

23rd ANNUAL REPORT
2007 – 2008



GLOBAL STONE INDIA LIMITED

BOARD OF DIRECTORS

:

Mr. Rajendra Prasad – Chairman
Mr. R. C. Soni - Director
Mr. Ajay Jajoo - Director

AUDITORS

:

M/s. Brahmayya & Co.
Chartered Accountants
Khivraj Mansion
10/2, Kasturba Road
BANGALORE – 560 001

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

:

Bangalore Office:
M/s. Intime Spectrum Registry Ltd.
8, K. G. Road, First Floor,
Mahaveer Shopping Complex
Bangalore – 560 009
Phone : ++91 - 080 – 4124 2623 / 24
Email : 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 – 2592 3837
Email : isrl@vsnl.com

REGISTERED OFFICE

:

22-24, Antharasanahally Indl. Area
Bangalore – Pune Highway
Tumkur – 572 106
Phone : ++91 – 0816 – 2211450
Email : gsilmkt@gmail.com

GLOBAL STONE INDIA LIMITED

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Global Stone India Limited will be held on Tuesday, the 30th September, 2008 at 10.00 A.M. at a function hall above Nammooru Ahar, S.S.Puram Main Road, Tumkur to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on said date together with Directors' Report and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Jajoo, who retires by rotation and being eligible offer himself for re- appointment.
3. To re - appoint M/s. Brahmayya & Co., Chartered Accountants, Bangalore, as Statutory Auditors of the Company and to fix their remuneration and in this regard 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."

B. SPECIAL BUSINESS (By Postal Ballot)

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

"RESOLVED THAT pursuant to the proviso to Sub-Section (2) of section 146 and other applicable provisions, if any of the Companies Act, 1956 read together with other applicable provisions of the Companies Act, 1956 and Article of Association of the Company, further subject to such other approval as may be necessary, the registered office of the company be and is hereby shifted from its present situation at 22-24, Antharasanahalli Indstl. Area, Bangalore-Pune Highway, Tumkur-572106 to No. 62 AG's Layout, New BEL Road, Bangalore-560054. Tel. 080-23604691.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such other necessary steps as are necessary to protect business interest of the Company and also to decide or settle any matter that may arise in this regard."

By order of the Board
For GLOBAL STONE INDIA LIMITED

Place : Indore
Date : 30th June, 2008

RAJENDRA PRASAD
CHAIRMAN

23rd ANNUAL REPORT 2007-2008**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.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2008 to 30th September, 2008 (both days inclusive).
4. The Resolution at item No. 4 is to be passed through Postal Ballot as per section 192A of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.
5. Postal Ballot form with Notice and Explanatory Statement is attached at last page of the Annual Report. **You are requested to carefully read and detach and return the form duly completed in the postage prepaid envelope sent along with this Annual Report.** Please note that – if a resolution is assented by requisite majority of shareholders by means of postal ballot, it shall be deemed to have been passed at general meeting convened in that behalf. The result of the postal Ballot shall be announced at 23rd Annual General Meeting.
6. 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 Company's equity shares is **INE 057G01019**. Members are requested to avail the demat facility thru CDSL. The shares of the Company have not been admitted to NSDL. Due to continuous losses in last few years there is hardly any market for shares of the Company and thus the equity shares of the Company are not traded on at any Stock Exchange.
7. Members are requested to send their queries, if any, relating to the Annual Accounts and Reports at least one week before the date of meeting, so that the information is made available in the Meeting.
8. The Company has appointed M/s Intime Spectrum Registry Ltd., as Registrar and Share Transfer agent for demat and physical share transaction work.
9. 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 the respective depository participants directly.

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

Mr. Ajay Jajoo was re-appointed as Executive Director of the Company at the Annual General Meeting held on 27th September 2007 for another term of three years with effect from 28th October 2007. However Mr. Jajoo resigned from the position of Executive Director of the Company wef 13th October, 2007 and continued on the Board of the Company only as a Director liable to retire by rotation.

GLOBAL STONE INDIA LIMITED

Mr. Ajay Jajoo, born in 1957, is B. E. in Chemical. Being a top level Corporate Executive, he has 25 years of experience in Trade, Business and Industry. The presence of Mr. Ajay Jajoo 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. Ajay Jajoo is concerned or interested in this resolution.

ITEM NO. 4

The members of the Company are aware that the Company is in the process of disposing of its undertaking including its associate land, building, plants and machineries, fixture and fittings and all other assets. The company currently does not have any manufacturing process going on as well as there is almost no employee working in the company at present.

Due to above it is necessary to change its Registered Office from 22-24, Antharasanahalli Indstl. Area, Bangalore – Pune Highway Tumkur- 572106 to a new location identified at No. 62, AG's Layout, New BEL Road, Bangalore- 560054. Tel.080-23604691.

The address of new registered office is outside the local limits of existing office but within the same State, and it would be more convenient for company to handle efficiently its day to day Managerial and Administrative work. Therefore the Registered Office of the company is to be shifted at above address. According to section 146 of the Companies Act , 1956 change in registered office of the company outside the local limits of any city, town or village, requires approval of the shareholders by Special Resolution.

As per Section 192A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the consent of the shareholder for the above purpose is required to be obtained by means of a postal ballot. Accordingly, the Board is recommending the Special Resolution to you for approval. The Company has appointed Mr. S. Govinda Rao as scrutinizer for conducting the postal ballot process and the Chairman of the Company will announce result of the Postal Ballot at the 23rd Annual General Meeting of the Company.

The Board of directors recommends passing of the resolution. None of the Directors of the Company is deemed to be concerned or interested in the resolution.

Postal Ballot form with Notice and Explanatory Statement is attached at last page of the Annual Report. You are requested to carefully read and detach and return the form duly completed in the postage prepaid envelope sent along with this Annual Report.

Please note that - if a resolution is assented by requisite majority of shareholders by means of postal ballot, it shall be deemed to have been passed at general meeting convened in that behalf. The result of the postal ballot shall be announced at 23rd Annual General Meeting.

By order of the Board

For GLOBAL STONE INDIA LIMITED

RAJENDRA PRASAD
CHAIRMAN

Place : Indore

Date : 30th June, 2008

23rd ANNUAL REPORT 2007-2008**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of your Company have pleasure in presenting the Twenty-Third Annual Report of the Company with the Audited Annual Accounts for the Year ended at 31st March 2008.

FINANCIAL HIGHLIGHTS:

The Financial Results of the Company for the year ended 31st March, 2008 are as under:

(Rs.in lakhs)		
Particulars	2007-2008	2006-2007
Sales and other Income	954.84	1801.88
Total Manufacturing & Administrative Expenditures	1021.78	1860.17
Profit/(Loss) before Interest, Depreciation & Tax	(66.94)	(58.29)
Interest and Finance Charges	213.79	197.16
Profit/(loss) Before Depreciation and Taxation	(280.73)	(255.45)
Depreciation	121.28	125.28
Fringe Benefit Tax	0.93	1.35
Provision for taxation	-	-
Profit/(Loss) after Taxation	(402.94)	(382.08)
Prior Period Adjustments	(0.72)	9.95
Balance b/f from previous year	(3057.44)	(2685.31)
Balance carried to Balance Sheet	(3461.10)	(3057.44)

OPERATIONS:

The operations of your company during 2007-08 were far from satisfactory. During the year the sales and operating income of your Company at Rs.955 Lacs, reduced by 48% from Rs. 1802 Lacs in the previous year resulting in a large portion of your operating expenses remaining unabsorbed. The net loss of the Company during the year at Rs. 403 lacs was marginally higher in comparison to previous year losses of Rs. 382 Lacs on accounts of saving in raw material and stores cost and strict control over the expenses.

Actually the continued scarcity of good quality raw material, steep rise in the overall cost of inputs, absence of working capital finances and lower scale of activities have made the operations of the Company economically unviable. Therefore the accumulated losses till end of the current financial year have mounted to Rs.3461 Lacs. In view of this continued heavy losses in the operations, the Management of the company explored various possibilities to continue manufacturing operations but were forced to close the manufacturing unit with effect from the close of the business hour on 16th February, 2008. The company management having tried all the alternate options does not see any possibility of revival of the company in future in the current operating circumstances.

CLOSURE OF THE COMPANY:

In the circumstances explained above and with a view to conserve available resources from further depletion as well as to save further administrative and maintenance cost on the loss making operations, the Company has given a closure notice to the Labour Secretary, Department of Labour, Government of Karnataka, Bangalore intimating closure of the Manufacturing operations in the Company with effect from close of the business hour on 16th February, 2008. The dues of all the employees and workers of the Company (except gratuity) have been settled and now from 17th February, 2008 and onwards there is no employee working in the Company.

GLOBAL STONE INDIA LIMITED

POSTAL BALLOT FOR DISPOSAL OF THE UNDERTAKING:

Your Board of Directors considered that in the current financial and economic conditions the Company cannot sustain its operation further and therefore, there is an urgent need to find out ways for settling dues of all the secured as well as unsecured lenders besides, taking practical steps for saving the existing resources of the Company from any further losses for the benefit of all stake holders of the Company. Your Board therefore considered that entering into one time settlement with all the lenders by disposal of the fixed and non-fixed assets of the Company could be the only way to save further losses and erosion into the value of assets and resources of the Company.

Members of the Company are aware that the disposal of undertaking either whole or in part or disposal of the fixed and non-fixed assets of the Company including land, building, plant and machineries etc. will require necessary approval from shareholders by ordinary resolution u/s 293(1)(a) of the Companies Act, 1956 and as per section 192A of the Act read with Companies (passing of the resolution by postal ballot) Rules, 2001, this approval of the shareholders are to be obtained by means of a postal ballot. Therefore the Company had sent Postal Ballot Form to all the shareholders of the Company for their consent or dissent on the proposal of disposing off all the fixed and non-fixed assets of the Company including land, building, plant and machineries etc.

The Board of Directors wish to inform that members have given a good response (52.04% or 62,45,180 shares) for the postal ballot formalities. The majority of members of the Company have endorsed the views of your Board of Directors by giving their assent to the disposal of unit as only 0.02% shareholders (representing 2600 shares) of the Company have conveyed their dissent whereas 51.91% shareholders (representing a 62,29,280 shares) of the Company have conveyed their assent to the resolution proposed in this regard through postal ballot and approved the same.

Having received the approval of the Members, the Company is moving forward with the prospective buyers to negotiate, finalize and execute necessary documents for disposal of the assets in whole or in part and to take all other necessary actions in this regard.

SETTLEMENT WITH THE SECURED LENDERS:

The Company is in the process of negotiation, finalization and execution of necessary documents with its secured lenders, whose outstanding liabilities are proposed to be paid by disposal of the assets of the Company. The Company has already reached to a settlement with State Bank of India; State Bank of Mysore and Unit Trust of India. The liabilities of other secured lenders are also proposed to be settled similarly.

FUTURE OUTLOOK:

As the company is in the process of disposal of its land, building, plant & machinery and other fixed assets, the prospects of the company in future appear to be critical. The management of the Company also does not expect to commence operations at any other alternate place and therefore any turnaround in the Company in the near future is very difficult. However the Company shall continue to look for market opportunities in the same business line and utilize its experience to generate some regular revenue from its activities so that liabilities of other unsecured creditors can be settled and any excess available thereafter be used to refund to the shareholders of the Company.

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.

23rd ANNUAL REPORT 2007-2008**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 any 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, Ahmedabad but keeping the listings at Bangalore (BGSE) 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 trading at BSE and BGSE.

DIRECTORS:

Mr. Ajay Jajoo, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as a Director liable to retire by rotation.

AUDITORS:

The Auditors, M/s. Brahmayya & Co., Chartered Accountants, Bangalore, 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 fairly complied with the requirement of Corporate Governance in terms of Clause 49 of the 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:

Auditor's Report Point No.3(v) - One of the independent directors of the Company has become disqualified because of his directorship in other company. Despite the adverse financial status of affairs of the company, the Board of Directors is looking for a suitable alternative for the independent directors for appointment in the Board.

Annexure to Auditor's Report Point No.15 - The demand of sales tax dues is due to late submission of C & H forms against which the company has filed appeal before the appropriate authorities which has been heard and the order is awaited in our favour. It is expected that the liability on this account will not be more than Rs.25 lacs, which the company is prepared to pay when the final demand, if any, is raised on us. The custom duty dues as referred in Audit report are disputable against which the Company has filed appeal before the appropriate authorities and the case is yet to be heard.

GLOBAL STONE INDIA LIMITED

Annexure to Auditor's Report Point No.17 - In view of the continuous losses incurred in business operations and that the Company's processing activities having been closed w.e.f.17th February 2008, the Company has not been able to pay its dues to State Bank of India and State Bank of Mysore for its working capital liabilities and the dues of Unit Trust of India in respect of debentures subscribed by UTI. The Company has however proposed to settle the outstanding liability of these Banks & Financial Institutions through one time settlement out of the proceeds of sale of assets. The residual amount available is also being used to pay the liabilities of other debenture holders.

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

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:

Foreign exchange earnings and outgo during the year under review are as under:

Earning: Amount Rs. In lakhs

(a) FOB value of Export

Outgo:

Amount Rs. In lakhs

(a) CIF value of Capital goods
(b) CIF value of import of consumables
(c) Remittance of interest
(d) Foreign Travel Expenses
(e) Commission on Export Sales

-
101.71
-
3.23
-

PARTICULARS OF EMPLOYEES:

The Company had no employees in the category mentioned in Section 217 (2A) of the Companies Act, 1956. From 17th February, 2008 and onward there is no employee working in the Company.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public during the year ended on 31st March, 2008.

ACKNOWLEDGEMENT:

The Directors are pleased to record their appreciation for the support and contributions made by all the concerned agencies.

By order of the Board
For GLOBAL STONE INDIA LIMITED

Date: 30th June, 2008

(Rajendra Prasad)

Place: Indore

Director

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ANNEXURE-I

REPORT ON CORPORATE GOVERNANCE

(For the Financial Year 2007-08)

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 complied with the mandatory requirements of the Code.

1. COMPANY'S PHILOSOPHY

The fundamental objective of the Company's Corporate Governance is "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 2007-2008 was as under:

Sl. No.	Name	Category
1.	Mr. Rajendra Prasad	Independent & Non-Executive Director
2.	Mr.R. C. Soni	Independent & Non-Executive Director
3.	Mr. Ajay Jajoo	Independent & Non Executive Director

(B) Brief Resume of directors proposed to be appointed

Re-appointment of Mr. Ajay Jajoo as Director liable to retire by rotation:

Mr. Ajay Jajoo was re-appointed as Executive Director of the Company at the Annual General Meeting held on 27th September 2007 for another term of three years with effect from 28th October 2007. However Mr. Jajoo resigned from the position of Executive Director of the Company wef 13th October, 2007 and continued on the Board of the Company only as a Director liable to retire by rotation.

Mr. Ajay Jajoo, born in 1957, is B.E. in Chemical. Being a top level Corporate Executive, he has 25 years of experience in Trade, Business and Industry. The presence of Mr. Ajay Jajoo 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. Ajay Jajoo is concerned or interested in this resolution.

(C) Board Meetings and Attendance of Directors

Name	Category	Designation	No. of meetings	No. of meetings attended	Last AGM attended
Mr. Rajendra Prasad	Independent & Non Executive Director	Director	4	4	Yes
Mr. R. C. Soni	Independent & Non Executive Director	Director	4	4	No
Mr. Ajay Jajoo	Independent & Non Executive Director	Director	4	-	Yes