

26th ANNUAL REPORT

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FINANCE LTD.



26th ANNUAL REPORT

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**GSB FINANCE LIMITED**

Registered office : 815, Stock Exchange Tower, 8th Floor,
Dalal Street, Mumbai – 400 001.

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at 78/80, Alli Chambers, Tamarind Lane, Fort, Mumbai-400 001 on Monday, the 29th September, 2009 at 4.00 P.M.

Name of the Shareholder _____
(in block letters)

Affix

Rs. 1.00 Revenue Stamp

Folio No. _____ No. of Shares held _____

Signature of the Share Holder / Proxy

Note : The Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before time for holding the meeting

Name of Shareholder (s)	Folio No.	No. of Shares :
DP-ID No.	Client – ID No.	

GSB FINANCE LIMITED

Registered Office : 815, Stock Exchange Tower, 8th Floor,
Dalal Street, Mumbai – 400 001.

ATTENDANCE SLIP

NAME AND ADDRESS OF SHAREHOLDER	FOLIO NO :
	DP – ID NO
No. of Shares :	Client ID No.

I/We hereby record my / our attendance at the Annual General Meeting to be held at 4.00 P.M. on Monday, 29th September, 2009 at the Registered office of the Company.



BOARD OF DIRECTORS

SHRI G.S.BIYANI

Chairman

SHRI R.S.BIYANI

Managing 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,

8th Floor, Dalal Street,

MUMBAI – 400 001

BANKERS

BANK OF INDIA

ICICI BANK LTD.

HDFC BANK LTD.

AXIS 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 26th 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 29th September, 2009 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 31st March 2009 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 appoint a Director in place of Shri Manish Zanvar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sajjan Kumar Poddar who retires by rotation and being eligible, offers himself 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.

SPECIAL BUSINESS

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

“RESOLVED that subject to the provision of section 198,269,309,310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, approval of the company be is hereby accorded to the appointment and terms of remuneration of Shri Ramakant Biyani, be and is hereby appointed as the Managing Director of the Company for a period of five years commencing from the 1st October, 2008 at a Remuneration of Rs.42,500/-per month plus the perquisites as set out in the attached sheet placed before this meeting.”

“RESOLVED FURTHER that the duties of the Managing Director shall be the overall supervision of the functioning of the company, handling day to day affairs of the Company, appointment and termination of services of employees, operating bank accounts, signing cheques, promissory notes, bills of exchange, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Managing Director from time to time and as agreed upon under the terms of the agreement placed in meeting.”

“RESOLVED FUTHER that the terms and conditions and the remuneration as mentioned above and forms part of the Agreement, that is submitted to this meeting and identification signed by the Chairman of the Company, is approved and that the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Ramakant Biyani”.

- (a) The Company shall pay to the Managing Director during the continuance of agreement in consideration of the performance of his duties –
 - (i) A salary at the rate of Rs. 42,500 (Rupees forty two thousand Five hundred) per month;
 - (ii) The actual traveling expenses incurred by the Managing Director, his wife and son while proceeding on leave Outside India and returning to;
 - (iii) The actual traveling, entertainment expenses and approved club membership fees reasonably incurred by the Managing Director in or about the business of the Company;
 - (iv) The actual hospital and medical expenses which have been incurred by the Managing Director for himself, his wife and his son, provided that such expenses during the financial years shall not exceed Rs. 42,500/-.



- (b) The Managing Director shall be entitled to the use of a motor car of the Company, all the expenses for the maintenance and running of the motor car including salary of the chauffeur to be borne and paid by the company.
- (c) The Managing Director shall be entitled to such increments from time to time as the Board may in its discretion determine.
- (d) The Managing Director shall be entitled to privilege annual leave on full salary for a period of one month, such leave to be taken at such time to be previously approved by the Board, provided that the Board shall be entitled at its sole and uncontrolled discretion to permit the Managing Director to accumulate such leave for not more than two months, provided further that any leave not availed of by the Managing Director may be encashable.
- 6 To consider and, if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:
- “RESOLVED that subject to the provision of section 198,269,309,310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, approval of the company be is hereby accorded to the appointment of Shri Girdharilal Biyani, Director of the Company is hereby Designated As CHAIRMAN of the Company from the 1st October, 2008 at a Remuneration of Rs.62,500/- per month plus the perquisites set out in the attached sheet placed before this meeting.”
- “RESOLVED FURTHER that the CHAIRMAN shall be principal officer of the company and shall be in charge and shall overall supervise the functioning of the company, and handing of overall affairs of the Company.
- “RESOLVED FURTHER that the terms and conditions and the remuneration as mentioned above and forms part of the Agreement, that is submitted to this meeting and identification signed by the Chairman of the Company, is approved and that the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Girdharilal Biyani”
- (a) The Company shall pay to the Chairman during the continuance of this agreement in consideration of the performance of his duties –
- (i) A salary at the rate of Rs. 62,500 (Rupees Sixty two thousand five hundred) per month;
 - (ii) The actual traveling expenses incurred by the Chairman, his wife and son while proceeding on leave Outside India and returning to;
 - (iii) The actual traveling, entertainment expenses and approved club membership fees reasonably incurred by the Chairman in or about the business of the Company;
 - (iv) The actual hospital and medical expenses which have been incurred by the Chairman for himself, his wife and his son, provided that such expenses during the financial years shall not exceed Rs. 62,500/-.
- (b) The Chairman shall be entitled to the use of a motor car of the Company, all the expenses for the maintenance and running of the motor car including salary of the chauffeur to be borne and paid by the company.
- (c) The Chairman shall be entitled to such increments from time to time as the Board may in its discretion determine.

Registered Office:

815, Stock Exchange Tower, 8th Floor,
Dalal Street, Mumbai – 400 001.

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

G. S. BIYANI
Chairman

Date : 30/06/2009

Place : Mumbai



DIRECTORS' REPORT

The Members,

Your Directors' have pleasure in presenting the 26th Annual Reports together with Audited Statement of Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2008-2009	2007-2008
Profit before Depreciation & Tax	(384.55)	345.01
Depreciation	1.64	1.61
Provision for Taxation (Incl. Fringe Benefit Tax)	(3.38)	101.78
Deferred Tax Debit / (Credit)	126.88	-
Profit / (Loss) after Tax	(259.41)	241.62
Less: Transfer to Special Investment Reserve	-	69.00
Transfer to General Reserve	-	50.00
Add: Transfer From General Reserve	45.00	-
Add: Balance brought forward from Previous Year	216.66	128.82
Balance For Appropriation	2.25	251.44
Which Directors have appropriated as under:		
(i) Proposed Dividend	-	29.73
(ii) Tax on Dividend	-	5.05
Total	-	34.78
Balance to be carried forward	2.25	216.66

PERFORMANCE:

The Indian economy faced significant slowdown in growth momentum in 2008-09, driven by a severe downturn in the global economy on the back of sustained pressure on the global financial system. For India, estimates of 2008-09 GDP growth range from 6.0% -7.0% against an average growth rate of 8.8% per annum over the period 2003-2008.

The key stock to India's growth has come from external sources, largely by way of lower exports and a marked reduction in inflow of foreign capital. While export growth entered into negative territory in the third quarter of the financial year 2008-2009 against a growth rate of around 27% during the same period last year. This has dampened domestic investment momentum which was earlier a key growth driver of the Indian economy. Growth in gross capital formation in the last quarter of the financial year 2008-2009 fell to 5.3% from 13.7% a year ago.

The industrial sector has been the largest casualty of the marked slowdown in both investment and imports, slowing from a growth rate of 8.9% in the year ended March 31, 2008. to possibly 4-4.5% in the year ended March 31, 2009. Services, particularly financial services and trade & transport-have also been impacted by the cyclical downturn in industry and the external pressure from a tough global financial environment

Indian equity markets have fallen significantly over the course of the last financial year due to a sharp pull out by portfolio flows and risk aversion buying in the global markets. However, the domestic equity markets could improve towards the latter half of the next financial year once global investors start pricing



in a global recession as Indian economic fundamentals still remain strong and attractive in absolute terms.

Risks and Concerns.

At present, a recovery in consumption holds the key to a more stable growth outlook for the Indian economy. High inflation and a tight monetary environment acted as primary dampeners for consumption in the first half of 2008-09, with growth in consumption declining much before the financial crisis acquired global proportion. Growth in private final consumption expenditure fell to 5.3% in Q2FY09 as compared to 7.6% a year ago. Recent monetary easing alongside a sharp fall in inflation is likely to provide some support to consumption in the financial year 2009-10.

Outlook

The Indian economy is likely to continue to see further pressure in the year ahead. Growth is likely to slowdown further from 6.7% in the year ending March 31, 2009 to around 5.8% next year as industrial growth continues to decelerate. Investment momentum is likely to remain subdued amidst flat local demand even as an accommodative monetary policy alongside receding inflationary risks, provide some support to growth. However India will remain one of the fastest growing economies in the world and if risk appetite and global stability were to stage a come-back by the end of 2009-10, India will remain an attractive foreign investment destination.

Going forward, Congress-led UPA Government has come back to power at Centre and Equity Market have welcome this factor as it shall provide continuity, stability and inclusive growth and equitable development. This development has given good momentum to Equity valuation and market is looking forward with revival in current year.

Your Company in spite of adverse prevailing market condition have been able to restrict operating losses to Rs.382.91Lacs as against operating profit of Rs.343.40 Lacs in previous year.

DIVIDEND: The Board, for the year ended 31st March, 2009 in view of operating loss regret to declare any dividend for the year.

DIRECTORS:

Shri Manish Zanvar and Shri Sajjan Kumar Poddar, Directors 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 themselves 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 31st March 2009, 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 31st March 2009 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.

For and on behalf of the Board
For **GSB FINANCE LTD**
Sd/-

(Girdharilal Biyani)
Chairman

Date : 30.6.2009
Place : Mumbai

Registered Office :

815, Stock Exchange Tower, 8th Floor,
Dalal Street, Mumbai – 400 001.



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 2008-2009)

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	2	1	1
Mr. Ramakant S. Biyani	6	3	1	-
Ms. Ritika G. Biyani	5	-	-	-
Mr. Manish Zanvar	3	-	-	-
Mr. Sajjan Kumar Poddar	-	-	1	1
Mr. Yogesh Patel	4	-	2	-
Mr. Parasram R. Kabra	5	-	3	1

(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 29th September, 2008.

6 Board Meeting were held during the financial year 2008-2009. The dates on which themeetings were held are given below:

30.04.2008, 30.06.2008, 31.07.2008, 31.10.2008, 31.01.2009 and 20.03.2009

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. Rath & Co., C.A. attended the meetings of the Committee as invitee. The Committee met four times during the year 2008-2009 on 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009 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 following Directors are the members of the Remuneration Committee:

- | | |
|-------------------|---------------------------|
| 1. Parasram Kabra | Chairman of the Committee |
| 2. Yogesh Patel | Director |