



ECOBOARD INDUSTRIES LIMITED

20TH ANNUAL REPORT F.Y. 2010 - 2011

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. U.S Kadam, Independent Director
Dr. N.A. Ramaiah, Independent Director
Mr. Ramchandra Raju P.S, Independent Director
Mr. V.P Rane, Independent Director
Mr. Narasimhan Krishnan, Independent Director.

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.ecoboardindia.com

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 1629 / Fax (020) 2616 3503
Email : pune@linkintime.co.in

AUDITORS

M/s. Chaturvedi SK & Fellows, Mumbai
F-2, Vaishali, V. Mehta Marg, JVPD, Juhu,
Mumbai 400 049
Tele Fax (022) 6741 9960

INSTITUTIONS & 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) 4108 0800

Factory (Particle Bagasse Board Division)

Village Velapur, Taluka Malshiras,
District- Solapur, Maharashtra.
Tel. (02185) 24 52 61 /62,
Fax (02185) 24 52 03

BRANCHES

West Zone: Pune, Mumbai, Ahmedabad, Kolhapur

South Zone: Hyderabad, Bangalore, Vizag, Cochin, Chennai, Bhubaneshwar, Coimbatore

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

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

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NOTICE

Notice is given that the 20th Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Wednesday 28th September, 2011 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, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors with its annexures and Auditors thereon.
2. To appoint Director in place of Mr. U. S. Kadam, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Ramchandra Raju P.S. 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 :

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Chaturvedi SK & Fellows, Chartered Accounts, Mumbai, 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."

B. SPECIAL BUSINESS

5. To appoint Mr. G.R.K. Raju as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 317 and other applicable provisions, if any, of Companies Act, 1956 (The Act) read with schedule XIII as amended up to date, or any modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the appointment of Mr. G.R.K. Raju as Managing Director of the Company for a period of 5 years with effect from 9th August 2011 on the terms and conditions given in abstract u/s 302, forming part of this resolution and on the remuneration with powers to the Board of Directors to alter or vary the said terms and conditions and the remuneration payable to Mr. Gottumukkala Ramkrishna Raju in such manner as the Board may deem fit and is acceptable to Mr. G.R.K. Raju"

"RESOLVED FURTHER THAT in the event of there being a loss or inadequacy of profits in any financial year, the aforesaid remuneration payable to Mr. G.R.K. Raju shall be the minimum remuneration subject to the limits set out in schedule XIII of the Companies Act 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary and expedient to give effect to this resolution."

Abstract pursuant to section 302 of the Companies Act, 1956

Remuneration payable to Mr. G. R.K. Raju as Managing Director shall be as follows:

Terms of appointment : 5 years from 9/8/2011

1. **Salary:** Rs. 1,00,000/- p. m. in the scale of 1,00,000-10,000-1,50,000.
2. **Commission:** @ 1% of Net profits of the Company in any financial year, subject to the maximum as may be laid down by the Board of Directors from time to time.
3. **Perquisites:**
In addition to the aforesaid salary and commission, the Managing Director shall also be eligible for the following perquisites, viz;
 - a. **House Rent Allowance / Rent free** Accommodation as per rules of the Company;
 - b. **Medical Expenses** reimbursement for self & family actuals;
 - c. **Leave Travel Concession:** 1st class return passage by Air, Sea, Rail and/or Road for a period not exceeding 30 days, once a year, anywhere in the world and reimbursement of lodging and boarding and other incidental expenses during that period for self and family;
 - d. **Entertainment Expenses** at actuals;
 - e. **Club fees** at actuals (excluding admission fees);
 - f. **Expenses of domestic servants, personal gardner and personal driver** – reimbursement at actuals;
 - g. **Expenses for books, periodicals and newspapers** – reimbursement at actuals;
 - h. **Medical Insurance;**
 - i. **Personal Accident Insurance,**
 - j. **Company car with driver** for official purposes;
 - k. **Telephone** at residence;
 - l. **Casual, sick and annual Earned Leave** shall be as per the rules of the Company.

Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable and in absence of any such rules, the same shall be evaluated at actual cost.

4. Minimum Remuneration:

Notwithstanding anything contained hereinabove, where in any financial year during the currency of tenure of Mr. G.R.K. Raju as a Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. G.R.K. Raju by way of salary, perquisites and other allowances shall be limited to the limits laid down in Schedule XIII of the Companies Act 1956.

5. Additional Perquisites:

In addition to the salary, commission and perquisites referred above, Mr. G.R.K. Raju shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration, viz.

- a. Contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c. Encashment of leave at the end of the tenure.

Such resolution may be passed as an ordinary resolution.

6. To appoint Mr. V.S. Raju as Whole Time director on designation as a Executive Chairman and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, and other applicable provisions, if any, of Companies Act, 1956 (The Act) read with schedule XIII as amended up to date and all other applicable provisions, if any, of the Act, or any modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the appointment of Mr. V.S. Raju as Whole-time Director continues as Executive Chairman of the Company for a period of 5 years with effect from 9th August 2011 on the terms and conditions given in abstract u/s 302, forming part of this resolution and on the remuneration, with powers to the Board of Directors to alter or vary the said terms and conditions and the remuneration payable to Mr. V.S. Raju in such manner as the Board may deem fit and is acceptable to Mr. V.S. Raju."

"RESOLVED FURTHER THAT in the event of there being a loss or inadequacy of profits in any financial year, the aforesaid remuneration payable to Mr. V.S. Raju shall be the minimum remuneration subject to the limits set out in schedule XIII of the Companies Act 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary and expedient to give effect to this resolution."

Abstract pursuant to section 302 of the Companies Act, 1956

Remuneration payable to Mr. V.S. Raju as Whole time Director shall be as follows:

Terms of appointment : 5 years from 9/8/2011

1. **Salary:** Rs. 1,00,000/- p. m. in the scale of 1,00,000-10,000-1,50,000.
2. **Commission:** @ 1% of Net profits of the Company in any financial year, subject to the maximum as may be laid down by the Board of Directors from time to time.
3. **Perquisites:**
In addition to the aforesaid salary and commission, the Chairman shall also be eligible for the following perquisites, viz;
 - a. **House Rent Allowance / Rent free Accommodation** as per rules of the Company;
 - b. **Medical Expenses** reimbursement for self & family actuals;
 - c. **Leave Travel Concession:** Return 1st class passage by Air, Sea, Rail and/or Road for a period not exceeding 30 days, once a year, anywhere in the world and reimbursement of lodging and boarding and other incidental expenses during that period for self and family;
 - d. **Entertainment Expenses** at actuals;
 - e. **Club fees** at actuals (excluding admission fees);
 - f. **Expenses of domestic servants, personal gardner and personal driver** – reimbursement at actuals;
 - g. **Expenses for books, periodicals and newspapers** – reimbursement at actuals;
 - h. **Medical Insurance;**
 - i. **Personal Accident Insurance,**
 - j. **Company car with driver** for official purposes;
 - k. **Telephone** at residence;
 - l. **Casual, sick and annual Earned Leave** shall be as per the rules of the Company.

Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable and in absence of any such rules, the same shall be evaluated at actual cost.

4. Minimum Remuneration:

Notwithstanding anything contained hereinabove, where in any financial year during the currency of

tenure of Mr. V. S. Raju as Whole time Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. V.S. Raju by way of salary, perquisites and other allowances shall be limited to the limits laid down in Schedule XIII of the Companies Act 1956.

5. Additional Perquisites:

In addition to the salary, commission and perquisites referred above, Mr. V. S. Raju shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration, viz.

- a. Contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c. Encashment of leave at the end of the tenure.

Such resolution may be passed as an ordinary resolution.

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

"RESOLVED THAT Mr. Narasimhan Krishnan who was appointed as an additional Director by the Board of Directors pursuant to section 260 of the companies Act, 1956 with effect from 9th August 2011 and who holds office upto the date of Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as an independent director of the company liable to retire by rotation."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Place : Pune.
Date : 9th August 2011

**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. Explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 which set out details relating to the special businesses under item no. 5, 6 and 7 are annexed hereto.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. **The Register of Members and Share Transfer Register will remain closed from Saturday**

24th September, 2011 to Wednesday 28th September, 2011 (both days inclusive) for the purpose of Annual General Meeting.

5. 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.
6. 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.
7. The Company distributed Dividend for the F.Y. 2007-08 and 2008-09. Dividend remained as 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.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. G.R.K. Raju earlier was appointed as Whole-time Director designated as Executive Vice Chairman w.e.f. 1st April, 2008. Mr. V.S. Raju Chairman and Managing Director submitted his resignation from the post of Managing Director. The Board of Directors decided to appoint Mr. G.R.K. Raju as Managing Director of the Company for a period of 5 years with effect from 09/08/2011 subject to the approval of the members in the forthcoming Annual General Meeting of the Company. Hence the resolution at item No. 5 of the notice.

Mr. G.R.K. Raju is son in law of Mr. V.S. Raju, Executive Chairman, Mr. G.R.K. Raju and Mr. V.S. Raju are said to be interested in the said resolution.

Mr. G.R.K. Raju is one of the founder member and the promoter of ECOBOARD INDUSTRIES LIMITED. He has a vast industrial experience. He is also instrumental in the growth of the Company.

Your Board recommends his appointment.

ITEM NO. 6

Mr. V. S. Raju is with the Company since inception and was re-appointed as Chairman and Managing Director for a period of 5 years with effect from 1st April, 2007 at the sixteenth Annual General Meeting held on Friday 28th September, 2007. He resigned from the post of Managing Director with effect from 09th August, 2011 whilst he continues to be a Chairman. Board of directors in its meeting held on 09th August, 2011 decided to appoint him as Whole Time Director designated as Executive Chairman of the Company.

Mr. V.S. Raju himself and Mr. G.R.K. Raju, Mr. P. Satyanarayana Raju, Mr. Srinivas Raju P. Directors being relatives of Mr. V.S. Raju shall be deemed to be concerned or interested in passing of the resolution at item No. 6 of the notice

Mr. V.S. Raju is one of the founder member and the promoters of ECOBOARD INDUSTRIES LIMITED. He has a vast industrial experience. He is also instrumental in the growth of

the Company and has successfully sailed this Company through rough weather during the period of crisis.

Your Board recommends his appointment.

ITEM NO. 7

Mr. Narasimhan Krishnan is appointed as an Additional (Non-Executive, Independent) Director of the Company in the Board meeting held on August 9th, 2011. Pursuant to section 260 of the Companies Act, 1956, his term would end on the date of ensuing Annual General Meeting. Company received a notice in writing proposing his candidature for the office of Director and the present proposal is to seek the members' approval for the appointment of Mr. Narasimhan Krishnan as Non – Executive Director (Independent) in terms of the applicable provisions of the Companies Act, 1956 & under clause 49 of listing agreement with Bombay stock Exchange. Mr. Narasimhan will be paid sitting fees within the maximum permissible limits under Section 310 of the Companies Act, 1956.

Education :

Eng. Graduate (B.E.) from University of Madras 1962

Experience:

Last position held in SAC Automotive Components Ltd. as Vice President of the Company.

Achievement :

Large S. G. Foundry and critical Automotive Components.

It is necessary to pass a resolution for his regularization as director. Such resolution may be passed as an ordinary resolution.

Your Board recommends his appointment.

None of the director is said to be interested in the said resolution.

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

Place : Pune.
Date : 9th August 2011

**V.S. Raju
Chairman**

IMPORTANT COMMUNICATION TO MEMBERS

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) 26161629

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 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 20th Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2011.

Financial Results

(Rs. In Thousand)

Particulars	Current Year 2010-11	Previous Year 2009-10
Sales & Other Income	426,792	501,235
Operating Profit	34,920	24,142
Less:		
Interest	33,269	27,077
Depreciation	41,608	43,503
Profit for the year	(39,957)	(46,438)
Less: Provision for tax		
Income Tax	0	381
Net Profit/Loss after Tax	(39,957)	(46,819)
Less: Appropriations		
Dividend	0	0
Tax on Dividend	0	0
Surplus for the year	(39,957)	(46,819)
Add –Balance brought forward from the previous year	(312,357)	(265,538)
Balance carried to Balance sheet	(352,314)	(312,357)

Dividend

In view of loss in the current year, the Board of Directors does not recommend any dividend for the F.Y. 2010-11.

Business

Company suffered loss for the year 2010-2011 due to high price and poor availability of bagasse, the main raw material. It was only during last quarter of the year that bagasse availability improved and prices came down to some extent. Production of particle boards in one unit of the Company at Jambhulwadi remained suspended since April 2010.

Corporate Governance

As a listed Company necessary measures are taken to comply with provisions of the listing agreement entered with Bombay Stock Exchange. 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. U. S. Kadam and Mr. Ramchandra Raju P. S., 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.

During the year designation of Mr. P.Satyanarayana Raju has been changed from Joint Managing Director to Non-executive Director.

Mr. S. Venkatswamy has resigned from the post of director. The Board is thankful for his valuable contribution during his tenure as Director.

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, 2011 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 units. 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 plants.

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.

Auditors' Report

The Board has duly reviewed the Statutory Auditors' Report.

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 : 09/08/2011

**V.S. Raju
Chairman**

ANNEXURE I TO 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. R & D is in progress in development of Bio-mass gasification systems to generate electrical power.

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

i) Total Foreign Exchange earned & used –

Foreign Exchange Earned : NIL

Foreign Exchange used : Rs. 7957 Thousand