

11th Annual Report 2004-2005



GSL SECURITIES LIMITED



GSL SECURITIES LIMITED

BOARD OF DIRECTORS	: MR. S. K. BAGRODIA Chairman Cum Managing Director Mrs. SHAILJA BAGRODIA Mr. KAUSHAL MEHTA Mr. VIJAY KUMAR LAHOTI
AUDITORS	: M/s. GAGRANI & ASSOCIATES
BANKERS	: UNION BANK OF INDIA CITI BANK N.A.
REGISTERED OFFICE	: 61, Mittal Towers, 'B' Wing, 6th Floor, 210, Nariman Point, Mumbai - 400 021.
REGISTRARS & SHARE TRANSFER AGENTS	: M/s. PURVA SHAREGISTRY (INDIA) PVT. LTD. 33, PRINTING HOUSE, 28-D POLICE COURT LANE, FORT, MUMBAI - 400 001.
DEPOSITORY	: NATIONAL SECURITY DEPOSITORY LTD. (NSDL.) CENTRAL DEPOSITORY SERVICES (INDIA) LTD. (CSDL).



NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of M/s. GSL SECURITIES LIMITED will be held on Friday, 30th September, 2005 at 10.00 a.m. at Registered Office of the Company at 61, Mittal Towers, 'B' Wing, 6th Floor, 210, Nariman Point, Mumbai - 400 021, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at and Profit & loss Account for the year ended 31st March 2005 and the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Shri. Kaushal Mehta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS
For GSL Securities Limited

Place: Mumbai
Date: 24.08.2005

S.K. Bagrodia
Chairman & Managing Director

Registered Office:
61, Mittal Towers, 'B' Wing,
6th Floor, 210, Nariman Point,
Mumbai - 400 021.

NOTES FOR MEMBERS' ATTENTION:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY, NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE VALID, THE INSTRUMENTS APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIMING OF THE MEETING.
- The Register of Members & Share Transfer Books of the Company shall remain closed on Friday, 30th September 2005.

DIRECTOR'S REPORT

To,
The Members,
GSL Securities Limited.

Your Directors have pleasure in presenting the Eleventh Annual Report with the audited statement of Accounts for the year ended 31st March 2005.

Financial Results:

Summary of the working result of the company for the Eleventh Accounting Year ended 31st March, 2005 are given as below:

	Rs. 2004 - 2005	Rs. 2003 - 2004
Gross Profit/(Loss)	697,645.00	1,015,889.00
Less : Depreciation & Miss assets w/off	199,967.00	226,478.00
Profit/(Loss) before tax	497,678.00	789,411.00
Less : Provision For Tax	0	0
Profit/(Loss) after tax	497,678.00	789,411.00
Add : Balance brought forward		
from previous year	(6,337,915.00)	(7,127,326.00)
	(5,840,237.00)	(6,337,915.00)
Add : Prior Period Adjustment	(11,254.00)	0
	<u>(5,851,491.00)</u>	<u>(6,337,915.00)</u>

Dividend:

On account of accumulated losses, your directors regret their inability to recommend payment of dividend for the financial year under review.

Operation:

The Company is dealing mainly in the area of Short Term Financing and Investments.

Capital Adequacy:

Your Company has complied with the guidelines issued by the Reserve Bank Of India for recognition of Income, Asset classification, investment accounting, provision for non-performing assets and capital adequacy. Based on the above, the capital adequacy as on 31st March 2005 is higher than the 8% required by the guidelines.

Fixed Deposits:

During the period under review, your company has not accepted any deposits as contemplated under the provisions of section 58A of the Companies Act, 1956. There are no deposits unpaid or unclaimed at the year-end.

**Director:**

Shri. Kaushal Mehta shall be retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Employee :

None of the employees was in receipt of remuneration in excess of limits specified in section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rule, 1975.

Auditors:

M/s. Gagrani & Associates (Formerly known as C.B. Gagrani & Co), Chartered Accountants, Mumbai retiring Auditors will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Director's Responsibility statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2005 the applicable Accounting standards have been followed ;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;
- (iii) the Directors 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 fraud and irregularities;
- (iv) the Directors have prepared the accounts for the financial year ended 31st March 2005 on a 'going concern' basis.

Conservation of Energy, Technology Absorption:

Being a Finance company, this is not applicable.

Foreign Exchange Earning & Outgo:

The Company has neither earned nor spent any Foreign Exchange.

Cash Flow Statement :

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash flow Statement for the year 2004-05 is annexed hereto.

Management Discussion and Analysis Report :

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is annexed herewith forming part of this Annual Report.

Corporate Governance :

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

Acknowledgement :

Your Directors would like to express their appreciation for co-operation and assistance received from the shareholders, bankers, depositors and employees during the year under review.

On behalf of the Boards of Directors

Place : Mumbai

S.K. Bagrodia

Dated : 24.08.2005 Chairman & Managing Director



ANNEXURE TO THE DIRECTOR'S REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry Scenario and developments

The main business of your company is to make investment and to provide short term finance. Also though there was an improvement in the Share Market, most of the shares in which investment were made by the company were quoting at prices below purchase cost, hence the management has not taken active initiative to sell the shares. Now your company is concentrating more on financing activities which is providing fruitful results. Also in view of reduction in operating cost, better management of available resources and improvement in the Capital market your company has been able to make a profit of Rs. 4,97,678/- during the year under review.

2) Opportunities and Threats

Though due to overall reduction in operating cost, better management of available resources and improvement in the Capital market, your company has been able to make profit in the current year, the threat still remains in respect of bad and doubtful assets, the provision of which has already been made in the books of your company in accordance with the RBI guidelines. Your company is making all possible efforts to recover such Non-performing Assets, the recovery of which, if possible will improve your company's performance.

3) Segment-wise Performance

Since your Company is operating in only one segment (i.e. Financial activity), hence the same is Not Applicable.

4) Outlook

As already stated above, due to the improved Capital market, better management of available resources and reduction in operating cost, your company has been able to make profit in the current year. If the same trend continues, your company is expecting to give better result in the ensuing year also. Hence the outlook of your company seems to be good. The only risk/threat is the huge Non-Performing Assets, the recovery of which if possible, will improve your company's performance.

5) Risk and Concerns

The potential risk and concern of your company relates to huge Non-Performing Assets and also the funds blocked in various investments not yielding proper incomes. Though the Indian economy & Capital market has improved and is

showing sign of improvement in the ensuing year also, the concern still remains for the coming years, which ultimately will have an effect on the performance of your company.

6) Internal Control system and their adequacy

Your company has an adequate internal control system, which ensures that all its assets are safeguarded from unauthorized use and that all the transactions are authorized, recorded and reported properly. The internal control system also ensures that all the relevant statutes, rules, regulation and guidelines are strictly complied with. Your company also has an Audit committee manned by members with experience from various fields who along with the auditors constantly review the adequacy of internal control systems strength and weaknesses and report their findings and suggestions to the top management so that adequate measures could be taken in time.

7) Financial performance vis-à-vis Operational performance

During the year under review, your company has made a profit of Rs. 4,97,678/-. This was mainly on account of improvement in economy, capital market, operational efficiency, control over various expenses and better utilization of available resources. If the same trend continues your company is expecting to give better result in the ensuing year also.

8) Human Resources Development

Your company has always given importance to provide utmost satisfaction to its employees through better work environment and updating them of the current development in the market which would have a possible impact on the performance of your company on continuous basis, so that the major threat and challenges to your company can be met with ease.

9) Conclusion

Notwithstanding the bad weather faced by your company in previous years, your company has been able to give positive result during the year under review. This was made possible due to the improvement in Indian economy & Capital market and consistent efforts & drive from your management in reducing operating cost and better utilisation of available resources. If the same trend continuous, your company is expecting to give better results in the ensuing year also.



ANNEXURE TO THE DIRECTOR'S REPORT REPORT ON CORPORATE GOVERNANCE

The concept of Corporate Governance has been made mandatory through Clause 49 of the Listing Agreement in order to make management accountable to the shareholders for protection of their interest and effective management of the companies in the interest of the company. Your company has made every effort to comply with the provisions of the Corporate Governance and to see that the interest of the Shareholders and the Company are properly served for long. The details of compliance of the Corporate Governance by the Company are as follows :

I. Company's philosophy on Corporate Governance :

Your Company has always given importance to attain the highest level of transparency, accountability and to built up confidence of the investors, employees and others through their operations and interactions and to see that the value of Shareholders are maximized.

II. Board of Directors :

(A) Composition of Board :

The Board of Directors of the company comprises of four members with experiences in various fields. The Composition of Board of Directors is as follows:

Director	Executive/Non-Executive/Independent	No. of Outside Directorship held		No. of Outside Committee positions held	
		Public	Private	Member	Chairman/Chairperson
Mr. SantKumar Bagrodia	Promoter/ Executive Director (Managing Director)	NIL	01	NIL	NIL
Mrs. Shailja Bagrodia	Promoter Non Executive Director	NIL	04	NIL	NIL
Mr. Kaushal Mehta	Independent Non-Executive Director	NIL	NIL	NIL	NIL
Mr. Vijay Kumar Lahoti	Independent Non-Executive Director	NIL	NIL	NIL	NIL

(B) Number of Board Meetings held & attended by Directors:

(i) Eight Meetings of the Board of Directors were held during the year ended 31st March, 2005. These were held on :-

- | | |
|------------------------|-------------------------|
| (1) 30th April, 2004 | (2) 31th July, 2004 |
| (3) 11th August, 2004 | (4) 12th October, 2004 |
| (5) 30th October, 2004 | (6) 19th November, 2004 |
| (7) 31st January, 2005 | (8) 16th March, 2005 |

(ii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2005 and of the last Annual General Meeting is as under :

Directors	No. of Board Meetings		Attended last AGM
	Held	Attended	
Mr. SantKumar Bagrodia	8	8	Yes
Mrs. Shailja Bagrodia	8	8	Yes
Mr. Kaushal Mehta	8	5	Yes
Mr. Vijay Kumar Lahoti	8	5	Yes



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No Director is related to other Directors on the Board, except for Mr. Sant Kumar Bagrodia and Mrs. Shailja Bagrodia, who are Husband and Wife respectively.

III. Audit Committee

(A) An Audit Committee was constituted by the Board of Directors on 31st October, 2002 to look after various matters which are in conformity with the requirements as per Clause 49 of the Listing Agreement with Stock Exchanges & consist of the following members:-

- (1) Shri. Kaushal Atul Mehta - Chairman
- (2) Smt. Shailja Bagrodia - Member
- (3) Shri. Vijay Kumar Lahoti - Member

(B) The Audit Committee meetings were held on 30th April, 2004, 31st July, 2004, 11th August, 2004, 30th October, 2004 & 31st January, 2005. The attendance of each Audit Committee member is as under :-

Member	No. of Meetings Attended
Mr. Kaushal Atul Mehta	5
Mr. Vijay Kumar Lahoti	5
Mrs. Shailja Bagrodia	5

IV. Remuneration Committee

The Board of Directors of the Company has not formed Remuneration Committee. The Company is paying to its Non-Executive Directors, sitting fees of Rs. 500/- per meeting attended by them. Remuneration paid to the Managing Director, Mr. Sant Kumar Bagrodia Rs. 14,582/- relates to reimbursement of Medical Expenses incurred by him during the year 2004-2005 as he has waived the monthly remuneration payable to him. The Service contract of Mr. Sant Kumar Bagrodia expires on 30th June, 2006.

V. Board Procedure

The Board of Directors of the Company has met Eight times during the year. Agenda papers of each meeting along with explanatory statements were circulated in advance to all the Directors. All the relevant information as required under Clause 49 of the Listing Agreement were placed before the Board from time to time.

VI. Shareholders/Investors Committee

(A) The Board of Directors constituted a Shareholders/Investors Committee on 31st October, 2003 under the Chairmanship of Non Executive Director, Smt. Shailja Bagrodia. During the year ended 31st March, 2005, 2 (Two) investor complaints were received which were promptly resolved. There were no share transfers pending for registration for more than 30 days as on the said date.

(B) Details of Directors seeking re-appointment at the ensuing Annual General Meeting fixed on 30th September, 2005 are given hereunder: -



Name of the Director.	Shri. Kaushal Mehta
Date of Appointment	31st October, 2002.
Expertise in Specific Functional areas	Practicing Chartered Accountant with over 5 years of experience in the Field of Accounts & Finance
List of Other Directorships held	Nil
Chairman/Member of the committees of the Board of the other Companies on which he/she is a Director.	Nil

To expedite the process of share transfer the Company has appointed M/s. Purva Share Registry (India) Pvt. Ltd. as Registrar & Transfer Agents who completes share transfer formalities every fortnight.

VII. Compliance Certificate :

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

VIII. General Body Meetings :

(A) The details of the General Meetings held in last three years are as under :-

Date	Location	Time
30th September, 2004	145, Maker Chamber III, 13th Floor, 223, Nariman Point, Mumbai - 400 021.	10.00 A.M.
27th September, 2003	145, Maker Chamber III, 13th Floor, 223, Nariman Point, Mumbai - 400 021.	10.00 A.M.
9th September, 2002	145, Maker Chamber III, 13th Floor, 223, Nariman Point, Mumbai - 400 021.	10.00 A.M.

(B) Special Resolution passed during the last three years :-

- i) Delisting of Company's Equity shares from The Stock Exchange, Ahmedabad & The Calcutta Stock Exchange Association Limited was passed in the Annual General Meeting held on 27th September, 2003.
- ii) No other Special Resolution was passed in the last three years.

(C) No Special Resolution was put through postal ballot last year.

(D) No Special Resolution is proposed to be put through postal ballot this year.

IX. Disclosures :

- (i) There are no materially Significant Transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with company's interest.