

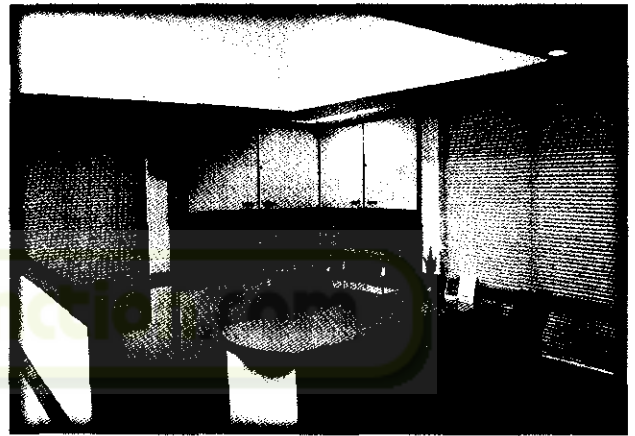
ANNUAL REPORT

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ECOBORD 
ECOBORD INDUSTRIES LIMITED

EXTENSIVE USE OF ECOBOARD



ECOBORD 
ECOBORD INDUSTRIES LIMITED

ECOBOARD INFORMATION

BOARD OF DIRECTORS

V. S. Raju	Chairman & Managing Director
G. Ramakrishna Raju	Executive Vice Chairman
P. Satyanarayana Raju	Joint Managing Director
Srinivas Raju P.	Executive Director
U. S. Kadam	Director
S. Vekataswamy	Director
N. A. Ramaiah	Director
H. Y. Kawade	Director
Philip Stephenson	Nominee - CDF(M)LLC
Sanjaya Kulkarni	Nominee - CDF(M)LLC
P. V. Dubhashi	Nominee - SICOM
Kedar P. Phadke	Company Secretary

BANKERS

Bank of Maharashtra	The United Western Bank Limited
IDBI Bank Limited	The Federal Bank Limited
The South Indian Bank Limited	

AUDITORS

M/s. Chaturvedi SK & Fellows., Mumbai.

REGISTRAR & SHARE TRANSFER AGENT

M/s. Jilla & Mehta Financial Services Private Limited
7, Dhoot Centre, Station Road, Ahmednagar-414 001.

REGISTERED OFFICE

65/1-A, "Ecohouse", Opp. Nal Stop, Karve Road, Pune-411 004.

MANUFACTURING FACILITIES

BIO SYSTEMS DIVISION

Koregaon Bhima, Taluka Shirur,
Dist. Pune, Maharashtra

PARTICLE BOARD DIVISION

1. Village Jambhulwadi, Taluka Walwa,
District Sangli, Maharashtra.
2. Village Velapur, Taluka Malshiras,
District Solapur, Maharashtra.

9th Annual Report 1999-2000**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the members of Ecoboard Industries Limited will be held at Hotel Shangrila Gardens, Nal Stop, Off. Karve Road, Erandwane, Pune 411 004 on Thursday, 8th June, 2000 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2000, and the Profit & Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. U. S. Kadam., who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. N. A. Ramaiah, who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. S. Venkataswamy, who retires by rotation, and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

SPECIAL BUSINESS :

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

"RESOLVED THAT Other Objects of the Memorandum of Association of the Company be altered by addition of the following clauses as clause No. 69 and clause No. 70 after the existing clause No. 68.

69. To carry on the business in the field of software and/or hardware development, maintenance, upgradation, installation, distribution, consultation and supply, import, export, sale, resale software, packages and tailor-made software, and solutions to industries, companies, persons and others in India and abroad in physical forms or through the electronic media and in electronic form or through the satellite or through other channels of export and distribution and to develop software for own use and for other types of customers and to sale, give license or convert into any form such software and/or hardware and to purchase, acquire, import, obtain on license or otherwise trade in sale, give on license, export or rent or otherwise dispose off any such software or hardware.

To provide e-commerce solutions, security solutions, virtual private network, network and network enabled

services, Internet Services Providers (ISP), Intranet solutions, EDI solutions, leased line and microwave solutions, hosting, warehousing, storing, forwarding and online information services and to develop, host, design, maintain, create, program, service all types of web site, portals and to provide facilities of advertising and publishing on the web and to provide the consultancy in the field of software, Internet, E-commerce and management and provide services in the field of net banking, internet backbone services, content management, on-line database management, supply chain management consultancy, e-consulting, web strategy development, systems integration, digital signature solutions, certification, imparting training and to do all such other activities and business relating to the software and web in India and abroad.

70. To carry on the business of research, development, consultancy, manufacturing and marketing in India and abroad of Biotechnology based products, particularly required for agricultural field, involving micro-organisms, seeds and genetic materials and having application in plant nutrition including effect on mobilisation and uptake of phosphorous, nitrogen and other nutrient elements and such products and biotechniques concerned with plant growth, improvements of varieties, biological control of insect-pests, weeds, diseases, nematodes.

By Order of the Board

Pune
8th April, 2000

Kedar P Phadke
Company Secretary

Registered Office :
65/1-A, "Ecohouse",
Opp. Nal Stop, Karve Road,
Pune-411 004.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Register of Members and the Share Transfer Books of the Company shall remain closed from Monday 1st May, 2000 to Monday 8th May, 2000 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed to the Notice of the Meeting.

ECOBOARD INDUSTRIES**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956****Item No. 6**

Considering the better prospects in the Software industry, it is thought desirable to incorporate the clause 69 in the other objects clause. Because of favourable Government policies and worldwide recognition to this industry the Company can exploit the opportunity as and when it thought fit.

It is therefore proposed to amend the Object Clause of the Memorandum of Association of Company by inserting the said clause along with the object clause for carrying the business relating to Biotechnology as per the text given in the resolution.

Consent of the shareholders of the Company is solicited by way of Special Resolution pursuant to Section 17 of the Companies Act, 1956.

None of the Directors is in any way interested in the proposed resolution.

By Order of the Board

Pune
8th April, 2000

Kedar P Phadke
Company Secretary

Registered Office :
65/1-A, "Ecohouse",
Opp. Nal Stop, Karve Road,
Pune-411 004.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended March 31, 2000.

Financial Results :

	(Rs. in lacs)	
	1999-2000	1998-99
Gross Sales	2664	2631
Sales (Net of Excise)	2664	2614
Other Income	25	91
Profit before interest	123	711
Interest	949	375
Profit before depreciation	(826)	336
Depreciation	402	209
Profit before taxation	(1228)	127
Provision for taxation	-	13
Profit after taxation	(1228)	114
Balance brought forward	290	301
Profit available for appropriation	(939)	415
Appropriations :-		
General Reserve	-	-
Debenture Redemption Reserve	-	125
Balance carried forward	(939)	290

Business Performance :

The financial year gone by was the year of consolidation for the Company. The Company completed and commissioned its second particle board plant at Velapur. The production of boards in this plant reached 5.58 lakh square meters since its commissioning in July, 99 till the end of the financial year. The Company also undertook major maintenance of its first particle board plant at Jambhulwadi. Total sales of particle boards reached 10.56 lakh square meters as against 8.77 lakh square meters during the previous year, thus registering growth of 29 %. With the commissioning of the new plant company's market has substantially improved. The Company is now the biggest manufacturer of particle boards in the country.

The working results were adversely affected due to operating costs, interest and depreciation of the new particle board plant commissioned during the year. The management hopes that the new plant shall reach breakeven point during the financial year 2000-01.

Business Prospects :

The Company took several steps to strengthen its market position. These included expansion of its branch network by setting up four new branches, addition of personnel to its marketing team, setting up of technical guidance center and mobile exhibition and setting up of its web page. Plans are a foot to reduce delivery time of its products. E-business initiatives are also under consideration of the management.

Company's efforts to popularise use of its eco-friendly products got big boost in the form of removal of excise duty on its particle boards coupled with increase in the rate of excise duty on other wood based particle boards from 8% to 16%.

All these developments are expected to have positive effect on the working of the Company during the next financial year.

Insurance :

The Company's all fixed assets and stocks continue to be covered against various risks under appropriate insurance policies. The Company had fire accidents in its bagasse storage yard in March and April, 2000. No damage was caused to the plant and machinery. The bagasse lost in fire was duly insured. The stock of bagasse is being replenished with fresh purchases.

Dividend :

The Board has not recommended any dividend for the current year.

Y2k Compliance :

The Company had a smooth roll over to the year 2000. The Y2K preparations cost Rs. 66,800 to the Company.

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Employee Relations :

Relations between the employees and the management continued to remain cordial during the year under review.

There are no employees in the Company who are drawing remuneration in excess of the revised prescribed limits and as such, the particulars as required under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 have not been given.

Depository System :

Your Company has voluntarily approached National Securities Depository Limited (NSDL) and is in the process of facilitating the investors for trading the scrips in electronic form. Thus the valued investors shall be able to avail this facility of trading in electronic form to ensure good delivery of shares, very shortly.

Directors :

During the year SICOM Ltd. have nominated Mr. P. V. Dubhashi as a Board Member. Mr. U. S. Kadam, Dr. N. A. Ramaiah and Mr. S. Venkataswamy retire by rotation as Directors in the forthcoming Annual General Meeting, being eligible, offer themselves for re-appointment.

Auditors :

The Company's auditors M/s. CHATURVEDI SK & FELLOWS, Chartered Accountants, Mumbai, retire and have expressed their willingness to be re-appointed as auditors.

Deposits :

The Company has not invited or accepted any deposits u/s. 58A of the Companies Act, 1956 during the year.

Conservation of Energy :

Company proposes to go for co-generation in its Velapur unit using waste generated from the process of manufacture of particle boards. This would help controlling pollution from dust and generate non-conventional renewable energy thus reducing dependence on grid power, and reduction in the power cost.

Technology Absorption :

The foreign technology as absorbed and indigenised is smoothly in operation.

Foreign Exchange Earnings and Outgo :

Company has earned Rs. 81,596 in foreign exchange during the year. It spent Rs. 6.19 lacs on import of capital goods, Rs. 308 lacs on import of materials, stores & spares and Rs. 16.62 lacs on other expenses in foreign currency during the year.

Acknowledgements :

The Directors would like to express their sincere thanks and appreciation to all employees for their commendable team work, high degree of professionalism and the enthusiastic efforts displayed by them during the year. Finally, the Directors wish to express their gratitude to the Financial Institutions, Banks and Members for their continued support.

On Behalf of the Board

V S Raju
Chairman & Managing
Director

Pune, 8th April, 2000

AUDITORS' REPORT

To the Members of Ecoboard Industries Ltd.

We have audited the attached Balance Sheet of ECOBOARD INDUSTRIES LTD. as at 31st March, 2000 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.

- c) In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with note No. 4 of schedule 16 "Notes forming parts of the accounts" regarding fire accident and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and,
 - ii) In the case of Profit and Loss Account, of the loss for the year ended on that date.

For CHATURVEDI SK & FELLOWS
Chartered Accountants

Place : Pune
Dated : 8th April 2000

(K.N. Chaturvedi
Partner

ECOBOARD INDUSTRIES LTD.**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 1 of our report of even date on the accounts of ECOBOARD INDUSTRIES LTD. for the year ended 31st March, 2000.

1. The Company is in the process of preparation of records of its fixed assets to show full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified during the year by the management and the discrepancy, if any, will be ascertained only after the completion of the records.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, semi-finished goods, raw materials, stores and spare parts have been physically verified by the management during the year at reasonable intervals. No material discrepancies were noticed on such verification as compared to book records.
4. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on verification between the physical stock and book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepting accounting principles and is on the same basis as in the preceding year.
7. The Company has not accepted any loans secured or unsecured from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there are no companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
9. The Company has granted loans or advances in the nature of loans to certain parties and employees who are repaying the principal amount alongwith interest wherever applicable as stipulated.
10. According to the information and explanation given to us, there are adequate internal control procedures with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and in respect of sale of goods which are commensurate with the size of the Company and nature of the business.
11. According to the information and explanation given to us, the transaction of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 aggregating Rs. 50,000 or more in respect of each party, has been made at prices which is reasonable having regard to nature of transaction. There were no transactions of sale of goods, material or services aggregating during the year to Rs. 50,000 or more with each party.
12. According to the information and explanations given to us, the Company has no unserviceable or damaged material at sites.
13. The Company has not accepted any deposits from the public during the year.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable scrap.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of the business.
16. 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 product.
17. According to the information and explanations given to us, the Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under the contractual obligation or in accordance with generally accepted business practice.
20. The Company is not sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the service activities :
 - i) In our opinion, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and nature of its business and the system provides for a reasonable allocation of the materials and man-hours consumed to relative jobs.
 - ii) In our opinion, the Company has reasonable system of authorisation at proper level with necessary controls on the issue of stores and labour on jobs and there is a system of internal control commensurate with the size of the Company and the nature of its business.

For CHATURVEDI SK & FELLOWS
Chartered Accountants

Place : Pune
Dated : 8th April 2000

(K.N. Chaturvedi)
Partner