

# GSB



25th Annual Report - 2007 - 2008



## 25th ANNUAL REPORT

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**BOARD OF DIRECTORS**

SHRI G.S.BIYANI

Chairman

SHRI R.S.BIYANI

Whole time Director

RITIKA BIYANI

MANISH ZANVAR

SAJJAN KUMAR PODDAR

YOGESH PATEL

PARASRAM KABRA

**AUDITORS**

S.K.RATHI & CO.

Chartered Accountants.

**REGISTERED OFFICE.**

815, Stock Exchange Tower,

8<sup>th</sup> Floor, Dalal Street,

MUMBAI – 400 001

**BANKERS**

BANK OF INDIA

ICICI BANK LTD.

THE SOUTH INDIA BANK.

**TRANSFER AGENT**

**System Support Services**

209, Copper Chimney Building,

Shivalik Industrial Estate, Next to Park Davis,

Andheri-Kurla Road, Andheri (East),

Mumbai – 400 059

Tel.: 022-28500835



## NOTICE TO THE MEMBERS

**Notice** is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of GSB Finance Ltd. will be held at the Corporate Office of the Company at 78/80, Alli Chambers, Tamarind Lane, Fort, Mumbai-400 001 on Monday the 29<sup>th</sup> September, 2008 at 4.00 P.M. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2008 together with the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on fully paid up Equity Shares.
3. To appoint a Director in place of Miss. Ritika Biyani, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

For and on behalf of the Board  
For **GSB FINANCE LTD.**

### **Registered Office:**

815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

**G. S. BIYANI**  
Chairman

### **NOTES**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
2. The instrument appointing a proxy, in order to be effective, should reach the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of the members and Share Transfer Books of the Company shall remain closed from 26/09/2008 to 29/09/2008 (both days inclusive)
4. If the dividend on shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on and after 29<sup>th</sup> September, 2008 to those members whose names are on the Company's Register of Members on 24/09/2008. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 29<sup>th</sup> September, 2008 as per details furnished by the Depositories for this purpose.
5. Members desiring any information on the accounts of the Company are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
6. Members are requested to notify changes in mailing addresses, if any.

### **Registered Office:**

815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

For and on behalf of the Board  
For **GSB FINANCE LTD.**

**G. S. BIYANI**  
Chairman

**Date :** 30/06/2008

**Place :** Mumbai





## DIRECTOR'S REPORT

The Members,

Your Directors' have pleasure in presenting the 25<sup>th</sup> Annual Reports together with Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2008.

### FINANCIAL RESULTS:

	(Rs. in Lacs)	
	<b>2007-2008</b>	<b>2006-2007</b>
Profit before Depreciation & Tax	345.01	153.02
Depreciation	1.61	1.62
Provision for Taxation(Incl. Fringe Benefit Tax)	101.78	69.20
Profit / (Loss) after Tax`	241.62	82.20
Less: Transfer to Special Investment Reserve	69 00	31.00
Transfer to General Reserve	50.00	-
Add: Balance brought forward from Previous Year	128.82	112.32
<b>Balance</b>	<b>251.44</b>	<b>163.52</b>
	=====	=====
Which Directors have appropriated as under:		
(i) Proposed Dividend	29.73	29.67
(ii) Tax on Dividend	5.05	5.03
<b>Total</b>	<b>34.78</b>	<b>34.70</b>
Leaving a balance to be carried forward	<b>216.66</b>	<b>128.82</b>

### PERFORMANCE:

#### The Real Economy :

During F.Y. 2007-08, the Indian economy continued to expand at a robust pace for the fifth consecutive year, although there was some undulation in the growth momentum during the course of the year. The GDP growth rate moderated to 9.0 per cent in F.Y. 2007-08 from 9.6 per cent in F.Y. 2006-07. The moderation in growth occurred in two sectors, viz. industry (from 10.6 per cent in F.Y. 2007-08). The manufacturing sector growth declined from 12.0 per cent to 8.8 per cent. The growth of the Indian economy during F.Y. 2007-08 was driven by investment and agricultural growth. Agricultural growth increased from 3.8 per cent in F.Y. 2006-07 to 4.5 per cent in F.Y. 2007-08. India continued to be one of the fastest growing economies in the world registering an average GDP growth of 9.3% over a three-year period. This was reflected in India's per capita income, which reached Rs. 33,299 in F.Y. 2007-08.

#### Fiscal Situation:

There was a significant increase in the tax and non-tax revenue, which more than offset the increase in the revenue expenditure on account of higher provision for interest payments and subsidies. The Gross Fiscal Deficit (GFD) was lower on account of the lower revenue deficit coupled with a decline in capital expenditure. For F.Y. 2008-09, fiscal deficit has been targeted at 2.5% under the Fiscal Responsibility and Budget Management (FRBM) Act.

#### Monetary and Liquidity Conditions:

Broad-money growth at 20.7 per cent at end-March 2008 was above the indicative trajectory of 17.0-17.5 per cent for F.Y. 2007-08. The Reserve Bank continued to actively manage liquidity during F.Y. 2007-08 by using all the policy instruments at its disposal including raising of cash reserve ratio (CRR) from 6 per cent in March 2007 to 7.50 per cent in March 2008, issuances under the market stabilization scheme (MSS), the liquidity adjustment facility (LAF) and conduct of open market operations (OMO). Higher broad-money (M3) growth was due to the accretion to net foreign exchange assets. Non-food credit by Scheduled Commercial Banks expanded by 22.3 per cent compared to 28.5 per cent a year ago, mainly because the regulators were keen to avoid overheating of the economy, which was experienced in the previous financial year due to credit growth at 27.99%.



Addressing the Macro-economic policy realm, the Committee on Financial. Sector Reforms (CFSR) chaired by Mr. Raghuram Rajan has argued for transiting from a tightly managed exchange rate to a predominantly market determined one. In our view, such an approach is entirely consistent with both the stability and allocative efficiency criteria. The explicit acceptance of exchange rate risk into all financial calculations, whether exposures are direct or indirect are in our opinion critical to the system.

#### **Price Situation:**

The combined impact of higher food, commodity and fuel prices (\$104.56 per barrel in March 2008) as well as strong demand conditions pushed up the inflation during the second half of F. Y. 2007-08. The wholesale price index (WPI) declined to a low of 3.1 per cent but began to inch up in December 2007 and touch 7.4 per cent by March 29, 2008.

To control headline inflation the Government of India initiated a number of fiscal and supply-augmenting measures during F.Y. 2007-08 viz. reduction of import duties and barriers, imposition of export restrictions, import of food grains and not passing the increase in fuel prices to ultimate consumers. RBI also initiated number of monetary measures to check inflation.

Domestic equity prices, which had recorded further gains up to early-January 2008, witnessed sharp corrections thereafter on the back of heightened uncertainties in the global financial markets and concerns about some slowdown in the domestic economy.

#### **Financial Markets:**

Global financial markets witnessed turbulent conditions during F.Y. 2007-08 as the crisis in the US sub-prime mortgage market deepened and spilled over to credit markets. In U.S.A. despite inflationary pressures, the Federal Reserve lowered key interest rate by 325 basis points to 2 per cent with a view to prop up consumption. As a consequence, US dollar depreciated against major currencies resulting in re-pricing of growth risk by the end of the year. During F.Y. 2007-08, the Indian Rupee generally exhibited two-way movements from a low of Rs. 43.15 to a dollar to a high of Rs. 39.26 to a dollar on the back of large capital inflows. Towards March-end the Indian Rupee was Rs. 39.99 per US dollar.

India's foreign exchange reserves were US \$309.7 billion as at end-March 2008, showing an increase of US \$ 110.5 billion over end-March 2007. India holds the third largest stock of foreign exchange reserves among the emerging market economies.

Going forward, US recession is likely to hit some specific sectors of the Indian economy. However, strong domestic consumption is expected to keep Indian economy growing in the range of 7.5% to 8% p.a.

Your Company in current year has shown good performance, by posting net operating profit before tax at Rs.343.40 Lacs as against Rs.151.40 Lacs in previous year.

#### **DIVIDEND:**

The Board, for the year ended 31<sup>st</sup> March, 2008 has recommended a dividend @ 5% (Rs. 0.50 per share), subject to approval of the shareholders at the Annual General Meeting.

#### **DIRECTORS:**

**Miss. Ritika Biyani**, Director of the Company retires by relation at the forth coming Annual General Meeting under the provisions of Articles of Association of the Company and being eligible, offer herself for re-appointment.

#### **DEPOSITS**

The Company has not accepted and/or renewed any public deposit during the year.

#### **AUDITORS:**

M/S. S. K. Rathi & Co., Chartered Accountants who are the Auditors of the Company hold the Office till the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received consent from the Auditors pursuant to Section 224 of the Companies Act, 1956.



### **AUDIT REPORT**

Report of the auditors read with the notes on accounts is self-explanatory and need no elaboration.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors hereby state:

- (a) That in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2008, the applicable accounting standards had been followed with proper explanations relating to material departures;
- (b) That we have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (c) That we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities;
- (d) That we have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2008 on a "going concern" basis.

### **CORPORATE GOVERNANCE**

The Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, where the Company's shares are listed. A report on the Corporate Governance in this regard is made as a part of this Annual Report and a Certificate from the Auditors of the Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

### **PARTICULARS OF EMPLOYEES**

The Company has no employee employed during the year drawing salaries in excess of the limits prescribed u/s 217(2A) of the Companies Act, 1956.

### **CONSERVATION OF ENERGY**

The Company is engaged in the business of trading and dealings in shares and securities and consequently various disclosures required u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Directors) Rules, 1988 are not applicable to this Company.

### **FOREIGN EXCHANGE EARNINGS & OUTGO:**

During the year under review	-	Earnings- Nil (P.Y. Nil)
	-	Outgo - Nil (P.Y. Nil)

### **ACKNOWLEDGEMENT:**

Your Directors wish to express their gratitude to the officials of the Stock Broking Houses, Stock Exchanges, company's bankers and shareholders who have extended their valuable support to the Company. Directors are also grateful to the staff and employees of the Company for their devotion and relentless services.

### **Registered Office:**

815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

For and on behalf of the Board  
For **GSB FINANCE LTD.**

**G. S. BIYANI**  
Chairman

**Date :** 30/06/2008

**Place :** Mumbai



## REPORT ON CORPORATE GOVERNANCE

### 1. GSB FINANCE LIMITED'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company has incorporated the sound Corporate Governance practices. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your Company has adopted some of the best practices in corporate governance much before the Code was formulated. The following are the detailed practices on Corporate Governance in your Company:

### 2. BOARD OF DIRECTORS

(a) Composition of the Board : (for the financial year 2007-2008)

Director	No. of Meetings attended	* No. of outside Directorship held	Total No. of Membership / Chairmanship of Committees across all Companies	
			Member	Chairman
Mr. Girdhari S. Biyani	6	3	-	-
Mr. Ramakant S. Biyani	6	4	-	-
Ms. Ritika G. Biyani	4	-	-	-
Mr. Manish Zanvar	3	-	-	-
Mr. Sajjan Kumar Poddar	2	-	-	-
Mr. Yogesh Patel	5	-	-	-
Mr. Parasram R. Kabra	5	-	-	-

(Excluding Alternate Directorship and Directorship in private limited companies, foreign companies and Section 25 Companies.)

Some Directors have attended the last Annual General Meeting held on 28<sup>th</sup> September, 2007

6 (Six) Board Meeting were held during the financial year 2007-2008. The dates on which the meetings were held are given below:

30.06.2007, 31.07.2007, 31.10.2007, 28.12.2007, 31.01.2008 and 31/3/2008

### 3. AUDIT COMMITTEE:

The following Executive Directors are the members of the Audit Committee:

- |                              |                           |
|------------------------------|---------------------------|
| 1. Shri. Sajjan Kumar Poddar | Chairman of the Committee |
| 2. Parasram Kabra            | Director                  |
| 3. Yogesh Patel              | Director                  |

Statutory Auditors, M/s. S. K. Rathi & Co., C.A. attended the meetings of the Committee as invitee. The Committee met four times during the year 2006-2007 on 30.06.2007, 30.07.2007, 31.10.2007 and 31.01.2008 as against the minimum requirement of 3 meetings.

The Audit Committee held discussions with the Statutory Auditors on the "Limited Review" of the half-yearly accounts, matters relating to compliance of accounting standards, their observations arising from the annual audit of the Company's accounts and other related matters.

### 4. REMUNERATION OF DIRECTORS:

The Company does not pay any remuneration except sitting fees for attending the Board / Committee Meeting to Non-executive Directors.





Disclosure of Non-mandatory requirement:

The Board has not constituted a Remuneration Committee, as it is not mandatory. The same will be constituted as and when the need will arise.

#### 5. SHAREHOLDERS COMMITTEE :

The Shareholders / Investors Grievance and Share Transfer Committee consists of 2 Non-executive and Managing Director viz.,

- |    |                          |                           |
|----|--------------------------|---------------------------|
| 1. | Shri. Girdhari S. Biyani | Chairman of the Committee |
| 2. | Shri Ramakant Biyani     | Whole Time Director       |
| 3. | Mr. Parasram Kabra       | Director                  |
| 4. | Shri. Ramasre Pande      | Compliance Officer        |

During the year, the Company has not received any complaint letters from the shareholders. There were no pending complaint letters from the shareholders as on 31.03.2008

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialised form in all Stock Exchange.

#### 6. GENERAL BODY MEETINGS:

Location and time, where last AGM held:

Year	Location	Date	Time
2006-2007	78/80, ALLI CHAMBERS TAMRIND LANE, FORT, MUMBAI-400 001.	28 <sup>th</sup> September, 2007	11.00 A.M.

#### 7. Means of Communication :

The quarterly results are published in the newspapers viz., Financial Express and Lok Sanket. The Company currently does not have a website. Official news releases and presentations made to analysts are sent to the Stock Exchanges, where the Company's shares are listed.

#### 8. Disclosure of Non-mandatory requirement:

Quarterly results are published in the newspapers and released to the Stock Exchanges immediately after the Board Meeting and are not sent to the shareholders.

#### 9. Shareholder Information :

i) Annual General Meeting

Date : 29.09.2008

Time : 4.00 P.M.

Venue : 78/80, Alli Chambers, Tamrind Lane, Fort, Mumbai-400 001.

ii) Financial Calendar

Financial reporting for

Quarter ending June 30, 2008	:	End of July 2008
Quarter ending Sept. 30, 2008	:	End of October 2008
Quarter ending Dec. 31, 2008	:	End of January, 2009
Quarter ending March 31, 2009	:	End of June 2009



iii) Annual General Meeting for the

Year ended March 31, 2008 : End of September 2008

- iv) i) Dates of Book Closure : 26.09.2008 to 29.09.2008 (both days inclusive)  
 ii) Dividend payment date : —

- v) Listing on Stock Exchanges at :  
 1. The Stock Exchange, Mumbai  
 2. The Calcutta Stock Exchange Association Ltd  
 3. Uttar Pradesh Stock Exchange Association Limited  
 4. Jaipur Stock Exchange

- vi) Demat ISIN Number in NSDL and CDSL : INE 777C01011

vii) Stock Market Data:

(in Rupees)

Year 2007-2008	Bombay Stock Exchange	
	Month's High Price	Month's Low Price
April	7.98	4.76
May	6.99	5.31
June	10.00	5.02
July	9.30	7.23
August	10.29	7.50
September	12.00	8.15
October	17.98	9.16
November	19.02	13.16
December	27.40	16.05
January	35.30	19.85
February	19.50	12.15
March	12.90	9.05

- viii) Registrar and Share Transfer Agents  
 System Support Services  
 209, Copper Chimney Building,  
 Shivalik Industrial Estate, Next to Park Davis,  
 Andheri-Kurla Road, Andheri (East),  
 Mumbai – 400 059  
 Tel.: 022-28500835

ix) Share Transfer System

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The power to approve transfer of securities has been delegated by the Board to the Shareholders / Investors Grievance and Share Transfer Committee, which meets once in a fortnight. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names giving an option for dematerialisation of shares of the physical shares. Physical shares are dematerialised and electronic credit is given to those shareholders, who opt for dematerialisation, share certificates are dispatched by Registered Posts.