

*Annual Report 1997-98*

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

**GBL**



**GLOBAL BOARDS LIMITED**



## 6 th ANNUAL REPORT 1997-98

### BOARD OF DIRECTORS

Shailesh C. Bagrodia	Managing Director	
Satish Chandra	Executive Director	
Girish Kumar Saraf	Director	
Vimal Kumar Agarwal		
Ms. Kavita Pasricha		
Rajesh Dadoo /		
Susheel Kumar Jhaveri	Director/Alternate Director	
H. Acharyya	(Nominee of IDBI)	up to 23.03.1998
R. H. Pise	(Nominee of SICOM)	up to 31.07.1998
Shyam Mahale	(Nominee of SICOM)	w.e.f. 31.07.1998

### COMPANY SECRETARY

J.Y. Gupte

### REGISTERED OFFICE & FACTORY

Plot No. K-5, Addl, M.I.D.C. Industrial Area,  
Mahad - 402 302, Dist. Raigad,  
Maharashtra.

### CORPORATE OFFICE

2-A, Parekh Mahal,  
80, Veer Nariman Road,  
Churchgate, Mumbai - 400 020.

### SHARE TRANSFERS - IN HOUSE

At : The Registered Office

### BANKERS

State Bank of India  
Oriental Bank of Commerce  
Punjab National Bank

### AUDITORS

D. N. Kanabar & Co.  
Chartered Accountants  
Mumbai.

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# GLOBAL BOARDS LIMITED

## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the members of **GLOBAL BOARDS LIMITED** will be held at the Registered Office of the Company at Plot No. K-5, Addl. M.I.D.C. Industrial Area, Mahad - 402 302, Dist. Raigad, on Wednesday, the 30th September, 1998 at 12.00 noon to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Ms. Kavita Pasricha, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED THAT approval, pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 be and is hereby accorded to the reappointment of and the remuneration payable to Shri Shailesh C. Bagrodia as the Managing Director of the Company for a period of five years from 1st August, 1998 on the terms and conditions (including the terms regarding the payment of remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the aforesaid period), as set out in the Explanatory Statement attached hereto."

"RESOLVED FURTHER THAT the terms and conditions of the said reappointment be altered and/or varied from time to time by the Board, as it may, at its discretion, deem fit, within the maximum amount payable in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard."

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

"RESOLVED that pursuant to Section 94 of the Companies Act, 1956 the Authorised Capital of the Company be increased from Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 7,50,00,000 equity shares of Rs. 10 each to Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 10,00,00,000 equity shares of Rs. 10 each.

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Ordinary Resolution :

"RESOLVED that clause V of the Memorandum of Association of the Company be deleted and in its place the following clause be substituted as clause V :

V. The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of Rs. 10 each (Rs. Ten only) with power to increase the same."

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

"RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered as follows :

The figures and words Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) equity shares" occurring in Article 5(a) of the Articles of Association of the Company be deleted and in their place the following figures and words be substituted, viz., "Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) equity shares."

By Order of the Board

J. Y. GUPTA

Company Secretary

Regd. Office : Plot No. K-5  
Addl. MIDC Indl. Area,  
Mahad - 402 302, Dist. Raigad,  
Maharashtra

Place : Mumbai  
Date : August 14, 1998

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
3. The relative Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of items 4 to 7 of the Notice, as set out is annexed hereto.

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4. The Register of Members and Share Transfer Books of the Company will remain closed from 25-09-1998 to 30-09-1998 (both days inclusive).
5. Members desirous of obtaining any information concerning the accounts and operations of the Company, are requested to send their queries to the Company Secretary at least seven days before the Meeting, so that the information required by the Members may be made available at the Meeting.

## ANNEXURE TO NOTICE

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

## ITEM No. 4

The Board has approved the reappointment of Shri Shailesh C. Bagrodia as Managing Director for a further period of five years from 1st August, 1998 upon the following terms as to remuneration :-

Salary : Rs. 43,750/- p.m.

Commission :

At the rate of 1% (one percent) of the net profits of the Company in respect of each financial year, computed in the manner laid down in Section 309 (5) of the Act, subject to a ceiling of fifty percent of annual salary.

Perquisites :

Perquisites in the form of residential accommodation including gas, electricity and furnishing, medical expenses, club fees, Leave Travel Assistance and Personal Accident Insurance will be admissible to Shri Shailesh C. Bagrodia but will be restricted to an amount equivalent to his annual salary. For computing the foregoing ceiling, all perquisites will be evaluated as per Income Tax Rules. In the absence of any such Rule, the valuations would be at actual cost. The salary and perquisites shall not exceed a sum of Rs. 87,500/- per month.

The following will not, however, be included for computing the ceiling on perquisites as aforesaid. Provision of car with driver. Residential Telephone. Company's contribution to Provident Fund and superannuation or Annuity Fund to the extent that these are not taxable under the provisions of the Income Tax Act, 1961. Gratuity and encashment of leave at the end of tenure.

In case the Managing Director is expected to be on a business tour abroad, he may take his spouse and his children at the Company's cost with a maximum of two visits in a year.

In the absence or inadequacy of profits, Shri Shailesh C. Bagrodia will be entitled to the remuneration set out above

excepting commission as may be determined and allocated by the Board in accordance with Schedule XIII to the Companies Act, 1956 or any modifications or reenactment thereof. Shri Shailesh C. Bagrodia has been associated with the Company since its inception, as one of the promoters and he will continue in his capacity as the Managing Director of the Company. The Board considers that continued association of Shri Shailesh C. Bagrodia will benefit the Company immensely and recommends that the Resolution, as proposed, be passed. Shri Shailesh C. Bagrodia may be deemed to be interested to the extent of salary and perks in the Resolution carrying his appointment. This would be considered also as an abstract of the terms of reappointment of Shri Shailesh C. Bagrodia as Managing Director and a memorandum as to the nature of concern or interest of a Director in the said reappointment in terms of Section 302 of the Companies Act, 1956.

Your Directors, therefore, recommend the proposed Resolution for your acceptance.

None of the Directors except Shri Shailesh C. Bagrodia is interested or concerned in the Resolution.

## ITEM Nos. 5 to 7

The Company's existing Authorised Capital stands at Rs. 75 crores (Rupees Seventy Five crores only). Out of this, the paid up Capital is Rs. 74,70,96,000/-. The Company has plans to accelerate growth and diversify its activities.

As the Company after stabilisation of the present operations intends to go into expansion in the recent future it may be required to issue capital from time to time, and therefore, think it advisable to increase the present level of Authorised Capital to Rs. 100 crores.

Item Nos. 6 and 7 relating to alteration of the Memorandum and Articles of Association are consequential to increase in the Authorised Capital.

Your Directors recommend these Resolutions for your approval.

None of the Directors is interested or concerned in these Resolutions.

By Order of the Board  
J. Y. GUPTA

Company Secretary

Regd. Office : Plot No. K-5  
Addl. MIDC Indl. Area,  
Mahad - 402 302 Dist. Raigad,  
Maharashtra

Place : Mumbai

Date : August 14, 1998

# GLOBAL BOARDS LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors present their Sixth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

### FINANCIAL RESULTS :

During the year under review, the Company achieved an aggregate income of Rs. 6949.05 lakhs, representing an increase of more than two fold over the Previous Year on annualised basis. The highlights of the Financial Results are as under :

	1997-98	Previous period
	(Rs. in lakhs)	(Rs. in lakhs)
Total Income .....	6949.05	2110.05
Less : Total Expenditure .....	6202.23	2349.71
Interest & Lease Rent .....	2307.11	1273.12
Loss before Depreciation .....	1560.29	1512.78
Add : Depreciation .....	797.51	479.29
Deferred Revenue Expenses .....	19.51	12.61
Total loss carried to Balance Sheet .....	2377.31	2004.68

During the year the Company has carried out the first phase of modernisation of P-10 Board Machine between 5th August, 1997 and 8th September, 1997, with the assistance of M/s. Uddevalla Mekaniska Verkstad AB, Sweden. The production started from 9th September, 1997, and the product is well-accepted in the market.

### OPERATIONAL PERFORMANCE :

Members are aware that Paper industry for the last two years has been passing through unprecedented crisis due to low demand and sluggish economy. Despite problems faced during the year the Company produced 20078 MT of Duplex, Art and Cast Coated Boards i.e. capacity utilisation of over 50%, as against production of 8127 MT in 1996-97, i.e. capacity utilisation of 30 % on annualised basis. The Company has been successful in marketing 19979 MT in 1997-98 as against 8551 MT in previous accounting period. During the year paper market was saddled with intense competition and high import of paper and board as a result of which the industry had to offer hefty discounts on products. The plight of domestic players has further worsened due to the entry of global players. The general recession and unremunerative prices have resulted in huge losses in operations during this year.

### GROWTH PLANS AND OUTLOOK :

During the year the Company has completed first phase of modernisation of P-10 Machine which has resulted in an increase in production, quality improvement and reduction in operational cost. The Company has taken steps to minimise power consumption applying various control devices in power equipment. The feedback from market about the quality of the Company's product is extremely encouraging and it is hoped that with a reasonable increase in price of the paper board, the Company will be able to come out of the woods. In spite of the adverse conditions, your directors and employees at all levels are putting their best efforts by developing new products line. The Company has already established 3 varieties of Duplex boards viz. LWC, CBGB and EWB, and has successfully launched Speciality board like folding box board (food & non-food grade) and liquid packaging board.

The Company has made conscious efforts to develop niche products which will be launched in the year 1998-99.

Due to heavy dumping of cast coated board from Indonesia at very low prices, your Company has not been able to make a major break through due to under pricing, though the product has been well accepted.

### FINANCE :

To meet corporate objectives, the Company successfully negotiated external commercial borrowing of US\$10 Millions from two foreign corporate bodies on extremely competitive terms.

Out of this, an aggregate of US\$ 6238508.52 (equivalent to Rs.2405.27lacs) has been drawn down during the year under report. During the year under consideration shares aggregating to 32830000 of Rs. 10/- each were issued to promoters and foreign corporate bodies.

### DIRECTORS :

Shri Satish Chandra and Ms. Kavita Pasricha, the Directors of the Company, retire by rotation at the 6th Annual General Meeting and are eligible for reappointment. However, Shri Satish Chandra has expressed his desire that he should not be considered for reappointment. The Board places on record its appreciation of the valuable services rendered by Shri. Satish Chandra to the Company since its inception. During the year under report, Shri. Susheel Kumar Jhaveri was appointed as an Alternate Director to Mr. Rajesh Dadoo.

### AUDITORS :

M/s D.N. Kanabar & Co., Chartered Accountants, Mumbai, who were appointed as the Auditors of your Company at the last Annual General Meeting retire at the ensuing Annual General Meeting and offer themselves for re-appointment. The Members are requested to consider their re-appointment for the current year and to fix their remuneration.

### FIXED DEPOSITS :

During the year the Company did not accept any deposits from the public under Section 58A of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION



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**AND FOREIGN EXCHANGE EARNINGS & OUTGO :**

The information relating to technology absorption, conservation of energy, foreign exchange earnings and outgo required to be disclosed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1998, is set out in the Annexure forming part of this Report.

**STATUTORY INFORMATION****Projection v/s. Performance :**

Your Directors regret that due to unprecedented recessionary pressures in the economy, in general coupled with extremely subdued conditions in the Paper Board Industry, in particular, the projections are not comparable with the actuals.

**Delisting of Company's Securities :**

Your Directors report that your Company's shares are listed at Ahmedabad, Calcutta and Mumbai stock exchanges, annual listing fees for which has been paid. There has been no suspension of trading in the Company's shares.

Your Directors also report that in view of the following factors they had to voluntarily delist the Company's shares since September 1996 from Madras and Delhi Stock Exchanges.

- # Very sparse trading in the Company's shares.
- # Absence of any movement in the Company's shares.
- # Shares are listed at Mumbai Stock Exchange which is a regional stock exchange.

**PERSONNEL :**

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company.

**ACKNOWLEDGEMENT :**

Your Directors wish to place on record the appreciation of the valuable support and co-operation received from the financial institutions, Bankers to the Company, Government Authorities and valued clients of the Company. The Directors also wish to place on record their appreciation of the dedicated and devoted services rendered by the executives, staff and the workers of the Company.

Mumbai  
August 14, 1998

For and on behalf of the Board  
**SHAILESH C. BAGRODIA**  
Managing Director

**ANNEXURE FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 1998****A. CONSERVATION OF ENERGY**

In continuation of our efforts in the field of energy conservation, a few of the proposals made by expert team of Confederation of Indian Institutes (CII) have been put into operation and the savings are being regularly monitored. A few of the savings achieved are as follows :

- a) In one of the Machine, the conventional drive motors of fan pumps of 120kw are replaced by variable frequency drives. As a result 54kw power is saved per day. The savings are to the tune of Rs. 14.5 lakhs per annum.
- b) By the optimisation of plant operating voltage from 415 volts to 390 volts, about 1500 units are saved per day resulting in annual saving of about Rs. 17 lakhs.

In addition to the above, our continuous efforts to save the energy, wherever possible by means of internal / external expertise, some more major minor plans are on the anvil. The expected annual savings will be about Rs. 30 lakhs in the forthcoming year.

**B. TECHNOLOGY ABSORPTION**

Your Company has not entered into any technical collaboration.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	31/03/1998 (Rs. in Lakhs)	31/03/1997 (Rs. in Lakhs)
Earnings :	8.19	Nil
Outgo :	—	—
Import :	—	—
Raw Materials & Chemicals	1912.38	1146.88
Capital goods	208.18	2.32
Stores & Spares	12.99	24.14
Foreign Travel :	22.63	22.84
Technical Services Fees :	1.82	—
Membership and Subscription to Books and Periodicals :	2.19	0.93
Total Energy Consumption and energy consumption per unit of production as per		

**Form - A****A. Power and Fuel Consumption**

Electricity		
(a) Purchased		
Units (Kwh)	21,270,849	16,718,365
Total Amount (Rs.)	84,657,978	63,042,892
Rate/Unit (Rs.)	3.98	3.77
(b) Own Generation :		
Units (Kwh)	1,535,994	—
Total Amount (Rs.)	4,579,516	—
Rate/Unit (Rs.)	2.98	—

**B. Consumption per unit of Production**

Electricity (Kwh)	1,063	1,384
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**Form - B****Research and Development (R&D)**

Expenses incurred on Research & Development are debited to respective heads of account.