

26th ANNUAL REPORT

2000

HSB

FINANCE LTD.



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## **26th ANNUAL REPORT**

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**GSB FINANCE LIMITED**

Registered office : 815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

**ATTENDANCE SLIP**

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at 78/80, Alli Chambers, Tamarind Lane, Fort, Mumbai-400 001 on Monday, the 29<sup>th</sup> September, 2009 at 4.00 P.M.

Name of the Shareholder \_\_\_\_\_  
(in block letters)

Affix  
Rs. 1.00 Revenue Stamp

Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

**Signature of the Share Holder / Proxy**

**Note :** The Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before time for holding the meeting

Name of Shareholder (s)	Folio No.	No. of Shares :
DP-ID No.	Client – ID No.	

**GSB FINANCE LIMITED**

Registered Office : 815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

**ATTENDANCE SLIP**

NAME AND ADDRESS OF SHAREHOLDER	FOLIO NO :
	DP – ID NO
No. of Shares :	Client ID No.

I/We hereby record my / our attendance at the Annual General Meeting to be held at 4.00 P.M. on Monday, 29th September, 2009 at the Registered office of the Company.



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**BOARD OF DIRECTORS**

SHRI G.S.BIYANI

Chairman

SHRI R.S.BIYANI

Managing Director

RITIKA BIYANI

MANISH ZANVAR

SAJJAN KUMAR PODDAR

YOGESH PATEL

PARASRAM KABRA

**AUDITORS**

S.K.RATHI & CO.

Chartered Accountants.

**REGISTERED OFFICE.**

815, Stock Exchange Tower,

8<sup>th</sup> Floor, Dalal Street,

MUMBAI – 400 001

**BANKERS**

BANK OF INDIA

ICICI BANK LTD.

HDFC BANK LTD.

AXIS BANK LTD.

THE SOUTH INDIA BANK.

**TRANSFER AGENT**

**System Support Services**

209, Copper Chimney Building,

Shivalik Industrial Estate, Next to Park Davis,

Andheri-Kurla Road, Andheri (East),

Mumbai – 400 059

Tel.: 022-28500835



## **NOTICE TO THE MEMBERS**

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Notice is hereby given that the 26th Annual General Meeting of the members of **GSB Finance Ltd.** will be held at the Corporate Office of the Company at 78/80, Alli Chambers, Tamarind Lane, Fort, Mumbai – 400 001 on Monday, the 29th September, 2009 at 4.00 P.M. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2009 together with the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Manish Zanvar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sajjan Kumar Poddar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **SPECIAL BUSINESS**

5. To consider and, if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that subject to the provision of section 198,269,309,310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, approval of the company be is hereby accorded to the appointment and terms of remuneration of Shri Ramakant Biyani, be and is hereby appointed as the Managing Director of the Company for a period of five years commencing from the 1st October, 2008 at a Remuneration of Rs.42,500/-per month plus the perquisites as set out in the attached sheet placed before this meeting.”

“RESOLVED FURTHER that the duties of the Managing Director shall be the overall supervision of the functioning of the company, handling day to day affairs of the Company, appointment and termination of services of employees, operating bank accounts, signing cheques, promissory notes, bills of exchange, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Managing Director from time to time and as agreed upon under the terms of the agreement placed in meeting.”

“RESOLVED FUTHER that the terms and conditions and the remuneration as mentioned above and forms part of the Agreement, that is submitted to this meeting and identification signed by the Chairman of the Company, is approved and that the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Ramakant Biyani”.

- (a) The Company shall pay to the Managing Director during the continuance of agreement in consideration of the performance of his duties –
  - (i) A salary at the rate of Rs. 42,500 (Rupees forty two thousand Five hundred) per month;
  - (ii) The actual traveling expenses incurred by the Managing Director, his wife and son while proceeding on leave Outside India and returning to;
  - (iii) The actual traveling, entertainment expenses and approved club membership fees reasonably incurred by the Managing Director in or about the business of the Company;
  - (iv) The actual hospital and medical expenses which have been incurred by the Managing Director for himself, his wife and his son, provided that such expenses during the financial years shall not exceed Rs. 42,500/-.



- (b) The Managing Director shall be entitled to the use of a motor car of the Company, all the expenses for the maintenance and running of the motor car including salary of the chauffeur to be borne and paid by the company.
- (c) The Managing Director shall be entitled to such increments from time to time as the Board may in its discretion determine.
- (d) The Managing Director shall be entitled to privilege annual leave on full salary for a period of one month, such leave to be taken at such time to be previously approved by the Board, provided that the Board shall be entitled at its sole and uncontrolled discretion to permit the Managing Director to accumulate such leave for not more than two months, provided further that any leave not availed of by the Managing Director may be encashable.
- 6 To consider and, if thought fit to pass with or without modification, the following resolution as Ordinary Resolution:
- “RESOLVED that subject to the provision of section 198,269,309,310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, approval of the company be is hereby accorded to the appointment of Shri Girdharilal Biyani, Director of the Company is hereby Designated As CHAIRMAN of the Company from the 1st October,2008 at a Remuneration of Rs.62,500/- per month plus the perquisites set out in the attached sheet placed before this meeting.”
- “RESOLVED FURTHER that the CHAIRMAN shall be principal officer of the company and shall be in charge and shall overall supervise the functioning of the company, and handing of overall affairs of the Company.
- “RESOLVED FURTHER that the terms and conditions and the remuneration as mentioned above and forms part of the Agreement, that is submitted to this meeting and identification signed by the Chairman of the Company, is approved and that the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Girdharilal Biyani”
- (a) The Company shall pay to the Chairman during the continuance of this agreement in consideration of the performance of his duties –
- (i) A salary at the rate of Rs. 62,500 (Rupees Sixty two thousand five hundred) per month;
- (ii) The actual traveling expenses incurred by the Chairman, his wife and son while proceeding on leave Outside India and returning to;
- (iii) The actual traveling, entertainment expenses and approved club membership fees reasonably incurred by the Chairman in or about the business of the Company;
- (iv) The actual hospital and medical expenses which have been incurred by the Chairman for himself, his wife and his son, provided that such expenses during the financial years shall not exceed Rs. 62,500/-.
- (b) The Chairman shall be entitled to the use of a motor car of the Company, all the expenses for the maintenance and running of the motor car including salary of the chauffeur to be borne and paid by the company.
- (c) The Chairman shall be entitled to such increments from time to time as the Board may in its discretion determine.

**Registered Office:**

815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

For and on behalf of the Board  
For **GSB FINANCE LTD.**

**G. S. BIYANI**  
Chairman

**Date :** 30/06/2009

**Place :** Mumbai

# DIRECTORS' REPORT



The Members,

Your Directors' have pleasure in presenting the 26<sup>th</sup> Annual Reports together with Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2009.

## **FINANCIAL RESULTS:**

	(Rs. in Lacs)	
	<u>2008-2009</u>	<u>2007-2008</u>
Profit before Depreciation & Tax	(384.55)	345.01
Depreciation	1.64	1.61
Provision for Taxation (Incl. Fringe Benefit Tax)	(3.38)	101.78
Deferred Tax Debit / (Credit)	126.88	-
Profit / (Loss) after Tax	(259.41)	241.62
Less: Transfer to Special Investment Reserve	-	69.00
Transfer to General Reserve	-	50.00
Add: Transfer From General Reserve	45.00	-
Add: Balance brought forward from Previous Year	216.66	128.82
<b>Balance For Appropriation</b>	<b><u>2.25</u></b>	<b><u>251.44</u></b>

Which Directors have appropriated as under:

(i) Proposed Dividend	-	29.73
(ii) Tax on Dividend	-	<u>5.05</u>
Total	<u>-</u>	<u>34.78</u>
<b>Balance to be carried forward</b>	<b><u>2.25</u></b>	<b><u>216.66</u></b>

## **PERFORMANCE:**

The Indian economy faced significant slowdown in growth momentum in 2008-09, driven by a severe downturn in the global economy on the back of sustained pressure on the global financial system. For India, estimates of 2008-09 GDP growth range from 6.0% -7.0% against an average growth rate of 8.8% per annum over the period 2003-2008.

The key stock to India's growth has come from external sources, largely by way of lower exports and a marked reduction in inflow of foreign capital. While export growth entered into negative territory in the third quarter of the financial year 2008-2009 against a growth rate of around 27% during the same period last year. This has dampened domestic investment momentum which was earlier a key growth driver of the Indian economy. Growth in gross capital formation in the last quarter of the financial year 2008-2009 fell to 5.3% from 13.7% a year ago.

The industrial sector has been the largest casualty of the marked slowdown in both investment and imports, slowing from a growth rate of 8.9% in the year ended March 31, 2008. to possibly 4-4.5% in the year ended March 31, 2009. Services, particularly financial services and trade & transport-have also been impacted by the cyclical downturn in industry and the external pressure from a tough global financial environment

Indian equity markets have fallen significantly over the course of the last financial year due to a sharp pull out by portfolio flows and risk aversion buying in the global markets. However, the domestic equity markets could improve towards the latter half of the next financial year once global investors start pricing



in a global recession as Indian economic fundamentals still remain strong and attractive in absolute terms.

### **Risks and Concerns.**

At present, a recovery in consumption holds the key to a more stable growth outlook for the Indian economy. High inflation and a tight monetary environment acted as primary dampeners for consumption in the first half of 2008-09, with growth in consumption declining much before the financial crisis acquired global proportion. Growth in private final consumption expenditure fell to 5.3% in Q2FY09 as compared to 7.6% a year ago. Recent monetary easing alongside a sharp fall in inflation is likely to provide some support to consumption in the financial year 2009-10.

### **Outlook**

The Indian economy is likely to continue to see further pressure in the year ahead. Growth is likely to slowdown further from 6.7% in the year ending March 31, 2009 to around 5.8% next year as industrial growth continues to decelerate. Investment momentum is likely to remain subdued amidst flat local demand even as an accommodative monetary policy alongside receding inflationary risks, provide some support to growth. However India will remain one of the fastest growing economies in the world and if risk appetite and global stability were to stage a come-back by the end of 2009-10, India will remain an attractive foreign investment destination.

Going forward, Congress-led UPA Government has come back to power at Centre and Equity Market have welcome this factor as it shall provide continuity, stability and inclusive growth and equitable development . This development has given good momentum to Equity valuation and market is looking forward with revival in current year.

Your Company in spite of adverse prevailing market condition have been able to restrict operating losses to Rs.382.91Lacs as against operating profit of Rs.343.40 Lacs in previous year.

**DIVIDEND:** The Board , for the year ended 31<sup>st</sup> March,2009 in view of operating loss regret to declare any dividend for the year.

### **DIRECTORS:**

Shri Manish Zanvar and Shri Sajjan Kumar Poddar , Directors of the Company retires by relation at the forth coming Annual General Meeting under the provisions of Articles of Association of the Company and being eligible, offer themselves for re-appointment.

### **DEPOSITS**

The Company has not accepted and/or renewed any public deposit during the year.

### **AUDITORS:**

M/S. S. K. Rathi & Co., Chartered Accountants who are the Auditors of the Company hold the Office till the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received consent from the Auditors pursuant to Section 224 of the Companies Act, 1956.

### **AUDIT REPORT**

Report of the auditors read with the notes on accounts is self-explanatory and need no elaboration.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors hereby state:

- (a) That in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards had been followed with proper explanations relating to material departures;





- (b) That we have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give 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;
- (c) That we 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 the fraud and other irregularities;
- (d) That we have prepared the annual accounts for the financial year ended 31<sup>st</sup> March 2009 on a "going concern" basis.

#### **CORPORATE GOVERNANCE**

The Company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, where the Company's shares are listed. A report on the Corporate Governance in this regard is made as a part of this Annual Report and a Certificate from the Auditors of the Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

#### **PARTICULARS OF EMPLOYEES**

The Company has no employee employed during the year drawing salaries in excess of the limits prescribed u/s 217(2A) of the Companies Act, 1956.

#### **CONSERVATION OF ENERGY**

The Company is engaged in the business of trading and dealings in shares and securities and consequently various disclosures required u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Directors) Rules, 1988 are not applicable to this Company.

#### **FOREIGN EXCHANGE EARNINGS & OUTGO:**

During the year under review

-	Earnings	-	Nil (P.Y. Nil)
-	Outgo	-	Nil (P.Y. Nil)

#### **ACKNOWLEDGEMENT:**

Your Directors wish to express their gratitude to the officials of the Stock Broking Houses, Stock Exchanges, company's bankers and shareholders who have extended their valuable support to the Company. Directors are also grateful to the staff and employees of the Company for their devotion and relentless services.

For and on behalf of the Board  
For **GSB FINANCE LTD**  
Sd/-

(Girdharilal Biyani)  
Chairman

Date : 30.6.2009  
Place : Mumbai

#### **Registered Office :**

815, Stock Exchange Tower, 8<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.



## REPORT ON CORPORATE GOVERNANCE

### 1. GSB FINANCE LIMITED'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company has incorporated the sound Corporate Governance practices. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your Company has adopted some of the best practices in corporate governance much before the Code was formulated. The following are the detailed practices on Corporate Governance in your Company:

### 2. BOARD OF DIRECTORS

(a) Composition of the Board : (for the financial year 2008-2009)

Director	No. of Meetings attended	* No. of outside Directorship held	Total No. of Membership / Chairmanship of Committees across all Companies	
			Member	Chairman
Mr. Girdhari S. Biyani	6	2	1	1
Mr. Ramakant S. Biyani	6	3	1	-
Ms. Ritika G. Biyani	5	-	-	-
Mr. Manish Zanvar	3	-	-	-
Mr. Sajjan Kumar Poddar	-	-	1	1
Mr. Yogesh Patel	4	-	2	-
Mr. Parasram R. Kabra	5	-	3	1

(Excluding Alternate Directorship and Directorship in private limited companies, foreign companies and Section 25 Companies.)

Some Directors have attended the last Annual General Meeting held on 29th September, 2008.

6 Board Meetings were held during the financial year 2008-2009. The dates on which the ..... meetings were held are given below:

30.04.2008, 30.06.2008, 31.07.2008, 31.10.2008, 31.01.2009 and 20.03.2009

### 3. AUDIT COMMITTEE:

The following Executive Directors are the members of the Audit Committee:

1. Shri. Sajjan Kumar Poddar Chairman of the Committee
2. Parasram Kabra Director
3. Yogesh Patel Director

Statutory Auditors, M/s. S. K. Rathi & Co., C.A. attended the meetings of the Committee as invitee. The Committee met four times during the year 2008-2009 on 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009 as against the minimum requirement of 3 meetings.

The Audit Committee held discussions with the Statutory Auditors on the "Limited Review" of the half-yearly accounts, matters relating to compliance of accounting standards, their observations arising from the annual audit of the Company's accounts and other related matters.

### 4. REMUNERATION OF DIRECTORS:

The following Directors are the members of the Remuneration Committee:

- 1 Parasram Kabra Chairman of the Committee
- 2 Yogesh Patel Director



Other than sitting fees, the Company pays the remuneration to Directors as following:

1. Shri Girdharilal Biyani	Chairman	Rs.62,500/- pm
2. Shri Ramakant Biyani	Managing Director	Rs.42,500/- pm

Only one committee meeting was held on 1.1.2008.

#### 5. SHAREHOLDERS COMMITTEE :

The Shareholders / Investors Grievance and Share Transfer Committee consists of 2 Non-executive and Managing Director viz.,

1. Shri. Girdhari S. Biyani	Chairman of the Committee
2. Shri Ramakant Biyani	Whole Time Director
3. Mr. Parasram Kabra	Director

Compliance Officer : Shri. Ramasre Pande,

During the year, the Company has not received any complaint letters from the shareholders. There were no pending complaint letters from the shareholders as on 31.03.2009

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialised form in all Stock Exchanges.

#### 6. GENERAL BODY MEETINGS:

Location and time, where last AGM held:

Year	Location	Date	Time
2007-2008	78/80, ALLI CHAMBERS TAMRIND LANE, FORT, MUMBAI-400 001.	29 <sup>th</sup> September, 2008	4.00 P.M.

#### 7. Means of Communication :

The quarterly results are published in the newspapers viz., Financial Express and Lok Saktta. The Company currently does not have a website. Official news releases and presentations made to analysts are sent to the Stock Exchanges, where the Company's shares are listed.

#### 8. Disclosure of Non-mandatory requirement:

Quarterly results are published in the newspapers and released to the Stock Exchanges immediately after the Board Meeting and are not sent to the shareholders.

#### 9. Shareholder Information :

- i) Annual General Meeting  
Date : 29.09.2009  
Time : 4.00 P.M.  
Venue : 78/80, Alli Chambers, Tamrind Lane, Fort, Mumbai-400 001.
- ii) Financial Calendar  
Financial reporting for  
Quarter ending June 30, 2009 : End of July 2009  
Quarter ending Sept. 30, 2009 : End of October 2009  
Quarter ending Dec. 31, 2009 : End of January, 2010  
Quarter ending March 31, 2010 : End of June 2010



Annual General Meeting for the

Year ended March 31, 2010 : End of September 2010

- i) Dates of Book Closure : 26.09.2009 to 29.09.2009 (both days inclusive)  
ii) Dividend payment date : —
- v) Listing on Stock Exchanges at :  
1. The Stock Exchange, Mumbai  
2. The Calcutta Stock Exchange Association Ltd  
3. Uttar Pradesh Stock Exchange Association Limited  
4. Jaipur Stock Exchange
- vi) Demat ISIN Number in NSDL and CDSL : INE 777C01011
- vii) Stock Market Data:

(in Rupees)

Year 2008-2009	Bombay Stock Exchange	
	Month's High Price	Month's Low Price
April	14.95	10.00
May	13.12	9.81
June	11.45	8.13
July	10.72	7.86
August	10.53	8.00
September	9.90	7.47
October	8.09	4.80
November	5.69	4.37
December	5.00	3.98
January	4.37	3.95
February	4.29	3.60
March	4.27	3.39

- viii) Registrar and Share Transfer Agents  
**System Support Services**  
209, Copper Chimney Building,  
Shivalik Industrial Estate, Next to Park Davis,  
Andheri-Kurla Road, Andheri (East),  
Mumbai – 400 059  
Tel.: 022-28500835

- ix) Share Transfer System  
Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The power to approve transfer of securities has been delegated by the Board to the Shareholders / Investors Grievance and Share Transfer Committee, which meets once in a fortnight. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names giving an option for dematerialisation of shares of the physical shares. Physical shares are dematerialised and electronic credit is given to those shareholders, who opt for dematerialisation, share certificates are dispatched by Registered Posts.



x) (a) Distribution of Shareholding (as on 31.03.2009)

**For the year 2008 – 2009**

	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	13158	96.01	1621246	27.03
501 - 1000	297	2.16	249070	4.15
1001 - 5000	198	1.45	449491	7.49
5001 - 10000	28	0.20	207630	3.46
10001 & above	25	0.18	3472563	57.87
Total	13706	100	6000000	100.00

(b) Categories of Shareholders (as on 31.03.2009)

**For the year 2008 – 2009**

	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters & Associates	39	0.29	3288592	54.81
Individual	13501	98.50	2519501	41.99
Corporate	158	1.15	183374	3.05
Financial Institutions	—	—	—	—
NRI/OCBs	8	0.06	8533	0.15
Banks	—	—	—	—
In Transit (Demat Shares)	—	—	—	—
Total	13706	100	6000000	100.00

The stock code on BSE is 511543

xi) Dematerialisation of shares and Liquidity :

Over 63.36% of the shares have been dematerialised upto 31st March, 2009.

There are 2615 and 1125 beneficial holders held in the NSDL and CDSL Depository respectively, to whom all company's mailers and Annual Reports are despatched in addition to Registered members.

The shares of the Company are listed in Mumbai, Calcutta, Jaipur and Uttarpradesh Stock Exchanges and hence facilitates liquidity.

(xii) Address for correspondence :

GSB Finance Limited  
78/80, Alli Chambers  
Tamarind Lane, Fort,  
Mumbai – 400 001.

**Date : 30/06/2009**

**Place : Mumbai**

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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To,  
The Members,  
GSB Finance Ltd.

We have examined the records concerning the company's compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India for the financial year ended on March 31, 2009.

The objective of our examinations is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the Company.

On the basis of the records maintained by the 'Shareholders / Investor Grievance Committee' of the Company, we state that there were no investor grievances pending against the Company for the period exceeding one month.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchange of India.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor to the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For S. K. Rathi & Co.  
Chartered Accountants**

**(S.K. Rathi)  
Prop.  
Membership No.31071**

**Date : 30/06/2009  
Place : Mumbai**



## REPORT OF THE AUDITOR TO THE MEMBERS

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To,  
The Members of  
GSB Finance Ltd., Mumbai.

1. We have audited the attached balance sheet of GSB Finance Ltd., as at 31st March 2009, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2009;
    - (b) In the case of the profit and loss account, of the loss for the year ended on that date; and
    - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S. K. Rathi & Co.**  
**Chartered Accountants**

(S.K. Rathi)  
Prop.  
Membership No.31071

**Date :** 30/06/2009  
**Place :** Mumbai



## Annexure

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### Re: GSB Finance Limited.

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained updated records showing full particulars including quantitative details and situation of fixed assets;
- (b) All the assets have been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, No material discrepancies were noticed on such verification;
- (c) During the year, the company hasn't disposed off any fixed assets including plant and machinery;
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the company and have been properly dealt with in the books of account;
- (iii) (a) The company has taken loans from companies or other parties as listed in the Register maintained under section 301 of the Companies Act, 1956. The Company has given unsecured loan to two companies listed in the register maintained under Section 301 of the Companies Act, 1956 without any stipulation regarding interest. The maximum amount involved at any time during the year was Rs. 74,879,629/- and the year end balance of such loan was nil and these have been .
- (c) The party have been regular in repaying the principal amount;
- (d) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of shares, securities, inventory, fixed assets and sale of shares, securities, goods. During the course of our audit, we have not come across any major weaknesses in internal control procedures;





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- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) The company has not taken or accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act, 1956, and the rules made there under. Therefore, the provisions of clause (vi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- (vii) In our opinion company has internal audit system commensurate with the size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.;
- (ix) (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, and other taxes, were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable;
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, etc. which have not been deposited on account of any dispute;
- (x) Clause is not applicable as has been registered for a period exceeding five year its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth ;
- (xi) In our opinion and according to the information and explanations given to us, the company not defaulted in repayment of dues to financial institutions, banks;
- (xii) Company hasn't granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) Company is dealing in or trading in shares, securities, debentures and other investments. In our opinion, proper records have been maintained of transactions and contracts and timely entries have been made therein: also the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of exemption, if any, granted under section 49 of the Act.;
- (xiv) According to the information and explanations given to us, and the representations made by the Management, the Company has not given any guarantee for loans taken by others from any bank of financial institution;
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- (xv) According to the information and explanations given to us, and the representations made by the Management, the Company has not applied for term loans;
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital;
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.;
- (xviii) On the basis of the records and documents examined by us, the Company has not issued any debentures nor created any securities in respect of debenture issue;
- (xix) The Company has not raised any money by public issue, during the year;
- (xx) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit;

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003, Clause (xiii) of Paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to The Company.

For **S. K. Rathi & Co.**  
**Chartered Accountants**

**(S.K. Rathi)**  
**Prop.**  
**Membership No.31071**

**Date :** 30/06/2009  
**Place :** Mumbai



## BALANCE SHEET AS AT 31st MARCH, 2009

<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>AS AT 31.03.2009 AMOUNT (RS.)</b>	<b>AS AT 31.03.2008 AMOUNT (RS.)</b>
<b>(I) SOURCES OF FUNDS:</b>			
<b>SHARE HOLDERS' FUND</b>	1	59,734,210.00	59,734,210.00
Share Capital			
<b>RESERVE &amp; SURPLUS</b>	2	19,354,407.09	45,295,564.57
<b>SECURED LOAN</b>	3	20,206,014.00	5,022,720.00
<b>UNSECURED LOAN</b>	4	2,073,718.45	5,211,676.16
<b>DEFERRED TAX LIABILITY</b>	-	184,116.00	196,325.00
<b>TOTAL :</b>		<u>101,552,465.54</u>	<u>115,460,495.73</u>
<b>(II) APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		3,628,935.94	3,536,497.94
Less: Depreciation		2,246,502.94	2,081,760.94
Net Block		<u>1,382,433.00</u>	<u>1,454,737.00</u>
<b>INVESTMENTS</b>	6	2,184,100.00	184,100.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	7	16,129,635.00	33,057,233.55
b) Sundry Debtors	8	1,162,673.41	3,715,752.70
c) Cash & Bank Balances	9(a)	21,698,883.02	657,482.02
d) Other Current Assets	9(b)	668,286.68	-
d) Loans & Advances	10	52,189,960.00	85,584,669.85
		91,849,438.11	123,015,138.12
<b>LESS :</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Current Liabilities	11(a)	6,508,117.57	1,858,339.39
b) Provisions	11(b)	43,906.00	7,335,140.00
<b>NET CURRENT ASSETS</b>		<u>85,297,414.54</u>	<u>113,821,658.73</u>
<b>DEFERRED TAX ASSET</b>		12,688,518.00	-
<b>MISCELLANEOUS EXPENDITURE</b>	12	-	-
<b>TOTAL :</b>		<u>101,552,465.54</u>	<u>115,460,495.73</u>
<b>Significant Accounting Policies and Notes on Accounts</b>	16		

AS PER OUR REPORT OF EVEN DATED  
For **S.K.RATHI & CO.**  
Chartered Accountants

For and on behalf of the Board,  
For **GSB FINANCE LTD.**

(S.K.Rathi)  
Prop.  
Membership No.31071

(Girdharilal Biyani)  
Chairman

(Ramakant Biyani)  
Mg. Director

Date : 30.06.2009  
Place : Mumbai

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2009



PARTICULARS	SCHEDULE	AS AT 31.03.2009	AS AT 31.03.2008
		AMOUNT (RS.)	AMOUNT (RS.)
<b>INCOME</b>			
Sales		547,519,588.77	1,714,392,133.73
Other Income	13	13,588,514.95	8,136,459.12
		<u>561,108,103.72</u>	<u>1,722,528,592.85</u>
<b>EXPENDITURE</b>			
Decrease / (Increase) in Stock	14	16,927,598.55	9,652,855.22
Purchases		557,008,390.11	1,666,363,288.29
Trading,Administrative & Other Expenses	15	23,603,853.37	8,968,842.55
Interest		1,694,283.17	3,042,426.74
Depreciation	5	164,742.00	161,348.00
		<u>599,398,867.20</u>	<u>1,688,188,760.80</u>
<b>Profit / (Loss) Before Tax</b>		<b>(38,290,763.48)</b>	<b>34,339,832.05</b>
Adjustment For Taxes :			
Security Transaction Tax		—	6,303,849.41
[In C.Y. Charged under Trading Expenses]			
Provision for Taxation		—	3,825,000.00
Deferred Tax Savings		12,209.00	(325,083.00)
Deferred Tax Asset		12,688,518.00	—
Fringe Benefit Tax		(41,784.00)	19,500.00
Income Tax for Earlier years		(309,337.00)	354,728.00
<b>Profit / (Loss) for the Year After Tax</b>		<b>(25,941,157.48)</b>	<b>24,161,837.64</b>
Add: Opening Balance		<u>21,665,564.57</u>	<u>12,882,480.93</u>
<b>Profit/(Loss) Available for Appropriation</b>		<b>(4,275,592.91)</b>	<b>37,044,318.57</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve Fund		—	4,900,000.00
Transfer to General Reserve		—	7,000,000.00
Transfer from General Reserve		4,500,000.00	—
Proposed Dividend on Equity Shares		—	2,973,421.00
Tax on Dividend Distribution		—	505,333.00
<b>Balance Profit (Loss) Carried To Balance Sheet</b>		<b><u>224,407.09</u></b>	<b><u>21,665,564.57</u></b>

AS PER OUR REPORT OF EVEN DATED  
For **S.K.RATHI & CO.**  
Chartered Accountants

For and on behalf of the Board,  
For **GSB FINANCE LTD.**

(S.K.Rathi)  
Prop.  
Membership No.31071

(Girdharilal Biyani)  
Chairman

(Ramakant Biyani)  
Mg. Director

Date : 30.06.2009  
Place : Mumbai



## SCHEDULES

<u>PARTICULARS</u>	<u>AS AT 31.03.2009 AMOUNT (RS.)</u>	<u>AS AT 31.03.2008 AMOUNT (RS.)</u>
<b>SCHEDULE : 1</b>		
<u>SHARE CAPITAL</u>		
Authorised Share Capital : 6,000,000 Equity Share of Rs.10/-each	60,000,000.00	60,000,000.00
<u>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</u>		
6,000,000 Equity Share of Rs.10/- each fully paid up in cash	60,000,000.00	60,000,000.00
Less: Allotment Money in Arrears	265,790.00	265,790.00
	<u>59,734,210.00</u>	<u>59,734,210.00</u>
<b>SCHEDULE : 2</b>		
<u>Special Investment Reserve</u>		
Opening Balance	16,630,000.00	11,730,000.00
Add: Transfer During the Year	-	4,900,000.00
	<u>16,630,000.00</u>	<u>16,630,000.00</u>
<u>General Reserve</u>		
Balance B/Forward	7,000,000.00	7,000,000.00
Less: Transfer to P/ L Appropriation A/c	4,500,000.00	-
Profit & Loss Account	224,407.09	21,665,564.57
	<u>19,354,407.09</u>	<u>45,295,564.57</u>
<b>SCHEDULE : 3</b>		
<u>SECURED LOAN:</u>		
LIC Of India (Taken against Mortgage of Key Man Insurance Policy)	11,505,508.00	5,022,720.00
Bank Of India [Overdraft] ( Taken Against Pledge of Fixed Deposit)	8,700,506.00	-
	<u>20,206,014.00</u>	<u>5,022,720.00</u>
<b>SCHEDULE : 4</b>		
<u>UNSECURED LOAN:</u>		
Bank of India (Stock Exchange Branch)- TOD GSB Capital Markets Ltd.	2,073,718.45	145,676.16
	-	5,066,000.00
	<u>2,073,718.45</u>	<u>5,211,676.16</u>
<b>SCHEDULE : 6</b>		
<u>INVESTMENT (NON-TRADING )(AT COST)</u>		
<u>PARTICULARS</u>		
Western Co-operative Bank 250@10/- each	2,500.00	2,500.00
<u>LEASE HOLD RIGHTS</u>		
Prestige Holiday Resort	60,000.00	60,000.00
Sterling Holiday Resort	121,600.00	121,600.00
Redeemable Preference Shares	-	-
Celachiha Tools Pvt. Ltd.- 20000 [ - ] @ 100/- each	2,000,000.00	-
	<u>2,184,100.00</u>	<u>184,100.00</u>
<b>SCHEDULE : 8</b>		
<u>PARTICULARS</u>		
<u>Sundry Debtors (Unsecured but considered good)</u>		
Debtors over six months	-	-
Other Debts	1,162,673.41	3,715,752.70
	<u>1,162,673.41</u>	<u>3,715,752.70</u>
<b>SCHEDULE : 9 [ a ]</b>		
<u>CASH &amp; BANK BALANCES</u>		
Cash on Hand	823,201.63	200,734.63
<u>(As Certified by the Management)</u>		
<u>In Current Account With Scheduled Bank:</u>		
ICICI Bank Ltd ( Fort Branch)	24,652.00	24,652.00
ICICI Bank Ltd (Nariman Point)	1,739.60	1,739.60
South India Bank (Kolkata)	2,261.01	2,261.01
Axis Bank a/c Dividend 2006-07	409,304.50	417,991.50
Axis Bank a/c Dividend 2007-08	427,621.00	-
HDFC Bank Ltd.	10,103.28	10,103.28
In Fixed Deposit Account with Bank of India	20,000,000.00	-
	<u>21,698,883.02</u>	<u>657,482.02</u>


**SCHEDULE : 9 [ b ]**
**OTHER CURRENT ASSETS**

 Interest Accrued But Not Due on  
 Fixed Deposit with Bank of India

668,286.68	-
<u>668,286.68</u>	<u>-</u>

**SCHEDULE : 10**
**LOANS & ADVANCES**

(Unsecured but considered good)

**Loans**

34,798,427.00	61,999,136.41
---------------	---------------

**Advances**

i) Margin Deposit with Brokers

15,050,000.00	15,050,000.00
---------------	---------------

ii) Advance Tax and Tax Deducted at Sources

367,772.00	2,903,796.00
------------	--------------

iii) Tax Refundable

1,932,496.00	2,182,163.00
--------------	--------------

iv) Shares Application Money- Celaciha Tools Pvt. Ltd.

-	2,000,000.00
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v) Other Advances

41,265.00	1,449,574.44
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<u>52,189,960.00</u>	<u>85,584,669.85</u>
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**SCHEDULE : 11**
**CURRENT LIABILITIES & PROVISIONS**
**(a) CURRENT LIABILITIES**

Sundry Creditors

150,493.05	26,638.95
------------	-----------

Outstanding Expenses

5,567,902.02	521,225.50
--------------	------------

Other Liabilities

789,722.50	1,310,474.94
------------	--------------

<u>6,508,117.57</u>	<u>1,858,339.39</u>
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**(b) PROVISIONS**
**For Taxation**

Opening Balance

3,825,000.00

Add:- For Current Year

-

3,825,000.00

Less: Adjusted during the Year

3,825,000.00

3,825,000.00

**For Fringe Benefit Tax**

Opening Balance

31,386.00

Add:-For Current Year

41,784.00

73,170.00

Less: Adjusted during the Year

29,264.00

43,906.00

31,386.00

Proposed Dividend

-

2,973,421.00

Tax on Distribution of Dividend

-

505,333.00

43,906.00
7,335,140.00

<u>6,595,929.57</u>	<u>16,528,619.39</u>
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**SCHEDULE : 12**

Miscellaneous Expenditure

-

-

-

-

**SCHEDULE : 13**
**OTHER INCOME**

Speculation Profit

7,171,369.34

5,098,442.26

Other Interest

1,630,316.68

4,477,901.00

Commodity Derivative Gain

811,677.19

-

Dividend Income

3,920,631.40

1,494,497.74

Dividend Income - Mutual Fund Units

54,520.34

-

13,588,514.95
11,070,841.00
**SCHEDULE : 14**
**DECREASE / (INCREASE) IN STOCK**

Opening Stock

33,057,233.55

42,710,088.77

Closing Stock

16,129,635.00

33,057,233.55

16,927,598.55
9,652,855.22

## **SCHEDULE :5**

### **FIXED ASSETS**

PARTICULAR	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 01.04.2008	ADDITION	TOTAL UPTO 31.03.2009	AS ON 01.04.2008	DURING THE YEAR	UP TO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
Office Premises	481,913.48	-	481,913.48	198,286.48	7,855.00	206,141.48	275,772.00	283,627.00
Office Equipment	809,181.46	-	809,181.46	527,068.46	38,436.00	565,504.46	243,677.00	282,113.00
Furniture & Fixture	356,615.00	-	356,615.00	262,063.00	22,574.00	284,637.00	71,978.00	94,552.00
Computers	767,930.00	-	767,930.00	742,743.00	5,260.00	748,003.00	19,927.00	25,187.00
Fire Fighting Equipment	5,475.00	-	5,475.00	3,380.00	260.00	3,640.00	1,835.00	2,095.00
Electrical Equipments	44,304.00	92,438.00	136,742.00	26,712.00	4,300.00	31,012.00	105,730.00	17,592.00
Air- conditioning Machines	330,425.00	-	330,425.00	41,721.00	15,695.00	57,416.00	273,009.00	288,704.00
Motor Car	740,654.00	-	740,654.00	279,787.00	70,362.00	350,149.00	390,505.00	460,867.00
<b>Total</b>	<b>3,536,497.94</b>	<b>92,438.00</b>	<b>3,628,935.94</b>	<b>2,081,760.94</b>	<b>164,742.00</b>	<b>2,246,502.94</b>	<b>1,382,433.00</b>	<b>1,454,737.00</b>
<b>PREVIOUS YEAR</b>	<b>3,498,022.94</b>	<b>38,475.00</b>	<b>3,536,497.94</b>	<b>1,920,412.94</b>	<b>161,348.00</b>	<b>2,081,760.94</b>	<b>1,454,737.00</b>	<b>1,577,610.00</b>



**SCHEDULE: 7****Statement of Stock In Trade**

EQUITY SHARES QUOTED	OPENING STOCK			CLOSING STOCK						
	Name OF THE COMPANY	Face Value	No of shares	Amount (Rs.)	No of shares	Rate	Cost Value	Market Rate	Market Value	Lower of Market or Cost
Ahmadabad Forgings	10	2,000	332,200.00	-	-	-	-	-	-	-
Balmer Lawrie & Co. Ltd.	10	-	-	2,000	353.70	707,406.84	235.15	470,300.00	470,300.00	470,300.00
Bindal Agro	10	50,000	1,737,500.00	-	-	-	-	-	-	-
Chambal Fertiliser & Chemicals	10	-	-	10,000	34.17	341,700.00	41.9	419,000.00	341,700.00	341,700.00
Dredging Corporation Of India	10	4,500	2,903,085.00	4,500	645.13	2,903,085.00	228.7	1,029,150.00	1,029,150.00	1,029,150.00
E Mark Ltd.	10	3,000	960,780.00	-	-	-	-	-	-	-
Fact	10	-	-	15,000	34.96	524,460.10	21.85	327,750.00	327,750.00	327,750.00
GTL Infrastructure	10	60,000	2,638,460.95	-	-	-	-	-	-	-
Hindustan Copper Ltd.	10	-	-	1,500	324.67	487,005.85	110.8	166,200.00	166,200.00	166,200.00
I-Flex Solution Ltd.	10	-	-	200	1449.01	289,802.00	741.55	148,310.00	148,310.00	148,310.00
IL & FS Investment	10	4,000	478,000.00	-	-	-	-	-	-	-
Kanojia Chemicals	10	2,478	71,738.10	-	-	-	-	-	-	-
Kappac Pharma Ltd.	10	1,000	1,000.00	-	-	-	-	-	-	-
Kirloskar Ferrous	10	50,000	1,991,000.00	-	-	-	-	-	-	-
Marrico Industries Ltd.	10	10,000	672,500.00	-	-	-	-	-	-	-
National Organics & Chemicals	10	125,000	3,083,750.00	-	-	-	-	-	-	-
Noida Toll & Bridge Co.Ltd.	10	55,000	2,180,750.00	-	-	-	-	-	-	-
Roofit Industries Ltd	10	15,000	69,000.00	-	-	-	-	-	-	-
State Bank of Mysore	100	10	75,000.00	-	-	-	-	-	-	-
State Bank of Travancore	100	10	47,759.50	-	-	-	-	-	-	-
SterliteTechnologies Ltd.	10	12,000	1,837,110.00	-	-	-	-	-	-	-
Sun Pharma Adv. Resr. Co. Ltd.	10	10,000	772,600.00	-	-	-	-	-	-	-
Zuari Industries Ltd.	10	-	-	3500	150.01	525,035.00	140.35	491,225.00	491,225.00	491,225.00
<b>TOTAL</b>		<b>403,998</b>	<b>19,852,233.55</b>	<b>36,700</b>		<b>5,778,494.79</b>		<b>3,051,935.00</b>	<b>2,974,635.00</b>	
Previous Year		390,413	29,505,088.77	403,998		20,697,689.53		20,528,347.60	19,852,233.55	





EQUITY SHARES UNQUOTED Name OF THE COMPANY	OPENING STOCK			CLOSING STOCK					
	Face Value	No of shares	Amount (Rs.)	No of shares	Rate	Cost Value	Market Rate	Market Value	Lower of Market or Cost
GSB Capital Markets Ltd.	10	290,500	2,905,000.00	285,500	10	2,855,000.00	20	5,710,000.00	2,855,000.00
GSB Capital Markets Ltd.	10	120,000	2,400,000.00	120,000	20	2,400,000.00	20	2,400,000.00	2,400,000.00
GSB Commodities Pvt Ltd.	10	150,000	1,500,000.00	150,000	10	1,500,000.00	10	1,500,000.00	1,500,000.00
GSB Securities Pvt Ltd.	10	640,000	6,400,000.00	640,000	10	6,400,000.00	10	6,400,000.00	6,400,000.00
<b>TOTAL</b>		<b>1,200,500</b>	<b>13,205,000.00</b>	<b>1,195,500</b>		<b>13,155,000</b>		<b>16,010,000</b>	<b>13,155,000</b>
Previous Year		1,200,500	13,205,000.00	1,200,500		13,205,000		16,110,000	13,205,000

## Summary of Stock In Trade

Quoted Shares	2,974,635.00	(P.Y.19852233.55)
Unquoted Shares	13,155,000.00	( P.Y.13205000.00)
<b>Total</b>	<b><u>16,129,635.00</u></b>	<b>(P.Y.33057233.55)</b>





<b>SCHEDULE : 15</b>		
<u>Trading, Administrative and other Expenses</u>		
<b>A) Trading Expenses</b>		
Turnover Charges	916,499.20	1,373,050.31
Delivery Charges	-	256,839.14
Equity Derivatives and Option P/L	10,056,522.56	2,934,381.88
Other Charges	132,564.01	8,071.37
Stamp Charges	170,563.56	219,505.54
Service Tax	348,206.32	155,990.77
Demate /Holding Delivery Charges	19,705.14	17,316.01
Security Transaction Tax	3,905,355.22	-
<b>B) Administrative Expenses</b>		
Salary & Bonus	640,300.00	546,295.00
Staff Welfare Expenses	61,474.00	56,585.00
Water Charges	16,800.00	16,800.00
Electricity Charges	102,000.00	-
Printing & Stationary	96,078.00	181,096.00
Postage & Telegram	189,199.00	122,227.00
News Paper & Periodicals	18,087.00	14,615.00
Repairs & Maintenance (Includes Computer Maintenance)	29,845.00	73,129.50
Advertisement & Publicity	36,422.98	57,456.00
General Charges	11,017.00	9,884.02
Sales Promotion Exp.	9,316.00	7,435.00
Motor Car Expenses	243,478.00	199,564.00
Telephone Expenses	182,800.21	77,640.01
Bank Commission	87,743.00	90,894.00
Conveyance & Travelling Charges	305,947.00	108,893.88
Annual Fees Stock Exchange	53,950.00	53,500.00
Legal & Professional Charges	44,188.05	18,750.00
Director's Fees	24,000.00	24,000.00
Remuneration to Directors	630,000.00	-
<u>Payment to Auditors</u>		
For Audit Fees	30,000.00	25,000.00
For Tax Audit Fees	5,000.00	5,000.00
For Taxation & Other Services	20,222.00	55,222.00
Share Registrar Fees	53,487.00	83,868.00
Depository Charges (N.S.D.L.)	14,607.00	25,517.00
Filing Fees (R.O.C.)	2,000.00	1,000.00
Professional Tax	5,000.00	2,500.00
Donation & Charity	5,000.00	-
Keyman Insurance Policy Premium	5,136,420.00	5,136,420.00
Sundry Balance W/off	56.12	-
	<b>23,603,853.37</b>	<b>11,903,224.43</b>

AS PER OUR REPORT OF EVEN DATED

For **S.K.RATHI & CO.**

Chartered Accountants

For and on behalf of the Board,

For **GSB FINANCE LTD.**

(S.K.Rathi)

Prop.

Membership No.31071

(Girdharilal Biyani)

Chairman

(Ramakant Biyani)

Mg. Director

Date : 30.06.2009

Place : Mumbai



## **SCHEDULE '16'**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

(ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009.)

1. **ACCOUNTING POLICIES**

i) **Accounting Conventions**

The accounts have been prepared under the historical cost conventions on an accrual basis and in accordance with accounting standards issued by the Institute of Chartered Accountants of India.

ii) **Fixed Assets**

Fixed Assets are stated at cost less Depreciation

iii) **Depreciation**

Depreciation is provided on straight line method on prorata basis at the rate as specified in Schedule XIV of the Companies Act, 1956.

iv) **Investments**

Investments are valued at cost basis.

v) **Valuation of Inventories**

The valuation of the stock of quoted shares was made at lower of the cost or fair market price. The valuation of the unquoted shares has been made at cost or net assets value which ever is lower.

vi) **Recognition of Income & Expenditure.**

Revenue/Income are generally accounted for on accrual basis as they are earned or incurred except for dividend, which is accounted for on cash basis.

2. Provision has not been made for the gratuity as no employee has attained the qualifying period of service for the entitlement of benefits.

3. Particulars of goods traded in (Shares, Units etc.).

	Current Year		Previous Year	
	Qty. (Nos.)	Value (Rs.)	Qty. (Nos.)	Value Rs.
Opening Stock	16,04,498	3,30,57,234	15,90,913	4,27,10,089
Purchase	77,50,249	55,70,08,390	1,80,13,632	1,66,63,63,288
Sales	81,22,547	54,75,19,589	1,80,00,051	1,71,43,92,134
Closing Stock	12,32,200	1,61,29,635	16,04,498	3,30,57,234

4. Expenditures incurred in Foreign currency is Nil ( P.Y. Nil) = Nil (P.Y. Rs. Nil).



5. Earning in foreign currency is NIL (Previous year Nil).
6. Previous year figures have been re-grouped and re-arranged wherever found necessary.
7. No Person was employed by the company either throughout the year or for a part of the year under review whose remuneration for the year in the aggregate was not less than Rs.6,00,000/- (Previous year Rs.6,00,000/-) or for any part of that year at a rate which in the aggregate was not less than Rs.50,000/- ( Previous year Rs.50,000/-) per month.
8. The Company has not accepted any deposits from public during the year.
9. These accounts are not signed by Secretary as the company has no secretary as on date, the accounts were approved by the directors.
10. Company recognize deferred tax credit & debit in the accounts on prudent basis.

[A] Tax effect due to –

Difference between the written down values of Assets under-	
The Companies Act, 1956	Rs.13,82,433/-
And as per Income Tax Act, 1961.	Rs. 7,86,588/-
Deferred Tax Liabilities (Net)	Rs. 1,84,116/- (P.Y. 1,96,325)
Deferred Tax Savings	Rs. 2209/- (P.Y.3,25,083/-)

[B] Tax effect due to current year loss to be carry forward

Company recognized Deferred Tax Assets at Rs. 1,26,88,518/- on current year loss as company has made profit in earlier year and paid dividend and in current year quarter also have profit which justify the chances of recovering current loss in future hence recognized deferred tax assets on prudent basis as per Accounting Standard 22 issued by ICAI

Carry Forward of Loss as per Income tax under Income Tax Provision	40937,933/-
Carry Forward of unabsorbed Depreciation	125,230/-

11. Related Party Disclosures

List of related Parties

i) Associates

- a) GSB Capital Markets Ltd.,
- b) GSB Securities Pvt. Ltd.,
- c) GSB Share Custodian Services Ltd.,
- d) GSB Commodities Pvt. Ltd.
- e) G. Sagarmal Biyani

ii) Key Management Personnel

- a) Shri G. S. Biyani, Director
- b) Shri R. S. Biyani, Director
- c) Miss Ritika Biyani, Director
- d) Shri Parasram Kabra
- e) Shri Yogesh Patel
- f) Shri Sajjan Podar



iii) Transaction during the year with related parties (Figures in Lacs)

	Associates	Key Management Personnel	Total
(A) Stock-in-Trade			
a) Purchased during the year	5389.23	-	5389.23
	(16805.05)	-	(16805.05)
b) Sold during the year	5290.49	-	5290.49
	(16606.03)	-	(16606.03)
c) Brokerage paid during the year	14.70	-	14.70
	(4.89)	-	(4.89)
(B) Sundry Debtors Balance as at 31.3.2009.	11.62	-	11.62
	(37.16)	-	(37.16)
(C) Traveling Expense	-	2.33	2.33
		(0.51)	(0.51)
(D) Interest Received.	-	-	-
	(44.78)	-	(44.78)
(E) Loans Given :			
a) Op. Balance	506.23	-	506.23
	(629.07)	-	(629.07)
b) Given during the year	306.47	-	306.47
	(6105.10)	-	(6105.10)
c) Payment Received.	812.70	-	812.70
	(6227.94)	-	(6227.94)
d) Balance as at 31st March 2009	-	-	-
	(506.23)	-	(506.23)
(F) Loan Taken :			
a) Op. Balance	50.66	-	50.66
b) Received	1858.65	-	1858.65
c) Repaid	1909.31	-	1909.31
d) Closing Balance	-	-	-
(G) Margin Deposit			
Op. Balance	150.50	-	150.50
	(-)	-	(-)
Cl. Balance	150.50	-	150.50
	(150.50)	-	(150.50)
(H) Sundry Creditors Balance as at 31.3.2009.	1.14	-	1.14
	(-)	-	(-)
(I) Remuneration to Key Personnel			
a) Shri G.S. Biyani	-	3.75	3.75
	(-)	(-)	
b) Shri R.S. Biyani	-	2.55	2.55



12. Debts due from the Companies under the same management are as under: -

- i) GSB Securities Pvt. Ltd. Rs. 11,61,673/- (P.Y. Rs. 36,95,268/-) Maximum amount due at any time during the year Rs. 2,28,14,237/- (Rs. 3,08,55,523/-)
- ii) GSB Capital Markets Ltd. Rs. NIL (P.Y. Rs. NIL) Maximum amount due at any time during the year Rs. 1,41,12,007/- (Rs. 2,68,97,223/-)

13. Company given advances in the nature of loan to companies under the same management, and account is in the nature of current account, there is no stipulation as regards repayment of the amount. Balance due from the said companies, as at the date of Balance Sheet is given following:-

	Balance	Maximum
1) GSB Share Custodian Services Ltd.	NIL	9,62,463
	(9,62,463)	(5,82,98,063)
2) GSB Securities Pvt. Ltd.	NIL	7,09,60,166
	(4,96,60,166)	(8,54,48,786)
3) GSB Capital Markets Ltd.	NIL	29,57,000
	( - )	( - )

14. Auditors' Remuneration includes:

<u>Particulars</u>	<u>2008-2009</u>	<u>2007-2008</u>
i) Audit Fees	30,000.00	25,000.00
ii) Tax Audit Fees	5,000.00	5,000.00
iii) In other Capacity	20,222.00	-



15. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. REGISTRATION DETAILS :

REGISTRATION No. : US1909MH2001PLC134193  
STATE CODE : 11  
BALANCE SHEET DATE : 31ST MARCH, 2009.

II. CAPITAL RAISED DURING THE YEAR : (Rs. In Thousand)

PUBLIC ISSUE : NIL  
BONUS ISSUE : NIL  
RIGHT ISSUE : NIL  
PRIVATE PLACEMNT : NIL

III. POSITION OF MOBILISATION AND DELOYMENT OF FUNDS:

<u>TOTAL LIABILITIES</u> : 101552	<u>TOTAL ASSETS:</u> : 101552
<u>Sources of Fund:</u>	<u>Application Fund:</u>
Paid up Capital : 59,734	Net Fixed Assets : 1,382
Reserve & Surplus : 19,354	Investment : 2,184
Secured Loans : 20,206	Net Current Assets : 85,297
Unsecured Loans : 2,074	Miscellaneous Expenditure : NIL
Deferred Tax Liability : 184	Accumulated Losses : NIL
	Deferred Tax Assets : 12,689

IV. PERFORMANCE OF THE COMPANY: (Rs. In Thousand)

Turnover (Including other Income) : 5,61,108  
Total Expenditure : 5,99,399  
Profit / (Loss) Before Tax : (38,291)  
Profit / (Loss) After Tax : (25,941)  
Earning Per Share in Rs. : (4.32)  
Dividend : NIL

V. GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICES OF THE COMPANY:

ITEM : ITEM CODE NO. (ITC CODE)  
Dealing in Shares & Securities: N.A.

AS PER OUR REPORT OF EVEN DATED

For **S.K.RATHI & CO.**  
Chartered Accountants

For and on behalf of the Board,  
For **GSB FINANCE LTD.**

(S.K.Rathi)  
Prop.  
Membership No.31071

(Girdharilal Biyani)  
Chairman

(Ramakant Biyani)  
Mg. Director

Date : 30.06.2009

Place : Mumbai



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2009

	AS AT 31.03.2009	AS AT 31.03.2008
<b>A. Cash Flow From Operating Activities :-</b>		
Net Profit (Loss) after Tax and extraordinary Items	(25,941,157)	24,161,838
<b>ADJUSTMENT FOR</b>		
Deffered Tax Assets	(12,688,518)	-
Deferred Tax (Savings)/Expenses	(12,209)	(325,083)
Depreciation	164,742	161,348
Dividend Received / Interest Received.	(5,605,468)	(5,972,399)
Operating Profit before Working Capital Changes	(44,082,611)	18,025,704
<b>ADJUSTMENT FOR:</b>		
Trade and other Receivable	35,279,502	(17,521,158)
Inventories	16,927,599	9,652,855
Trade Payable	(2,641,456)	(6,903,237)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5,483,034</b>	<b>3,254,164</b>
<b>B. Cash Flow From Investing Activities :-</b>		
Purchase of Fixed Assets	(92,438)	(38,475)
Purchase of Investment	(2,000,000)	-
Interest Received	1,630,317	4,477,901
Dividend Received.	3,975,152	1,494,498
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>3,513,030</b>	<b>5,933,924</b>
<b>C. Cash Flow From Finance Activities :-</b>		
Proceeds from issue of Share Capital(Call in Arrears Realised)	-	62,160
Proceeds from secured Loans	15,183,294	(15,888)
Proceeds from Unsecured Loans	(3,137,958)	(5,473,821)
Dividend Paid	-	(2,973,421)
Tax on Dividend	-	(505,333)
	12,045,336	(8,906,303)
Net (decrease)/ increase in Cash & Cash equivalents	21,041,401	281,785
Cash & Cash equivalents at the begin of the year	657,482	375,697
Cash & Cash equivalents at the close of the year	21,698,883	657,482

(Note : Figures are rounded off to nearest Rupee)

AS PER OUR REPORT OF EVEN DATED

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(Girdharilal Biyani)  
Chairman

(Ramakant Biyani)  
Mg. Director

Date : 30.06.2009

Place : Mumbai



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