

**26<sup>th</sup>**

**ANNUAL REPORT**

**2010-2011**

**GLOBAL STONE INDIA LIMITED**

**Board of Directors** : Mr. K. N. Garg - Chairman  
Mr. R. C. Soni - Director  
Mr. K. L. Daga - Director

**Auditors** : M/s. G R S R A & Co.,  
Chartered Accountants  
No. 178, I Floor, 5th Main,  
4th Cross, J P Nagar 3rd Phase,  
BANGALORE - 560 078

**Registrar  
& Transfer Agent** : Bangalore Office:  
(For Demat and Physical both) M/s. Link Intime India Pvt. Ltd.  
543A, 7th Main, 3rd Cross,  
Hanumanthnagar,  
Bangalore - 560 019  
Phone : ++91 - 080 - 2650 9004

Mumbai Office  
M/s. Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound  
Kantilal Maganlal Indl. Estate,  
L.B.S. Road, Bhandup West,  
Mumbai - 400 080.  
Phone : ++ 91 - 022 - 2596 3838

**Registered Office** : No. 62 AG's Layout,  
New BEL Road,  
Bangalore - 560054 (Karnataka)  
Phone: ++91 - 080 - 41482091 - 92

**NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of the Members of Global Stone India Limited will be held on Friday, the 30th September, 2011 at 10.00 A.M. at its Registered Office at No. 62 AG's Layout, New BEL Road, Bangalore - 560054 (Karnataka) to transact the following business:

**A. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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. K. N. Garg, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and for that purpose pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. G R S R A & Co., Chartered Accountants, Bangalore, be and are hereby 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 at a remuneration of Rs. 50,000/- per annum plus such travel, service tax and out of pocket expenses as may be incurred by them in connection with the Audit."

*By order of the Board of Directors*  
**For GLOBAL STONE INDIA LIMITED**

Place: Indore  
Date: 30th June, 2011

**K. N. GARG**  
CHAIRMAN

**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 26th September, 2011 to 30th September, 2011 (both days inclusive).
4. 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 through CDSL. The shares of the Company have not been admitted to NSDL.

5. 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.
6. The Company has appointed M/s. Link Intime India Pvt. Ltd., as Registrar and Share Transfer agent for demat and physical share transaction work.
7. Any change of address of the Members for physical shares may please be notified to the Registrar and Transfer Agent 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. K. N. Garg**, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. K. N. Garg, is an Industrialist. Mr. Garg born in 1945, having Masters' Degree in Commerce and Bachelors' Degree in Law, is a new age entrepreneur. Mr. Garg has vide experience of Treasury Management for more than three decades.

Mr. K. N. Garg also acting as Director on the Board of other Companies.

As a Member of the Board, Mr. K. N. Garg is expected to add immense value for the long-term growth of the Company. Accordingly, a resolution at Item No. 2 is placed before the Members for his re-appointment for approval of the Members.

Your Directors recommend his re-appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. K. N. Garg, no other Director is interested in the resolution. Mr. K. N. Garg does not have relationship with any other Member of the Board.

*By order of the Board of Directors*

**For GLOBAL STONE INDIA LIMITED**

Place: Indore  
Date: 30th June, 2011

**K. N. GARG**  
CHAIRMAN

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of your Company have pleasure in presenting the Twenty-Sixth Annual Report of the Company with the Audited Annual Accounts for the Year ended at 31st March 2011.

**FINANCIAL HIGHLIGHTS:**

The Financial Results of the Company for the year ended 31st March, 2011 are as under:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Sales and other Income	-	33.00
Total Manufacturing & Administrative Expenditures	4.70	58.25
Profit/(Loss) before Interest, Depreciation & Tax	(4.70)	(25.25)
Interest and Finance Charges	0.56	2.82
Profit/(loss) Before Depreciation and Taxation	(5.26)	(28.07)
Fringe Benefit Tax	-	0.01
Provision for taxation	-	-
Profit/(Loss) after Taxation	(5.26)	(28.08)
Prior Period Adjustments	(0.01)	(01.03)
Balance b/f from previous year	(2553.17)	(2524.07)
Balance carried to Balance Sheet	(2558.44)	(2553.17)

**OPERATIONS:**

The operations of your Company during 2010-11 were far from satisfactory. During the year the income of your Company is Nil against the sales and operating income Rs.33.00 Lacs in the previous year. The net loss of the Company during the year of Rs.5.27 Lacs in comparison to previous year net loss of Rs.29.10 Lacs.

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.2558.44Lacs. 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 in previous year. 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 during the previous year. The dues of all the employees and workers of the Company (except gratuity) have been settled during the previous year and now during the year under review there was no employee working in the Company.

**FUTURE OUTLOOK:**

The management of the Company expects to commence operations at any other alternate place and therefore any turning around of the Company in the near future is very likely. Now the Company has recommenced trading activity for old stocks and various other business activities. The Company expects to enhance its business activities in the this day to come.

**DIVIDEND:**

In view of the losses, 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.

**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 form 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 (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. K. N. Garg, Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**AUDITORS:**

The Auditors, M/s. G R S R A & 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.13 - 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.

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 office area. The total energy consumption and energy consumption per unit of production as per form "A" is not given, due to closure of the operations.

**(b) TECHNOLOGY ABSORPTION:**

NIL

**(c) RESEARCH AND DEVELOPMENT:**

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

**(d) FOREIGN EXCHANGE EARNINGS AND OUTGO: 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, 2011.

**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 of Directors*  
**For GLOBAL STONE INDIA LIMITED**

**K. N. GARG**  
CHAIRMAN

Place: Indore  
Date: 30th June, 2011

ANNEXURE-I  
**REPORT ON CORPORATE GOVERNANCE**  
 (For the Financial Year 2010-11)

**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 shareholders 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. POSTAL BALLOT**

No Special Resolution was passed through Postal Ballot during the year 2010-11.

**4. 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 2010-11 was as under:

Name of Directors	Category	No. of other Directorship	Board Committee(s) Memberships	
			Chairman	Member
Mr. K. N. Garg	Promoter & Non Executive	4	1	5
Mr. R. C. Soni	Non Executive, Independent	1	1	3
Mr. K. L. Daga	Non Executive, Independent	-	-	-

Note: Private & Foreign Companies Directorship are excluded.

**(B) Brief Resume of directors proposed to be appointed****Re-appointment of Mr. K. N. Garg, Director liable to retire by rotation:**

Mr. K. N. Garg, is proposed to be re-appointed as a Director of the Company liable to retire by rotation. Mr. K. N. Garg has rich experience of business and industry, is a new age entrepreneur. Mr. Garg has wide experience of Treasury Management for more than three decades, his presence on the Board would be beneficial to the Company the Board of Directors recommends his reappointment. None of the Directors other than Mr. K. N. Garg is concerned or interested in the resolution.