ECOBOARD

21st Annual Report

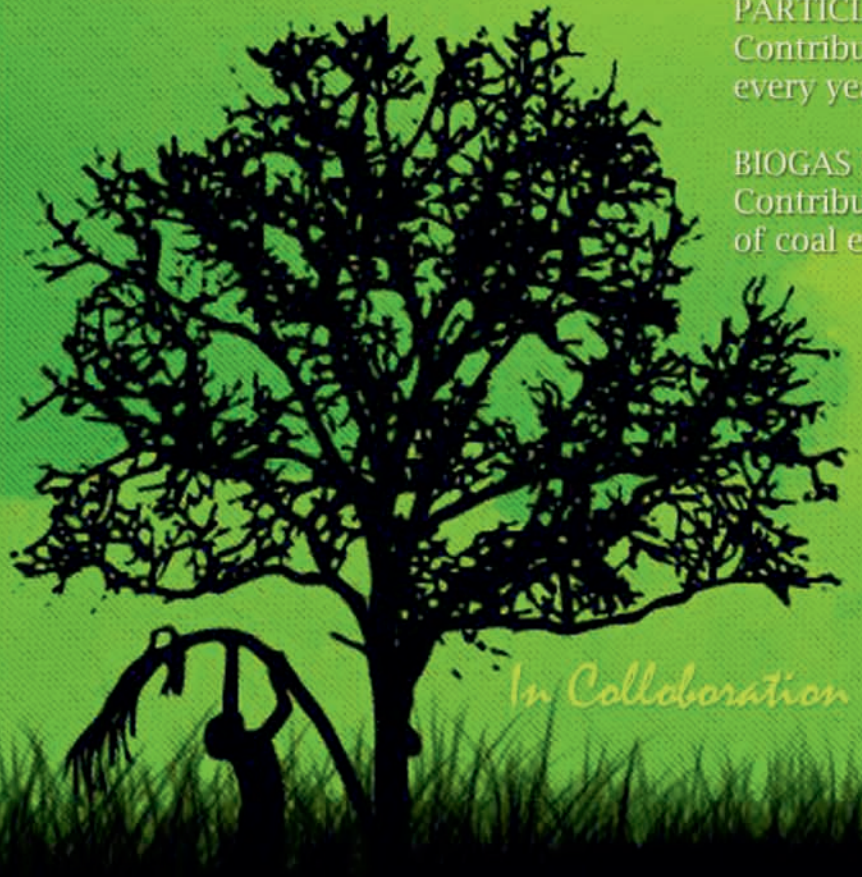
(2011 - 2012)

"You Must Be The Change You Wish To See In The World"

- Mahatma Gandhi

PARTICLE BOARD DIVISION:
Contributes to save 1* lakh trees every year

BIOGAS DIVISION:
Contributes to save 5* lakh tonnes of coal every year



In Collaboration With Nature



ECOBOARD INDUSTRIES LIMITED



Mr. V S Raju
Chairman
Ecoboard Industries Ltd.

Chairman's Communique

Dear Friends,

Mikhail Gorbachev, President of Green Cross International has rightly said that, "We need a new system of values, a system of the organic unity between humankind and nature and the ethic of global responsibility."

We are in the era of corporate sustainability and environment conservation where in our company is aiming to achieve new heights with the help of your loyal encouragement and assistance.

Modern society is facing various ecological problems which can only be solved by taking a close look at its lifestyle. This thought process led to the evolution of Ecoboard. In addition, global economic recession has pushed back our industry and we are constantly working on developing new technologies that can be commercially viable and at the same time serve the cause of environment.

Over the years Ecoboard has shown that its products can compete with the conventional wood and plywood products in design, aesthetics and utility.

Inspite of facing a rough patch we have been able to minimize losses in the year 2011-12 and now we are a debt free company, with a good net worth and runs on a sound business model which is very eco friendly. With the constant dynamics of opportunities & threats in our industry we hope the year 2012-13 will prove to be a metamorphosis in many ways. Expanding knowledge resources, innovation and flexibility will be the key strategic factors which will determine our future course of action.

Looking towards the future, Ecoboard will remain focused on agility, innovation and operational excellence. Recycling of agricultural waste is one of the major issues our country is facing. Waste itself is a human concept; everything in nature is eventually used. We at Ecoboard are at a constant struggle to initiate a dialogue with the government to develop a channel for collection and utilization of such waste. Energy conservation is also one of our primary concerns. Our effluent treatment plants are successful in not only saving coal equivalent energy but also preventing the adverse effect on foreign exchange. Further our new process of conventional cogeneration which utilizes the gasification and pyrolisation technology has ensured sustainable growth not only of our company but also of the society at large. Further through our Green Initiative products and processes we have tried to contribute our bit towards Corporate Social Responsibility.

I make a solemn appeal to the society to help us in our mission of a green, clean and ecofriendly environment.

I am grateful to the Board of Directors for their unwavering support and guidance. I am also thankful to management team, employees, our customers, suppliers, all regulatory authorities, our bankers, auditors, consultants, other business associates and legal advisors/counsels and above all the investors. It is through this that Ecoboard continues to be an engine of growth and promising future.

With warm regards,

Thanking You,
V.S. Raju
Chairman

ECOBOARD

ECOBOARD INDUSTRIES LIMITED

21ST ANNUAL REPORT 2011 - 2012

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

Mr. Pramod Patil

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 1629 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, Mumbai, Ahmedabad, Kolhapur
South Zone : Hydrabad, Banglore, Vizag, Cochin, Chennai, 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 21st Annual General Meeting of the Members of 'Ecoboard Industries Limited' will be held on Tuesday 25th September, 2012 at 11.00 a.m. at Hotel Shangrila Gardens, Off Karve Road, Near Nal Stop, Pune –411 004, to transact the following business :

A. ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2012, 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. V. P. Rane, who retires by rotation, and being eligible offers himself for re-appointment.

3. To appoint Director in place of Dr. N.A. Ramaiah, 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."

B. SPECIAL BUSINESS

5. To appoint Mr. Praveen Kumar Raju Gottumukkala as Whole Time director on designation as a Executive 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, 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. Praveen Kumar Raju Gottumukkala as Whole-time Director designated as Executive Director of the Company for a period of 5 years with effect from 1st April, 2012 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. Praveen Kumar Raju Gottumukkala in such manner as the Board may deem fit and is acceptable to Mr. Praveen Kumar Raju Gottumukkala."

   "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. Praveen Kumar Raju Gottumukkala 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. Praveen Kumar Raju Gottumukkala as Whole time Director shall be as follows :

   Terms of appointment: 5 years from 1st April, 2012

   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 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 at 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 gardener 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. Praveen Kumar Raju Gottumukkala as Whole time Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Praveen Kumar Raju Gottumukkala 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. Praveen Kumar Raju Gottumukkala shall also be eligible for the following perquisites which shall not be included in the computation of ceiling on remuneration, as prescribed under schedule XIII of the Act, 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.

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

Place : Pune.
Date : 14th August 2012

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. Proxy forms are made available in this Annual Report elsewhere.**

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 is 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 22nd September, 2012 to Tuesday 25th September, 2012 (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 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956
ITEM NO. 5 in the Notice

Mr. Praveen Kumar Raju Gottumukkala was appointed as additional director w.e.f. 12th November, 2011 and Board of directors in its meeting held on Tuesday, 14th August, 2012 decided to appoint him as Whole Time Director designated as Executive Director of the Company with remuneration for a period of 5 (Five) years with effect from 01st April, 2012 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. Praveen Kumar Raju Gottumukkala got Masters degree in Electronics Engineering from Southern Illinois University, USA and MBA (Corporate Finance) from Bentley University USA. He is son of Mr. G.R.K. Raju Managing Director of the Company and Grand Son 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.

Your Board recommends his appointment.

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

Place : Pune.
Date : 14th August, 2012

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) 2616350
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 21st Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2012.

Financial Results

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
	2011-12	**2010-11**
Profit before interest, depreciation, exceptional items and tax	322.74	161.44
Less:		
Interest	364.66	355.41
Depreciation	418.55	416.08
Profit/(Loss) for the year from ordinary activities	(460.47)	(610.05)
Add: Exceptional income	251.90	210.48
Less: Provision for tax		
Current tax	0	0
Deferred Tax	0	0
Net Profit/(Loss) after Tax	(208.57)	(399.57)
Less: Appropriations		
Dividend	0	0
Tax on Dividend	0	0
Surplus for the year	(208.57)	(399.57)
Add – Balance brought forward from the previous year	(3523.14)	(3123.57)
Balance carried to Balance Sheet	(3731.71)	(3523.14)

Dividend

In view of paucity of funds in the current year, the Board of Directors does not recommend any dividend for the F.Y. 2011-12.

Business

The business environment for company's products remained challenging during the year. Company tried to pass on the increase in input costs to the customers. This faced resistance from the customers leading to fall in sales of particle boards as well as biogas systems. It was only during later part of the year that the customers accepted increase in prices. Management's persistence with the increased selling price for its products helped in bringing down the losses from ordinary business activities. Management hopes to regain its sales volumes during the next year which should bring down the loss even further. Company had orders in hand of the value of more than Rs. 6 Crore for bio-gas systems.

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. V. P. Rane and Dr. N.A. Ramaiah, 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 financial year Company appointed Mr. Narasimhan Krishnan and Mr. Praveen Kumar Raju Gottumukkala as directors.

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, 2012 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 217of 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 issued for the financial year 2011-12.

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 depositories 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. **V.S. Raju**
Date : 14th August, 2012 **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 pyrolisation technology enables to recover over 64 per cent of the energy. The technology in underdevelopment stage awaits pilot plant studies and investment thereof.

Company is constantly working on developing new technology that can be commercially viable and, at the same time, serve the cause of environment.

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 : 59.48 Lakh