

Annual Report 2001-2002



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GLOBAL BOARDS LIMITED

10th ANNUAL REPORT 2001-02**BOARD OF DIRECTORS**

| | |
|-----------------------------|-----------------------------------|
| Shailesh C. Bagrodia | <i>Managing Director</i> |
| Girish Kumar Saraf | <i>Director</i> |
| Rajesh Dadoo / | <i>Director /</i> |
| Sushil Kumar Jhaveri | <i>Alternate Director</i> |
| Arvind Rateria | <i>Whole-time Director</i> |
| Tejmal Jain | <i>Whole-time Director</i> |
| B. W. Ramteke | <i>Director (Nominee of IDBI)</i> |
| Girish Kumar Agarwal | <i>Whole-time Director</i> |
| Rachana Dogra | <i>Director</i> |

ASST. COMPANY SECRETARY**Pankaj Gupta****REGISTERED OFFICE & FACTORY**

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

CORPORATE OFFICE

Plot No. 114, Dr. E. Moses Road,
Opp. Jijamata Nagar, Worli,
Mumbai - 400 018.

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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10th ANNUAL REPORT 2001-02**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Shareholders of Global Boards Limited will be held at the Registered Office of the Company at Plot No. K-5, Addl. MIDC, Industrial Area, Mahad - 402 302, Dist. Raigad on Saturday, the 28th day of September, 2002 at 12:00 noon to transact, with or without modification, as may be permissible, the following business:

ORDINARY BUSINESS:

1. To, receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended 31st March, 2002 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri. Girish Kumar Saraf, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of 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 in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956, Shri. Girish Kumar Agarwal, who was appointed by the Board of Directors as a Director to fill in the casual Vacancy on the Board, caused by the resignation of Shri. Tejmal Jain and who holds office upto the date of the ensuing Annual General Meeting under Section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing along with required deposit from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation."

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 provision of Section(s) 198, 269, 309, Schedule XIII and the other applicable provisions, if any, of the Companies Act, 1956, the appointment of Shri. Girish Kumar Agarwal as a whole time Director of Company for a period of two years w.e.f. 30th April, 2002 be and is hereby approved, on such salary and other perquisites as are set out in the Explanatory Statement attached to the Notice, convening this Annual General Meeting a copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting, with such modification as may be required by any applicable law and as may be agreed to by the Board of Directors of the Company and Shri. Girish Kumar Agarwal."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised, at its discretion to vary or

increase, from time to time the remuneration and perquisites as may be permissible within the limits of Schedule XIII to the Companies Act, 1956."

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mrs. Rachana Dogra, who was appointed by the Board of Directors as a Director to fill in the casual Vacancy on the Board caused by the resignation of Shri. Rajesh Dadoo and who holds office upto the date of the ensuing Annual General Meeting under Section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing along with required deposit from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT while appreciating the act of prudence and good gesture shown by Shri. Shailesh C Bagrodia, Managing Director, the remuneration payable to him be revised as per his desire and he be paid the following token remuneration with effect from 1st April, 2000 instead of his present salary of Rs. 43,750/- per month and perquisites subject to the permissible limits under Section II of Part II of Schedule XIII of the Companies Act, 1956.

Salary : Rs. 1100/- p.m.
Companies Contribution to PF : Rs. 132/- p.m. (12%)
Perquisites :

Perquisites will continue as approved by the members at their 6th A.G.M. held on 30th September, 1998 i.e. equal to the earlier approved salary."

By Order of the Board

Place : Mahad, Dist. - Raigad
Date : 2nd August, 2002

Pankaj Gupta
Asst. Company Secretary

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE (ON POLL) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF COMPANY.
- b) THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of items 4 to 7 of the Notice as set out above, is annexed hereto.

GLOBAL BOARDS LIMITED

- d) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday the 21st September, 2002 to Saturday the 28th September, 2002 (both days inclusive).
- e) The Company is registered with the National Depository Limited and Central Depository (India) Limited and the Shares of the Company have been de-materialised compulsorily for investors. The ISIN code number of the Company is INE085D01017. Any member desirous of de-materialise his holding may do so through any of the Depository participants.
- f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Asst. Company Secretary at least Seven Days before the Meeting, so that the information required by the members may be made available at the meeting.
- g) Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(1) OF THE COMPANIES ACT, 1956.

ITEM NO. 4 & 5 :

- (A) With a view to provide for executive participation at the Board level your Directors have at their meeting held on 30th April, 2002, appointed Shri. Girish Kumar Agarwal, G.M. (Works), initially as a Director in the casual vacancy caused by the resignation of Shri. Tejmal Jain and then as a Whole Time Director for a period of 2 years with effect from the 30th April, 2002.

Shri. Girish Kumar Agarwal is a graduate in commerce from University of Ajmer (Rajasthan). He is a member of the Institute of Chartered Accountants of India as well as Institute of Cost & Works Accountants of India. He has vast & varied experience in commerce and finance.

Notice alongwith a deposit of Rs. 500/- as required under Section 257 of the Act has been received from a Member proposing the appointment of Shri. Girish Kumar Agarwal as a Director of the Company.

- (B) The terms & conditions governing the appointment of Shri. Girish Kumar Agarwal as set out in the letter issued to him and indicated herein below are within the permissible limits of Schedule XIII to the Companies Act, 1956

| | |
|------------------------------|--------------------|
| Basic Salary | : Rs. 11500/- p.m. |
| House Maintenance Allowance | : Rs. 3450/- p.m. |
| Education Allowance | : Rs. 575/- p.m. |
| Companies Contribution to PF | : Rs. 1380/- p.m. |

Other Benefits:

1. Furnished House
2. Car for official purpose
3. Leave with pay and allowances, Leave encashment as per the rules of the Company.

- (C) The Directors are authorised to revise the remuneration payable to Whole Time Director Shri. Girish Kumar Agarwal from time to time within the limits of Schedule XIII to the Act.
- (D) The notice may be treated as abstracts of the terms and conditions governing appointment of Shri. Girish Kumar Agarwal as Whole Time Director under Section 302 of the Companies Act, 1956.
- (E) In view of Shri. Girish Kumar Agarwal's professional qualification and his long and varied experience in the organisation, his appointment on the Board of Directors is in the interest of the Company.

Except Shri. Girish Kumar Agarwal no other Director is concerned or interested in the Resolution.

ITEM NO. 6 :

Mrs. Rachana Dogra was appointed as a Director in the meeting of Board of Directors on 30th April, 2002 to fill the casual vacancy caused by the resignation of Shri. Rajesh Dadoo. She is commerce graduate and MBA. The Company would benefit by her appointment.

Notice alongwith a deposit of Rs. 500/- as required under Section 257 of the Act has been received from a Member proposing the appointment of Mrs. Rachana Dogra as a Director of the Company.

Except Mrs. Rachana Dogra no other Director is concerned or interested in the Resolution.

ITEM NO. 7 :

Shri. Shailesh C. Bagrodia, the Managing Director expressed his desire that in view of the severe financial condition of the Company, he wishes to draw a nominal salary of Rs. 1100/- per month with effect from 1st April, 2000 instead of his present salary of Rs. 43,750/- per month to which he is entitled to in terms of the Members' approval accorded at their 6th A.G.M. held on 30th September, 1998. Board appreciated his desire and approved Nominal Salary paid to Shri. Shailesh C Bagrodia at its meeting held on 31st January, 2001. Perquisites will continue as approved by the members at their 6th A.G.M. held on 30th September, 1998 i.e. equal to the earlier approved salary."

Except Shri. Shailesh C. Bagrodia no other Director is concerned or interested in the Resolution.

Your Directors commend the proposed Resolution set out at Item No. 4,5,6 & 7 for your approval

By Order of the Board

Place : Mahad, Dist. - Raigad
Date : 2nd August, 2002

Pankaj Gupta
Asst. Company Secretary

Regd. Office :
Plot No. K-5, Addl, M.I.D.C. Industrial Area,
Mahad - 402 302, District Raigad,
Maharashtra.

10th ANNUAL REPORT 2001-02**DIRECTORS' REPORT**

Dear Members,

The Directors present their Tenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

The highlights of the Financial Results are as under :

| | Year ended 31.3.2002 (Rs. in lacs) | Year ended 31.3.2001 (Rs. in lacs) |
|--|---|---|
| Total Income | 1688.13 | 3735.66 |
| Less : Total Expenditure | 1864.51 | 4864.37 |
| Interest & Finance Charges | 332.10 | 526.80 |
| Loss Before Depreciation | 508.48 | 1655.51 |
| Add : Depreciation | 833.23 | 851.45 |
| Deferred Revenue Expenses | 19.51 | 19.51 |
| Total Loss Carried to Balance Sheet | 1361.22 | 2526.47 |
| PRODUCTION | 4870 MT | 12780 MT |

OPERATIONAL PERFORMANCE

Continues recession in Paper Board Industries and Non-availability of required working capital, adversely affected the production & sales of the Company. The total income during the year has reduced by 54.81 % & Cash losses have reduced by 69.28 % as compared to previous year. It is imperative to note that sharp reduction in cash losses has been possible due to cumulative effect of various austerity measures adopted by the management & adopting product optimisation new products by the Company with improved contribution.

DIVIDEND

Due to the loss suffered during the year, the Directors regret that they are not in the position to recommend any dividend for the year 2001-2002.

FIXED DEPOSITS

During the year under review Company did not accept any deposit from the public under section 58 A & 58 AA of the Companies Act, 1956.

PROVISIONS OF SICA, 1985

As informed in the last years Directors' Report, due to accumulated losses exceeding its net-worth the company's reference was registered with BIFR on 05.07.2000. The first

hearing was held on 22.11.2000 wherein IDBI was appointed as the Operating Agency. The Board, wide its order 30th August, 2001 has declared the company as a Sick Industrial Company Under Section 3 (1) (O) of SIC ACT, 1985

INSURANCE

All insurable interest of the Company including inventories, building, plant & machinery, equipment's and others to the extent necessary is adequately insured.

FIRE

On 25th day of April, 2001 there was fire in the raw material storage section in which waste paper stocks were partially damaged. The Company has already received the necessary claims from the insurance company.

DIRECTOR'S RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm as under :

- i) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) That 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) That the directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri. Rajesh Dadoo & Shri. Tejmal Jain - Directors of your Company have relinquished their office with effect from 30.04.2002. To fill up casual vacancies caused by their resignations, Mrs. Rachana Dogra & Shri. Girish Kumar Agarwal were inducted as Director & Whole Time Director respectively, pursuant to Section 262 & 269 of Companies Act, 1956. They hold office till the ensuing Annual General Meeting and are eligible for reappointment.

In view of extremely subdued financial position of the Company and the fact that a reference has been made to BIFR for rehabilitation of the Company, Shri. Shailesh C. Bagrodia, Managing Director has voluntarily forgone a part of remuneration payable to him for the year 2001-2002. The amount so forgone by him for the said period is Rs. 5.10 Lacs.

GLOBAL BOARDS LIMITED

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information relating to energy conservation, technology absorption and foreign earning 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, 1988, is set out in the Annexure forming part of this Report.

PERSONNEL

Information required to be disclosed U/S 217 (2A) of the Companies Act, 1956 is not applicable as none of the employee was receipt of remuneration of Rs. 1,00,000/- and above per month or Rs. 12,00,000/- and above per annum.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance Report" is attached to this Annual Report. The Certificate by Statutory Auditors in this regard is annexed to and forms part of the Directors Report.

AUDITORS

M/S D. N. Kanabar & Co., Chartered Accountants, the auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. The observation made by Auditor in the Auditors' Report are self-explanatory and therefore do not call any further comments.

AUDITORS' REPORT

In respect of qualification and observations of the Auditors mentioned under para 2 d) and 2 f), attention of the members is invited to the relevant Notes To Accounts under Schedule 19-B, which is self explanatory and give complete information clarifying the Auditor's comments, hence do not call for any further clarification.

In respect of para 1, 10 & 15 of Annexure to the Auditors Report, your Directors wish to state that physical variation of fixed assets shall be completed during current financial year. The internal control procedures and internal audit wing are being further strengthened.

APPRECIATION

Yours Company continues to receive the necessary support and guidance from the financial institutions led by IDBI and the consortium of banks led by State Bank of India and your Directors would like to place on record their sincere appreciation for the same.

Your Directors wish to place on record their appreciation for understanding, co-operation & the hard work put in by the employees at all levels which has enabled your company to achieve good performance in the emerging competitive environment.

For and on behalf of the Board,

Place : Mumbai
Dated : 2nd August, 2002

SHAILESH C. BAGRODIA
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information 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, 1988 and forming part of the Directors' Report.

A) CONSERVATION OF ENERGY

Total energy consumption and energy consumption per unit of production is given in the prescribed form as below :-

| | Year ended 31/03/2002 | Year ended 31/03/2001 |
|--------------------------------------|--------------------------|--------------------------|
| A. Power and Fuel Consumption | | |
| Electricity | | |
| (a) Purchased: | | |
| Units (Kwh) | 4,820,430 | 11,481,820 |
| Total Amount (Rs.) | 27,737,402 | 53,691,863 |
| Rate/Unit (Rs.) | 5.75 | 4.68 |
| (b) Own Generation : | | |
| Units (Kwh) | -- | -- |
| Total Amount (Rs.) | -- | -- |
| Rate/Unit (Rs.) | -- | -- |

B. Consumption per unit of Production

| | | |
|-------------------|--------|-----|
| Electricity (Kwh) | 989.82 | 898 |
|-------------------|--------|-----|

The energy consumption per unit of production has increased to 989.82 Kwh as compared to 898 Kwh in the last year, due to lower capacity utilisation.

B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company has in house Research & Development unit. The expenses incurred on Research & Development are debited to respective heads of account.

Your Company has not entered into any technical collaboration.

C) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo :

| | 31/03/2002 (Rs. in lakhs) | 31/03/2001 (Rs. in lakhs) |
|--|------------------------------|------------------------------|
| Earnings | 18.36 | 299.92 |
| Outgo : | | |
| Raw Material & Chemicals | 415.49 | 777.61 |
| Capital Goods | -- | -- |
| General Stores | -- | 5.05 |
| Foreign Travel | 7.50 | 11.61 |
| Membership and Subscription to Books & Periodicals and Advertisement | 4.63 | 4.37 |
| Quality Compensation | 2.30 | 2.21 |
| Commission on Export | 0.76 | -- |
| Total Outgo (B) | 430.68 | 800.85 |

For and on behalf of the Board,

Place : Mumbai
Dated : 2nd August, 2002

SHAILESH C. BAGRODIA
Managing Director

10th ANNUAL REPORT 2001-02

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE :

The company is manufacturing different types of paperboard i.e. Coated Board, Chromo Board, Duplex Board, Art Board, Folding BoxBoard & Liquid Bleached Board. The company is also manufacturing Cast Coated Paper & Boards. These products are mainly used in Packaging Publishing and Graphic Industries.

PERFORMANCE :

Non-availability of required working capital adversely affected the production & sales of the Company during the year under review. However, as a result of various austerity measures adopted, Cash losses of the company have reduced by 69.28 % as compared to previous year-thus-resulting improved contribution.

SEGMENT-WISE PERFORMANCE :

The Company is not manufacturing different products but only one segment i.e. Paper Board only.

OPPORTUNITIES & THREATS :

During the year under review, the company has introduced better range of Art paper / Art Boards-, which have been well accepted in the market. It is heartening to note that decline in rates of our product range has bottomed out in early '02. According to CRIS INFAC, demand for paperboard is expected to increase at a compounded annual growth rate (CAGR) of 5.8% and industry's profitability is expected to improve over the next two years.

However, as already stated in Director's Report, the company has been declared 'Sick Company'. As a result, the company is not able to get working capital assistance from expected corners & hence has not been able to operate at expected levels of capacity utilisation.

RISKS AND CONCERNS :

Due to the shortage of working capital, the company could use only 8.5% of its installed capacity. In addition, not having its own pulp unit and captive power plant have also been affecting its operations and profitability.

OUT LOOK:

As per the recent study of paper & paper board industry by CRIS INFAC, sale realisations and demand –both have started growing. This will improve the margins of paperboard manufacturers- including the company. As a result of which, its cash losses have started coming down. In addition to this, future prospects of the company can further be improved by having its own captive power plant, approving the rehabilitation scheme and providing the needed working capital.

INTERNAL CONTROL SYSTEM :

In spite of 'SICK' status of the company, the management is ensuring effective internal control system to safeguard the assets of the company and that the financial statements and reports give a true and fair view. Such systems are subject to periodical review by the audit committee / Auditors- so as to further strengthen the same in the manner –required.

HUMAN RESOURCES / INDUSTRIAL RELATIONS :

Your company believes in a work environment that is congenial to on job learning and encourages teamwork. It has, therefore, continued to focus on developing the competence of its staff and employees, hence all the vacancies during the year- were filled by promoting its own staff.

GLOBAL BOARDS LIMITED

CORPORATE GOVERNANCE REPORT

Corporate Governance primarily involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all shareholders & other stakeholders. It essentially deals with how companies are run and the manner in which the Board of Directors discharge its mission and responsibility to ensure proper management, with accountability, in the best interest of the shareholders & other stakeholders.

CORPORATE GOVERNANCE AT GLOBAL BOARDS LIMITED

The object of your company is not only to meet the statutory requirements of the code but also to put efforts well beyond it by instituting systems and procedures - as are in accordance with the latest trends being adopted by Companies for better transparency.

Your company has complied with the requirement of the corporate governance code, the disclosure requirements of which are given below:

(A) Board of Directors :

Composition :

The Company has total 6 Directors and a combination of Executive & Non - Executive Directors. Company has one managing director, two whole-time directors and three non-executive directors.

None of the Directors on the Board is a Member on more than 10 Committees & Chairman of more than 5 Committees, across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee position occupied by them in other companies.

| NAME OF DIRECTOR | CATEGORY OF DIRECTORSHIP | NO. OF OTHER DIRECTORSHIP(S) HELD IN COMPANIES | | NO. OF OTHER COMMITTEE MEMBERSHIP | |
|--|--------------------------------------|--|---------|-----------------------------------|--------|
| | | PUBLIC | PRIVATE | CHAIRMAN | MEMBER |
| Mr. S. C. Bagrodia | Managing Director | NIL | NIL | 01 | NIL |
| Mr. Girish Kumar Saraf | Non Executive Director | 02 | 01 | NIL | 01 |
| Mr. Arvind Rateria | Whole-time Director – Independent | NIL | NIL | NIL | 02 |
| Mr. B. W. Ramteke | Independent Director (IDBI Nominee) | NIL | NIL | NIL | 01 |
| Mr. Tejmal Jain* | Whole-time Director – Independent | NIL | NIL | NIL | 03 |
| Mr. Sushil Kumar Jhaveri (Alternate to Mr. Rajesh Dadoo) * | Non-executive Director – Independent | NIL | NIL | 02 | NIL |
| Mr. Girish Agarwal # | Whole-time Director – Independent | NIL | NIL | NIL | 03 |
| Mrs. Rachana Dogra # | Non-executive Director – Independent | NIL | NIL | 02 | NIL |

* Resigned from the Board w.e.f. 18th April, 2002

Appointed to the Board w.e.f. 18th April, 2002