

In Collaboration With Nature



22nd Annual Report
(2012-2013)

Particle Board Division:
Contributes to save
3* lakh trees every year
(upon capacity utilization)

Bio Gas Division:
Contributes to save
5* lakh tonnes of coal every year

Ecoboard Industries Limited

Chairman's Communique



Mr. V S Raju

Chairman

Ecoboard Industries Ltd.

Dear Friends,

Human race alone is fortunate to have been rewarded with active brain on mother earth among Billions of species in life, notably categorized as plant kingdom and animal kingdom that co-existed over millions of years complimentary to each other. Forgetting this co-existence it is this human race which tries to control the entire life mechanism of the planet selfishly for his own comfort and supremacy at the cost of other living mechanisms.

Human mind collectively realized the damage caused to the environment that might threaten the life mechanism of the whole planet and has imposed self controls together worldwide, the result is Kyoto protocol binding on UNO which includes advanced countries and developing countries to control emissions and to improve tree resources.

To mitigate global warming, saving a tree is preferable than growing a tree, as an urgent measure. Growing trees requires land mass, resources, human effort, above all years of time. Therefore, saving trees is laudable and desirable in preference and we are exactly doing that for last many years.

People are now discussing the triple bottom line concept i.e. planet, people, profit. However, we at Ecoboard have based our philosophy on these triplets since our inception when for the rest of the country this very concept was not in existence.

This year our revenue has considerably increased owing to sale of Bio Systems and has shown good results compared to last year. Bagasse as a raw material is becoming costly day by day due to its increased alternative uses like cogeneration of electricity and ethanol production. The cheap imports and cheaper wood alternatives are threatening the industry as a whole. As for our Company we are concentrating to increase our revenues from particle board for which we are taking extra efforts to strengthen our marketing system. Our Company is formulating strategies and policies to increase sale of particle boards and to increase in raw material resources.

Through my message I make a solemn appeal to the society to help us in our mission in achieving a green, clean and eco-friendly environment.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders who have reposed trust in us and extended their constant support throughout. It is through this sentiments that Ecoboard would like to continue to be an engine of growth and promising future.

With warm regards,

Thanking You,

V.S. Raju
Chairman



ECOBBOARD INDUSTRIES LIMITED

22ND ANNUAL REPORT 2012 - 2013

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. Srinivas Raju P., 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. V.P Rane, Independent Director
Mr. Narasimhan Krishnan, Independent Director

COMPANY SECRETARY

Mrs. Asmita Sagar Raje

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, Vizag, Bhubaneshwar, Coimbatore

North Zone: Delhi, Chandigarh, Bhopal, Kolkatta, Raipur

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

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NOTICE

Notice is given that the 22nd Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Saturday 28th September 2013 at 11.00 a.m. at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune – 411 005, to transact the following business :

A. ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2013, and the statement of Profit and Loss for the year ended on that date and the Report of the Board of Directors with its annexure and Auditors Report thereon.
2. To appoint Director in place of Mr. P. Satyanarayana Raju, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Narsimhan Krishnan, an Independent Director who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass,

with or without modification(s) the following resolution as an Ordinary Resolution :

“RESOVLED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Chaturvedi SK & Fellows, Chartered Accountants, Mumbai, (Firm Regn. No. 112627W) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

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

Place : Pune.
Date : 10th August, 2013

**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.**
2. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
3. The Register of Members and Share Transfer Register will remain closed from Saturday, 21st September, 2013 to Saturday 28th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
4. 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.

5. 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.
6. The Company distributed Dividend for the F.Y. 2007-08 and 2008-09. Dividend remaining unclaimed for those respective years will be transferred to Investor Education and Protection Fund after completion of 7 (seven) years from the respective declaration of Dividend.

The shareholders who have not received the dividend for the respective year(s) shall immediately contact Registrar and Transfer Agents or the Company at address given elsewhere in the report.

“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 22nd Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2013.

Financial Results

(Rs. In Lakhs)

| Particulars | Current Year 2012-13 | Previous Year 2011-12 |
|--|-------------------------|--------------------------|
| Profit before interest, depreciation, exceptional items and tax | 125.02 | 317.12 |
| Less: | | |
| Interest | 381.90 | 343.09 |
| Depreciation | 335.68 | 334.06 |
| Profit/(Loss) for the year from ordinary activities | (592.56) | (360.03) |
| Add: Exceptional income | 0 | 251.90 |
| Profit/(Loss) before Tax | (592.56) | (108.13) |
| Less: Provision for tax | 0 | 0 |
| Profit/(Loss) for the period from continuing operation | (592.56) | (100.44) |
| Profit/(Loss) for the period from discontinuing operation | (98.33) | (100.44) |
| Tax expenses of discontinuing operation | 0 | 0 |
| Profit/(Loss) for the period from discontinuing operation | (98.33) | (100.44) |
| Profit/(Loss) for the period | (690.89) | (208.57) |
| Balance brought forward Surplus for the year | (3731.73) | (3523.16) |
| Balance carried to Balance Sheet | (4422.62) | (3731.73) |

Dividend

In view of paucity of funds in the current year and due to continuing losses the Board of Directors does not recommend any dividend for the F.Y. 2012-13.

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 consistent 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 Ltd. 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. P. Satyanarayana Raju and Mr. Narsimhan Krishnan, 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.

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, 2013 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; and
- 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 Industrial Company within the meaning of Sick Industrial Companies Act (SICA) as the Company is not manufacturing timber or timber based products but fibre 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 : 30th May, 2013

**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) rule 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 from 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 look out 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. 5.48 Lakh

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.

The Company not only uses baggasse for manufacture of board but also uses the by-product after manufacture of boards which is baggasse dust, for generation of power. Further the Company has a 1 MW power plant at Velapur unit to produce power from baggasse dust.

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 melamine gas treated 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.

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

The company intends to set up two wholly owned subsidiaries along with promoters to handle bio mass gasification in plant and the housing projects.

Efforts are made through the all India agro board association which has asked the government to allot / ensure adequate supply of baggasse for particle board industries.

Optimal capacity utilization , import logistics, connectivity of distribution system by setting up nodal service centers at strategic locations across India and a swift delivery module by maintaining stock of finished goods at centers these are the key elements in our road map for achieving growth targets.