



## ECOBOARD INDUSTRIES LIMITED

### 20<sup>TH</sup> ANNUAL REPORT F.Y. 2010 - 2011

**REGISTERED OFFICE :** 36/1, Preet Chambers, 2nd Floor, Pune-Mumbai Road, Wakdewadi, Pune - 411 003.  
Tel. (020) 41080800

#### BOARD OF DIRECTORS

Mr. V.S Raju, Chairman  
Mr. G.R.K. Raju, Managing Director  
Mr. P. Satyanarayana Raju, Director  
Mr. Srinivas Raju P., Director  
Mr. U.S Kadam, Independent Director  
Dr. N.A. Ramaiah, Independent Director  
Mr. Ramchandra Raju P.S, Independent Director  
Mr. V.P Rane, Independent Director  
Mr. Narasimhan Krishnan, Independent Director.

#### CORPORATE OFFICE (For Correspondance)

65/1A, "Ecohouse", "Akarshak Building"  
Opp. Nal Stop, Karve Road, Pune-411004  
Tel.(020) 25432345/Fax.(020) 25465328  
E-Mail info@ecoboardindia.com  
Website:www.ecoboardindia.com

#### REGISTRAR & TRANSFER AGENTS

M/s Link Intime India Private Limited  
202-A, 2nd Floor, "Akshay Complex"  
Off Dhole Patil Road, Pune- 411 001  
Tel. (020)- 2616 1629 / Fax (020) 2616 3503  
Email : pune@linkintime.co.in

#### AUDITORS

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

#### INSTITUTIONS & BANKERS

Bank of Maharashtra  
Andhra Bank  
State bank Of India

#### Bio Systems Division

65/1A, "Ecohouse", "Akarshak Building"  
Opp. Nal Stop, Karve Road,  
Pune 411004  
Tel. (020) 4108 0800

#### Factory (Particle Bagasse Board Division)

Village Velapur, Taluka Malshiras,  
District- Solapur, Maharashtra.  
Tel. (02185) 24 52 61 /62,  
Fax (02185) 24 52 03

#### BRANCHES

**West Zone:** Pune, Mumbai, Ahmedabad, Kolhapur  
**South Zone:** Hyderabad, Bangalore, Vizag, Cochin, Chennai, Bhubaneshwar, Coimbatore  
**North Zone:** Delhi, Bhopal, Kolkatta, Nagpur, Chandigarh

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



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**NOTICE**

Notice is given that the 20<sup>th</sup> Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Wednesday 28<sup>th</sup> September, 2011 at 11.00 a.m. at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 005, to transact the following business :

**A. ORDINARY BUSINESS :**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors with its annexures and Auditors thereon.
2. To appoint Director in place of Mr. U. S. Kadam, who retires by rotation, and being eligible offers himself for re-appointment.
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 Auditors and to fix their remuneration 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 Accounts, 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 on such remuneration as shall be fixed by the Board of Directors.”

**B. SPECIAL BUSINESS**

5. To appoint Mr. G.R.K. Raju as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 317 and other applicable provisions, if any, of Companies Act, 1956 (The Act) read with schedule XIII as amended up to date, or any modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the appointment of Mr. G.R.K. Raju as Managing Director of the Company for a period of 5 years with effect from 9<sup>th</sup> August 2011 on the terms and conditions given in abstract u/s 302, forming part of this resolution and on the remuneration with powers to the Board of Directors to alter or vary the said terms and conditions and the remuneration payable to Mr. Gottumukkala Ramkrishna Raju in such manner as the Board may deem fit and is acceptable to Mr. G.R.K. Raju”

**“RESOLVED FURTHER THAT** in the event of there being a loss or inadequacy of profits in any financial year, the aforesaid remuneration payable to Mr. G.R.K. Raju shall be the minimum remuneration subject to the limits set out in schedule XIII of the Companies Act 1956.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary and expedient to give effect to this resolution.”

**Abstract pursuant to section 302 of the Companies Act, 1956**

Remuneration payable to Mr. G. R.K. Raju as Managing Director shall be as follows:

**Terms of appointment :** 5 years from 9/8/2011

1. **Salary:** Rs. 1,00,000/- p. m. in the scale of 1,00,000-10,000-1,50,000.
2. **Commission:** @ 1% of Net profits of the Company in any financial year, subject to the maximum as may be laid down by the Board of Directors from time to time.
3. **Perquisites:**  
In addition to the aforesaid salary and commission, the Managing Director shall also be eligible for the following perquisites, viz;
  - a. **House Rent Allowance / Rent free Accommodation** as per rules of the Company;
  - b. **Medical Expenses** reimbursement for self & family actuals;
  - c. **Leave Travel Concession:** 1<sup>st</sup> class return passage by Air, Sea, Rail and/or Road for a period not exceeding 30 days, once a year, anywhere in the world and reimbursement of lodging and boarding and other incidental expenses during that period for self and family;
  - d. **Entertainment Expenses** at actuals;
  - e. **Club fees** at actuals (excluding admission fees);
  - f. **Expenses of domestic servants, personal gardner and personal driver** – reimbursement at actuals;
  - g. **Expenses for books, periodicals and newspapers** – reimbursement at actuals;
  - h. **Medical Insurance;**
  - i. **Personal Accident Insurance,**
  - j. **Company car with driver** for official purposes;
  - k. **Telephone** at residence;
  - l. **Casual, sick and annual Earned Leave** shall be as per the rules of the Company.

Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable and in absence of any such rules, the same shall be evaluated at actual cost.

**4. Minimum Remuneration:**

Notwithstanding anything contained hereinabove, where in any financial year during the currency of tenure of Mr. G.R.K. Raju as a Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. G.R.K. Raju by way of salary, perquisites and other allowances shall be limited to the limits laid down in Schedule XIII of the Companies Act 1956.

**5. Additional Perquisites:**

In addition to the salary, commission and perquisites referred above, Mr. G.R.K. Raju shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration, viz.

- a. Contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c. Encashment of leave at the end of the tenure.

Such resolution may be passed as an ordinary resolution.

- 6. To appoint Mr. V.S. Raju as Whole Time director on designation as a Executive Chairman and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

**"RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, and other applicable provisions, if any, of Companies Act, 1956 (The Act) read with schedule XIII as amended up to date and all other applicable provisions, if any, of the Act, or any modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the appointment of Mr. V.S. Raju as Whole-time Director continues as Executive Chairman of the Company for a period of 5 years with effect from 9<sup>th</sup> August 2011 on the terms and conditions given in abstract u/s 302, forming part of this resolution and on the remuneration, with powers to the Board of Directors to alter or vary the said terms and conditions and the remuneration payable to Mr. V.S. Raju in such manner as the Board may deem fit and is acceptable to Mr. V.S. Raju."

**"RESOLVED FURTHER THAT** in the event of there being a loss or inadequacy of profits in any financial year, the aforesaid remuneration payable to Mr. V.S. Raju shall be the minimum remuneration subject to the limits set out in schedule XIII of the Companies Act 1956."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary and expedient to give effect to this resolution."

**Abstract pursuant to section 302 of the Companies Act, 1956**

Remuneration payable to Mr. V.S. Raju as Whole time Director shall be as follows:

**Terms of appointment :** 5 years from 9/8/2011

- 1. **Salary:** Rs. 1,00,000/- p. m. in the scale of 1,00,000-10,000-1,50,000.
- 2. **Commission:** @ 1% of Net profits of the Company in any financial year, subject to the maximum as may be laid down by the Board of Directors from time to time.
- 3. **Perquisites:**  
In addition to the aforesaid salary and commission, the Chairman shall also be eligible for the following perquisites, viz:
  - a. **House Rent Allowance / Rent free Accommodation** as per rules of the Company;
  - b. **Medical Expenses** reimbursement for self & family actuals;
  - c. **Leave Travel Concession:** Return 1<sup>st</sup> class passage by Air, Sea, Rail and/or Road for a period not exceeding 30 days, once a year, anywhere in the world and reimbursement of lodging and boarding and other incidental expenses during that period for self and family;
  - d. **Entertainment Expenses** at actuals;
  - e. **Club fees** at actuals (excluding admission fees);
  - f. **Expenses of domestic servants, personal gardner and personal driver** – reimbursement at actuals;
  - g. **Expenses for books, periodicals and newspapers** – reimbursement at actuals;
  - h. **Medical Insurance;**
  - i. **Personal Accident Insurance,**
  - j. **Company car with driver** for official purposes;
  - k. **Telephone** at residence;
  - l. **Casual, sick and annual Earned Leave** shall be as per the rules of the Company.

Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable and in absence of any such rules, the same shall be evaluated at actual cost.

**4. Minimum Remuneration:**

Notwithstanding anything contained hereinabove, where in any financial year during the currency of

tenure of Mr. V. S. Raju as Whole time Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. V.S. Raju by way of salary, perquisites and other allowances shall be limited to the limits laid down in Schedule XIII of the Companies Act 1956.

**5. Additional Perquisites:**

In addition to the salary, commission and perquisites referred above, Mr. V. S. Raju shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration, viz.

- a. Contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c. Encashment of leave at the end of the tenure.

Such resolution may be passed as an ordinary resolution.

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

**“RESOLVED THAT** Mr. Narasimhan Krishnan who was appointed as an additional Director by the Board of Directors pursuant to section 260 of the companies Act, 1956 with effect from 9<sup>th</sup> August 2011 and who holds office upto the date of Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as an independent director of the company liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

Place : Pune.  
Date : 9th August 2011

**V.S. Raju  
Chairman**

**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. Explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 which set out details relating to the special businesses under item no. 5, 6 and 7 are annexed hereto.
- 3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- 4. **The Register of Members and Share Transfer Register will remain closed from Saturday**

**24<sup>th</sup> September, 2011 to Wednesday 28<sup>th</sup> September, 2011 (both days inclusive) for the purpose of Annual General Meeting.**

- 5. 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.
- 6. 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.
- 7. The Company distributed Dividend for the F.Y. 2007-08 and 2008-09. Dividend remained as unclaimed for those respective years will be transferred to Investor Education and Protection Fund after completion of 7 ( seven) years from the respective declaration of Dividend.

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

**ITEM NO. 5**

Mr. G.R.K. Raju earlier was appointed as Whole-time Director designated as Executive Vice Chairman w.e.f. 1<sup>st</sup> April, 2008. Mr. V.S. Raju Chairman and Managing Director submitted his resignation from the post of Managing Director. The Board of Directors decided to appoint Mr. G.R.K. Raju as Managing Director of the Company for a period of 5 years with effect from 09/08/2011 subject to the approval of the members in the forthcoming Annual General Meeting of the Company. Hence the resolution at item No. 5 of the notice.

Mr. G.R.K. Raju is son in law of Mr. V.S. Raju, Executive Chairman, Mr. G.R.K. Raju and Mr. V.S. Raju are said to be interested in the said resolution.

Mr. G.R.K. Raju is one of the founder member and the promoter of ECOBOARD INDUSTRIES LIMITED. He has a vast industrial experience. He is also instrumental in the growth of the Company.

Your Board recommends his appointment.

**ITEM NO. 6**

Mr. V. S. Raju is with the Company since inception and was re-appointed as Chairman and Managing Director for a period of 5 years with effect from 1<sup>st</sup> April, 2007 at the sixteenth Annual General Meeting held on Friday 28<sup>th</sup> September, 2007. He resigned from the post of Managing Director with effect from 09<sup>th</sup> August, 2011 whilst he continues to be a Chairman. Board of directors in its meeting held on 09<sup>th</sup> August, 2011 decided to appoint him as Whole Time Director designated as Executive Chairman of the Company.

Mr. V.S. Raju himself and Mr. G.R.K. Raju, Mr. P. Satyanarayana Raju, Mr. Srinivas Raju P. Directors being relatives of Mr. V.S. Raju shall be deemed to be concerned or interested in passing of the resolution at item No. 6 of the notice

Mr. V.S. Raju is one of the founder member and the promoters of ECOBOARD INDUSTRIES LIMITED. He has a vast industrial experience. He is also instrumental in the growth of

the Company and has successfully sailed this Company through rough weather during the period of crisis.

Your Board recommends his appointment.

**ITEM NO. 7**

Mr. Narasimhan Krishnan is appointed as an Additional (Non-Executive, Independent) Director of the Company in the Board meeting held on August 9<sup>th</sup>, 2011. Pursuant to section 260 of the Companies Act, 1956, his term would end on the date of ensuing Annual General Meeting. Company received a notice in writing proposing his candidature for the office of Director and the present proposal is to seek the members' approval for the appointment of Mr. Narasimhan Krishnan as Non – Executive Director (Independent) in terms of the applicable provisions of the Companies Act, 1956 & under clause 49 of listing agreement with Bombay stock Exchange. Mr. Narasimhan will be paid sitting fees within the maximum permissible limits under Section 310 of the Companies Act, 1956.

**Education :**

Eng. Graduate (B.E.) from University of Madras 1962

**Experience:**

Last position held in SAC Automotive Components Ltd. as Vice President of the Company.

**Achievement :**

Large S. G. Foundry and critical Automotive Components.

It is necessary to pass a resolution for his regularization as director. Such resolution may be passed as an ordinary resolution.

Your Board recommends his appointment.

None of the director is said to be interested in the said resolution.

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

Place : Pune.  
Date : 9th August 2011

**V.S. Raju  
Chairman**

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, including beneficial owners are requested to register their e mail addresses with Company’s Registrars & Share Transfer Agents, Link Intime India Pvt. Ltd. at the address:

**M/s Link Intime India Private Limited Pune**

Block NO. 202, 2<sup>nd</sup> Floor Akshay Complex,  
Off Dhole Patil Road Pune – 411 001  
Tel. : (020) 26161629  
Telefax : (020) 26163503  
Email: pune@linktime.co.in

Also report any change in the e-mail ID that you registere with us or your decision to receive the annual report by post instead. Any member receiving such report through e-mail may insist for physical copies of the annual report and the same would be sent to him free of cost.



## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors have pleasure in presenting to you 20<sup>th</sup> Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31<sup>st</sup> March 2011.

### Financial Results

(Rs. In Thousand)

Particulars	Current Year 2010-11	Previous Year 2009-10
Sales & Other Income	426,792	501,235
Operating Profit	34,920	24,142
Less:		
Interest	33,269	27,077
Depreciation	41,608	43,503
Profit for the year	(39,957)	(46,438)
Less: Provision for tax Income Tax	0	381
Net Profit/Loss after Tax	(39,957)	(46,819)
Less: Appropriations		
Dividend	0	0
Tax on Dividend	0	0
Surplus for the year	(39,957)	(46,819)
Add –Balance brought forward from the previous year	(312,357)	(265,538)
Balance carried to Balance sheet	(352,314)	(312,357)

### Dividend

In view of loss in the current year, the Board of Directors does not recommend any dividend for the F.Y. 2010-11.

### Business

Company suffered loss for the year 2010-2011 due to high price and poor availability of bagasse, the main raw material. It was only during last quarter of the year that bagasse availability improved and prices came down to some extent. Production of particle boards in one unit of the Company at Jambhulwadi remained suspended since April 2010.

### 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. U. S. Kadam and Mr. Ramchandra Raju P. S., Directors, would retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer 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.

During the year designation of Mr. P.Satyanarayana Raju has been changed from Joint Managing Director to Non-executive Director.

Mr. S. Venkatswamy has resigned from the post of director. The Board is thankful for his valuable contribution during his tenure as Director.

### Industrial Relation

Industrial relations during the year continued to be peaceful and there were no man-days lost due to any kind of unrest.

### Directors' Responsibility Statement

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

- 1) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure if any.
- 2) 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, 2011 and of the profit or loss of the Company for the year ended on that date;
- 3) 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
- 4) The Directors had prepared the annual accounts on a 'going concern' basis.

### 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 '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 properly and timely applied for clearances from the State pollution control board for its 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 is no employee whose particulars are required to be given under section 217(2A) (a) 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.

**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.

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

Place : Pune  
Date : 09/08/2011

**V.S. Raju  
Chairman**

**ANNEXURE I TO 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.

Information required under the Companies (Disclosure of particulars in the report of the Board of Directors) rule 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 consumption.

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

The Company has always given great importance

to continued research and development. R & D is in progress in development of Bio-mass gasification systems to generate electrical power.

**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.

**C Foreign Exchange Earnings & Outgo**

**i) Total Foreign Exchange earned & used –**

**Foreign Exchange Earned : NIL**

Foreign Exchange used : Rs. 7957 Thousand

**ANNEXURE II TO 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 prudent and reasonable basis. Sales were recorded at Rs. 431,263 thousand as compared to Rs. 484,495 thousands of the previous year. Due to scarcity of raw material company suffered loss of Rs. 39,957 thousand for the year 2010-2011.

**2 Industry Outlook**

Market's inclination is changing towards modular furniture instead of wood based carpentry products. Slowly but surely the Indian market has accepted that future of wood is limited and the only alternative is substitution of wood with particle boards made from bagasse and other agri residues for all office, house-holds and furniture needs.

**3 Risks and concern**

To ensure long term corporate success it is essential that risks are identified effectively, analyzed and then mitigated by means of appropriate control measures. We have an appropriate risk management system in place, which enables us to recognize and analyze risks early and to take the appropriate action, this system is implemented as an integral part of our business processes across the entire Company's operations and includes recording monitoring and controlling internal enterprise business risks and addressing them through informed and objective strategies.

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

**4 Company Outlooks**

To sustain and grow in the circumstances is a challenge. The Board as a risk aversion method and as a sustainable measure, through much and intensive thought process, research, with its networking strength, has identified plans and policies.

**5 Future Outlook and Challenges**

Today awareness about conservation of forests and prevention of pollution has increased. Company has belief that particle board sector has future growth. We aim to strengthen our operations and efforts to imbibe awareness in the people to use particle boards. And also the process of diversification in other related business is getting momentum.

New Avenues are opening up for Ecoboard. The Kochi based Coconut Development Board has tapped Ecoboard to assist it with the World Bank's Coconut Rejuvenation Scheme. Accordingly, it has asked the Company to take its coconut wood waste to use as raw material in its particle boards. The scheme of replacing old coconut trees in the four south Indian states with new ones is being funded by the World Bank.

Ecoboard was much ahead of its time when it thought of eco friendly business model. As sustainable development gains currency, policy makers and investors look for eco friendly models.

**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 polices 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 Corporate Social Responsibility**

As a matter of fact there is no formulated written CSR Policy in place. The Board invariably has developed a strategy to provide a roadmap for its CSR activities over the period which has become an integral part of our business strategy over a decade or so.

As a good corporate citizen all around the globe, we recognize and perform the obligations towards our employees, investors, customers, suppliers, competitors and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal, to be one of our most valuable assets. We strongly believe that integrity in dealings with stakeholders is a prerequisite for a successful and sustained business relationship.

**Environment**

The Business model and raison d'être of the Company revolves around environment. The promoters are obsessed with eco friendliness and have built up business model on strong foundations of inclusive growth, environment and sustainability. Fired by an inspiration to save environment, the

promoters of the Company want to prove that eco-friendliness could also be a viable business model. They trained their sights on distilleries, which were releasing obnoxious effluents and causing severe damage to environment. The company secured the know-how for industrial waste water treatment from Switzerland's Suzler Technologies and suitably modified it to Indian conditions.

Today our effluent treatment technology is able to save 0.5 MT of coal annually for the Country. A small company in Pune is able to treat effluents and protect environment, provide clean, renewable energy for the Industry and save half a million tones of coal for equivalent energy of the country. We wanted many more Companies to replicate our eco friendly business model across the Country.

The Company drew up yet another winning strategy as regards its bagasse particle boards. It secured bagasse from sugar mills, which otherwise disposed it off by burning and causing further pollution. After stacking it and reducing the moisture content from 50 to 35 %, the dried and sized material was mixed with glue binders and processed with heat and high pressure into bagasse boards, which could be plain as well as laminated. Bagasse boards acted as a perfect substitute for wood and plywood.

The company believes that, by nature, our operations have a minimal impact on the environment. We strongly encourage the internationally established 3 R's reduce, re-use, recycle. In the course of our operations we seek to identify opportunities to reduce/ keep it at minimum consumption of energy, water and other natural resources. We also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing impact on the environment.

**8. Human Resources / Industrial Relations**

Company has a fully functional human resource department taking care of human force in the Company. Company has taken effort for human resource development. Company has arranged various training programs during the year. Company arranged training program for senior managers. The subject of training was heart of effective leadership (HEL). Company also arranged First-Aid Training program and Fire drill. Company encourages employees to generate new ideas. Company has a proper team for recruitment of employees and keeps compensation structure in line with the market developments.

**9. 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.
- 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 Limited 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**

As on 31<sup>st</sup> March 2011 the Board comprises of 9 (Nine) Directors, of which 5 (five) are non-executive Directors. The Chairman is the Managing Director. The Board comprises of 5 ( 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 of the Board and directorship held during the year 2010-2011.**

Name of Director	Category	Attendance of meeting during 2010-2011		No. of other Directorship
		Board	Last AGM	
Mr. V.S. Raju	Chairman & Managing Director	4	Yes	0
Mr. G.R.K. Raju	Executive Vice Chairman	4	Yes	1
Mr. P Satyanarayana Raju	Non-Executive Director	2	Yes	2
Mr. Srinivas Raju P	Non-Executive Director	0	No	2
Mr.U.S.Kadam	Non-Executive & Independent	4	Yes	0
Dr. N.A. Ramaiah	Non-Executive & Independent	1	No	0
Mr. Ramchandra Raju P S	Non-Executive & Independent	1	No	0
Mr. V.P. Rane	Non-Executive & Independent	4	Yes	1
Mr. S. Venkatswamy	Non-Executive & Independent	1	Yes	2

\* In accordance with Clause 49, Membership / Chairmanship of only the Audit Committees and the Share Transfer & Shareholders / Investors Grievance Committees of all Public Limited Companies have been considered.

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 four times during the financial year under review on the following dates:

- 1) Saturday, 29 May 2010
- 2) Thursday, 12<sup>th</sup> August 2010
- 3) Friday, 29<sup>th</sup> October 2010
- 4) Thursday, 10<sup>th</sup> February 2011

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. All Board Members and Senior Management Personnel have affirmed compliance with the code as on March, 2011.

- ii) Code of Conduct for prevention of Insider Trading

The Company has its own 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 2010-2011:

(Figures in Rs.)

Name of Director	Salaries and Perquisites	Sitting Fees	Share holding of Non Exe. Director (Nos.)
Mr. V.S. Raju	13,64,851	-	-
Mr. G.R.K. Raju	18,11,402	-	-
Mr. P. S. Raju	14,15,043	-	-
Mr. Srinivas Raju P	-	-	16,800
Mr. U.S. Kadam	-	20,000	800
Mr. Venkatswamy	-	5,000	-
Dr. N.A. Ramaiah	-	5,000	400
Mr. Ramchandra Raju P S	-	5,000	-
Mr. V.P. Rane	-	15,000	500

**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.

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

Name	Mr. Ramchandra Raju P.S	Mr. U.S.Kadam
Address	302, Paradise Apartments, Opp. Raitu Bazar, Sesame Dhara, Visakhapatnam 530 013	311, Dhoot Centre, Station Road, Ahmednagar 414001
Date of Birth	16-03-1945	21-07-1951
Date of Appointment	24-01-2003	20-07-1992
Qualification	B.E. (Ele) FSTA	B. Com., C.A.
Experience	Chief Executive and Managing Director in Co-operative Sugar Factories in Andhra Pradesh	Over 30 years experience as a practicing Chartered Accountant
List of other Companies in which Directorship held	NIL	NIL
Shareholding	NIL	800 Equity Shares

**II Audit Committee**

**Composition of Audit Committee**

The Audit Committee comprises of three directors, Viz. Mr. U.S. Kadam, Mr. V.S. Raju, 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 Audit Committee is guided by a Charter and conducts its business accordingly.

The minutes of the Audit Committee Meetings and their recommendations are noted and discussed 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. V.P. Rane	3
Mr. S Venkatswamy	1

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.

**Remuneration Committee**

Composition of Remuneration Committee

The Remuneration Committee of the Board comprises of Mr. V.S. Raju, Chairman & Managing Director, Mr. U.S. Kadam, Independent Director and Mr. P. Satyanarayan Raju, the Director of the company.

Terms of Reference– The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director and Whole-time Directors, based on their performance and define assessment criteria.

Meeting – One meeting was held on 02/08/2011 for Reviewing remuneration Policies of the Company, and the remuneration for new appointees.

Remuneration policy, details of remuneration and other terms of appointment of Directors:- The remuneration policy of the company is directed towards rewarding performance, based on review of achievement. The terms of appointment of directors are disclosed to members through reports; approvals of members are sought whenever necessary after disclosing full information.

**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 Shares 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 and acted upon 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:

- a. To consider and approve transfer / transmission of shares, consolidation / split of share certificates and issuance of duplicate share certificates; etc.
- b. 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 11, there were no pending requests for transfer of shares as per company's records.

**V. General Body Meetings:**

1) Particulars of AGM/EGM for the last three years:-

AGM/EGM	Date	Time	Venue	Number of special resolutions passed
17 <sup>th</sup>	30/09/2008	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	Nil
18 <sup>th</sup>	29/09/2009	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	Nil
19 <sup>th</sup>	30/09/2010	11.00 a.m.	Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004	Nil

**VI. Disclosure**

- 1) There are no materially significant related party transactions with its promoters, directors or the management and their relatives.

- 2) The Company has complied with the requirements of Regulatory Authorities, 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 authorities on any matter relating to the Capital Markets during the last 3 years.
- 3) 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, however 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 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. Management discussion and analysis report is published in annual report. The Notices of Board Meetings are published in above said news papers. The Company followed statutory norms for dissemination of information in given period.

**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 applicable and in force till on March 31, 2011.

**8 Shareholder General Information:**

**a) Forthcoming Annual General Meeting:**

Date & Time : Wednesday 28<sup>th</sup> September 2011 at 11.00 a.m.

Venue : Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004.

**b) Dates of Book Closure:** from Saturday 24<sup>th</sup> to Wednesday 28<sup>th</sup> September, 2011 (both days inclusive)

**c) Financial Calendar of the Company relating to future immediate reporting:**

The Financial year covers the period from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012.

**Financial Reporting for:**

- Quarter ending 30<sup>th</sup> June, 11 By 15<sup>th</sup> August, 2011
- Half Year ending 30<sup>th</sup> September, 11 By 15<sup>th</sup> November, 2011
- Quarter ending 31<sup>st</sup> December, 11 By 15<sup>th</sup> February, 2012
- Year ending 31<sup>st</sup> March, 12 By May, 2012 /
- Annual General Meeting for the year ended March 31, 2012. August/September 2012/any extended period.

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

**e) Dividend Payment Debt : NA**

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

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

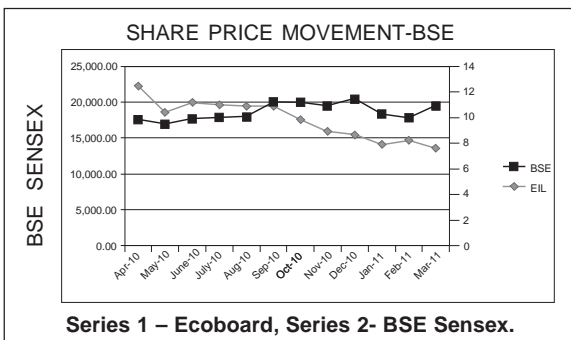
Listing fees were paid for the year to the Bombay Stock Exchange. The ISIN Number of company on both NSDL & CDSL is INE **866A01016**.

**g) Market Price Data:**

**i) High/Low in each of month of the Financial Year April 2010 to March 2011 on Bombay Stock Exchange, Mumbai**

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2010	14.11	11.69	October 2010	11.65	9.81
May 2010	12.74	10.16	November 2010	10.63	8.00
June 2010	11.70	10.05	December 2010	09.50	8.11
July 2010	12.94	10.60	January 2011	09.54	7.57
August 2010	14.34	10.67	February 2011	9.65	7.75
Sept. 2010	12.85	10.76	March 2011	8.60	7.36

**II) Performance in comparison with BSE Index:-**



**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, Pune. The Board has delegated the power to approve transfers to the Share Transfer, Finance and Investors Grievance Committee.

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

M/s Link Intime India Private Limited Pune (Formerly 'Intime Spectrum Registry Limited) Block NO. 202, 2<sup>nd</sup> Floor Akshay Complex, Off Dhole Patil Road Pune – 411 001  
Tel. : (020) 26161629  
Telefax : (020) 26163503  
Web site : [www.linkintime.co.in](http://www.linkintime.co.in)  
Email: [pune@linktime.co.in](mailto:pune@linktime.co.in)

**j) Address for the Correspondence**

**Registered Office of the Company:**

Registered office :  
36/1, Preet Chambers, 2<sup>nd</sup> Floor,  
Pune-Mumbai Road,  
Wakdewadi, Pune – 411 003  
Ph. (020) 4108 0800  
E-mail : [info@ecoboardindia.com](mailto:info@ecoboardindia.com)  
Website : [www.ecoboardindia.com](http://www.ecoboardindia.com)  
Compliance Officer – Mrs. Shubhangi Chitnis

**Corporate Office:**

65/1A, ECOHOUSE  
"Akarshak Building" Opp Nal Stop  
Karve Road Pune-411004.  
Tel:020-25432345/ Fax(020)25465328

**k) Plant locations:**

Bio System Division  
65/1A, ECOHOUSE  
"Akarshak Building" Opp Nal Stop  
Karve Road Pune-411004.  
Factory (Particle board division):  
Village Velapur, Taluka Malshiras,  
Dist-Solapur, Maharashtra



**i) Shareholding Pattern as on 31<sup>st</sup> March 2011**

Shareholders	No. of shares held	% Share holding
CLEARING MEMBER	220238	1.24
OTHER BODIES CORPORATE	1962384	11.00
FOREIGN FINANCIAL INSTITUTIONS	7800	0.0437
HINDU UNDIVIDED FAMILY	93397	0.52
MARKET MAKER	3860	0.02
NATIONALISED BANKS	1600	0.0090
NON NATIONALISED BANKS	300	0.0017
NON RESIDENT INDIANS	41318	0.23
NON RESIDENT (NON REPATRIABLE)	7719	0.0433
OVERSEAS CORPORATE BODIES	250000	1.40
PERSONS ACTING IN CONCERT	100400	0.56
PUBLIC	5789973	32.46
PROMOTERS	9353011	52.45
<b>TOTAL</b>	<b>17832000</b>	<b>100.00</b>

**m) Distribution of Shareholding as on 31<sup>st</sup> March 2011**

Shareholding of Nominal Rs.	No. of Share Holders	% to Total Share Holders	No. of Shares held	% to Capital
1 - 5000	12868	98.7264	4308222	24.1601
5001 - 10000	78	0.5984	621617	3.4860
10001 - 20000	45	0.3453	591190	3.3153
20001 - 30000	12	0.0921	282494	1.5842
30001 - 40000	3	0.0230	96960	0.5437
40001 - 50000	4	0.0307	179431	1.0062
50001-100000	4	0.0307	314007	1.7609
100001-Above	20	0.1534	11438079	64.1436
<b>TOTAL</b>	<b>13034</b>	<b>100.00</b>	<b>17832000</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, 15720999 equity shares of the Company forming 88.17% of total share capital of the Company, have been dematerialized as on 31<sup>st</sup> March 2011.

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

Place : Pune  
Date : 9<sup>th</sup> August, 2011

**V.S. Raju  
Chairman**

**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 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay stock exchange Ltd 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  
M No. 70019

Place: Pune  
Date: 9<sup>th</sup> August, 2011

**CERTIFICATION BY THE MANAGING DIRECTOR**

To  
The Board of Directors  
ECOBOARD 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 2011 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 : 9<sup>th</sup> August, 2010

**G.R.K. Raju**  
**Managing Director**

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

In accordance with Clause 49 of Listing Agreement with the Stock Exchanges, I, G.R.K. Raju, 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, 2011.

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

Place : Pune  
Date : 9<sup>th</sup> August, 2010

**G.R.K. Raju**  
**Managing Director**

**AUDITORS REPORT**

To  
The Members of  
Ecoboard Industries Ltd.

We have audited the attached Balance Sheet of **ECOBOARD INDUSTRIES LTD.** as at 31<sup>st</sup> March, 2011 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, 2011 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 the 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, 2011;
  - ii) in the case of Profit and Loss Account, of the loss 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

Dated: 9<sup>th</sup> August, 2011

(Firm Regn No.112627W.

Partner's 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 31st March 2011.

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 substantial part of its 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 loan of Rs.185 lacs from a party 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. Further, on the basis of our examination of the books and records of the Company,

and according to the information and the explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act 1956 have 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 entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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 service tax of Rs.13.10 lacs, no outstanding statutory dues were in arrears as at 31/03/2011 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 or immediately preceding 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. According to the information and explanations given to us, the company has not availed any term loans during the year.
17. According to the information and explanations given to us and on an overview of the balance sheet and the cash flow statement of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
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 during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Chaturvedi SK & Fellows**  
Chartered Accountants

Srikant Chaturvedi  
Partner

(Firm Regn No.112627W.

Place : Pune

Dated: 9<sup>th</sup> August, 2011

Partner's Membership No. 70019)

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule No.	As at 31.03.2011 Rs. in thousands	As at 31.03.2010 Rs. in thousands
<b>SOURCES OF FUNDS</b>			
Shareholders' funds :			
Share capital	1	178,320	179,620
Reserves & surplus	2	257,995	297,952
		<u>436,315</u>	<u>477,572</u>
<b>Loan funds :</b>			
Secured loans	3	186,083	227,746
Unsecured loans	4	25,055	59,736
		<u>211,138</u>	<u>287,482</u>
<b>TOTAL</b>		<u>647,453</u>	<u>765,054</u>
<b>APPLICATION OF FUNDS</b>			
Fixed assets	5		
Gross block		1,060,434	1,061,516
Less: Depreciation		685,110	643,527
Net block		375,324	417,989
Capital work-in-progress		769	815
		<u>376,093</u>	<u>418,804</u>
<b>Current assets, loans &amp; advances</b>			
Inventories	6	228,442	277,410
Debtors	7	69,717	81,998
Cash & bank balances	8	19,535	29,381
Loans & advances	9	62,573	59,184
		<u>380,267</u>	<u>447,973</u>
Less: Current liabilities & provisions	10	108,907	101,723
Net current assets		<u>271,360</u>	<u>346,250</u>
<b>TOTAL</b>		<u>647,453</u>	<u>765,054</u>
<b>Notes forming part of the accounts</b>	14		

As per our report of even date

For and on behalf of the Board of Directors

**For Chaturvedi SK & Fellows**

Chartered Accountants

**V. S. Raju**

Chairman

(Srikant Chaturvedi)

Partner

(Firm Regn No. 112627W.

Partner's Membership No. 70019)

Place: Pune

Dated: August 9, 2011

**G.R.K. Raju**

Managing Director

**Narasimhan Krishnan**

Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	For the year ended 31.03.2011 Rs. in thousands	For the year ended 31.03.2010 Rs. in thousands
<b>INCOME</b>			
Sales & contract receipts		431,263	484,495
Other income	11	24,533	43,358
Increase in stocks of finished goods & work-in-process	12	(29,004)	(26,618)
		<u>426,792</u>	<u>501,235</u>
<b>EXPENDITURE</b>			
Materials		195,955	280,731
Manufacturing & other expenses	13	194,067	193,712
Excise duty paid		1,850	2,650
Interest		33,269	27,077
Depreciation		41,608	43,503
		<u>466,749</u>	<u>547,673</u>
<b>Profit before income tax</b>		<b>(39,957)</b>	<b>(46,438)</b>
Less: Income-tax:			
-Current tax		0	381
		<u>0</u>	<u>381</u>
<b>Profit after tax</b>		<b>(39,957)</b>	<b>(46,819)</b>
Balance brought forward from last year		(312,357)	(265,538)
Balance carried to balance sheet		<u>(352,314)</u>	<u>(312,357)</u>
Earnings per share (basic/ diluted) on equity shares of the face value of Rs. 10 each.		(2.24)	(2.63)

**Notes forming part of the accounts** 14

As per our report of even date

**For Chaturvedi SK & Fellows**  
Chartered Accountants

(Srikant Chaturvedi)  
Partner  
(Firm Regn No. 112627W.  
Partner's Membership No. 70019)  
Place: Pune  
Dated: August 9, 2011

For and on behalf of the Board of Directors

**V. S. Raju**  
Chairman

**G.R.K. Raju**  
Managing Director

**Narasimhan Krishnan**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	( Rupees in thousands)	
	Year ended 31.03.2011	Year ended 31.03.2010
<b>A. Cash flow from operating activities:</b>		
Net profit before tax and extra-ordinary items	(39,957)	(46,438)
<b>Adjustments for non cash expenses :-</b>		
Depreciation	41,608	43,503
	<u>41,608</u>	<u>43,503</u>
<b>Adjustment for non operating incomes:-</b>		
Profit on sale of fixed assets	(21,041)	(19)
	<u>(21,041)</u>	<u>(19)</u>
<b>Adjustment for expenses considered seperately:-</b>		
Interest expenses	33,269	27,077
	<u>33,269</u>	<u>27,077</u>
<b>Operating profit before working capital changes</b>	<b>13,879</b>	<b>24,123</b>
<b>Adjustment for changes in working capital:-</b>		
Change in inventories	48,968	20,963
Change in debtors	12,281	(6,787)
Change in other receivables	(3,389)	(25,761)
Change in trade payables and other liabilities	6,460	(32,279)
Change in customers deposits	(350)	(1,415)
	<u>63,970</u>	<u>(45,279)</u>
<b>Cash generated from operation</b>	<b>77,849</b>	<b>(21,156)</b>
Direct taxes	0	(4,308)
	<u>0</u>	<u>(4,308)</u>
<b>Net cash from operating activities... A</b>	<b>77,849</b>	<b>(25,464)</b>
<b>B. Cash flow from investing activities</b>		
Sale of assets	22,587	57
Purchase of fixed assets (including capital work in progress)	(443)	(5,696)
	<u>22,144</u>	<u>(5,639)</u>
<b>Net cash used in investing activities...B</b>		
<b>C. Cash flow from financing activities:</b>		
Preference shares redemption	(1,300)	0
Bank borrowings for working capital	(41,252)	61,307
Loan from directors	(34,331)	14,600
Term loans repaid	(411)	(234)
Dividend paid	724	(16,745)
Tax on dividend paid	0	(3,005)
Interest paid	(33,269)	(26,858)
	<u>(109,839)</u>	<u>29,065</u>
<b>Net cash from financing activities...C</b>		
<b>D. Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(9,846)</b>	<b>(2,038)</b>
<b>Cash &amp; cash equivalents -Opening balance</b>	<b>29,381</b>	<b>31,419</b>
<b>Cash &amp; cash equivalents -Closing balance</b>	<b>19,535</b>	<b>29,381</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

**V. S. Raju**  
Chairman

(Srikant Chaturvedi)  
Partner  
(Firm Regn No. 112627W.  
Partner's Membership No. 70019)  
Place: Pune  
Dated: August 9, 2011

**G.R.K. Raju**  
Managing Director

**Narasimhan Krishnan**  
Director



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 Rs. in thousands	As at 31.03.2010 Rs. in thousands
<b>1 SHARE CAPITAL</b>		
<i>Authorised :</i>		
23,000,000 Equity shares of Rs. 10 each	<b>230,000</b>	230,000
200,000 Cumulative redeemable preference shares of Rs. 100 each	<b>20,000</b>	20,000
	<u><b>250,000</b></u>	<u>250,000</u>
<i>Issued, subscribed &amp; paid up:</i>		
17,832,000 (Previous year-17,832,000) Equity shares of Rs.10 each fully paid.	<b>178,320</b>	178,320
NIL (Previous year-13,000) 1% Cumulative redeemable preference shares of Rs. 100 each	<b>0</b>	1,300
	<u><b>178,320</b></u>	<u>179,620</u>
<p>(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.</p> <p>(ii) 1% Cumulative redeemable preference shares, which were allotted to a financial institution in terms of negotiated settlement of dues, were redeemed during the year.</p>		
<b>2 RESERVES &amp; SURPLUS</b>		
i) Capital Reserve		
As per last balance sheet	<b>2,131</b>	2,131
ii) Amalgamation Reserve		
As per last balance sheet	<b>30</b>	30
iii) Share premium account		
As per last balance sheet	<b>261,878</b>	261,878
Add: Premium received during the year	<b>0</b>	0
	<u><b>261,878</b></u>	<u>261,878</u>
iv) General Reserve		
As per last balance sheet	<b>346,270</b>	346,270
v) Profit & loss account- debit balance	<b>(352,314)</b>	(312,357)
	<u><b>257,995</b></u>	<u>297,952</u>
<b>3 SECURED LOANS</b>		
Equipments and vehicle loans	<b>570</b>	981
<i>Working capital finance:</i>		
Working capital loans from banks	<b>185,513</b>	226,765
	<u><b>186,083</b></u>	<u>227,746</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 mortgagage of immovable properties of the company situated at village Jambulwadi, 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 31.03.2011 Rs. in thousands	As at 31.03.2010 Rs. in thousands
<b>4 UNSECURED LOANS</b>		
Deposits from directors	18,500	52,831
Inter corporate deposits	0	0
Customers' deposits	6,555	6,905
	<u>25,055</u>	<u>59,736</u>

**5 FIXED ASSETS**

(In Rupees in thousands)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.10	Additions	Deductions	As at 31.03.11	Upto 31.03.10	Written back	For the Year	Upto 31.03.11	As at 31.03.11	As at 31.03.10
Freehold land	11,469	0	1,453	10,016	0		0	0	10,016	11,469
Leasehold land	23	0	0	23	0	0	0	0	23	23
Building	157,192	0	0	157,192	61,934	0	5,052	66,986	90,206	95,258
Plant & machinery	790,888	224	85	791,027	520,346	7	31,872	552,211	238,816	270,542
Electrical installations	53,875	0	0	53,875	31,639	0	2,559	34,198	19,677	22,236
Furniture & fixtures	14,259	2	33	14,228	8,779	0	744	9,523	4,705	5,480
Equipments	20,416	263	0	20,679	13,137	18	726	13,845	6,834	7,279
Vehicles	9,707	0		9,707	4,399		626	5,025	4,682	5,308
Tools & patterns	3,687	0	0	3,687	3,293	0	29	3,322	365	394
<b>GRAND TOTAL :</b>	<b>1,061,516</b>	<b>489</b>	<b>1,571</b>	<b>1,060,434</b>	<b>643,527</b>	<b>25</b>	<b>41,608</b>	<b>685,110</b>	<b>375,324</b>	<b>417,989</b>
Previous Year	1,052,899	9,246	629	1,061,516	600,615	591	43,503	643,527	417,989	452,284

Note: 1. Conveyance for office building valued Rs. 702972 is pending execution.

	As at 31.03.2011 Rs. in thousands	As at 31.03.2010 Rs. in thousands
<b>6 INVENTORIES</b>		
(As taken, valued and certified by a director)		
Raw materials (at cost)	56,886	73,502
Packing materials (at cost)	482	514
Work in progress (at cost)	28,893	77,851
Finished goods (at lower of cost and net realisable value)	125,759	105,805
Goods in transit	0	0
Stores and spares (at cost)	16,422	19,738
	<u>228,442</u>	<u>277,410</u>

**7 DEBTORS**

Due for more than six months:		
Considered good	28,716	33,922
Considered doubtful	33,854	31,016
	<u>62,570</u>	<u>64,938</u>
Others :		
Considered good	41,001	48,076
Considered doubtful	0	0
	<u>41,001</u>	<u>48,076</u>
	<u>103,571</u>	<u>113,014</u>
Less: Provision for doubtful debts	33,854	31,016
	<u>69,717</u>	<u>81,998</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 Rs. in thousands	As at 31.03.2010 Rs. in thousands
<b>8 CASH &amp; BANK BALANCES</b>		
Cash in hand	839	200
Bank balances :		
With scheduled banks		
in current accounts	7,844	19,599
in fixed deposit accounts	10,852	9,582
	<u>18,696</u>	<u>29,181</u>
	<u>19,535</u>	<u>29,381</u>
<b>Note:-</b> Fixed deposits of Rs. 108.52 lakhs (Previous year- Rs.95.82 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	55,590	52,237
Considered doubtful	6,860	6,860
	<u>62,450</u>	<u>59,097</u>
Less: Provision for doubtful loans and advances	6,860	6,860
	<u>55,590</u>	<u>52,237</u>
Insurance claims	1,081	1,160
Advance Income tax	674	225
Prepaid expenses	242	469
Deposits	4,986	5,093
	<u>62,573</u>	<u>59,184</u>
<b>10 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current liabilities :</b>		
Acceptances	3,109	10,070
Sundry creditors		
- Micro, small and medium enterprises	0	0
- Others	75,192	55,274
Advance from customers	20,204	25,492
Advance payments and unexpired discounts	0	0
Interest accrued but not due	0	219
Unpaid dividend	1,945	1,221
	<u>100,450</u>	<u>92,276</u>
<b>Provisions</b>		
Provision for gratuity	5,180	4,354
Provision for other retirement benefits	3,277	5,093
	<u>108,907</u>	<u>101,723</u>

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

	For the year ended 31.03.2011 Rs. in thousands	For the year ended 31.03.2010 Rs. in thousands
<b>11 OTHER INCOME</b>		
Consultancy charges received	0	1,200
Profit on sale of fixed assets	21,041	19
Rent received	104	86
Foreign exchange fluctuation income	223	1,376
Miscellaneous income	2,254	2,287
Excess provisions written back	1,098	2,449
Sundry balances written back/ written off (net)	-187	309
Claim for refund of electricity charges	0	35,632
	<u>24,533</u>	<u>43,358</u>
<b>12 INCREASE IN STOCKS</b>		
Opening stocks:		
Work-in-progress	77,851	64,624
Finished goods	105,805	145,650
	<u>183,656</u>	<u>210,274</u>
Closing stocks:		
Work-in-progress	28,893	77,851
Finished goods	125,759	105,805
	<u>154,652</u>	<u>183,656</u>
Increase in stocks	<u>-29,004</u>	<u>-26,618</u>
<b>13 MANUFACTURING &amp; OTHER EXPENSES</b>		
Salaries, wages and bonus	28,165	30,985
Contribution to provident fund and other funds	3,514	739
Staff welfare expenses	1,801	1,950
Directors' remuneration	3,567	3,786
Directors' sitting fees	55	45
Stores & spares consumed	19,837	19,032
Power & fuel	32,900	31,240
Site & job work expenses	30,840	23,480
Rates & taxes	1,527	1,449
Rent	3,059	3,536
Repairs to buildings	1,210	196
Repairs to machines	2,058	3,274
Insurance	1,243	891
Professional charges	4,307	2,775
Travelling and conveyance	7,485	8,505
Postage & telephone	1,799	2,125
Packing & forwarding expenses	33,444	31,113
Sales promotion expenses	1,615	3,130
Discounts	2,681	9,896
Donations	54	104
Bad debts written off	0	1,194
Provision for bad and doubtful debts	2,839	0
Provision for bad and doubtful advances	0	315
Sundry expenses	10,067	13,952
	<u>194,067</u>	<u>193,712</u>

**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 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 the 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 leave encashment is made on the basis of actuarial valuation made at the end of each year/ period.**
  - (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)

		2010-11	2009-10
a.	Claims against the Company not acknowledged as debt.	5032	47799
b.	Amount of bank guarantees	14259	50145
c.	Cumulative dividend on preference shares	20	13

3. In view of the losses incurred by the Company during last few years, the Company has accumulated net deferred tax asset of Rs. 575 lacs as on 31.03.2011 ( Previous year Rs. 485 lacs) in terms of provisions of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. 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. Interest includes interest on fixed loans Rs. 61.17 lacs (Previous Year- Rs. 56.42 lacs).
5. Interest paid during the year is net of interest income of Rs.7.24 lacs (Previous Year Rs. 6.43 lacs). Tax deducted at source- Rs.0.65 lacs ( Previous Year- Rs. 0.85 lacs ).
6. Balances of debtors, advances and creditors are subject to confirmation.
7. 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.

**8. Payments to Auditors:**

(Rs. in thousands)

		2010-11	2009-10
a.	audit fee	550	550
b.	tax audit fee	100	100
c.	fees for limited review of accounts and certification work	150	150
d.	Service tax	82	82
e.	out of pocket expenses	30	19

**9. Managerial remuneration to directors:**

(Rs. in thousands)

		2010-11	2009-10
a.	Salaries	3567	3786
b.	Taxable value of perquisites	297	272
c.	Retirement benefit	727	752
d.	Directors' sitting fee	55	45
	<b>TOTAL</b>	<b>4646</b>	<b>4855</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.

**10. Earnings Per Share:**

		2010-11	2009-10
a.	Profit after tax before extraordinary items (Rs. in thousands)	<b>(39957)</b>	(46818)
b.	Less: Dividend on Preference Shares including tax thereon (Rs. in thousands)	<b>7</b>	13
c.	Profit after tax but before extraordinary items attributable to equity shares (Rs. in thousands)	<b>(39964)</b>	(46831)
d.	Profit after tax and extraordinary items (Rs. in thousands)	<b>(39964)</b>	(46831)
e.	No. of Equity Shares- Weighted average (in thousands)	<b>17832</b>	17832
f.	Earnings per share- Basic and Diluted (Face value- Rs. 10 per share):-		
	Before extraordinary items (Rs.)	<b>(2.24)</b>	(2.63)
	After extraordinary items (Rs.)	<b>(2.24)</b>	(2.63)

**11. Segment Reporting:**

(Rs. in thousands)

	Year 2010-11			Year 2009-10		
	Particle Board	Bio-gas Plant	Total	Particle Board	Bio-gas Plant	Total
A Revenue	329351	101912	431263	354089	130406	484495
B Results:						
Operating result	(51261)	20040	(31221)	(71097)	9579	(61518)
Other income	24531	2	24533	41495	663	42158
Interest-net			33269			27077
Income-tax			0			381
Net Profit			(39957)			(46818)
C Other information:						
Segment assets	706731	49629	756360	823448	43330	866778
Segment liabilities	302821	17224	320045	370260	18945	389205
Capital expenditure	336	153	489	9196	50	9246
Depreciation	41528	80	41608	43422	80	43502
Other non cash expenses	0	0	0	0	0	0

**12. 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, Mrs. Venkatta Sujani Indukuri, Mr Pravin Kumar.
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 thousands)

Related parties	Nature of transactions.	Amount For the year 2010-11	Amount For the year 2009-10
Key management personnel	Remuneration paid	3567	3786
	Loans outstanding	Nil	46931
	Sale of assets	22500	0
	Interest paid	4180	4894
Relatives of key management Personnel	Rent paid	1346	1800
	Rent deposits given	764	1197
	Salary & perquisites	453	136
	Loans outstanding	18500	5900
	Interest paid	1856	622

13. Expenses includes prior period expenses of Rs. 25.79 lacs (Previous year Rs. 2.59 lacs)

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 & 4D of part II of Schedule VI to the Companies Act,1956.

		Year 2010-11		Year 2009-10	
		Quantity	Amount	Quantity	Amount
			Rs.in thousands		Rs.in thousands
I	<b>Licensed Capacity</b>	Not Applicable		Not Applicable	
II	<b>Installed Capacity</b>				
	Engineering Division	Not ascertainable		Not ascertainable	
	Particle Board Division	*51.00 Lakhs M2		*51.00 Lakhs M2	
	(* Certified by the management and relied by the auditors being a technical matter)				
III	<b>Production:</b>				
a)	Anaerobic waste water treatment plants (Biogas plants) & other Plants	Parts & components of 7 plants		Parts & components of 10 plants	
b)	Particle Boards	1653993 M2		1355562 M2	
IV	<b>Turnover:</b>				
a)	Anaerobic waste water treatment plants (Biogas plants) & other Plants	Parts & components of 7 plants	101,712	Parts & components of 10 plants	126,831
b)	Particle Boards	1593869 M2	329,351	1564866 M2	354,089
	*Includes captive consumption				
c)	Traded goods		200		3,575
			431,263		484,495



	Year 2010-11		Year 2009-10	
	Quantity	Amount	Quantity	Amount
		Rs.in thousands		Rs.in thousands
<b>V Material consumed</b>				
Includes cost of materials used for production of resins for captive consumption				
Bagasse	52277 MT	74,630	37549 MT	63,303
Chemicals	2620 MT	47,871	3084 MT	39,880
Paper	269 MT	29,814	208 MT	25,307
Boards	20361 M2	2,846	382983 M2	59,544
Steel	2044 MT	26,283	2159 MT	62,691
Others		14,307		28,564
		195,751		279,289
Purchase of traded goods		204		1,442
<b>VI Particulars of consumption of raw materials</b>	%	Amount (in Rs.'000)	%	Amount (in Rs.'000)
Indigenous	97	189,439	98	274,902
Imported	3	6,312	2	4,387
	100	195,751	100	279,289
<b>VII Particulars of consumption of stores/spares</b>	%	Amount (in Rs.'000)	%	Amount (in Rs.'000)
Indigenous	85	16,905	95	18,010
Imported	15	2,932	5	1,022
	100	19,837	100	19,032
<b>VIII Stock of finished goods</b>				
Opening stock:				
<i>Particle Boards</i>	402494 M2	105,805	611798 M2	145,596
<i>Furniture items</i>		0		54
Closing stock:				
<i>Particle Boards</i>	462618 M2	125,759	402494 M2	105,805
<b>IX CIF value of imports of:</b>				
Materials		6,948		53,488
Capital goods		0		0
Stores & spares		995		2,732
<b>X Expenditure in foreign currency</b>				
Tour & travel		0		383
Membership, commission etc.		14		56
<b>XI FOB value of exports</b>		NIL		NIL
<b>XII Earnings in foreign exchange</b>		NIL		NIL

As per our report of even date

**For Chaturvedi SK & Fellows**  
 Chartered Accountants

 (Srikant Chaturvedi)  
 Partner  
 (Firm Regn No. 112627W.  
 Partner's Membership No. 70019)  
 Place: Pune  
 Dated: August 9, 2011

For and on behalf of the Board of Directors

**V. S. Raju**  
 Chairman

**G.R.K. Raju**  
 Managing Director

**Narasimhan Krishnan**  
 Director

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

Registration No.	:	64087
State Code	:	11
Balance Sheet Date	:	31-03-2011

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

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

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

Total Liabilities	:	647453
Total Assets	:	647453

**Sources of Funds**

Paid up Capital	:	178320
Reserve and Surplus	:	257995
Secured Loans	:	186083
Unsecured Loans	:	25055

**Application of Funds**

Net Fixed Assets	:	376093
Investments	:	0
Net Current Assets	:	271360
Miscellaneous Expenditure	:	0
Accumulated Losses	:	0

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

Turnover including other income	:	455796
Total Expenditure	:	495753
Profit/ Loss Before Tax	:	-39957
Profit/ Loss After Tax	:	-39957
Earning per Share in Rs.	:	-2.24
Dividend Rate %	:	0%

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

Item Code No.	:	44103110
Product Description	:	Bagasse Board
Item Code No.	:	44101110
Product Description	:	Wood Board
Item Code No.	:	84198904
Product Description	:	Bio Gas Plants

As per our report of even date

For and on behalf of the Board of Directors

**For Chaturvedi SK & Fellows**  
 Chartered Accountants

**V. S. Raju**  
 Chairman

 (Srikant Chaturvedi)  
 Partner  
 (Firm Regn No. 112627W.  
 Partner's Membership No. 70019)  
 Place: Pune  
 Dated: August 9, 2011

**G.R.K. Raju**  
 Managing Director

**Narasimhan Krishnan**  
 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 Twentyth Annual General Meeting of "Ecoboard Industries Limited" 36/1, Preet Chambers, 2<sup>nd</sup> Floor, Pune-Mumbai Road, Wakdevadi, Pune – 411 003 on Wednesday, 28<sup>th</sup> September, 2011 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 Twentyth Annual General Meeting of the Company to be held on  
Wednesday, 28<sup>th</sup> September, 2011 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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 Monday, 26<sup>th</sup> September, 2011 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.