



COSBOARD
INDUSTRIES LIMITED

TWENTY - FIFTH ANNUAL REPORT
2004-2005

BOARD OF DIRECTORS :**Ratan Kumar Gilra***Chairman & Managing Director***Gurucharan Singh Gill***Director***Anil Kumar Gilra***Whole Time Director***AUDITORS :****L.N. More & Co.***Chartered Accountants**Cuttack***BANKERS :****State Bank of India****REGISTRARS & SHARE TRANSFER AGENTS :****Big Share Services Pvt. Ltd.**

E-2/3 Ansa Industrial Estate.

Sakivihar Road, Sankinaka,

Andheri (E)

MUMBAI - 400072

REGISTERED OFFICE :

New Industrial Estate,

Phase - II, Jagatpur

Cuttack - 754021

(ORISSA)

FACTORY :

New Industrial Estate,

Phase - II, Jagatpur

Cuttack - 754021

(ORISSA)

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COSBOARD INDUSTRIES LIMITED**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 25th Annual General Meeting of **COSBOARD INDUSTRIES LIMITED** will be held at Regd. Office of the company situated at New Industrial Estate, Phase-II, Jagatpur, Cuttack on Friday the 30th September, 2005 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

01. To Receive, consider and adopt the Audited Statement of Accounts for the year ended 31st March, 2005 together with the Report of Directors and Auditors thereon.
02. To appoint a Director of Shri Anil Kumar Gilra who retires by rotation and being eligible, offers himself for reappointment.
03. To Appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

04. To consider and ~~if thought fit to pass~~ with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with schedule XIII and other applicable provisions if any of the Companies Act, 1956, the Re-appointment of Mr. Ratan Kumar Gilra as Managing Director of the company for a period of five years with effect from 01.10.2005 without any remuneration.

BY ORDER OF THE BOARD**(RATAN KUMAR GILRA)****CHAIRMAN & MANAGING DIRECTOR****PLACE : CUTTACK****DATED : 30th June 2005****NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and share Transfer Books of the Company will remain closed from 24th September, 2005 to 30th September, 2005 (both days inclusive) in connection with the Annual General meeting.
3. Members/Proxies attending this meeting are requested to bring with them the followings :
 - i) Copy of the notice and annual Report (as no copies thereof would be distributed at the meeting).
 - ii) The Attendance slip duly completed.
4. Equity shares of the Company have been placed under compulsory Demat Trading since 01.04.2002. Members who have not dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.
5. Members are requested to intimate to the company, queries, if any, on the accounts at an early date, so as to enable the Management to keep the information ready.
6. Members are requested to notify any change in their address, and consolidation of folios in identical names immediately to the Registrar & Share Transfer Agent, M/s Big Share Services Pvt Ltd.

BY ORDER OF THE BOARD**(RATAN KUMAR GILRA)****CHAIRMAN & MANAGING DIRECTOR****PLACE : CUTTACK****DATED : 30th June 2005**

COSBOARD INDUSTRIES LIMITED

EXPLANATORY STATEMENTS :**ITEM NO. 4**

Members may recall that Mr. Ratan Kumar Gilra, was appointed as Managing Director of the Company for a period of 5 years w.e.f. 1st October, 2000. Accordingly, the tenure of office of Mr. Ratan Kumar Gilra as managing Director, will be expired on 30th September 2005.

At the meeting held on 30th June, 2005, the Board of Directors reappointed Mr. Ratan Kumar Gilra, Managing Director for a period of 5 years with effect from 1st October 2005 without any remuneration as he has agreed to forego remuneration due to company's financial losses.

According to section 198, 269, 309, 310 of the Companies Act, 1956 read with Schedule XIII of the said Act, the re-appointment of Managing Director is subject to the approval of the Shareholders of the General Meeting.

Your Directors recommend that the resolution be passed.

None of the Directors except Mr. Ratan Kumar Gilra and Mr. Anil Kumar Gilra, who is a Director of the company are interested in the proposed resolution.

For the special Business Item No. 4 as above all the relevant documentary are available at the Registered Office of the Company for inspection by members of the Company during office hours on any working day prior to meeting date.

BY ORDER OF THE BOARD OF DIRECTOR

(RATAN KUMAR GILRA)

PLACE : CUTTACK

DATED : 30th June 2005

CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Annual Report and Audited Accounts for the financial year ended 31st March, 2005.

FINANCIAL RESULTS :

	(Rs. in Lakhs)	
	<u>2004-2005</u>	<u>2003-2004</u>
Turnover during the year	1757.06	1616.25
Profits/(Loss) before Depreciation & Tax	(361.22)	(473.03)
Less : Depreciation	123.03	123.76
Profits/(Loss) before Tax	(484.25)	(596.80)
Provision for Tax	47.32	43.77
Profit/(Less) after Tax	(436.93)	(553.03)
Add/(Less) Past Year Adjustment	(1.76)	0.80
Profit brought forward	(727.20)	(174.97)
Balance carried Forward	(1165.89)	(727.20)

OPERATIONS

The sales turnover of the company for the year was Rs. 1757.06 lakhs as compared to previous year Rs. 1616.25 Lakhs. production for the year was 11696.470 M.T. as compared to previous year 9338.427 M.T. Company could not achieve targeted production/Sales due to under utilisation of capacity.

PUBLIC DEPOSITS

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

COSBOARD INDUSTRIES LIMITED**EXPENDITURE ON R & D**

Research, Development and improvement of products are inbuilt on going activity within the existing manufacturing operation of the company. Expenditure on R & D is not separately allocated and indetified.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS

None of the employees has been in receipt of remuneration as envisaged in Section 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY

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

BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR)

The company's network has been completely eroded and hence it has been referred and the same was registered by BIFR vide Case No. 311/2004 for necessary revival of the unit.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 Sri Anil Kumar Gilra retires by rotation and is eligible for re-appointment.

CORPORATE GOVERNANCE

The Comany is taking steps for compliance with the conditions of Corporate Governance as stipulated under the listing agreement with the stock exchange.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company State :-

- i) That in the preparation of th annual accounts, the applicable accounting standards had been followed.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable & prudent so as to give a true & fiar view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
- iii) That 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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the annual accounts on a going concern basis.

AUDITORS :

The Auditors of your company M/s. L.N. More & Company, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

APPRECIATION

Your company and the Directors wish to extend their sincere thanks to the Governments, the Financial Institutions and Commercial Bank for their continuing co-operation and assistance.

for and on behalf of the Board of Directors.

PLACE : CUTTACK

DATED : 30th June 2005

(RATAN KUMAR GILRA)

CHAIRMAN & MANAGING DIRECTOR

COSBOARD INDUSTRIES LIMITED

ANNEXTURES -1 TO DIRECTORS' REPORT

Information under section 217(i) (c) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2005.

A. CONSERVATION OF ENERGY

Energy conservation measures : Nothing to report

TOTAL ENERGY CONSUMPTION

		2004-2005	2003-2004
I.	POWER AND FUEL CONSUMPTION		
	1. ELECTRICITY		
	Purchased Units	10952070	8203770
	Total Amount	41663909	33315509
	Rate/Unit	3.8	4.06
	2. COAL		
	Unit (M.T.)	10173.486	7861.14
	Amount	8033331	6532680
	Cost/unit	789.63	831.01
II	CONSUMPTION PER UNIT OF PRODUCTION		
	ELECTRICITY (Unit/M.T.)	936.36	878.50
	COAL (M.T./M.T.)	0.87	0.84
B.	TECHNOLOGY ABSORPTION	:	Nothing to Report
C.	FOREIGN EXCHANGE EARNINGS & OUTGO	:	— Nil —

for and on behalf of the Board of Directors

PLACE : CUTTACK

DATED : 30th June 2005

RATAN KUMAR GILRA
CHAIRMAN & MANAGING DIRECTOR

COSBOARD INDUSTRIES LIMITED

AUDITOR'S REPORT

TO THE MEMBERS OF COSBOARD INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **COSBOARD INDUSTRIES LIMITED**, as at 31st March, 2005 and the annexed Profit and Loss Account of the company for the year ended on that date annexed thereto and the Cash flow statement as on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit :
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we state that :-
 - i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of such books.
 - iii) The Balance Sheet and profit and Loss Account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.
 - v) In our opinion, as per the information and according to the explanations given to us, no Director is disqualified from being appointed as Director U.S. 274 (1) (g) of the Companies Act, 1956.
 - vi) In our Opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with Schedules and Notes on Accounts thereon give information as required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005 and
 - b) In the case of the profit and loss account, of the Loss for the year ended on that date.
 - c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**For L.N. MORE & CO.
CHARTERED ACCOUNTANTS.**

**PLACE : CUTTACK
DATED : 30th June 2005**

**(L.N. MORE)
PARTNER
MEMBERSHIP NO. 011485**