

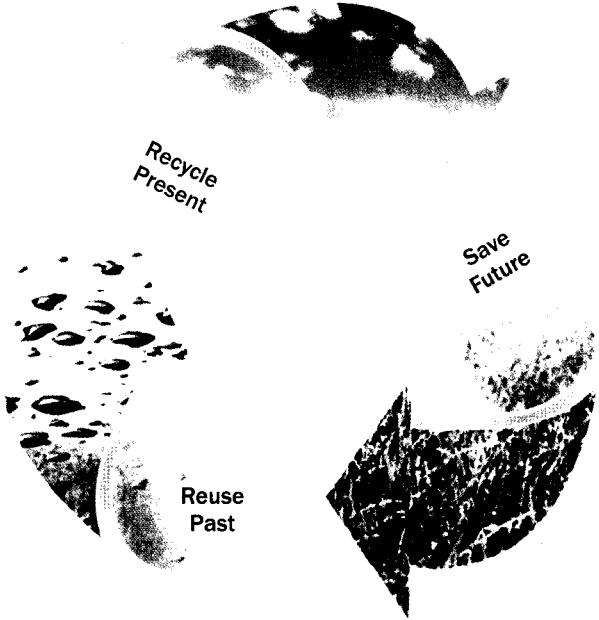
वृक्षान् रक्षयत ।  
दशकूपसमावापी दशवापीसमो हृदः ।  
दशहृदसमः पुत्रो दशपुत्रसमो द्रुमः ॥

-बृहतसंहिता

18<sup>th</sup>

Annual  
Report

2008 - 2009



**ECOBORD INDUSTRIES LIMITED**

*Two decades of Green Living !*

**ECOBORD** ♣



## **CMD's Communique**

Dear Friends,

The year 2008-09 will be known as a year in which business strategies were put to test. It was a very difficult year for the global economy as also for the Indian economy. There was sobering effect of global meltdown on Indian economy. Your company was also affected by slowdown in demand for particle bagasse boards. The sales of particle bagasse boards fell by 8%.

**Mr. V S Raju**  
Chairman & Managing Director  
Ecoboard Industries Ltd.

There were difficulties on raw material front also. Bagasse is our prime raw material. In financial year 2008-09 sugar production dipped so also the bagasse availability. The price of bagasse more than doubled. Today this eco-friendly industry is facing serious raw material problem. Your Company is making efforts with the Government to secure preferential allotment of bagasse for particle board industry. It is also making all efforts to source alternative raw materials.

The working of the company was saved to some extent by positive growth of its bio systems business during the year.

In spite of difficult times, your company maintained its commitments towards esteemed shareholders by maintaining dividend at last year's level.

Last year your Company had passed special resolution through postal ballot to diversify its business in similar area of eco-friendly products. Company has now started taking steps to develop new businesses.

I really appreciate and thank Company's management team and employees, our customers, suppliers, all regulatory authorities, our bankers, and other business associates for their support. I am really grateful to all our shareholders for their continued patronage, confidence and interest in our Company. I would like to assure you that all our efforts will be directed at strong growth in future.

With warm regards,

Thanking you,

V.S. Raju  
Chairman and Managing Director

# ECOBOARD

## ECOBOARD INDUSTRIES LIMITED

### 18<sup>TH</sup> ANNUAL REPORT 2008 - 2009

REGISTERED OFFICE : 36/1, Preet Chambers, 2nd Floor, Pune-Mumbai Road, Wakdevadi, Pune - 411 003.  
Tel. (020) 4007 9454, 6601 1653

#### BOARD OF DIRECTORS

Mr. V S Raju, Chairman & Managing Director.  
Mr. G Ramakrishna Raju, Executive Vice Chairman.  
Mr. P Satyanarayana Raju, Joint Managing Director.  
Mr. U S Kadam, Director  
Mr. Srinivas Raju P., Director  
Dr. N A Ramaiah, Director  
Mr. S Venkataswamy, Director  
Mr. Ramachandra Raju P. S., Director  
Mr. V. P. Rane, Director

#### COMPANY SECRETARY

Mr. Uday Baleghatkar

#### AUDITORS

M/s. Chaturvedi SK & Fellows, Mumbai  
F-2, Vaishali, V. Mehta Marg, JVPD, Juhu,  
Mumbai - 400 049  
Tele fax (022) 6741 9960

#### CORPORATE OFFICE (For Correspondance)

65/1A, 'ECOHUSE', 'Akarshak Building'  
Opp. Nal Stop, Karve Road, Pune 411 004.  
Tel. (020) 25432345/ Fax. (020) 25465328  
E-mail info@ecoboardindia.com  
Website: www.ecoboardindia.com

#### REGISTRAR & TRANSFER AGENT

M/s LINK INTIME INDIA PVT. LTD.  
(Formaly 'Intime Spectrum Registry Limited)  
202-A, 2nd Floor, "Akshay Complex"  
Off Dhole Patil Road, Pune - 411 001  
Tel. (020) - 2605 1629/ Fax (020) 2605 3503

#### INSTITUTIONS & BANKERS

Bank of Maharashtra  
Andhra Bank  
State Bank of India

#### MANUFACTURING FACILITIES

##### BIO SYSTEMS DIVISION

36/1, Preet Chambers,  
2nd Floor, Pune-Mumbai Road, Wakdevadi,  
Pune - 411 003.  
Tel. (020) 4007 9454.

##### PARTICLE BAGASSE BOARD DIVISION

- (1) Village Jambhulwadi, Taluka - Walwa  
Dist. Sangli, Maharashtra.  
Tel. (02342) 25 28 16 / 18, Fax- 25 28 17
- (2) Village Velapur, Taluka, Malshiras,  
District - Solapur, Maharashtra.  
Tel. (02185) 24 52 61 / 62, Fax- 24 52 03

#### BRANCHES

WEST ZONE : Pune : 020 - 32031825, 66011653 Fax: 020 - 66011653 Mumbai : 022 - 24315647 Fax: 022 - 24311895,  
Ahmedabad : 079-27912918 Fax: 079-27913046 Kolhapur : 0231-2667037 Fax: 0231-2667037 Nagpur : 0712-5690321,  
Fax: 0712-2554177

SOUTH ZONE : Hyderabad : 040-23076356, 23078216, 32913585, 30962649, 30962659 Fax: 040-23076354,  
Vijayawada : 9390136688 Fax: 0866-2432880 Bangalore : 080-30972766 Fax: 080-22356537 Vizag : 0891-2725379  
Fax : 0891-2554137, Cochin : 0484-3232250 Fax: 0484-2576223 Chennai : 044-28143467 Fax: 044-28143467  
Bhubaneswar : 0674-2539117, Fax: 0674-2576223, 2576223

NORTH ZONE : Delhi : 011-26513804, 26513805, 26513874 Fax: 011-26513804, 26513805, 26513874  
Chandigarh : 0172-5075635 Fax: 0172-5075635 Lucknow : 0522-4007593 Fax: 0522-2681011 Bhopal : 0755-2760970  
Fax: 0755-52723105, 4270283, Kolkatta : 9331232529 Fax: 033-28372564

Note : All correspondence shall be made to Corporate Office address.

**NOTES**

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**NOTICE**

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Tuesday, 29 September, 2009 at 11.00 a.m. at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004, to transact the following business :

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Director in place of Mr. Ramchandra Raju P.S., who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Director in place of Mr. V.P. Rane, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :

**RESOVLED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Chaturvedi SK & Fellows, Chartered Accountants Mumbai, be and ~~are~~ hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company whose appointment is recommended by audit committee, on such remuneration as shall be fixed by the Board of Directors after consultation with audit committee.

**By Order of the Board of Directors,  
For Ecoboard Industries Ltd.**

**V.S. Raju  
Chairman and  
Managing Director.**

Place: Pune  
Date: 22<sup>nd</sup> June, 2009

**Registered office:**  
36/1, Preet Chambers, 2<sup>nd</sup> Floor,  
Pune-Mumbai Road,  
Wakdewadi, Pune – 411 003.  
Ph. (020) 4007 9454, 68011653

**NOTES**

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
3. The Register of Members and Share Transfer will remain closed from Saturday 26<sup>th</sup> September, 2009 to Tuesday 29<sup>th</sup> September, 2009, both days inclusive for the purpose of Annual General Meeting.
4. The dividend on Equity Shares, if declared at the Meeting, will be paid within 30 days of the Annual General Meeting.

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors have pleasure in presenting to you 18<sup>th</sup> Annual Report for the year ended 31<sup>st</sup> March 2009.

Financial Results:	Current year	Previous year
	2008-09 (Rs. in thousands)	2007-08 (Rs. in thousands)
<b>Sales &amp; Other Income</b>	<b>644,097</b>	<b>624,404</b>
Operating Profit	113,973	160,196
<b>Less:</b>		
Interest	28,242	30,893
Depreciation	50,952	51,055
<b>Profit for the year</b>	<b>34,779</b>	<b>78,248</b>
<i>Less : Provision for Tax</i>		
<i>(Fringe benefit tax)</i>	<i>(213)</i>	<i>1,070</i>
<i>Income Tax</i>	<i>4,787</i>	<i>2,900</i>
<b>Net Profit before Tax</b>	<b>30,205</b>	<b>74,278</b>
<i>Less : Appropriations</i>	<i>17,683</i>	<i>17,198</i>
<i>Dividend</i>		
<i>Tax on Dividend</i>	<i>3,005</i>	<i>2,923</i>
Surplus for the year	9,517	54,157
Add - Balance brought forward from the Previous year	(275,055)	(354,212)
Transfer from redemption reserve	0	25,000
<b>Balance carried to Balance Sheet</b>	<b>(265,538)</b>	<b>(275,055)</b>

### Dividend

Yours Directors are pleased to recommend a dividend to equity shareholders @ Re. 1/- (Re. One) per equity share i.e @ 10% and to cumulative redeemable preference shareholders @ Re. 1/- (Re. One) per cumulative redeemable preference share i.e @ 1% for the financial year 2008-2009.

### Business

The Company faced difficult business environment during the year. Its Particle Boards sales went down by 8%. Due to low sugarcane crushing in Maharashtra, the availability of main raw material bagasse was seriously affected. The average bagasse cost went up by 50%. This had the effect on operating profit of Particle Board division which saw fall of 64%. The situation was, to some extent saved by better performance of biosystems division which registered 200% increase in sales and 127% increase in operating profit. The Company could sail through the difficult year due to its low debt and interest cost.

### Corporate Governance

As a listed Company necessary measures are taken to comply with provisions of the listing agreement entered with Bombay Stock Exchange. A report on Corporate Governance along

with a certificate of compliance from the Auditors, forms part of this Annual Report. The Managing Director's declaration regarding compliance with code of conduct for Board Members and Senior Management is attached to the Corporate Governance Report.

### Board of Directors

Mr. Ramchandra Raju P.S. and Mr. V.P. Rane, Directors, would retire by rotation at the ensuing Annual General Meeting of the Company; and being eligible, have offered themselves for reappointment.

In accordance with clause 49 of the listing agreement, particulars relating to the Directors seeking re-election/ reappointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Report.

### Directors' Responsibility Statement

In accordance with the requirements of section 217 (2AA) of the Companies Act, 1956, the Directors declare that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 09 and of the profit of the Company for the year ended on that date;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts on a 'going concern' basis.

### Suspension of Production

The working of the Company was adversely affected due to shortage of main raw material i.e. sugarcane bagasse. The Company carried out modifications in its Jambhulwadi plant to use plantation / farm wood as raw material. For this purpose, the production activity in the said plant was temporarily suspended. This plant has now restarted trial production activity using wood as raw material for production of particle boards. Availability of raw material continues to be matter of concern for the Company. The situation may improve only after start of new crushing season in sugar factories in the month of November 09. Company is making efforts with the State Government for allotment of bagasse for particle board industry from Sugar Industry to conserve forest wealth.

### Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo

The particulars as prescribed under sub-section (1) (e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of directors) Rules, 1988, are set out in Form A and Form B as Annexure I to this report.

### Eco Friendly Compliance

The company complies with all requirements regarding management of pollutants of manufacturing units. The plants

do not cause any type of water, air or noise pollution. The company has obtained clearances from the State pollution control board for both the plants.

### Management Discussion & Analysis and Corporate Governance

A Report on the Management Discussion & Analysis and Corporate Governance forms part of this Report. The Certificate of the Statutory Auditors confirming compliance with Clause 49 of the Listing Agreement relating to Corporate Governance is also annexed as **Annexure II** to this report.

#### Particulars of employees

The relations with the employees continue to remain cordial. The Directors express their appreciation for the support given and the contribution made by the employees at all levels.

There were no employees whose particulars are required to be given under section 217(2A) of the Companies Act 1956 read with the (Particulars of Employees) Rules 1975.

#### Auditors

The Auditors of the Company, M/s Chaturvedi SK & Fellows, Chartered Accountants Mumbai would retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

#### Auditors' Report

The Board has duly reviewed the Statutory Auditors' Report. Explanation regarding excise payment qualification appearing in Auditor's Report - "The lower authorities of Central Excise Department has asked the reversal of Cenvat credit and interest on Cenvat credit, to the tune of Rs. 854,358/-. However we have filed appeal to higher authorities of Central Excise Department for appropriate decision in our favour on the strong grounds and appeals."

#### Acknowledgements

The Directors place on record their appreciation and express their gratitude for the continued support extended to the Company by the Shareholders, Financial Institutions & Banks, Suppliers and the Customers. We thank the Government of India, State Government, Reserve Bank of India, Bombay Stock Exchange, both depositaries and other Government Agencies for their support, and look forward to their continued support in the future.

For and On Behalf of the Board of Directors

Place : Pune  
Date : 22<sup>nd</sup> June, 2009

V.S. Raju  
Chairman and  
Managing Director

### ANNEXURE I to the Directors' Report

Following are the particulars of Conservation of Energy, Research and Developments, Foreign exchange Earnings and Outgo as per Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

#### A Conservation of Energy:

##### a. Energy Conservation measures taken.

Energy conservation has been a priority area for the Company. The business strategies of the company, as always, have continued to focus on improving energy usage efficiencies, in line with the Company's goal of sustainable growth. Better controls are planned to achieve further reduction in energy reduction.

While reducing pollution load in the industrial effluent with the biological treatment, Company generate renewable energy in the form of biogas. We adopted and developed technology to treat industrial effluents (distillery) to reduce pollution and to generate non conventional renewable energy. Today, our pollution control systems for treatment of effluents saves ½ million tons of coal for the nation through renewable source.

##### B. a. Research & Development (R&D)

The Company has always given great importance to continued research and development. In the last year, Company's strategy of improving efficiency through Research and Development has continued.

##### b. Technology absorption, adaptation and Innovation:

The Company continues to use latest technologies

for improving the productivity and quality of its products. The Company is on the look out for ways and means to improve quality and productivity further by adopting new technology and constantly improving the existing methods of manufacturing.

Company has adopted know-how from Suzlar Technologies, Switzerland for Industrial Waste Water Treatment specifically for industrial effluent (distillery) to reduce pollution and to generate non conventional energy in the form of biogas through biological system. The process adopted has been highly successful in Indian context and we claim to be Number 1 in the country to sustain till this day in propagating this technology that served a dual purpose in serving environment cause and generate non conventional fuel that would save fossil fuel for the industry and nation.

#### C Foreign Exchange Earnings & Outgo

i) **Activities relating to exports: initiatives taken to increase exports, development of new Export Market for products and services; and export plans** – Considering increasing environmental awareness, our products will get good demand in the foreign countries in the future. Company has made new strategies and policies for increase in export and for improvement in the standard of the products. The Company is continuously making efforts to find new export markets for its products, particularly in the neighboring countries, as well as western countries.

##### ii) Total Foreign Exchange earned & used –

Foreign Exchange Earned : Rs 110 thousand  
Foreign Exchange used : Rs. 671 thousand



**ANNEXURE II to the Directors' Report**
**A. MANAGEMENT DISCUSSION AND ANALYSIS**
**1 Overview**

Company has made financial statements as required by Companies Act, 1956, and other applicable laws. Financial statements have been made on a prudent and reasonable bases. Sales were recorded at Rs. 636,703 thousand as compared to Rs. 612,873 thousands of the previous year. There was decrease in profit after tax which was Rs. 30,205 thousand as compared to last year's profit after tax.

Although the Company suffered serious unforeseen setbacks during the past year, it managed to successfully clear all its financial obligations and is today poised to rebuild its brand and return Ecoboard Industries Ltd. to the list of profitable, dividend paying companies.

During the year Company faced problem of procurement of bagasse. Government sanctioned incentives to Sugar factories for the captive consumption of bagasse for co-generation and major Sugar factories increased bagasse prices which were unaffordable to Company. To tackle this problem management tried other various sources where Company could avail other agro residues such as residues of Cotton Stalk, Tur, Jwar, Bajra, Maka, Soyabin etc. Residue collection was a cumbersome procedure resulted in increase in overheads, due to this profit after tax has gone down.

As said earlier the working of the Company was adversely affected during this period by shortage of main raw material, i.e. sugarcane bagasse as also by high price for the same. The Company carried out modifications in its Jambhulwadi plant to use plantation/farm wood as a raw material. For this purpose, the production activity in the said plant was temporarily suspended. This plant has now restarted trial production activity using wood as raw material for production of particle boards. Availability of raw material continues to be matter of concern for the Company. The situation may improve only after start of new crushing season in sugar factories in the month of November 2009. The Company is making efforts with the State Government for allotment of bagasse for particle board industry from sugar industry to conserve forest wealth.

**2 Industry Outlook**

Government has exempted particle boards industries from Excise Duty. Value Added Tax (VAT) reduced to 4% by Government of Maharashtra. During the year industry faced non-availability of bagasse. Prices of bagasse increased to unaffordable level of Rs. 2000 to Rs. 2500 per Metric Ton (MT) which is ironically doubled than the Cane Price. Industry can afford nothing more than a maximum of Rs. 1000 per MT and requires support from sugar industries. Government should restrict Bagasse to be used as fuel except for Captive Power/Co-Generation

Consumption by Sugar Industries. Efforts are being made with the State Government for allotment of bagasse for particle board industry from sugar industry to conserve forest wealth.

Following requests are made to Government on behalf of particle boards manufacturers association :

- Bagasse be covered under Essential Commodities Act at par with any other products of Sugarcane.
- 50 % allocation of bagasse saved from sugar industries for Particle Board Industry.
- Restrict/Prevent sale through middlemen / brokers.
- Rate of Rs. 1000/- per MT factory fixed or made equivalent to Cane Prices.
- Bagasse for Co-generation be sold in open market price as per demand.
- Ban bagasse being taken away outside the State.
- Direct the Government and quasi Government agencies to use Particle Board (Bagasse) instead of Plywood and other wood/ Veneered Boards.

**3 Risks and concern**

Bagasse the main raw material, was short of supply during the period. To tackle this problem the Company has set up efficient risk management policy which addresses to all potential risks including raw material availability risks, regulatory risk, consumer risks, asset risks and human resources risks etc. The company has systems in place for identifying potential risks and taking measures to mitigate those risks.

**4 Company Outlook**

Company intends to diversify into following areas besides existing particle board bagasse industry.

1. Construction of green buildings projects, wherein eco friendly material is used;
2. Recycling of materials;
3. Household furniture segment;
4. Energy and power generation, alternative energy generation products, energy Conservation related products and services.
5. Bio fuels, ethenol, its various applications, derivatives, transportation, storage, distribution;
6. Bio-Technology and related activities and biomass gassification ventures.
7. Herbs and medicines from herbs, related products; herb cultivation and herb-farming;
8. Infrastructure and building construction.
9. Agro based activities, agro project development, sugar including food, fruit and vegetable processing including sale exports and import promotion activities;
10. Information Technology and Information Technology Enabled Services (ITES).
11. Telecommunication and down stream products and services in telecommunication.

Company has already started taking concrete steps to achieve this.

## 5 Future Outlook and Challenges

Today awareness for conservation of forests and prevention of pollution in the people is increased. Company believes that particle bagasse board sector have future growth. We aim to strengthen our operations and efforts to imbibe awareness in the people to use particle bagasse boards, and also we already started process to diversify in other related business alongwith particle bagasse board industry.

## 6 Internal Control Systems

Adequate internal control systems are in place in all areas of operation to ensure safeguarding of assets against loss from unauthorized use or disposition and the same are being continually reviewed and strengthened wherever necessary. Such systems have also been developed to ensure adherence to policies and systems and mitigation of the operational risks covering each area under review.

The organization is well structured and the policy guidelines are well documented with pre defined authorities. The company has also implemented suitable controls to ensure that all resources are utilised optimally, financial transactions are reported with the accuracy and there is a strict compliance with all applicable laws and regulations.

## 7 Human Resources / Industrial Relations

Company has a fully functional human resource department taking care of human force in the Company. As previous year was very hard because there was global melt down. In such scenario the main challenge for HR department was to make stable human resource and Company, both. We are having pleasure to share that human resource department has taken initiative for stability in human resources, by reducing the attrition rate.

**During the year the Company mainly focused on**

### ▪ Active participation of employees in organisational decision making process.

The Company involved employees in various decisions making processes. We came up with idea of suggestions on various subjects and topics from the employees and received great response.

HR department tried to stable the human resource force during recessionary period.

HR department adopted two different strategies during the year "Right Candidate for Right Job" and "Right Job for Right Candidate."

### ▪ Value Addition- For each and every individual

The Company have always developed various strategies and programs to develop the manpower resource. This year we defined the Roles, Responsibilities and Objectives of each and every individuals, to know the potentials.

## ▪ Training and development

The Company tried to find out the needs of training and development. After analysing the needs of training we had organised various training programs during the year like :- 1) Training Program for workers 2) SAP training 3) Internal training for ISO audits.

## Industrial relations

During the year main objectives of Company regarding industrial relations system were:-

- To safeguard the interest of labour and management by securing the highest level of mutual understanding and goodwill among all those sections in the plant which participate in the process of production.
- To avoid industrial conflict or strike and develop harmonious relations, which are essential factors in the productivity of workers and the industrial progress of a country.
- To raise productivity to a higher level in an era of full employment by lessening the tendency of high turnover and frequent absenteeism.
- To eliminate or minimize the number of strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
- To arrange medical check up programs.
- To encourage social gatherings like Republic day, May day and some other regional / local festivals and celebrations.

## 8 Cautionary Statements

Statements made in the Management discussion and analysis report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations may include:

- 1) Global/domestic supply and demand conditions affecting selling prices, input availability.
- 2) Company's ability to successfully implement Company's strategy, growth and expansion plans and technological initiatives.
- 3) Changes in government policies, changes in political conditions.
- 4) Changes in laws and regulations including tax laws.
- 5) General economic developments and business conditions in India and other countries.
- 6) Other factors such as litigation and industrial relations.

## B. CORPORATE GOVERNANCE REPORT

### Company philosophy on code of governance:

Corporate Governance safeguards and adds value to the interest of its stakeholders viz. investors, creditors, customers, employees and Government etc. in the long run. The company pursues the process of Corporate Governance in compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange where company's shares are listed and submits a report on the matters mentioned in the said clause and practices followed by company. The Company remains committed to the core aspects of Corporate Governance, viz. fairness, transparency, accountability and responsibility.

### I Board of Directors

The Board comprises of nine Directors, of which six are non-executive Directors. The Chairman is the Executive Chairman and Managing Director. The Board comprises of five independent Directors i.e. Directors, who, apart from receiving sitting fees, do not have any other material pecuniary relationship or transactions with the Company, its promoters or its management, which may affect independence of judgment of the Directors.

### Composition, Attendance at the Board Meetings and the last Annual General Meeting, and number of other Directorships and chairmanships/ Membership of Committees of each Director in various Companies:

Name of Director	Category	Attendance of meeting during 2008-2009		Directorships held in Other Companies
		Board	Last AGM	
Mr. V.S. Raju	Chairman & M. D.	5	Yes	0
Mr. G.R.K. Raju	V. Chairman & Exe. Director	4	Yes	1
Mr. P Satyanarayana Raju	Joint M. D.	3	Yes	2
Mr. Srinivas Raju P	Non Exe. Director	2	No	1
Mr. U.S. Kadam	Non-Exe. & Independent	5	Yes	0
Mr. S. Venkatswamy	Non-Exe. & Independent	0	No	2
Dr. N.A. Ramaiah	Non-Exe. & Independent	1	No	0
Mr. Ramchandra Raju P S	Non-Exe. & Independent	1	No	0
Mr. V.P. Rane	Non-Exe. & Independent	5	Yes	1

None of the Directors serve as members of more than 10 committees or are chairman of more than 5 committees across all the Companies in which they are Directors.

The Board met five times during the financial year under review on the following dates:

- 1) 30<sup>th</sup> April, 2008
- 2) 19<sup>th</sup> June, 2008
- 3) 22 July, 2008.
- 4) 24<sup>th</sup> October, 2008.
- 5) 30<sup>th</sup> January, 2009.

The maximum time gap between any two meetings was not more than four months.

### Code of Conduct

- i) Code of Conduct for Director and Senior Management of the Company.

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. The Code of Conduct is being posted on the Company's website [www.ecoboardindia.com](http://www.ecoboardindia.com) All Board Members and Senior Management Personnel have affirmed compliance with the code as on March, 2009.

- ii) Code of Conduct for prevention of Insider Trading

The Company has also adopted a Code of Conduct for Prevention of Insider Trading.

### Risk Mitigation Plan

The Company has laid down the procedure for risk assessment and minimization which has been reviewed by the Board of Directors and the Board of Directors shall continue to periodically review this procedure.

### Remuneration of Directors

Details of remuneration paid to Directors during the year 2008-2009:

(Figures in Rs.)

Name of Director	Salaries and Perquisites	Sitting Fees	Total	Share holding
Mr. V.S. Raju	1,353,570	NIL	1,353,570	7,152,650
Mr. G.R.K. Raju	1,693,882	NIL	1,693,882	12,815,250
Mr. P S Raju	1,693,882	NIL	1,693,882	11,309,000
Mr. Srinivas Raju P	N.A.	10,000	10,000	7,418,000
Mr. U.S. Kadam	N.A.	30,000	30,000	7,000
Mr. S. Venkatswamy	N.A.	NIL	NIL	-
Dr. N.A. Ramaiah	N.A.	5,000	5,000	8,000
Mr. Ramchandra Raju P S	N.A.	5,000	5,000	-
Mr. V.P. Rane	N.A.	30,000	30,000	10,000

### Notes:

The Company does not pay any remuneration to the Non-Executive Directors except sitting fees which were paid within the limit prescribed under section 310 of Companies Act, 1956.

All pecuniary relationships or transactions of the non-executive Directors have been disclosed in the Notes to Accounts.

**Remuneration Committee :**

Remuneration Committee comprises of 3 directors, viz. Mr. U. S. Kadam, Mr. Ramchandra Raju P. S., Mr. N. A. Ramaiah, all being the non-executive and independent directors. Remuneration Committee is headed by Mr. U. S. Kadam.

Remuneration Committee has reviewed and approved the remuneration packages being paid to the executive directors.

**Disclosure regarding Directors retired by rotation and seeking re-appointment at the ensuing Annual General Meeting.**

Name	Mr. Ramchandra Raju P.S.	Mr. V.P. Rane (I.A.S. Retired)
Address	302, Paradise Apartments, Opp. Raitu Bazar, Sesam Dhara, Visakhapatnam 530 013.	1076/24, Giriraj Housing Society, Old Chattushringi Road, Opp. New Symboisys Bhavan, Pune 411 026.
Date of Birth	16 <sup>th</sup> March, 1945	20 <sup>th</sup> Dec., 1936
Date of Appointment	26 <sup>th</sup> September, 2003	29 <sup>th</sup> June, 2007
Qualification	B.E. (Ele.) FSTA	B.A. B.Com. L.L.B. C.S. Financial Management from University of Glasgow, U.K. as a Colombo Plans Scholar (deputed by Government of India)
Experience	Chief Executive and Managing Director in Co-operative Sugar Factories in Andhra Pradesh	Experience in Administration & Management as Senior Level as – Director/ Commissioner of Sugar, Maharashtra State. District Magistrate Director of Animal Husbandry Registrar, Co-operation. Presently working as Director General of Vasandada Sugar Industries.
List of other Companies in which Directorship held	NIL	Prerana Agro Technologies Private Limited. Pune.
Share-holding	Refer Remuneration of Directors	Refer Remuneration of Directors

**II Audit Committee****Composition of Audit Committee**

The Audit Committee comprises of four directors., Viz. Mr. U.S. Kadam, Mr. V. S. Raju, Mr. S. Venkatswamy and Mr. V.P. Rane. Except Mr. V.S. Raju, all other Directors are non-executive independent directors. The Committee is headed By Mr. U.S. Kadam who is an eminent Chartered Accountant.

**The minutes of the Audit Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings.**

**Meetings and the attendance during the year.**

Name of Member	Attendance of Meetings
Mr. U.S. Kadam	4
Mr. V. S. Raju	4
Mr. S. Venkatswamy	1
Mr. V.P. Rane	4

As per the provisions of section 292A of the Companies Act, 1956 and clause 49 of Listing Agreement the Board has constituted Audit Committee. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/others management information.

The terms of reference of the Audit Committee include the following:

- Reviewing the Company's financial policies and results
- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of Internal Audit function and discussing the findings of the Internal Auditors.
- Management Discussions and analysis of financial condition & result of operations.
- Review of related party transactions
- Interaction with Statutory Auditors.

**III. SUBSIDIARY COMPANY**

The Company does not have a material unlisted Indian subsidiary whose turnover or net-worth exceeds 20% of the consolidated turnover or net-worth respectively of the listed holding Company and its subsidiary in the immediately preceding accounting year.

**IV. Share Transfer & Shareholders' Grievance Committee**

In compliance with the requirement of the Corporate Governance under the Listing Agreement entered into

with the Bombay Stock Exchange where the shares of companies are listed, the Company has constituted a Transfer and Shareholders/Investors Grievance Committee to look into issues relating to shareholders including share transfer.

The Share Transfer & Grievance Committee consists of Mr. V.S. Raju, Mr. P. Satyanarayana Raju and headed by Mr. U.S. Kadam. The Minutes of Transfer and shareholders/Investors Grievance Committee are noted by the Board of Directors of the Company at the Subsequent Board Meetings.

Mrs. Shubhangi Chitnis, Senior Manager (HR) is the Compliance Officer of the Company.

The terms of reference of the above Committee are as follows:

- To consider and approve transfer / transmission of shares, consolidation / split of share certificates and issuance of duplicate share certificates; etc.
- Redressal of shareholders'/investors' complaints relating to transfer, transmission, transposition, splitting, consolidation, dematerialization of shares, non receipt of annual reports etc.

As on 31<sup>st</sup> March 09, there were no pending requests for transfer of shares.

#### V. General Body Meetings:

- Particulars of Annual General Meeting for the last three years:-

AGM	Date	Time	Venue	Number of special resolutions passed.
15 <sup>th</sup>	15/09/2006	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	NIL
16 <sup>th</sup>	28/09/2007	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	NIL
17 <sup>th</sup>	30/09/2008	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	NIL

#### 2) Postal Ballot:-

- Last year Company conducted postal ballot for induction of new objects for purpose of diversification, and has passed special resolution through postal ballot in accordance with Section 192A of Companies

Act, 1956 read with Companies (Passing of resolution by Postal Ballot) Rules, 2001.

#### ii) Details of Voting Pattern :-

Particulars	No. of Postal ballot forms	No. of Shares	% of total Valid votes
Total Postal Ballot Forms Received	81	2178190	
Less : Invalid Postal Forms	2	8500	
Net Valid Postal Ballot Forms	79	2169690	100
Postal Ballot forms Which assent for Resolution 1	76	2148125	99.0061
Postal ballot forms Which Assent for Resolution 2	71	2143905	98.8115
Postal ballot forms which dissent For resolution 1	1	21365	0.9847
Postal ballot forms which dissent For resolution 2	1	21365	0.9847

- Mr. Milind Kulkarni Practicing Company Secretary, Pune conducted the postal ballot exercise.

- No special resolution is proposed to be conducted through postal ballot.

#### VI. DISCLOSURE

- There are no materially significant related party transactions with its promoters, directors or the management and their relatives.
- The Company has complied with the requirements of Regulatory Authorities on capital markets including the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and no penalties or strictures has been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority on any matter relating to the Capital Markets during the last 3 years.
- Whistle Blower Policy is the non-mandatory requirement as per Corporate Governance norms. Though Company has not framed any strict Whistle Blower Policy as recommended by the Corporate Governance norms, access to the Audit Committee has not been denied to anybody.

#### VII. Means of Communication

The Board of Directors of the Company approves and takes on record the quarterly unaudited financial results in the proforma prescribed by the Stock Exchange and announces the said results to the Stock Exchange Mumbai where the shares of the Company are listed. These quarterly unaudited results were also published in Free Press (English Edition) and Navshakti (Marathi Edition) news papers in the prescribed format as required by amended clause 41 of Listing Agreement. Also posted on web site being

updated. Management discussion and analysis report forms a part of annual report.

### VIII. Status of Compliance with Mandatory Requirements

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges as on March 31, 2009.

#### 8 Shareholder General Information:

##### a) Annual General Meeting:

Date & Time : Tuesday, 29 September 2009 at 11.00 a.m.

Venue : Hotel Shangrila Gardens,  
Off Karve Road, Near Nai Stop,  
Pune – 411 004  
Tel. : (020) 2543 2982

##### b) Dates of Book Closure : Saturday, 26 September, on account of AGM 2009 to Tuesday, 29 September, 2009 (Inclusive of both days)

##### c) Financial Calendar of the Company:

The Financial year covers the period from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

Financial Reporting for:

- Quarter ending 30<sup>th</sup> June, 09 End July, 2009
- Half Year ending 30<sup>th</sup> September, 09 End October, 2009
- Quarter ending 31<sup>st</sup> December, 09 End January, 2010
- Year ending 31<sup>st</sup> March, 10 June, 2010.
- Annual General Meeting for the year ended March 31, 2010. September 2010.

##### d) Face Value of the equity Share Rs. 10 per share.

##### e) Dividend Payment Date After AGM within 30 days

##### f) Listing on Stock Exchange & Stock Code:

Stock Exchange	Stock Code
Bombay Stock Exchange of India Ltd.	523732
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	

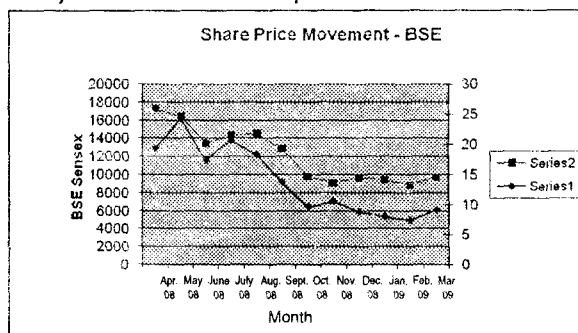
Listing fees were paid for the financial year 2009-2010 to the Bombay Stock Exchange. The ISIN Number of company on both NSDL & CDSL is INE866A01016.

##### g) Market Price Data:

- i) High/Low in each of month of the Financial Year April 2008 to March 2009 on Bombay Stock Exchange, Mumbai

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2008	19.75	16.05	October 2008	15.00	9.50
May 2008	27.20	17.80	November 2008	12.88	9.66
June 2008	25.50	17.40	December 2008	11.10	8.65
July 2008	22.55	15.75	January 2009	10.72	7.30
August 2008	20.95	17.80	February 2009	9.48	6.60
Sept. 2008	20.20	12.75	March 2009	10.00	6.07

#### ii) Performance in comparison with BSE :-



Series 1 – Ecoboard, Series 2- BSE Sensex.

#### h) Share Transfer System

The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by M/s Link Intime India Private Limited Pune. Share Transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) within 15 days. Connectivity with NSDL & CDSL is maintained through M/s. Link Intime India Private Limited Mumbai. The Board has delegated the power to approve transfers to the Share Transfer, Finance and Investors Grievance Committee and also to the members of these Committees.

##### i) Registrar and Share Transfer Agents:

M/s Link Intime India Private Limited Pune.  
(Formerly 'Intime Spectrum Registry Limited)  
Block No. 202, 2nd Floor Akshay Complex  
Off Dhole Patil Road PUNE - 411 001  
Tel. : (020) - 26050084, 26051629  
Telefax : 020 - 26053503  
Web : [www.linkintime.co.in](http://www.linkintime.co.in)  
Email : [vikrant.deshmukh@linkintime.co.in](mailto:vikrant.deshmukh@linkintime.co.in)

##### j) Registered Office of the Company:

(Effective from 22<sup>nd</sup> June 2009)  
36/1, Preet Chambers, 2<sup>nd</sup> Floor,  
Pune-Mumbai Road, Wakdevadi, Pune – 411 003.  
Ph. (020) 4007 9454, 66011653  
E-mail – [info@ecoboardindia.com](mailto:info@ecoboardindia.com)  
Website – [www.ecoboardindia.com](http://www.ecoboardindia.com)  
Compliance Officer – Mrs. Shubhangi Chitnis.

##### k) Plant locations:

###### Bio System Division

36/1, Preet Chambers, 2<sup>nd</sup> Floor, Pune- Mumbai Road, Wakadewadi, Pune – 411 003.

###### Particle board division:

- 1) Village Jambhulwadi, Taluka Walwa, Dist Sangli, Maharashtra

- 2) Village Velapur, Taluka Malshiras, Dist Solapur, Maharashtra

**l) Shareholding Pattern as on 31<sup>st</sup> March 2009**

Shareholders	No. of shares held	% Share holding
CLEARING MEMBER	9178	0.0515
OTHER BODIES	1816204	10.1851
CORPORATE		
FOREIGN FINANCIAL INSTITUTIONS	7800	0.0437
HINDU UNDIVIDED FAMILY	198871	1.1152
MARKET MAKER	10158	0.0570
NATIONALISED BANKS	1600	0.0090
NON NATIONALISED BANKS	300	0.0017
NON RESIDENT INDIANS	23393	0.1312
NON RESIDENT (NON REPATRIABLE)	9902	0.0555
OVERSEAS CORPORATE BODIES	274100	1.5371
PERSONS ACTING IN CONCERT	456060	2.5575
PUBLIC	6140048	34.4328
PROMOTERS	8884386	49.8227
<b>TOTAL</b>	<b>17832000</b>	<b>100.0000</b>

**m) Distribution of Shareholding as on 31<sup>st</sup> March 2009**

Shareholding of nominal shares	No. of share holders	%age of total	share amount Rs.	%age of Total
1 - 5000	11859	87.8510	22347360	12.5322
5001-10000	864	6.4005	7393970	4.1465
10001-20000	340	2.5187	5459120	3.0614
20001-30000	133	0.9853	3526220	1.9775
30001-40000	59	0.4371	2125540	1.1920
40001-50000	65	0.4815	3094630	1.7354
50001-100000	85	0.6297	6525960	3.6597
100001-above	94	0.6963	127847200	71.6954
<b>Total</b>	<b>13499</b>	<b>100.0000</b>	<b>178320000</b>	<b>100.00</b>

**n) Dematerialization of Shares**

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services Limited (CDSL) by virtue of which, 15169499 equity shares of the Company forming 85.06% of total share capital of the company, have been dematerialized as on 31<sup>st</sup> March 2009.

**o) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, if any.**

N.A.

For and On Behalf of the Board of Directors

Place : Pune  
Date : 22<sup>nd</sup> June, 2009

**V.S. Raju**  
Chairman and  
Managing Director

**CERTIFICATION BY THE MANAGING DIRECTOR**

To  
The Board of Directors  
ECOBORD INDUSTRIES LIMITED

I, the undersigned, in my capacity as the Managing Director of ECOBOARD INDUSTRIES LIMITED (the Company), to the best of my knowledge and belief certify that:

- a) I have reviewed the financial statements and the cash flow statement for the year ended on 31<sup>st</sup> March 2009 and based on my knowledge and belief, I state that:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) I further state to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same

over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

- d) I have indicated, based on my recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
- i) significant changes, if any, in the internal control over financial reporting during the year;
- ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements;
- iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having significant role in the Company's internal control system over the financial reporting.

**For and On Behalf of the Board of Directors**

Place : Pune

Date : 22<sup>nd</sup> June, 2009 Chairman and Managing Director

**V.S. Raju**

**DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with Clause 49 of Listing Agreement with the Stock Exchanges, I, V.S. Raju, Chairman and Managing Director of the Company, hereby, declare that the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended March 31, 2009.

**For Ecoboard Industries Ltd.**

Place : Pune

Date : 22<sup>nd</sup> June, 2009

**V.S. Raju**

Chairman and Managing Director



**AUDITORS' REPORT**

**To the Members of Ecoboard Industries Ltd.**

We have audited the attached Balance Sheet of ECOBOARD INDUSTRIES LTD. at 31<sup>ST</sup> March, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.

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 from 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- a) 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;

- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and in our opinion, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- d) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>ST</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes to accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>ST</sup> March, 2009;
- ii) in the case of Profit and Loss Account, of the profit for the year ended on that date.
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Chaturvedi SK & Fellows**  
Chartered Accountants

Srikant Chaturvedi

Partner

Place : Pune

Date : 22 June, 2009

(Membership No. 70019)

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in our report of even date on the accounts of ECOBOARD INDUSTRIES LIMITED for the year ended 31<sup>ST</sup> March 2009.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets were physically verified during the period by the management. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off any substantial part of the fixed assets during the year.
2. (a) According to the information given to us, physical verification of inventory was conducted by the management during the year at reasonable intervals.
- (b) In our opinion, 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. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventories.

3. (a) The company has not granted any loans, secured and unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b),(c) and (d) of the Order are not applicable.
- (b) The company has taken unsecured loans of Rs.382.31 lacs from 4 parties listed in the register maintained under section 301 of the Companies Act, 1956:
- (c) In our opinion, the rate of interest and other terms and conditions of above loans taken by the company are not prima facie prejudicial to the interest of the company.
- (d) According to information and explanations given to us, the company is regular in payment of principal amount and interest on these loans.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and

the nature of its business with regards to the purchase of inventory and fixed assets and for the sale of goods and services.

5. According to the information and explanations given to us, the company did not do any transactions that needed entry into register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public. The provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Company's products.
9. (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Custom duty, Excise duty and other statutory dues applicable to it, although in some cases, payments were made after the due dates. According to information and explanations given to us, except excise duty of Rs.8.54 lacs, no outstanding statutory dues were in arrears as at 31/03/2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, following amount of tax, duty or cess was under dispute hence not paid:

Nature of dues	Period	Amount (Rs. In Lacs)	Forum where the dispute is Pending
Central Excise duty	2003-04	28.45	Custom, Excise & Service Tax Appellate Tribunal.
Central Excise duty	2003-04	13.50	Custom, Excise & Service Tax Appellate Tribunal.
Central Excise duty	2004-05	2.98	Custom, Excise & Service Tax Appellate Tribunal.
Central Excise duty	2004-05/ 2005-06	3.14	Custom, Excise & Service Tax Appellate Tribunal.
Central Excise duty	2006-07	2.25	Custom, Excise & Service Tax Appellate Tribunal.

10. The company is registered for a period of more than five years. Its accumulated losses at the end of the financial year were less than fifty per cent of its net worth. The company has not incurred cash losses in this financial year or the financial year immediately preceding this financial year.
11. In our opinion and according to the information and explanation given to us by the management, the company has not defaulted in repayment of dues to the financial institutions or banks or the debenture-holders during the year.
12. The company has not granted loans and advances on the basis of security of shares, debentures and other securities.
13. The company is not engaged in the business of chit funds, nidhi, mutual benefit fund or mutual benefit society.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others.
16. To best of our knowledge and according to the information and explanations given to us, in our opinion, term loans availed by the company were prima-facie applied by the company during the year for the purposes for which the loans were obtained.
17. According to the information and explanation given to us and on an overview of the balance sheet and cash flow statement of the company, the company has not used funds raised on short-term basis for long term investment.
18. The Company has made preferential allotment of 750,000 equity shares of Rs. 10 each at a premium of Re. 11 per share to parties covered in the Register maintained under section 301 of the Companies Act 1956. The allotment is made at the price calculated as per SEBI guidelines and, in our opinion, the issue price is not prejudicial to the interest of the company.
19. The company did not have any outstanding secured debentures as on the date of the balance sheet.
20. The company has not raised any money by public issue of securities in recent past:
21. According to the information and explanations given to us; no fraud on or by the company was noticed or reported during the year.

**For Chaturvedi SK & Fellows**  
Chartered Accountants

Srikant Chaturvedi  
Partner

Place : Pune  
Date : 22 June, 2009

(Membership No. 70019)

**Auditors' Certificate on  
Compliance of Conditions of Corporate Governance**

To  
The Members of  
Ecoboard Industries Limited

We have examined the compliance of conditions of Corporate Governance by Ecoboard Industries Limited, for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s) in India.

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.

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.

We state that all the investor complaints / grievances received during the year were redressed and resolved, as per the records maintained by the Share Transfer and Shareholders / Investors Grievance Committee.

We 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 Chaturvedi SK & Fellows,**  
Chartered Accountants,

**Srikant Chaturvedi**  
Partner  
Place : Pune  
Date : 22<sup>nd</sup> June, 2009 (Membership Number 70019)

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule No.	As at 31.03.2009 Rs. in thousands	As at 31.03.2008 Rs. in thousands
<b>SOURCES OF FUNDS</b>			
Shareholders' funds :			
Share capital	1	179,620	172,120
Share application money received		0	15,750
Reserves & surplus	2	344,771	327,004
		<u>524,391</u>	<u>514,874</u>
<b>Loan funds :</b>			
Secured loans	3	166,673	180,250
Unsecured loans	4	46,551	38,524
		<u>213,224</u>	<u>218,774</u>
<b>TOTAL</b>		<u><b>737,615</b></u>	<u><b>733,648</b></u>
<b>APPLICATION OF FUNDS</b>			
Fixed assets	5		
Gross block		1,052,899	1,047,551
Less: Depreciation		600,615	550,002
Net block		452,284	497,549
Capital work-in-progress		4,365	692
		<u>456,649</u>	<u>498,241</u>
<b>Current assets, loans &amp; advances</b>			
Inventories	6	298,373	247,903
Debtors	7	75,211	123,250
Cash & bank balances	8	31,419	12,265
Loans & advances	9	33,423	30,203
		<u>438,426</u>	<u>413,621</u>
Less: Current liabilities & provisions	10	157,460	178,214
Net current assets		<u>280,966</u>	<u>235,407</u>
<b>TOTAL</b>		<u><b>737,615</b></u>	<u><b>733,648</b></u>
<b>Notes forming part of the accounts</b>	14		

As per our report of even date

**For Chaturvedi SK & Fellows**  
Chartered Accountants

(Srikant Chaturvedi)  
Partner  
(Membership No.70019)  
Place: Pune  
Dated: 22<sup>nd</sup> June, 2009

For and on behalf of the Board of Directors

**V. S. Raju**  
Chairman & Managing Director  
**P. Satyanarayana Raju**  
Joint Managing Director  
**U. S. Kadam**  
Director  
**Uday Baleghatkar**  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule No.	For the year ended 31.03.2009 Rs. in thousands	For the year ended 31.03.2008 Rs. in thousands
<b>INCOME</b>			
Sales & contract receipts		636,703	612,873
Other income	11	7,394	11,531
Increase in stocks of finished goods & work-in-process	12	43,454	(11,441)
		<u>687,551</u>	<u>612,963</u>
<b>EXPENDITURE</b>			
Materials		292,254	210,254
Manufacturing & other expenses	13	280,939	242,513
Excise duty paid		385	0
Interest		28,242	30,893
Depreciation		50,952	51,055
		<u>652,772</u>	<u>534,715</u>
<b>Profit before income tax</b>		34,779	78,248
Less: Income-tax:			
- Current tax		4,787	2,900
- Fringe benefits tax (net of excess provision of earlier years- Rs.1035 thousands)		(213)	1,070
- Deferred tax		0	0
		<u>4,574</u>	<u>3,970</u>
<b>Profit after tax</b>		30,205	74,278
<i>Appropriations:</i>			
Proposed dividend on preference shares		13	116
Proposed dividend on equity shares		17,670	17,082
Tax on proposed dividend		3,005	2,923
Surplus for the year		<u>9,517</u>	<u>54,157</u>
Balance brought forward from last year		(275,055)	(354,212)
Transfer from Debenture Redemption Reserve		0	25,000
Balance carried to balance sheet		<u>(265,538)</u>	<u>(275,055)</u>
Earnings per share (basic/ diluted) on equity shares of the face value of Rs. 10 each.		1.71	4.35
<b>Notes forming part of the accounts</b>	14		

As per our report of even date

**For Chaturvedi SK & Fellows**  
Chartered Accountants

(Srikant Chaturvedi)  
Partner  
(Membership No.70019)  
Place: Pune  
Dated: 22<sup>nd</sup> June, 2009

For and on behalf of the Board of Directors

**V. S. Raju**  
Chairman & Managing Director  
**P. Satyanarayana Raju**  
Joint Managing Director  
**U. S. Kadam**  
Director  
**Uday Baleghatkar**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	( Rupees in thousands)	
	Year ended 31.03.2009	Year ended 31.03.2008
<b>A. Cash flow from operating activities:</b>		
Net profit before tax and extra-ordinary items	34,779	78,248
<b>Adjustments for non cash expenses :-</b>		
Depreciation	50,952	51,054
Loss on sale of assets	0	150
<b>Adjustment for non operating incomes:-</b>		
Profit on sale of fixed assets	(22)	0
<b>Adjustment for expenses considered separately:-</b>		
Interest expenses	28,242	31,420
<b>Operating profit before working capital changes</b>	<b>113,951</b>	<b>160,872</b>
<b>Adjustment for changes in working capital:-</b>		
Change in inventories	(50,470)	(5,056)
Change in debtors	48,039	(71,351)
Change in other receivables	(3,220)	(9,705)
Change in trade payables and other liabilities	(21,373)	(15,921)
Change in customers deposits	(4,520)	4,925
<b>Cash generated from operation</b>	<b>82,407</b>	<b>63,764</b>
Direct taxes	(4,805)	(640)
<b>Net cash from operating activities... A</b>	<b>77,602</b>	<b>63,124</b>
<b>B. Cash flow from investing activities</b>		
Sale of assets	43	692
Purchase of fixed assets (including capital work in progress)	(9,381)	(2,320)
<b>Net cash used in investing activities...B</b>	<b>(9,338)</b>	<b>(1,628)</b>
<b>C. Cash flow from financing activities:</b>		
Issue of equity shares	7,500	0
Premium received on issue of equity shares	8,250	0
Share application money received	(15,750)	15,750
Preference shares redemption	0	(5,000)
Term loans raised	1,113	0
Bank borrowings for working capital	(14,277)	27,181
Loan from directors	18,500	(24,004)
Intercompany deposits	(5,953)	(3,835)
Settlement amounts paid	0	(1,300)
Term loans repaid	(413)	(36,042)
Dividend paid	(16,915)	0
Tax on dividend paid	(2,923)	0
Interest paid	(28,242)	(31,420)
<b>Net cash from financing activities...C</b>	<b>(49,110)</b>	<b>(58,670)</b>
<b>D. Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>19,154</b>	<b>2,826</b>
<b>Cash &amp; cash equivalents -Opening balance</b>	<b>12,265</b>	<b>9,439</b>
<b>Cash &amp; cash equivalents -Closing balance</b>	<b>31,419</b>	<b>12,265</b>

Note: (1) Figures in brackets represent cash outflow .

As per our report of even date

For and on behalf of the Board of Directors

For Chaturvedi SK & Fellows  
Chartered Accountants(Srikant Chaturvedi)  
Partner  
(Membership No.70019)  
Place: Pune  
Dated: 22<sup>nd</sup> June, 2009V. S. Raju  
Chairman & Managing Director  
P. Satyanarayana Raju  
Joint Managing Director  
U. S. Kadam  
Director  
Uday Baleghatkar  
Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2009 Rs. in thousands	As at 31.03.2008 Rs. in thousands
<b>1 SHARE CAPITAL</b>		
<i>Authorised :</i>		
23,000,000 Equity shares of Rs. 10 each	230,000	230,000
200,000 Cumulative redeemable preference shares of Rs. 100 each	20,000	20,000
	<u>250,000</u>	<u>250,000</u>
<i>Issued, subscribed &amp; paid up:</i>		
17,832,000 (Previous year-17,082,000) Equity shares of Rs.10 each fully paid.	178,320	170,820
13,000 (Previous year-13,000) 1% Cumulative redeemable preference shares of Rs. 100 each	1,300	1,300
	<u>179,620</u>	<u>172,120</u>
(i) Of the above shares, 2000 equity shares were issued for consideration other than cash to the shareholders of erstwhile Deccan Fibre Boards Ltd. and Ecoboard Industries Ltd. in pursuance of scheme of amalgamation of those companies into this company.		
(ii) 1% Cumulative redeemable preference shares were allotted to financial institutions in terms of negotiated settlement of their dues. 50,000 shares were redeemed during the previous year. Balance 13,000 shares are redeemable on 30-09-2010.		
<b>2 RESERVES &amp; SURPLUS</b>		
i) Capital Reserve		
As per last balance sheet	2,131	2,131
ii) Amalgamation Reserve		
As per last balance sheet	30	30
iii) Debenture redemption reserve		
As per last balance sheet	0	25,000
Transfer to profit & loss account on repayment of debentures	0	(25,000)
	<u>0</u>	<u>0</u>
iv) Share premium account		
As per last balance sheet	253,628	253,628
Add: Premium received during the year	8,250	0
	<u>261,878</u>	<u>253,628</u>
v) General Reserve		
As per last balance sheet	346,270	346,270
vi) Profit & loss account- debit balance	(265,538)	(275,055)
	<u>344,771</u>	<u>327,004</u>
<b>3 SECURED LOANS</b>		
Equipments and vehicle loans	1,215	515
<i>Working capital finance:</i>		
Working capital loans from banks	165,458	179,735
	<u>166,673</u>	<u>180,250</u>

**Notes**

- Working capital loans from consortium of bankers are secured by first charge on the Company's current assets, present and future, including stocks, goods in process, goods in transit, receivables and book debts. These loans are further secured by *pari passu* charge by joint equitable mortgage of immovable properties of the Company situated at village Jambhulwadi, district Sangli, and at village Velapur, district Solapur, both in the State of Maharashtra. The loans are also secured by personal guarantees of some of the directors of the Company.
- Equipments and vehicle loans are secured by hypothecation of specific assets.

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2009 Rs. in thousands	As at 31.03.2008 Rs. in thousands
<b>4 UNSECURED LOANS</b>		
Deposits from directors	38,231	19,731
Inter corporate deposits	0	5,953
Customers' deposits	8,320	12,840
	<u>46,551</u>	<u>38,524</u>

**5 FIXED ASSETS**

(In Rupees in thousands)

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 31.03.08	Additions	Deductions	As at 31.03.09	Upto 31.03.08	Written back	For the Year	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Freehold land	11469	0		11469	0		0	0	11469	11469
Leasehold land	23	0		23	0		0	0	23	23
Building	155571	1621		157192	51844		5039	56883	100309	103727
Plant & machinery	783090	1557		784647	445426		41275	486701	297946	337664
Electrical installations	53875	0		53875	26522		2558	29080	24795	27353
Furniture & fixtures	13887	355	7	14235	7331	4	671	7998	6237	6556
Equipments	18601	1659		20260	11582		786	12368	7892	7019
Vehicles	7392	502	353	7541	4080	335	579	4324	3217	3312
Tools & patterns	3643	14		3657	3217		44	3261	396	426
<b>GRAND TOTAL</b>	<b>1047551</b>	<b>5708</b>	<b>360</b>	<b>1052899</b>	<b>550002</b>	<b>339</b>	<b>50952</b>	<b>600615</b>	<b>452284</b>	<b>497549</b>
Previous Year	1047846	1780	2075	1047551	500180	1233	51055	550002	497549	547666

Note: 1. Conveyance for office building valued Rs. 702,972/- is pending execution.

2. A vehicle of the value of Rs. 7000/- was not yet registered in the name of the company.

	As at 31.03.2009 Rs. in thousands	As at 31.03.2008 Rs. in thousands
<b>6 INVENTORIES</b>		
(As taken, valued and certified by a director)		
Raw materials (at cost)	66,140	62,693
Packing materials (at cost)	301	261
Work in progress (at cost)	64,624	44,986
Finished goods (at lower of cost and net realisable value)	145,650	121,834
Goods in transit	0	438
Stores and spares (at cost)	21,658	17,691
	<u>298,373</u>	<u>247,903</u>

**7 DEBTORS**

Due for more than six months:

Considered good	27,566	16,506
Considered doubtful	29,822	30,139
	<u>57,388</u>	<u>46,645</u>

Others :

Considered good	47,645	106,744
Considered doubtful	0	0
	<u>47,645</u>	<u>106,744</u>

105,033 153,389

Less: Provision for doubtful debts

29,822 30,13975,211 123,250



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2009 Rs. in thousands	As at 31.03.2008 Rs. in thousands
<b>8 CASH &amp; BANK BALANCES</b>		
Cash in hand	842	654
Bank balances :		
With scheduled banks		
in current accounts	23,361	4,664
in fixed deposit accounts	7,216	6,947
	<u>30,577</u>	<u>11,611</u>
	<u>31,419</u>	<u>12,265</u>
<b>Note:</b> Fixed deposits of Rs.72.16 lakhs (Previous year- Rs.69.47 lakhs) are kept with the banks as security for letters of credit/ guarantees issued.		
<b>9 LOANS &amp; ADVANCES</b> (Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	26,312	24,691
Considered doubtful	6,545	4,951
	<u>32,857</u>	<u>29,642</u>
Less: Provision for doubtful loans and advances	6,545	4,951
	<u>26,312</u>	<u>24,691</u>
Insurance claims	826	833
Prepaid expenses	553	822
Deposits	5,732	3,857
	<u>33,423</u>	<u>30,203</u>
<b>10 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current liabilities :</b>		
Acceptances	9,635	25,217
Sundry creditors		
- Micro, small and medium enterprises	593	631
- Others	72,888	99,362
Advance from customers	38,384	19,592
Unpaid dividend	283	0
	<u>121,783</u>	<u>144,802</u>
<b>Provisions</b>		
Provision for gratuity	6,827	5,428
Provision for other retirement benefits	4,235	3,705
Proposed dividend	17,683	17,198
Tax on proposed dividend	3,005	2,923
Provision for income-tax including fringe benefit tax net of advance payments	3,927	4,158
	<u>157,460</u>	<u>178,214</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	For the year ended 31.03.2009 Rs. in thousands	For the year ended 31.03.2008 Rs. in thousands
<b>11 OTHER INCOME</b>		
Consultancy charges received	0	2,085
Insurance claim received	215	363
Profit on sale of fixed assets	22	0
Rent received	99	146
Subsidy received for energy audit	0	25
Sales-tax set off received	300	0
Foreign exchange fluctuation income	116	0
Excess provision for bad and doubtful debts	317	0
Miscellaneous income	3,783	3,353
Excess provisions written back	265	5,419
Sundry balances written back/ written off (net)	2,277	140
	<b>7,394</b>	<b>11,531</b>
<b>12 INCREASE IN STOCKS</b>		
Opening stocks:		
Work-in-progress	44,986	31,549
Finished goods	121,834	146,712
	<b>166,820</b>	<b>178,261</b>
Closing stocks:		
Work-in-progress	64,624	44,986
Finished goods	145,650	121,834
	<b>210,274</b>	<b>166,820</b>
Increase in stocks	<b>43,454</b>	<b>(11,441)</b>
<b>13 MANUFACTURING &amp; OTHER EXPENSES</b>		
Salaries, wages and bonus	40,266	36,217
Contribution to provident fund and other funds	4,268	2,831
Staff welfare expenses	2,200	2,376
Directors' remuneration	3,786	3,330
Directors' sitting fees	80	48
Stores & spares consumed	32,099	25,208
Power & fuel	48,539	48,638
Site & job work expenses	17,046	12,525
Rates & taxes	2,743	2,628
Rent	3,461	3,710
Repairs to buildings	853	236
Repairs to machines	2,405	2,873
Insurance	1,721	1,389
Professional charges	3,453	2,687
Travelling and conveyance	11,486	10,247
Postage & telephone	3,005	3,261
Packing & forwarding expenses	49,112	45,899
Sales promotion expenses	2,710	3,426
Discounts	29,216	20,568
Donations	90	91
Prior period expenses	2,551	527
Foreign exchange fluctuation	0	379
Bad debts written off	3,597	0
Provision for bad and doubtful advances	1,594	0
Loss on sale of fixed assets	0	150
Sundry expenses	14,658	13,269
	<b>280,939</b>	<b>242,513</b>

**14 NOTES FORMING PART OF THE ACCOUNTS****1. ACCOUNTING POLICIES**

- I) **Basis of preparation of financial statements :** The financial statements are prepared under the historical cost convention on the accrual basis of accounting, unless otherwise stated, in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act 1956 and the applicable accounting standards.
- II) **Use of Estimates :** The preparation of financial statements requires estimates and assumptions. Differences between the estimates and actual results are recognized in the period in which the same are known.
- III) **Fixed Assets :** Fixed assets are capitalised inclusive of legal and/or installation expenses. Preoperative expenses (including interest charges) upto the date of start of commercial production are capitalised over the items of fixed assets.
- IV) **Depreciation :** Depreciation on fixed assets is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions is provided on pro-rata basis for the period for which the assets are put to use. Assets costing less than Rs.5000/- are fully depreciated in the year of purchase. Lease-hold land is not amortised.
- V) **Impairment of Assets :** An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use.
- VI) **Inventory valuation:**
  - a) Stocks of raw-materials, packing materials, stores & spares are valued at cost
  - b) Stock of work-in progress is valued at cost
  - c) Finished goods are valued at lower of cost and net realisable value.
- VII) **Foreign exchange transactions:** Foreign exchange transactions are recorded at the exchange rate prevailing on the date of transaction. All exchange differences in respect of foreign currency transactions are dealt with in the profit & loss account. All foreign currency assets & liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing on that date.
- VIII) **Sales & contract receipt:**
  - a) Revenue from contracts for supply/commissioning of Bio-gas plants and equipments is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost.
  - b) Sales include products consumed internally for manufacture of capital assets, adjusted on cost basis, but exclude inter-unit transfers on revenue account.
- IX) **Insurance claims:** Insurance claims for loss of assets or goods are accounted at the time of lodging of the claim with the insurer at the cost of assets/ goods lost. Any shortfall in the claim recovery is accounted for at the time of final settlement of the claim.
- X) **Excise duty and Cenvat credits:** Sales and purchases (other than those of capital goods) are stated inclusive of excise duty. Cenvat credits are accounted as other income. Cenvat credits relating to capital goods are reduced from the value of the capital goods.
- XI) **Value Added Tax (VAT) and input credits:** Sales are stated exclusive of VAT. Purchases (including those of capital goods) are stated inclusive of VAT except to the extent such input tax is eligible for set-off. Reduction in set off, if any, under provisions of VAT laws is debited to VAT paid account.
- XII) **Expenditures are shown net of recoveries.**
- XIII) **Retirement benefits:**
  - a) Contributions to provident fund, family pension fund are made to Government Provident fund authorities and are recognized as expense in the year they are incurred.
  - b) Provision for accrued leave salary due to employees is computed and made with reference to unavailed leave of the employees at the year end.
  - c) Provision for gratuity liability is made on the basis of actuarial valuation made at the end of each year/period
  - d) For superannuation benefit, the Company makes defined contributions as per company's policy and recognizes such contributions as expense in the year they are incurred.

**2. Contingent liabilities:**

(Rs. in thousands)

	Particulars	2008-09	2007-08
a	Estimated amount of contracts remaining to be executed on capital a/c (net of advances).	NIL	206
b	Claims against the Company not acknowledged as debt.	5032	5260
c	Amount of bank guarantees	21270	18090
d	Amount letters of credit (net of provision)	7663	0

3. In view of the losses incurred by the Company during last few years, the Company has accumulated net deferred tax asset of Rs. 451 lacs as on 31.03.2008 in terms of provisions of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Out of this, deferred tax asset of Rs. 79 lacs stands utilized towards tax on profit for the year ended 31.03.2009. Following prudent accounting policy and the guidelines contained in paragraphs 15 to 18 of the said Accounting Standard, the management has decided not to make adjustment in the books of accounts for the value of the said deferred tax asset until such time that there is reasonable certainty of realisation of the said deferred tax asset against sufficient future taxable income.
4. Loans and settlements amounts repayable within one year Rs. 9.72 lacs ( Previous Year Rs.3.34 lacs)
5. Interest includes interest on fixed loans Rs. 8.14 lacs (Previous Year- 50.19 lacs).
6. Interest paid during the year is net of interest income of Rs.6.46 lacs (Previous Year Rs. 4.43 lacs). Tax deducted at source Rs.1.45 lacs (Previous Year- Rs. 0.96 lacs).
7. Balances of Banks, debtors, advances and creditors are subject to confirmation.
8. Classification of suppliers as Micro, Small or Medium Enterprise is done where such information is provided by the supplier. No interest is paid or payable during the year to Micro, Small or Medium Enterprises.

**9. Payments to Auditors:**

(Rs. in thousands)

	Particulars	2008-09	2007-08
a.	Audit Fee.	550	550
b.	Tax Audit Fee	100	100
c.	Fees for limited review of accounts and certification work.	150	75
d.	Service Tax	85	90
e.	Out of pocket expenses	28	27

**10. Managerial remuneration to directors:**

(Rs. in thousands)

	Particulars	2008-09	2007-08
a.	Salaries	3786	3558
b.	Taxable value of perquisites	00	00
c.	Retirement benefit	955	752
d.	Directors' sitting fee	80	48
	<b>TOTAL</b>	<b>4821</b>	<b>4358</b>

Computation of net profit in accordance with section 349 of the Companies Act, 1956 has not been given, as commission by way of percentage of profit is not paid for the year to any of the directors.

**11. Earnings Per Share:**

	2008-09	2007-08
a. Profit after tax before extraordinary items (Rs. in thousands)	30205	74278
b. Less: Dividend on Preference Shares including tax thereon (Rs. in thousands)	15	25
c. Profit after tax but before extraordinary items attributable to equity shares (Rs. in thousands)	30190	74253
d. Profit after tax and extraordinary items (Rs. in thousands)	30190	74253
e. No. of Equity Shares- Weighted average (in thousands)	17670	17082
f. Earnings per share- Basic and Diluted (Face value- Rs. 10 per-share): -		
Before extraordinary items (Rs.)	1.71	4.35
After extraordinary items (Rs.)	1.71	4.35

**12. Segment Reporting:**

(Rs. in thousands)

	Year 2008-09			Year 2007-08		
	Particle Board	Biogas Plant	Total	Particle Board	Biogas Plant	Total
<b>A. Revenue</b>	525019	111684	636703	575485	37388	612873
<b>B. Results</b>						
Operating result	32348	23279	55627	89401	10244	99645
Other income	7229	165	7394	9484	12	9496
Interest-net			28242			30893
Income-tax			4574			3970
Net Profit			30205			74278
<b>C. Other information:</b>						
Segment assets	820984	74091	895075	880568	31294	911862
Segment liabilities	334433	36251	370684	412910	9622	396988
Capital expenditure	5321	387	5708	1692	89	1781
Depreciation	50819	133	50952	50877	178	51055
Other non cash expenses	0	0	0	0	0	0

**13. Related party disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.**
**(i) Related parties:**

	Nature of relationship	Names of parties
1	Key management personnel	Mr VS Raju, Mr GRK Raju, Mr P Satyanarayan Raju
2	Relatives of key management personnel	Mr P Srinivas Raju, Mrs V Satyawati, Mrs G Jayalakshmi, Mrs P Anuradha, Mrs PL Rajeshwari
3	Associates	Susee Spacetek Pvt Ltd, Susee Engineers & Fabricators. M/s Venkata Subba Raju & Co.

Related party relationships are as identified by the company and are relied upon by the auditors.

## (ii) Transactions with related parties:

(Rs. In Thousand)

Related parties	Nature of transactions	Amount For the year 2008-09	Amount outstanding as on 31.03.09
Key management personnel	Remuneration paid	3786 (3558)	198 (NIL)
	Loans taken	25400 (1900)	38231 (18431)
Relatives of key management personnel	Rent paid	1691 (2120)	NIL (NIL)
	Rent deposits given	0 (0)	1197 (1190)
Associates	Liability written back	353 (0)	NIL (NIL)

(Note:- Figures in brackets are of previous year)

14. Previous year figures have been regrouped wherever necessary to conform to the current year classification.

15. Information pursuant to the provision of paragraph (s) 3, 4C &amp; 4D of part II of Schedule VI to the Companies Act, 1956.

## I) Licensed Capacity

Engineering division	Not applicable
Particle Board division	Not applicable

## II) Installed capacity:

Engineering division	Not ascertainable
Particle Board division	* 51.00 Lakhs M2

(\*Certified by the management and relied upon by the auditors being a technical matter).

		Year 2008-09		Year 2007-08	
		Quantity	Amount	Quantity	Amount
			Rs. in thousands		Rs. in thousands
<b>III Production:</b>					
a) Anaerobic waste water treatment plants (Biogas plants) & other Plants	Parts & components of 5 plants			Parts & components of 5 plants	
b) Particle Boards	2367119 M2			2383413 M2	
<b>IV Turnover:</b>					
a) Anaerobic waste water treatment plants (Biogas plants) & other Plants	Parts & components of 5 plants		111,686	Parts & components of 5 plants	36,588
b) Particle Boards	2299913 M2		523,860	2493697 M2	573,708
*Includes captive consumption					
c) Traded goods- Furniture items			1,157		2,577
			636,703		612,873
<b>V Material consumed</b>					
Includes cost of materials used for production of resins for captive consumption					
Bagasse	105067 MT		86,090	110892MT	56,091
Chemicals	6889 MT		96,737	6502 MT	90,079
Paper	346 MT		39,910	254 MT	36,723
Boards	55535 M2		7,177	24005 M2	3,555
Steels	905 MT		34,215	439 MT	16,666
Others			26,971		5,801
			291,100		208,915
Purchase of traded goods- Furniture items			1,154		1,339

		Year 2008-09		Year 2007-08	
		Quantity	Amount	Quantity	Amount
			Rs.in thousands		Rs.in thousands
<b>VI</b>	Particulars of consumption of raw materials	%		%	
	Indigenous	88	256,859	94	197,388
	Imported	12	34,241	6	11,527
		100	291,100	100	208,915
<b>VII</b>	Particulars of consumption of stores/spares	%		%	
	Indigenous	87	28,001	80	20,182
	Imported	13	4,098	20	5,026
		100	32,099	100	25,208
<b>VIII</b>	Stock of finished goods				
	Opening stock:				
	Particle Boards	544592 M2	121,592	654876 M2	146,712
	Furniture items		242		
	Closing stock:				
	Particle Boards	611798 M2	145,596	544592 M2	121,592
	Furniture items		54		242
<b>IX</b>	CIF value of imports of:				
	Materials		25,077		105,222
	Capital goods		4,162		0
	Stores & spares		5,607		3,643
<b>X</b>	Expenditure in foreign currency				
	Profession charges		167		213
	Tour & travel		488		76
	Membership, commission etc.		16		8
<b>XI</b>	FOB value of exports		NIL		NIL
<b>XII</b>	Earnings in foreign exchange (Insurance claim received )		110		123

As per our report of even date

For and on behalf of the Board of Directors

**For Chaturvedi SK & Fellows**  
Chartered Accountants

(Srikant Chaturvedi)  
Partner  
(Membership No.70019)  
Place: Pune  
Dated: 22<sup>nd</sup> June, 2009

**V. S. Raju**  
Chairman & Managing Director  
**P. Satyanarayana Raju**  
Joint Managing Director  
**U. S. Kadam**  
Director  
**Uday Baleghatkar**  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	:	64087
State Code	:	11
Balance Sheet Date	:	31-03-2009

**II. Capital raised during the year (Amount- Rs. in thousands)**

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private placement	:	7500

**III. Position of Mobilisation and deployment of funds ( Amount- Rs. in thousands)**

Total Liabilities	:	737615
Total Assets	:	737615

**Sources of Funds**

Paid up Capital	:	179620
Reserve and Surplus	:	344771
Secured Loans	:	166673
Unsecured Loans	:	46551

**Application of Funds**

Net Fixed Assets	:	456649
Investments	:	0
Net Current Assets	:	280966
Miscellaneous Expenditure	:	0
Accumulated Losses	:	0

**IV. Performance of Company (Amount- Rs. in thousands)**

Turnover including other income	:	644097
Total Expenditure	:	609318
Profit/ Loss Before Tax	:	34779
Profit/ Loss After Tax	:	30205
Earning per Share in Rs.	:	1.71
Dividend Rate %	:	10%

**V. Generic Names of three Principal Products of Company.**

Item Code No.	:	44103110
Product Description	:	Bagasse Board
Item Code No.	:	84198904
Product Description	:	Bio Gas Plants

**For Chaturvedi SK & Fellows**  
Chartered Accountants

(Srikant Chaturvedi)  
Partner  
(Membership No.70019)

For and on behalf of the Board of Directors

**V. S. Raju**  
Chairman & Managing Director



**ECOBOARD INDUSTRIES LIMITED**Registered Office: 36/1, Preet Chambers, 2<sup>nd</sup> Floor, Pune-Mumbai Road, Wakdevadi, Pune – 411 003.**ATTENDANCE SLIP**

Please bring this Attendance Slip and hand it over at the entrance of  
Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004.

Name &amp; Address of the shareholder : \_\_\_\_\_

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

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

\*Client ID : \_\_\_\_\_

I hereby record my presence at the Eighteenth Annual General Meeting of "Ecoboard Industries Limited" 36/1, Preet Chambers, 2<sup>nd</sup> Floor, Pune-Mumbai Road, Wakdevadi, Pune – 411 003 on Tuesday, 29<sup>th</sup> September, 2009 at 11.00 a.m.

Signature of the Member or Proxy	Shares held

\*Applicable to investors holding shares in electronic form.

**ECOBOARD INDUSTRIES LIMITED**Registered Office: 36/1, Preet Chambers, 2<sup>nd</sup> Floor, Pune-Mumbai Road, Wakdevadi, Pune – 411 003.**PROXY FORM**

I/We \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ being a Member (s) of the above  
named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
in the District of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ in the District of \_\_\_\_\_

as my / our proxy to vote for me / us on my / our behalf at the Eighteenth Annual General Meeting of the Company to be held on Tuesday, 29<sup>th</sup> September, 2009 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

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

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

Client ID : \_\_\_\_\_

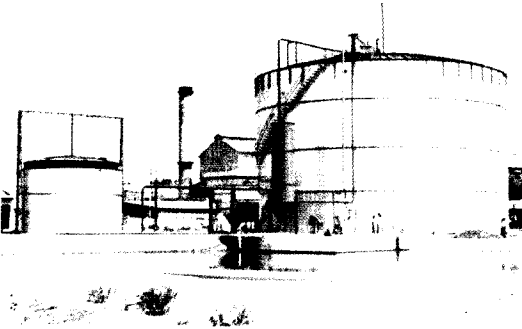
Affix a  
One Rupee  
Revenue  
Stamp

**Notes:**

1. The Proxy in order to be valid should be deposited at the Principal / Registered Office of the Company not later than Saturday, 27<sup>th</sup> September, 2009 at 11.00 a.m.
2. The Proxy should be executed on One Rupee Revenue Stamp.
3. The shareholder may choose to vote differently for his entire holding and may vote against or for the resolutions in the notice.

**NOTES**

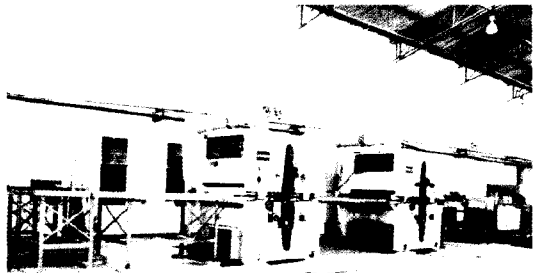
Bio Gas Plant



Unit at Jambhulwadi



Plant & Machinery at Velapur & Islampur Unit



IN COLLABORATION WITH NATURE

*In Collaboration with Nature*



If undelivered kindly return to -

Book Post

**ECOBOARD INDUSTRIES LIMITED**

Corporate Office :

65/1A, 'ECOHOUSE', Akarshak Building,

Opp. Nal Stop, Karve Road, Pune - 411 004

Tel. : (020) 25432345, Fax : (020) 25465328

E-mail : [info@ecoboardindia.com](mailto:info@ecoboardindia.com)

Website : [www.ecoboardindia.com](http://www.ecoboardindia.com)