

# Annual Report

2004 - 05

Good environment



A healthier tomorrow

**ECOBOARD** 

*In collaboration with nature*



**Mr. V S Raju**

Chairman & Managing Director

Ecoboard Industries Ltd.

## **CMD's Message**

Dear Friends,

It gives me great pleasure to inform you that your company has overcome a major challenge of handling its debt service burden. The term lending institutions finally had pragmatically agreed that this kind of companies who have to meet dual objectives of social relevance and commercial viability should not be burdened with heavy load of debt servicing. The institutions gave major relief's to the company in the form of interest waivers and loan write-offs. The management is thankful to them for taking such considerate and proactive stand.

The company can now look forward to channelising all its energy towards making Ecoboard affordable and available to mass section of the society and make it the preferred medium of furnishing, in the country. With much reduced burden of debt service, the company can now embark on a programme of utilizing, not just sugarcane bagasse, but other agro wastes as well, adding strength to 'ECOMARK' and upgrading rural economies while serving the national cause of protecting tree resources and forests for our future generations.

With renewed hope, we now set to work for the cause of ecological protection and, at the same time, make your company a commercially successful venture.

With warm regards,

**V S Raju**

Chairman & Managing Director

# ECOBOARD

## ECOBOARD INDUSTRIES LIMITED 14TH ANNUAL REPORT AND ACCOUNTS 2004-05

### BOARD OF DIRECTORS

V. S. Raju, *Chairman & Managing Director*  
G. Ramakrishna Raju, *Executive Vice Chairman*  
P. Satyanarayana Raju, *Joint Managing Director*  
Srinivas Raju P.,  
U. S. Kadam  
N. A. Ramaiah  
S. Venkataswamy  
Ramachandra Raju P. S.  
A. B. Saha, *Nominee - IIBI*  
G. M. Yadwadkar, *Nominee - IDBI*

### REGISTERED OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENTS

INTIME SPECTRUM REGISTRY LIMITED  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W.), Mumbai - 400 078.

### COMPANY SECRETARY

V.K.Bodas

### MANUFACTURING FACILITIES

#### BIO SYSTEMS DIVISION

Village Velapur, Taluka Malshiras,  
Dist. - Solapur, Maharashtra

### AUDITORS

M/s. Chaturvedi SK & Fellows, Mumbai.

### INSTITUTIONS & BANKERS

Industrial Development Bank of India  
Industrial Investment Bank of India  
SICOM  
Bank of Maharashtra  
The United Western Bank  
The South Indian Bank  
The Federal Bank

### PARTICLE BOARD DIVISION

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

### ANNUAL GENERAL MEETING

Friday, 30th September 2005 at 11.00 am at  
Hotel Shangrila Gardens, Off Karve Road,  
Near Nal Stop, Pune 411004.

**NOTICE**

**Notice** is hereby given that the Fourteenth Annual General Meeting of the members of Ecoboard Industries Limited will be held at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune 411 004, on Friday, 30<sup>th</sup> September 2005 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss account for the year ended 31<sup>st</sup> March, 2005 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a director in place of Mr. V S Raju who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. S Venkataswamy, who retires by rotation, and being eligible offers himself for reappointment
4. To re-appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

**SPECIAL BUSINESS:****5. Modification in the Structure of Authorised Share Capital**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolutions:

RESOLVED that in accordance with the provisions of Section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the structure of the existing Authorised Capital of the Company of Rs. 25,00,00,000 (Rupees Twenty Five Crores) be modified from the existing 2,50,00,000 (Two crore Fifty Lakh) Equity Shares of Rs. 10/- each to 2,30,00,000 (Two Crore thirty Lakh) Equity Shares of Rs. 10/- each and 2,00,000 (Two lakh) Cumulative Redeemable Preference Shares of Rs. 100/- each.

RESOLVED further that the existing clause V(a) of the Memorandum of Association of the Company be and is hereby replaced with the following new Clause V(a):

"V(a) The authorised share capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,30,00,000 (two crore thirty lakh) Equity Shares of Rs. 10/ (Rupees Ten) each and 2,00,000 (two lakh) Cumulative Redeemable Preference Shares of Rs. 100 (Rupees One Hundred) each. Any shares of the original or increased capital may from time to time be issued with guarantee or any right of preference whether in respect of dividend or repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any shares previously issued or subject to any provisions or conditions and with any special right or without any right of voting and generally on such terms as the Company may from time to time determine."

**6. Amendment to Articles of Association - Article 2(a)**

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED that in accordance with the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 2(a) of the Articles of Association of the Company be substituted by the following new Article 2(a):

"2(a) The authorised share capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores only) divided into 2,30,00,000 (Two Crore Thirty Lakh) Equity Shares of Rs. 10 (Ten) each and 2,00,000 (Two Lakh) Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each"

**7. Issue of Cumulative Redeemable Preference shares**

To consider and thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

RESOLVED that in accordance with the provisions of Sections 80, 81 and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and the listing agreement entered into by the Company with the Stock Exchange, Mumbai and subject to any approval, consent, permission and/or sanction of the Central/Sate Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as "the appropriate authorities") and subject to the conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and/or sanctions, which may be agreed to by the Board of Directors of the Company and /or any duly authorised Committee thereof (hereinafter referred to as "the Board"), the consent and approval be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, Cumulative Redeemable Preference Shares of the face value of Rs. 100 each, subject to an aggregate face value not exceeding Rs. 2 crore (hereinafter for brevity's sake referred to as 'CRP' shares) to the Members, Bodies Corporate, Employees, Indian Financial Institutions, Banks, Mutual funds, Non Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Trusts, Individuals and any other person whether member of the Company or not, through public Issue, rights issue, private placement, exchange of shares, conversion of loans or otherwise, by any one or more combination of the above modes / methods or otherwise, at such price or prices and at such premium and premia, as the Board may in its absolute discretion think fit and on such terms and conditions as to redemption period, dividend, redemption premium, manner of redemption and fixing of record date



or book closure and related or incidental matters and all such other terms as are provided in the offerings.

RESOLVED further that the Board be and is hereby authorised, on or before redemption of the CRP shares issued pursuant to this resolution, to issue fresh shares upto the nominal amount of the shares redeemed or about to be redeemed as if those shares had never been issued to persons and in a manner and on terms referred to hereinabove.

RESOLVED further that such of these CRP shares to be issued or re-issued as are not subscribed may be disposed of by the Board in favour of and to such persons and in such manner and on such terms as the Board in its absolute discretion may think to be in the interest of and beneficial to the Company including offering or placing them with the Members, Bodies Corporate, Employees, Indian Financial Institutions, Banks, Mutual funds, Non Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Trusts, Individuals and any other person whether member of the Company or not or otherwise.

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment, utilisation of the proceeds and redemption of the issue of the CRP shares and further to finalise and execute all documents and writings as may be necessary or desirable as the Board may deem fit without being required to seek any further consent or approval of Members or otherwise, to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED further that the Board be and is hereby authorised to delegate all or any of the powers, herein conferred to any Committee of Directors or the Chairman and Managing Director or any one or more Whole time Directors or Officers of the Company to give effect to the aforesaid resolution.

**By order of the Board**

**V K Bodas**

**Company Secretary**

Pune, 27<sup>th</sup> August 2005

**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.
2. Proxies, in order to be effective, should be duly completed, stamped, signed and should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from Saturday 24<sup>th</sup> September 2005 to Friday, 30<sup>th</sup> September 2005 (both days inclusive).
4. As per the provisions of Section 205A(5) read with section 205C(2) of the Companies Act 1956, the company has deposited all unclaimed dividends declared upto and including the financial year ended 31<sup>st</sup> March 1997, in the Investor Education and Protection Fund. The Company has not declared any dividend since then.
5. As per the provisions of the Companies Act, 1956 facility for making nominations is now available to individuals holding shares in the company. The nomination Form 2B prescribed by the government can be obtained for the purpose from the Registrar & Share Transfer Agents or from the company.
6. In case of joint holders attending the meeting, the joint holder whose name appears first in the list of members / beneficiary owners will be entitled to vote.
7. Members desirous of getting any information about the accounts and operations of the company are requested to send their queries, well in advance, so as to reach the registered office of the company at least ten days before the date of annual general meeting to enable the management to make the information readily available at the meeting.
8. Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of Special business, is annexed hereto.
9. A Copy of the Memorandum & Articles of Association of the Company shall remain open for inspection by Members at the Registered Office of the Company between the hours of 11.00 a.m. and 1.00 p.m. on any working day upto the date of ensuing Annual General Meeting.
10. Details of Directors seeking reappointment are given hereunder after the Explanatory Statement.

**EXPLANATORY STATEMENT**

Pursuant to Section 173 (2) of the Companies Act, 1956.

**Item Nos. 5 & 6****Modifications in the Structure of Authorised Capital of the Company.**

One of the terms of One Time Settlement with the Financial Institutions is to issue to them Cumulative Redeemable Preference Shares with a coupon rate of 1% p.a. redeemable at the end of five years. Since the Capital clauses in the Memorandum and Article of Association of the Company do not have any provision to issue Preference Shares, the same are being modified suitably. Hence resolutions at item nos. 5 and 6 of the Notice.

The Directors recommend the said resolutions for approval by the members.

None of the Directors is concerned or interested in the said resolutions.

**Item No. 7****Issue of Cumulative Redeemable Preference Shares**

Section 81 of the Companies Act 1956 provides, inter alia, that when it is proposed to increase the subscribed capital of the Company by allotment of further shares, such further shares shall be offered to the persons who, on the date of offer, are holders of equity shares of the Company unless the shareholders in general meeting decide otherwise. Similar provision also exists in the listing agreement with the Stock Exchange where Company's shares are listed.

It is proposed to issue 63000 1% Cumulative Redeemable Preference Shares of Rs. 100/- each to IDBI and IIBI against part settlement of their outstanding dues. These shares would be redeemed at the end of the fifth year from the date of issue.

The resolution set out under this item of the notice is an enabling resolution conferring authority on the Board of Directors to issue Cumulative Redeemable Preference Shares to the said financial Institutions and also to cover all contingencies and corporate requirements in future.

The Directors recommend the said resolution for approval by the members.

Some of the Directors of the Company may be deemed to be concerned or interested in this resolution to the extent of the Cumulative Redeemable Preference Shares that may be subscribed by them or by the Companies/Institutions of which they are Directors, Nominees, Representatives or Members.

**By order of the Board**

Pune, 27<sup>th</sup> August 2005

**V K Bodas**  
**Company Secretary**

**Registered Office:**

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

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 30<sup>TH</sup> SEPTEMBER 2005.

<b>Name</b>	Mr. V S Raju
<b>Address</b>	Plot No. 36, National, Co.Op. Hsg. Society, Aundh, Pune 411007
<b>Date of Birth</b>	2 <sup>nd</sup> Sept. 1938
<b>Date of Appointment</b>	20 <sup>th</sup> November, 1991
<b>Qualification</b>	B.A.(Chem), ANSI (Sugar Tech.) FSTA
<b>Experience</b>	Over 35 years experience in Sugar, Alcohol & Fertiliser Industry. Founder Director and Chairman & Managing Director of ECOBOARD INDUSTRIES LTD.
<b>List of other Companies in which Directorships held</b>	NIL

<b>Name</b>	Mr. S Venkataswamy
<b>Address</b>	House No. 60, Road No. 13 Banjara Hills, Hyderabad 500 034
<b>Date of Birth</b>	12 <sup>th</sup> December, 1933
<b>Date of Appointment</b>	26 <sup>th</sup> September, 2003
<b>Qualification</b>	B.Sc. ANSI (Sugar Tech.) M.A. LL.B.
<b>Experience</b>	Sugar Technologist
<b>List of other Companies in which Directorships held</b>	Gayatri Sugars Limited, Hyderabad

## DIRECTORS' REPORT

Your Directors have pleasure in presenting to you their report and the audited accounts of the Company for the year ended 31<sup>st</sup> March 2005.

## Financial Results:

(Rs. In lakhs)

	2004-05	2003-04
<b>Sales &amp; Other Income</b>	<b>4587.04</b>	<b>3303.13</b>
<b>Operating Profit</b>	<b>766.97</b>	<b>399.66</b>
Less: Interest	134.14	1058.56
Depreciation	511.26	575.74
<b>Profit/(Loss) for the year</b>	<b>121.57</b>	<b>(1234.65)</b>
Less/(Add) (Exceptional items)		
Provision for Doubtful Debts/ Advances	0.00	(205.25)
Interest Provision written back on settlement of liabilities	1768.31	0.00
<b>Net Profit/(Loss) before Tax</b>	<b>1889.88</b>	<b>(1439.90)</b>
Less: Provision for Tax	0.00	0.00
Add:		
Balance brought forward from the Previous year	(5883.65)	(4443.76)
<b>Balance carried to Balance Sheet</b>	<b>(3993.78)</b>	<b>(5883.65)</b>

## Dividend :

In view of insufficient profit for the year and future financial commitments, the Directors do not recommend payment of any Dividend for the year ended 31<sup>st</sup> March 2005.

## Operations :

During the year, the sales at Rs. 4542.72 lakhs as compared to Rs. 3193.11 lakhs reflects an increase of over 42%. During the year under review, the Company entered into One Time Settlement/Negotiated Settlement with all the lending institutions in respect of outstanding principal amounts of loan as well as accumulated interest thereon. According to this settlement, the Company has written back Rs. 1772.53 Lakhs of the Principal amount of loan and Rs. 1768.31 lakhs of Interest provision made in earlier years.

## Future Prospects :

The financial restructuring by way of One Time Settlement / Negotiated Settlement with the Financial Institutions and Banks has helped the Company to bring its operations back on track. During the year under review, the Company has successfully developed technology to use Cotton Stalks and other agricultural waste material like Tur, Maize, Jawar Stalks as raw material. This would substantially reduce our dependence on Bagasse. With aggressive marketing, the Company hopes to achieve higher turnover.

## Issue of Preference Shares :

As per the terms of One Time Settlement / Negotiated Settlement with the Financial Institutions, the Company is required to issue Cumulative Redeemable Preference Shares to IDBI and IBI. To enable the Company do so, necessary resolutions are being included in the notice of the forthcoming Annual General Meeting for the approval of the Shareholders.

## Directors :

Mr V S Raju and Mr. S Venkataswamy, Directors, would retire by rotation at the forthcoming Annual General Meeting of the Company; and being eligible, would 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.

## Directors' Responsibility Statement :

In accordance with the requirements of section 217 (2AA) of the Companies Act, 1956, the Directors declare that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- The Directors had selected such accounting policies and applied them consistently and made judgements 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 31<sup>st</sup> March, 05 and of the profit of the Company for the year ended on that date;
- 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
- The Directors had prepared the annual accounts on a 'going concern' basis.

## Conservation of Energy, Technology Absorption &amp; Foreign Exchange Earnings &amp; Outgo :

In terms of Section 217(1)(e) of the Companies Act, 1956, information relating to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo is set out in the annexure I, forming part of this report.

## Management Discussion &amp; Analysis and Corporate Governance :

A Report on the Management Discussion & Analysis and Corporate Governance forms part of this Report as Annexure II. The Certificate of the Statutory Auditors confirming compliance with Clause 49 of the Listing Agreement relating to Corporate Governance is also annexed to this report.

## Deposits :

During the year under review, the Company has not invited or accepted any deposits under section 58A of the Companies Act 1956.

## Personnel :

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 were no employees whose particulars are required to be given under section 217(2A) 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 conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.