

NOTICE TO THE MEMBERS

Notice is hereby given that the 28th 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 Thursday, the 29th September, 2011 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 2011 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 Smt. Ritika Biyani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sajjan Podar 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.

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

**G. S. BIYANI
Chairman**

Date: 31st May, 2011
Registered Office:
15, Stock Exchange Tower, 8th Floor,
Dalal Street,
Mumbai – 400 001.

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 25/09/2011 to 29/09/2011 (both days inclusive)
4. 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.
5. Members are requested to notify changes in mailing addresses, if any.

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

**G. S. BIYANI
Chairman**

**Registered Office:
815, Stock Exchange Tower, 8th Floor,
Dalal Street,**

**Date: 31st May, 2011
Mumbai – 400 001.**

DIRECTORS' REPORT

The Members,

Your Directors' have pleasure in presenting the 28th Annual Reports together with Audited Statement of Accounts for the year ended 31st March 2011

FINANCIAL RESULTS:

	(Rs. In Lacs)	
	2010-2011	2009-2010
Profit /(Loss) before Depreciation & Tax	(73.40)	341.23
Depreciation	1.79	1.69
Provision for Taxation	1.35	67.78
Deferred Tax Debit / (Credit)	(19.47)	(105.32)
MAT Credit	(51.58)	0.00
Profit / (Loss) after Tax Available for Appropriation	(5.49)	166.44
Less:- Transfer to Special Investment Reserve	0.00	35.00
Transfer to General Reserve	0.00	45.00
Add:- Balance brought forward from Previous Year	88.68	2.24
Balance Carried Forward	83.19	88.68

PERFORMANCE:

During the year company has achieved a turnover of Rs.1219.10 Lacs as against the in the previous year at Rs. 1028.90 Lacs. However, as the market was very volatile, therefore, trading in equity derivatives not resulted in gain during the year and it affected profitability for the year.

ECONOMIC OUTLOOK:

The Indian economy has come through with resilience and strength in the year 2010-11. Swift and broad based growth has put the economy on to its pre-crisis growth trajectory. Dynamism in the rural economy due to scaled up flow of resources to rural areas has added to overall economic growth. Due to a better than average monsoon, agricultural sector performed reasonably well compared to previous year. Services sector also clocked robust performance.

KEY RISK FACTORS:

Key risk to economic growth forecasts come from inflation. WPI inflation accelerated from 11.04% in March 2010 to a high of 11.23% in April 2010 and continued around similar levels till June 2010. Inflation continued around 8% to 9% thereafter till date. Despite the Reserve Bank of India's (RBI) monthly assessment of WPI inflation coming down below 7.5% by March 2011, it read at 8.98% leading to a perception that RBI will continue rate hikes during the current fiscal as well.

MONETARY POLICY HIGHLIGHTS:

In the RBI Monetary Policy issued on May 3, 2011, RBI strongly expressed its view that controlling inflation is imperative to sustaining growth over the medium-term. As such, RBI signaled that the conduct of monetary policy will continue to condition and contain perceptions of inflation in the range of 4.0-4.5% to be in line with the medium-term objective of 3.0% inflation consistent with India's broader integration into the global economy. Instead of its earlier calibrated approach to fighting inflation, RBI took a large step hiking key policy rates by 50 basis points. Accordingly, the Repo and Reverse Repo rates have moved up to 7.25% and 6.25% respectively.

DIVIDEND:

The Board, for the year ended 31st March, 2011 in view of operating loss regret to declare any dividend for the year.

DIRECTORS:

Smt. Ritika Biyani and Shri. Sajjan Poddar, Directors of the Company retires by rotation at the forth coming Annual General Meeting under the provisions of Articles of Association of the Company and being eligible, offers 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 express inability to continue to be appointed as Auditors for the next financial year, therefore Board of Director has recommended the appointment of M/s S.K.Rathi & Co., Chartered Accountants. 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 2011, 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 2011 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

(Girdharilal Biyani)
Chairman

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

Dated: 31st May, 2011
Place : Mumbai

AUDITORS' REPORT

To,
The Members of
GSB Finance Ltd.,
Mumbai.

1. We have audited the attached balance sheet of GSB Finance Ltd., as at 31st March 2011, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2011;
 - (b) In the case of the profit and loss account, of the Loss for the year ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. K. Rath & Co.
Chartered Accountants

(CA. S.K. Rath)
Prop.
Membership No.31071
FRN: 108724W

Place : Mumbai
Date : 31st May,2011

Annexure

Re: GSB Finance Limited.

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained but *not updated* records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, No material discrepancies were noticed on such verification;
- (c) During the year, the company hasn't disposed off any fixed assets including plant and machinery;
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the company and have been properly dealt with in the books of account;
- (iii) (a) The company has not taken loans from companies or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. The company has not given unsecured loan to companies listed in the register maintained under Section 301 of the Companies Act, 1956 .
- (b) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases

of shares, securities, inventory, fixed assets and sale of shares, securities, goods. During the course of our audit, we have not come across any major weaknesses in internal control procedures;

- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) The company has not taken or accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act, 1956, and the rules made there under. Therefore, the provisions of clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- (vii) *Company has no internal audit system;*
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.;
- (ix) (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, and other taxes, were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable except Income Tax Demand raised under assessment proceeding for A.Y. 2008-2009 for Rs. 10,20,390/- For which company filed an appeal before the appellate authority and company is hopeful for receiving adequate relief , No provision have been made in the account for such demand.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, etc. which have not been deposited on account of any dispute;