

# **21<sup>st</sup> ANNUAL REPORT 2005 - 2006**



**GLOBAL STONE INDIA LIMITED**

**DIRECTORS** : Mr. Rajendra Prasad  
Mr. R. C. Soni  
Mr. Ajay Jajoo - Executive Director

**AUDITORS** : M/s. Brahmayya & Co.  
Chartered Accountants  
Khivraj Mansion  
10/2, Kasturba Road,  
BANGALORE - 560 001

**BANKERS** : State Bank of India  
State Bank of Mysore

**SHARE TRANSFER AGENTS & REGISTRAR** : Bangalore Office :  
(For Demat and Physical both) M/s Intime Spectrum Registry Ltd.  
658/57, 1st Floor, L.V. Arcade,  
11th Main, 4th Block, Jayanagar  
Bangalore - 560 011  
Phone : ++91- 080 - 22448086.  
Email : [bangalore@intimespectrum.com](mailto:bangalore@intimespectrum.com)

Mumbai Office :  
M/s. Intime Spectrum Registry Ltd  
C-13, Pannalal Silk Mills Compound  
Kantilal Maganlal Indl. Estate,  
L.B.S. Road, Bhandup West  
Mumbai - 400 080.  
Phone : ++ 91 - 022 - 25923837  
Email : [isrl@vsnl.com](mailto:isrl@vsnl.com)

**REGISTERED OFFICE & FACTORY** : 22-24, Antharasanahally Indl. Area  
Banalore - Pune Highway  
Turukur - 572 106  
Phone : ++ 91-0816-2211365  
Email : [globalstone@dataone.in](mailto:globalstone@dataone.in)

## NOTICE

NOTICE is hereby given that the Twenty first Annual General Meeting of the members of Global Stone India Limited will be held on Wednesday, the 27th September, 2006 at 10.00 A.M. at the Registered Office of the Company at 22-24, Antharasanahally Industrial Area, Tumkur, Karnataka - 572 106 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 and, the Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. R.C. Soni, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this connection to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT M/s Brahmayya & Co., Chartered Accountants, Bangalore, be and are hereby re-appointed as the auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting on a remuneration of Rs. 50,000/- and out of pocket expenses as may be incurred."

By Order of the Board  
For **GLOBAL STONE INDIA LIMITED**

**(AJAY JAJOO)**  
Executive Director

Place: Indore  
Date : 30th June, 2006.

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## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form to be effective must be lodged duly completed and stamped at the Registered Office of the Company at least 48 hours before the time for holding the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September 2006 to 27<sup>th</sup> September 2006 (both days inclusive).
3. The Company has entered into agreement with Central Depository Services (India) Ltd. (CDSL). Accordingly, the equity shares of the Company can now be held in the electronic form with CDSL and the members can have their holding in depository account. The ISIN number allotted by CDSL to the equity shares of the company is INE 057G01019. The Company has made an application to NSDL for admission of the shares in the depository, however, the approval of NSDL is still awaited. Thereafter, the shareholders of the company shall have the convenience of dealing with both the depositories as per their choice. Members as requested to avail the demat facility. The equity shares of the Company are now tradable in compulsory dematerialized mode on the Stock exchanges.
4. The Company has appointed M/s Intime Spectrum Registry Ltd., as Registrar and Share Transfer agent for Demat and Physical Work.
5. Any change of address of the Members for Physical shares may please be notified to the Registrar and Transfer Agent at the above address quoting their Registered Folio. Any Change of address for the demated shares may please be notified to their Depositor directly.
6. Members are requested to send their queries, if any, relating to the Annual Accounts and Reports at least one week prior to the date of meeting, so that the information be made available in the Meeting.

## EXPLANATORY STATEMENT PURSUANT TO LISTING AGREEMENT &amp; SECTION 173 (2) OF THE COMPANIES ACT, 1956

## ITEM NO. 2.

Mr. R.C. Soni, was appointed as a Additional Director in the Board Meeting held on 31st Jaunury, 2003 in accordance with Section 260 of the Companies Act, 1956. His appointment was also approved by the shareholders in their meeting held on Tuesday the 30th September, 2003.

Mr. R.C. Soni has rich experience of business and industry, both domestic and international, and his presence on the Board would be beneficial to the Company. Therefore the Board of Directors recommends his re-appointment for approval of the Shareholders as a Director liable to retire by rotaion.

None of the Directors other than Mr. R.C. Soni is concerned or interested in the resolution.

By order of the Board  
For GLOBAL STONE INDIA LIMITED

(Ajay Jajoo)  
Executive Director

Place : Indore  
Date : 30<sup>th</sup> June, 2006

**DIRECTORS' REPORT**

Dear Shareholders

The Directors of your Company have pleasure in presenting the Twenty First Annual Report of the Company with the Audited Annual Accounts for the Year ended 31st March 2006.

**FINANCIAL HIGHLIGHTS :**

The Financial Result of the Company for the year ended 31st March, 2006 are as under  
(Rs. in lakhs)

Particulars	2005-2006	2004-05
Sales and other Income	2572	3275
Total Manufacturing & Administrative Expenditures	3440	3559
Profit/(Loss) before Interest, Depreciation & Tax	(868)	(287)
Interest and Finance Charges	179	175
Profit/(Loss) before Interest, Depreciation & Taxation	(1047)	(462)
Depreciation	123	124
Fringe Benefit Tax	1.27	-
Provision for taxation	-	-
Profit / (Loss) after Taxation	(1171)	(586)
Prior Period Adjustments	(82)	520
Balance b/f from previous year	(1432)	(1366)
Balance carried to Balance Sheet	(2685)	(1432)

**OPERATIONS :**

The operations of your Company during 2005-06 were less than satisfactory. Though the company has been successful in processing higher quantity of material compared to previous year but such processing could not result in higher sales / processing income due to scarcity of good quality raw material. During the year 2005-2006, the company also gave thrust to convert the huge quantity of work in process materials to finished goods and liquidated these old stocks of WIP and finished goods at the best realizable rates. Continued scarcity of good quality raw material, steep increase in the overall cost of inputs besides severe working capital constraints have also contributed to the losses, resulting in the losses before interest and depreciation at Rs. 868.10 lacs (Rs. 287.34 lacs during 2004-2005) and the net losses for the year was substantially higher at Rs. 1253.15 lacs in comparison to Rs. 66.42 lacs during 2004-05.

**FUTURE PROSPECTS :**

The trend for the current year is expected to be much similar to the last year as could be seen from the operations of the first quarter of 2006-07. The Company continuously places its thrust on procurement of best quality granite rough blocks, improved efficiency and productivity with reduced operating cost. The Company is also in the process of negotiating with the lending banks for one time settlement and looking for fresh avenue for funding the working capital requirement of the company.

**DIVIDEND**

In view of the loss, your Directors are unable to recommend any dividend for the year 2005-06.

**21st ANNUAL REPORT 2005-2006****DEMATERIALISATION FACILITIES :**

The Company is continuing the agreement with Central Depository Services (India) Ltd. (CDSL). Accordingly, the equity shares of the Company can now be held in the electronic form with CDSL and the members can have their holding in depository account. The ISIN number allotted by CDSL to the equity shares of the Company is INE 057G01019. Members who have not converted their shares into demat form may get the same done as the equity shares of the Company shall be tradable in dematerialized mode only on the Stock Exchanges.

**DELISTING OF SECURITIES FROM STOCK EXCHANGES :**

Equity shares of the Company is presently listed at Five Stock Exchanges including the Stock Exchanges, Mumbai (BSE) and Bangalore Stock Exchange (BGSE). For last many years there is no trading in the Equity Share of the Company at any other Stock Exchanges than BSE. Since these Stock Exchanges does not justify expenses on listing, the Board of Directors have decided to de-list its equity from three Stock Exchange i.e Madhya Pradesh Stock Exchange, Indore, Madras Stock Exchange, Chennai and The Stock Exchange, Ahmedabad. Necessary resolution was already been passed in the 19<sup>th</sup> Annual General Meeting. The process of delisting from all other stock exchanges except BSE is pending.

**DIRECTORS COMMENTS ON AUDITORS REPORT**

The comments of the Auditors are already quantified and adequately dealt with elsewhere in the notes to the accounts or Annual Report.

**DIRECTORS**

Mr. R.C. Soni, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Dr. R.B. Baheti, Chairman of hte company had expressed his inability to continue on the Board of the Company because of his other pressing commitments and accordingly resigned w.e.f. 30th March 2006. The Board of Directors places their sincere appreciation for the contributions made by Dr. R.B. Baheti for many milestones achieved by the company over the years.

**AUDITORS :**

The Auditors, M/s. Brahmayya & Co., retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

**REPORT ON CORPORATE GOVERNANCE :**

The Company has already complied with the requirement of Corporate Governance in terms of Clause 49 of listing agreement. A detailed report on Corporate Governance is annexed as Annexure forming part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year ;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

**RESPONSE TO AUDITOR'S QUALIFICATION :**

With reference to the qualification in the Auditors Report Point No.3(vi) regarding the provision of Interest to UTI, the company is contemplating to file an appeal against the order of the Mumbai Debts Recovery Tribunal Order dated 22nd June 2005. It may also be noted that the company has already passed a resolution in the Extra Ordinary General Body Meeting held on 11th September 2004 waiving off the unpaid interest upto 30th September 2004.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO;****(a) CONSERVATION OF ENERGY:**

The Company has placed continuous thrust on saving of electrical energy in the factory and office area. The total energy consumption and energy consumption per unit of production as per form "A" is not given, as the Company is not covered under the list of specified industries.

**(b) TECHNOLOGY ABSORPTION:**

There is no significant change in the technology adopted by the company apart from cost effective modifications done around the Machines. The company has absorbed fully the technology installed in all areas of operation.

**(c) RESEARCH AND DEVELOPMENT :**

As a policy, continuous thrust on Research and Development is being maintained.

**(d) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foregin exchange earning and outgo during the year under review are as under :

<b>Earning:</b>		<b>Amount Rs. In lacs</b>
(a)	FOB value of Export	2347.62
<b>Outgo:</b>		<b>Amount Rs. In lacs</b>
(a)	CIF value of Capital goods	Nil
(b)	CIF value of import of consumables	411.77
(c)	Remittance of interest	Nil
(d)	Foreign Travel Expenses	3.89
(e)	Commission on Export Sales	Nil

**PARTICULARS OF EMPLOYEES:**

The Company had no employees in the category mentioned in Section 217 (2A) of the companies Act, 1956.

**FIXED DEPOSITS:**

The Company has not accepted any deposits from the public during the year ended on 31st March, 2006.

**INDUSTRIAL RELATIONS:**

The Company provides a clean and healthy working environment to its employees. Your Company follows progressive policies concerning its employees and provides a conducive atmosphere to each employee to excel their performance. Industrial relations during the year under review were cordial.

**ACKNOWLEDGMENT :**

The Directors are pleased to record their appreciation for the support and contributions made by all the concerned agencies. The Directors also wish to record their appreciation for dedicated services by the employees of the Company at all levels.

By order of the Board  
For GLOBAL STONE INDIA LIMITED

Date : 30<sup>th</sup> June, 2006  
Place : Indore

Rajendra Prasad  
Director

Ajay Jajoo  
Executive Director

## ANNEXURE -I

### REPORT ON CORPORATE GOVERNANCE

(for the financial year 2005-06)

#### INTRODUCTION

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has fairly complied with the mandatory requirements of the Code.

#### 1. COMPANY'S PHILOSOPHY

The Fundamental objective of the Company's Corporate Governance is sustaining and "enhancement of long-term value for share holders and at the same time protecting the interest of other stakeholders and adopting a methodology which enhances effectiveness, better utilization of resources, transparent and harmonious relations between various interest groups". better working environment and workers participation in Management.

#### 2. IMPLEMENTATION

Although the applicability of code to Global Stone India Limited is effective from financial year 2001-02 onwards, as per the requirement of Listing Agreement with the Stock Exchanges, the Company has already taken necessary steps to comply with the same effective from Financial Year 2000-01.

#### 3. BOARD OF DIRECTORS

##### a) Composition :

The Board of Global Stone India Limited comprises of Three Directors. None of the Directors of the Company is a Member on more than 10 committees or Chairman of more than 5 committees (as specified in the clause 49 of the Listing Agreement). The Board is primarily responsible for the overall management of the Company's business. The Composition of the Board during the financial year 2005-2006 was as under :

No.	Name	Category
1.	Mr. Rajendra Prasad (w.e.f.28.09.2002)	Independent & Non - Executive Director
2.	Mr. R. C. Soni (w.e.f. 31.01.2003)	Independent & Non -Executive Director
3.	Mr. Ajay Jajoo (w.e.f. 28.10.2004)	Independent & Executive Director
4.	Dr. R. B. Baheti (up to 30.03.2006)	Promoter Director



**B) Brief Resume of directors proposed to be appointed**

Mr. R.C. Soni , was appointed as an additional Director in the Board Meeting held on 31st January, 2003 in accordance with Section 260 of the Companies Act, 1956. His appointment was also approved by the shareholders in their meeting held on Tuesday, the 30th September, 2003.

Mr. R.C. Soni has a wide range of experience and expertise in the marketing of various products. He also has rich experience of business and industry, both domestic and international, and his presence on the Board would be beneficial to the Company. Therefore the Board of Directors recommends his re-appointment for approval of the shareholders as a Director liable to retire by rotation.

None of the Directors of the Company except Mr. R.C. Soni is concerned or interested in this resolution.

**Board Meetings and Attendance of Directors****(C)**

Name	Category	Designation	No. of meetings	No. of meetings attended
Mr. Rajendra Prasad (w.e.f.28.9.2002)	Independent & Non Executive Director	Director	5	3
Mr. R.C. Soni (w.e.f. 31.01.2003)	Independent & Non Executive Director	Director	5	4
Mr. Ajay Jajoo (w.e.f. 28.10.2004)	Independent & Executive Director	Executive Director	5	2
Dr. R. B. Baheti (up to 30th March ,2006)	Promoter Director	Chairman	5	5

The details of meeting wise attendance of Directors are as under

Sl.No.	Name of the Directors	30.06.05	28.07.05	28.10.05	30.01.06	30.03.06
1	Dr. R. B. Baheti (up to 30-03-2006)	P	P	P	P	P
2	Mr. Ajay jajoo (w.e.f. 28-10-2004)	P	P	LOA	LOA	LOA
3	Mr. Rajendra prasad	LOA	LOA	P	P	P
4	Mr. Ramesh Chandra Soni	P	P	P	P	LOA

Note : P = Present, LOA = Leave of Absence

**c) Sitting Fees**

None of the Directors was paid Sitting Fees during Financial year 2005-06

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## d) Other Directorship :

The details of present directors holding / directorship in other Companies are as under

Sl.No.	Name of the Directors	Directorship in other Companies
1.	Mr. Ajay Jajoo	None
2.	Mr. Rajendra Prasad	1 STI Products India Limited - Director 2 STI International Ltd. - Director
3.	Mr. R. C. Soni	1 RBG Investment & Finance Limited - Director 2 STI Finance Limited - Director
4.	Dr. R. B. Baheti	1 STI India Ltd., - Chairman and Managing Director 2 STI Sanoh India Ltd. - Chairman 3 STI Power India Private Ltd., - Chairman

## e) Membership / Chairmanship in Board Committees

Sl. No.	Name of the Directors	Chairman/Member in Committees	Chairmanship	Membership
01	Dr. R. B. Baheti (Up to 30.03.2006)	1. Global Stone India Ltd. : Remu. Comm. - Member 2. STI India Ltd. : Sh. Tr. Comm. - Member	-	4
02	Mr. Ajay Jajoo	1. Global Stone India Ltd. : Audit Comm. - Member Sh. Tr. Comm - Member (w.e.f.28.10.04)	-	-
03	Mr. Rajendra prasad	1. Global Stone India Ltd. : Audit Comm. - Member Remu. Comm - Chairman Sh. Tr. Comm - Member 2. STI Products India Ltd. Audit Comm. - Member Remu. Comm - Chairman Sh. Tr. Comm - Member	4	2
04	Mr. R. C. Soni	1. Global Stone India Ltd. : Audit Comm. - Member Remu. Comm - Member Sh. Tr. Comm - Chairman	1	2