

## **NOTICE OF THE ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 32nd **Annual General Meeting** of **M/s. Cosboard Industries Limited** will be held at Regd. Office of the Company Situated At- New Industrial Estate, Phase- II, Jagatpur- 754021, Cuttack, Odisha on Saturday the 29<sup>th</sup> day of September, 2012 at 11.30 A. M. to transact the following business: -

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2012, the profit and Loss account for the year ended on that date and the reports of the auditors and directors thereon.
2. To appoint a Director Sri. Shiv Shankar Taparia, who retire by rotation and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors of the Company to hold, office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors, M/s. L.N. More & Co., Chartered Accountants, Cuttack, retire at this ensuing Annual General Meeting and being eligible offer themselves for re-appointment.
4. The Board of Directors has not recommended any dividend for the current financial year

**FOR & ON BEHALF OF BOARD OF DIRECTORS**

**PLACE: CUTTACK**  
**DATE: 30<sup>th</sup> August 2012**

**RATAN KUMAR GILRA**  
**CHAIRMAN & MANAGING DIRECTOR**

**NOTES ON AGENDA :**

1. A member entitled to attend and vote at 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.
2. The Register of Members and Share transfer books of the Company will remain closed from 24th September, 2012 to 29<sup>th</sup> September, 2012 (both days inclusive) in connection with the Annual General Meeting.
3. Members/Proxies attending this meeting are requested to bring with them the followings:
  - i. Copy of the Notice and Annual Report (as no copies thereof would be distributed at the meeting).
  - ii. The attendance slip duly completed.
4. Equity Shares of the Company have been placed under compulsory Demat Trading. Members who have not dematerialized their physical holding in the Company are advised to avail the facility of dematerialization of equity shares of the Company.
5. Members are requested to intimate to the company, queries, if any, on the accounts at an early date, so as to enable the Management to keep the information ready.
6. Members are requested to notify any change in their address, and consolidation of folios in identical names immediately to the Registrar & Share Transfer Agent, M/s. Big Share Services Pvt. Ltd.

**FOR & ON BEHALF OF BOARD OF DIRECTORS**

**PLACE: CUTTACK**  
**DATE: 30<sup>th</sup> August 2012**

**RATAN KUMAR GILRA**  
**CHAIRMAN & MANAGING DIRECTOR**

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 32nd Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March 2012.

(Rs. in Lakhs)

<b><u>FINANCIAL RESULTS:</u></b>	<b><u>2011-2012</u></b>	<b><u>2010-2011</u></b>
Turnover during the year	2541.08	2270.65
Profits/(Loss) before Depreciation & Tax	70.75	2112.75
Less: Depreciation	65.64	97.73
Profits/(Loss) before Tax	5.11	2015.02
Provision for Tax		
: Current Tax	(0.95)	(5.04)
: Deferred Tax	(7.85)	17.06
Profit/(Loss) after tax	(3.69)	2027.04
Add/(Less) past Year Adjustment	(1.28)	--
Profit brought forward	(409.47)	(2436.51)
Balance carried forward	(414.44)	(409.47)

### **OPERATIONS:**

The sales turnover of the Company for the year was Rs.2541.08 lakhs as compared to previous year Rs.2270.65 lakhs. Production for the year was 9425.025 M.T as compared to previous year 10144.113 MT.

The Sales turnover of the Company has been increased due to increase in value of finished products and production was less as compared to previous years due to shortage of Working Capital. The profit margin has been affected due to increase in cost of Raw material, consumables and Power & Fuel.

### **DIVIDEND:**

The Company has incurred marginally Profit during the financial year and no dividend has been declared.

### **PUBLIC DEPOSITS:**

During the year the Company has not accepted any fixed deposits within the meaning of Sec. 58 A of the Companies Act, 1956.

### **EXPENDITURE ON R & D:**

Research, Development and Improvement of Products are in built on going activity within the existing manufacturing operation of the company. Expenditure on R & D is not separately allocated and identified.

### **TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

The Company does not require any technical know how as the process of manufacturing is conventional one. The Company does not have any separate technical arrangement for running the unit.

### **COMPANIES (PARTICULARS OF EMPLOYEES OF GOVERNMENT COMPANIES & OTHER COMPANIES), AMENDMENT RULE, 2011**

There are no employees who have received remuneration more than Rs. 60,00,000/- (Rupees Sixty Lacs) p.a. being employed throughout the year or more than Rs. 5,00,000/- (Rupees Five Lacs ) p.m. for part of the year as specified under Section 217 (2A) (a) and 217 (2A) (b) of the Companies Act, 1956 read with the (Particulars of Government Companies and Companies) Amendment Rules, 2011.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

As required under companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 the necessary particulars regarding conservation of energy are given in Annexure-1 to this report.

### **CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and the Company Secretary Certificate in this regard form part of this report and are annexed herewith in Annexure-II.

### **DIRECTORS**

In accordance with the provision of the Companies Act, 1956 Sri. Shiv Shankar Taparia retires by rotation at this meeting, and being eligible, offer themselves for reappointment.

### **DIRECTOR' S RESPONSIBILITY STATEMENT:**

The Board of Directors of your Company state:

- i. THAT in the preparation of the annual accounts, the applicable accounting standards had been followed except AS-15 (Revised) is not in conformity.
- ii. THAT the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- iii. THAT the Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. THAT the Directors have prepared the annual accounts on a going concern basis.

**ACCOUNTING STANDARD – 15 (Revised)**

The Statutory Auditors, M/s. L.N. More & Co., in the Audit Report has pointed out that the Company has made provision in the Books of Account for retirement benefits of employees (i.e. Gratuity and Leave Cash encashment) but the same are not in conformity with Accounting Standard – 15 (Revised).

The Board of Directors has again reviewed the matter and decided to take steps in coming years in Complying the provision of Accounting Standard – 15 (Revised).

**AUDITORS:**

The Auditors of the Company M/s. L.N. More & Company, retire at this ensuing Annual General Meeting and being eligible, offer themselves for reappointment as auditors of the Company. Your Directors recommend the same for your consideration.

**APPRECIATION:**

Your Directors express their sincere thanks and place on record their deep appreciation for the patronage extended by the shareholders, valued customers, financial institutions, Bankers, Government authorities and the investors for their continued support and confidence in the Company.

**FOR & ON BEHALF OF BOARD OF DIRECTORS**

**PLACE: CUTTACK**  
**DATE: 30<sup>th</sup> August, 2012**

**RATAN KUMAR GILRA**  
**CHAIRMAN & MANAGING DIRECTOR**

## ANNEXURES – 1 TO DIRECTORS' REPORT

Information under Section 217/(i) (c) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012.

### A. CONSERVATION OF ENERGY:

Energy Conservation Measures : The company is taking step for conservation of energy and to ensure that the company uses the most suitable modern technology.

(Amount in Rupees)

<b>TOTAL ENERGY CONSUMPTION</b>		
<b>I. POWER &amp; FUEL CONSUMPTION</b>	<b>2011-2012</b>	<b>2010-2011</b>
<b>1. ELECTRICITY</b>		
Purchased Units	7951200	5965290
Total Amount	42516893	28091719
Rate/Unit	5.35	4.71
<b>2. COAL</b>		
Unit (M.T)	8349.535	10872.000
Amount	13462709	16004723
Cost/M.T.	1612.39	1472.10
<b>II. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity (Unit/MT)	843.626	588.054
Coal (MT/MT)	0.886	1.072

B. FOREIGN EXCHANGE EARNINGS & OUTGO : ... 4.74  
Lacs

## ANNEXURE II TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of Listing Agreement)

#### 1) Company's philosophy on code of Governance.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, empowerment, accountability, motivation in all operations and all interactions with its shareholders, investors, lenders, employees and customers.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

#### 2) Board of Directors

A) The Composition of the Board of Directors as at 31<sup>st</sup> March 2012 is as follows:

S No	Name of Director	Category	Number of other*	
			Director ship	Committee membership
1	Ratan Kumar Gilra	Promoter-Executive Director	1	--
2	Anil Kumar Gilra	Promoter-Executive Director	1	--
3	Shiv Shankar Taparia	Executive Director	--	--
4	Mahadev Rathi	Independent Non-Executive Director	--	--
5	Lalit Narayan Sarda	Independent Non-Executive Director	--	--
6	Vijay Kumar	Nominee Director - BIFR		

- Number includes only Public limited companies.

The Board comprised of Six Directors during the period from 01.04.2011 to 31.03.2012. Therefore the Board comprises 50% Executive Director and 50% Non-Executive Independent Director.

**B) Composition of the Board of Directors:**

The Board comprises of three Independent Directors.

None Director is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

**C) Meeting held in the financial year 2011-2012 and attendance of Directors.**

The Board meets at least once in a quarter in order to consider amongst other business, the quarterly performance of the Company and its financial results. The gap between any two meetings does not exceed 4 months.

The Company held Five Board Meetings in the year 2011-2012 that is on 13.05.2011, 20.06.11, 12.08.11, 14.11.11 and 11.02.12. The attendance of each Director at these meeting was as follows:

Sl.No	Name of the Director	No. of Board Meeting attended	Attendance at the last AGM
1	Ratan Kumar Gilra	5	Present
2	Anil Kumar Gilra	5	Present
3	Mahadev Rathi	5	Present
4	Jagdish Velamala	1	-
5	Shiv Shankar Taparia	5	-
6	Lalit Narayan Sarada	1	-
7	Vijay Kumar	1	

**3) Audit Committee**

Composition of Audit Committee and attendance of each Director during meetings held in financial year 2011-2012.

Sl.No.	Name of members of the Audit Committee	No. of meeting attended
1	Ratan Kumar Gilra	4
2	Mahadev Rathi	4
3	Lalit Narayan Sarada	4

Mr. Mahadev Rathi acts as Chairman of the Audit Committee.



**Brief description of the terms of reference to the Audit committee.**

- i) Overview of Company's Financial Reporting process and disclosure of its Financial Information to ensure that Financial Statement reflects true and fair position and that sufficient and credible information is disclosed.
- ii) Recommending the appointment, re-appointment of statutory Auditors.
- iii) Reviewing with the management of the adequacy of Internal Control System.
- iv) Reviewing the adequacy of Internal Audit functions.
- v) To review the unaudited quarterly/half yearly and annual financial statements before submission to the Board, focusing on
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft Audit Report
  - Disclosure of related party transaction.
  - The Going Concern assumption.
  - Compliance with Accounting Standards.
  - Matters required to be included as per section 217(2AA) of the Companies Act,1956.
  - Compliance with Stock Exchange and Legal Requirements concerning financial statements.
- vi) Reviewing the Company's financial and risk management policies.

**4) Remuneration Committee.**

Composition of Remuneration Committee:

Sl.No.	Name of members of the Remuneration Committee	Member/Chairman
1	Ratan Kumar Gilra	Member
2	Anil Kumar Gilra	Member
3	Shiv Shankar Taparia	Chairman

The Committee has reviewed and recommended the remuneration package for Whole time Directors. One meeting was held during the year 11.02.2012.

**Remuneration/Commission paid to Directors during the financial year 2011-12  
(In Rupees)**

Name of Director	Sitting fees				Salary & Perquisites	Total
	Board Meeting	Audit Committee	Remuneration Committee	Share holder s Grievance Com mittee		
Anil Kumar Gilra	--	--	--	--	300000.00	300000.00

**5) Share Transfer/Investors Grievance Committee:**

The Share Transfer/Investors Grievance Committee Comprises of the following members:

Sl.No.	Name of members of the Grievance Committee	Member/Chairman
1	Ratan Kumar Gilra	Chairman
2	Shiv Shankar Taparia	Member
3	Anil Kumar Gilra	Member

In view of compulsory trading of shares in Demat form and consequent lowering of volume of physical transfers there were very few complaints which were sufficiently addressed to at the level of the Compliance Officer and M/s. Bigshare Services Pvt. Ltd. the Registrar & Transfer Agent of the Company for shares both in physical and demat modes.

*Name, Designation and Address of the Compliance Officer*

Mr. Anil Kumar Gilra  
Whole-time Director

Cosboard Industries Limited  
New Industrial Estate, Phase II  
Jagatpur: 754021, Cuttack.  
Tel: 0671-2491966 Fax: 0671-2491295  
e-mail: [cosboardind@yahoo.co.in](mailto:cosboardind@yahoo.co.in)

**6) Code of Conduct for Board members and Senior Management.**

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

**7) General Board Meetings:**

**a. Location & time where last 3 AGMs were held:**

For the year	Date	Venue of the AGM	Time
2010-11(31 <sup>st</sup> AGM)	28.09.2011	COSBOARD INDS. LTD. NEW INDL. ESTATE. PHASE II, JAGATPUR:	11.30 a.m
2009-10 (30 <sup>th</sup> AGM)	30.09.2010	COSBOARD INDS. LTD. NEW INDL. ESTATE. PHASE II, JAGATPUR:	11.30 a.m.
2008-09 (29 <sup>th</sup> AGM)	30.09.2009	COSBOARD INDS. LTD. NEW INDL. ESTATE. PHASE II, JAGATPUR:	11.30 a.m

**b.** Whether any special resolution passed in the previous 3 AGMs : Yes

**c.** Whether any special resolution during last year:

Passed through postal ballot : No  
Details of voting pattern : N.A.  
Person who conducted the postal ballot exercise : N.A.

**d.** Whether any special resolution is proposed to be conducted through postal ballot : No

**e.** Procedure for postal ballot: Your Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the Shareholders by such process under the Companies (Passing of Postal Ballot) Rules, 2001.

**8) Disclosure**

a) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large. None of the transactions with any of the related parties were in conflict with interests of the Company. Transactions with the related parties are disclosed in Note No 35 of the Financial Statements for the year.

b) Details of non-compliance by the Company, penalties, structures imposed on the Company by the Stock Exchanges, SEBI or any

statutory authorities on any matter related to capital markets during the last 3 years : None

- c) The financial statements for the year 2011-2012 have been prepared in accordance with the applicable accounting standards prescribed by The Institute of Chartered Accountants of India and there is one deviation.
- d) Public, Rights and other issues : Nil
- e) The Board has noted and reviewed the Compliance Reports of all laws applicable to the Company, which were placed before each of its meeting held during the year.
- f) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- g) The Company has periodic review and reporting to the Board of Directors of risk assessment by senior executives with a view to minimize risk.
- h) Secretarial Audit  
A Qualified Practicing Company Secretary carried out Secretarial Audit during the year on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit Report confirms that the Total Paid up Capital is in agreement with the total No. of shares in physical form and the total No. of Dematerialized shares held with NSDL and CDSL.

#### **9) Means of Communication**

The Quarterly and half yearly results of the Company are forthwith communicated to the stakeholders with which the Company has listing agreements as soon as the results are approved and taken on record by the Board of Directors of the Company and the same was also included in our web site ([www.cosboard.com](http://www.cosboard.com)) alongwith Shareholding pattern on quarterly basis. No presentation was made to the institutional investors or analysts during the year.

## 10 General Shareholder information

### i) 32nd ANNUAL GENERAL MEETING

Date : 29<sup>th</sup> September 2012  
Time : 11.30 A.M.  
Venue : Cosboard Industries Limited,  
New Industrial Estate, Phase II, Jagatpur,  
Cuttack: 754021

### ii) Financial year : 2011-2012 Following are its highlights:

Event	Date when approved by the Board
First Quarter Results-ended 30.06.2011	12 <sup>th</sup> August, 2011
Half yearly Results - ended 30.09.2011	14 <sup>th</sup> November 2011
Third Quarter Results-ended 31.12.2011	11 <sup>th</sup> February 2012
Fourth Quarter Results - ended 31.03.2012	8 <sup>th</sup> May 2012
Final Audited Results-ended 31.03.2012	30 <sup>th</sup> August, 2012

- iii) Book Closure date - 24th September 2012 to 29<sup>th</sup> September 2012 (both days inclusive)
- iv) Dividend payment date - Not applicable
- v) Directors retiring of rotation : Mr. Shiv Shankar Taparia,  
Mr. Mahadev Rathi  
Mr. Lalit Narayan Sarda
- vi) Listing on Stock Exchanges:  
The Company's Equity Shares are listed on the Bombay Stock Exchange, Mumbai. Listing fees for the period 2011-2012 have been paid to the Stock Exchange.

### vii) Stock Code:

- The Stock Exchange, Mumbai : 530859
- ISIN No. allowed by NSDL and CDSL for shares in demat Mode : INE496D01016

viii) Market Price Data

month	Bombay Stock Exchange	
	High Price	Low Price
Apr 11	18.65	16.70
May 11	19.70	15.00
Jun 11	17.65	13.15
Jul 11	22.90	14.55
Aug 11	18.50	15.00
Sep 11	23.20	14.75
Oct 11	23.85	17.00
Nov 11	21.00	12.35
Dec 11	17.90	11.90
Jan 12	17.65	12.00
Feb 12	22.39	14.06
Mar 12	20.75	15.00

ix) Share Transfer System

M/s. Bigshare Services (P) Ltd., Mumbai, a SEBI registered Registrar is the Registrar of the Company both in physical and dematerialized segment.

Since the Company's shares can be traded only in demat mode, shareholders would be required to send their physical shares certificates, Demat Request Forms (DRF) etc. directly to the Share Transfer Agent, M/s. Bigshare Services (P) Ltd., Mumbai, Shareholders would also have to ensure that their respective Depository participant do not delay in sending the DRF and physical share certificates to the aforesaid Share Transfer Agents so that no demand requests from any shareholder remains pending with the Share Transfer Agent beyond a period of 30 days.

- x) Distribution of Shareholding & Shareholding pattern:  
 (a) Distribution of Shareholding as on 31.03.2012.

Range		No. of share holder	% of total	Amount of Shares (in Rs.)	% of total
From	To				
1	5000	3987	85.87	5108650	11.90
5001	10000	272	5.86	2440940	5.68
10001	20000	139	2.99	2275470	5.30
20001	30000	88	1.90	2224800	5.18
30001	40000	28	0.60	1033580	2.41
40001	50000	26	0.56	1213750	2.83
50001	100000	53	1.14	3882790	9.04
100001	99999999	50	1.08	24758020	57.66
TOTAL		4643	100.0	42938000	100.00

- (b) Shareholding Pattern as on 31<sup>st</sup> March 2012

	No. of Shares	% of total	% Dematerialised
Indian Promoters	2053127	47.82	34.17
Mutual Funds	17000	0.40	--
Bank	--	--	--
Private Corporate Bodies	269374	6.27	5.85
Indian Public	1676226	39.04	29.62
Non Resident Indians	275280	6.41	0.77
Clearing Member	2793	0.06	0.06
Office of the Custodian Special Court	--	--	--
Total	4293800	100	70.47

- xi) Dematerialization of shares:

As on 31<sup>st</sup> March 2012, 70.47% of the Company's total shares representing 3026140 shares were held in dematerialized form and the balance 29.53% representing 1267660 shares were held in physical mode.

- xii) Outstanding GDRs/ADRs/Warrants or any Convertible

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

- xiii) Plant Locations:

New Industrial Estate, Phase II, Jagatpur: 754021, Cuttack, Orissa.

- xiv) Address for correspondence:  
Registered Office:  
New Industrial Estate, Phase II, Jagatpur: 754021, Cuttack, Orissa.
- xv) Registrar & Share Transfer Agent:  
Bigshare Services (P) Ltd.  
E-2/3 Ansa Industrial Estate,  
Sakivihar Road, Sakinaka  
Andheri (E), MUMBAI: 400072

**11 Adoption of non-mandatory requirements under Listing Agreement:**

- (i) The Board:-  
The Company pays the expenses of the Executive Chairman's Office incurred in the performance of his duties. The Company has not fixed the tenure of the Independent Directors on the Board.
- (ii) Remuneration Committee:-  
The details pertaining to Remuneration Committee have been provided in point No. 4 of this Report.
- (iii) Shareholders Rights:-  
The Company's quarterly and half-yearly results are sent to the Stock Exchange and no individual communications are sent to the shareholders.
- (iv) Audit Qualifications:-  
There is one audit qualification in the Auditor's Report on the accounts for the year 2011-2012 as referred to Notes on Accounts No. 31 of the financial statement for the year.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31<sup>st</sup> March, 2012.

**FOR & ON BEHALF OF BOARD OF DIRECTORS**

**PLACE: CUTTACK**  
**DATE: 30<sup>th</sup> August, 2012**

**RATAN KUMAR GILRA**  
**CHAIRMAN & MANAGING DIRECTOR**



**COMPANYS' SECRETARY CERTIFICATE on Corporate Governance**

To the Members of  
Cosboard Industries Limited  
New Industrial Estate, Phase-II  
Jagatpur, Cuttack: 754021

We have examined the compliance of the conditions of Corporate Governance by Cosboard Industries Limited, for the financial year ended 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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 to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievances against the company and as certified that as on 31.03.2012, there were no Investor grievance remaining unattended/ pending for a period exceeding one month.

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 K.K. ROUSTRAY & ASSOCIATES.  
COMPANY SECRETARIES

(KISHALAY KUMAR ROUSTRAY)

Proprietor

Membership No. FCS-6249

Place : Bhubaneswar  
Date : 30<sup>th</sup> August, 2012

# **L.N. MORE & CO.**

Chartered Accountants

Canal Road, Professorpara, Cuttack: 753003

Phone: (0671)2310113,2311734

Fax : (0671)2310563

## **AUDITORS' REPORT**

TO THE MEMBERS OF COSBOARD INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **COSBOARD INDUSTRIES LIMITED**, as at 31<sup>st</sup> March, 2012 and the Statement of Profit & Loss 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 have conducted our audit in accordance with the 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 mis-statement. 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 (Auditors' Report) order, 2003 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 explanation, which to the best of our knowledge and belief were necessary for the purpose 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 and Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, as per the information and according to the explanations given to us, no Director is disqualified from being appointed as Director U/s 274 (i) (g) of the Companies Act, 1956.

**5. We report that:**

**in our opinion, the provision for retirement benefits made by the Company is not in conformity with AS-15 (Revised). Further, in the absence of detailed information, the impact on the Profit & Loss account & Balance Sheet cannot be ascertained (Refer to Note No. 31).**

6. Subject to 5 above in our opinion and to the best of our information and according to the explanation given to us.

a) The Balance Sheet, profit & Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.

b) The said accounts together with the notes thereon 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, 2012

ii. In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date, and

iii. In the case of Cash Flow statement, of the Cash flows for the year ended on that date.

**for L.N. MORE & CO.  
Chartered Accountants  
FRN 307042E**

**PLACE: CUTTACK  
DATE : 30<sup>th</sup> August 2012**

**(L.N. MORE)  
PARTNER  
Membership No. 011485**

**ANNEXURE REFERRED TO IN THE PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF COSBOARD INDUSTRIES LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.**

1. (a) The Company has maintained proper records to show full particulars, including quantitative details and situation, of its fixed assets. We have been informed that all the assets have not been physically verified by the Management during the year but there is a regular programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.  
  
(b) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory of the Company has been physically verified by the Management during the year.  
  
(b) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.  
  
(c) The company has maintained proper records of inventory and the discrepancies between the physical stocks and the book stocks noticed on physical verification are not material.
3. The Company during the year has given loan of Rs,1,75,000.00 to Mr. Anil Kumar Gilra, Director of the company, covered in the register maintained under Sec. 301 of the Companies Act, 1956, the terms of which are not prejudicial to the interest of the Company.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventories, fixed assets and sales of goods.
5. (a). According to the information and explanations given to us , we are of the opinion that transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have not been entered.

(b). In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits under the provisions of Section 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the present internal audit system of the Company is not commensurate with its size and nature of its business and the same needs to be strengthened.
8. As per information given to us, the Central Government has prescribed maintenance of cost Record U/s 209(1) (d) of the Companies Act. 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However we have not made a detailed examination of such records. .
9. (a) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, were in arrears as at 31<sup>st</sup> March 2012, for a period of more than six months from the date they become payable, except the following:

Nature of dues	Amount (Rs. In lakhs)
Basic Excise Duty	5.50
Service Tax	4.18
Employees State Insurance Corporation	5.17
Employees provident Fund	33.35

(b) As per the information given to us, there are no dues outstanding of Sales Tax, Income Tax, Wealth Tax, Excise duty and Cess on account of any dispute other than those mentioned as follows:

<u>Name of statute</u>	<u>Nature of dues</u>	<u>Amount (in lacs)</u>	<u>Forum where dispute is pending</u>
Central Excise Act	Excise Duty	38.93	High Court, Odisha
CESCO	Electricity demand	190.37	National Consumer Forum, New Delhi.
CESCO	Electricity demand	22.70	High Court, Odisha, Cuttack

10. The Company has accumulated losses at the end of the financial year amounting to Rs. 414.44 lakhs and are more than 50% of its net worth. It has earned a cash profit of Rs.69.80 lakhs during the year.
11. The Company has not defaulted in repayment of dues to the financial institutions/Bank, except loan from IPICOL of Rs.240.50 lakhs \*
  - It has been explained to us that the company is not in default as per BIFR sanction order as the Company is awaiting sanction letter from IPICOL for One Time Settlement.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Considering the nature of activities carried out by the company during the year, the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to it.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
15. In our opinion and according to the information and explanations given to us, the company has not obtained any term loan during the year and hence the question of commenting on application thereof does not arise.
16. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or financial institutions.
17. According to the information and explanation given to us, the Company has not made any preferential allotment of shares during the year.
18. According to the information and explanation given to us, the Company has not issued debentures during the year.
19. The Company has not raised any money by public issue during the year.
20. As per the information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

**for L.N. MORE & CO.**  
**Chartered Accountants**  
**FRN 307042E**

**PLACE: CUTTACK**  
**DATE : 30<sup>th</sup> August 2012**

**(L.N. MORE)**  
**PARTNER**  
**Membership No. 011485**

**COSBOARD INDUSTRIES LIMITED**  
**NEW INDUSTRIAL ESTATE, PHASE II, JAGATPUR: 754021, CUTTACK**  
**BALANCE SHEET AS AT 31ST MARCH 2012**

	Notes	31st March 2012	31st March 2011
		(in Rs.)	(in Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	42938000	42938000
Reserves and Surplus	2	-24642623	-23973065
		<u>18295377</u>	<u>18964935</u>
<b>NON CURRENT LIABILITIES</b>			
Long Tern Borrowings	3	24050000	24050000
Other Long Term Liabilities	4	36089641	36667138
Long Term Provisions	5	5725316	5226491
		<u>65864957</u>	<u>65943629</u>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	6	31763029	24876017
Trade Payables	7	69803033	33056559
Other Current Liabilities	8	15898080	15373574
Short Term Provision	5	341897	724197
		<u>117806039</u>	<u>74030347</u>
<b>TOTAL</b>		<b><u>201966373</u></b>	<b><u>158938911</u></b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	40846279	46976248
Capital work-in-progress	9	1169702	808760
Non current Investments	10	75000	125000
Deffered Tax Assets(Net)	11	22213841	22999531
Long Term loans and Advances	12	4031877	4023004
<b>CURRENT ASSETS</b>			
Inventories	13	33004343	21710315
Trade Receivables	14	86259296	47387752
Cash and Cash Equivalentents	15	891865	1034964
Short Term Loans and Advances	12	13474170	13873337
<b>TOTAL</b>		<b><u>201966373</u></b>	<b><u>158938911</u></b>

**Significant Accounting Policies**  
**Notes on Financial statements**

**1 to 37**

See accompanying Notes forming an integral part of the Financial Statements

In terms of our annexed report of even date

for **L. N.MORE & CO.**

FOR AND ON BEHALF OF THE BOARD

Chartered Accountants

FRN 307042E

(L.N. MORE)

PARTNER

Membership No.011485

Place : Cuttack

Date : 30th August, 2012

Ratan Kumar Gilra

Chairman & Managing Director

Shiv Shankar Taparia

Director

Anil Kumar Gilra

Director

**COSBOARD INDUSTRIES LIMITED**  
**NEW INDUSTRIAL ESTATE, PHASE II, JAGATPUR: 754021, CUTTACK**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Notes	2011-2012	2010-2011
		(in Rs.)	(in Rs.)
<b>INCOME</b>			
Revenue from Operations	16	260088965	227565898
Less: Excise duty		5980496	641120
<b>Revenue from Operations</b>		<b>254108469</b>	<b>226924778</b>
Other Operating Revenue	16	0	140179
Other income	17	6002325	200879197
<b>TOTAL REVENUE</b>		<b>260110794</b>	<b>427944154</b>
<b>EXPENSES</b>			
Cost of Materials consumed	18	171639720	138742631
Changes in Inventories of Finished goods	19	-6927099	469581
Purchase of Traded goods		0	131094
Employees Benefits Expenses	20	14414892	14497986
Finance Cost	21	92660	149419
Depreciation & Amortisation Expenses		6563741	9772928
Other expenses	22	73815552	62678872
<b>TOTAL EXPENSES</b>		<b>259599466</b>	<b>226442511</b>
<b>PROFIT BEFORE TAX</b>		<b>511328</b>	<b>201501643</b>
<b>Tax Expense:</b>			
Current Tax		-94800	-504103
Deferred Tax		-785690	1706391
<b>PROFIT AFTER TAX</b>		<b>-369162</b>	<b>202703931</b>
Earnings per share (Rs.) Basic and Diluted (Face Value of Rs.10/-each)		0.10	0.52

**Significant Accounting Policies**

**Notes on Financial statements**

**1 to 37**

See accompanying Notes forming an integral part of the Financial Statements

In terms of our annexed report of even date

for **L. N.MORE & CO.**

Chartered Accountants

FRN 307042E

**FOR AND ON BEHALF OF THE BOARD**

(L.N. MORE)

PARTNER

Membership No.011485

Place : Cuttack

Date : 30th August, 2012

Ratan Kumar Gilra

Chairman & Managing Director

Anil Kumar Gilra

Director

Shiv Shankar Taparia

Director



**COSBOARD INDUSTRIES LIMITED**  
**NEW INDUSTRIAL ESTATE, PHASE II, JAGATPUR: 754021, CUTTACK**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

A. CASH FLOW FROM OPERATING ACTIVITIES	<u>2011-2012</u>	<u>2010-2011</u>
	(In Rs.)	(In Rs.)
Net Profit/(Loss) Before Tax	511,328	201,501,643
<b>Adjustment for :</b>		
Depreciation	6,563,741	9,772,928
Interest and financial charges	38,916	89,367
Interest income	(102,035)	(17,779)
Sundry Balance Written back	(166,509)	(198,782,733)
Profit on sale of Fixed Assets	(5,424,933)	-
Bad Debts	619,276	-
Sundry Balance Written off	67,160	217,817
<b>OPERATING PROFIT BEFORE INTEREST CHARGE</b>	<b>2,106,944</b>	<b>12,781,243</b>
<b>Adjustment for :</b>		
Trade & other Receivables	(39,530,199)	(24,135,530)
Inventories	(11,294,028)	(8,317,504)
Trade Payables & Other Liabilities	44,441,026	25,558,891
<b>CASH GENERATED FROM OPERATION</b>	<b>(4,276,257)</b>	<b>5,887,100</b>
Interest Paid	38,916	89,367
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(4,315,173)</b>	<b>5,797,733</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,543,312)	(360,874)
Sale of Fixed Assets	6,000,000	-
Sale of Investment	50,000	-
Interest received	126,358	13,588
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>4,633,046</b>	<b>(347,286)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	-	-
Proceeds from other Borrowings	116,525	23,351,515
Repayment of Long Term Borrowings	(577,497)	(28,295,386)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(460,972)</b>	<b>(4,943,871)</b>
Net Increase/Decrease in cash equivalent (A+B+C)	(143,099)	506,576
Cash & Cash Equivalent Opening Balance	1,034,964	528,388
Cash & Cash Equivalent Closing Balance	891,865	1,034,964

In terms of our annexed report of even date  
for L. N.MORE & COMPANY  
**CHARTERED ACCOUNTANTS**  
FRN 307042E

**FOR COSBOARD INDUSTRIES LIMITED**

(L.N. MORE)  
PARTNER  
Membership No.011485

RATAN KUMAR GILRA  
MANAGING DIRECTOR

Place : Cuttack  
Date : 30th August, 2012

## **COSBOARD INDUSTRIES LIMITED**

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### **SIGNIFICANT ACCOUNTING POLICIES**

#### **I. Basis of preparation of financial statements**

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAPP). Financial statements with the applicable Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, 2006 and presentational requirement of the Companies Act, 1956.

#### **II. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities and commitments on the date of financial statements and the result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **III. Fixed Assets /Depreciation**

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of the assets, upto the date of commissioning of the assets. Depreciation for the year is computed on the straight line method, as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve.

Fixed assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 "Impairment of Assets".

#### **IV. Revenue Recognition**

Revenue from sale of products is recognized when the products are dispatched against orders from customers.

Sales are stated inclusive of excise duty but net of VAT, CST and Entry Tax.

#### **V. Investments**

Investments held by the Company which are long term in nature are stated at cost.

#### **VI. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to the respective present location and condition. Cost of raw material, stores and spares, packing materials and coal have been valued at cost comprising of purchase price, taxes, duties (other than those which are subsequently recoverable by the Company).

## **COSBOARD INDUSTRIES LIMITED**

### **VII Foreign Currency transaction**

Transaction in Foreign Currency are recorded at exchange rate prevailing on the date of transaction,

### **VIII Retirement Benefits and Employee Benefits Scheme**

The Company has various schemes of retirement benefit such as Provident Fund, Gratuity and Leave encashment benefit.

Further, provision for Gratuity and Leave encashment has been provided in the Books of Account as below:

#### **i) Leave Encashment**

The Employees will get one day earned leave after working of 20 days.

#### **ii) Gratuity**

The Employees will get gratuity after completion of 5 years and the basis of calculation is 15 days salary out of 26 working days of each completed year of service of last salary drawn.

### **IX Taxation**

#### **a) Current Taxes:**

Provision for current taxes is determined on the basis of taxable income and tax credits as per provision of the Income Tax Act, 1961.

#### **b) Deferred Taxes**

Provision for deferred tax is made at the current rates of taxation, on all timing differences to the extent that it is probable that a liability or asset will crystalize.

### **X Borrowing Cost**

Borrowing Cost directly attributable to the acquisition or construction of Fixed Assets are capitalized as part of the cost of the Assets upto the date the asset is put to use. Other borrowing costs are charged to revenue in the year in which it is incurred.

### **XI Contingent Liabilities**

All liabilities have been provided for in the accounts except liabilities of contingent nature, which has been disclosed in the notes on Financial Statements.

**COSBOARD INDUSTRIES LIMITED**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	31st March 12		31st March 11	
	(in Rs.)		(in Rs.)	
<b>1 : SHARE CAPITAL</b>				
<b>Authorised</b>				
5000000 Equity Shares of Rs. 10/- each	50000000		50000000	
Issued, Subscribed and Paid up capital 4293800 (Previous year 4293800) Equity Shares of Rs.10/- each fully paid	42938000		42938000	
<b>a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year</b>				
	31st March, 2012		31st March, 2011	
	No. of Shares	(in Rs.)	No. of Shares	(in Rs.)
At the beginning of the year	4293800	42938000	4293800	42938000
Add: Issued during the year	0	0	0	0
Outstanding at the end of the year	4293800	42938000	4293800	42938000
<b>b) Details of Shareholders holding more than 5% equity shares in the company.</b>				
	31st March, 2012		31st March, 2011	
Equity Shares of Rs. 10/- each	No. of Equity shares	% holding	No. of Equity shares	% holding
RATAN KUMAR GILRA	824930	19.21	866430	20.18
<b>c) Terms/rights attached to equity shares.</b>				
The Company has issued one class of share i.e Equity shares which enjoy similar rights in respect of Voting, Payment of dividend and Repayment of capital.				
<b>2 : RESERVES AND SURPLUS</b>				
	31st March, 2012		31st March, 2011	
	(in Rs.)		(in Rs.)	
a) State Investment Subsidy	3539602		3539602	
b) Share Premium	11942800		11942800	
c) Revaluation Reserve:				
Opening Balance	1492211		1665742	
Less: Withdrawn	173531	1318680	173531	1492211
d) Deficit in statement of Profit & Loss :				
As per last Balance Sheet		-40947678		-243651608
Add: Net Profit after tax transferred from Statement of Profit & Loss A/c		-369162		202703930
Add: Less Past year adjustment		-126865		0
Closing Balance		-41443705		-40947678
Total		-24642623		-23973065

**COSBOARD INDUSTRIES LIMITED**

<b>3 : LONG TERM BORROWINGS</b>	31st March 12	31st March 11
a) <b>Term Loan</b>	(in Rs.)	(in Rs.)
Secured		
From IPICOL	24050000	24050000
Note:		
1. Loan from IPICOL secured by equitable mortgage of immovable properties both present and future and Plant & Machinery of Writing, Printing & Newsprint Plant.		
2. There is no default in terms of repayment.		

<b>4 : OTHER LONG TERM LIABILITIES</b>	31st March 12	31st March 11
<b>UNSECURED (INTEREST FREE)</b>	(in Rs.)	(in Rs.)
Deferred Sales Tax	4307929	4885426
From Directors & others	31781712	31781712
<b>TOTAL</b>	<b>36089641</b>	<b>36667138</b>

<b>5 : PROVISIONS</b>	Long Term		Short term	
	31st March,12 (in Rs.)	31st March,11 (in Rs.)	31st March,12 (in Rs.)	31st March,11 (in Rs.)
Incometax	--	--	94800	504103
Gratuity	5725316	5226491	--	--
Earned Leave	--	--	247097	220094
<b>TOTAL</b>	<b>5725316</b>	<b>5226491</b>	<b>341897</b>	<b>724197</b>

<b>6 : SHORT TERM BORROWINGS</b>	31st March,12	31st March,11
<b>Loan repayable on demand</b>	(in Rs.)	(in Rs.)
Security Deposit from Dealers	4900000	4900000
Advance from parties	26863029	19976017
	31763029	24876017

<b>7 : TRADE PAYABLES</b>	31st March,12	31st March,11
	(in Rs.)	(in Rs.)
<b>Unsecured</b>		
Trade Payable	69803033	33056559
(Refer Note.30 for details of dues to Micro, Small and Medium Enterprises)		

**COSBOARD INDUSTRIES LIMITED**

	31st March,12	31st March,11
	(in Rs.)	(in Rs.)
<b>8 : OTHER CURRENT LIABILITIES</b>		
<b>A) Statutory Payables</b>		
Central Sales Tax	8377	10840
Entry Tax	76679	47386
Excise	595972	769073
Professional Tax	4900	15820
Service Tax	456083	608226
T.D.S.	68120	110332
VAT	258053	120459
LIC	63534	26165
ESIC	611812	829043
EPF	4027304	4874859
Total	6170834	7412203
<b>B) Outstanding Expenses</b>	9727246	7961371
<b>Grand Total (A + B)</b>	<b>15898080</b>	<b>15373574</b>

FOR BRAHMANANDA & CO  
 CHARTERED ACCOUNTANTS  
 B. SAHAI, F.S.C., F.C.A.  
 PARTNER, M.No. 25370

For Cosboard Industries Ltd.  
 Director

**COSBOARD INDUSTRIES LIMITED**

9 : FIXED ASSETS		GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As on 01.04.11	Addition During the year	Sale/Trf. during the year	As on 31.03.12	As on 01.04.11	Adj. dur- ing the year	Dep. dur- ing the year	As on 31.03.12	As on 31.03.11
<b>A. TANGIBLE ASSETS</b>										
Land & Site Dev.	6843129	0	0	6843129	0	0	0	6843129	6843129	
Building	42507292	701448	1512442	41696298	19345399	937375	1403097	21885177	23161894	
Plant & Machinery	147451907	0	0	147451907	131082002	0	5199730	11170175	16369905	
Vehicle	686151	109422	0	795573	587054	0	47820	160699	99097	
Furniture & Fixture	585521	0	0	585521	567948	0	10221	7352	17573	
Office Equipments	1428091	371500	0	1799591	1002070	0	71447	726074	426021	
Fixed Assets (Cal.)	90189	0	0	90189	58559	0	4957	26673	31629	
DRI Time Share	27000	0	0	27000	0	0	0	27000	27000	
<b>TOTAL (A)</b>	<b>199619280</b>	<b>1182370</b>	<b>1512442</b>	<b>199289208</b>	<b>152643032</b>	<b>937375</b>	<b>6737272</b>	<b>40846279</b>	<b>46976248</b>	
<b>B. INTANGIBLE ASSETS</b>										
<b>TOTAL (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL (A + B)</b>	<b>199619280</b>	<b>1182370</b>	<b>1512442</b>	<b>199289208</b>	<b>152643032</b>	<b>937375</b>	<b>6737272</b>	<b>40846279</b>	<b>46976248</b>	
Previous year figure	199258406	360874.00	0.00	199619280	142696573	0	9946459	46976248	56561833	
C. Work in Progress	808760	360942	0	1169702	0	0	0	1169702	808760	

31.03.2011	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.10	Addition During the year	Sale/Trf. during the year	As on 31.03.11	As on 01.04.10	Adj. dur- ing the year	Dep. dur- ing the year	As on 31.03.11	As on 31.03.10	As on 31.03.11	As on 31.03.10
<b>A. TANGIBLE ASSETS</b>											
Land & Site Dev.	6659654	183475	0	6843129	0	0	0	6843129	0	6843129	6659654
Building	42507292	0	0	42507292	17925655	0	1419744	23161893	19345399	23161893	24581637
Plant & Machinery	147451907	0	0	147451907	122662268	0	8419734	16369905	131082002	16369905	24789640
Vehicle	686151	0	0	686151	541578	0	45476	99097	587054	99097	144572
Furniture & Fixture	585521	0	0	585521	557349	0	10599	17573	567948	17573	28172
Office Equipments	1250692	177399	0	1428091	956120	0	45950	426021	1002070	426021	294572
Fixed Assets (Cal.)	90189	0	0	90189	53603	0	4956	31630	58559	31630	36586
DRI Time Share	27000	0	0	27000	0	0	0	27000	0	27000	27000
<b>TOTAL (A)</b>	<b>199258406</b>	<b>360874</b>	<b>0</b>	<b>199619280</b>	<b>142696573</b>	<b>0</b>	<b>9946459</b>	<b>46976248</b>	<b>152643032</b>	<b>46976248</b>	<b>56561833</b>
<b>B. INTANGIBLE ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A + B)</b>	<b>199258406</b>	<b>360874</b>	<b>0</b>	<b>199619280</b>	<b>142696573</b>	<b>0</b>	<b>9946459</b>	<b>46976248</b>	<b>152643032</b>	<b>46976248</b>	<b>56561833</b>
Previous year figure	196527764	2730642.00	0	199258406	132712848	0	9983725	56561833	142696573	56561833	64082442
<b>C. Work in Progress</b>	<b>1075859</b>	<b>0</b>	<b>267099.00</b>	<b>808760</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>808760</b>	<b>0</b>	<b>808760</b>	<b>808334</b>

NOTE: i. Cost Includes Rs.18505895.26 being increase in Assets due to revaluation carried on Dt.31.03.93.

ii. Depreciation includes of Rs.173531.03 for the year on increased value of Assets due to revaluation.



**COSBOARD INDUSTRIES LIMITED**

<b>10 : NON CURRENT INVESTMENTS</b>			
	31st March,12		31st March,11
	(in Rs.)		(in Rs.)
National Saving Certificate (Pledged with Government)	75000		125000

<b>11 : DEFERRED TAX ASSETS (NET)</b>			
<p>The Company has recognized deferred tax arising on account of timing differences, being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS 22) - Accounting for Taxes on income.</p> <p>The major components of deferred tax (liabilities/assets) arising on account of timing differences as at 31st March, 2012 are as follows:</p>			
	31st March,12		31st March,11
	(in Rs.)		(in Rs.)
Deferred Tax Liability:			
Depreciation	3715588		2892030
Deferred Tax Assets:			
Carried forward Depreciation	25929429		25891561
Deferred Tax Assets (Net)	22213841		22999531
Less: Opening Balance as on 01.04.11	22999531		21293140
Balance charged to Profit & Loss Statement	-785690		1706391

<b>12 : LOANS AND ADVANCES</b>				
	Long Term		Short Term	
	31st March,12	31st March,11	31st March,12	31st March,11
	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>A) Unsecured &amp; Secured goods</b>				
a) Capital Advances	--	--	1809408	688081
b) Sundry Deposits	4031877	4023004	--	--
c) Balance with Income Tax	--	--	180160	401057
d) Sundry Creditor Debit Balance	--	--	486025	1029200
<b>B) Loans &amp; Advances to related parties</b>	--	--	175374	--
<b>C) Other Loans &amp; Advances</b>				
a) Advance against expenses	--	--	10106261	11021269
b) Balance with Excise & Service Tax	--	--	674242	638737
c) Custom Duty under protest	--	--	--	52293
d) Advances to employees	--	--	42700	42700
<b>Total</b>	4031877	4023004	13474170	13873337

**COSBOARD INDUSTRIES LIMITED**

	31st March,12	31st March,11
<b>13 : INVENTORIES</b>	(in Rs.)	(in Rs.)
Finished Goods	12457160	5530061
Raw Materials	16194155	12865593
Stores & Spares	1772582	1903382
Chemical & Dyes	1966673	969870
Packing	138773	144684
Coal	475000	296725
<b>Total</b>	<b>33004343</b>	<b>21710315</b>
Note: At lower of cost and net realizable value		

<b>14 : TRADE RECEIVABLES</b>	31st March,12	31st March,11
	(in Rs.)	(in Rs.)
<b>Unsecured</b>		
a) Overdue for more than six months		
Considered good	29319781	3095473
b) Others		
Considered good	56939515	43673003
c) Doubtful	--	619276
	<b>86259296</b>	<b>47387752</b>

<b>15 : CASH &amp; CASH EQUIVALENTS</b>	31st March,12	31st March,11
	(in Rs.)	(in Rs.)
<b>A. Cash and Bank Balance:</b>		
a) Cash on hand	424698	446800
b) Balances with Banks:		
On Current Accounts	467167	588164
<b>B. Other Bank balances</b>	0	0
<b>Total</b>	<b>891865</b>	<b>1034964</b>

**COSBOARD INDUSTRIES LIMITED**

<b>16 : REVENUE FROM OPERATIONS</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
<b>A. Sale of products</b>			
Home Market ( Net of Returns)		260088965	227565898
Exports		0	0
Turnover		260088965	227565898
Less: Excise Duty		5980496	641120
Sale of products		254108469	226924778
<b>B. Other Operating Revenue</b>			
Sale of Traded goods		0	140179
<b>Total</b>		<b>254108469</b>	<b>227064957</b>

<b>17 : OTHER INCOME</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
Profit on sale of Building at Kolkata		5424933	0
Interest Income		102035	17779
Income from Rent		300000	1035000
Commission Received		0	1024111
Sundry Balance writtern back		166509	198782733
Rounded off in Invoice		8848	19574
<b>Total</b>		<b>6002325</b>	<b>200879197</b>

<b>18 : COST OF MATERIALS CONSUMED</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
<b>Raw materials consumed</b>			
Opening Stock		13835463	5978402
Add:Purchases		175965085	146599692
		189800548	152578094
Less: Closing Stock		18160828	13835463
		171639720	138742631
<b>Details of materials consumed</b>			
Waste Paper		163724551	130745252
Dyes & Chemicals		7915169	7997379
		171639720	138742631

<b>19 : CHANGES IN INVENTORIES OF FINISHED GOODS</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
Finished stock at the beginning of the year		5530061	5999642
Finished stock at the end of the year		12457160	5530061
<b>Changes in inventories of finished goods</b>		<b>-6927099</b>	<b>469581</b>

**COSBOARD INDUSTRIES LIMITED**

<b>20 : EMPLOYEE BENEFITS EXPENSES</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
Wages & Salary		12850715	13069420
Contribution to Provident Fund , ESIC & LIC		1473354	1288604
Staff Welfare Expenses		90823	139962
		14414892	14497986

<b>21 : FINANCE COST</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
Interest on Borrowings		0	87151
Others		92660	62268
		92660	149419

<b>22 : OTHER EXPENSES</b>		31st March, 12	31st March, 11
		(in Rs.)	(in Rs.)
<b>Manufacturing Expenses</b>			
Power and Fuel		55979602	44096442
Repairs & Maintenance :			
Plant & Machinery		9466629	7289468
Building		11169	1304449
Others		43800	727650
Packing Expenses		2400489	1806041
Total A		67901689	55224050
<b>Administrative, Selling and Other Expenses</b>			
Rate, Taxes & Fess		840467	617116
Travelling & Conveyance		457263	821121
Postage, Telegram & Telephone		130713	172055
Newspaper & Periodicals		5745	8783
Printing & Stationery		66345	114236
Vehicle Maintenance		1854	7970
Directors Remuneration		300000	300000
Transportation Charges		10977	64314
Legal & Professional fees		112527	527063
Advertisement		223800	34900
General Expenses		61159	255103
Penalties		0	80030
Auditors' Remuneration		36000	31000
Insurance		59813	15691
Security Watch & Ward		475430	585142
Bad Debts		619276	0
Sundry Balance written off		67160	217817
Commission		414018	268689
Discount		0	1165985
Freight		2031316	2167807
Total B		5913863	7454822
Total A + B		73815552	62678872

**COSBOARD INDUSTRIES LIMITED**

**23** As per Sanction Scheme of Board for Industrial and Financial Reconstruction (BIFR) dated 17.03.2011 the following reliefs & concessions mentioned in the Scheme:

- I. Under the Head Industries Department, Electricity Duty has been exempted for a period of 7 years from the date of sanction of the Scheme. But the Electricity Department (CESU) are raising the monthly Bill including Electricity duty. In this matter Power supply has been disconnected by CESU by demanding Electricity Duty, the Company preferred an appeal in Orissa High Court, and the Court has passed an order in our favour on dated 16.11.2011, not to disconnect Power supply on the ground of non payment of Electricity duty. Accordingly, the company has not made provision in the Statement of Profit and Loss for the period May 2011 to March 2012 amounting to Rs. 23.06 lakhs.
- II. Under the Head Sales Tax Department, Sales Tax Deferment dues is to be paid within a period of 5 years in yearly installments from the date of sanction of the scheme. Accordingly, the company is paying the Sales Tax Deferment dues.

**24 : Advance received**

The company has received advance Rs. 85.75 lakhs during the year from M/s. Hari Shanker Paper Products (P) Ltd., and the amount includes in year end balance and the same is shown in related party transaction in Note 35.

25 Directors' Remuneration	31st March, 12	31st March, 11
	(in Rs.)	(in Rs.)
a. Salary	2.40	2.40
b. Provident Fund	0.24	0.24
c. Allowances	<u>0.60</u>	<u>0.60</u>
	<u>3.24</u>	<u>3.24</u>

**COSBOARD INDUSTRIES LIMITED**

**26: Cenvat Credit**

CENVAT credit on purchase of Chemical, Consumables & Capital goods availed by the Company has been adjusted against the purchase price of the respective items.

**27: Contingent Liabilities**

	31st March, 12	31st March, 11
	(Rs. in lacs)	(Rs. in lacs)
i. Excise Duty (Matter is pending before Hon'ble High Court of Odisha.)	38.93	38.93
ii. C E S C O (The Case is pending before National Consumer Forum, New Delhi)	190.37	190.37
iii. C E S C O (The Case is pending before Hon'ble High Court of Odisha)	22.70	22.70

**28: Payment to Auditors**

	31st March, 12	31st March, 11
	(in Rs.)	(in Rs.)
Statutory Audit	30000.00	25000.00
Tax Audit	6000.00	6000.00
Other Services	24000.00	16000.00
Service Tax	2884.00	4429.00
	62884.00	51429.00

**29: Advance against expenses**

Loans and Advances in Note 12 includes Fire Claim of Rs.74.28 lakhs against loss caused due to fire, that occurred on 28.08.2004 and the same was decreed in favour of the company by Orissa State Consumer Forum. But the insurer i.e. The New India Assurance Co. Limited have preferred an appeal to National Consumer Forum and the same is pending till date.

**30: Micro, Small and Medium Enterprises**

Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, there are amounts due to them to the extent identified as at the end of the year but no provision of interest has been made in Books of Accounts.

M/s. Kay Bee Salts (P) Ltd. : Rs. 1.30 lakhs

**COSBOARD INDUSTRIES LIMITED**

**31 : Employee Benefit Expenses in accordance with revised AS-15**

Wages & Salaries includes provision for Gratuity of Rs.4.99 lakhs as on 31.03.12 and Earned Leave of Rs.0.67 lakhs. The provision has been made in the Statement of Profit and Loss in Note 20

**32 : Segment Reporting**

The Company is manufacturing various products, which are similar in nature of paper and Paper Board. All the products are manufactured after recycle of paper. Therefore, according to management this is a single segment company as envisaged in the Accounting Standard 17 (AS17) on Segment Reporting issued by the Institute of Chartered Accountants of India (ICAI). As such, the segment reporting are not applicable.

**33 : Current Tax**

The Company has made Provision for Current Tax under MAT on taxable income @ 18.54% .

**34 : Deferred Tax Assets**

- A) Deferred Tax has been accounted in accordance with the requirements of Accounting standard on "Taxes on Income" (AS 22).  
 B) The major components of the Deferred Tax Assets/Liabilities, based on tax effect of the timing differences, as at 31<sup>st</sup> March 2012, are as under:

Deferred Tax Liability:	
Depreciation	3715588
Deferred Tax Assets :	
Carried forward Depreciation	25929429
Deferred Tax Asset (Net)	22213841
Less: Opening Balance as on 01.04.11:	22999531
Balance charged to Profit & Loss	-785690

**35 : Related party disclosures**

List of related parties & Associates	<ul style="list-style-type: none"> <li>i) Yash Commercial Corporation</li> <li>ii) Yash Transport Corporation</li> <li>iii) Harishankar Paper Products Pvt. Ltd.</li> <li>iv) Abhishek Enterprises</li> <li>v) Vandana Gilra</li> </ul>
Directors	<ul style="list-style-type: none"> <li>i) Ratan Kumar Gilra Chairman &amp; Managing Director</li> <li>ii) Anil Kumar Gilra Whole time Director</li> <li>iii) Shiv Shankar Taparia</li> </ul>

**COSBOARD INDUSTRIES LIMITED**

<b>Transactions with related parties</b>				
Name of the related party	Nature of transaction	Opening Bal. as on 01.04.11	Transaction during the yr. (Rs.in lacs)	Closing Bal. as on 31.03.12 (Rs.in lacs)
Yash Transport Corpn.Cuttack	freight payment	0	28.75 -27.17	Cr. 1.58
Yash Commercial Corpn. Cuttack	Security Deposit	Cr. 48.65	0	Cr. 48.65
	Sale of goods	Cr. 115.50	51.01	
	Purchase of Waste Paper		108.65	
	Payment		75.84	Cr. 97.30
Harishankar Paper Products (P) Ltd. Hyderabad	Unsecured Loan	Cr. 227.02	0	Cr. 227.02
	Sale of goods	Cr. 168.18	50.74	
	Amt.received during the year including advance		136.49	Cr. 253.93
	Purchase of waste paper	Cr. 89.40	172.53	Cr. 261.92
Abhishek Enterprises, Hyderabad	Sale of goods	Dr. 0.67	2.40	Dr. 3.07
Vandana Gilra	Sale of Kolkata Building.	0	60.00	
	Payment received		60.00	0
<b>DIRECTORS</b>				
Sri. Ratan Kumar Gilra	Unsecured Loan	Cr. 22.13	0	Cr. 22.13
Sri. Anil Kumar Gilra	Unsecured Loan	Cr. 62.25	0	Cr. 62.25
	Salary Perquisites	Cr. 0.09	3.24	
	Payment		2.30	Cr. 1.03
	Tractor advance	0	1.75	Dr. 1.75



## COSBOARD INDUSTRIES LIMITED

### 36 : Earning per share

Pursuant to compliance of AS 20 on earning per share, the relevant information is provided here below:

	<u>2011-12</u> Rs.In lacs	<u>2010-11</u> Rs.In lacs
1. Net Profit /(Loss) after tax as per Profit & Loss Statement	4.16	22.15 *
2. No. of Equity shares	4293800	4293800
Earnings per share ( 1 / 2)	0.10	0.52

\* NOTE: Profit after tax during the year ended 31.03.2011 includes Rs. 198782733 amount written back of Financial Institution and Bank as per BIFR Sanction order. Therefore, Profit after Tax will be Rs.2214807. (i.e. 201501643 - 198782733 - 504103 Tax).

### 37 : Previous year figure

The revised Schedule VI has become effective from 1st April 2011 for the preparation of Financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

See accompanying Notes forming an integral part of the Financial Statements

In terms of our annexed report of even date

for **L. N.MORE & CO.**

Chartered Accountants

FRN 307042E

FOR AND ON BEHALF OF THE BOARD

(L.N. MORE)

PARTNER

Membership No.011485

Ratan Kumar Gilra

Chairman & Managing Director

Anil Kumar Gilra

Director

Place : Cuttack

Date : 30th August, 2012

Shiv Shankar Taparia

Director