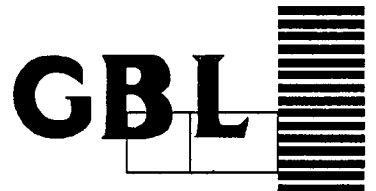


*16th Annual Report 2007-08*



GLOBAL BOARDS LIMITED

## BOARD OF DIRECTORS

Rangarajan Desikachar	Whole-time Director	(upto 27.10.2008)
Anish Modi	Director	(upto 07.04.2008)
Denys Firth	Director	(upto 07.04.2008)
Chetan Jain	Alternate Director of Denys firth	(upto 07.04.2008)
Narayan Seshadri	Director	(upto 28.03.2008)
D. K. Singh	Additional Director	(from 27.10.2008)
Bipin Mhatre	Additional Director	(from 27.10.2008)
Cyrus E. Cooper	Director	(upto 31.07.2007)
Sanjay Hinduja	Director	(upto 31.10.2007)
Dr. G. K. Pillai	Special Director appointed by BIFR	(from 07.11.2007)
Vandana Pakle	Non Executive Director	(upto 27.10.2008)

### REGISTERED OFFICE & FACTORY

Plot. No. K-5, Addl. MIDC, Industrial Area,  
Mahad – 402 302, District – Raigad, Maharashtra.

### SHARE TRANSFERS

Sharex Dynamic ( India) Pvt.Ltd.  
Unit No-1, Luthara Ind. Premises,  
Andheri Kurla Road ,Safed pool,  
Andheri ( E), Mumbai 400 072

### AUDITORS

**S.R.BATLIBOI & CO**  
Chartered Accountants  
Mumbai

Contents	Page No.
Notice	3
Directors' Report	6
Corporate Governance Report	10
Management Discussion and Analysis Report	18
Auditors' Report	19
Balance Sheet	23
Profit & Loss Account	24
Schedules	25
Notes to Account	31
Cash Flow Statement	41
Balance Sheet Abstract	42

**NOTICE**

NOTICE is hereby given that the sixteenth annual general meeting of the shareholders of the Company will be held on Wednesday the 24<sup>th</sup> day of December, 2008, at the Registered Office of the Company at Plot No. K-5, Additional MIDC Industrial Area, Mahad, 402302 District Raigad, at 09.00 am to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and Profit and loss account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, Mumbai, the retiring Auditors as the Auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting at the remuneration to be fixed by the Board of Directors.

**SPECIAL BUSINESS :**

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

RESOLVED THAT Mr. Bipin Mhatre, who was appointed as an additional director of the Company by the Board of Directors from 27<sup>th</sup> October, 2008 and who hold office upto the date of this annual general meeting and is eligible for appointment as Director and in respect of whom the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a director liable to retire by rotation.

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

RESOLVED THAT Mr. Dinesh Kumar Singh, who was appointed as an additional director of the Company by the Board of Directors from 27<sup>th</sup> October, 2008 and who hold office upto the date of this annual general meeting and is eligible for appointment as Director and in respect of whom the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a director liable to retire by rotation.

**NOTES:**

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under items 3 to 4 set out above are annexed hereto. The relevant details in respect of directors who are being appointed in this meeting as required by clause 49 of the listing agreement are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from 22<sup>nd</sup> December, 2008 to 23<sup>rd</sup> December, 2008 both days inclusive.
4. Members/proxies should bring the enclosed attendance slip duly filled in for attending the meeting along with the annual report.

## GLOBAL BOARDS LIMITED

5. 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.
6. 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.
7. Please intimate the changes, if any, in your registered address, to the Company's Registrar & Share Transfer Agent at the following address:-

Sharex Dynamic (India) Pvt. Ltd.  
Unit No-1, Luthara Ind. Premises,  
Andheri Kurla Road , Safed pool,  
Andheri ( E), Mumbai 400 072

Dated : 27.10.2008

**Registered Office:**

Plot K 5, Additional MIDC Industrial Area,  
Mahad, Dist. Raigad  
Pin 402302

**By Order of the Board**

sd/-

Whole-time Director

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

(In pursuance of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	Dinesh Kumar Singh	Bipin Mhatre
<b>Date of Birth</b>	16 <sup>th</sup> July 1969	21 <sup>st</sup> June 1973
<b>Date of Appointment</b>	27 <sup>th</sup> October, 2008	27 <sup>th</sup> October, 2008
<b>Qualification</b>	B. Com	B. Com
<b>Experience in special functional areas</b>	More than 18 years working experience in Excise, Service Tax and Dispatch	More than 13 years working experience in Financial Accounts and Secretarial matters
<b>Chairman/ Director in other Companies</b>	Nil	Nil
<b>Chairman/ Member of Committees of the Board of Companies of which he or she is a Director</b>	Nil	Nil

## EXPLANATORY STATEMENT

The following Explanatory Statements sets out all material facts relating to the business mentioned under item no. 3 & 4 of the accompanying notice dated 27.10.2008.

### Item No. 3

Mr. Bipin Mhatre is appointed as an Additional Director by the Board of Directors of the Company w.e.f. 27.10.2008. In accordance with the provisions of section 260 of the Companies Act, 1956 (Act), Mr. Bipin Mhatre will hold office as a Director upto the date of the ensuing annual general meeting. The Company has received a notice in writing with requisite deposit under section 257 of the Act from a member proposing his candidature for the office of Director.

Mr. Bipin Mhatre is B.Com and having more 13 years working experience in Financial Accounts and Secretarial Department of the company. Your Directors therefore, recommend for approval the Resolution in item no. 3 of the notice of the meeting.

None of the Directors except Mr. Bipin Mhatre is concerned or interested in item no. 3 of the notice.

### Item No. 4

Mr. Dinesh Kumar Singh is appointed as an Additional Director by the Board of Directors of the Company w.e.f. 27.10.2008. In accordance with the provisions of section 260 of the Companies Act, 1956 (Act), Mr. Dinesh Kumar Singh will hold office as a Director upto the date of the ensuing annual general meeting. The Company has received a notice in writing with requisite deposit under section 257 of the Act from a member proposing his candidature for the office of Director.

Mr. Dinesh Kumar Singh is B.Com and having more 18 years working experience in Excise, Service Tax and Dispatch Department of the company. Your Directors therefore, recommend for approval the Resolution in item no. 4 of the notice of the meeting.

None of the Directors except Mr. Dinesh Kumar Singh is concerned or interested in item no. 4 of the notice.

**By Order of the Board**

sd/-

Whole-time Director

Dated: 27.10.2008

**Registered Office:**

Plot K 5, Additional MIDC Industrial Area,  
Mahad, Dist. Raigad  
Pin 402302

## DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in submitting the Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

## FINANCIAL RESULTS

The highlights of the Financial Results are as under:

	Year 31.03.2008	(Figures in Rupees) Year 31.03.2007
Total Income	<b>135,671,809</b>	54,647,296
Less : Total Expenditure	<b>292,288,454</b>	157,007,063
Profit /(Loss) before interest and depreciation	<b>(156,616,645)</b>	(102,359,767)
Less :Interest & Finance Charges	<b>(3,924,362)</b>	(23,030,360)
Less : Depreciation / Amortisation	<b>(81,802,773)</b>	(81,620,856)
Profit /(Loss) Before Tax & exceptional item.	<b>(242,343,780)</b>	(207,010,983)
Add : Exceptional item	—	1,328,983,428
Profit /(Loss) before tax & after exceptional item.	<b>(242,343,780)</b>	1,121,972,445
Less : Fringe Benefit Tax	<b>(213,576)</b>	(313,585)
Profit / (Loss) during the year	<b>(242,557,356)</b>	1,121,658,860
Balance Brought Forward from Previous Year	<b>(944,285,740)</b>	(1,771,505,715)
Capital Reduction	—	739,625,040
Transfer to Special Reserve	—	(1,034,063,925)
<b>Profit /(Loss) Carried to Balance Sheet</b>	<b>(1,186,843,096)</b>	(944,285,740)

## OPERATIONAL PERFORMANCE

During the year, the company had taken many initiatives in line with the rehabilitation plan in the operational areas ;

- Market – Dealer network was established (8 dealers in West and 8 in South)
- Products – Duplex boards and white top kraft boards successfully marketed to premium customers (Kingfisher, Nokia, HLL, etc.)
- Production – Run-ability of all machines was established and complete refurbishment requirements to improve uptime, quality and costs have been arrived at.
- Operating / marketing team was brought in place – also, external experts were tied in to provide support and guidance on an ongoing basis.
- Wage settlement with the workers was arrived at.

The management continued its efforts to obtain waivers and concessions as granted by BIFR order dated 4<sup>th</sup> December, 2006 and the directions issued under subsequent proceedings of the review hearing held on 22<sup>nd</sup> October, 2007.

During the year, the company had approved the transformation strategy and planned to change its product portfolio. The implementation plan included the process reengineering and refurbishment plans. The installation

of Coal Fired Boiler had started and the management made continuous efforts for to bring in additional finance.

However, subsequent to 31<sup>st</sup> March, 2008 the turmoil in economic environment has rendered it difficult to continue production and implementation of transformation strategy.

### **DEBENTURES ISSUED TO ASSET RECONSTRUCTION COMPANY INDIA LIMITED (ARCIL)**

Due to paucity of working capital, the Company could not service the debentures issued under rehabilitation scheme approved by BIFR. The Company was *in arrears in regard* to payment of interest and redemption of part of the debentures which became due in April 2007. On a representation made by the Company, ARCIL agreed to extend the redemption of debentures till 30<sup>th</sup> October 2008.

### **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.

### **CORPORATE GOVERNANCE**

The Corporate Governance practices followed by the Company are indicated separately in the annexure forming part of this report. A certificate from the statutory auditors of the Company, regarding the conditions of corporate governance as stipulated under clause 49 of the listing agreement is annexed to this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i.) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii.) Accounting policies selected were applied consistently and have made judgments and estimates that are reasonable and prudent ;
- 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 of the Company have been prepared on a going concern basis.

### **DIRECTORS**

Mr. Narayan K. Seshadri resigned as director from 28<sup>th</sup> March 2008. Mr. Anish Modi and Mr. Denys Firth resigned as directors from 7<sup>th</sup> April 2008. Mr. D. Rangarajan, Whole Time Director and Mrs. Vandana Pakle resigned from Board of Directors w.e.f. 27.10.2008. The Directors place on record their appreciation of the guidance and advice received from them.

Mr. Bipin Mhatre and Mr. D. K. Singh has been appointed w.e.f. 27.10.2008, as an Additional Directors on the Board pursuant to section 260 of the Companies Act, 1956 upto the conclusion of the forthcoming Annual General Meeting of the company.

### **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

## **GLOBAL BOARDS LIMITED**

---

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 interests of the Company including inventories, building, plant & machinery, equipments and others to the extent necessary are adequately insured.

### **LISTING OF EQUITY SHARES :**

The Company's equity shares are listed on The Bombay Stock Exchange Limited and the Company is in arrears of payment of listing fee for the year 2008-09 due to very tight liquidity position. The Company obtained approval from BSE for listing its shares issued after reduction of capital and consolidation pursuant to rehabilitation scheme. These approvals were received after 31<sup>st</sup> March 2008. The Company has approached BSE for resumption of trading of its shares.

### **EXTENSION OF TIME FOR HOLDING ANNUAL GENERAL MEETING & ADOPTION OF ANNUAL ACCOUNTS**

The Board of Directors made an application with Registrar of Companies (ROC) for extension of time for holding Annual General Meeting & adoption of annual audited accounts for 31.03.2008. The company received approval from ROC upto 31.12.2008.

### **INDUSTRIAL RELATIONS :**

During the year, industrial relations with employees were cordial. The Board of Directors in its meeting held on 27.10.2008 has given its consent to launch a Voluntary Retirement Scheme (VRS).

### **AUDITORS**

M/s S.R. Batliboi & Co., Chartered Accountants, the auditors retire at the conclusion of the ensuing annual general meeting. They have furnished the certificate of eligibility under Section 224(1B) of the Companies Act, 1956 in case of reappointment. The members are requested to consider their re-appointment for the current year and fix their remuneration.

### **AUDITORS' REPORT**

The observations made in the Auditors' Report are self-explanatory. As regards point no vi, vii, viii and ix of the Auditors' Report please refer to Notes 1.2 and 2.10 given in Schedule 19 attached to and forming part of the financial statements for the year ended 31<sup>st</sup> March, 2008.

### **APPRECIATION**

Your directors also place on record their appreciation of the contribution made by all the employees at all levels during the year.

**For and on behalf of the Board**

Sd/-	Sd/-
Director	Director

Place : Mahad

Date : 27.10.2008



## 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.

**CONSERVATION OF ENERGY**

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

		(Figures In Rs. )	
		<u>Year ended</u> <u>31/03/2008</u>	<u>Year ended</u> <u>31/03/2007</u>
<b>A. Power &amp; Fuel Consumption</b>			
(1)	(i) Electricity		
	Purchased :		
	Units (Kwh)	<b>5,968,080</b>	3,360,080
	Total Amount (Rs.)	<b>35,156,594</b>	21,884,816
	Rate / Unit (Rs.)	<b>5.89</b>	6.51
	(ii) Own Generation :	<b>Nil</b>	Nil
	Units (Kwh)		
(2)	Furnace Oil		
	Consumption :		
	Units (Liters)	<b>1,302,500</b>	703,914
	Total Amount (Rs.)	<b>23,214,187</b>	11,542,235
	Rate / Unit (Rs.)	<b>17.82</b>	16.40
<b>B. Consumption per unit of Production</b>			
	Electricity (Kwh)	<b>973.11</b>	1073.17
	Furnace Oil (Liters)	<b>212.38</b>	224.82

**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.

		(Figures In Rs. )	
		<u>Year ended</u> <u>31/03/2008</u>	<u>Year ended</u> <u>31/03/2007</u>
Earnings :			
	Exports at F.O.B. value	<b>19,534,339</b>	4,267,625
Outgo :			
Value of imports calculated on C.I.F. basis:			
	Raw Material & Chemicals	<b>94,978,756</b>	53,800,357
	Foreign Travel	<b>NIL</b>	NIL

**For and on behalf of the Board**

Sd/-

Sd/-

Director

Director

Place : Mahad

Date : 27.10.2008

**CORPORATE GOVERNANCE REPORT**

**1. COMPANY PHILOSOPHY:**

The Company firmly believes in corporate governance to ensure transparency, timely disclosures and independent monitoring the functioning of the Company to enhance the value of its shareholders.

**2. BOARD OF DIRECTORS**

**(A) Composition**

The Board of the Company as at March 31, 2008 comprised five directors. The Company was a sick Company and as per rehabilitation scheme approved by the Board for Industrial and Financial Reconstruction (BIFR), five directors were appointed on the Board to implement and monitor the rehabilitation scheme.

The details of directors and their other directorship (including alternate directorship)/ membership on other boards or board committees are as under.

Name of Director	Category of Directorship	No. of other Directorship(s) held in Companies		No. of other Committee Membership	
		Public	Private	Chairman	Member
Mr. Narayan K. Seshadri [*&]	Non-executive Director	6	4	1	2
Mr. D Rangarajan	Executive Director	–	–	–	–
Mr. Anish Modi	Independent Nominee Director	6	3	–	6
Mr. Denys Firth	Independent Nominee Director	5	3	–	7
Mr. Chetan Jain	Independent Alternate Director to Mr. Denys Firth	2	1	–	–
Ms. Vandana Pakle [\$]	Non-executive Director	–	1	–	–
Dr. G.K. Pillai [#]	Special Director appointed by BIFR (Independent)	–	–	–	–
Mr. Cyrus Cooper [@]	Non-executive Director	–	3	–	–
Mr. Sanjay Hinduja [%]	Non-executive Director	–	2	–	–

\*& Appointed from 31<sup>st</sup> July 2007; Resigned from 28<sup>th</sup> March 2008

\$ Appointed from 31<sup>st</sup> October 2007

# Appointed from 7<sup>th</sup> November 2007. Provisions of Clause 49 are not applicable to the special director appointed by the BIFR.

@ Resigned from 31<sup>st</sup> July 2007

% Resigned from 31<sup>st</sup> October 2007

**(B) Directors Interest in the Company & Attendance Record**

The details of the Board Meetings held and the attendance record of directors as well as their fees/remunerations paid are given in the following table.

Directors	No. of Board Meetings		Attendance at the Last AGM	Remuneration Paid During 2007-2008 (All figures in Rupees)			
	Held	Attended		Sitting Fees	Salary & Perks	Contribution on to Provident Fund	Total
Mr. Cyrus E. Cooper (resigned from 31.07.2007)	5	2	NA	-	-	-	-
Mr. Sanjay Hinduja (resigned from 31.10.2007)	5	1	NA	-	-	-	-
Mr. Narayan K Seshadri (Appointed from 31.07.2007 and resigned 28.03.2008)	5	2	Yes	-	-	-	-
Mr. D. Rangarajan	5	4	Yes	-	1,749,996	-	1,749,996
Mr. Anish Modi	5	5	No	-	-	-	-
Mr. Denys Firth	5	1	No	-	-	-	-
Mr. Chetan Jain (Alternate to Mr. Denys Firth)	5	3	No	-	-	-	-
Ms. Vandana Pakle (appointed from 31.10.2007)	5	2	Yes	-	-	-	-
Dr. G. K.Pillai (appointed from 7.11.2007)	5	2	No	20,000	-	-	-

**(C) Board Procedure**

During the year under review, the Board of the Company met five times and the maximum time gap between any two meetings did not exceed three months. Notices along with Agenda papers were sent to Directors in advance of each Board Meeting. The necessary information including agenda, the workings & statements containing status of various matters were placed before the Board of the Company.

The details of Board meetings held and the Directors' attendance in each meeting are given in the following table.

Meeting Held At	Date of Board Meeting	No. of Directors Present
Mumbai	April 30, 2007	04
Mumbai	July 31, 2007	04
Mumbai	October 31, 2007	04
Mumbai	December 7, 2007	06
Mumbai	January 31, 2008	04

## GLOBAL BOARDS LIMITED

Brief resume summary of the directors seeking appointment/re-appointment during the year have been disclosed in the annexure to the notice to the Annual General Meeting.

### 3. AUDIT COMMITTEE:

The role and the powers of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchange. The Audit Committee consists of one non-executive independent director, one (independent) special director (appointed by the BIFR) and one executive director as at 31<sup>st</sup> March 2008. During the year under review, four audit committee meetings were held and the attendance of the members at the meetings is follows:

Name of Member	Category of Director	Status	No. of Meetings Attended
Mr. Cyrus E. Cooper (resigned from 31/07/07)	Non-executive	Member	2
Mr. Sanjay Hinduja (resigned from 31/10/2007)	Non-executive	Member	1
Mr. D. Rangarajan	Executive Director	Member	2
Mr. Narayan K Seshadri (Appointed from 31/07/2007 to 28/03/2008)	Non-executive	Member	1
Ms. Vandana Pakle (appointed from 31/10/2007)	Non-executive	Member	1
Dr. G.K.Pillai (appointed from 7/11/2007)	Special Director appointed by BIFR	Member	1

### 4. CODE OF CONDUCT

The Board of Directors has laid down the Code of Conduct, applicable to all Board members and senior executives of the Company. All Board members and senior management executives have affirmed compliance with the Code of Conduct.

### 5. REMUNERATION COMMITTEE

The Remuneration Committee consisted of following members: -

1. Mr. Cyrus Cooper (Chairman) (upto 31<sup>st</sup> July 2007)
2. Mr. Narayan K. Seshadri (upto 28<sup>th</sup> March 2008)
3. Mr. Sanjay Hinduja (upto 31<sup>st</sup> October 2007)
4. Mr. D. Rangarajan
5. Ms. Vandana Pakle (from 31<sup>st</sup> October 2007)

During the year, one meeting of the Remuneration Committee was held on 30<sup>th</sup> April, 2007 to consider and recommend payment of remuneration to the Executive Director. This meeting was attended by two Directors other than the special director.

### 6. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee consisted of following members: -

1. Mr. Anish Modi
2. Mr. Sanjay Hinduja (upto 31<sup>st</sup> October 2007)
3. Mr. Denys Firth (Mr. Chetan Jain as alternate director)
4. Mr. Cyrus E. Cooper (upto 31<sup>st</sup> July 2007)
5. Mr. Narayan K Seshadri (from 31<sup>st</sup> July 2007 to 28<sup>th</sup> March 2008)

During the year, one meeting of the Committee was held, the chairman of the meeting was Mr. Narayan K Seshadri, and was attended by 3 directors.

During the year under review, the Company has looked into the redressal of shareholders and investors' complaints like transfer / transmission of shares, non-receipt of balance sheet, demat etc. The details of complaints received and solved are given in the following table.

<b>Complaints Received</b>	<b>Complaints Cleared</b>	<b>Pending on 31st day of March, 2008</b>
15	15	NIL

**7. DETAILS OF GENERAL BODY MEETINGS:**

(i) Date, Time & Location of the last three Annual General Meetings and details

<b>AGM and date</b>	<b>Time</b>	<b>Location</b>	<b>No. of Special Resolution passed</b>
15 <sup>th</sup> AGM - 31 <sup>st</sup> December 2007	9.30 am	Plot. No. K-5, Addl. MIDC, Industrial Area, Mahad – 402 302, District – Raigad, Maharashtra.	NIL
14 <sup>th</sup> AGM - 28 <sup>th</sup> December 2006	10:00 am	=DO=	NIL
13 <sup>th</sup> AGM - 26 <sup>th</sup> September 2005	11:00 am	=DO=	NIL

(ii) Postal Ballot

No postal ballot was conducted during the year.

**8. DISCLOSURES:**

**(A) Related party transactions**

Particulars of related party transactions are listed out in Schedule 19 of the Balance Sheet forming part of the Annual Report. During the year, there were no transactions of material nature with the directors or the management or their relatives that had potential conflict with the interest of the Company.

**(B) Disclosure of accounting treatment**

The Company has followed all relevant Accounting Standards while preparing the financial statements.

**(C) Risk Management**

The Company has set up procedures for risk assessment & risk minimization.

**(D) Proceeds from public issues, right issues, preferential issues etc**

During the year, the Company has not raised funds through public issues, right issues or preferential issue.

**(E) Management**

The Management Discussion and Analysis Report, published as a separate section of this report is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement and forms part of the Annual Report.

**(F) Details of non-compliance by the company**

The Company was a sick Company under the provision of Sick Industrial Companies Act, 1985. Due to non payment of listing fees to Bombay Stock Exchange ('BSE'), the trading of Companies equity shares have been suspended. The Company has already paid the arrears of listing fees to BSE and initiated the process of revocation of suspension of trading and listing the shares issued by the Company after reduction of capital pursuant to BIFR order.

**(G) Disclosure of Directors seeking appointment / reappointment**

The details pertaining to Directors seeking appointment / reappointment are furnished as annexure to Notice convening the Annual General Meeting.

**(H) Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee**

At present the Company has no whistle-blower policy. However, no personnel has been denied access to the audit committee.

**(I) Details of Compliance with mandatory requirements and adoption of the non -mandatory requirements of this clause**

Subject to what is disclosed below, the Company has not complied with mandatory requirements:

1. The audit committee does not have the minimum number of independent directors as required by Clause 49 (II)(A)(i) of the Listing Agreement.
2. The audit committee does not have an independent chairman as required by Clause 49 (II)(A)(iii) of the Listing Agreement.
3. The Company is yet to appoint a full time Company Secretary pursuant to section 383-A of the Companies Act, 1956, so the Company does not comply with requirement of Clause 49 (II)(A)(vi) of the Listing Agreement.
4. There is delay in submission of quarterly results for the quarter ended March 31, 2008 to the stock exchange as per the provisions of Clause 49 (IV)(G)(ii) of the Listing Agreement.

As regards the non - mandatory requirements they are in the process of being complied with.

**(J) CEO/CFO Certification**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges the Whole-time Director of the Company has certified to the Board, compliance with Clause 49 (V) regarding CEO/ CFO certification.

**(K) Report on Corporate Governance**

A separate section on Corporate Governance forms part of the Annual Report. Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance, as stipulated in clause 49 of the Listing Agreement of the Stock Exchanges in India, forms part of this report.

**9. MEANS OF COMMUNICATION :**

➤ Quarterly Results:	The Board of Directors approves & takes on record the quarterly results
➤ Newspapers wherein results normally published	Navashakti (Marathi edition) and Free Press Journal (English edition)
➤ Any Web site, where displayed	The Company, at present, has no website. Electronic Data Information Filing and Retrieval System (EDIFAR) can be accessed for financial data. <a href="http://sebidifar.nic.in">http://sebidifar.nic.in</a> • <a href="http://bseindia.com">http://bseindia.com</a>
➤ Whether it also displays official news releases	Yes
➤ Presentation made to Institutional Investors or to Analyst	No

Pursuant to the requirement of Clause 47 (F) of the Listing Agreement, the company has also created email address for making investor's grievance directly i.e. [co.secretary@globalboards.in](mailto:co.secretary@globalboards.in)

**10. GENERAL SHAREHOLDERS INFORMATION:**

## (i) Annual General Meeting

Day	Wednesday
Date	December 24, 2008
Time	09.00 a.m.
Place	The Company's Registered Office K-5, Addl. MIDC, Industrial Area Mahad - 402 302 Dist. Raigad (Maharashtra)

(ii) Dates of Book Closure 22<sup>nd</sup> day of December 2008 to 23<sup>rd</sup> day of December 2008 (both days inclusive)

(iii) Stock Code GLOBA BOARDS 500159

Demat ISIN code New ISIN INE085D01025

Old ISIN INE085D01017\*

\* The old ISIN code is being suspended by the NSDL, as the Company has submitted new Corporate Action Form with NSDL and CDSL subsequent to the reduction of capital and fresh issue of shares on 30<sup>th</sup> March 2007 pursuant to the BIFR Order dated 4<sup>th</sup> December, 2006

## (iv) Market Price Data :

As during the year, the trading of Company's shares remained suspended, no trading took place. Hence, market price data are not furnished.

## (v) Registrar and Share Transfer Agents:

<b>Registrar &amp; Transfer Agents</b>	<b>For Share Transfer &amp; other Communication relating to Share Certificates, Change of address etc.</b>
Sharex Dynamic (India) Pvt.Ltd. Unit No-1, Luthara Ind. Premises, Andheri Kurla Road ,Safed pool, Andheri ( E), Mumbai 400 072	Secretarial Department K-5, Addl. MIDC, Industrial Area Mahad - 402 302 Dist. - Raigad (Maharashtra)

## (vi) Share Transfer System:

Share transfer requests are registered within an average period of 25 to 30 days from the date of receipt.

(vii) Distribution of Shareholding as on 31<sup>st</sup> March, 2008**CATEGORIES OF SHAREHOLDING AS ON 31ST DAY OF MARCH, 2008**

<b>S. No.</b>	<b>Category</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Share</b>
01	Individual	57,685	95.00	499,787	4.24
02	Corporate	514	0.85	77,540	0.66
03	Financial Institutions	6	0.01	9,527	0.08
04	Foreign Institutional Investors	1	0.00	428	0.00
05	NRIs/OCBs	2,517	4.14	11,209,746	95.02
06	Banks	1	0.00	68	0.00
	<b>TOTAL</b>	<b>60,724</b>	<b>100.00</b>	<b>11,797,096</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING AS ON 31ST DAY OF MARCH, 2008**

S. No.	No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
01	1-500	60,622	99.84	471,073	3.99
02	501-1000	61	0.10	43,853	0.37
03	1001-2000	23	0.04	32,338	0.28
04	2001-3000	9	0.01	21,346	0.18
05	3001-4000	-	-	-	-
06	4001-5000	5	0.01	23,795	0.20
07	5001-10000	2	0.00	12,770	0.11
08	10001 & above	2	0.00	11,191,921	94.87
	<b>TOTAL</b>	<b>60,724</b>	<b>100.00</b>	<b>11,797,096</b>	<b>100.00</b>

(viii) Dematerialisation of Share and Liquidity

As on 31<sup>st</sup> March 2008, 4.28 % of Company's total Shares representing 504,920 Shares were held in dematerialised form and the balance 95.72% representing 11,292,176 Shares were in physical form.

- (ix) Plant Location : K-5, Addl. MIDC, Industrial Area  
Mahad – 402 302  
Dist. Raigad (Maharashtra)
- (x) Address for Correspondence : K-5, Addl. MIDC, Industrial Area  
Mahad – 402 302  
Dist. Raigad (Maharashtra)  
Ph. : 02145 - 251114 / 251115  
Fax : 02145- 251113  
E Mail ID : [co.secretary@globalboards.in](mailto:co.secretary@globalboards.in)

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31<sup>st</sup> March, 2008.

**For and on behalf of the Board**

sd/-

**Whole Time Director**

Place : Mahad

Date : October 27, 2008



**AUDITORS CERTIFICATE**

To

The Members of Global Boards Limited

1. We have examined the compliance of conditions of Corporate Governance by Global Boards Limited ('the Company') for the year ended March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the Company with Bombay Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation 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 opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, *subject to the following:*
  - a) *The audit committee does not have the minimum number of independent directors as required by Clause 49 (II)(A)(i) of the Listing Agreement.*
  - b) *The audit committee does not have an independent chairman as required by Clause 49 (II)(A)(iii) of the Listing Agreement.*
  - c) *The Company has not submitted result for the quarter ended March 31, 2008 to the stock exchanges as per provision of Clause 49 (IV) (G) (ii) of the Listing Agreement.*
4. *Subject to our comment in paragraph 3 (a), (b) and (c) above,* 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 the above mentioned Listing Agreement.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. Batliboi & Co.**  
Chartered Accountants

Sd/-

**per Vijay Maniar**  
Partner  
Membership No.: 36738

Place: Mumbai  
Date : 28.10.2008

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Overall Industry View**

The Company's products cater to the needs of packaging industry. It targets those segments of packaging industry which would witness a steady increase in the usage of good quality paper boards for attractive and durable packaging. With changing life style and demographics combined with development in organized retail would fuel the demand for the company's products.

### **Company's products**

The Company's products profile comprise of

- White Top Kraft Liner: This product offers dual advantage. It offers the good printability on top and at the same time high strength to packaging.
- Duplex Mass segment with good export potential
- Art Board This is a product used in high end printing.
- Cast Coated Board This is a product with fine finish or mirror finish on top.

### **Opportunities**

During the year, the company had approved the transformation strategy and planned to change its product portfolio. The implementation plan included the process re-engineering and refurbishment plans. The commercial production had been curtailed from 30<sup>th</sup> September, 2007 on account of bare inspection of the oil fired boiler and re-strategisation of new product portfolio. The trial runs were taken to establish the feasibility of production for items from new product portfolio. However, due to the high cost of furnace oil and high cost of electricity, the cost of production was uncompetitive. Consequently, the company had to suspend the production till the oil fired boiler is replaced by coal fired boiler and reduction in cost of electricity is achieved.

During the year, several initiatives in line with the rehabilitation scheme of BIFR were completed.

However, subsequent to 31<sup>st</sup> March, 2008 the turmoil in economic environment has rendered it difficult to continue production and to implement transformation strategy.

### **Risks and concerns**

The Company could not stabilize production during the year due to following reasons.

- Un economic scale of operations due to use of furnace fired boiler resulting from ever increasing cost of furnace oil, high maintenance.
- Non-availability of working capital
- Non availability of term loan for capex expenditure for completion of installation of the existing boiler with the coal fired boiler.
- Organized and well entrenched manufacturers whose products compete with those of the Company.
- Manufacturers in unorganized sector
- Cheap imports

### **Internal Control System**

The Company has internal control system commensurate with the operations of the company. Effective internal control system is in place for safeguarding the assets of the Company and the financial statements give a true and fair view.

### **Industrial relations:**

The Company lays emphasis on human resource development by providing training and encouraging team work. The industrial relations are cordial.

## AUDITORS' REPORT

To  
**The Members of Global Boards Limited**

1. We have audited the attached Balance Sheet of Global Boards Limited ('the Company') as at March 31, 2008 and also the Profit and Loss Account and 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 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 (as amended) 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, *subject to our comments in paragraph vi, vii and viii below*, with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors, are disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - vi. *The Company has not provided interest on debentures for the year amounting to Rs 46,051,900. Consequently, interest expense and loss for the year is understated by the said amount.*
  - vii. *In view of the uncertainty relating to implementation of business plan as stated in Note No. 1.2 of Schedule 19, we are unable to comment on the loss, if any arising on impairment of assets in accordance with Accounting Standard 28 relating to impairment of assets is required to be made.*
  - viii. *As stated in Note No. 1.2 of Schedule 19, we are unable to comment whether the entity is a going concern, in view of erosion of net worth and significant delays in the implementation of revival plan of the Company, the financial statements have been prepared on a going concern basis. Consequently the accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary, if the financial statement would have been prepared on liquidation basis.*
  - ix. *Because of the significance of the matters in paragraph vi, vii and viii above, we are unable to and do not express our opinion on the true and fair view;*
    - a. *in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;*
    - 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 cash flow statement, of the cash flows for the year ended on that date.*

**For S.R. BATLIBOI & Co.**

Chartered Accountants

Sd/-

**per Vijay Maniar**

Partner

Membership No.: 36738

Place : Mumbai

Date : October 28, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

Re: Global Boards Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act which need to be entered into the register maintained under section 301. Hence sub-clause (a) and (b) of clause (v) of the Order are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, cess have *not been regularly deposited with the appropriate authorities and there have been delays in large number of cases*. There are no dues pending towards Investor education and protection fund. Employees' state insurance is not applicable to the Company.
- (b) Undisputed amounts payable in respect of income tax, wealth tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues outstanding, at the year end, for a period of more than six months from the date they became payable are as under;

Name of the statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates	Due Date	Date of Payment
Group Grampanchayat	Land Tax	863,146	2001-2002	Refer paragraph below	Not paid
Group Grampanchayat	Land Tax	648,001	2002-2003		Not paid
Group Grampanchayat	Land Tax	687,264	2003-2004		Not paid
Group Grampanchayat	Land Tax	686,894	2004-2005		Not paid
Group Grampanchayat	Land Tax	702,662	2005-2006		Not paid
Group Grampanchayat	Land Tax	63,072	2006-2007		Not paid
Provident Fund	PF dues	450,142	September 2005 to April 2006	Refer paragraph below	Not paid
Profession tax	Profession tax	173,183	September 2005 to April 2006		Not paid

Pursuant to the BIFR Order, the above stated dues have been given a moratorium period. Accordingly, the revised schedule for payment of these liabilities commences from ninety days after December 4, 2006 (date of sanction of the Scheme) in twenty equal quarterly instalments.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Cenvat availed on Furnace Oil.	1,208,424	2000-2002	Supreme Court.
Central Excise Act, 1944	Cenvat availed on Capital goods, coating papers and chemicals	793,497	2003-2005	Customs, Excise and Service Tax Tribunal.
Central Excise Act, 1944	Cenvat on inputs used in export of goods	1,034,663	2002-2003	Customs, Excise and Service Tax Tribunal.
Central Excise Act, 1944	Exemption claimed for Pulp consumption	15,276,967	2000-2001	Customs, Excise and Service Tax Tribunal.
Customs Act, 1962	Penalty levied by Commissioner of Customs	1,000,000	1993-1998	Commissioner of Customs
Bombay Sales Tax Act 1959,	Deferment of sales tax liability under the Package Scheme of Incentives.	5,704,000	1996 - 1997	Sales Tax Tribunal
The Foreign Trade (Development and Regulation) Act, 1992	Custom Duty	9,468,900	1993-1994	Director General of Foreign Trade (DGFT)
The Foreign Trade (Development and Regulation) Act, 1992	Interest	20,022,555	1993-2000	DGFT
The Foreign Trade (Development and Regulation) Act, 1992	Interest	7,334,517	2000-2005	DGFT
The Foreign Trade (Development and Regulation) Act, 1992	Interest	1,420,335	2005-2006	DGFT

## GLOBAL BOARDS LIMITED

---

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash loss during the year and in the immediately preceding financial year.*
- (xi) As per the Custodian Agreement dated April 20, 2006 and the BIFR Order dated December 4, 2006, dues to financial institutions and banks were taken over by Asset Reconstruction Company (India) Limited ('ARCIL'). Based on our audit procedures and as per the information and explanations given by the management, *the Company has defaulted in repayment of dues to debentures holders. Debenture interest amounting to Rs.10,966,798, Rs.12,379,725, Rs.12,379,725 and Rs.12,379,725 become due on June 30, 2007, September 30, 2007, December 30, 2007 and March 31, 2008 respectively have not been paid to date.* The Company has not defaulted in repayment of dues to financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year
- (xvii) 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.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) *In respect of debentures issued by the Company and outstanding during the year, the Company has not created any security or charge in respect of debentures issued.*
- (xx) The Company has not raised money from public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & Co.**

Chartered Accountants

Sd/-

**per Vijay Maniar**

Partner

Membership No. 36738

Place : Mumbai

Date : October 28, 2008

**Balance Sheet as at March 31, 2008**

	Schedule	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	117,970,960	117,970,960
Reserves and Surplus	2	1,037,063,925	1,034,063,925
<b>Loan Funds</b>			
Secured Loans	3	821,520,073	819,466,000
Unsecured Loans	4	157,456,065	157,456,065
<b>TOTAL</b>		<b>2,134,011,023</b>	<b>2,128,956,950</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,751,189,003	1,758,646,670
Less: Depreciation		936,304,213	864,125,870
Net Block		814,884,790	894,520,800
Capital work-in-progress		19,480,527	9,396,721
		834,365,317	903,917,521
<b>Current Assets, Loans and Advances</b>			
Inventories	6	103,424,617	70,782,716
Sundry Debtors	7	16,566,009	11,025,938
Cash and bank balances	8	3,141,770	232,424,906
Loans and advances	9	51,441,437	37,841,402
		174,573,833	352,074,962
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	10	56,881,559	69,179,321
Provisions	11	4,889,664	2,141,952
Net Current Assets		112,802,610	280,753,689
Profit and loss account		1,186,843,096	944,285,740
<b>TOTAL</b>		<b>2,134,011,023</b>	<b>2,128,956,950</b>

**Significant Accounting Policies and Notes to Accounts 19**

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date

**For S.R. Batliboi & Co.**  
Chartered Accountants

Sd/-  
**per Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai  
Date : October 28, 2008

**For and on behalf of the Board of Directors  
of Global Boards Limited**

Sd/-  
**D. Rangarajan**  
Whole-time Director

Mumbai  
Date : October 27, 2008

Sd/-  
**Vandana Pakle**  
Director

# GLOBAL BOARDS LIMITED

## Profit and Loss Account for the year ended March 31, 2008

	Schedule	Year ended March 31, 2008 Rupees	Year ended March 31, 2007 Rupees
<b>INCOME</b>			
Gross Sales	12	139,740,532	55,365,732
Less: Excise duty		9,847,264	3,913,625
Net Sales		129,893,268	51,452,107
Other income	13	5,778,541	3,195,189
<b>TOTAL</b>		<b>135,671,809</b>	<b>54,647,296</b>
<b>EXPENDITURE</b>			
(Increase) / Decrease in inventories	14	3,711,408	(13,226,249)
Raw Materials Consumed	15	122,352,996	60,730,290
Personnel Expenses	16	44,218,990	23,860,249
Operating and other expenses	17	121,894,560	84,953,352
Depreciation / amortisation	5	81,802,773	81,620,856
Interest and finance cost	18	3,924,362	23,030,360
Miscellaneous expenses written-off		110,500	689,421
<b>TOTAL</b>		<b>378,015,589</b>	<b>261,658,279</b>
Profit before tax and exceptional item		(242,343,780)	(207,010,983)
Exceptional item (Refer Note 10 - Schedule 19)		-	(1,328,983,428)
Profit before tax and after exceptional item		(242,343,780)	1,121,972,445
Tax Expense			
- Current tax		-	-
- Deferred tax charge		-	-
- Fringe benefit tax		213,576	313,585
<b>Net Profit / (Loss) during the year</b>		<b>(242,557,356)</b>	<b>1,121,658,860</b>
Balance brought forward from previous year		(944,285,740)	(1,771,505,715)
Capital Reduction		-	739,625,040
Transfer to Special Reserve		-	(1,034,063,925)
Balance carried forward to Balance Sheet		(1,186,843,096)	(944,285,740)
Earning per share (Refer Note 12 - Schedule 19)			
- Before exceptional items			
Basic [Rs.]		(20.54)	(256.31)
Diluted [Rs.]		(20.54)	(256.31)
- After exceptional items			
Basic [Rs.]		(20.54)	1,389.19
Diluted [Rs.]		(20.54)	1,240.29

### Significant Accounting Policies and Notes to Accounts 19

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

**For S.R. Batliboi & Co.**  
Chartered Accountants

Sd/-  
**per Vijay Maniar**  
Partner  
Membership No. 36738

**For and on behalf of the Board of Directors  
of Global Boards Limited**

Sd/-  
**D. Rangarajan**  
Whole-time Director

Sd/-  
**Vandana Pakle**  
Director

Mumbai  
Date : October 28, 2008

Mumbai  
Date : October 27, 2008



## Schedules attached to and forming part of the financial statements as at March 31, 2008

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
75,000,000 (previous year 75,000,000) Equity Shares of Rs. 10 each	<u>750,000,000</u>	<u>750,000,000</u>
<b>Issued, subscribed and paid up</b>		
11,797,096 (previous year 11,797,096) Equity Shares of Rs. 10 each [Out of the above 11,050,000 (being 93.66%) shares are held by Gandak Private Limited, Singapore, the Holding Company]	<u>117,970,960</u>	<u>117,970,960</u>
<b>Note:</b>		
During the previous year ended March 31, 2007, a Scheme of reduction of equity share capital was approved by the Board of Industrial and Financial Reconstruction ('BIFR').		
As per the Scheme, the share capital stands reduced as follows (in Rupees):		
Opening equity share capital as on April 1, 2006	<u>747,096,000</u>	
Less: Accumulated losses reduced against the equity share capital	<u>739,625,040</u>	
	<u>7,470,960</u>	
Add: Fresh issue of equity shares during the year 2006-07	<u>110,500,000</u>	
	<u>117,970,960</u>	
Therefore, 73,962,504 equity shares of face value: Rs. 10/- each stand cancelled and the equity share capital stands reduced from 74,709,600 equity shares of Rs.10/- each to 747,096 equity shares of Rs. 10/- each before issue of fresh equity capital of 11,050,000 equity shares of Rs 10/- each to Gandak Pvt. Ltd.	<u>117,970,960</u>	<u>117,970,960</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Special reserve (Pursuant to the Board of Industrial and Financial Reconstruction ('BIFR') order, dated December 6, 2006, the secured loan of Rs. 471,686,823 and unsecured loans of Rs. 562,337,102 were waived off, this waiver, aggregating to Rs. 1,034,063,925 is appropriated through profit and loss account to the special reserve account). Special Capital Incentive - SICOM ( Sales Tax under the package scheme)	<u>1,034,063,925</u>	<u>1,034,063,925</u>
	<u>3,000,000</u>	<u>-</u>
	<u>1,037,063,925</u>	<u>1,034,063,925</u>

**Schedules attached to and forming part of the financial statements as at March 31, 2008**

	<b>As at March 31, 2008 Rupees</b>	<b>As at March 31, 2007 Rupees</b>
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>Debentures</b>		
5,502,100 ( previous year 5,502,100 ) 9% Secured Redeemable Non - Convertible Debenture of Rs. 100 each	<b>550,210,000</b>	550,210,000
(Secured by first charge created through mortgage on all the immovable fixed assets (both existing and future) and hypothecation over the movable fixed assets and current assets (both existing and future and also tangible and intangible) of the Company.)Interest accrued and due	<b>2,054,073</b>	-
(Of the above, Non - convertible debentures of Rs. 152,410,000 issued to ARCIL are repayable in two annual instalments from April 30, 2007 or such later date as may be indicated by ARCIL to the Company / trustees and Rs. 397,800,000 issued to India Debt Management are repayable in three annual instalments commencing from the end of third year from the closing date).		
2,692,560 (previous year 2,692,560 ) Zero - Coupon Optionally Convertible Debentures of Rs. 100 each	<b>269,256,000</b>	269,256,000
(Secured by first pari-passu charge by way of mortgage in respect of the immovable properties of the company).		
(The above debentures to the extent not converted into equity will be redeemed on March 31, 2009 with redemption premium so as to offer an internal rate of return ('IRR') of 9% per annum from the cut off date).		
	<b>821,520,073</b>	819,466,000
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Deferred sales tax (Long Term) (Under the Deferral Scheme of Government of Maharashtra) (Maximum amount raised at any time during the year Rs.157,456,065 (previous year Rs.157,456,065))	<b>157,456,065</b>	157,456,065
	<b>157,456,065</b>	157,456,065
<b>SCHEDULE 6 - INVENTORIES (at lower of cost and net realisable value)</b>		
Raw materials	<b>63,782,560</b>	30,216,082
Packing materials	<b>403,225</b>	336,906
Stores, Spares and Consumables	<b>24,805,594</b>	22,085,082
Semi-finished goods	<b>239,150</b>	4,977,859
Finished goods	<b>14,194,088</b>	13,166,787
	<b>103,424,617</b>	70,782,716

Schedules attached to and forming part of the financial statements as at March 31, 2008

SCHEDULE 5 : FIXED ASSETS										
(Amount in Rs.)										
PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.07	Additions Adjustments during the year	Sale/ Adjustment during the year	Total as at 31.03.08	Up to 31.03.08	During the year 2007-08	Adjustment	Up to 31.03.08	As at 31.03.08	As at 31.03.07
<b>Intangible Assets</b>										
Computer- Software	2,533,550	69,420	2,126,043	<b>476,927</b>	2,445,711	30,492	(2,126,043)	<b>350,160</b>	<b>126,767</b>	87,839
<b>Tangible Assets</b>										
Land & Site Development	48,183,193	-	-	<b>48,183,193</b>	5,742,143	523,730	-	<b>6,265,873</b>	<b>41,917,320</b>	42,441,050
Buildings	348,358,218	-	-	<b>348,358,218</b>	98,902,050	9,635,066	-	<b>108,537,116</b>	<b>239,821,102</b>	249,456,168
Plant & Machinery	1,329,942,087	1,544,225	-	<b>1,331,486,312</b>	735,245,804	70,274,593	-	<b>805,520,397</b>	<b>525,965,915</b>	594,696,283
Factory & Office Equipment	6,569,507	25,750	-	<b>6,595,257</b>	3,712,059	347,808	-	<b>4,059,867</b>	<b>2,535,390</b>	2,857,448
Furniture & Fixtures	11,697,284	-	-	<b>11,697,284</b>	8,044,986	740,439	-	<b>8,785,425</b>	<b>2,911,859</b>	3,652,298
Vehicles	1,713,380	-	-	<b>1,713,380</b>	1,713,380	-	-	<b>1,713,380</b>	-	-
Computer	8,276,221	527,368	7,498,387	<b>1,305,202</b>	7,573,540	185,417	(7,498,387)	<b>260,570</b>	<b>1,044,632</b>	702,681
Air Conditioner	1,373,230	-	-	<b>1,373,230</b>	746,197	65,228	-	<b>811,425</b>	<b>561,805</b>	627,033
<b>Total</b>	<b>1,758,646,670</b>	<b>2,166,763</b>	<b>9,624,430</b>	<b>1,751,189,003</b>	<b>864,125,870</b>	<b>81,802,773</b>	<b>(9,624,430)</b>	<b>936,304,213</b>	<b>814,884,790</b>	<b>894,520,800</b>
<b>Previous Year</b>	<b>1,749,447,887</b>	<b>9,863,488</b>	<b>664,705</b>	<b>1,758,646,670</b>	<b>782,812,324</b>	<b>81,620,856</b>	<b>307,310</b>	<b>864,125,870</b>	<b>894,520,800</b>	<b>966,635,563</b>

**GLOBAL BOARDS LIMITED****Schedules attached to and forming part of the financial statements as at March 31, 2008**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE 7 - SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for a period exceeding six months:		
Considered Good	970,791	3,463,297
Considered Doubtful	20,635,111	24,264,254
Other debts		
Considered Good	15,595,218	7,562,641
	<u>37,201,120</u>	<u>35,290,192</u>
Less: Provision for doubtful debts	20,635,111	24,264,254
	<u>16,566,009</u>	<u>11,025,938</u>
<b>SCHEDULE 8 - CASH AND BANK BALANCE</b>		
Cash on hand	115,604	69,209
Balances with scheduled banks		
In current accounts	1,847,941	32,350,697
In deposit accounts	1,178,225	200,005,000
	<u>3,141,770</u>	<u>232,424,906</u>
<b>SCHEDULE 9 - LOANS AND ADVANCES</b>		
Unsecured Considered Good		
Advances Recoverable in Cash or in kind or for value to be received	10,690,927	14,722,858
Unsecured Considered Doubtful		
Advances Recoverable in Cash or in kind or for value to be received	1,088,196	1,088,196
Less: Provision for doubtful advances	1,088,196	1,088,196
	-	-
Balances with Customs and Excise Authorities, other Deposits	29,509,355	13,720,278
VAT credit receivable	8,317,909	7,815,240
Advance Fringe benefit tax (Net of Provision)	2,858,517	1,583,026
	64,729	-
	<u>51,441,437</u>	<u>37,841,402</u>
<b>SCHEDULE 10 - CURRENT LIABILITIES</b>		
Sundry creditors for goods and services	44,410,191	37,477,163
Advances from customers	301,442	855,569
Interest accrued but not due	-	15,891,243
Other liabilities	12,169,926	14,955,346
	<u>56,881,559</u>	<u>69,179,321</u>
<b>SCHEDULE 11 - PROVISIONS</b>		
Provision for gratuity	3,548,073	1,206,000
Provision for leave encashment	1,206,991	618,152
Provision for Others-CWIP	134,600	-
Provision for fringe benefit tax (Net of advance tax payment)	-	317,800
	<u>4,889,664</u>	<u>2,141,952</u>
<b>SCHEDULE 12 - SALES</b>		
Paper boards and others	143,913,916	56,879,755
Less : Discount and rebate	4,173,384	1,514,023
	<u>139,740,532</u>	<u>55,365,732</u>

## Schedules attached to and forming part of the financial statements as at March 31, 2008

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE 13 - OTHER INCOME</b>		
Interest earned (TDS Rs.885,273) (previous year Rs. 538,743)	<b>3,915,006</b>	2,406,665
Rent recovery	<b>97,836</b>	220,161
Sale of scrap	<b>1,151,599</b>	549,517
Miscellaneous income	<b>614,100</b>	18,846
	<b><u>5,778,541</u></b>	<b><u>3,195,189</u></b>
<b>SCHEDULE 14 - (INCREASE) / DECREASE IN INVENTORIES</b>		
Closing Inventory		
Finished goods	<b>14,194,088</b>	13,166,787
Semi-finished goods	<b>239,150</b>	4,977,859
Stock of scrap	-	-
	<b><u>14,433,238</u></b>	<b><u>18,144,646</u></b>
Opening Inventory		
Finished goods	<b>13,166,787</b>	4,752,124
Semi-finished goods	<b>4,977,859</b>	110,000
Stock of scrap	-	56,273
	<b><u>18,144,646</u></b>	<b><u>4,918,397</u></b>
	<b><u>3,711,408</u></b>	<b><u>(13,226,249)</u></b>
<b>SCHEDULE 15 - RAW MATERIALS CONSUMED</b>		
Opening stock of raw and packing materials	<b>30,552,988</b>	10,808,740
Add: Purchases	<b>155,985,793</b>	80,474,538
	<b>186,538,781</b>	91,283,278
Less: Closing stock of raw and packing materials	<b>64,185,785</b>	30,552,988
	<b><u>122,352,996</u></b>	<b><u>60,730,290</u></b>
<b>SCHEDULE 16 - PERSONNEL EXPENSES</b>		
Salaries, wages, Leave encashment and bonus	<b>38,052,154</b>	19,911,214
Contribution to provident and other funds	<b>2,507,719</b>	1,278,419
Workmen and staff welfare expenses	<b>1,033,838</b>	815,535
Gratuity expense	<b>2,625,279</b>	1,855,081
	<b><u>44,218,990</u></b>	<b><u>23,860,249</u></b>

**GLOBAL BOARDS LIMITED****Schedules attached to and forming part of the financial statements as at March 31, 2008**

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>SCHEDULE 17 - OPERATING AND OTHER EXPENSE</b>		
Stores and spares consumed	17,830,855	8,723,600
Oil and lubricants consumed	702,743	831,193
Power, water and fuel	64,159,377	37,054,013
Handling and other charges	11,575,896	4,120,110
Rates and taxes	1,853,630	2,208,933
Insurance	1,380,057	1,452,547
Traveling and conveyance expenses	3,560,441	2,656,171
Postage, telephone and telex etc.	2,415,098	608,892
Printing and stationary	1,152,285	548,267
Legal, professional and consultancy	4,186,108	11,300,729
Advertisement, marketing and distribution expenses	5,934,885	2,220,504
Repairs and maintenance		
- Plant and machinery	4,732,150	3,628,501
- Buildings	1,592,551	372,515
- Others	2,225,667	1,273,845
Auditors' remuneration		
- Audit fees	500,000	500,000
- Tax audit fees	150,000	150,000
- Other services	200,000	299,000
- Out of pocket expenses	15,566	13,750
Provision for doubtful debts	(3,629,143)	4,028,897
(Increase)/decrease of Excise duty on Inventory	78,205	1,002,350
Exchange difference (net)	82,052	74,391
Write off of fixed assets	-	357,394
Director Sitting Fees	20,000	-
Miscellaneous expenses	1,176,137	1,527,750
	<u>121,894,560</u>	<u>84,953,352</u>

**SCHEDULE 18 - INTEREST AND FINANCE COST**

Interest on		
- Debentures	3,467,100	11,906,667
- Others	5,059	6,632,155
Bank and other financial charges	452,203	4,491,538
	<u>3,924,362</u>	<u>23,030,360</u>

## Notes to Accounts

### Schedule 19

#### 1.1 Background of the Company

Global Boards Limited ('the Company'), a public limited company, incorporated on November 12, 1992 is engaged in the manufacturing of high quality paperboards. The Company was declared a sick company under section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 on August 30, 2001. In April 2006, Industrial Development Bank of India ('Operating Agency') filed a Rehabilitation Scheme with Board for Industrial and Financial Reconstruction ('BIFR'). The Company was revived and underwent internal reconstruction in accordance with BIFR order dated, December 4, 2006.

#### 1.2 Going concern

The accumulated losses of the Company as at 31st March, 2008 being Rs.1,186,843,096 the net worth of the Company has become negative as on the said date. During the year, the company has approved the transformation strategy and planned to change its product portfolio.

The implementation plan included the process reengineering and refurbishment plans. The commercial production had been curtailed from 30<sup>th</sup> September 2007 on account of bare inspection of the Oil Fired Boiler and re-strategisation of new product portfolio. The trial runs for products with changed furnish were conducted in the month of December 2007 and March 2008 and the installation of Coal Fired Boiler had started. The company continued to sell the stock on hand to meet the expenditure of capital as well revenue nature. The management made continuous efforts to bring in additional finance either as working capital or through equity infusion, and accordingly, the financial statements for the year ended 31st March 2008 have been prepared on Going Concern basis.

However subsequent to 31st March 2008 the turmoil in economic environment has rendered it difficult to continue production and implementation of transformation strategy. Though the efforts to raise finance still continue, the management is of the view that on the date of adopting the accounts the Company does not render itself as a Going Concern.

## 2. Statement of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

### 2.2 Changes in Accounting Policies

#### *Adoption of Accounting Standard AS15 (Revised) Employee Benefits*

Till March 31, 2007, the Company was providing for gratuity based on actuarial valuation. In Current year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly the company has provided for gratuity based on actuarial valuation done as per projected unit credit method. Further in accordance with the transitional provision in the revised accounting standard, Rs. 647,993 has been adjusted to the opening balance in Profit and Loss account. This change is not having material impact on the loss for the current year.

### 2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the

results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.4 Fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use.

**2.5 Depreciation**

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher, as under

	Rates (SLM)	Schedule XIV Rates (SLM)
Buildings	1.63%	1.63%
Plant and Machinery		
- Continuous Process Plant	5.28%	5.28%
- Computers	16.21%	16.21%
- Air Conditioners	4.75%	4.75%
Furniture and Fittings	6.33%	6.33%
Vehicles	9.50%	9.50%
Intangible assets (computer software)	20.00%	20.00%

Depreciation on Land and site development represents proportionate expenses and premium on factory lease hold land which is being amortized over the balance period of lease.

**2.6 Expenditure during Construction Period**

Expenditure during construction period is included under Capital Work in Progress and the same are allocated to the respective fixed assets on the completion of construction period.

**2.7 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**2.8 Inventories**

Inventories are valued as follows:

Raw and packing materials, consumables, stores and spares	Lower of cost and net realizable value ('NRV'). Cost is determined on a weighted average basis.
Semi-finished goods	Lower of cost and NRV. Cost includes direct materials and labour and finished and proportion of manufacturing overheads based on normal operating goods capacity, but does not include costs incurred on finishing and packaging.
Finished goods	Lower of cost and NRV. Cost includes direct materials and labour and finished and proportion of manufacturing overheads based on normal operating goods capacity.



NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## **2.9 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Sale of Goods*

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. It generally coincides with the dispatch of goods from the factory. Excise duty and Value added tax ('VAT') deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

### *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## **2.10 Borrowing costs**

Borrowing cost are recognized as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalized' up to the date, the asset is ready for its intended use. The company has not provided interest on debentures for the year amounting to Rs 46,050,900. Consequently, interest expense and loss for the year is understated by the said amount.

## **2.11 Foreign currency translation**

### *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

## **2.12 Tax expense**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets

can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **2.13 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **2.14 Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

### **2.15 Retirement and other employee benefits**

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

### **2.16 Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The company has not provided interest on debenture for the year amounting to Rs 46,050,900. Consequently, interest expense and loss for the year is understated by the said amount.

### **2.17 Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### 3. Segment Information

In accordance with the requirements of Accounting Standard 17 segment reporting, the Company has determined manufacturing of paper boards of various grades and quality of packaging boards as its business segment, there are no other Primary reportable segments.

Secondary segment – Geographical

The Company's facilities are located in India

Rupees

Particulars	As at March 31, 2008	As at March 31, 2007
Domestic Revenue	<b>120,206,193</b>	51,098,107
Export Revenue	<b>19,534,339</b>	4,267,625
Total	<b>139,740,532</b>	55,365,732

### 4. Related Parties

Names of related parties where control exists irrespective of whether transactions have occurred or not: -

Holding Company : Gandak Private Limited

Names of other related parties with whom transactions have taken place during the year

Key Management Personnel : D.Rangarajan  
V.B.Shinde (Upto November 29, 2006)  
P.Ayyanar (Upto November 29, 2006)

#### Related Party Disclosure

Rupees

Name	Relationship	Related Party Transaction	Year ended March 31, 2008 (Rupees)	Year ended March 31, 2007 (Rupees)
D. Rangarajan	Director	Directors' Remuneration	<b>1,749,996</b>	<b>Nil</b>
V.B. Shinde (Upto November 29, 2006)	Director	Directors' Remuneration	<b>Nil</b>	99,191
P.Ayyanar (Upto November 29, 2006)	Director	Directors' Remuneration	<b>Nil</b>	686,000

### 5. Retirement Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

**Profit and Loss account**

Net employee benefit expense (recognized in Employee Cost)

Rupees

	<b>Gratuity</b>	
	<b>2008</b>	2007
Current service cost	<b>492,061</b>	274,276
Interest cost on benefit obligation	<b>148,406</b>	179,760
Expected return on plan assets	<b>Nil</b>	Nil
Net actuarial( gain) / loss recognized in the year	<b>1,302,809</b>	(566,837)
Past service cost	<b>Nil</b>	Nil
Net benefit expense	<b>1,943,276</b>	(142,801)
Actual return on plan assets	<b>Nil</b>	Nil

**Balance sheet - Details of Provision for gratuity**

	<b>2008</b>	2007
Defined benefit obligation	<b>3,548,073</b>	1,853,993
Fair value of plan assets	<b>Nil</b>	Nil
	<b>3,548,073</b>	1,853,993
Less: Unrecognised past service cost	<b>Nil</b>	Nil
Plan liability	<b>3,548,073</b>	1,853,993
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	<b>1,855,081</b>	1,996,794
Interest cost	<b>148,406</b>	149,760
Current service cost	<b>492,061</b>	274,276
Benefits paid	<b>(250,284)</b>	Nil
Actuarial (gains) / losses on obligation	<b>1,302,809</b>	(566,837)
Closing defined benefit obligation	<b>3,548,073</b>	1,853,993

**Changes in the fair value of plan assets are as follows:**

	<b>Gratuity</b>	
	<b>2008</b>	2007
Opening fair value of plan assets	<b>Nil</b>	Nil
Expected return	<b>Nil</b>	Nil
Contributions by employer	<b>Nil</b>	Nil
Benefits paid	<b>Nil</b>	Nil
Actuarial gains / (losses)	<b>Nil</b>	Nil
Closing fair value of plan assets	<b>Nil</b>	Nil

The Company expects to contribute Rs. Nil to gratuity in 2008-09.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	<b>Gratuity</b>	
	<b>2008</b>	2007
	%	%
Investments with insurer	<b>Nil</b>	Nil

The overall expected rate of return on assets is determined based on the market prices prevailing on

that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

**The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:**

	2008 %	2007 %
Discount rate	Nil	Nil
Expected rate of return on assets	Nil	Nil
Employee turnover	Nil	Nil
Healthcare cost increase rate	Nil	Nil

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	Nil	Nil
Effect on defined benefit obligation	Nil	Nil

Amounts for the current and previous four periods are as follows:

	2008	2007
Plan assets	Nil	Nil
Surplus / (deficit)	Nil	Nil
Experience adjustments on plan liabilities	Nil	Nil
Experience adjustments on plan assets	Nil	Nil

## 6. Taxation

In view of no taxable income during the year no tax provision is required. Deferred tax assets on carry forward loss and unabsorbed depreciation has been recognized only to the extent of deferred tax liability, as there is no virtual certainty that there would be future taxable profits to realize the above assets.

	Current Year Rs	Previous Year Rs.
<u>Break up of Deferred tax assets and liabilities</u>		
<b>Deferred tax asset recognized for timing difference due to :</b>		
Unabsorbed carried forward losses	138,869,857	152,784,317
Expenditure / Provision allowable	11,652,373	9,612,250
Sub-total (A)	<u>150,522,230</u>	<u>162,396,567</u>
<b>Deferred tax liability recognized for timing difference due to :</b>		
Depreciation	150,522,230	162,396,567
Sub-total (B)	<u>150,522,230</u>	<u>162,396,567</u>
<b>Net Deferred tax assets (A-B)</b>	-	-

**7. Contingent liabilities not provided for:**

Rupees

Particulars	As at	As at
	March 31, 2008	March 31, 2007
Claims against the Company not acknowledged as debts	<b>70,399,687</b>	69,089,744

The claims against the Company comprises of:

- Rs. 19,623,494 (previous year Rs. 18,313,551) for show cause notices issued by Commissioner of Central Excise.
- DRI Penalty levied by Commission of Customs ('CC') of Rs. 1,000,000 (previous year Rs. 1,000,000). Penalty imposed by CC – (Adjudication) has been set aside by The Customs, Excise and Service Tax Appellate Tribunal ('CESTAT') and the matter has been remanded back to CC for fresh adjudication on merits.
- Bombay Port Trust ('BPT') Rs. 1,103,293 (previous year Rs. 1,103,293). Loss on sale of consignment not taken delivery of by the Company, case not yet listed for hearing. Case is pending in the Bombay High Court.
- Directorate of Enforcement – Foreign Exchange Management Act, 2000 ('FEMA'). Penalty Rs. 33,500,000 (previous year 33,500,000) Director, Directorate of Enforcement ('DE') – FEMA, has levied penalty for alleged violation of exchange Control rules for non-submission of documents. The matter is pending before Appellate Tribunal for Foreign Exchange.
- The Company has received a notice of demand from Directorate General of Foreign Trade ('DGFT') confirming the levy of duty of Rs. 9,468,900 (previous year Rs. 9,468,900). During 1993, the Company had imported plant and machinery under Export Promotion Capital Goods Scheme ('EPCG') at concessional rate of custom duty against export obligation under the said Scheme. However, the Company could complete only partial Export obligation. The Company had received a notice of demand from DGFT confirming the levy of duty of Rs. 9,468,900.
- The Company has not provided for a demand on account of sales tax assessment for 1996 - 1997 amounting to Rs. 5,704,000 (previous year Rs. 5,704,000). Appeals against the order are pending with appropriate authorities.

**8. Directors' Remuneration**

Rupees

	Year ended	Year ended
	March 31, 2008	March 31, 2007
Salaries	<b>1,749,996</b>	730,064
Contribution to provident and other funds	<b>0</b>	55,127
Total	<b>1,749,996</b>	785,191

**9. Dues to Micro, Small and Medium enterprises**

Based on information available with the company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2008.

**10. Exceptional items**

Exceptional items of Rs. NIL (previous year Rs. 1,328,983,428)

- No provision is made for income-tax for the year ended March 31, 2008 as the Company has accumulated losses and un-absorbed depreciation. No provision is made for Minimum Alternate Tax for the year ended March 31, 2008, in lieu of Explanation (vii) to sub-section (2) section 115JB of the Income tax Act, 1961; Provision for tax represents provision for fringe benefit tax. In view of the accumulated losses no provision for the current is made.

12. The Earning per share has been calculated as specified in Accounting Standard 20 on 'Earning Per Share' issued by ICAI, the related disclosures are as under:

		Rupees	
		For year ended March 31, 2008	Year ended March 31, 2007
a)	Profit / (loss) after tax and before exceptional item	(242,343,780)	207,324,568)
	Add : Exceptional Item	0	1,328,983,428
	Profit / (loss) after exceptional item	(242,343,780)	1,121,658,860
b)	Calculation of weighted average number of equity share of Rs. 10 each		
	Number of shares at the beginning of the year	11,797,096	74,709,600
	Number of shares reduced, during the year, in accordance with the revival Scheme during the year	0	73,962,504
	Number of shares issued during the year	0	11,050,000
	Weighted average number of equity shares outstanding during the year for calculation of basic earnings per share	11,797,096	807,644
c)	Basic earning per share before exceptional items	(20.54)	(256.70)
	Basic earning per share after exceptional items	(20.54)	1388.80
d)	Diluted earning per share before exceptional items	(20.54)	(256.70)
	Diluted earning per share after exceptional items	(20.54)	1239.94

13. **Earnings in foreign currency** Rupees

Exports at F.O.B. Value	19,534,339	4,267,625
-------------------------	------------	-----------

14. **Value of imports calculated on C.I.F. basis** Rupees

Raw materials	89,652,585	52,183,461
Chemicals	5,326,171	1,616,896

15. **Licensed Capacity, Installed Capacity and Actual Production** Rupees

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007
Paper and Paper Boards	MT	40,200	40,200	56,700	56,700	6,134	2,647

16. **Sales** Rupees

Particulars	Units	Quantity		Value (Rupees)	
		For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007
Paper and Paper Boards	MT	6,005	2,333	134,066,652	52,966,130

**17. Consumption of raw and packing materials**

Particulars	Units	Quantity		Value (Rupees)	
		For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007
Pulp	MT	26	49	783,815	1,519,143
Base Paper	MT	0	6	0	181,338
Waste Paper	MT	6,857	3,398	1,00,625,215	47,552,406
Process Chemicals	MT	638	624	8,131,149	5,757,456
Coating Chemicals	MT	369	161	9,630,853	4,107,063
Other Chemicals	MT	5	2	34,148	105,239
Packing Materials*		—	—	3,147,816	1,507,645
<b>Total</b>		<b>7,895</b>	<b>4,240</b>	<b>122,352,996</b>	<b>60,730,290</b>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**18. Imported and indigenous raw and packing materials**

	% of total consumption		Value (Rupees)	
	For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007
Raw and packing materials				
- Imported	62.36%	69.64%	65,206,695	35,349,324
- Indigenously obtained	37.64%	30.36%	39,350,151	15,411,208
Total (A)	100.00%	100.00%	1,04,556,846	50,760,532
Chemicals				
- Imported	20.31%	12.67%	3,613,940	1,263,359
- Indigenously obtained	79.69%	87.33%	14,182,210	8,706,399
Total (B)	100.00%	100.00%	17,796,150	9,969,758
<b>Total (A+B)</b>			<b>122,352,996</b>	<b>60,730,290</b>

**19. Details of finished goods**

	Units	Quantity		Value (Rupees)	
		For year ended March 31, 2008	For year ended March 31, 2007	For year ended March 31, 2008	For year ended March 31, 2007
Opening Stock	MT	510	195	13,166,787	4,752,124
Closing Stock	MT	639	510	14,194,088	13,166,788

20. The Company is yet to appoint a full-time Company Secretary pursuant to section 383-A of the Companies Act, 1956.

21. Previous year's figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

**For S.R. Batliboi & Co.**  
Chartered Accountants

Sd/-  
**per Vijay Maniar**  
Partner  
Membership No. 36738  
Mumbai  
Date : October 28, 2008

**For and on behalf of the Board of Directors**

Sd/-  
**D. Rangarajan**  
Whole-time Director  
Mumbai  
Date : October 27, 2008

Sd/-  
**Vandana Pakle**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Year ended March 31, 2008 Rs.	Year ended March 31, 2007 Rs.
<b>A. Cash flow from operating activities</b>		
<b>Profit / (Loss) before taxation and after exceptional items</b>	<b>(242,343,780)</b>	1,121,972,445
Adjustments for:		
Depreciation / amortisation	<b>81,802,773</b>	81,620,856
Miscellaneous expenses written-off	-	689,421
Write off of fixed assets	-	357,394
Provision for Excise Duty	<b>78,205</b>	1,002,350
Provision for Doubtful Debts	<b>(3,629,143)</b>	4,028,897
Interest income	<b>(3,915,006)</b>	(2,406,665)
Interest expense	<b>3,472,159</b>	18,538,822
<b>Operating profit before working capital changes before Exceptional items</b>	<b>(164,534,792)</b>	1,225,803,520
Less :Exceptional item (Refer Note 10 - Schedule 19)	-	(1,328,983,428)
<b>Operating Profit/ (Loss) before working capital changes before Exceptional item</b>	<b>(164,534,792)</b>	(103,179,908)
Less :Fringe Benefit Tax Paid	<b>596,103</b>	(4,215)
<b>Operating Profit / (Loss) before working capital changes</b>	<b>(165,130,895)</b>	(103,175,693)
Movements in working capital :		
Decrease / (Increase) in sundry debtors	<b>(1,910,928)</b>	6,407,851
Decrease / (Increase) in inventories	<b>(32,720,108)</b>	(35,768,254)
Decrease / (Increase) in loans and advances	<b>(13,600,035)</b>	(22,396,110)
Increase in provisions	<b>3,130,241</b>	821,802
(Decrease) / Increase in current liabilities	<b>(12,297,762)</b>	17,403,679
<b>Net cash (used) in operating activities after exceptional item</b>	<b>(222,529,487)</b>	(136,706,725)
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	<b>(12,250,569)</b>	(1,608,524)
Interest received	<b>3,915,006</b>	2,406,665
<b>Net cash from investing activities</b>	<b>(8,335,563)</b>	798,141
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of share capital	-	110,500,000
Capital Incentive ( SICOM )	<b>3,000,000</b>	-
Proceeds from borrowings	-	397,800,000
Repayment of borrowings	-	(122,895,646)
Interest paid	<b>(1,418,086)</b>	(18,538,822)
<b>Net cash from financing activities</b>	<b>1,581,914</b>	366,865,532
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(229,283,136)</b>	230,956,948
<b>Cash and cash equivalents at the beginning of the year</b>	<b>232,424,906</b>	1,467,958
<b>Cash and cash equivalents at the end of the year</b>	<b>3,141,770</b>	232,424,906
<b>Components of cash and cash equivalents as at the year end</b>		
Cash on hand	<b>115,604</b>	69,209
With banks		
- on current account	<b>1,847,941</b>	32,350,697
- on deposit account	<b>1,178,225</b>	200,005,000
<b>Total</b>	<b>3,141,770</b>	232,424,906

As per our report of even date

**For S.R. Batliboi & Co.**

Chartered Accountants

Sd/-

**per Vijay Maniar**

Partner

Membership No. 36738

Mumbai

Date : October 28, 2008

**For and on behalf of the Board of Directors**

Sd/-

**D. Rangarajan**

Whole-time Director

Mumbai

Date : October 27, 2008

Sd/-

**Vandana Pakle**

Director

# GLOBAL BOARDS LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

### I. Registration detail

Registration No.         State Code

Balance Sheet Date           
 Date Month Year

### II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue         Right Issue

Bonus Issue         Private Placement

### III. Position of Mobilisation and Deployment of Fund

(Amount in Rs: Thousands)

Total Liabilities         Total Assets

#### Sources of Fund

Paid-up Capital         Reserves & Surplus

Share Application Money         Unsecured Loan

Secured Loans

#### Application of Funds

Net Fixed Assets         Investments

Net Current Assets         Misc. Expenditure

Accumalated Losses

### IV. Performance of Company (Rs. in Thousands)

Turnover         Total Expenditure

Profit/(Loss) Before Tax         Profit/(Loss) After Tax

Earning Per Share         Dividend Rate %

### V. Generic Names of Three Principal Products / Services of Company (as per Monetary term)

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

**GLOBAL BOARDS LIMITED**

**Registered Office :** Plot No. K-5, Additional MIDC, Industrial Area, Mahad – 402302, Dist. – Raigad.

**ATTENDANCE SLIP**

SIXTEENTH ANNUAL GENERAL MEETING - 24<sup>TH</sup> DECEMBER, 2008

Folio No. \_\_\_\_\_ DP ID: \_\_\_\_\_ Client ID No. : \_\_\_\_\_

Member's Name \_\_\_\_\_ No. of Shares \_\_\_\_\_

Proxy's Name (in block letter.) \_\_\_\_\_

I / We hereby record my / our presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company held at Plot. No. K-5, Additional MIDC, Industrial Area, Mahad – 402302, Dist. Raigad on Wednesday, the 24<sup>th</sup> December, 2008 at 9.00 am.

SIGNATURE OF THE ATTENDING MEMBER / PROXY

Note : A Shareholder/ Proxyholder wishing to attend the meeting must bring the Attendance Slip, duly filled and signed, to the meeting and hand it over at the entrance.



**GLOBAL BOARDS LIMITED**

**Registered Office :** Plot No. K-5, Additional MIDC, Industrial Area, Mahad – 402302, Dist. – Raigad.

**PROXY FORM**

Folio No. \_\_\_\_\_

DP ID : \_\_\_\_\_

Client ID No. : \_\_\_\_\_

I / We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a Member / Members of the above named Company, hereby appoint Shri. / Smt. \_\_\_\_\_

of \_\_\_\_\_ in the district or failing him \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ as my / our Proxy to vote for

me / us and on my / our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the Company to be held

on Wednesday, the 24<sup>th</sup> December, 2008 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Reference Folio / Client ID _____	Affix 1 Rupee Revenue Stamp
No. of Shares _____ Signature _____	

Note: The Proxy must be deposited at the Registered Office, at Plot No. K-5, Additional MIDC, Industrial Area, Mahad – 402 302, Dist. – Raigad, not less than FORTY EIGHT HOURS before the time for holding at Meeting.

## **BOOK-POST**

If undelivered, please return to:  
**GLOBAL BOARDS LIMITED**  
Plot No. K-5, Additional MIDC,  
Industrial Area,  
Mahad-402 302,  
Dist. Raigad,  
Maharashtra