



ECOBOARD INDUSTRIES LIMITED

23RD ANNUAL REPORT 2013 - 2014

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. Praveen Kumar Raju Gottumukkala, Director
Dr. N.A Ramaiah, Independent Director
Mr. Ramchandra Raju P.S, Independent Director
Mr. U.S Kadam, Independent Director
Mr. Narasimhan Krishnan, Independent Director

COMPANY SECRETARY

Ms. Shambhavi Wagle

AUDITORS

M/s. Chaturvedi SK & Fellows, Mumbai
410, Dev Plaza, SV Road, Andheri (W), Mumbai - 400 058
Tel. (022) 66943452 Fax (022) 66943453

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.ecoboard.in

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 0084 Fax (020) 2616 3503
Email : pune@linkintime.co.in

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) 25432345 Fax.(020) 25465328

Factory (Particle Bagasse board Division)

1. Village Velapur, Taluka Malshiras,
District- Solapur, Maharashtra.
Tel.(02185) 245261/62, Fax- (02185) 245203
2. Village Jambhulwadi, Taluka- Walwa,
Dist: Sangli, Maharashtra.

BRANCHES

West Zone : Pune, Kolhapur
South Zone : Hyderabad, Bangalore, Bhubaneshwar
North Zone: Delhi, Bhopal, Kolkatta, Raipur

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

CONTENTS

| | | |
|---|--|----|
| — | Notice of AGM..... | 03 |
| — | Directors' Report..... | 10 |
| — | Management Discussion & Analysis Report..... | 12 |
| — | Corporate Governance Report..... | 14 |
| — | Auditors Certificate on Corporate Governance | 19 |
| — | Certification by Managing Director..... | 20 |
| — | Declaration for Compliance with the code of conduct..... | 20 |
| — | Auditors Report..... | 21 |
| — | Balance Sheet..... | 24 |
| — | Statement of Profit and Loss..... | 25 |
| — | Cash Flow Statement..... | 26 |
| — | Notes Forming part of the Financial Statements..... | 27 |
| — | Attendance slip and Proxy form..... | 39 |

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Friday 28th November, 2014 at 11.00 a.m. at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004, to transact the following business as :

ORDINARY BUSINESS:

Adoption of Financial Statements

1. To consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon with such annexures, attachments and inclusions as may be applicable.

Reappointment of retiring director

2. To appoint Director in place of Mr. Vegesna Subba Raju (DIN 00842835) who retires by rotation at this AGM, and being eligible, seeks re-appointment.

Reappointment of retiring director

3. To appoint Director in place of Mr. Penmetsa Satyanarayana Raju (DIN 00843110), who retires by rotation at this AGM, and being eligible, seeks re-appointment.

Appointment of Auditors

4. To appoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the second consecutive AGM and to fix their remuneration and to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution

“**RESOLVED THAT**, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s Chaturvedi SK & Fellows. Chartered Accountants, Mumbai, (Firm Reg. No. 112627W), be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the second consecutive AGM, subject to ratification of the appointment by the members at next annual general meeting held after this annual general meeting and that the Board of Directors be and is hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, matters and things as may be necessary to give effect to the above resolution.”

Special Business

Permission to borrow in excess of capital and reserves

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** in supersession of all earlier resolutions passed by the Company in this regard and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 or any amendment or substitution thereof and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which expression shall also include a committee thereof) of the Company to borrow such sum or sums of monies in any manner from time to time with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loan obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the company and its free reserves, provided that the total amount so borrowed by the Board and outstanding at any time, shall not exceed the sum of Rs. 140 crores (Rupees One Forty crores only) or the aggregate of the paid-up share capital and free reserves of the Company, at the relevant time, whichever is higher.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred to any committee of directors or the Managing Director or any director(s) or any other Key Managerial Personnel or any other officer(s) of the Company.”

Appointment of Mr. Seetha Ramchandra Raju Penmetsa as an Independent Director

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Seetha Ramachandra Raju Penmetsa (DIN 01411574),

who was appointed as an Independent Director whose period of office was liable to determination by retirement of directors by rotation, in respect of whom the company has received a notice in writing from a member u/s 160 of the Companies Act, 2013 signifying his intention to propose Mr. Seetha Ramchandra Raju Penmetsa as a candidate for the office of independent director of company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 28 November 2019, not liable to retire by rotation.”

Appointment of Mr. Uttam Sampatrao Kadam as an Independent Director

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Uttam Sampatrao Kadam (DIN 01517289), who was appointed as an Independent Director whose period of office was liable to determination by retirement of directors by rotation, in respect of whom the company has received a notice in writing from a member u/s 160 of the Companies Act, 2013 signifying his intention to propose Mr. Uttam Sampatrao Kadam as a candidate for the office of independent director of company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 28 November 2019, not liable to retire by rotation.”

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

Place : Pune.
Date : 31st October, 2014

**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. The proxy form is enclosed to the report.**

A member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting. While attending the meeting the 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.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed
3. The Register of Members and Share Transfer Register will remain closed from Monday, 24th November, 2014 to Friday 28th November, 2014 (both days inclusive) for the purpose of Annual General Meeting.
4. 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.
5. Members are requested to note that dividends not claimed within seven years from the date of transfer to the

Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agents **M/s Link Intime India Private Limited, 202-A, 2nd Floor, "Akshay Complex" off Dhole Patil Road, Pune – 411 001.**
9. Additional information pursuant to Clause 49 IV (G) of the Listing Agreement with the stock exchanges in respect of the Directors seeking appointment / re-appointment at the AGM is also furnished through the explanatory statement and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

11. All documents referred to in the Notice will be available for inspection at the Company’s registered office during normal business hours on working days up to the date of the AGM.
12. Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.

You are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.

It would be your responsibility to report any changes in the e-mail ID that you have registered with us or your decision to receive the annual report by post instead. Any member may insist for physical copies of the annual report and the same would be sent to him free of cost.

13. E-voting facility

Pursuant to provisions of section 108 read with rule 20 of Companies (Management and Administrative) Rules 2014, and clause 35B of listing agreement all the members have option to transact the business and cast their votes in respect of the business through electronic voting system. This facility of e-voting is not in derogation of but in addition to attending the meeting personally / through proxy/ through authorized representative.

The Company is pleased to provide members such e-voting facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL) :

Process for e-voting:

The Company has signed an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the Shareholders to cast their vote electronically. Each voter may follow the following steps while e-voting:

The instructions for shareholders voting electronically are as under:

- (i) The voting period is open for two days and begins on Sunday 23rd November 2014, at 10.00 a.m. and ends on Monday 24th November 2014 at 10.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 31st October, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form

| | |
|-----------------------|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | <p>Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

After entering these details appropriately, click on “SUBMIT” tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note

that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the company **Ecoboard Industries Limited** on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) Voting, can be exercised only by the shareholder or his/her duly constituted attorney or, in case of bodies corporate, the duly authorized person.
- (xxi) A member need not use all his/her votes.
- (xxii) The Company has appointed M/s. Milind Kulkarni & Associates, Company Secretaries as the Scrutinizer for conducting the e-voting process in fair and transparent manner who would submit his report within three working days from conclusion of e-voting to the chairman of the meeting .
- (xxiii) Subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the Annual General Meeting.

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

Place : Pune.
Date : 31st October, 2014

**V.S. Raju
Chairman**

Explanatory Statement Pursuant to the provisions of Section 102 of the Companies Act, 2013

As required under Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out all material facts relating to the Special Business set out from Item No. 5 of the accompanying Notice dated 31st October, 2014.

Item Nos. 5 in the notice

Under Section 180(1)(c) of the Companies Act, 2013 (“Act”), the Board of Directors of a company cannot, except with the consent of the members by a special resolution, borrow monies, apart from temporary loans obtained from the company’s bankers in the ordinary course of business, in excess of the aggregate of the paid-up share capital and free reserves of the company.

The shareholders, at the Annual General Meeting of the Company held on 26th September, 2003, by way of an ordinary resolution under Section 293(1)(d) of the Companies Act, 1956, had authorized the Board of Directors of the Company to borrow up to the higher of Rs. 140 Crores (Rupees One Forty Crores Only) or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time. However, the provisions of Sections 180(1)(c) the Companies Act, 2013, the corresponding provisions of Sections 293(1)(d) of the Companies Act, 1956, require passing of special resolution by the members of the Company to authorize the Board of Directors of the Company to exercise such powers.

Further, Ministry of Corporate Affairs vide General Circular No. 4/2014 dated 25.03.2014 clarified that the resolutions passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings and / or creation of security on the assets of the Company will be regarded as sufficient compliance of requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. Section 180 of the Companies Act, 2013 was notified on 12.09.2013.

In view of the above, it is necessary to pass resolution(s) pursuant to the provisions of Section 180(1)(a) and 180(1)(c) the Companies Act, 2013 to enable the Board of Director to exercise powers in relation to borrowings and / or creation of security over and above the limit referred in Section 180 of the Companies Act, 2013.

The above proposals are in the interest of the Company and the Directors recommend the Resolutions in Item Nos. 5 of the Notice for approval by the Members by way of special resolution.

None of the Directors, Key Managerial Personnel and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions at Item Nos. 5 of the accompanying Notice.

Item No. 6 in the notice

Mr. Seetha Ramchandra Raju Penmetsa (DIN 01411574) is

a non executive (Independent) Director of the company, Mr. Seetha Ramchandra Raju Penmetsa retires by rotation at the ensuing AGM under the provisions of erstwhile Companies Act, 1956.

In terms of Section 149 and any other provisions of the Companies Act 2013, Ramchandra Raju P.S. being eligible and seeking reappointment, is proposed to be appointed as an Independent Director for a fresh term of 5 years.

The company has received a notice in writing under the provisions of Section 160 of the Companies Act 2013, from a member along with a deposit of Rs. 100,000/- Proposing the Candidature of Mr. Seetha Ramchandra Raju Penmetsa for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act 2013.

The company has received from Mr. Seetha Ramchandra Raju Penmetsa,

- (I) Consent in writing to Act as a Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014.
- (II) Intimation In Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of section 164 of The Companies Act 2013, and
- (III) A declaration to the effect that he meets the criteria of Independence as provided in sub section 6 of Section 149 of the Companies Act 2013.

The resolution seeks the approval of members for the appointment of Mr. Seetha Ramchandra Raju Penmetsa as an Independent Director of the company upto 28th November, 2019, pursuant to section 149 and other applicable provisions of the Companies Act 2013 and the rules made there under. He is not liable to retire by rotation.

In the Opinion of the Board of Directors, Mr. Seetha Ramchandra Raju Penmetsa, the Independent Directors proposed to be appointed fulfils the conditions specified in the Act and the Rules made thereunder and, is Independent of the Management.

A copy of the draft letter for the appointment of Mr. Seetha Ramchandra Raju Penmetsa as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the company’s registered office during normal business hours on working days up to the date of AGM.

The board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Mr. Seetha Ramchandra Raju Penmetsa as an Independent Director.

No director, Key Managerial Personnel or their relatives,

except Mr. Seetha Ramchandra Raju Penmetsa to whom the resolution relates is interested or concerned in the resolution

The board recommends resolution set forth in Item no. 6 for the approval of the members.

The resolution is to be passed as special resolution

Item No. 7 in the notice

Mr. Uttam Sampatrao Kadam (DIN 01517289) is a non executive (Independent) Director of the company. Mr. U. S. Kadam retires by rotation at the ensuing AGM under the provisions of erstwhile Companies Act, 1956.

In terms of Section 149 and any other provisions of the Companies Act 2013, Mr. U. S. Kadam being eligible and seeking reappointment, is proposed to be appointed as an Independent Director for a fresh term of 5 years.

The company has received a notice in writing under the provisions of Section 160 of the Companies Act 2013, from a member along with a deposit of Rs. 100,000/- Proposing the Candidature of US Kadam for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act 2013. The company has received from Mr. U. S. Kadam,

- (I) Consent in writing to Act as a Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014.
- (II) Intimation In Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of section 164 of The Companies Act 2013, and
- (III) A declaration to the effect that he meets the criteria of Independence as provided in sub section 6 of Section 149 of the Companies Act 2013.

The resolution seeks the approval of members for the appointment of Mr. U. S. Kadam as an Independent Director of the company up to 28th November 2019, pursuant to section 149 and other applicable provisions of the Companies Act 2013 and the rules made there under. He is not liable to retire by rotation.

In the Opinion of the Board of Directors, US Kadam, the Independent Directors proposed to be appointed fulfils the conditions specified in the Act and the Rules made there under and, is Independent of the Management. A copy of the draft letter for the appointment of Mr. U. S. Kadam as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the company's registered office during normal business hours on working days up to the date of AGM.

The board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Mr. U. S. Kadam as an Independent Director.

No director, Key Managerial Personnel or their relatives, except Mr. U. S. Kadam to whom the resolution relates is interested or concerned in the resolution

The board recommends resolution set forth in Item no. 7 for the approval of the members.

The resolution is to be passed as special resolution

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

Place : Pune.
Date : 31st October, 2014

**V.S. Raju
Chairman**

“GO GREEN” INITIATIVE BY MCA

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, 2nd Floor Akshay Complex,
Off Dhole Patil Road Pune – 411 001

Tel: (020) 26100684

Telefax: (020) 26163503

Email: pune@linktime.co.in

Also report any change in the e-mail ID that you register with us or your decision to receive the annual report by post instead.

Any member receiving such report through e-mail may insist by making separate request 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 23rd Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2014.

Financial Results

(Rs. In Lakhs)

| Particulars | Current Year 2013-14 | Previous Year 2012-13 |
|---|-------------------------|--------------------------|
| Profit/ (Loss) before interest, depreciation, exceptional items and tax | (89.24) | 124.21 |
| Less: | | |
| Interest | 384.31 | 381.09 |
| Depreciation | 337.20 | 335.68 |
| Profit/(Loss) for the year from ordinary activities | 810.75 | (592.56) |
| Add: Exceptional income | 0 | 0 |
| Profit/(loss) before Tax | 810.75 | (592.56) |
| Less: Provision for tax | 0 | 0 |
| Profit/(Loss) for the period from continuing operation | 810.75 | (592.56) |
| Profit/(Loss) for the period from discontinuing operation | (87.38) | (98.33) |
| Tax expenses of discontinuing operation | 0 | 0 |
| Profit/(Loss) for the period from discontinuing operation | (87.38) | (98.33) |
| Profit/(loss) for the period | (898.13) | (690.89) |
| Balance brought forward Surplus for the year | (4422.62) | (3731.73) |
| Balance carried to Balance Sheet | (5320.75) | (4422.62) |

Dividend

In view of paucity of funds in the current year and due to counting losses the, the Board of Directors does not recommend any dividend for the F.Y. 2013-14.

Business

The business environment for Company's products was better than the last year as there was increase in the revenue of the Company. Management hope the consistence efforts may give better results than previous years.

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. Vegesna Subba Raju and Mr. Penmetsa Satyanarayana Raju 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.

We wish to inform you that Mr. Srinivas Raju, Non Executive Director and Mr. V.P Rane, Independent Director resigned as Directors of the Company w.e.f. 10th August, 2013. The Board placed on record its sincere appreciation for the services rendered by Mr. Srinivas Raju and Mr. V.P Rane to the Company during their tenure of Directorship.

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 31st March, 2014 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;
- 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 unit. 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 plant.

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.

Boards Comments on Remarks of Auditors in their report

1. The Company is not a Sick Industry Company within the meaning of Sick industrial Companies Act (SICA) as the

company is not manufacturing timber or timber based product but fiber board from agro residues which is not found in the first schedule in SICA strictly to which industries only SICA applies.

2. The Board Members have personally provided loans to company and at no unfair interest rates.

The entries are made properly in registers under section 301 of the Companies Act, 1956.

3. Due to unavoidable circumstances the statutory dues were not paid on time. However the dues are arranged to be paid shortly.

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 : 31st October, 2014

**V.S. Raju
Chairman**

ANNEXURE I to the Directors' Report

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

Information required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988.

A. Conservation of Energy:

a. Energy Conservation Measures taken.

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

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

The Company has always given great importance to continued research and development. Ecoboard has also developed new technology to improve the

efficiency of co-generation. While the conventional cogeneration process produces only 35 per cent of energy form burning bagasse in a boiler, Ecoboard's gasification and pyrolysis technology enables a distillery to recover over 64 per cent of the energy.

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 lookout 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

Foreign Exchange Earned : NIL

Foreign Exchange used : Rs. 2.42 Lacs

ANNEXURE II to the Directors' Report

A. MANAGEMENT DISCUSSION AND ANALYSIS

About the company

Ecoboard deals in laminated particle boards made from agri-residues mainly baggasse and anaerobic waste water treatment plants for distilleries.

The baggasse boards are 100% wood free and a versatile all purpose board meant to be a alternative to conventional wood based particle boards, plywood and other panel products.

With technical assistance from Sulzer Chemtech Ltd., Switzerland the company manufacturers waste water treatment plants which handle toxic residues spent wash and effluent of obnoxious nature from distilleries and transform bio gas, by product of the treatment process into fuel, i.e turning waste water to wealth.

Manufacturing process of baggasse boards :

A lot goes into the process of manufacturing baggasse boards. Bales of baggasse, received from sugar factories are elaborately processed, blended, resin with fibers, machine pressed, screened, layered into sheets, checked and graded to reconfirm quality. This is followed by a secondary process of decorative covering with textured design using short cycle laminating process. The end product, manufactured from agro residue such as sugarcane baggasse, stalk of cotton, *bajra*, *tur*, corn etc. is cent-percent wood free, sturdy , durable, easy to maintain, abrasion resistant, eco friendly , moisture resistant, dimensionally stable, termite resistant, fire retardant, and also cost effective. In 2013, EIL's R&D team has developed resin technology to achieve zero-formaldehyde emission with agri-based particle board.

Manufacturing facilities:

The company had initially set up two manufacturing facilities situated at Velapur near Solapur district and at Jambhulwadi in Sangli district respectively keeping in mind the assured raw material supply. However due to unavailability of baggasse for reasons recorded elsewhere, the Plant at Jambhulwadi had been closed down since April 2010. The Velapur plant is spread over 90 acres of land and has a production capacity of 36 lacs m³ per annum. Furthermore it has sophisticated and automated plant and machinery imported from Germany and UK.

The case for Ecoboard

Philosophy and Environmental outlook

Ecoboards are made from any form of agricultural waste and converted into good quality and healthy particleboard for construction and furniture purposes as against the wood based boards use of which has caused enormous depletion of forest cover and tree resources thus damaging the environment and contributing to adverse climate change.

Risks – baggasse as a raw material

The main risk is of availability of raw material in required quantity and at economic price, baggasse is being used captively by the sugar factories for steam generation and for generation of electricity and also ethanol is obtained from it. With a power shortage in Maharashtra State the pressure on sugar factories to generate electricity would be high and to that extent availability of baggasse and its price would be a constant concern.

Today bagasse in Maharashtra is available for particle board industry at over Rs. 2300/T excluding landing cost plus sales tax which is industry irrelevant. It is ironical to note that the by product itself is now available at a higher price than sugar cane where once the disposal of baggasse itself was a problem. Plywood which is conventionally used is still encouraged and continued by the public at the cost of depleting forest cover and tree resources due to lack of Govt. clear direction despite ban on expansion of plywood industry by the Hon'ble Supreme Court.

Industry synopsis

Over the period globally plywood industry is losing its base and alternative materials are getting used over wood products due to development of a conscious public mind to conserve forest wealth. Industry aims to reduce 50% plywood use in this decade while substituting particle board industry to reach 50% requirement.

Agro residue boards Industry if allowed to survive and sustain, shall help the country encourage to set up at least 1000 units in rural India wherein use of non conventional renewable agri-residues shall replace wood/tree resources in next 20 years. In addition to serve the environmental cause, the industry supports and encourages rural employment and rural development and brings sizeable revenue to the poor farmers through sale of agro-residue which is otherwise burnt in the field causing enormous carbon emissions.

Risk aversion initiatives

In the view of High Bagasse prices, EIL is planning procure machinery that will consume 30% lower raw material and electricity per board. This will alleviate the effect of high bagasse prices and make the particle board division profitable.

Trends – technological challenges, new developments

The developed countries like Japan USA, had imposed formaldehyde free norms/directions for living environments due to the importance of lowering CO₂ emissions and reducing toxicity. Other countries are following with the support of local/national governments.

The production process will have to be in conformity with the ISO 2001 certification norms in future.

New techniques are being invented to produce boards which are both fire and water resistance.

The boards are being made are fully (100%) recyclable or reusable to an equal product in order to fulfill the **Cradle to Cradle (C2C)** concept.

With the increasing globalization there is a need to standardize the product at par with the international standards. This would enhance the product life, meet the users need and benefit economically for the user.

Process improvement in par with ISO standards would bring environmental consciousness among the users groups and aid in Internationalization of R & D to in the industries.

Company is in process to increase in the revenue by overcoming raw material problems and by adopting new technology which helps to minimize production cost. Shareholders have given their approval to sale out Jambhulwadi plant and sale proceeds shall be utilized to modernize facilities at Velapur plant and to reduce working capital loans and interest burden. Also Company is in process to sell out the premises of corporate office and run its business from registered office situated at Wakdevwadi, Pune. Proceeds shall be utilized for working capital purpose of the Company.

Internal Control Systems

Adequate internal control systems are in place in all areas of operation to ensure safeguarding of assets against loss from unauthorized use or disposition and the same are being continually

reviewed and strengthened wherever necessary. Such systems have also been developed to ensure adherence to policies and systems and mitigation of the operational risks covering each area under review. The organization is well structured and the policy guidelines are well documented with pre defined authorities. The company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with the accuracy and there is a strict compliance with all applicable laws and regulations.

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 and after passing of the Companies Act, 2013 in particular, which has become an integral part of our business strategy over a decade or so.

As a good corporate citizen, 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

As the products of the Company are eco-friendly and fired by a passion of protecting the environment, the company believes that, by nature, our operations have a minimal impact on the environment. 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.

Human Resources / Industrial Relations

The 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 has a proper team for recruitment of employees and keeps compensation structure in line with the market developments.

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) 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. The company pursues the process of Corporate Governance in compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange where Company's shares are listed and submits a report on the matters mentioned in the said clause and followed in practice by the Company. The Company remains committed to the core aspects of Corporate Governance, viz. fairness, transparency, accountability and responsibility.

I Board of Directors

As on 31st March 2014 the Board comprises of 8 (Eight) Directors, of which 2 (two) are Executive Directors 6 (Six) are non-executive Directors. The Chairman is a Non- Executive Director. The Board comprises of 4 (Four) 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 2013-2014

| Name of Director | Category | Attendance of meeting during 2013-2014 | | * No. of Other Directorships |
|-------------------------------------|------------------------|--|----------|------------------------------|
| | | Board | Last AGM | |
| Mr. V.S. Raju | Chairman | 4 | Yes | 0 |
| Mr. G. R.K. Raju | Managing Director | 4 | Yes | 0 |
| Mr. P Satyanarayana Raju | Non-Exe. Director | 0 | No | 0 |
| Mr. Srinivas # Raju P | Non-Exe. Director | 0 | No | 1 |
| Mr. Praveen Kumar Raju Gottumukkala | Executive Director | 4 | Yes | 0 |
| Mr. U.S Kadam | Non-Exe. & Independent | 4 | No | 0 |
| Dr. N.A. Ramaiah | Non-Exe. & Independent | 0 | No | 0 |
| Mr. Ramchandra Raju P S | Non-Exe. & Independent | 1 | No | 0 |
| Mr. V.P. Rane # | Non-Exe. & Independent | 1 | No | 0 |
| Mr. Narasimhan Krishnan | Non-Exe. & Independent | 4 | Yes | 0 |

Ceased to be a Director w.e.f. August 10, 2013

* 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) 30th May, 2013
- 2) 10th August 2013
- 3) 09th November 2013
- 4) 7th February 2014

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 31st March, 2014.
- 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 2013-2014:

(Figure in Rs.)

| Name of Director | Salaries and Perquisites | Sitting Fees | Total | Share holding of Non Exe. Director |
|-------------------------------------|--------------------------|--------------|-----------|------------------------------------|
| Mr. V.S. Raju | 7,83,000 | 10,000 | 7,93,000 | 8,72,255 |
| Mr. G.R.K. Raju | 17,88,000 | - | 17,88,000 | - |
| Mr. P S Raju | - | - | - | 9,05,900 |
| Mr. Srinivas Raju P | - | - | - | 16,800 |
| Mr. Praveen Kumar Raju Gottumukkala | 16,86,000 | - | 16,86,000 | - |
| Mr. U.S. Kadam | - | 20,000 | 20,000 | 800 |
| Dr. N.A. Ramaiah | - | - | - | 800 |
| Mr. Ramchandra Raju P S | - | 5,000 | 5,000 | - |
| Mr. V.P. Rane | - | 5,000 | 5,000 | 500 |
| Mr. Narasimhan Krishnan | - | 20,000 | 20,000 | - |

Notes:

1. 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.
2. Sitting fees paid to Mr. V. S. Raju w.e.f. 10th August, 2013 after he became Non- Executive Director.

Note

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

| Name | Mr. Penmetsa Satyanarayana Raju | Mr. Vegesna Subba Raju |
|--|---|---|
| Address | Plot no. 211 J, Road No. 76, Jubilee Hills, Hyderabad, 500033, Andhra Pradesh. | 11, National Housing Society, Baner Road, Aundh, Pune, 411007 |
| Date of Birth | 14-08-1959 | 02-09-1938 |
| Date of Appointment | 27-06-2003 | 20-11-1991 |
| Qualification | B.E. (Mech) | B. A. (Chem) ANSI (Sugar Tech.) FSTA. |
| Experience | Designed and executed projects. Designed critical equipments for pollution control projects. | Over 40 years experience in sugar, Alcohol & Fertilizer Industry. Founder Director and Chairman of Ecoboard Industries Limited. |
| List of other Companies in which Directorship held | 1) Satsun Properties Private Limited 2) Jisnu Infra Ventures Pvt. Limited 3) VS Furniture Products Pvt. Limited | 1) Jisnu Solar Private Limited |
| Shareholding | 905900 Equity Shares of Rs. 10/- each | 872255 Equity Shares Rs. 10/- each |

II Audit Committee

Composition of Audit Committee

The Audit Committee comprises of four directors, Viz. Mr. U.S. Kadam, Mr. V.S. Raju, Mr. Narasimhan Krishnan and Mr. V. P. Rane, However Mr. V. P. Rane has resigned w.e.f. 10th August, 2013 . 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 | 1 |
| Mr. Narasimhan Krishnan | 4 |

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

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

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

Remuneration Committee

Composition of Remuneration Committee:-The Remuneration Committee of the Board comprises of Mr. U.S. Kadam, Mr. V.S. Raju & Mr. Narasimhan Krishnan all Directors are Non-Executive Independent Directors

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:-During the financial year no meeting was held.

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

achievements. 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.

Ms. Shambhavi Wagle, Company Secretary 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 31st March 2014, 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. |
|------------------|------------|------------|--|---------------------------------------|
| 20 th | 28/09/2011 | 11.00 a.m. | Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004 | Nil |

| AGM / EGM | Date | Time | Venue | Number of special resolutions passed. |
|------------------|------------|------------|--|---------------------------------------|
| 21 st | 25/09/2012 | 11.00 a.m. | Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 004 | Nil |
| 22 nd | 28/09/2013 | 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) During the year under report Whistle Blower Policy was 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 and Company is in process of establishing WB policy.

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, 2014.

IX. Shareholder General Information:

a) Forthcoming Annual General Meeting:

Date & Time : Friday 28th November 2014 at 11.00 a.m.

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

b) Dates of Book Closure: from Monday 24th November 2014 to Friday 28th November 2014 (both days inclusive)

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

The Financial year covers the period from 1st April 2014 to 31st March 2015.

Financial Reporting for :

| | |
|--|--|
| Quarter ending 30 th June, 2014 | By 15 th August, 2014 |
| Half Year ending 30 th September, 2014 | By 15 th November, 2014 |
| Quarter ending 31 st December, 2014 | By 15 th February, 2015 |
| Year ending 31 st March, 2015 | By 30 th May, 2015 |
| Annual General Meeting for the year ended March 31, 2015 | August/September 2015/any extended period. |

d) Face Value of the Equity Share Rs. 10/- per share.

e) Dividend Payment Details: N.A.

f) Dividend Payment Date: N.A.

g) Listing on Stock Exchange & Stock Code:

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

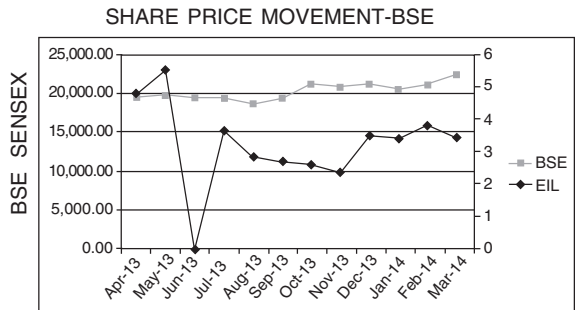
Listing fees were paid for the year to the Bombay Stock Exchange. The ISIN Number of company on both NSDL & CDSL is INE **866A01016**.

h) Market Price Data:

i) High/Low in each of month of the Financial Year April 2013 to March 2014 on Bombay Stock Exchange, Mumbai :

| Month | High (Rs.) | Low (Rs.) | Month | High (Rs.) | Low (Rs.) |
|-------------|------------|-----------|---------------|------------|-----------|
| April 2013 | 6.57 | 3.21 | October 2013 | 2.70 | 2.50 |
| May 2013 | 5.49 | 4.56 | November 2013 | 2.73 | 2.14 |
| June 2013 | 5.22 | 3.66 | December 2013 | 3.67 | 2.47 |
| July 2013 | 5.22 | 3.66 | January 2014 | 4.86 | 3.11 |
| August 2013 | 3.48 | 2.35 | February 2014 | 4.65 | 3.58 |
| Sept. 2013 | 2.83 | 2.70 | March 2014 | 4.00 | 3.43 |

II) Performance in comparison with BSE Index:- SHARE PRICE MOVEMENT-BSE



i) 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.

j) Registrar and Share Transfer Agents:

M/s Link Intime India Private Limited Pune (Formerly 'Intime Spectrum Registry Limited) Block NO. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune – 411 001
Tel. : (020) 26160084 Telefax : (020) 26163503
Web site : www.linkintime.co.in
Email: pune@linktime.co.in

k) Address for the Correspondence

Registered Office of the Company:

36/1, Preet Chambers, 2nd Floor, Pune-Mumbai Road, Wakdewadi, Pune – 411 003
Ph. (020) 4108 0800
E-mail : info@ecoboard.in
Website : www.ecoboard.in
Compliance Officer – Ms. Shambhavi Wagle

Corporate Office:

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

l) Bio System Division:

65/1A, ECOHOUSE
"Akarshak Building" Opp. Nal Stop,
Karve Road, Pune- 411004.

Factory (Particle board division):

- a) Village Velapur, Taluka Malshiras,
Dist-Solapur, Maharashtra
- b) Village Jambhulwadi, Taluka- Walwa,
Dist: Sangli, Maharashtra.
(Production suspended since April 2010)

m) Shareholding Pattern as on 31st March 2014

| Shareholders | No. of shares held | % Share holding |
|--------------------------------|--------------------|-----------------|
| CLEARING MEMBER | 7677 | 0.0431 |
| OTHER BODIES CORPORATE | 1445575 | 8.1066 |
| FOREIGN FINANCIAL INSTITUTIONS | 7800 | 0.0437 |
| HINDU UNDIVIDED FAMILY | 75748 | 0.4248 |
| MARKET MAKER | 1650 | 0.0093 |
| NATIONALISED BANKS | 1600 | 0.0090 |
| NON NATIONALISED BANKS | 300 | 0.0017 |
| NON RESIDENT INDIANS | 42758 | 0.2398 |
| NON RESIDENT (NON REPATRIABLE) | 7180 | 0.0403 |
| OVERSEAS CORPORATE BODIES | 250000 | 1.4020 |
| PERSONS ACTING IN CONCERT | 100400 | 0.5630 |
| PUBLIC | 5768220 | 32.3476 |
| PROMOTERS | 10123092 | 56.7692 |
| TOTAL: | 17832000 | 100.00 |

n) Distribution of Shareholding as on 31st March 2014

| Shareholding Distribution Slabs | No. of share holders | % to Total Share Holders | No. of Shares Held | % to Capital |
|---------------------------------|----------------------|--------------------------|--------------------|---------------|
| 1 - 5000 | 12392 | 98.6467 | 4010515 | 22.4906 |
| 5001 - 10000 | 92 | 0.7324 | 724681 | 4.0639 |
| 10001 - 20000 | 36 | 0.2866 | 484532 | 2.7172 |
| 20001 - 30000 | 10 | 0.0796 | 220714 | 1.2377 |
| 30001 - 40000 | 3 | 0.0239 | 101469 | 0.5690 |
| 40001 - 50000 | 3 | 0.0239 | 129431 | 0.7258 |
| 50001 - 100000 | 10 | 0.0796 | 726520 | 4.1864 |
| 100001 - Above | 16 | 0.1274 | 11414138 | 64.0093 |
| TOTAL: | 12562 | 100.00 | 17832000 | 100.00 |

o) 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, 157760599 Equity shares of the Company forming 88.38% of total share capital of the Company, have been dematerialized by 31st March 2014.

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

Place : Pune.
Date : 31st October, 2014

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 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chaturvedi SK & Fellows,**
Chartered Accountants,

Srikant Chaturvedi
Partner

(Firm Regn No. 112627W.

Partners Membership No. 070019)

Place : Pune

Date : 30th May, 2014

CERTIFICATION BY THE MANAGING DIRECTOR

To
The Board of Directors
ECOBOARD INDUSTRIES LIMITED.

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.

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 31st March 2014 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,

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 : 31st October, 2014

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, 2014.

For and On Behalf of the Board of Directors

Place : Pune
Date : 31st October, 2014

G.R.K. Raju
Managing Director

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF ECOBOARD INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ECOBOARD INDUSTRIES LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) In the case of Statement of Profit & Loss, of the loss for the year ended on that date;
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditors’ Report) Order 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 of the Order.
- 2. As required by section 227(3) of the Act, 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Chaturvedi SK & Fellows
Chartered Accountants
(Firm’s Registration No.112627W)

Srikant Chaturvedi
Partner

Place : Pune
Dated : May 30, 2014

(Membership No. 070019)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements of **ECOBORDO INDUSTRIES LIMITED** for the year ended 31st March 2014.

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 by the management during the year. No material discrepancies were noticed on such verification.
 - (c) The Company has received shareholders' approval for sale of fixed assets of its particle board unit at Jambhulwadi which form substantial part of its fixed assets. However, the Company has not disposed off those assets during the year.
2. (a) According to the information given to us, physical verification of inventory was conducted by the management during the year at reasonable intervals.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventories.
3. (a) The Company has not granted any loans, secured and unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Order are not applicable.
 - (b) The company has taken unsecured loans of Rs. 371.43 lakh from 4 parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (c) In our opinion, the rate of interest and other terms and conditions of above loans taken by the company are not prima facie prejudicial to the interest of the Company.
 - (d) According to information and explanations given to us, the Company is regular in payment of principal 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 lakh 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 the size and 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 not regular in depositing undisputed statutory dues including Income-tax, Sales-tax, Custom duty, Excise duty, Provident Fund and other statutory dues applicable to it and in many cases, payments were made after due dates. According to information and explanation given to us service tax of Rs. 29.98 lakh and income-tax of Rs. 0.34 lakh were in arrears as at 31/03/2014 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 lakhs | 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 | 2.89 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise duty | 2006-07 | 2.25 | Custom, Excise & Service Tax Appellate Tribunal |

| Nature of dues | Period | Amount Rs. In lakhs | Forum where the dispute is pending |
|---------------------|---------|---------------------|---|
| Central Excise duty | 2006-09 | 435.89 | Commissioner of Central Excise (Appeals) |
| Central Excise duty | 2006-09 | 2.30 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise duty | 2009-10 | 13.19 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise duty | 2008-10 | 78.20 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise duty | 2009-10 | 0.77 | Custom, Excise & Service Tax Appellate Tribunal |
| Central Excise duty | 2010-12 | 81.09 | 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 more than fifty per cent of its net worth. The company incurred cash losses during the current financial year and the 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. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed by the company during the year were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet and 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 to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. 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 way of public issue 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
 (Firm's Registration No.112627W)

Srikant Chaturvedi
 Partner

Place : Pune
 Dated: May 30, 2014

(Membership No. 070019)

BALANCE SHEET AS AT 31ST MARCH, 2014

Rs. in Lakhs

| | Note No. | As at 31.03.2014 | | As at 31.03.2013 | |
|-------------------------------|-------------------------------------|------------------|-----------------|------------------|-----------------|
| EQUITY AND LIABILITIES | | | | | |
| 1 | Shareholders' Funds : | | | | |
| a. | Share Capital | 2 | 1,783.20 | 1,783.20 | |
| b. | Reserves and surplus | 3 | 782.34 | <u>1,680.47</u> | 3,463.67 |
| 2 | Non-current Liabilities | | | | |
| a. | Long-term borrowings | 4 | 371.43 | 292.21 | |
| b. | Other long term liabilities | 5 | 54.10 | 56.10 | |
| c. | Long term provisions | 6 | 62.42 | <u>86.30</u> | 434.61 |
| 3 | Current Liabilities | | | | |
| a. | Short-term borrowings | 7 | 2,485.87 | 2,496.11 | |
| b. | Trade payables | 8 | 730.42 | 947.82 | |
| c. | Other current liabilities | 9 | 308.64 | 291.10 | 3,735.03 |
| | | | 3,524.93 | <u>291.10</u> | <u>3,735.03</u> |
| | | | 6,578.42 | <u>291.10</u> | <u>7,633.31</u> |
| ASSETS | | | | | |
| 1 | NON-CURRENT ASSETS | | | | |
| a. | Fixed assets | | | | |
| i. | Tangible assets | 10 | 2,606.23 | 2957.72 | |
| ii. | Capital work in progress | | 0.00 | 22.28 | |
| | | | 2,606.23 | <u>2,980.00</u> | |
| b. | Long-term loans and advances | 11 | 45.50 | 37.44 | 3,017.44 |
| 2 | CURRENT ASSETS | | | | |
| a. | Inventories | 12 | 2,823.49 | 3,287.93 | |
| b. | Trade receivables | 13 | 427.45 | 647.45 | |
| c. | Cash and bank balance | 14 | 150.25 | 160.81 | |
| d. | Short-term loans and advances | 15 | 525.50 | 519.68 | 4,615.87 |
| | | | 3,926.69 | <u>519.68</u> | <u>4,615.87</u> |
| | | | 6,578.42 | <u>519.68</u> | <u>7,633.31</u> |
| | Significant Accounting Policies | 1 | | | |
| | Other Notes on Financial Statements | 2 to 40 | | | |

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

G. R. K. Raju
 Managing Director

Srikant Chaturvedi
 Partner
 (Firm Regn. No. 112627W. Partner's Membership No. 70019)

U. S. Kadam
 Director

Shambhavi Wagle
 Company Secretary

 Place : Pune
 Date: 30th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014
Rs. in Lakhs

| | Note No. | As at 31.03.2014 | As at 31.03.2013 |
|--|----------|------------------------|------------------|
| INCOME : | | | |
| Revenue from operations | 16 | 2,807.82 | 3,731.05 |
| Other income | 17 | 52.90 | 61.52 |
| Total revenue | | <u>2,860.72</u> | <u>3,792.57</u> |
| EXPENDITURE: | | | |
| Cost of materials consumed | 18 | 1,782.82 | 2,207.94 |
| Changes in inventories of finished goods, work-in-progress | 19 | (148.77) | (200.27) |
| Employee benefits expense | 20 | 249.82 | 307.46 |
| Finance costs | 21 | 450.77 | 402.66 |
| Depreciation | | 337.20 | 335.68 |
| <u>Other expenses</u> | | | |
| Manufacturing and other operating expenses | 22 | 532.21 | 835.50 |
| Administration and other charges | 23 | 290.96 | 300.42 |
| Selling and distribution expenses | 24 | 176.46 | 195.74 |
| | | <u>3,671.47</u> | <u>4,385.13</u> |
| Profit / (Loss) before extraordinary items and tax | | (810.75) | (592.56) |
| Profit / (Loss) before tax | | (810.75) | (592.56) |
| Less: Tax expenses | | | |
| Current tax | | 0.00 | 0.00 |
| Profit / (Loss) for the period from continuing operations | | <u>(810.75)</u> | <u>(592.56)</u> |
| Profit/(Loss) from discontinuing operations | 25 | (87.38) | (98.33) |
| Tax expenses of discontinuing operations | | 0.00 | 0.00 |
| Profit / (Loss) from discontinuing operations (after tax) | | <u>(87.38)</u> | <u>(98.33)</u> |
| Profit / (Loss) for the period | | <u>(898.13)</u> | <u>(690.89)</u> |
| Earnings / (Loss) per Share (Rs.) - Basic | 26 | (5.04) | (3.87) |
| Earnings / (Loss) per Share (Rs.) - Diluted | 26 | (5.04) | (3.87) |
| Significant Accounting Policies | 1 | | |
| Other Notes on Financial Statements | 2 to 40 | | |

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)

For and on behalf of the Board of Directors

V. S. Raju
Chairman

U. S. Kadam
Director

G. R. K. Raju
Managing Director

Shambhavi Wagle
Company Secretary

 Place : Pune
Date: 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lakhs)

| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|--------------------------|--------------------------|
| A. Cash flow from operating activities : | | |
| Net profit before tax and extraordinary items | (898.13) | (690.89) |
| <i>Adjustments for non cash expenses :-</i> | | |
| Depreciation | <u>419.41</u> | <u>418.27</u> |
| <i>Adjustment for expenses considered seperately:-</i> | | |
| Interest expenses | <u>422.93</u> | <u>381.90</u> |
| Operating profit before working capital changes | (55.79) | 109.28 |
| <i>Adjustment for changes in working capital:-</i> | | |
| Change in inventories | 464.44 | (360.51) |
| Change in debtors | 220.00 | (128.44) |
| Change in other receivables | (13.88) | 241.96 |
| Change in trade payables and other liabilities | (217.80) | 258.43 |
| Change in customers deposits | <u>(2.00)</u> | <u>(3.00)</u> |
| Cash generated from operation | 394.97 | 117.72 |
| Direct taxes | 0.00 | 0.00 |
| Net cash from operating activities... A | <u><u>394.97</u></u> | <u><u>117.72</u></u> |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets (including capital work in progress) | <u>(45.63)</u> | <u>(34.61)</u> |
| Net cash used in investing activities...B | <u><u>(45.63)</u></u> | <u><u>(34.61)</u></u> |
| C. Cash flow from financing activities: | | |
| Bank borrowings for working capital | (10.24) | 299.04 |
| Loan from directors | 81.21 | 75.61 |
| Changes in margin deposit | (3.39) | (2.19) |
| Term loans repaid | (7.93) | (57.21) |
| Dividend paid | (0.01) | (0.02) |
| Interest paid | <u>(422.93)</u> | <u>(388.41)</u> |
| Net cash from financing activities...C | <u><u>(363.29)</u></u> | <u><u>(73.18)</u></u> |
| D. Net increase/(decrease) in cash & cash equivalents (A+B+C) | (13.95) | 9.93 |
| Cash & cash equivalents -Opening balance | 22.84 | 12.91 |
| Cash & cash equivalents -Closing balance | 8.89 | 22.84 |

Note : (1) Figures in (-) 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

G. R. K. Raju
Managing Director

Srikant Chaturvedi
Partner
(Firm Regn. No. 112627W. Partner's Membership No. 70019)

U. S. Kadam
Director

Shambhavi Wagle
Company Secretary

Place : Pune
Date: 30th May, 2014

Notes Forming part of the Financial Statements for the year ended 31st March 2014

1. SIGNIFICANT 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) **Inventories 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 (including those of capital goods) are stated inclusive of excise duty.
- 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.

Notes Forming part of the Financial Statements for the year ended 31st March 2014

2. SHARE CAPITAL

| | As at 31.03.2014 | | As at 31.03.2013 | |
|--|---------------------|------------------------|---------------------|------------------------|
| | No. of Shares | Rs. in Lakhs | No. of Shares | Rs. in Lakhs |
| <i>Authorised:</i> | | | | |
| Equity Shares of Rs. 10/- each | 2,30,00,000 | 2,300.00 | 2,30,00,000 | 2,300.00 |
| Preference Shares of Rs. 100/- each | 2,00,000 | 200.00 | 2,00,000 | 200.00 |
| | | <u>2,500.00</u> | | <u>2,500.00</u> |
| <i>Issued:</i> | | | | |
| Equity Shares of Rs. 10/- each | 1,78,32,000 | 1,783.20 | 1,78,32,000 | 1,783.20 |
| | | <u>1,783.20</u> | | <u>1,783.20</u> |
| <i>Subscribed and paid up:</i> | | | | |
| Equity Shares of Rs. 10/- each, fully paid | 1,78,32,000 | 1,783.20 | 1,78,32,000 | 1,783.20 |
| Total | | <u><u>1,783.20</u></u> | | <u><u>1,783.20</u></u> |

Rights, preferences and restrictions attached to shares

The Company has issued only one class of Equity shares. Each Share has a paid up value of Rs.10/-. Every shareholder is entitled to one vote per share. Each share is entitled to dividend at the rate as may be declared by the Board and approved by the shareholders at the Annual General Meeting.

Details of shareholders holding more than 5% equity shares in the Company :

| | As at 31.03.2014 | | As at 31.03.2013 | |
|---------------------------------|------------------|-----------------------|------------------|-----------------------|
| | No. of Shares | Percentage of holding | No. of Shares | Percentage of holding |
| 1 Jayalakshmi Gottumukkala | 27,65,637 | 15.51% | 27,65,637 | 15.51% |
| 2 Ramakrishna Raju Gottumukkala | 21,76,225 | 12.20% | 24,76,225 | 13.89% |
| 3 Satyavathi Vegesna | 11,72,736 | 6.58% | 10,94,147 | 6.14% |
| 4 P. Satyanarayana Raju | 9,05,900 | 5.08% | 9,05,900 | 5.08% |

Notes Forming part of the Financial Statements for the year ended 31st March 2014
Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|---|---------------------|---------------------|
| 3. Reserves and Surplus | | |
| Capital reserve | 21.31 | 21.31 |
| Amalgamation reserve | 0.30 | 0.30 |
| Securities premium | 2,618.78 | 2,618.78 |
| General Reserve | 3,462.70 | 3,462.70 |
| <i>Profit and Loss account:</i> | | |
| Opening balance | (4,422.62) | (3,731.73) |
| Loss for the year | (898.13) | (690.89) |
| Closing Balance | <u>(5,320.75)</u> | <u>(4,422.62)</u> |
| Total Reserves and Surplus | <u>782.34</u> | <u>1,680.47</u> |
| 4. Long Term Borrowings | | |
| <i>Secured:</i> | | |
| Vehicle loan from bank | 0.00 | 1.99 |
| <i>Unsecured loans:</i> | | |
| From directors | 371.43 | 290.22 |
| | <u>371.43</u> | <u>292.21</u> |
| 5. Other Long Term Liabilities | | |
| Trade deposits | 54.10 | 56.10 |
| | <u>54.10</u> | <u>56.10</u> |
| 6. Long Term Provisions | | |
| Provision for employee benefits | 62.42 | 86.30 |
| | <u>62.42</u> | <u>86.30</u> |
| 7. Short Term Borrowings | | |
| <i>Loans repayable on demand (Secured):</i> | | |
| Cash credit facilities from banks | 2,485.87 | 2,496.11 |
| | <u>2,485.87</u> | <u>2,496.11</u> |

Notes Forming part of the Financial Statements for the year ended 31st March 2014

Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|---|---------------------|---------------------|
| 8. Trade Payables | | |
| Creditors for goods | 359.85 | 690.39 |
| Bills payable | 194.42 | 139.05 |
| Customers' credit balances | 176.15 | 118.38 |
| | <u>730.42</u> | <u>947.82</u> |
| 9. Other Current Liabilities | | |
| Current maturities of long-term debt and deposits | 1.99 | 7.93 |
| Income received in advance | 0.00 | 79.29 |
| Unpaid dividend | 19.34 | 19.35 |
| Other payables | 104.92 | 55.73 |
| Employees related payables and contributions | 70.41 | 55.42 |
| Other liabilities | 111.98 | 73.38 |
| | <u>308.64</u> | <u>291.10</u> |

10 : FIXED ASSETS

(Rs. in Lakhs)

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|--------------------------|-------------------|--------------|-------------|-------------------|------------------|-----------------|-----------------|------------------|-------------------|-------------------|
| | As at 31.03.13 | Additions | Deductions | As at 31.03.14 | Upto 31.03.13 | Written back | For the Year | Upto 31.03.14 | As at 31.03.14 | As at 31.03.13 |
| Tangible Assets | | | | | | | | | | |
| Freehold land | 90.48 | 0.00 | 0.00 | 90.48 | 0.00 | 0.00 | 0.00 | 0.00 | 90.48 | 90.48 |
| Leasehold land | 0.23 | 0.00 | 0.00 | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.23 | 0.23 |
| Building | 1,571.92 | 0.00 | 0.00 | 1,571.92 | 770.88 | 0.00 | 50.51 | 821.39 | 750.53 | 801.04 |
| Plant & machinery | 7,924.68 | 56.42 | 0.00 | 7,981.10 | 6,159.76 | 0.00 | 320.97 | 6,480.73 | 1,500.37 | 1,764.92 |
| Electrical installations | 542.92 | 0.00 | 0.00 | 542.92 | 393.16 | 0.00 | 25.59 | 418.75 | 124.17 | 149.76 |
| Furniture & fixtures | 142.95 | 0.16 | 0.00 | 143.11 | 109.32 | 0.00 | 5.61 | 114.93 | 28.18 | 33.63 |
| Equipments | 213.14 | 11.33 | 0.00 | 224.47 | 154.39 | 0.00 | 8.19 | 162.58 | 61.89 | 58.75 |
| Vehicles | 111.23 | 0.00 | 0.00 | 111.23 | 55.45 | 0.00 | 8.27 | 63.72 | 47.51 | 55.78 |
| Tools & patterns | 36.87 | 0.00 | 0.00 | 36.87 | 33.74 | 0.00 | 0.26 | 34.00 | 2.87 | 3.13 |
| GRAND TOTAL : | 10,634.42 | 67.91 | 0.00 | 10,702.33 | 7,676.70 | 0.00 | 419.40 | 8,096.10 | 2,606.23 | 2,957.72 |
| Previous Year | 10,614.40 | 20.02 | 0.00 | 10,634.42 | 7,258.43 | 0.00 | 418.27 | 7,676.70 | 2,957.72 | 3,355.97 |

Notes Forming part of the Financial Statements for the year ended 31st March 2014

| | As at 31.03.2014 | Rs. in Lakhs As at 31.03.2013 |
|---|---------------------|-------------------------------------|
| 11. Long Term Loans and Advances | | |
| <i>(Unsecured considered good)</i> | | |
| Capital Advances | 13.56 | 0.00 |
| <u>Other Loans and Advances</u> | | |
| Security deposits | 31.94 | 37.44 |
| | <u>45.50</u> | <u>37.44</u> |
| 12. Inventories | | |
| Stores, spares and consumables | 185.12 | 171.67 |
| Packing material | 4.47 | 2.63 |
| Raw materials | 327.67 | 956.17 |
| Work-in-progress | 317.49 | 319.32 |
| Finished goods | 1,988.74 | 1,838.14 |
| | <u>2,823.49</u> | <u>3,287.93</u> |
| Note: | | |
| Stocks of finished goods and work-in-progress belong to particle board segment. | | |
| 13. Trade Receivables | | |
| Due for more than six months: | | |
| Considered good | 175.56 | 218.52 |
| Considered doubtful | 365.16 | 311.74 |
| | <u>540.72</u> | <u>530.26</u> |
| Others - Considered good | 251.89 | 428.93 |
| Considered doubtful | 0.00 | 0.00 |
| | <u>251.89</u> | <u>428.93</u> |
| | <u>792.61</u> | <u>959.19</u> |
| Less: Provision for doubtful debts | 365.16 | 311.74 |
| | <u>427.45</u> | <u>647.45</u> |
| 14. Cash and Bank Balance | | |
| <i>Cash and cash equivalents-</i> | | |
| Cash on hand | 4.10 | 6.08 |
| Balances with banks | 4.79 | 16.76 |
| | <u>8.89</u> | <u>22.84</u> |
| <i>Other bank balances-</i> | | |
| Balances in dividend and refund accounts | 23.89 | 24.00 |
| Fixed deposits with banks | 117.47 | 113.97 |
| | <u>150.25</u> | <u>160.81</u> |

Note:

Fixed deposits with banks are given as margin money for issue of bank guarantees and LCs.

Notes Forming part of the Financial Statements for the year ended 31st March 2014

Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|---|---------------------|---------------------|
| 15. Short-term Loans and Advances | | |
| <i>(Unsecured considered good unless otherwise stated)</i> | | |
| Advance for goods | 180.91 | 136.66 |
| Prepaid expenses | 5.00 | 4.38 |
| Advance income tax | 14.18 | 12.13 |
| Deposits | 7.18 | 3.00 |
| Electricity duty refund claim | 288.49 | 295.95 |
| <i>Other Advances:</i> | | |
| Considered good | 29.74 | 67.56 |
| Considered doubtful | 89.22 | 68.60 |
| | <u>118.96</u> | <u>136.16</u> |
| Less: Provision for doubtful loans and advances | <u>89.22</u> | <u>68.60</u> |
| | <u>29.74</u> | <u>67.56</u> |
| | <u>525.50</u> | <u>519.68</u> |
| * Company has raised claim for refund of excess electricity duty charged by Maharashtra State Electricity Distribution Company (MSEDCL) in past in terms of order of Maharashtra Electricity Regulatory Commission (MERC). MSEDCL is making payment of above claim in monthly instalments by way of adjustment in monthly electricity bills. However, acceptance of total claim amount is not yet received from MSEDCL. | | |
| 16. Revenue from Operations | | |
| Sale of goods | 2,812.14 | 3,634.49 |
| Income from services | 0.00 | 104.00 |
| Other operating revenue | 0.00 | 0.00 |
| | <u>2,812.14</u> | <u>3,738.49</u> |
| Less Excise duty | 4.32 | 7.44 |
| | <u>2,807.82</u> | <u>3,731.05</u> |
| <i>Out of above:</i> | | |
| Revenue from Particle Board business | 2,713.90 | 2,533.53 |
| Revenue from Biogas Systems business | 93.92 | 1,197.52 |
| | <u>2,807.82</u> | <u>3,731.05</u> |
| 17. Other Income- (Non operating) | | |
| Rent received | 1.05 | 1.05 |
| Interest received | 10.56 | 10.41 |
| Sales tax refund received | 11.37 | 0.00 |
| Miscellaneous Income | 29.92 | 18.02 |
| Excess provision written back | 0.00 | 13.14 |
| Sundry balances written back | 0.00 | 18.90 |
| | <u>52.90</u> | <u>61.52</u> |

Notes Forming part of the Financial Statements for the year ended 31st March 2014
Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|---|---------------------|---------------------|
| 18. Cost of Materials | | |
| Opening stock | 956.17 | 745.88 |
| Add:-Purchases | 1,154.32 | 2,418.23 |
| Less:-Closing stock | 327.67 | 956.17 |
| | <u>1,782.82</u> | <u>2,207.94</u> |
| <i>Out of above:</i> | | |
| Bagasse | 787.68 | 598.14 |
| Chemicals | 534.23 | 483.66 |
| Paper | 334.15 | 311.91 |
| Mild steel | 3.72 | 518.57 |
| Others | <u>123.04</u> | <u>295.66</u> |
| 19. Change in Inventories of finished goods and work-in-progress | | |
| <i>Opening Stock:</i> | | |
| Finished goods | 1,838.14 | 1,595.96 |
| Work-in-progress | 319.32 | 361.23 |
| | <u>2,157.46</u> | <u>1,957.19</u> |
| <i>Closing Stock:</i> | | |
| Finished goods | 1,988.74 | 1,838.14 |
| Work-in-progress | 317.49 | 319.32 |
| | <u>2,306.23</u> | <u>2,157.46</u> |
| Increase/(decrease) in stock | <u>(148.77)</u> | <u>(200.27)</u> |
| 20. Employee Benefit Expenses | | |
| Salaries, Wages and Bonus | 219.88 | 268.57 |
| Contribution to Provident Fund | 8.31 | 10.40 |
| Gratuity | 0.75 | 8.81 |
| Super-annuation | 4.51 | 4.50 |
| Employees' PF administration charges | 0.64 | 0.96 |
| Workmen & staff welfare expenses | 12.26 | 12.20 |
| Unavailed leave / leave encashment | 3.47 | 2.02 |
| | <u>249.82</u> | <u>307.46</u> |
| 21. Financial Costs | | |
| Interest on term loans from banks | 0.87 | 1.89 |
| Interest on working capital finance | 383.44 | 377.60 |
| Exchange rate fluctuation | 0.10 | 0.27 |
| Others | 38.62 | 2.41 |
| Bank charges | 27.74 | 20.49 |
| | <u>450.77</u> | <u>402.66</u> |

Notes Forming part of the Financial Statements for the year ended 31st March 2014

Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|--|---------------------|---------------------|
| 22. Manufacturing Expenses | | |
| Consumption of stores and spares parts | 51.02 | 178.25 |
| Power and fuel | 320.97 | 328.45 |
| Site and job work expenses | 149.73 | 309.50 |
| Excise duty on change in stock of finished goods | 2.17 | 0.55 |
| Repairs to buildings | 0.03 | 1.36 |
| Repairs to machinery | 8.29 | 17.39 |
| | <u>532.21</u> | <u>835.50</u> |
| 23. Administration and Other Charges | | |
| Directors remuneration | 42.57 | 49.20 |
| Directors sitting fees | 0.60 | 0.75 |
| Insurance | 11.19 | 8.06 |
| Rates and taxes | 10.29 | 16.41 |
| Rent paid | 14.97 | 21.95 |
| Postage & telephones | 12.63 | 17.24 |
| Travelling and conveyance expenses | 48.11 | 57.66 |
| Sundry expenses | 44.21 | 89.93 |
| Donations | 0.73 | 0.83 |
| Professional charges | 14.55 | 15.74 |
| <i>Payment to Auditors (including service-tax):</i> | | |
| Audit fees | 6.18 | 6.18 |
| Tax Audit fee | 1.12 | 1.12 |
| Certifications/Others | 1.69 | 1.69 |
| | <u>8.99</u> | <u>8.99</u> |
| Sundry balances written off | 4.06 | 0.00 |
| Bad debts written off | 4.02 | 0.00 |
| Provision made during the year for doubtful debts | 53.42 | 13.66 |
| Provision made during the year for doubtful advances | 20.62 | 0.00 |
| | <u>290.96</u> | <u>300.42</u> |
| 24. Sales and Distribution Expenses | | |
| Packing and forwarding expenses | 164.98 | 174.25 |
| Sales expenses | 8.19 | 13.88 |
| Discount and commission | 3.29 | 7.61 |
| | <u>176.46</u> | <u>195.74</u> |

Notes Forming part of the Financial Statements for the year ended 31st March 2014
Rs. in Lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|---|---------------------|---------------------|
| 25. Profit/(Loss) from discontinuing Operations | | |
| Sale of goods | 0.00 | 0.00 |
| Less:- Expenses | | |
| Salary | 0.93 | 1.08 |
| Electricity charges | 0.31 | 10.00 |
| Sundry expenses | 3.06 | 3.44 |
| Rates & taxes | 0.87 | 1.22 |
| Depreciation | 82.21 | 82.59 |
| | <u>87.38</u> | <u>98.33</u> |
| | <u>(87.38)</u> | <u>(98.33)</u> |
| 26. Computation of Earnings per Share (EPS) | | |
| Profit / (Loss) after tax (Rs. in lakhs) | (898.13) | (690.89) |
| No. of Equity Shares- Weighted average (in lakhs) | 178.32 | 178.32 |
| <i>Earnings per share- (Face value- Rs. 10/- per share):-</i> | | |
| Basic (Rs.) | (5.04) | (3.87) |
| Diluted (Rs.) | (5.04) | (3.87) |

27. Security Clause :

Working capital loans from consortium of bankers are secured by first charge on the Company's current assets, present and future, including stocks, goods in process, goods in transit, receivables and book debts.

These loans are further secured by pari passu charge by joint equitable mortgage of immovable properties of the Company situated at village Jambhulwadi in district Sangli and at village Velapur in district Solapur in Maharashtra.

The above loans are further secured by personal guarantees of some of the Directors of the Company.

Vehicle loans are secured by hypothecation of respective vehicle.

28. Deferred Tax :

In view of the losses incurred by the Company during last few years, the Company has accumulated net deferred tax asset of Rs. 1089 lakh as on 31/03/2014 (Previous year- Rs. 795 lakh) in terms of provisions of Accounting Standard 22 "Accounting for Taxes on Income".

Following prudent accounting policy and the guidelines contained in the 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 thereof against sufficient future taxable income.

| | Current Year Rs. in lakhs | Previous Year Rs. in lakhs |
|--|------------------------------|-------------------------------|
| 29. Contingent liabilities : | | |
| a) <i>Claims against the Company not acknowledged as debt</i> | | |
| Excise duty claims disputed in appeals | 661.52 | 142.31 |
| b) Letters of credit and bank guarantees outstanding (net of margin deposits) | 166.18 | 205.93 |

Notes Forming part of the Financial Statements for the year ended 31st March 2014

30. Related party disclosures :

(in terms of Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

(i) List of related parties :

| | |
|---|--|
| Key management persons. | Mr VS Raju, Mr GRK Raju, Mr. GPK Raju |
| Relatives of key management persons. | Mrs V Satyawati, Mrs G Jayalakshmi, Mrs P Anuradha, Mrs PL Rajeshwari, Mr P Satyanarayana Raju, Mr P Srinivas Raju, Mrs. I.V. Sujani |
| Associates- Companies/ firms in which key management persons are having control / substantial interest. | Vesar Furnitek Pvt Ltd. |

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

(ii) Related party transactions :

| <u>Nature of transaction</u> | <u>Current Year</u> <u>Rs. in lakhs</u> | <u>Previous Year</u> <u>Rs. in lakhs</u> |
|---|--|---|
| <i>Transactions with key management persons-</i> | | |
| Deposits taken | 300.81 | 220.22 |
| Remuneration paid | 42.57 | 49.20 |
| Interest paid | 30.24 | 0.00 |
| <i>Transactions with relatives of key management persons-</i> | | |
| Deposits taken | 70.62 | 70.64 |
| Rent paid | 3.60 | 8.71 |
| Rent deposits given | 4.89 | 4.89 |
| Remuneration paid | 11.42 | 9.12 |
| Interest paid | 8.38 | 2.41 |
| <i>Transactions with associates -</i> | | |
| Revenue from operations | 12.44 | 0.00 |
| Trade receivables | 1.94 | 0.00 |

31. Segment Results :

The Company has two reportable segments, namely, Particle Boards and Bio Systems. Select financial information relating to these segments is given below.

| | <u>Current Year</u> <u>Rs. in lakhs</u> | <u>Previous Year</u> <u>Rs. in lakhs</u> |
|---|--|---|
| <i>Revenue:</i> | | |
| Particle Boards | 2,713.91 | 2,533.53 |
| Bio Systems | 93.91 | 1,197.52 |
| Total | 2,807.82 | 3,731.05 |
| <i>Profit before interest and tax:</i> | | |
| Particle Boards | (449.39) | (440.50) |
| Bio Systems | 2.03 | 152.27 |
| Total | (447.36) | (288.23) |
| Less:-Interest | 450.77 | 402.66 |
| Profit before tax | (898.13) | (690.89) |
| Less:- Income tax | 0.00 | 0.00 |
| Profit after tax | (898.13) | (690.89) |
| <i>Capital employed:</i> | | |
| Segment assets less segment liabilities | | |
| Particle Boards | 2,507.45 | 3,067.00 |
| Bio Systems | 58.09 | 396.67 |
| Total | 2,565.54 | 3,463.67 |

Notes Forming part of the Financial Statements for the year ended 31st March 2014
32. Discontinuing Operation :

The Company has decided to dispose off/ sell its particle board plant consisting of land, buildings, plant and machinery and all other movable and immovable property situated at village Jambhulwadi, near Islampur, Taluka Walwa, District Sangli (Maharashtra).

The Company has two plants for production of plain and pre-laminated particle boards from sugarcane bagasse. These are located at Jambhulwadi in District Sangli and at Velapur in District Solapur. Production at Jambhulwadi plant was discontinued in April 2010 due to low capacity utilisation and continuous losses. This plant is now proposed to be sold. Production capacity of Jambhulwadi plant is 80-100 m³ per day.

Production of particle boards at Velapur plant which has production capacity of 300 m³ per day shall continue as usual. This consolidation of production at one location is expected to bring reduction in costs.

Sale proceeds of Jambhulwadi plant shall be utilised to modernise facilities at Velapur plant and to reduce working capital loans and interest burden. Shareholders have given their approval to this proposal vide postal ballot resolution passed on 8th February 2013.

Company expects to complete this sale of unit by end of financial year 2014-15.

Select financial information relating to this unit, as required to be disclosed as per AS-24 on Discontinuing Operations, is given below:

| | <i>Current Year</i> Rs. in lakhs | <i>Previous Year</i> Rs. in lakhs |
|--|---|--|
| i Carrying amount, as of balance sheet date, of total assets to be disposed off | 530.83 | 613.04 |
| ii Carrying amount, as of balance sheet date, of liabilities to be settled | 3.15 | 5.06 |
| iii Revenues in respect of the ordinary activities attributable to the discontinuing operation | - | - |
| iv Expenses in respect of the ordinary activities attributable to the discontinuing operation | 87.37 | 98.33 |
| v Pre-tax profit/ (loss) in respect of the ordinary activities attributable to the discontinuing operation | (87.37) | (98.33) |
| vi Income-tax in respect of the ordinary activities attributable to the discontinuing operation | 0.00 | 0.00 |
| vii Net cash flows attributable to the discontinuing operation- | | |
| - in respect of operating activities | (5.16) | (15.74) |
| - in respect of investing activities | 0.00 | 0.00 |
| - in respect of financing activities | 0.00 | 0.00 |

33. Consumption of imported / indigenous items :

| | <i>Current Year</i> | | <i>Previous Year</i> | |
|-------------------------------|----------------------------|-------------------|-----------------------------|-------------------|
| | Rs. in lakhs | % to total | Rs. in lakhs | % to total |
| <i>Materials-</i> | | | | |
| Indigenous materials consumed | 1782.82 | 100.00% | 2198.71 | 99.58% |
| Imported materials consumed | 0.00 | 0.00% | 9.23 | 0.42% |
| | 1782.82 | | 2207.94 | |
| <i>Stores & spares-</i> | | | | |
| Indigenous items consumed | 35.21 | 69.01% | 145.44 | 81.59% |
| Imported items consumed | 15.81 | 30.99% | 32.81 | 18.41% |
| | 51.02 | | 178.25 | |

Notes Forming part of the Financial Statements for the year ended 31st March 2014

| | <u>Current Year</u> Rs. in lakhs | <u>Previous Year</u> Rs. in lakhs |
|-----------------------------------|-------------------------------------|--------------------------------------|
| 34. CIF Value of Imports : | | |
| Materials | 0.00 | 7.40 |
| Stores and spares | 12.09 | 24.50 |
| Total | <u>12.09</u> | <u>31.90</u> |

35. Expenditure in Foreign Currency :

On account of professional charges paid, travel expenses etc.- Rs. 2.42 lakhs (Previous year - Rs. 5.48 lakhs)

36. Earnings in Foreign Currency:

There were no exports or earnings in foreign currency during the current or the previous year.

37. There were no outstanding dues payable to micro, small and medium enterprises as on the balance sheet date.

Classification of suppliers as micro, small and medium enterprises is done as per information provided by the supplier. No interest is paid/ payable during the year to such enterprises.

38. Expenses includes Prior period expenses Rs. 0.49 lakhs (Previous year - NIL)

39. Balances of debtors, advances and creditors are subject to confirmation.

40. Previous year figures are reclassified/ regrouped, where required, to conform with current year presentation.

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
Date: 30th May, 2014

For and on behalf of the Board of Directors

V. S. Raju
Chairman

U. S. Kadam
Director

G. R. K. Raju
Managing Director

Shambhavi Wagle
Company Secretary

ECOBOARD INDUSTRIES LIMITEDRegistered Office: 36/1, Preet Chambers, 2nd 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 & Address of the shareholder : _____

Folio No. : _____

*DP ID : _____

*Client ID : _____

I hereby record my presence at the Twenty Third Annual General Meeting of "Ecoboard Industries Limited" 36/1, Preet Chambers, 2nd Floor, Pune-Mumbai Road, Wakdevadi, Pune – 411 003 on Friday, 28th November, 2014 at 11.00 a.m.

| Signature of the Member or Proxy | Shares held |
|----------------------------------|-------------|
| | |

*Applicable to investors holding shares in electronic form.

ECOBOARD INDUSTRIES LIMITEDRegistered Office: 36/1, Preet Chambers, 2nd 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 Twenty Third Annual General Meeting of the Company to be held
on Friday, 28th November, 2014 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2014.

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 Wednesday, 26th November, 2014 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.

