



COSBOARD
INDUSTRIES LIMITED

TWENTY-NINTH ANNUAL REPORT
2008-2009

BOARD OF DIRECTORS:

Ratan Kumar Gilra

Chairman & Managing Director

Sunil Kumar Malpani

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 - 400 072

REGISTERED OFFICE:

New Industrial Estate,

Phase – II, Jagatpur,

Cuttack – 754 021

(ORISSA)

FACTORY:

New Industrial Estate,

Phase – II, Jagatpur,

Cuttack – 754 021

(ORISSA)

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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 29th 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 Wednesday the 30th September, 2009 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31st March 2009 together with the Report of Directors and Auditors thereon.
2. To appoint Statutory Auditors of the Company to hold, office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors, M/s. L.N. More & Co., Chartered Accountants, Cuttack, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

BY ORDER OF THE BOARD

PLACE: CUTTACK
DATE: 30th JUNE 2009

RATAN KUMAR GILRA
CHAIRMAN & MANAGING DIRECTOR

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 23rd September, 2009 to 30th September, 2009 (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 dematerialized 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

PLACE: CUTTACK
DATE: 30th JUNE 2009

RATAN KUMAR GILRA
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Annual Report and Audited Accounts for the financial year ended 31st March 2009.

(Rs. in Lakhs)

FINANCIAL RESULTS:	2008-2009	2007-2008
Turnover during the year	2661.52	2630.13
Profits/(Loss) before Depreciation & Tax	(209.52)	(253.57)
Less: Depreciation	108.66	106.57
Profits/(Loss) before Tax	(318.18)	(360.14)
Provision for Tax		
: Deferred Tax	35.01	27.49
: Fringe Benefit Tax	0.22	(0.29)
Profit/(Loss) after tax	(283.39)	(332.94)
Add/(Less) past Year Adjustment	0.10	22.52
Profit brought forward	283.29	(1713.62)
Balance carried forward	(2307.33)	(2024.04)

OPERATIONS:

The sales turnover of the Company for the year was Rs.2661.52 lakhs as compared to previous year Rs.2630.13 lakhs. Production for the year was 14595.614 M.T as compared to previous year 16169.620 MT.

The Sales turnover has been increased in terms of value but has been decreased in terms of production by 10% as compared to previous year. The Company is incurring losses due to increase in input cost of raw material & other inputs.

PUBLIC DEPOSITS:

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

EXPENDITURE ON R & D:

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

PARTICULARS OF EMPLOYEES & 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-1 to this report.

BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR):

The BIFR hearing was held on 4th June 2009 and instructed to submit Draft Rehabilitation Scheme to State Bank of India (OA). The company has taken steps to prepare Draft Rehabilitation Scheme for submission to OA.

CORPORATE GOVERNANCE:

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

ACCOUNTING STANDARD – 15 (Revised)

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

The Board of Directors has discussed the matter and informed due to financial crisis and decided to take steps later on in Complying the provision of Accounting Standard – 15 (Revised).

ONE TIME SETTLEMENT (OTS) WITH STATE BANK OF INDIA

The Statutory Auditors, M/s. L.N. More & Co., has pointed out in their Audit Report that the Company loss for the year, other liabilities and accumulated losses have been overstated to the extent of Rs.14.93 Crores due to non writing back of the waiver amount by State Bank of India on One Time Settlement of their dues.

The Board of Directors has taken stand that the amount will be written back in the books of Account in the year on clearance of their dues and this has been stated in Notes on Accounts No.13 of Balance Sheet.

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 Banks for their continuing co-operation and assistance.

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FOR & ON BEHALF OF BOARD OF DIRECTORS

PLACE: CUTTACK

RATAN KUMAR GILRA

DATE: 30th JUNE 2009

CHAIRMAN & MANAGING DIRECTOR

ANNEXURES - 1 TO DIRECTORS' REPORT

Information under Section 217/(i) (c) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2009.

A. CONSERVATION OF ENERGY:

Energy Conservation Measures : Nothing to Report.

TOTAL ENERGY CONSUMPTION		
I. POWER & FUEL CONSUMPTION	2008-2009	2007-2008
1. ELECTRICITY		
Purchased Units	12234600	12110040
Total Amount	41063089	41148466
Rate/Unit	3.36	3.40
2. COAL		
Unit (M.T)	17328.845	15035.670
Amount	17799605	11379517
Cost/Unit	1027.17	756.83
II. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity (Unit/MT)	838.24	748.94
Coal (MT/MT)	1.19	0.93

A. TECHNOLOGY ABSORPTION : Nothing to Report

B. FOREIGN EXCHANGE EARNINGS & OUTGO : 15.71 16.83

FOR & ON BEHALF OF BOARD OF DIRECTORS

PLACE: CUTTACK

DATE: 30th JUNE 2009

RATAN KUMAR GILRA

CHAIRMAN & MANAGING DIRECTOR

AUDITORS' REPORT

TO THE MEMBERS OF COSBOARD INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **COSBOARD INDUSTRIES LIMITED**, as at 31st March, 2009 and the Annexed Profit & 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 & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, as per the information and according to the explanations given to us, no Director is disqualified from being appointed as Director U/s 274 (i) (g) of the Companies Act, 1956.
5. a) We report that in our opinion, the provision for retirement benefits made by the Company is not in conformity with AS-15 (Revised). Further, in the absence of detailed information, the impact on the Profit & Loss account & Balance Sheet can not be ascertained (Refer to Note No. 9 of Schedule Q).