

Annual Report 2004-05



GLOBAL BOARDS LIMITED

13th ANNUAL REPORT 2004-05**BOARD OF DIRECTORS**

Arvind K. Rateria	<i>Managing Director</i>	<i>(up to 31.01.2005)</i>
Girish K. Agarwal	<i>Whole-time Director</i>	<i>(up to 14.12.2004)</i>
B. W. Ramteke	<i>Director, Nominee of IDBI</i>	<i>(up to 23.12.2004)</i>
P. V. Risbud	<i>Director</i>	<i>(up to 28.01.2005)</i>
Rachana Dogra	<i>Director</i>	
V. B. Shinde	<i>Whole-time Director</i>	<i>(from 14.12.2004)</i>
U. K. Paine	<i>Director</i>	<i>(from 28.01.2005)</i>

COMPANY SECRETARY**C. R. Bhagwat****REGISTERED OFFICE & FACTORY**

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

SHARE TRANSFERS - IN HOUSE At. The Registered Office**AUDITORS**

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

Contents	Page No.
Notice	2
Directors' Report	6
Corporate Governance Report	10
Auditors' Report	16
Balance Sheet	20
Profit & Loss Account	21
Schedules	22
Notes to Accounts	28
Cash Flow Statement	31
Abstract of Balance Sheet	32

GLOBAL BOARDS LIMITED

NOTICE

Notice is hereby given that the Thirteenth 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 Monday, the 26th September, 2005 at 11:00 a.m. 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 2005 and Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors thereon.
2. To appoint a director in place of Mrs. Rachana Dogra, who retires from office 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 Shri. V B Shinde, who was appointed as a director at the meeting of the Board of Directors of the Company held on 13th December, 2004, in the casual vacancy caused by the resignation of Shri. Girish Kumar Agarwal and whose terms expires, at the date of the ensuing annual general meeting, under Section 262 of the Companies Act, 1956 and for the appointment of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with the requisite deposit from a member proposing his candidature for the office of a 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 the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the appointment of Shri. V B Shinde as a whole-time director of the Company for a period of two years w.e.f. 14th December, 2004, viz. from 14/12/2004 to 13/12/2006, be and is hereby approved, on such terms and conditions set out in the draft agreement (including the remuneration to be paid in the event of loss or inadequacy of profits in the financial years during the aforesaid period, which is as set out in the explanatory statement attached to the notice for convening this annual general meeting) submitted to this meeting and signed by the chairman of the meeting for the purpose of identification, 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. V B Shinde."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised, subject to the approval of the Central Government, 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 Shri. U K Paine, who was appointed as a director, at the meeting of the Board of Directors of the Company held on 28th January, 2005, in the casual vacancy caused by the resignation of Shri. P V Risbud and whose terms expires, at the date of the ensuing annual general meeting, under Section 262 of the Companies Act, 1956 and for the appointment of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with the requisite deposit from a member proposing his

13th ANNUAL REPORT 2004-05

under Section 257 of the Companies Act, 1956 along with the requisite deposit from a member proposing his candidature for the office of a 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 in terms of the applicable provisions of the Companies Act, 1956 and the rules made thereunder and the Articles of Association of the Company, a non-executive director of the Company be paid remuneration by way of sitting fee, not exceeding the maximum sum prescribed from time to time, for such meeting of the Board or a committee thereof attended by him."

By Order of the Board

Place : Mahad, Dist. - Raigad

Date : 30th July, 2005

C R Bhagwat
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, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) The 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.
- (d) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 20th September, 2005 to Monday, the 26th September, 2005 (both days inclusive).
- (e) The Company is registered with the National Securities Depository Limited and Central Depository Services (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 company at least seven days before the meeting, so that the information required by the members may be made available at the meeting:
- (g) Members are requested to bring their copy of the annual report and the attendance slip duly filled in with them at the annual general meeting.
- (h) The information or details pertaining to the appointment of new directors, viz. Shri V. B. Shinde and Shri U. K. Paine, at the ensuing annual general meeting, to be provided in terms of clause 49 of the listing agreement with the stock exchange are furnished in the explanatory statement annexed hereto and also in the report on corporate governance annexed to this annual report.

GLOBAL BOARDS LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4 & 5 :

- (A) Your Directors have, at their meeting held on 13th December, 2004, appointed Shri. V. B. Shinde, initially as a director in the casual vacancy caused by the resignation of Shri Girish Kumar Agarwal and then as a whole-time director for a period of two years with effect from the 14th December, 2004, viz, from 14/12/2004 to 13/12/2006, subject to the approval of the Central Government and members at the ensuring annual general meeting of the Company, in terms of the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and with a view to provide for executive participation at the Board level.

Shri. V. B. Shinde is a science graduate and a university diplomaholder in pulp and paper. He has been associated with the Company ever since commencement of production of the Company in 1995. Under his supervision and expert knowledge in paper technology the Company is running well. He is actively involved in the day to day activities of the Company. Keeping in view of his contribution to the Company, the Board of Directors have considered and made the appointment in the best interest of the Company.

The Company has received a notice alongwith a deposit of Rs. 500/-, as required under Section 257 of the Companies Act, 1956, from a member proposing the appointment of Shri V. B. Shinde as a director of the Company.

- (B) The terms & conditions governing the appointment of Shri V. B. Shinde, as set out in the draft agreement including the remuneration, to be paid in the event of loss or inadequacy of profits in the financial years during the aforesaid period, as indicated herein below, within the permissible limits of Schedule XIII to the Companies Act, 1956 and in accordance to the approval of the Central Government.

a) Salary :-

Basic Salary	Rs. 7550 p.m.
House Maintenance Allowance	Rs. 2265 p.m.
Conveyance Allowance	Rs. 1510 p.m.
Medical (reimbursement quarterly)	Rs. 1133 p.m.
Attire Allowance (reimbursement quarterly)	Rs. 755 p.m.
Education Allowance	Rs. 378 p.m.
Academic Development	Rs. 378 p.m.
Leave Travel Allowance (reimbursement annually)	Rs. 1133 p.m.
Contribution to P.F.	Rs. 906 p.m.
Sub-total	Rs. 16008 p.m.
b) House at concessional rate (perquisites given in monetary value)	Rs. 937 p.m.
Total	Rs. 16945 p.m.

c) Gratuity, Leave with pay and Leave encashment as per Gratuity Act / Company Rules.

- (C) The Directors are authorised, subject to the approval of the Central Government, to revise the remuneration payable to a whole-time director, Shri. V B Shinde, from time to time, within the limits of Schedule XIII to the Companies Act, 1956.
- (D) The notice may be treated as abstracts of the terms and conditions governing appointment of Shri. V. B. Shinde as a whole-time director under Section 302 of the Companies Act, 1956.
- (E) In view of Shri. V. B. Shinde's professional qualification and his long and varied experience in the organisation, his appointment on the Board is in the interest of the Company.

13th ANNUAL REPORT 2004-05

Your Directors recommend the proposed resolution for your approval.

Except Shri. V. B. Shinde, no other director is concerned or interested directly or indirectly in the resolution.

ITEM NO. 6 :

- (A) Your Directors have, at their meeting held on 28th January, 2005, appointed Shri. U. K. Paine as a director in the casual vacancy caused by the resignation of Shri. P. V. Risbud. Shri. U. K. Paine is a graduate in science (chemistry) and post graduate in technology (chemical engineering). He is a member of Indian Institute of Chemical Engineers and Center for Science and Environment and acting as an advisor (technical expert) to Joint Director of Industrial Safety and Health, Kolhapur. He has 15 years professional experience and expert knowledge in technology. The Board of directors have, therefore, considered the appointment in the best interest of the Company.
- (B) The Company has received a notice alongwith a deposit of Rs. 500/-, as required under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Shri. U. K. Paine as a director of the Company.

Your Directors, therefore, recommend the proposed resolution for your approval.

Except Shri. U K Paine, no any other director is concerned or interested directly or indirectly in the resolution.

ITEM NO. 7

SEBI, by its Circular No. SEBI / CFD / DIL / CG /1 /2004 /12 /10, Dated October 29, 2004, has revised the clause 49 of the listing agreement relating to corporate governance.

As per the provisions of the sub clause 1(B) of the revised clause 49 of the listing agreement with the stock exchange, all fees / compensation, if any, paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting.

Your Company is paying Rs. 500/- as sitting fees to non executive directors for attending meetings of the Board and / committee thereof, which is within permissible amount of Rs. 10000/- prescribed under the provisions of the Companies Act, 1956 and rules made thereunder.

Your Directors, therefore, recommend the proposed resolution for your approval.

All directors, except whole-time directors-Shri. V. B. Shinde, are concerned or interested in the resolution.

By Order of the Board

Place : Mahad, Dist. - Raigad
Date : 30th July, 2005

C R Bhagwat
Company Secretary

GLOBAL BOARDS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting the Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

The highlights of the Financial Results are as under :

	Year ended 31.3.2005 (Rs. in lacs)	Yearended 31.3.2004 (Rs. in lacs)
Total Income	1905.46	1561.93
Less : Total Expenditure	2149.68	1788.84
Profit/(Loss) before interest and depreciation	(244.22)	(226.91)
Less: Interest & Finance Charges	24.71	31.35
Prior Year Adjustment	14.00	(3.58)
Foreign Exchange Fluctuation	(29.21)	(458.30)
Profit / (Loss) Before Depreciation	(253.72)	203.62
Less : Depreciation & Deferred Revenue Expenses	834.98	834.98
Total Loss Carried to Balance Sheet	(1088.70)	(631.36)
PRODUCTION	9261 M.T.	4688 M.T.

OPERATIONAL PERFORMANCE-

During the year, the income of the the company was Rs. 1905.46 lacs, which have been higher by Rs. 342.53 lacs over the previous year. The turnover of the Company has been increased by 23% over the previous year. The company has been operating both, P-8 & P-10 machines during the year and has increased its production by 98% over the previous year.

DIVIDEND

In view of the losses incurred during the year under the review, your directors are not in the position to recommend any dividend for the year 2004-2005.

FIXED DEPOSITS

During the year under review, the Company has neither invited nor accepted/ renewed any deposit from the public within the meaning of section 58 A & 58 AA of the Companies Act, 1956.

PROVISIONS OF SICA, 1985 & SRFAESI ACT, 2002

As informed in the previous year's Directors' report, due to accumulated losses exceeding its net-worth the Company's reference was registered with BIFR (Board) on 05.07.2000. The Board, vide its order dated 30th August 2001, has declared the Company as a Sick Industrial Company under Section 3 (1) (O) of the Sick

Industrial Companies (Special Provisions) Act, 1985 (SICA, 1985). The first hearing was held on 22.11.2000, wherein IDBI was appointed as the operating agency. The management has given restructuring proposal to the operating agency in January 2004. On 30.06.2004 the Hon'ble BIFR instead of granting further time as required by IDBI, the lead institution, (which was consistently trying to evaluate the best revival option) vide their letter dated 31.05.2004, upto 31.08.2004 confirmed its prima facie opinion to wound up the company u/s 20(4) of the Act. Keeping in view the best interest of the company , its promoters, guarantors, secured creditors, shareholders, workers, and public at large approached AAIFR and submitted an Appeal on 16.08.2004 against the BIFR Order dated 13.06.2004. In the meantime, some of the Banks and Financial Institutions have assigned to Asset Reconstruction Company (India) Limited (ARCIL) u/s 5 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SRFAESI Act, 2002), the financial assistance granted by these FIs and Banks to GBL together with all security interest in respect thereof and all rights in respect thereof.

CORPORATE GOVERNANCE

Your company is fully committed to achieving the highest standards of corporate governance set out by the Securities & Exchange Board of India (SEBI) . The Corporate Governance practices followed by the Company are indicated separately in the annexure forming part of this report. Your directors are pleased to inform you that your company has complied with the conditions of corporate governance. A certificate from M/s D. N. Kanabar & Co., Chartered Accountants, statutory auditors of the Company, regarding to the conditions of corporate governance as stipulated under clause 49 of the listing agreement is annexed to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your directors place on record a Responsibility Statement stating that :

- In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Accounting policies selected were applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2005 and of the

13th ANNUAL REPORT 2004-05

loss of the company for that date;

- iii) Proper and sufficient care has been taken 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 fraud and other irregularities;
- iv) The annual accounts the Company have been prepared on a going concern basis.

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.

PARTICULARS OF EMPLOYEES

Information required to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable as none of the employee was in receipt of a remuneration of Rs. 2,00,000/- and above per month or Rs. 24,00,000/- and above per annum during the year.

INSURANCE

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

LISTING OF EQUITY SHARES

The Company's equity shares are listed on The Stock Exchange, Mumbai and the Company has paid the listing fees for the year 2005-06 to The Stock Exchange, Mumbai.

DIRECTORS

During the year under review, Shri. V. B. Shinde was appointed as a whole-time director, subject to approval of the Central Government and members of the Company in place of Shri. Girish Kumar Agarwal, a whole-time director, who has resigned with effect from 14/12/2004. Shri. U. K. Paine was also appointed as a director of the Company in place of Shri P. V. Risbud, who has resigned w.e.f. 28/01/ 2005. Shri. Arvind K. Rateria, Managing Director, has resigned w.e.f. 31/01/ 2005. During the year under report, Industrial Development Bank of India (IDBI) has withdrawn Shri. B. W. Ramteke, as its nominee from the Board of the

Company w.e.f. 23/12/2004. The Board places on record its appreciations of the services rendered by Shri. Girish Kumar Agarwal, Shri. Arvind K. Rateria, Shri. P. V. Risbud and Shri. W. B. Ramteke to the Company.

Shri. V. B. Shinde and Shri. U. K. Paine hold offices as such upto the date of the forthcoming annual general meeting. The Company has received notices proposing their appointments under section 257 of the Companies Act, 1956 and the relevant resolutions for the appointment are proposed in the notice for the annual general meeting.

Mrs. Rachana Dogra, Director of the Company, retires by rotation at the ensuing annual general meeting and being eligible, offers herself for re-appointment.

INDUSTRIAL RELATIONS

During the year, industrial relations with employees were cordial. Your directors place on record their sincere appreciation of the services rendered by the employees.

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 members are requested to consider their re-appointment for the current year and to fix their remuneration.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore no further explanation is considered necessary.

APPRECIATION

Your directors take this opportunity to place on record their deep sense of gratitude to the Financial Institutions, Bankers, Central and State Government Departments, Customers, Suppliers, Business Associates and Local Authorities for their continued support and co-operation from time to time to the Company.

Your directors also place on records their appreciation of the contribution made by all the employees at all levels during the year and look forward to their continued support. Lastly, your directors are deeply grateful for the confidence and faith shown by the members of the company in them.

For and on behalf of the Board

V. B. Shinde

U. K. Paine

Whole-time Director

Director

Place : Mahad

Dated : 30th June, 2005

GLOBAL BOARDS LIMITED

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 31/03/2005	Year ended 31/03/2004
A. Power and Fuel Consumption		
Electricity		
(a) Purchased:		
Units (Kwh)	6,529,600	3,970,612
Total Amount (Rs.)	27,652,530	20,374,610
Rate/Unit (Rs.)	4.23	5.13
(b) Own Generation :		
Units (Kwh)	--	--
Total Amount (Rs.)	--	--
Rate/Unit (Rs.)	--	--
Furnance Oil		
(a) Consumption :		
Units (Liters)	1,608,865	954,486
Total Amount (Rs.)	17,650,355	9,955,893
Rate/Unit (Rs.)	10.97	10.43
B. Consumption per unit of Production		
Electricity (Kwh)	705.06	846.97
Furnance Oil (Liters)	173.72	203.60

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 :

	31/03/2005 (Rs. in lakhs)	31/03/2004 (Rs. in lakhs)
Earnings	7.26	--
Outgo :		
Raw Material & Chemicals	231.54	168.05
Foreign Travel	--	2.39
Total Outgo	224.28	170.44

For and on behalf of the Board

Place : Mahad
Dated : 30th June, 2005

V. B. Shinde
Whole-time Director

U. K. Paine
Director

13th ANNUAL REPORT 2004-05**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE:**

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

PERFORMANCE:

During the year, the company has been operating both, P-8 & P-10 Machines and made production 9261 M.T., which has been higher by 98% than the previous year's production. The total income of the Company during the year was increased by 23% over the income of the previous year.

SEGMENT-WISE PERFORMANCE:

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

OPPORTUNITIES & THREATS:

The paper industry has undergone significant changes during the past few years, which has affected the company's ability to generate profits and has been suffering continuous losses. However, the Company will be able to generate sufficient cash flows in order to meet its obligations as and when they fall due for payment in foreseeable future because of the following:

- (a) Introduction of new products so as to improve capacity utilization and generate better contribution.
- (b) Reduction in overall expenses.
- (c) Finalization of revival proposal by BIFR/ ARCIL – providing for restructuring of loan portfolio, reassessing the working capital requirements and other reliefs and concessions.

RISKS AND CONCERNS:

Though the company has been able to reduce cost but the risk of valuable market remains, also a captive power generation is must to make it more competitive.

OUTLOOK:

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

INTERNAL CONTROL SYSTEM:

In last four years, the company has concentrated on reduction of fixed expenses and has also reduced direct variables particularly in power, steam and water cost. It has concentrated on value added products to achieve better results and optimise on available cash flow. The management is ensuring an effective internal control system to safeguard the assets of the company and that the financial statements and reports give a true and fair view.

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 it's staff and employees. Hence, all the vacancies, during the year, were filled by promoting it's own staff. Due to increase in production, additional people need to be inducted.

For and on behalf of the Board

Place : Mahad
Dated : 30th June, 2005

V. B. Shinde
Whole-time Director

U. K. Paine
Director