



COSBOARD
INDUSTRIES LIMITED

THIRTIETH ANNUAL REPORT
2009-2010

BOARD OF DIRECTORS:

Ratan Kumar Gilra

Chairman & Managing Director

Anil Kumar Gilra

Whole Time Director

Shiv Shankar Taparua

Executive Director Independent

Velamala Jagdish

Independent Non-Executive Director

Venkateswarlu Velamala

Independent Non-Executive Director

Lalit Narayan Sarda

Independent Non-Executive Director

Mahadev Rathi

Independent Non-Executive 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 30th 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 Thursday the 30th September, 2010 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 2010 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.

3. * To appoint or re-appointment of Directors.

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

- i) "RESOLVED THAT Mr. Shiv Shankar Taparia, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment, and respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Executive Director liable to retire by rotation for a period of 3 years and his appointment shall confirm to the regulations contained in Schedule XIII of Companies Act, 1956."

"RESOLVED FURTHER THAT Mr. Shiv Shankar Taparia, Executive Director, shall not be entitled to any remuneration and the said appointee hereby accept the terms of appointment without any remuneration."

- ii) "RESOLVED THAT Mr. Velamala Jagdish, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment, and respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Non Executive Director liable to retire by rotation".

- iii) "RESOLVED THAT Mr. Venkateswarulu Velamala, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment, and respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his

candidature for the office of a Director, be and is hereby appointed as an Independent Non Executive Director liable to retire by rotation".

- iv) "RESOLVED THAT Mr. Lalit Narayan Sarda, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment, and respect of whom the Company has received a notice in writing from a Member under the provisions of Section 2 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Non Executive Director liable to retire by rotation".
- v) "RESOLVED THAT Mr. Mahadev Rathi, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting of the Company, and is eligible for re-appointment, and respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Non Executive Director liable to retire by rotation".

4. To declare dividend if any .

SPECIAL BUSINESS

5. INCREASE IN AUTHORISED SHARE CAPITAL

To consider and if thought fit to pass with or without modification(s) as an Special resolution the following:

- a) "RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000.00 (Rupees Five Crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each to Rs. 10,00,00,000.00 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) of Rs.10/- each with a power to increase the same".
- b) RESOLVED THAT Pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 Clause V of Memorandum of Association and Clause 2 of the Article of Association of the Company be and is hereby altered to read as follows:

"The Share Capital of the Company is Rs.10,00,00,000.00 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, the power to increase the Capital of the Company".
- c) "RESOLVED that the Board of Directors of the Company be and is hereby authorized to take all such necessary steps/actions and sign all such necessary documents as may be required in this regard.

FOR & ON BEHALF OF BOARD OF DIRECTORS

PLACE: CUTTACK

DATE: 31st JULY 2010

RATAN KUMAR GILRA

CHAIRMAN & MANAGING DIRECTOR

NOTES ON AGENDA :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself and the Proxy need not be a member of the Company.
2. The Register of Members and Share transfer books of the Company will remain closed from 23rd September, 2010 to 30th September, 2010 (both days inclusive) in connection with the Annual General Meeting.
3. Members/Proxies attending this meeting are requested to bring with them the followings:
 - i. Copy of the Notice and Annual Report (as no copies thereof would be distributed at the meeting).
 - ii. The attendance slip duly completed.
4. Equity Shares of the Company have been placed under compulsory Demat Trading. Members who have not dematerialized their physical holding in the Company are advised to avail the facility of 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.

EXPLANATORY STATEMENT

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 3 (i)

The Board of Directors of the Company has in its meeting held on 16.12.2009 and 17.05.2010 appointed Mr. Shiv Shankar Taparia as an Additional Director (Independent) and further appointed as Executive Director respectively of the Company. Under the provisions of Section 260 of the Companies Act 1956, he hold office upto the forth coming Annual General Meeting, pursuant to section 257 of the Companies Act, 1956, the company has received notices from some members of the Company proposing the appointment of Mr, Shiv Shankar Taparia as a Executive Director of the company for a

period of 3 years liable to retire by rotation, without any remuneration, Pursuant to provisions of Schedule XIII of Companies Act, 1956.

None of the Directors except Mr. Shiv Shankar Taparia, who is Director of the Company is interested in the Proposed Resolution.

Item No. 3(ii)

The Board of Directors of the Company has in its meeting held on 20.02.2010 appointed Mr. Velamala Jagdish as an Additional Director (Independent) of the Company. Under the provisions of Section 260 of the Companies Act 1956, he hold office upto the forth coming Annual General Meeting, pursuant to section 257 of the Companies Act, 1956, the company has received notices from some members of the Company proposing the appointment of Mr. Velemala Jagdish as a Independent Non Executive Director of the company liable to retire by rotation.

None of the Directors except Mr. Velamala Jagdish, who is Director of the Company is interested in the Proposed Resolution.

Item No. 3(iii)

The Board of Directors of the Company has in its meeting held on 20.02.2010 appointed Mr. Venkateswarulu Velamala as an Additional Director (Independent) of the Company. Under the provisions of Section 260 of the Companies Act 1956, he hold office upto the forth coming Annual General Meeting, pursuant to section 257 of the Companies Act, 1956, the company has received notices from some members of the Company proposing the appointment of Mr. Venkateswarulu Velamala as a Independent Non Executive Director of the company liable to retire by rotation.

None of the Directors except Mr. Venkateswarulu Velamala, who is Director of the Company is interested in the Proposed Resolution.

Item No. 3(iv)

The Board of Directors of the Company has in its meeting held on 17.05.2010 appointed Mr. Mr. Lalit Narayan Sarda as an Additional Director (Independent) of the Company. Under the provisions of Section 260 of the Companies Act 1956, he hold office upto the forth coming Annual General Meeting, pursuant to section 257 of the Companies Act, 1956, the company has received notices from some members of the Company proposing the appointment of Mr. Lalit Narayan Sarda as a Independent Non Executive Director of the company liable to retire by rotation.

None of the Directors except Mr. Lalit Narayan Sarda, who is Director of the Company is interested in the Proposed Resolution.

Item No. 3(v)

The Board of Directors of the Company has in its meeting held on 17.05.2010 appointed Mr. Mahadev Rathi as an Additional Director (Independent) of the Company. Under the provisions of Section 260 of the Companies Act 1956, he hold office upto the forth coming Annual General Meeting, pursuant to section 257 of the Companies Act, 1956, the company has received notices from some members of the Company proposing the appointment of Mr. Mahadev Rathi as a Independent Non Executive Director of the company liable to retire by rotation.

None of the Directors except Mr. Mahadev Rathi, who is Director of the Company is interested in the Proposed Resolution.

Item No. 5

The present authorized share capital of the Company is Rs.5,00,00,000 (Rupees Five Crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each.

As the Company is in need of funds to achieve the projection and for this the company is planning to placement of equity shares to strategic investors/Promoters and their friends & relatives. To implement this it will be necessary to increase and amend the authorized share capital of the company from Rs.5,00,00,000 (Rupees Five Crores) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each to Rs.10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) of Rs.10/- each with a power to increase the same.

Your Directors recommend the Resolution for approval.

Mr. Ratan Kumar Gilra, Mr. Anil Kumar Gilra are directly interested in this Resolutions to the extent of their share-holding.

FOR & ON BEHALF OF BOARD OF DIRECTORS

PLACE: CUTTACK

RATAN KUMAR GILRA

DATE: 31st JULY 2010

CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 30th Annual Report and Audited Accounts for the financial year ended 31st March 2010.

(Rs. in Lakhs)

FINANCIAL RESULTS:	2009-2010	2008-2009
Turnover during the year	1843.42	2661.52
Profits/(Loss) before Depreciation & Tax	(64.79)	(209.52)
Less: Depreciation	98.10	108.66
Profits/(Loss) before Tax	(162.89)	(318.18)
Provision for Tax		
: Deferred Tax	33.95	35.01
: Fringe Benefit Tax	--	0.22
Profit/(Loss) after tax	(128.94)	(283.39)
Add/(Less) past Year Adjustment	(0.24)	0.10
Profit brought forward	(2307.33)	(2024.04)
Balance carried forward	(2436.51)	(2307.33)

OPERATIONS:

The sales turnover of the Company for the year was Rs.1843.42 lakhs as compared to previous year Rs.2661.52 lakhs. Production for the year was 10318.686 M.T as compared to previous year 14595.614 MT.

The Sales turnover and production has been decreased due to financial crisis and this has resulted adverse effects on profitability of the company.

DIVIDEND:

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

PUBLIC DEPOSITS:

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

EXPENDITURE ON R & D:

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

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 Company has submitted revised Rehabilitation Scheme to State Bank of India (OA) for their review and submission of report to BIFR for necessary revival of the Company.

CORPORATE GOVERNANCE:

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

DIRECTORS

As per proposal received from some members of the company pursuant to provision of Section 257 of the Company Act 1956, Mr. Shiv Shankar Taparia (Independent Director), Mr. Velamala Jagdish (Independent Non Executive Director), Mr. Venkateswarlu Velamala (Independent Non Executive Director), Mr. Lalit Narayan Sarda (Independent Non Executive Director), Mr. Mahadev Rathi (Independent Non Executive Director), are being proposed to be appointed as Directors of the Company liable to retire by rotation. Further Mr. Shiv Shankar Taparia is appointed as Executive Director by the Board of Directors for a period of 3 years without any remuneration. The Resolutions seeking your approval for the said appointments are being placed in the ensuing Annual General Meeting.

Mr. Sunil Kumar Malpani resigned from the Board w.e.f. 20.02.2010. Your Directors wish to place on record their deep sense of gratitude and appreciation of the contributions made by Mr. Sunil Kumar Malpani during his tenure as a Director of the Company.

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 reviewed the matter and decided to take steps shortly 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 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 after sanction of the Rehabilitation Scheme by BIFR.

AUDITORS:

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

APPRECIATION:

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

FOR & ON BEHALF OF BOARD OF DIRECTORS

PLACE: CUTTACK

DATE: 31st JULY 2010

RATAN KUMAR GILRA

CHAIRMAN & MANAGING DIRECTOR