
Long Term Loans and Advances	12	98,06,819	1,12,39,750
		10,20,77,875	10,99,37,166
<u>CURRENT ASSETS</u>			
Inventories	13	1,10,14,69,698	1,06,67,06,887
Trade Receivables	14	39,91,89,521	43,58,18,461
Cash and Bank Balances	15	75,05,306	61,47,180
Short Term Loans and Advances	16	29,78,85,011	34,99,86,193
Other Current Assets	17	83,258	59,978
		1,80,61,32,794	1,85,87,18,699
TOTAL		1,90,82,10,669	1,96,86,55,865
Significant Accounting Policies	1		
The accompanying notes including other explanatory information form an integral part of financial statement			
As per our attached report of even date		For and on behalf of the Board of Directors	
Chartered Accountants		of Garnet Construction Limited	
Firm Reg. No.109901W/W100082			
		Kishan Kumar Kedia Chairman & Managing Director	
Satish Jain		Arun Kedia	Sanjay Kumar Kedia
Partner		Marketing Director	Finance Director
M. No. 048874			
Place : Mumbai		Hetal Talreja	Pavan Gupta
Date : 30th May, 2017		Chief Financial Officer	Company Secretary

GARNET CONSTRUCTION LIMITED			
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017			
Particulars	Notes	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Rs.	Rs.
<u>INCOME</u>			
Revenue from operations	18	11,35,19,632	46,25,57,216
Other income	19	7,05,278	48,27,500
Total Revenue (I)		11,42,24,910	46,73,84,716
<u>EXPENSES</u>			
Operating costs	20	5,56,80,397	37,93,23,393
Employee benefits expense	21	70,59,840	96,92,346
Finance cost	22	1,65,78,453	2,41,65,927
Depreciation and amortisation expense		64,65,349	95,12,170
Other expenses	23	1,25,84,488	1,57,90,530
Total Expenses (II)		9,83,68,526	43,84,84,365
Profit for the year before tax (I - II)		1,58,56,384	2,89,00,351
Tax Expenses :			
Current tax		33,00,000	61,00,000
Deferred tax		(5,47,856)	13,76,490
(Excess) / short tax related to earlier years		(2,41,583)	33,543
Minority Profit/Loss			
Profit for the year		1,33,45,823	2,13,90,318
Minority Profit/Loss		(76,182)	(1,55,096)
Profit for the year after Minority Profit/Loss		1,34,22,004	2,15,45,413
Earning per equity share of face value Rs. 10 each:	29		
Basic		0.97	1.55
Diluted		0.97	1.55
Significant Accounting Policies	1		
The accompanying notes including other explanatory information form an integral part of financial statement			
As per our attached report of even date		For and on behalf of the Board of Directors	
For Shankarlal Jain & Associates LLP		of Garnet Construction Limited	
Chartered Accountants			
Firm Reg. No.109901W/W100082			
		Kishan Kumar Kedia	
		Chairman & Managing Director	
Satish Jain		Arun Kedia	Sanjay Kumar Kedia
Partner		Marketing Director	Finance Director
M. No. 048874			
Place : Mumbai		Hetal Talreja	Pavan Gupta
Date : 30th May, 2017		Chief Financial Officer	Company Secretary

GARNET CONSTRUCTION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Rs.		Rs.	
Cash Flow from Operating Activities				
Profit Before Tax as per Statement of Profit and Loss		1,58,56,383		2,89,00,352
Adjusted for:				
Depreciation and Amortisation Expense	64,65,349		95,12,170	
Interest Income	(6,52,698)		(23,64,905)	
Finance Cost	1,65,78,453		2,41,65,927	
(Profit) / Loss on Sale of Fixed Assets	-		6,48,610	
Expenses directly debited to provision	(20,250)		(20,250)	
Miscellaneous Expenses W/off				
		2,23,70,854		3,19,41,552
Operating Profit before Working Capital Changes		3,82,27,237		6,08,41,904
Adjusted for:				
(Increase)/Decrease in Inventories	(3,47,62,811)		21,48,16,710	
(Increase)/Decrease in Trade Receivables	3,66,28,940		5,23,21,607	
(Increase)/Decrease in Other Receivables	5,22,52,903		5,04,69,860	
Increase/ (Decrease) in Trade Payable	(1,93,71,286)		3,06,03,800	
Increase/ (Decrease) in Other Liabilities and Provisions	1,53,18,602	5,00,66,348	(29,97,43,544)	4,84,68,433
Cash Generated From Operations		8,82,93,585		10,93,10,337
Less: Income tax Refund		22,49,101		10,00,000
Income Tax Paid		(35,62,470)		(58,38,759)
Net Cash from / (used in) Operating Activities (A)		8,69,80,216		10,44,71,578
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(38,990)		(3,71,730)	
Sale of Fixed Assets	-		5,07,000	
Interest Received	6,52,698		23,64,905	
		6,13,708		25,00,175
Net Cash from / (used in) Investing Activities (B)		6,13,708		25,00,175
Cash Flow from Financing Activities				
Repayment From Borrowings	(24,74,00,208)		(15,88,40,383)	
Interest Paid	(1,65,78,453)		(2,41,65,927)	
Proceeds From Borrowings	17,77,42,863	(8,62,35,797)	1,81,60,805	(16,48,45,505)
Net Cash from / (used in) Financial Activities (C)		(8,62,35,797)		(16,48,45,505)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)		13,58,127		(5,78,73,752)
Cash and Cash Equivalents - Opening Balance		61,47,179		6,40,20,931
Cash and Cash Equivalents - Closing Balance		75,05,306		61,47,180

As per our attached report of even date
For Shankarlal Jain & Associates LLP
Chartered Accountants
Firm Reg. No.109901W/W100082

For and on behalf of the Board of Directors
of Garnet Construction Limited

Kishan Kumar Kedia
Chairman & Managing Director

Satish Jain
Partner
M. No. 048874

Arun Kedia
Marketing Director

Sanjay Kumar Kedia
Finance Director

Place: Mumbai
Date : 30th May, 2017

Hetal Talreja
Chief Financial Officer

Pavan Gupta
Company Secretary

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Significant Accounting Policies forming part of Consolidated Financial
Statements for the year ended 31st March, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention, on accrual basis. GAAP comprises mandatory Accounting Standards issued by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 PRINCIPLES OF CONSOLIDATION

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.

ii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies are made and further movements in their share in the equity, subsequent to the dates of investments.

1.3 USE OF ESTIMATES :

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

1.4 TANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS :

Tangible assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable/allocable cost of bringing the asset to its working condition for its intended use. The cost also includes direct cost and other related incidental expenses. Revenues earned, if any during trial run of assets is adjusted against cost of the assets.

1.5 DEPRECIATION AND AMORTIZATION :

Depreciation on all assets of the Company has been provided on Straight Line Method at the rates and in the manner specified in schedule II of the Companies Act, 2013. The details of estimated life for each category of asset are as under:

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Type of Asset	Life
Office Premises	60 Years
Plant & Machinery	15 Years
Office Equipments	5 Years
Computers	3 Years
Furniture & Fixtures	10 Years
Motor Car	8 Years
Motor Bike	10 Years

1.6 IMPAIRMENT OF ASSETS :

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceed its recoverable amount, an impairment loss is recognized in the income statement for the items

Of fixed assets carried at cost. However in the opinion of the management, no provision is required for impairment of asset in the current year.

1.7 INVESTMENTS :

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary decline in the value of the investments.

1.8 INVENTORIES :

a) Construction work in progress

The construction work in progress is valued at lower of cost and net realizable value. Cost includes cost of land, development rights, rates and taxes, construction costs, borrowing costs, other direct expenditure, allocated overheads and other incidental expenses.

b) Finished stock of completed projects (ready units)

Finished stock of completed projects and stock in trade of units is valued at lower of cost and net realizable value.

c) Inventory includes certain land purchased in the name of directors and employees who holds the same in trust for the Company

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.9 REVENUE RECOGNITION :

i) Revenue for real estate development/sale

The Company being a Development and Construction Company engaged in the construction of the Industrial Plots Sheds and the Residential Bungalows. During the year under review, the Company has followed the method of accounting for the recognizing of sales on the basis completion of sales method prescribed in AS-9 Revenue Recognition. Hence sales are recognized when possession is handed over to the parties. All expenses and incomes not directly related to particular projects are charged to Profit and loss account of the financial year during which the same are incurred. Further based on the Guidance Note on Accounting for Real Estate Transaction (Revised 2012) issued by the ICAI, company has followed percentage completion method for projects where construction activity has been commenced from 1st April,2012.

The estimates relating to percentage of completion, costs of completion, area available for sale etc. being of a technical nature are reviewed and revised periodically by the Management and are considered as change in estimates and accordingly, the effect of such changes in estimates is recognized prospectively in the period in which such changes are determined.

Revenue of open plots / land is recognized on the execution of agreement.

ii) Rent

Rental Income is recognized on a time proportion basis as per the contractual obligations agreed with the respective tenant.

iii) Interest

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

1.10 FOREIGN CURRENCY TRANSACTION :

All the Foreign Currency Transactions are accounted for at the exchange rate prevailing on the date of such transaction.

1.11 SHARE ISSUE EXPENSES :

Share issue expenses are amortized over a period not exceeding 5 years.

1.12 TAXES ON INCOME :

- (a) Provision for Income Tax is made on the basis of income for the current accounting period in accordance with the Income tax Act, 1961.
- (b) Deferred tax resulting from timing difference between book and tax profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (c) The Company has made current tax provision for Minimum Alternate Tax (MAT) under section 115JB of the Income tax Act, 1961. As per the provisions of section 115JAA. MAT Credit receivable has to be recognized as an asset in accordance with the recommendations contained in Guidance note issued by the ICAI. However same is not accounted as receivable in the books of accounts since the management is doubtful of availing the credit against Income tax payable due to uncertainty of taxable profits in the upcoming years

1.13 EARNING PER SHARE:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognized when an enterprise has a present obligation as a result of past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Possible future obligations or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liabilities in the notes to accounts of financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.15 BORROWING COSTS

Borrowing costs relating to acquisition and/or construction of qualifying assets are capitalized to the extent that the funds are borrowed and used for purpose of constructing a qualifying asset until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs which are not related to acquisition and/or construction activities nor are incidental thereto are charged to the Statement of profit and loss.

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31st March,	As at 31st March,
	2017	2016
	Rs.	Rs.
2 Share Capital		
Authorised		
58,000,000 (Previous year 58,000,000) Equity Shares of Rs. 10 each	58,00,00,000	58,00,00,000
Total authorised share capital	58,00,00,000	58,00,00,000
Issued, Subscribed and Paid up		
13,902,200 (Previous year 13,902,200) Equity Shares of Rs. 10 each fully paid up	13,90,22,000	13,90,22,000
Total issued, subscribed and fully paid up share capital	13,90,22,000	13,90,22,000

a. Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares of Rs. 10 each	As at 31st March,	As at 31st March,
	2017	2016
	Number of Shares	Number of Shares
Outstanding at the beginning of the year	1,39,02,200	1,39,02,200
Issued during the year	-	-
Bought back during the year	-	-
Outstanding at the end of the year	1,39,02,200	1,39,02,200

b. Terms/rights attached to equity shares

The Company has only one class of Equity Share having value of Rs. 10 each with an entitlement of one vote per share.

In the event of company declares and pays dividends in Indian rupees, the dividend proposed by the Board of Directors are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, the distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

Equity shares of Rs. 10 each fully paid	As at 31st March,		As at 31st March,	
	2017		2016	
	Number of shares	% of holding shares	Number of shares	% of holding shares
Kusumdevi Kedia	19,28,380	13.87%	19,28,380	13.87%
Sanjay Kumar Kedia	20,76,426	14.94%	20,76,426	14.94%
Arun Kumar Kedia	18,64,117	13.41%	18,64,117	13.41%
Kishan Kumar Kedia	17,59,100	12.65%	17,59,100	12.65%

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		As at 31st March, 2017	As at 31st March, 2016
	Particulars	Rs.	Rs.
3	Reserves and Surplus		
	Securities premium account		
	Balance as per last financial statements	43,30,00,000	43,30,00,000
	Less: Utilised for bonus issue/fresh equity shares	-	-
	Closing balance	43,30,00,000	43,30,00,000
	Surplus in the statement of profit and loss		
	Balance as per last financial statements	9,91,40,245	7,75,94,831
	Profit for the year	1,34,22,004	2,15,45,414
	Balance available for appropriation	11,25,62,250	9,91,40,245
	Closing balance	11,25,62,250	9,91,40,245
	Total reserves and surplus	54,55,62,250	53,21,40,245
4	Long Term Borrowings		
	Secured loans (Refer Note 24)		
	Term loans		
	From bank	14,85,10,982	16,69,66,628
	From financial institution/NBFC	12,02,10,784	2,92,87,609
	Total long term borrowings	26,87,21,766	19,62,54,237

Particulars	2016-17			2015-16		
	Non-current Portion	Current Maturity	Total	Non-current Portion	Current Maturity	Total
From bank						
Union Bank of India	12,29,00,000	96,57,934	13,25,57,934	13,38,84,607	76,00,000	14,14,84,607
Kotak Mahindra Bank Ltd		9,86,280	9,86,280	10,95,519	20,94,357	31,89,876
United Bank of India - Loan A/cno. 1693300000648	2,56,10,982	52,86,071	3,08,97,053	3,19,86,502	63,27,792	3,83,14,294
From financial institution/NBFC						
SICOM	-	-	-	-	5,00,00,000	5,00,00,000
SICOM	-	-	-	-	4,73,25,276	4,73,25,276
Pnb Housing Finance Limited	4,61,63,224	55,96,056	5,17,59,279	-	-	-
Bank OD/ Axis	-	4,90,14,497	4,90,14,497	-	-	-
India Infoline Housing Finance Ltd (IIHFL)	7,40,47,560	29,21,527	7,69,69,087	-	-	-
India Infoline Investment Services Limited	-	-	-	15,61,484	56,86,457	72,47,941
India Infoline Finance Limited	-	-	-	2,77,26,125	22,50,157	2,99,76,282
Religare Finvest Limited - Loan A/c [13Cr]	-	-	-	-	5,76,65,725	5,76,65,725
Religare Finvest Limited - Loan A/c [6Cr]	-	-	-	-	2,59,62,669	2,59,62,669
Total	26,87,21,766	7,34,62,365	34,21,84,130	19,62,54,237	20,49,12,433	40,11,66,670

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		As at 31st March, 2017	As at 31st March, 2016
	Particulars	Rs.	Rs.
5	<u>Other Long Term Liabilities</u>		
	Other		
	Security deposits received from clients*	1,00,000	66,76,829
	Total other long term liabilities	1,00,000	66,76,829
	*Security Deposits received are interest free and are repayable after completion of lease term		
6	<u>Short Term Borrowings</u>		
	From Others		
	Directors	-	1,31,09,911
	Others	74,86,000	50,50,894
	Total short term borrowings	74,86,000	1,81,60,805
7	<u>Trade Payables</u>		
	Trade payables	5,61,17,200	7,54,88,486
	Total trade payables	5,61,17,200	7,54,88,486
8	<u>Other Current Liabilities</u>		
	Current maturities of long term borrowings (Refer note 4)	7,34,62,365	20,49,12,433
	Others		
	Statutory dues	28,55,420	25,58,800
	Advance received from customers	80,04,82,612	77,88,83,801
	Total other current liabilities	87,68,00,397	98,63,55,034
9	<u>Short Term Provisions</u>		
	Provision for Expenses		
	Development Expenses for Plot Construction at Dhamni	6,00,336	6,20,586
	Provision for Tax (Net of Advance Tax)	7,07,830	2,20,713
	Total short term provisions	13,08,166	8,41,299

GARNET CONSTRUCTION LIMITED**NOTE - 10****FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1 April, 2016. (RS.)	ADDI- TIONS (RS.)	DEDU- CTIONS (RS.)	AS AT 31 March, 2017. (RS.)	UPTO 1 April, 2016. (RS.)	FOR THE YEAR (RS.)	DEDU- CTIONS (RS.)	UPTO 31 March, 2017. (RS.)	AS AT 31 March, 2017. (RS.)	AS AT 1 April, 2016. (RS.)
Tangible Assets										
Office Premises	4,56,20,123			4,56,20,123	48,42,980	7,66,087		56,09,067	4,00,11,056	4,07,77,143
Plant & Machinery	77,95,175			77,95,175	11,81,910	5,23,465		17,05,375	60,89,800	66,13,265
Computers	36,00,992			36,00,992	32,51,944	2,84,011		35,35,955	65,037	3,49,048
Office Equipments	43,04,406	38,990	2,19,134	41,24,262	28,52,184	6,27,830	2,19,134	32,60,880	8,63,382	14,52,222
Furniture & Fixtures	1,68,30,950			1,68,30,950	56,93,601	17,74,182		74,67,783	93,63,167	1,11,37,349
Motor Car	2,48,69,104			2,48,69,104	1,71,97,354	24,65,795		1,96,63,149	52,05,955	76,71,750
Motor Bike	2,32,452			2,32,452	16,629	23,980		40,609	1,91,843	2,15,823
TOTAL	10,32,53,202	38,990	2,19,134	10,30,73,058	3,50,36,603	64,65,350	2,19,134	4,12,82,819	6,17,90,239	6,82,16,599
Previous Year	10,67,38,503	3,71,730	38,57,031	10,32,53,202	2,82,25,853	95,12,170	27,01,421	3,50,36,603	6,82,16,599	7,85,12,650

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
11	<u>Non - Current Investments</u>		
	Unquoted equity instruments		
	Investment in shares		
	Varaha Infrastructure Limited	3,00,00,000	3,00,00,000
	30,000 (Previous year 30,000) equity shares of Rs. 1000 each fully paid up		
	Gold coins	4,80,817	4,80,817
	Total non current investments	3,04,80,817	3,04,80,817
	Notes		
	Aggregate amount of unquoted investments		
12	<u>Long Term Loan and Advances</u>		
	Unsecured, considered good		
	Security deposits	98,06,819	99,81,819
	Others		
	Advance income tax	-	12,57,931
	Total long term loan and advances	98,06,819	1,12,39,750
13	<u>Inventories (valued at lower of cost and net realizable value)</u>		
	(As certified by management)		
	Finished goods	67,23,98,414	65,13,43,395
	Construction work - in - progress	42,90,71,284	41,53,63,492
	Total inventories	1,10,14,69,698	1,06,67,06,887
14	<u>Trade Receivables</u>		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	39,91,89,521	43,58,18,461
	Total trade receivables	39,91,89,521	43,58,18,461
14A			
	Trade Receivables include doubtful debts of Rs. 7,04,275 (Previous year Rs. 31,05,275) for which no provision has been made as the management is hopeful to recover the same.		
15	<u>Cash and Bank Balances</u>		
	<u>i) Cash and cash equivalents</u>		
	Balances with bank	68,42,924	50,02,012
	Cash on hand	3,71,381	8,54,168
		72,14,306	58,56,180
	<u>ii) Cash and bank balances</u>		
	Fixed Deposit with Bank		
	Deposit with original maturity for less than 12 months	2,91,000	2,91,000
		2,91,000	2,91,000
	Total Cash and Bank Balances	75,05,306	61,47,180

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	As at 31st March, 2017	As at 31st March, 2016
		Rs.	Rs.
16	<u>Short Term Loans and Advances</u>		
	Unsecured, considered good		
	Advances recoverable in cash or in kind or for value to be received	1,54,38,895	5,07,34,623
	Security deposits	11,00,000	16,00,000
	Others		
	Advances to employees	3,49,000	10,39,117
	Advances against property	27,61,52,391	29,36,60,391
	Prepaid expenses	30,77,813	8,27,489
	Duties and taxes receivable	17,66,913	21,24,573
	Total short term loans and advances	29,78,85,011	34,99,86,193
17	<u>Other Current Assets</u>		
	Preliminary expenses to the extent not written off	-	-
	Interest accrued on fixed deposit	83,258	59,978
	Total other current assets	83,258	59,978

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Rs.	Rs.
18	<u>Revenue From Operations</u>		
	Sale of commercial & Residencial units	7,99,51,126	41,18,19,518
	Sale of land / plots	62,54,240	2,38,96,840
	Rent on immovable property	1,04,48,908	2,68,40,858
	Compensation received	1,28,65,358	-
	Land Development Work	40,00,000	-
	Total revenue from operations	11,35,19,632	46,25,57,216
19	<u>Other Income</u>		
	Interest income on		
	Fixed deposit with bank	27,307	12,35,592
	Others	6,25,391	19,55,958
	Miscellaneous Incomes	52,580	16,35,950
	Total other income	7,05,278	48,27,500
20	<u>Operating costs</u>		
	Project related expenses:		
	Construction Cost	1,41,89,777	5,71,38,663
	Land & Construction Cost:		
	a) Crystal Spring Bunglow Scheme	44,51,908	57,01,659
	b) Magic Hill	4,36,40,953	6,05,63,309
	c) Magic Heaven	23,69,515	42,93,432
	d) Magic Life	16,90,100	23,22,026
	e) N A Land	2,36,78,742	3,34,03,025
	f) Panchdeep Housing Complex	4,22,213	10,84,569
		7,62,53,431	10,73,68,020
	Change in Inventories (Refer Note 28)	(3,47,62,811)	21,48,16,710
	Total cost of construction, land and development expenses	5,56,80,397	37,93,23,393
21	<u>Employee Benefits Expense</u>		
	Salaries and wages	67,04,255	95,41,669
	Staff welfare expenses	3,55,585	1,50,677
	Total employee benefit expense	70,59,840	96,92,346
	*Includes Directors Remuneration of Rs. 17,55,000 (Previous year Rs. 32,04,000)		
22	<u>Finance Costs</u>		
	Interest expenses	1,52,63,344	2,40,31,515
	Other borrowing cost	13,15,109	1,34,412
	Total finance costs	1,65,78,453	2,41,65,927

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
		Rs.	Rs.
23	<u>Other Expenses</u>		
	Advertisement expenses	1,68,984	3,23,478
	Auditors remuneration	7,93,000	4,30,500
	Bank charges	1,32,327	1,42,308
	Business promotion expenses	-	9,03,829
	Electricity expenses	8,85,507	8,82,312
	Legal and professional fees	8,89,787	10,35,067
	Loss on Sale of Vehicle	-	6,48,610
	Membership fees and entrance fees	3,10,137	2,52,842
	Rent expenses	57,00,000	54,75,000
	Rates and taxes	11,56,011	2,90,480
	Repairs to		
	Building	2,13,192	6,63,093
	Others	4,53,026	6,61,933
	Telephone and communication expenses	3,72,361	5,89,921
	Traveling and conveyance expenses	4,49,268	16,20,764
	Insurance	2,68,592	4,55,095
	Miscellaneous expenses	7,92,295	14,15,298
	Total other expenses	1,25,84,488	1,57,90,530

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 Borrowings

a PNB Housing finance Limited - Rs. 5.46 Crores

Secured against premises situated at Laxmi Industrial Estate. The floating rate of interest is 12.00% ;

b United Bank of India - Rs. 4.5 Crores

Secured by way of registered mortgage of 11 residential bungalows located at Magic Hills bearing plot no. 13, 14, 15, 16 & 17 (part), Ambivali, Khalapur. The rate of interest is Base Rate + 1.50% p.a.

c Union Bank of India - Rs. 14.45 Crores

Secured by way of first charge on piece or parcel of land admeasuring 1,206,856 square feet located at Village Honad, Taluka Khalapur and hypothecation and escrow of the lease rent receivable. The rate of interest is Base Rate + 3.25% p.a.

e Axis bank Overdraft facility - Rs. 5 Crores

Secured against registered mortgage of Unit no. 302, 507, 407, 402 of Garnet Paladium. The rate of interest is 12.90% p.a.

f India Infoline Housing Finance Limited - Rs. 7.7 Crores

Secured against registered mortgage 18 units of Garnet Paladium, Malad. The rate of interest is 17.00% p.a.

g Kotak Mahindra Bank Ltd. - 0.75 Crores

Secured by way of first charge on automobiles. The rate of interest is 18.00% p.a.

25 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Total	Total
Commitments		
Advance against Property	9,54,36,234	10,04,56,534
Total	9,54,36,234	10,04,56,534

26 Deferred Tax Liability / (Asset)

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Total	Total
Deferred tax liability		
Related to Fixed assets (Depreciation / Amortization)	1,19,62,213	1,25,10,069
Gross deferred tax liability	1,19,62,213	1,25,10,069
Net Deferred Tax Liability / (Asset)	1,19,62,213	1,25,10,069

GARNET CONSTRUCTION LIMITED | 2016-17

GARNET CONSTRUCTION LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

27. Related Party Disclosure

List of Related Parties only with whom transactions are executed.

a) Key Management Personnel/Relative of Managerial Person	
Kishan Kumar Kedia	Chairman & Managing Director
Arun kumar Kedia	Marketing director
Sanjay Kumar Kedia	Finance Director
Kusumdevi Kedia	Relative of director
b) Associate Concern	
S.K. Investment	Associate Concern
J.S. Realty Private Limited	
Neelkanth Industrial Estate	
Panchsheel Industrial Estate	
Aditya Industrial Estate	
Panchdeep Industrial Estate	
Kedia Industrial Development Corporation	
Shree Siddhivinayak Enterprises Pvt Ltd	Associate Concern

Previous year figures shown in bracket (Amount in Rs. Lakhs)

Particulars of transactions	Relative	Opening balance	Transaction during the year	Transaction during the year	Closing balance
Purchase of investment	Subsidiary Company	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Remuneration	Key Management Personnel	Nil (Nil)	17.55 Dr. (32.04 Dr.)	Nil (Nil)	Nil (Nil)
Interest		Nil (Nil)	21.94 Dr. (2.67 Dr.)	Nil (Nil)	Nil (Nil)
Loan Received		131.09 cr. (Nil)	1029.37 Dr. (40.38 Dr.)	898.28 Cr. (171.48 Cr.)	Nil (131.09 Cr.)
	Associate Concerns	Nil (Nil)	141.98 Dr. (Nil)	141.98 Cr. (Nil)	Nil (Nil)
Interest	Associate Concerns	Nil (Nil)	2.45 Dr. (Nil)	Nil (Nil)	Nil (Nil)
Advance Given Against Property	Associate Concerns	528.00 Dr. (528.00 Dr.)	Nil (Nil)	Nil (Nil)	528.00 Dr. (528.00 Dr.)
Advance Given	Key Management Personnel	Nil (Nil)	Nil (136.01 Dr.)	Nil (136.01 Cr.)	Nil (Nil)
	Associate Concerns	Nil. (58.02 Dr.)	Nil (398.19 Dr)	Nil (456.22 Cr)	Nil (Nil)
	Relative of Director	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Note: Related parties are identified by the company & relied upon by the auditor.

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 Operating Cost:

	As at 31st March, 2017	As at 31st March, 2016
	Rs.	Rs.
Change in inventories		
a) Inventories at the end of the year:		
Stock-in- trade (trading)	44,56,935	44,56,935
Panchdeep Housing Complex	3,08,50,820	3,09,81,822
Emerald	2,44,609	2,44,609
N.A Land	63,68,46,050	61,56,60,029
Work-in-progress	42,90,71,284	41,53,63,492
b) Inventories at the beginning of the year:		
Stock-in- trade (trading)	44,56,935	44,56,935
Panchdeep Housing Complex	3,09,81,822	3,49,72,573
Emerald	2,44,609	2,44,609
N.A Land	61,56,60,029	58,23,69,747
Work-in-progress	41,53,63,492	65,94,79,733
Net (increase)/decrease	(3,47,62,811)	21,48,16,710

29 Earnings per share (EPS)

<u>Particulars</u>	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax	1,34,22,004	2,15,45,413
Weighted average number of equity shares in calculating basic and diluted EPS	1,39,02,200	1,39,02,200
Basic EPS	0.97	1.55
Diluted EPS	0.97	1.55

30 Auditors' Remuneration

	As at 31st March, 2017	As at 31st March, 2016
<u>Particulars</u>	Rs.	Rs.
<u>Auditors' Remuneration</u>		
As auditor		
Audit fee	4,13,000	3,25,000
Tax audit fee	50,000	50,000
In other capacity	3,30,000	55,500
Total auditors remuneration	7,93,000	4,30,500

GARNET CONSTRUCTION LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST

Name of the entity	% of voting power		Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
	as at March 31,20167	as at March 31,2016	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Garnet Construction Ltd.	-	-	99.71%	68,37,03,870	101.14%	1,34,98,186
Callista Realty Ltd.	50%	50%	0.29%	20,11,058	(0.01)	(1,52,364)
Total			100.00%	68,57,14,928	100.00%	1,33,45,823
Less: Minority Interest						
Callista Realty Ltd				11,30,679		(76,183)
Consolidated Net Assets/Profit After Tax				68,45,84,249		1,34,22,005

- 32 The Company's normal operating cycle in respect of operations relating to under construction real estate projects may vary from project to project depending upon the size of the project, type of development, project complexities and related approvals. Operating cycle for all completed projects and other business is based on 12 months period. Assets and Liabilities have been classified into current and non-current based on the operating cycle of respective businesses.
- 33 The Company operates in Single Segment i.e. Real Estate \ Real Estate Development and therefore Segment Reporting as per AS-17 'Segment Reporting' is not applicable.
- 34 No provisions are made for liability of gratuity and leave encashment which are treated on cash basis in the accounts and amount for which is unascertained.
- 35
- a. In the opinion of the management, any of the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which these are stated.
The accounts of certain Trade Receivables, Trade Payables, Loans and Advances and banks are, however, subject to confirmations or reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.
- b.
- 36 Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

Signature to Notes No 1 to 36

For SHANKARLAL JAIN & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm Reg. No.109901W/W100082

Satish Jain
PARTNER
M. No. 048874

Place : Mumbai
Date : 30th May, 2017

For and on behalf of the Board of Directors
of Garnet Construction Limited

Kishan Kumar Kedia
Chairman & Managing Director

Arun Kedia
Marketing Director

Sanjay Kumar Kedia
Finance Director

Hetal Talreja
Chief Financial Officer

Pavan Gupta
Company Secretary

GARNET CONSTRUCTION LIMITED | 2016-17

CIN: L45200MH1992PLC069044

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

25th Annual General Meeting on 29th September, 2017

Full name of the members attending _____
(In block capitals)

Ledger Folio No./Client ID No. _____ No. of shares held: _____

Name of Proxy _____

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 25th Annual General Meeting of the Garnet Construction Limited, Ashish -1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064, on Friday, the 29th September, 2017.

(Member's /Proxy's Signature)

Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

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Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID
I/We, being the member(s) of _____ shares of the above named company. Hereby appoint		
Name :	E-mail Id:	
Address:		
Signature , or failing him		

Name :	E-mail Id:
Address:	
Signature , or failing him	

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the company, to be held on the 29th day of September, 2017 at 10 a.m. at Ashish -1 Banquet, Land Mark Building, Link Road, Mid Chowky, Malad (West), Mumbai - 400 064 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	Adoption of the Audited Standalone / Consolidated Financial Statement for the financial year ended March 31, 2017 along with the reports of the Directors and Auditors thereon		
2.	To re-appoint Mr. Sanjay Kedia, Finance Director who retire by rotation and being eligible for reappointment.		
3.	Re-appointment of M/s Shankarlal Jain & Associates LLP, Chartered Accountants as the Statutory Auditor		
4.	Related Party Transaction		
5.	Special Resolution u/s 20 of the Companies Act, 2013 authorizing Company to charge for service of documents to members		

* Applicable for investors holding shares in Electronic form.

Signed this _____ day of _____ 20____

Affix
Revenue
Stamps

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder
across Revenue Stamp

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company.