

# **22nd ANNUAL REPORT 2006 - 2007**

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**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

**SHARE TRANSFER AGENT &  
REGISTRAR**  
(For Demat and Physical both)

: Bangalore:  
M/s. Intime Spectrum Registry Ltd.  
8, K.G. Road, 1st Floor,  
Mahaveer Shopping Complex,  
Bangalore - 560 009  
Phone: ++91-080-41242623 / 4  
E-mail: 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 - 400080  
Phone: ++91-022-25923837  
E-mail: isrl@vsnl.com

**REGISTERED OFFICE & FACTORY** : 22-24, Antharasanahally Indl. Area  
Bangalore – Pune Highway  
Tumkur – 572 106  
Phone: ++91-0816-2211072  
E-mail: gsilmkt@gmail.com

## GLOBAL STONE INDIA LIMITED

## NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty second Annual General Meeting of the members of Global Stone India Limited will be held on Thursday, the 27th September, 2007 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 31st March, 2007 and the Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Rajendra Prasad, who retires by rotation and being eligible, offers him-self for re-appointment.
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."

**SPECIAL BUSINESS :**

- 4) To consider and if thought fit, to pass, with or without modification, the following Resolution as a special resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereof for the time being in force) and subject to the approval of the Central Government and such other approvals as may be necessary, the Company do hereby approve the appointment of Mr. Ajay Jajoo as Executive Director of the Company for a period of three years with effect from 28th October, 2007, on such terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the Service Agreement executed, a copy of which duly initialed by the Chairman for the purpose of identification, is available to members for inspection, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of Agreement, so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956, and as may be applicable and agreed to by and between the Board of Directors and Mr. Ajay Jajoo."

**"RESOLVED FURTHER THAT** the Board be and is hereby further authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board  
for GLOBAL STONE INDIA LIMITED

(RAJENDRA PRASAD)  
Director

Place : Indore  
Date : 30th June, 2007

**22nd ANNUAL REPORT 2006 - 2007****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 21st September, 2007 to 27th September, 2007 (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 its 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 are requested to avail the demat facility. The equity shares of the Company are 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 can be made available in the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO LISTING AGREEMENT & SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 2**

Mr. Rajendra Prasad, is proposed to be re-appointed as a Director of the Company liable to retire by rotation. Mr. Rajendra Prasad born in 1950 is having B.E (Mech) and DMM qualification to his credit. Mr. Rajendra Prasad a Senior Corporate Executive posses rich experience of working with reputed organizations such as M/s. Sandvik Asia Ltd., Pune and SRP Tools Ltd., Madras besides being associated with the STI Group of Companies for more than a decade.

He has a wide range of experience and expertise in the marketing of various products. He has a deep understanding of trade, business and industry. His continued association with the Company will be beneficial. The Board of Directors recommends his appointment.

None of the directors other than Mr. Rajendra Prasad, is concerned or interested in the resolution.

**ITEM NO.4**

In accordance with the provisions of Section 269 of the Companies Act, 1956 Mr. Ajay Jajoo was appointed as Executive Director at the Annual General Meeting held on 27th September 2005 for three years with effect from 28th October 2004 till 27th October 2007. As the term is nearing completion, the Company would like to extend the tenure for a further period of three years subject to the approval of share holders. The company will seek necessary permission from Central Government for his re-appointment.

The appointment and remuneration payable / paid to Mr. Ajay Jajoo are subject to the limits under Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions (including statutory amendment thereof) if any, of the Companies Act, 1956.

## GLOBAL STONE INDIA LIMITED

The Shareholders may consider following information before approving the appointment of Mr. Ajay Jajoo, as recommended by the Board.

Information required to be disclosed in terms of Notification No. G.S.R. 36 (E) dated 16th January, 2002 issued by Government of India under provision of Schedule XIII of the Companies Act, 1956 is as under.

### General Information

#### I. Nature of Industry:

Global Stone India Limited is engaged in manufacturing and marketing of Granite slabs and tiles.

##### 1) Date of Commencement of commercial production:

The Company started its commercial production on 1st February, 1994.

##### 2) Financial performance based on given indicators :

The Company has an excellent manufacturing facility of 90000 sq.mtrs. of Slabs/Panels and 65000 sq.mtrs. of tiles. Its product quality is very well established and globally accepted by the user segment. The Company enjoys a good position in the market of its range of products.

##### 3) Export performance and net foreign exchange Contributions:

The Company has been a good Foreign Exchange earner and the FOB Value of Export in the year 2006 – 07 was Rs.1472.94 lacs.

##### 4) Foreign Investment and Collaborators :

The Company does not have any foreign investment and foreign collaborators involved into the affairs of the Company.

#### II. Information about the appointee

##### a) Background details :

Mr. Ajay Jajoo, the Executive Director of the Company is a top level Corporate Executive. Mr. Ajay Jajoo born in 1957, is B .E. in Chemical, having 25 years of experience in Trade, Business and Industry, has rich experience in running business for over the said tenure. Prior to the appointment as Executive Director, Mr. Ajay Jajoo was President of the Company since April, 2002.

##### b) Present remuneration :

During the year 2006-07, Mr. Ajay Jajoo's salary was Rs. 5.56 lacs and other perquisites was Rs.2.82 Lacs. However, his future salary shall be as approved by the Central Government and subject to the overall ceiling stipulated in Section 198, 309 and Schedule XIII of the Companies Act, 1956.

##### c) Job profile and his suitability:

Mr. Ajay Jajoo has a very rich experience and exposure of Granite Industry. He is the most suitable managerial personnel for such a position in the Company. Any expert professional with similar experience shall be commanding a very high remuneration in the Industry, in comparison to the minimum remuneration being paid to Mr. Ajay Jajoo, considering the present financial conditions of the Company. Mr. Ajay Jajoo does not have personal relationship with any other employees of the Company. He is expected to look after the following functions as Executive Director of the Company:

- (i) Management of the day to day affairs of the Company subject to the superintendence and direction of the Board of Directors of the Company.
- (ii) Running of the plant of the Company more effectively so as to increase the productivity and reduce the cost of production.
- (iii) Retain and develop the high caliber and performing human resource capital of the Company.

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- (iv) Maintaining and nurturing existing business contractual arrangement and the customer base with simultaneously exploring alternate business opportunities for enhancing the value of stake holders.
- (v) Look for alternative and better market opportunities in domestic as well as export area.
- (vi) Deal with financial institutions, customers and suppliers.

**d) Remuneration proposed :**

The appointment of Mr. Ajay Jajoo and his remuneration and perquisites are subject to Section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions (including statutory amendment thereof) if any, of the Companies Act, 1956. The terms of the appointment and remuneration of Mr. Ajay Jajoo effective from 28th October, 2007 subject to the approval of Shareholders and the Central Government are as under: -

**1) SALARY: -**

Name of Appointee	Period of Appointment	Salary per month w.e.f. 28th October, 2007
Mr. Ajay Jajoo	3 Years with effect from 28th October, 2007	Basic Salary of Rs.47,000/- in the pay Scale of Rs.47,000 – 1500 – 56,000 – 2000 – 1,00,000.

**2) PERQUISITES :**

Subject to limits of minimum remuneration prescribed under Schedule XIII of the Companies Act, 1956 (including any amendment thereto in force from time to time) Mr. Ajay Jajoo will be entitled to maximum perquisites up to Rs. 3.50 Lacs per annum divided in to the following perquisites. Unless the context otherwise requires, perquisites are classified into three categories A, B and C as below:

**CATEGORY - 'A'****(i) Housing :**

- a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of Rs. 17,640/- Per Month.
- b) In case no accommodation is provided by the Company, Mr. Ajay Jajoo as Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing (a).

**(ii) Medical Reimbursement :**

Reimbursement of expenses incurred for self and family on actual basis.

**(iii) Leave Travel Concession :**

Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company subject to a ceiling of one month basic salary per year.

**(iv) Personal Accident Insurance :**

Mr. Ajay Jajoo, shall be entitled for a Personal accident insurance for an annual sum insured not exceeding Rs. 500,000/- and a Group Insurance Cover up to Rs. 3,50,000/- as per rules of the Company.

**CATEGORY - 'B'**

- (i) Mr. Ajay Jajoo shall be entitled to Contributions to Provident Fund, Superannuation Fund or Annuity Fund to be in accordance with the practice, rules and regulations in force in the Company from time to time. The contributions to these Funds will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) **Gratuity** – Gratuity shall not be exceeding half a month's salary for every completed year of service.
- (iii) **Leave Encashment** - Encashment of Leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

**CATEGORY - 'C'****3) MINIMUM REMUNERATION :**

In the event of loss or inadequacy of profits during any financial year, subject to the provisions of the Companies Act, 1956, revised remuneration proposed to be paid to Mr. Ajay Jajoo by way of salary and perquisites as above with such adjustment as may be necessary under provisions of schedule XIII be paid as minimum remuneration.

**III Other Information:****a) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :**

Mr. Ajay Jajoo has very rich experience and exposure of trade, business and investment in Granite industry, and expert professionals with similar experience are commanding a very high remuneration in the Industry, in comparison to the minimum remuneration being paid to Mr. Ajay Jajoo. Considering the size and location of the works and the position and profile of the person, the remuneration proposed is very low only due to present financial conditions of the Company. However as soon as the financials of the Company improves or the Government further relaxes the policies in this regard, Mr. Ajay Jajoo be paid a much higher remuneration in future.

**b) Pecuniary relationship directly with the Company or relationship with the managerial personnel, if any :**

Mr. Ajay Jajoo does not have any pecuniary relationship directly with the Company apart from his salary as above and his involvement as Executive Director of the Company. He does not have any relationship with any other managerial personnel of the Company.

**c) Reason of loss and inadequate profit :**

Most of the new Granite Companies with modern and sophisticated equipment are situated near Hosur in the state of Tamil Nadu and most of the customers are now preferring to source their requirements of materials from different units at Hosur in view of the selection available from different units located at same place, which has placed our unit locationally disadvantageous for the customers resulting in lower volume of business and thereby the company's operations were at losses. Further, the company's high cost of old borrowing also added to the losses in the company's operation. During the financial year 2006-07, the workmen of the company also resorted to striking the work twice for a period of 39 days.

**d) Steps taken for improvement :**

To avoid further losses, and to sustain the competition, the Company is focusing for optimum utilization of plant capacity by improving operating efficiency through cost and waste reduction. The Company is also laying greater thrust on conserving and judiciously utilizing its resources and save operating cost.



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## IV) Disclosures :

In addition to the disclosures as given here under, other necessary disclosures required under schedule XIII in the case of appointment of Mr. Ajay Jajoo has also been given in the report of the corporate governance attached to the Directors' Report :

1. Mr. Ajay Jajoo shall not be entitled to receive any other allowance or reimbursement of any other personal expenses not specifically mentioned here in this agreement.
2. The Salary and other perquisites payable to Mr. Ajay Jajoo shall be reviewed or restructured once at the end of every financial year and any increment finalized mutually on time scale basis shall be payable w.e.f. 1st April of the following year.
3. Mr. Ajay Jajoo unless prevented by ill-health, through out the said terms, shall devote his appropriate time, attention and abilities to the business of the Company and shall abide by the rules and regulations and confirm to the duties assigned to him by the Company from time to time and promote the interest of the Company.
4. Mr. Ajay Jajoo shall not be entitled to any Stock Option.
5. Mr. Ajay Jajoo shall be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
6. Mr. Ajay Jajoo shall be entitled to a car and telephones at residence for use on Company's business. These will not be considered as perquisites. However, personal long distance calls and use of the cars for private purpose shall be billed by the Company to the Executive Director.
7. Mr. Ajay Jajoo shall not be entitled to any sitting fee for attending the meeting of Board of Directors or committee thereof.
8. That other terms and conditions of appointment of Mr. Ajay Jajoo, as contained in the previous Agreements shall remain unaltered except the changes as mentioned herein before in this Agreement.

The agreement executed between the Company and Mr. Ajay Jajoo, Executive Director is available for inspection of members of the Company at its registered office between 11.00 AM and 1.00 PM hours on any working day of the Company.

This may also be treated as an abstract under section 302 of the Companies Act, 1956 of the terms of the remuneration payable to Mr. Ajay Jajoo, Executive Director with effect from 28th October, 2007. The particulars given above may also be treated as a statement of information required to be given under the Companies Act, 1956 and Listing Agreements.

The Directors recommend the resolution for acceptance by the Members.

None of the Directors other than Mr. Ajay Jajoo, is concerned or interested in the resolution .

By order of the Board  
for GLOBAL STONE INDIA LIMITED

(RAJENDRA PRASAD)  
Director

Place : Indore  
Date : 30th June, 2007



## GLOBAL STONE INDIA LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting the Twenty-Second Annual Report of the Company with the Audited Annual Accounts for the Year ended at 31st March 2007.

**FINANCIAL HIGHLIGHTS :**

The Financial Results of the Company for the year ended 31st March 2007 are as under:

(Rs.in lakhs)

PARTICULARS	2006 - 2007	2005-2006
Sales and other Income	1801.88	2571.80
Total Manufacturing and Administrative Expenditures	1860.17	3450.71
Profit/(Loss) before Interest, Depreciation & Tax	(58.29)	(878.91)
Interest and Finance Charges	197.16	168.40
Profit/(loss) Before Depreciation and Taxation	(255.45)	(1047.31)
Depreciation	125.28	122.94
Fringe Benefit Tax	1.35	1.27
Provision for taxation		
Profit / (Loss) after taxation	(382.08)	(1171.52)
Prior Period adjustments	9.95	(81.63)
Balance b/f from previous year	(2685.31)	(1432.16)
Balance carried to Balance Sheet	(3057.44)	(2685.31)

**OPERATIONS :**

The operations of your company during 2006-2007 were far from satisfactory. The company's production got marginally reduced by 2.5% approx. compared to previous year. 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.58.29 lacs (Rs.868.10 lacs during 2005-06) and the net losses for the year was Rs.392.04 lacs in comparison to Rs.1253.15 lacs during 2005-06.

**FUTURE PROSPECTS :**

The trend for the current year is also likely to be same as last year as could be seen from the operations of the first quarter of 2007-08. 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 in the process of negotiating with the lending financial institutions for one time settlement of dues.

**DIVIDEND :**

In view of the loss, your Directors regret their inability to recommend dividend for the year.

**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

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**DELISTING OF SECURITIES FROM STOCK EXCHANGES :**

Equity shares of the Company are continued to be listed at Five Stock Exchanges. As there is no trading in the Equity Share of the Company at many of the Stock Exchanges 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, Ahemdabad but keeping the listings at Bangalore and Bombay Stock Exchanges. Necessary resolution in these regard has already been passed by the shareholder in the 19th Annual General Meeting. The listing of Equity Shares shall continue for regular trading at BSE and BGSE.

**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.Rajendra Prasad, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

It is proposed to re-appoint Mr. Ajay Jajoo as Excutive Director of the Company for a further period of three years on expiry of his current term on 27th October, 2007. Necessary resolution in this regard is submitted to the shareholders for their approval in the ensuing Annual General Meeting.

**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.

**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.