

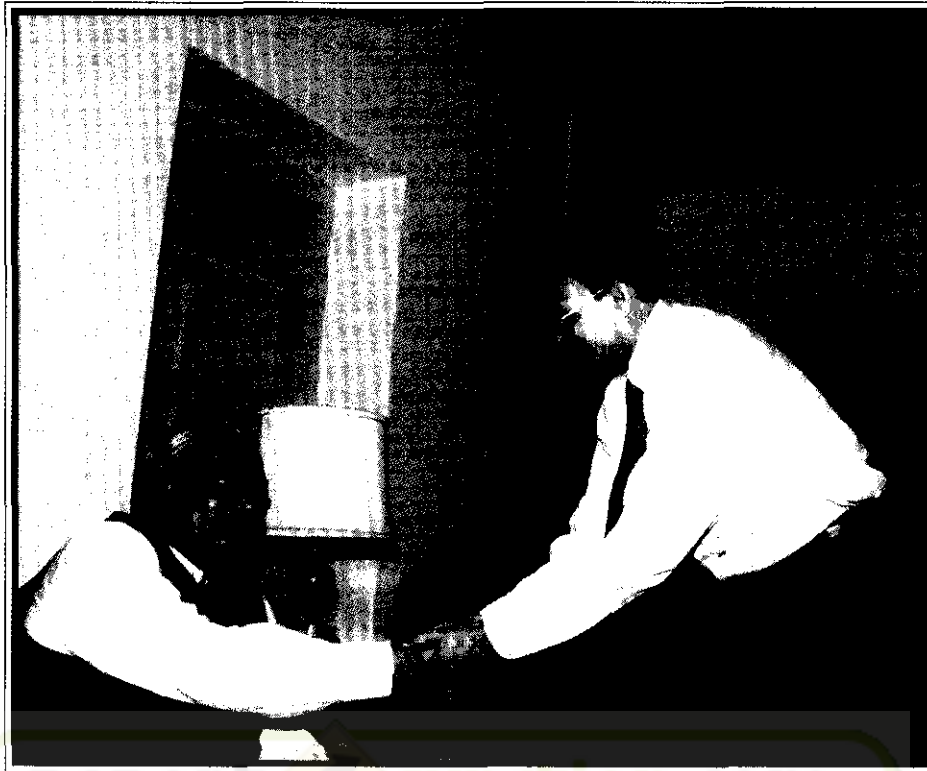
ANNUAL REPORT 1998-99



ECOBORD INDUSTRIES LIMITED



Ecoboard Industries Donates to the Kargil Relief Fund



Ecoboard Industries Ltd., Executive Director, Shri. Srinivas Raju P. was proud to have the privilege of donating a cheque of Rs.1,11,111/-. The contribution was made to the Prime Minister's Relief Fund as a gesture of support, solidarity to the soldiers for their supreme sacrifice in the battles of KARGIL Sector to protect the safety and security of the Northern borders of our beloved nation. The cheque was handed over to the Honourable Prime Minister, Shri. Atal Bihari Vajpayee during his recent visit to Pune, on 26th June, 1999.

The amount was a contribution of One day's salary by all the employees of Ecoboard Industries Limited, together with matching grant by the management.

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. Venkataswamy	Director
N. A. Ramaiah	Director
H. Y. Kawade	Director
M. K. Datar	Nominee-IDBI
Philip Stephenson	Nominee-CDF(M)LLC
Sanjaya Kulkarni	Nominee-CDF(M)LLC
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.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of Ecoboard Industries Limited will be held at "Pudumjee Hall", Maharashtra Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune-411 002 on Thursday, 5th August, 1999 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, 1999, 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 Shri G. Ramakrishna Raju, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri U. S. Kadam, who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. H. Y. Kawade, 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 an Ordinary Resolution :

"RESOLVED THAT Mr. S. Venkataswamy, who was appointed as an Additional Director of the Company and who by virtue of Section 260 of the Companies Act, 1956 holds such office upto the conclusion of this Annual General Meeting, and being eligible, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation."

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals and sanctions as may be necessary, the Company hereby accords its approval for appointment of Mr. G. Ramakrishna Raju as Executive Vice Chairman of the Company not liable to retire by rotation, and the remuneration, perquisites and payment of commission w.e.f. 1st April, 1999, for a period of five years as set out in the Explanatory Statement relating to the Resolution with powers to the

Board of Directors to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and is acceptable to Mr. G. Ramakrishna Raju, within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT, in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Mr. G. Ramakrishna Raju, Executive Vice Chairman, shall be the minimum remuneration subject to the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

AND FURTHER RESOLVED that in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limits or ceiling and the Agreement between the Company and Mr. G. Ramakrishna Raju, Executive Vice Chairman, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution".

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals and sanctions as may be necessary, the Company hereby accords its approval for appointment of Mr. P. Satyanarayana Raju as Joint Managing Director of the Company not liable to retire by rotation, and the remuneration, perquisites and payment of commission w.e.f. 1st April, 1999, for a period of five years as set out in the Explanatory Statement relating to the Resolution with powers to the Board of Directors to alter and vary terms and conditions and remuneration (including minimum remuneration in case of absence or inadequacy of profits) in such manner as the Board may deem fit and is acceptable to Mr. P. Satyanarayana Raju, within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT, in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to

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Mr. P. Satyanarayana Raju, Joint Managing Director, shall be the minimum remuneration subject to the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.

AND FURTHER RESOLVED that in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limits or ceiling and the Agreement between the Company and Mr. P. Satyanarayana Raju, Joint Managing Director, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.

AND FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution".

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

- i. The following new Article 14A be inserted after the existing Article 14 :

Register and Index of Members

The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any medium as may be permitted by law including in any form of electronic medium.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have the power to keep in any State or country outside India, a Register of Members for the residents in that State or country.

- ii. The following new Articles be inserted as Article 15A and 15B after the existing Article 15 :

15A. Nomination

1. Every shareholder or debentureholder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

15B. Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other

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moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

- iii. The following new Article 24A be inserted after the existing Article 24 :

24A. Dematerialisation of Securities

For the purposes of this Article, unless the context otherwise requires :

A. Definitions :

Beneficial Owner : "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Bye laws : "Bye laws" mean bye laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act : "Depositories Act" means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

Depository : "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record : "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations : "Regulations" mean the regulations made by SEBI or any other statutory body from time to time, in this regard;

SEBI : "SEBI" means the Securities and Exchange Board of India;

Security : "Security" means such security as may be specified by SEBI and/or any other statutory body, from time to time;

Shareholder or member : "Shareholder" or "member" means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

B. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form :

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners :

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii. Save as otherwise provided in (i) above, the Depository, as a registered owner of the securities, shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository;

F. Depository to furnish information :

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security :

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform

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the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be;

H. Sections 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in the Articles –

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owners :

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be the Register and Index of Members and Securityholders as the case may be for the purposes of these Articles.

J. Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialised form :

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act :

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the beneficial owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

By Order of the Board

Pune
June 22, 1999

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 4th August, 1999 to 5th August, 1999 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed to the Notice of the Meeting.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

ITEM NO. 6 :

Mr. S. Venkataswamy was appointed as an Additional Director of the Company on 30th October, 1998 by the Board of Directors of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds such office only upto the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a member

signifying his intention to propose Mr. S. Venkataswamy's appointment as a director along with a deposit of Rs. 500/-. Directors recommend the resolution for your approval.

None of the Directors except Mr. S. Venkataswamy, to the extent of his appointment as a Director, is concerned or interested in the resolution.

ITEM NOS. 7 & 8 :

Mr. G. Ramakrishna Raju and Mr. P. Satyanarayana Raju

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were the whole-time Directors in Deccan Fibre Board Limited which stands merged in your Company. Both these Directors are also the Directors of your Company. The Board in their meeting held on 22.06.1999 appointed them as whole-time Directors for a period of five years with effect from 1st April, 1999.

The Board of Directors have fixed the following remuneration to be paid to Mr. G. Ramakrishna Raju, Executive Vice Chairman and Mr. P. Satyanarayana Raju, Joint Managing Director w.e.f. 1st April, 1999 for a period of five years with power to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down in Schedule XIII of the Companies Act, 1956, or any statutory amendment or relaxation thereto.

Remuneration payable to the Executive Vice Chairman and Joint Managing Director is as follows :

I. Salary :

Salary at the rate of Rs. 35,000/- per month in the annual time scale of Rs. 35,000 - Rs. 5,000 - Rs. 55,000.

II. Commission :

At the rate of half percent of the net profit of the Company for the financial year subject to a maximum as may be laid down by the Board of Directors from time to time.

III. Perquisites :

- (i) In addition to the aforesaid salary and Commission, he shall also be entitled to perquisites like House Rent Allowance, medical reimbursement, medical insurance, leave travel assistance (in India and abroad, once a year) for self and family, newspaper reimbursement, education allowance, personal accident insurance, club fees, leave encashment etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to a maximum of annual salary, for the purpose of which limit -

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual cost and

Use of Company car and telephone at residence for official purposes shall not be included.

- (ii) Company's contribution to Provident Fund not exceeding 12% of the salary and Superannuation not exceeding 15% of the salary shall not be included in the computation of limits for perquisites;
- (iii) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/- and encashment of leave at the end of the tenure, shall not be included in the computation of limits for perquisites.

The aggregate of the total salary, commission, perquisites and contribution towards Provident Fund and

Superannuation Fund taken together in respect of Mr. G. Ramakrishna Raju and Mr. P. Satyanarayana Raju, shall always be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.

The above may be treated as an abstract as required u/s 302 of the Companies Act, 1956.

Your Directors recommend resolutions at item nos. 7 and 8 for your approval.

Except Mr. G. Ramakrishna Raju and Mr. P. Satyanarayana Raju, being the recipients of the remuneration and Mr. V.S. Raju, the relative of the recipients, none of the Directors is concerned or interested in the resolution.

ITEM NO. 9 :

Consequent upon the enactment of the Depositories Act, 1996, the Board of Directors of the Company has felt it desirable to dematerialise the shares of the Company for enabling greater efficiency in trading as also better service to the investors. Consequently, the Company proposes to sign an Agreement with the National Securities Depository Limited (NSDL) to enable the shareholders who may wish to dematerialise their shareholding in the Company. The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer, transmission and dealing in shares and other securities as also issue of relevant certificates thereof, so as to facilitate the introduction and implementation of the Depository System.

Further, by the Companies (Amendment) Ordinance, 1999, the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of his death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No. 9 of the accompanying Notice.

The Directors recommend the Resolution for approval of the members.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his shareholding.

By Order of the Board

Pune
June 22, 1999

Kedar P. Phadke
Company Secretary

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