



Expanding frontiers

25th Annual Report 2005-06



CENTURYPLY

Corporate Information

BOARD OF DIRECTORS

B. L. Agarwal	<i>Chairman</i>
H. P. Agarwal	<i>Vice Chairman</i>
Sajjan Bhajanka	<i>Managing Director</i>
Sanjay Agarwal	<i>Dy. Managing Director</i>
Ajay Baldawa	<i>Executive Director</i>
N. R. Tater	<i>Executive Director</i>
Santanu Ray	<i>Director</i>
Manindra Nath Banerjee	<i>Director</i>
Mangi Lal Jain	<i>Director</i>
Sajan Kumar Bansal	<i>Director</i>
Brij Bhushan Agarwal	<i>Director</i>

COMPANY SECRETARY & CFO

A. K. Julasaria

AUDITORS

Ashok Kedia & Co.,
Chartered Accountants
4, Gangadhar Babu Lane
Kolkata 700 012

Kailash B. Goel & Co.
Chartered Accountants
31, Ganesh Ch. Avenue, 4th Floor
Kolkata 700 013

BANKERS

State Bank of India
Commercial Branch
N. S. Road, Kolkata 700 001

UCO Bank
Flagship Corporate Centre
N. S. Road, Kolkata 700 001

Oriental Bank of Commerce
Park Street Branch
Kolkata 700 016

REGISTERED OFFICE

6, Lyons Range
Kolkata 700 001

WORKS

Plywood, Veneer and Laminate Units
Diamond Harbour Road
Kanchowki, Bishnupur
Dist : 24 Parganas (S)
(West Bengal)

Ferro Alloy & Power Units
EPIP Area, Byrnihat
Dist. Ri-Bhoi
(Meghalaya)

REGISTRARS & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata 700 001

Directors' Report

Dear Shareholders,

Your Directors have great pleasure in presenting the 25th Annual Report together with the audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS

Rs. in Crores

	Consolidated 2005-06	2005-06	2004-05
Gross Income	456.56	289.33	172.98
Net Income	431.66	271.39	161.85
Profit Before Depreciation, Interest & Tax	78.15	25.89	14.66
Depreciation	19.09	6.47	3.37
Interest	12.37	4.22	1.82
Profit Before Tax	46.69	15.20	9.47
Current Tax	5.06	2.13	0.90
Deferred Tax	2.54	2.48	0.80
Adjustment for earlier years	0.59	—	—
Profit After Tax	38.50	10.59	7.77
Pre acquisition Profit of Subsidiaries	(10.55)	—	—
Minority Interest	4.06	—	—
Dividend (including tax on dividend)	5.12	2.92	2.31
Transfer to General Reserve	1.06	1.06	0.77
Profit & Loss Account Credit Balance Brought forward	20.49	20.49	15.80
Profit & Loss Account Credit Balance of erstwhile Shyam Century Ferrous Ltd Brought Forward	9.43	9.43	—
Profit & Loss Account Balance carried forward	47.63	36.53	20.49

Figures for the current year are not comparable with those of previous year as the current year figures include transactions arising out of amalgamation of erstwhile Shyam Century Ferrous Limited, with effect from appointed date 1st April, 2005.

AMALGAMATION OF SHYAM CENTURY FERROUS LTD.

During the year under review, pursuant to a Scheme of Amalgamation (the scheme) Shyam Century Ferrous Limited (SCFL) amalgamated with the Company with effect from 1st April, 2005 (Appointed Date). The Scheme was sanctioned by the respective Hon'ble High Courts of Judicature at Kolkata and Guwahati on 8th November, 2006 and 22nd November, 2006 respectively and Certified copies of orders were received on 6th December, 2006 and 7th December, 2006 respectively which have been filed with the respective Registrar of Companies at Kolkata and Shillong.

Pursuant to the scheme, the shareholders of SCFL are to be allotted three equity shares of Rs. 10/- each of the Company against every four equity shares of Rs.10/- each held by them in SCFL as on the record date to be decided. Accordingly 95,21,865 equity shares of Rs. 10/- each are to be issued to the shareholders of SCFL.

SCFL was engaged in manufacturing of Ferro Alloys (Ferro Silicon) and generation of power. The unit is located at Byrnihat, Meghalaya and 2 nos 9 MVA sub-merged Electric Arc Furnaces and a 13.8 MW Captive Power Plant have been installed.

By virtue of amalgamation of SCFL with the company, Cement Manufacturing Company Ltd. (CMCL) has become a subsidiary of the Company w.e.f 1st October, 2005 and the Company is holding 76.73% equity of CMCL. CMCL is engaged in manufacturing of cement and clinker with its unit at Lumshnong, Meghalaya. CMCL is marketing its products under “STAR Cement” brand which has, within a very short time, become a popular cement brand of the north eastern India. CMCL is having unique advantage of getting good quality Limestone from its captive mines and good quality coal in the vicinity of the plant.

W.e.f 23rd March, 2006, Megha Technical & Engineers Pvt. Ltd. (MTEPL) is a subsidiary of CMCL which is holding 99.56% equity of MTEPL. Thus MTEPL has also become a subsidiary of the Company. MTEPL is engaged in generation of power from its 9 MVA power plant and also has a large fleet of heavy machine equipment and vehicles used in mining activities. MTEPL is setting up a cement grinding unit with annual installed capacity of 4.5 lac MT which is expected to be operational by the end of the current financial year.

This merger is coherent with the current corporate trend of expansion via strategic acquisitions at industry level and also group level. The merger has resulted in :

- Creation of a combined base of higher profitability and assets,
- Benefits of vertical integration and diversification
- Formation of a more coherent strategy for growth by providing an opportunity to plan for future growth avenues with greater choices and larger pool of combined resources.
- Providing an access to a combined pool of marketing set-up and unhindered leveraging of common financial and managerial resources in pursuit of a unified strategy.
- Ensuring higher standards of corporate governance, assurance and risk management aspects.
- Unlocking the true potential of the combined resources.

As a result of this merger, the corporate boundaries have disappeared and a fully and truly integrated company has been created. Now, the shareholders would have an access to a combined pool of profits and cash flows.

PERFORMANCE AND OPERATIONS REVIEW

During the year, your Company achieved Gross Income of Rs. 289.33 crore against Rs.172.98 crore during the previous year reflecting a growth over 67 %. The year has seen substantially improved performance of the plywood and laminate divisions of the Company. Due to inadequate availability of power from the state grid, the potential of the Ferro Alloy Plant could not be harnessed optimally. In order to ensure optimal capacity utilization of the Ferro Alloy Plant, a 13.8 MW Captive Power Plant has been installed which has already commenced generation from March, 2006. During the year under review, the Company’s profit before tax increased to Rs. 15.20 crore from Rs. 9.47 crore in the previous year reflecting a growth of over 60%.

On consolidated basis your Company achieved Gross Income of Rs. 456.56 crore and profit after tax (excluding minority interest) of Rs. 32.01 crore. This being the first year of consolidated financial statement, previous year’s figures have not been ascertained.

DIVIDEND

The Directors approved payment of Interim Dividend @ Rs. 2.50 per equity share (i.e. 25%), exclusive of corporate tax on dividend, which was paid on 4th August, 2006 to those shareholders whose names appeared on the Register of Members of the Company at the close of business hours on 3rd August, 2006 after giving effect to all the valid transfers in physical form lodged with the Company and/or its Registrar and Share Transfer Agent, and in respect of shares held in demat form, on the basis of beneficial ownership as per the details furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

No further dividend is recommended for the financial year 2005-06.

SUBSIDIARIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts, along with the report of the Board of Directors relating to the Company's subsidiaries, Cement Manufacturing Company Limited and Megha Technical & Engineers Private Limited and respective Auditors' Report thereon for the year ended 31st March, 2006 are annexed. A Statement of Holding Company's interest in subsidiaries is enclosed.

Consequent upon acquisition of 51% shareholding in the equity of Century Star Shipping Ltd. (CSSL), w.e.f 27th November, 2006 CSSL has become a subsidiary of the Company. CSSL is engaged in shipping business and owning one tug with barge.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statement comprising of the financial statements of the Company and its subsidiaries are also annexed.

FUTURE OUTLOOK

Demand for plywood, Laminates, Ferro Alloys, Cement and others is directly related to the growth of housing, furniture, and infrastructure sector. With the ongoing boom in the housing sector, the anticipated growth in demand for plywood related products is estimated to be in the range of 25%. The growth in demand for plywood product is also justified by the growth witnessed in production of cement, finished steel and related products. Your Company is India's leading manufacturer of plywood, with a market share of about 20% of the organized sector. The Company's strong marketing and brand strategy has helped it to emerge as a prominent and leading plywood manufacturer. "CENTURY PLY" – the brand name under which the Company markets its plywood, is known for its quality. Further, value-added products have enabled the Company to cater niche segments and reinforce its image as a quality manufacturer. The Company expect to achieve growth of 25% every year and continue to command price premium.

In view of increasing infrastructure and construction activities in the country, demand for steel is also increasing. The demand for ferro alloys which is an important ingredient for the steel manufacturing, is directly linked with the increase in demand for steel. With the commencement of operations of the captive power plant, the ferro alloy plant is operating at optimum capacity in the current financial year and is expected to contribute significantly both to the top as well as the bottom lines of the Company.

Due to Government thrust on development of infrastructure like housing, power and roads the Indian Cement Industry is witnessing around 10% growth. The demand for Cement in north eastern region is growing at around 14%. The units in the north eastern region are enjoying various tax and other incentives, including exemption from excise duty, which provides them strategic advantages over the cement players in the main land who are also required to incur heavy transportation charges. In view of the ongoing boom in the cement industry, operational efficiency of the plant, strong brand, well established marketing network and the price advantages as mentioned above, the subsidiaries of the Company are expected to perform well and contribute significantly in the consolidated financial statements.

FUTURE PLANS OF EXPANSION

Considering buoyant demand for the products and strong value of "CENTURYPLY" brand, the Company is planning expansions both by way of acquisition as well as new units.

The Company is in the process of acquiring controlling interest in Auro Sundaram Ply & Door Pvt. Ltd., which has set up a plywood and veneer manufacturing unit at Raipur Industrial Area, Uttaranchal. The unit has a distinct advantage of access to local agro-forestry timber and is also entitled to various fiscal incentives including exemption of excise duty. Your Company is negotiating with several more companies for acquisition of controlling interest with a view to increase the market share in the plywood and allied industry.

Your Company has also applied to Centrally Empowered Committee (set up by Hon'ble Supreme Court of India) for permission to set up new units in the states of Uttaranchal, Punjab and Meghalaya for manufacturing of Plywood, Veneer, Particle Board and allied products.

The subsidiaries of the Company are also having ambitious growth plans. CMCL is proposing to expand its cement and clinker manufacturing capacity and is also exploring possibilities of Greenfield projects in the states of Assam, Bihar and Jharkhand. As mentioned above, MTEPL, another subsidiary of the Company, is setting up a cement grinding unit. CSSL is negotiating for more vessels to augment its capacity.

PUBLIC DEPOSITS

The Company did not invite or accept any deposits from the public under Section 58A of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to Corporate Governance Code prescribed by the Securities Exchange Board of India (SEBI). This annual report contains a detailed Corporate Governance Report along with Auditors' Certificate, as per requirement of Clause 49 of the Listing Agreements with the Stock Exchanges.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required by Clause 49 of the Listing Agreement with the Stock Exchanges for the year under review is given as a separate statement.

CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification has been submitted to the Board.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

Your Company firmly believes in all-around human resource development and cordial industrial relations. Identifying and rewarding human talent at all levels has helped Company to achieve all-around development both in terms of quality and economy.

The Company maintains absolute harmony with its work force. While inaugurating Company's newly set-up pre-laminated plant honorable chief minister of West Bengal congratulated company management and its workers for never having any work disturbance.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956.

None of the employees of the Company was drawing remuneration requiring disclosure under section 217 (2A) of the Companies Act, 1956.

Information as to conservation of energy

The Company has always been conscious of the need of conservation of energy. Adequate energy conservation steps are being taken in all plants and offices of the Company. The additional information on conservation of energy as for Company's ferro alloy unit is set out in a separate statement, attached to this report and forming part of it.

Information as to technology absorption

There is no specific area in which R&D is carried out by the Company but Company constantly carries out research for improvement of its products. During the year under review there has been no specific and material capital/recurring expenditure on R&D. The Company is a member of Indian Plywood Industries Research and Training Institute (IPIRTI) and has contributed Rs.20,000/- towards yearly subscription to IPIRTI. The technologies used by the Company are indigenous. Constant efforts are made towards absorption, adaptation and innovation of technologies used, for improvement /development of products of the Company.

Foreign Exchange earnings and outgo

Earnings in Foreign Exchange	Rs. 666.80 lacs
Expenditures in Foreign Exchange	Rs. 7778.45 lacs

DIRECTORS

In accordance with Articles of Association of the Company Sri Santanu Ray, Sri Manindra Nath Banerjee, and Sri Ajay Baldawa retire from office by rotation, and being eligible, offer themselves for re-appointment.

Sri Mangi Lal Jain, Sri Sajan Kumar Bansal and Sri Brij Bhushan Agarwal were appointed as Additional Directors of the Company by the Board of Directors and they holds such office till the ensuing Annual General Meeting. The Company has received a notices under Section 257 of the Companies Act, 1956 proposing their candidature to the office of the Director of the Company. In view of considerable experience of Sri Jain, Sri Bansal and Sri Agarwal, your Directors recommend their appointment.

Sri K. B. Sapat resigned during the year. Your Directors wish to place on record their sincere appreciation for the services rendered by Sri Sapat during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

- (i) That in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed and that no material departures have been made from the same ;
- (ii) That they have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2006 and of the profit of the Company for that period.
- (iii) That they have 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
- (iv) That they have prepared the annul accounts on going concern basis.

AUDITORS' REPORT

The observations made in the Auditors' Report are self explanatory and as such do not call for any further comments.

AUDITORS

M/s. Ashok Kedia & Company, Chartered Accountants and M/s. Kailash B. Goel & Co. , Chartered Accountants both Joint Auditors of the Company, retire at the conclusion of ensuing annual general meeting. Both M/s. Ashok Kedia & Co. and M/s. Kailash B. Goel & Co. have offered themselves for reappointment and have confirmed their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their appointment for the ensuing year.

APPRECIATION

Your Directors record their appreciation of the valuable services rendered by all the employees of the Company, their gratitude to all bankers for their assistance and to the Company's shareholders, customers and suppliers for their continued support.

For and on behalf of the Board of Directors

Kolkata
16th December, 2006

B. L. Agarwal
Chairman

Annexure - I

DISCLOSURE AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2006.

Form for Disclosures of particulars with respect to conservation of energy :

Sl No.			
A	Power and Fuel Consumption		
	Electricity		
	A	Purchased	
		Units (Lacs KWH)	230.60
		Total Amount (Rs. in Lacs)	547.21
		Rate / unit (Rs.)	2.37
	B	Own Generation	
		Through Diesel Generator	
		Units (Lacs KWH)	0.37
		Unit / Ltr of HSD	3.14
		Total Amount (Rs. in Lacs)	3.25
		HSD cost / Unit Generated (Rs./unit)	8.68
		HSD Rate / Litre (Rs.)	27.26
	C	Through Captive Power Unit	
		Units (Lacs KWH)	10.42
		Total Cost (Rs. in Lacs)	30.28
		Rate / Unit (Rs.)	2.90
B	Consumption per Unit of Production		
		Electricity (KWH/T of Ferro Silicon)	9060.98
		HSD (Ltr / T of Ferro Silicon)	4.48

Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, its policies and the manner in which it deals with stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company, is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and to enhance the trust and confidence of the stakeholders.

The importance of corporate governance has always been recognized by your company and is manifest in its vision. In accordance with the Listing Agreement, a certificate from the Auditors of the Company for compliance of Corporate Governance by the Company has been inserted elsewhere in the Annual Report. A report for the financial year 2005-06, in line with the requirement of the stock exchanges, on the practice followed by the company and other voluntary compliances is given below:

2. BOARD OF DIRECTORS

2.1 Composition

As on 31st March, 2006 the Board of Directors Consisted of nine Directors, headed by non-executive Chairman, as under :

Sl.	Name	Designation	Whether Promoter	Whether Executive	Whether Independent
1.	Sri B. L. Agarwal	Chairman	Yes	No	No
2.	Sri H. P. Agarwal	Vice Chairman	Yes	No	No
3.	Sri Sajjan Bhajanka	Managing Director	Yes	Yes	No
4.	Sri Sanjay Agarwal	Dy. Managing Director	Yes	Yes	No
5.	Sri Ajay Baldawa	Executive Director (Tech)	No	Yes	No
6.	Sri N. R. Tater	Executive Director (Com)	No	Yes	No
7.	Sri M. N. Banerjee	Director	No	No	Yes
8.	Sri Santanu Ray	Director	No	No	Yes
9.	Sri Magi Lal Jain	Director	No	No	Yes

The Board of Directors of the company have an optimum combination with one third board comprising of independent directors and less than fifty percent of board comprising of non-executive directors.

2.2 Other Directorship, Committee Membership and Chairmanship

The details about positions held by Board of Directors as Directors of other Public Limited Companies, Committee Membership and Committee Chairmanship is as under :

Sl.	Name	Number of Other		
		Directorship of Public Limited Companies	Committee Membership	Committee Chairmanship
1.	Sri B. L. Agarwal	2	—	—
2.	Sri H. P. Agarwal	2	—	—
3.	Sri Sajjan Bhajanka	4	—	—
4.	Sri Sanjay Agarwal	5	—	—
5.	Sri Ajay Baldawa	—	—	—
6.	Sri N. R. Tater	—	—	—
7.	Sri M. N. Banerjee	—	—	—
8.	Sri Santanu Ray	2	—	—
9.	Sri Kiran B. Sapat (upto 30.12.2005)	—	—	—
10.	Sri Mangi Lal Jain (From 30.12.2005)	4	1	1

No Director holds membership of more than 10 committees of Boards nor is a Chairman of more than 5 Committees of Boards of all the companies in which he is a Director.

2.3 Board Meetings & Procedure

The Board meets in executive session at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. The Company Secretary, in consultation with the Chairman and Managing Director, will prepare the agenda for the meeting. Information and data that are important to the Board's understanding of the business in general and relating to the matters tabled for discussion. The agenda and relevant enclosures are distributed to the members of the Board sufficiently in advance of the meeting. Sensitive material, however, is presented for discussion at the meeting only. The meetings of the Board of Directors are generally held at Company's Registered Office at Kolkata, and generally scheduled well in advance

2.4 Number and Dates of Board Meetings held during the year

During the year the Board has met twelve times, as against minimum requirement of 4 meetings. The dates on which the meetings were held are : 2nd April, 2005, 6th May 2005, 26th May 2005, 21st June 2005, 30th July 2005, 15th September 2005, 31st October 2005, 30th December 2005, 31st January 2006, 7th February, 2006, 13th February, 2006 and 24th February 2006.

Attendance at the Board Meetings during the financial year 2005-06, last Annual General Meeting are as under :

Sl.	Name	No. of Board Meetings held	No. of Board Meeting Attended	Last AGM Attended
1.	Sri B. L. Agarwal	12	12	Yes
2.	Sri H. P. Agarwal	12	12	Yes
3.	Sri Sajjan Bhajanka	12	11	Yes
4.	Sri Sanjay Agarwal	12	11	Yes
5.	Sri Ajay Baldawa	12	10	Yes
6.	Sri N. R. Tater	12	12	Yes
7.	Sri M. N. Banerjee	12	12	Yes
8.	Sri Santanu Ray	12	11	Yes
9.	Sri Kiran B. Sapat (Upto 30.12.2005)	12	1	No
10.	Sri M. L. Jain (From 30.12.2005)	12	4	No

2.5 Changes

Sri Kiran B. Sapat was appointed as an Directors in last Annual General Meeting. Sri Sapat resigned from the Board of the Company w.e.f. 30th December, 2005 and Sri Mangi Lal Jain was appointed as an Additional Director by the Board of Directors at their meeting on 30th December,2005.

3. COMMITTEES OF BOARD

3.1 Audit Committee

The primary objective of the Audit Committee of the company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

During the year the Audit Committee was met four times on 21st June, 2005, 30th July, 2005, 31st October, 2005 and 31st January, 2006.

The Committee consists three Directors and the attendance of each member of the Committee are given below:

Name	Designation	Committee meetings attended
Sri Santanu Ray	Chairman	4
Sri M. N. Banerjee	Member	4
Sri H. P. Agarwal	Member	4

All the members of the committee are financially literate. The committee is headed by Sri Santanu Ray, who is a fellow member of the Institute of Chartered Accountants of India and is also Ph D. He is having substantial business experience in management consultancy and management education. Presently he is Director of ICFAI Business School, Kolkata.

The Company Secretary acts as Secretary to the Committee.

The meetings of the Audit Committee were also attended by the Executive Director (Commercial), the Manager-Accounts, Internal Audit Incharge and representatives of the Statutory Auditors as invitees for the relevant meetings.

Terms of reference of the Audit Committee include the following:

- a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- b) Recommending appointment, re-appointment and if required removal/replacement of statutory, branch and internal auditors and recommend their remuneration.
- c) Reviewing, with the management the quarterly financial statements before submission to the Board for approval.
- d) Reviewing with the management, the annual audited financial statements before submission to the board for approval, with particular reference to Directors' Responsibility Statement, Change in Accounting Policies, Major Accounting entries, Audit findings, Audit Qualifications, Related party transactions and Compliance with listing agreements of stock exchanges.
- e) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain areas of concern.
- f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control system.
- g) Reviewing the adequacy of internal audit function and discussion with internal auditors any significant finding and follow up.
- h) To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary.
- i) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit report.

3.2 Remuneration Committee

The primary objective of the Remuneration Committee of the company is to frame policy guidelines for remuneration to its executive, non executive directors.

During the year the Remuneration Committee has met two times on 6th May, 2005, and 14th February, 2006.

The Committee consists of three Directors and the attendance of each member of the Committee are given below:

Name	Designation	Committee meetings attended
Sri Santanu Ray	Chairman	2
Sri M. N. Banerjee	Member	2
Sri H. P. Agarwal	Member	2

The Company Secretary acts as Secretary to the Committee.

Details of remuneration to Directors

Executive Directors:

Sl. No	Name of the Director	Designation	Remuneration Rs.
1.	Sri Sajjan Bhajanka	Managing Director	9,00,000
2.	Sri Sanjay Agarwal	Dy Managing Director	9,00,000
3.	Sri Ajay Baldawa	Executive Director	5,16,000
4.	Sri N. R. Tater	Executive Director	4,02,000

The remuneration shown above is salary paid and is total consolidated payment made.

Non-Executive Directors :

The Company does not pay any remuneration to Non-Executive Directors, except sitting fees for attending the meetings of the Board and reimbursement of traveling and out of pocket expenses for attending such meetings. During the year company paid sitting fee @ Rs.2500/- which was increased to Rs. 5000/- for attending a meeting of the board of the company. The promoter directors voluntarily waived sitting fee for the meetings attended by them. The details of sitting fee paid to Non-Executive Directors during the year 2005-06 are given below:

Sl. No	Name of the Non-Executive Director	Designation	Sitting Fee (Rs.)
1.	Sri Manindra. Nath. Banerjee	Director	32500
2.	Sri Santanu Ray	Director	30000
3.	Sri Mangi Lal Jain	Director	12500
4.	Sri Kiran B. Sapat	Director	2500

The salient terms of appointment and payment of remuneration to Managing, Deputy Managing and Executive Directors :

Period of Appointment	Sri Sajjan Bhajanka Sri Sanjay Agarwal Sri Ajay Baldawa Sri Nag Raj Tater	Upto 31st March,2011 Upto 30th June, 2011 Upto 30th June, 2011 Upto 15th July, 2007
Salary Scale	Sri Sajjan Bhajanka Sri Sanjay Agarwal Sri Ajay Baldawa Sri Nag Raj Tater	Rs. 15,00,000 p.a. Rs. 15,00,000 p.a. Rs. 12,00,000 p.a. Rs. 540,000 p.a.
Perquisites and Allowances (excluding company's contribution to provident , superannuation & gratuity funds and leave encashment)	Sri Sajjan Bhajanka Sri Sanjay Agarwal Sri Ajay Baldawa Sri Nag Raj Tater	Rs. 6,00,000 p.a. Rs. 6,00,000 p.a. Rs. 6,00,000 p.a. Rs. Nil
Minimum Remuneration in case of inadequacy of profit during any financial year.	Remunerations mentioned above are Minimum Remuneration in case of inadequacy of profit during any financial year.	
Notice Period on either side	Three Calendar Months from either side	
Severance fees payable by the company for termination of employment.	Nil	

3.3 Shareholders / Investors' Grievance Committee

The Board has constituted Share Transfer cum Investor Grievance Committee comprising of Non-Executive Directors. The Committee, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressing of shareholders' complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

During the year the Committee has met 15 times on 18th April 2005, 29th April, 2005, 16th May 2005, 15th June 2005, 29th July 2005, 31st August, 2005, 30th September 2005, 31st October 2005, 16th November 2005, 30th November, 2005, 30th December 2005, 16th January, 2006, 28th February, 2006, 15th March 2006 and 30th March 2006 and considered the share transfers, issue of duplicate shares, re-materialization of shares and other investor grievances.

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Committee meetings Attended
Sri H. P. Agarwal	Chairman	16
Sri M. N. Banerjee	Member	16

Sri A. K. Julasaria, Company Secretary is Compliance Officer of the Company for attending to Complaints/Grievances of the members.

During the year under review, all 19 complaints received from investors were replied / resolved to the satisfaction of the investors. The complaints pending at the beginning and at the closing of the year were Nil.

4. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings

AGM	Year ended	Venue	Date	Time
22nd	31.03.2003	Registered Office of the Company	25.08.2003	11-30 AM
23rd	31.03.2004	Registered Office of the Company	24.09.2004	11-30 AM
24th	31.03.2005	Merchants Chamber of Commerce 1 15 B, Hemant Basu Sarani Kolkata – 700 001	15.09.2005	11-00 AM

Following Special Resolutions were passed in last three Annual General Meetings.

At 22nd AGM Special Resolution was passed u/s 31(1) of the Companies Act, 1956 to alter the Articles of Association for increasing authorized share capital of the company from Rs.6.00 crores to Rs. 10.00 crores.

At 22nd AGM Special Resolution was passed u/s 81(1) of the Companies Act, 1956 to issue 20,06,352/- equity shares of Rs.10/- each at a premium of Rs.30/- each on right basis to the existing equity shareholders of the company in the ratio of two equity shares for every five equity shares held.

At 22nd AGM Special Resolution was passed u/s 149(2A) of the Companies Act, 1956 to commence laminate and others business.

At 24th AGM Special Resolution was passed for delisting equity shares of the company from the Ahmedabad Stock Exchange, the Delhi Stock Exchange and the Calcutta Stock Exchange as per SEBI (Delisting of Securities) Guidelines, 2003.

At an Extra Ordinary General meeting held on 25th June, 2004 Special Resolutions were passed u/s 31(1) of the Companies Act, 1956 to alter the Articles of Association for increasing authorized share capital of the company from Rs.10.00 crores to Rs. 15.00 crores and to issue 3414516 Bonus Shares in the ratio of one equity share for every two equity shares held.

During the financial year 2005-06 no Special Resolution was passed through postal ballot.

No resolutions is proposed to be put through postal ballot in 25th AGM.

5. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company does not have any related party transactions, which may have potential conflict with the interest of the Company. Other related party transactions have been reported in Notes to Accounts. The Register of Contracts containing transactions, in which the Directors are interested, is placed before the Board regularly.

6. CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management (the code). This code is a comprehensive code applicable to all Directors, Executive as well as Non-executive and also to members of senior management.

A copy of the code has been put on the company's website www.centuryply.com

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

7. RISK MANAGEMENT

Your Company has a comprehensive risk management policy. The risk policy provides for identification of risk, its assessment and procedures to minimize risk. The risk policy is periodically reviewed to ensure that the executive management controls the risk as per decided policy. During the year a detailed risk management exercise was carried out and risk management policy was reviewed by the audit committee and the Board. The risk management issues are discussed in Management Discussion and Analysis.

8. CEO/CFO CERTIFICATION

Mr. Sajjan Bhajanka, Managing Director & CEO and Mr. A. K. Julasaria, Company Secretary & CFO of the Company have certified that :

- (a) They have reviewed financial statements and cash flow statement for the year and to the best of their knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company which are fraudulent, illegal, violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design of operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which they have become aware and the involvements therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

9. DETAILS OF NON-COMPLIANCES ETC

There has been no instance of non-compliance by the Company on any matter related to capital market. Hence the question of penalties or strictures being imposed by SEBI or the Stock Exchanges does not arise.

10. MEANS OF COMMUNICATION

Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately the same are considered by the Board and are published on prominent English and Bengali newspapers usually in The Economic Times and Dainik Lipi. The financial results are also available on the website of the Company –www.centuryply.com.

11. MANAGEMENT DISCUSSION AND ANALYSIS

This information is set out in a separate section included in this annual report.

12. GENERAL SHAREHOLDER INFORMATION

12.1. Annual General Meeting:

Date	: 30th December,2006
Time	: 11.00 A.M.
Venue	: Somany Conference Hall Merchants Chamber of Commerce 15B Hemant Basu Sarani Kolkata 700 001
Financial year	: 1st April 2005 to 31st March 2006
Book Closure date	: Not Applicable
Dividend payment date	: Interim Dividend already paid on 4th August, 2006 No further dividend Recommended.

12.2. Listing on Stock Exchanges: The Company's shares are presently listed on following four stock exchanges.

- a) The National Stock Exchange of India Ltd.(NSE),
Exchange Plaza
Bandra- Kurla Complex
Bandra (E)
Mumbai 400 051
Stock Symbol CENTURYPLY
- b) The Bombay Stock Exchange (BSE),
P J Towers
Dalal Street, Fort
Mumbai 400 001
Stock Code 532548
- c) The Calcutta Stock Exchange Association Ltd. (CSE)
7, Lyons Range
Kolkata 700 001
Stock Code 13327
- d) The Delhi Stock Exchange Association Ltd. (DSE)
DSE House,
3/1, Asaf Ali Road,
New Delhi 110 002
Stock Code 9201

In addition to above the Company's equity shares were also listed on Ahmedabad Stock Exchange (ASE). During the year 2005-06 the Company, applied for de-listing of its securities from ASE, CSE and DSE as Securities & Exchange Board of India (Delisting of Securities) Guidelines 2003. In response to company's such applications ASE had already confirmed de-listing but confirmation from CSE and DSE is awaited.

The Company has paid listing fees, as applicable to the respective stock exchanges for the financial year 2005-06. In view of application of delisting to CSE and DSE the Company paid listing fee for the year 2006-07 to BSE and NSE only.

12.3. ISIN No. : INE348 B 01013

12.4. Market Price Data :

Monthly high and low quotations as well as the volume of shares traded at Bombay Stock Exchange where the shares are regularly traded, for the financial year 2005-06 are as follows :

Month	Bombay Stock Exchange (BSE)		
	Low	High	Volume
2005			
April	75.10	86.90	29775
May	77.90	107.20	111679
June	85.00	100.00	71546
July	87.00	137.00	350003
August	103.00	123.00	96583
September	96.00	125.00	146233
October	80.30	104.95	47877
November	78.25	86.00	61724
December	77.00	93.00	40116
2006			
January	92.00	119.55	132671
February	109.40	154.00	348709
March	148.10	206.40	317821

Note : The Company's shares were listed and available for trading on NSE w.e.f. 23rd March,2006.

Performance of Company's shares in comparison of BSE Sensex is as under

Month	BSE Sensex		Company's Shares	
	Closing	% Change	Closing	% Change
2005				
April	6154.44	(5.21)	76.00	(3.92)
May	6751.11	9.11	90.10	18.55
June	7193.85	7.13	89.70	(0.44)
July	7635.42	6.14	119.15	32.83
August	7805.43	2.23	104.75	(12.09)
September	8634.48	10.62	99.50	(5.01)
October	7892.32	(8.60)	81.00	(18.59)
November	8788.81	11.36	83.00	2.47
December	9397.93	6.93	92.00	10.84
2006				
January	9919.89	5.55	119.55	29.95
February	10370.24	4.54	151.05	26.35
March	11279.90	8.77	186.00	23.14

Note : Figure in bracket indicate minus figure.

12.5. Depository Registrar and Share Transfer Agent:

M/s. Maheshwari Datamatics Private Ltd.,
6, Mangoe Lane,
Kolkata 700 001
Phone No. 033- 22435029/5809
Fax : 033-22484787
Email : mdpl@cal.vsnl.net.in

12.6. Share Transfer System

The Shareholders' Committee approves transfer of shares in physical mode.

The Company's Registrar transfers the shares within 30 days of receipt of request. Dematerialization is done within 20 days of receipt of request along with the shares through the Depository Participant of the shareholder.

The Shareholders' Committee / Grievance Committee generally meets once in a month for approving share transfers and for attending to any grievances or complaints from members.

12.7. Distribution of shareholding

Category	As on 31st March, 2006			
	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1 - 500	1319	75.59	241529	2.36
501 - 1000	219	12.55	165220	1.61
1001 - 2000	90	5.16	135109	1.32
2001 - 3000	38	2.18	93161	0.91
3001 - 4000	14	0.80	51051	0.50
4001 - 5000	11	0.63	52470	0.51
5001 - 10000	23	1.31	171720	1.68
10001 - and above	31	1.78	9333288	91.11
TOTAL	1745	100	10243548	100

12.8. Shareholding pattern

Category	As on 31.03.2006	
	No. of Shares	% to Share Capital
Indian Promoters	7664708	74.82
Mutual Funds	890600	8.69
Private Corporate Bodies	468916	4.58
NRIs	544	0.01
Indian Public	1218780	11.90
TOTAL	10243548	100.00

12.9. Dematerialization of shares and liquidity

The Company's shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Depository Registrar are confirmed within the statutory period.

The International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE348 B 01013. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, M/s. Maheshwari Datamatics Private Limited.

The Company's Depository Registrars promptly intimate the DPs in the event of any deficiency and the shareholder is also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate action initiated.

As on 31st March, 2006, 97.49 % shares were in demat mode.

12.10. Plant Locations

Plywood, Veneer and Laminate Units
Diamond Harbour Road
Kanchowki, Bishnupur
Dist : 24 Parganas (S), (West Bengal)

Ferro Alloy & Power Units
EPIP Area, Byrnihat
Dist. Ri-Bhoi
(Meghalaya)

12.11. Address for correspondence

The Company Secretary & Compliance Officer
Century Plyboards (India) Limited,
6, Lyons Range, Kolkata 700 001
Phone: 033-2210 4321/26 (6 lines)
FAX: 033-2248 3539
Email : arun@centuryply.com
Website: www.centuryply.com

For and on behalf of the Board of Directors

Kolkata
16th December, 2006

B. L. Agarwal
Chairman

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Registration No. of the Company: 34435
Nominal Capital: Rs.15,00,00,000/-

To
The Members
Century Plyboards (I) Ltd
6, Lyons Range
Kolkata 700 001

We have examined all relevant records of Century Plyboards (India) Limited for the purpose of certifying compliance of the conditions of Corporate Governance under the proposed Clause 49 of the Listing Agreement with the Stock Exchanges where the shares of the Company are listed for the financial year ended 31st March, 2006. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory requirements of the said Clause 49 of the Listing Agreement.

For Ashok Kedia & Co.
Chartered Accountants
CA. A. K. Kedia
Partner
M. No. 50510

For Kailash B. Goel & Co.
Chartered Accountants
CA. Kailash B. Goel
Partner
M. No. 55345

Place: Kolkata
Date : 16th December, 2006

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENT

The present economic situation in the country and industry specific indicators point to buoyancy in housing and infrastructure sector. If we aspire to become a developed nation by the year 2020, we must ensure a decent house for each family in our country. According to the Ministry of Urban Development, the total housing requirement of the country is 200-225 million units out of which we have near about 170 million. Apart from present shortage the next 15-20 year will create additional demand for near about 70 million houses. In the present situation industry including interior infrastructure will have to gear up to face such additional demand. A significant awareness and rise in income is migrating consumer from unbranded to branded quality products.

OPPORTUNITIES AND THREATS

In view of booming infrastructure and housing demand for Plywood, Laminates, Ferro Alloys and Cement is anticipated to remain buoyant and steady.

The biggest threat to plywood industry is from un-organized sector, which can sell goods at substantially low prices. Plywood industry is highly fragmented, with unorganized sector controlling majority of the market. Low entry barriers such as low capital requirements and the small scale industry status encourage new entrants. Despite brand building and aggressive marketing the Company continues to face stiff competition from the unorganized sector.

The Industry may also face threat from readymade imported furniture, plastic, metal furniture.

The Company is India's leading manufacturer of plywood and related products. The Company's strong marketing and brand strategy have helped it to emerge as a prominent and leading plywood manufacturer. "CENTURYPLY" – the brand name under which the Company markets its plywood, is known for its quality.

Further, value-added products have enabled the company to cater niche segments and reinforce its image as a quality manufacturer. The Company could ward off competition from the unorganized sector due to these reasons and expect to sustain its growth levels and continue to command price premium. As such unorganized sector producers have their own market segment and are unlikely to affect Company's market segment.

The Industry and Company does not have any immediate significant threat from imported furniture, plastic, metal furniture as they have their own market segment and majority of market is still dominated by customized interior. Low priced imported furniture are rather threat to unorganized sector.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Plywood

Plywood segment achieved substantial growth and higher profitability. The turnover of this segment was up from Rs. 131.91 crores in 2004-05 to Rs. 191.40 crores in 2005-06 showing a growth over 45%. The profit of this segment also increased from Rs. 5.43 crores to Rs. 10.39 crores showing a growth over 91%. As per published financial results available for leading plywood companies, your Company continued to remain India's leading plywood manufacturer.

Laminates

Laminate division also performed quite well. The capacity utilization of laminate division increased from 31% to over 64%. Within two years of commencement, the operations have stabilized and division has started contributing to the bottom line of the Company. The 'CENTURYPLY MICA' – the brand under which company's laminates are being sold is today a symbol of quality and is attaining consumer preference.

Ferro Alloys

Due to inadequate availability of power from the state grid, the potential of the Ferro Alloy plant could not be harnessed optimally during the year 2005-06. In order to ensure optimal capacity utilization of the Ferro Alloy Plant, a 13.8 MW Captive Power Plant has been installed which has already commenced generation from March, 2006.

Cement

Cement segment, being operated by Company's subsidiary Cement Mfg. Co. Ltd., posted an impressive performance with capacity utilization of 124%. The plant also achieved satisfactory kiln factor and recorded optimum clinker production.

Others

Other segments mainly jetty operations, adhesive and chemicals also performed well during 2005-06.

Out look

Your Company's products mainly plywood, laminates, ferro alloys, cements and others are linked with the

infrastructure and housing sector. In view of increase in infrastructure and construction activities, your Company is hopeful of significant growth. With modern plants, latest technologies, and precious brands the products of your Company have positioned them to fully exploit the emerging opportunities.

Risks and Concerns

Your Company has a comprehensive risk management policy. The risk policy provides for identification of risk, its assessment and procedures to minimize risk. The risk policy is periodically reviewed by the audit committee to ensure that the executive management controls the risk as per decided policy.

Some of the key risks affecting your Company are illustrated below :

Foreign Exchange Risk

Your Company's imports exceed exports. At any given time your company have substantial foreign exchange liability. Any adverse fluctuation in foreign exchange may expose company to foreign exchange risk. Your Company's policy is to review foreign exchange risk on regular basis and hedge, if required.

Interest Rate Risk

Your Company is exposed to interest rate fluctuations on its borrowings. Your Company uses a judicious mix of fixed and floating rate debts within the stipulated parameters. Your Company has been able to negotiate the debts at most competitive rates due to reputation and satisfactory performance.

Manpower Retention Risk

Your Company has a wide marketing network spread across the country. Your Company deals in consumer goods through large dealers network and have to maintain large marketing team. In today's competitive environment company has to face frequent employee turnover. Your Company has devised a simulative HR policy and performance based incentive system to address this.

Government Policy Change Risk

Changes in Government Policies specially with respect to Custom Duty and Excise Duty may affect the operations of your Company. However, in recent past the Government Policies are consistent and favourable to industry. The Company rather expect favourable announcements from the Government to boost infrastructure and housing.

Internal Control System and their Adequacy

The Company has adequate and effective internal control system, which are continuously reviewed for their effectiveness. The systems are periodically reviewed by Audit Committee and suggestions of committee are carried out. The Company has double Certifications ISO 9001 (Quality Systems) and ISO 14001 (Environment Management Systems) from Det Norske Veritas (DNV).

Discussion on Financial Performance with respect to Operational Performance

Your Company registered total income of Rs. 289.33 crores which is higher than the previous year. Operating profit was higher reflecting effective management of operations. All segments contributed to the profits of the Company.

Material Developments in Human Resources / Industrial Relation front, including number of people employed

The Company strictly adheres to ISO 9001:2000 mandated training. All employees receive on going learning opportunities through customized programs that are designed in-house. Company encourages its employees to attend outside seminars. The employees are encouraged to offer constructive suggestions for improvement in their respective areas which are thoroughly discussed in departmental meetings. Employees are covered by incentive system encouraging them to perform their best.

The Company maintains absolute harmony with its work force. Since inception there had not been even a single instance of strike, lockout at Company's any of manufacturing establishments.

The total manpower strength of the Company as on 31st March, 2006 was 1536.

Cautionary Statement

The statements in the "Management Discussion and Analysis Report" section describing the Company's objectives, projections, estimates, expectations and predictions may be "forward looking statements" within the meaning of applicable Securities laws and regulations. The annual results can differ materially from those expressed or implied, depending on the economic conditions, Government policies and other incidental factors.

Kolkata
16th December, 2006

For and on behalf of the Board of Directors
B. L. Agarwal
Chairman

Auditors' Report

To The Members of Century Plyboards (India) Limited

1. We have audited the attached Balance Sheet of CENTURY PLYBOARDS (INDIA) LIMITED as at 31st March, 2006 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Report have been forwarded to us and have been appropriately dealt with;
 - iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - iv) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956;
 - v) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to explanations given to us the said statement of Accounts give the information required by the Companies Act, 1956, in the manner so required and read with other notes give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2006.
 - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **ASHOK KEDIA & CO.**
Chartered Accountants

CA. A.K. Kedia
Partner
M.No. 50510
Kolkata, 16th December, 2006

For **KAILASH B. GOEL & CO.**
Chartered Accountants

CA. Kailash B. Goel
Partner
M.No. 55345

Annexure to the Auditors' Report to the Members of Century Plyboards (India) Limited (Referred to in paragraph (3) thereof)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) The fixed assets have been physically verified by the management in accordance with the phased programme adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) During the year, in our opinion, a substantial part of fixed assets has not been disposed of by the Company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to the book records.
3. (a) The Company has not granted any loans secured or unsecured to the companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly, clause (iii)(b) to (iii)(d) of paragraph 4 of the order are not applicable to the company for the current year.
(b) The Company has taken unsecured loan from Six Companies covered under the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1195.65 lacs and the year end balance of loans taken from such Companies was 212.75.
(c) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan have been taken are not, prima facie, prejudicial to the interest of the Company.
(d) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
(e) There is no overdue amount of loans taken from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating to the value of Rupees Five Lacs or more in respect of any party during the year.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain activities of the Company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, customs duty, excise duty and cess were in arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (c) On the basis of our examination of the documents and records, the following disputed statutory dues on account of Sales tax which have not been deposited with the appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where pending
Sales Tax Laws	Sales Tax	0.68	2002-03	Assistant Commissioner of Sales Tax, Delhi.
		4.68	2003-04	Deputy Commissioner of Sales Tax, Delhi.
		1.16	2001-02	Excise and Taxation Commissioner, Patiala.
		63.33	1999-00 to 2003-04	Deputy Commissioner of Commercial taxes, Ernakulam.
		53.84	2001-02 to 2002-03	Appellate Commissioner of Commercial taxes, Ernakulam.
		0.60	2000-01	U.P. Trade Tax Appellate Tribunal, Lucknow.
		3.23	2002-03	Joint Commissioner of Sales Tax, Ahmedabad
The Central Excise Act, 1944	Excise Duty	16.78	2002-03	Guwahati High Court

10. The Company has no accumulated losses as at end of the financial year and it has not incurred cash losses both, in the current year and immediately preceding financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the clause 4 (xiii) of the Order is not applicable to the Company.

14. According to the information and explanations given to us, the company has maintained proper records of transactions and contracts in respect of dealing/trading in shares, securities, and other investments and timely entries have been made therein. The shares, securities and other investments are held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the cash flow statement and balance sheet of the company, in our opinion, the funds raised on short term basis have, prima-facie, not been used for long term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report.
20. According to information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

For **ASHOK KEDIA & CO.**
Chartered Accountants

CA. A.K. Kedia
Partner
M.No. 50510

Kolkata, 16th December, 2006

For **KAILASH B. GOEL & CO.**
Chartered Accountants

CA. Kailash B. Goel
Partner
M.No. 55345

Balance Sheet as at 31st March, 2006

(Rs. in Lacs)

	Schedule	As at 31.03.2006	As at 31.03.2005
A. SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	'A'	1027.90	1027.90
Share Capital Suspense	'AA'	952.19	—
Reserves & Surplus	'B'	8311.54	4083.59
		10291.63	5111.49
LOAN FUNDS			
Secured Loans	'C'	7913.61	3303.71
Unsecured Loans	'D'	715.42	—
		8629.03	3303.71
DEFERRED TAX LIABILITY (NET)			
		445.67	125.56
		19366.33	8540.76
B. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	'E'	10773.64	4964.29
Less : Depreciation		2721.62	1469.20
Net Block		8052.02	3495.09
Capital Work-in-progress		159.89	27.28
		8211.91	3522.37
INVESTMENTS			
	'F'	3214.72	218.80
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'G'	6769.57	3596.43
Sundry Debtors	'H'	4687.14	2368.52
Cash & Bank Balances	'I'	785.77	355.88
Loans & Advances	'J'	1889.70	1455.18
		14132.18	7776.01
Less : Current Liabilities & Provisions			
Current Liabilities	'K'	5907.62	2753.76
Provisions	'L'	292.01	231.65
		6199.63	2985.41
NET CURRENT ASSETS			
		7932.55	4790.60
MISCELLANEOUS EXPENDITURE			
(To the extent not written off/adjusted)	'M'	7.15	8.99
		19366.33	8540.76

Significant Accounting Policies & Notes on Accounts 'U'

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Profit & Loss Account for the year ended 31st March, 2006

	Schedule	2005-06	2004-05
(Rs. in Lacs)			
INCOME			
Gross Income	'N'	28559.56	16706.22
Less: Excise Duty		1794.17	1112.90
		26765.39	15593.32
Other Income	'O'	373.47	591.94
Increase/(Decrease) in stock	'P'	1273.89	1319.15
		28412.75	17504.41
EXPENDITURE			
Cost of Materials	'Q'	18572.98	12342.03
Operating & Administrative Expenses	'R'	6246.88	3001.19
Personnel Expenses	'S'	1003.97	694.79
Depreciation		647.20	336.93
Interest	'T'	421.56	182.41
		26892.59	16557.35
PROFIT BEFORE TAX		1520.16	947.06
Less : Prior Period Adjustments (Net)		0.76	—
Provision for Tax :			
– Current Tax		175.00	90.00
– Fringe Benefit Tax		38.43	—
– Deferred Tax		247.18	79.75
PROFIT AFTER TAX		1058.79	777.31
Add : Balance (Cr.) brought forward from Previous year		2049.00	1580.33
Add : Balance (Cr.) of Profit & Loss Account acquired on amalgamation of erstwhile Shyam Century Ferrous Ltd (SCFL)		943.43	—
AMOUNT AVAILABLE FOR APPROPRIATION		4051.22	2357.64
Appropriations :			
Transfer to General Reserve		106.00	77.00
Proposed Dividend/Interim Dividend		256.09	204.87
Corporate Tax on Dividend		35.92	26.77
Balance (Cr.) carried forward		3653.21	2049.00
		4051.22	2357.64
Basic and diluted Earnings per equity share (in Rs.)		10.34	8.85

(Refer note 18 in Schedule 'U')

Significant Accounting Policies & Notes on Accounts 'U'

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Schedules to Balance Sheet as at 31st March, 2006

(Rs. in Lacs)

	As at 31.03.2006	As at 31.03.2005
SCHEDULE - 'A'		
SHARE CAPITAL		
Authorised Capital		
149,60,000 (1,49,60,000) Equity Shares of Rs. 10/- each	1496.00	1496.00
40,000 (40,000) Preference Shares of Rs. 10/- each	4.00	4.00
	1500.00	1500.00
Issued Capital		
10381548 (10381548) Equity Shares of Rs. 10/- each	1038.15	1038.15
Subscribed Capital		
10243548 (10243548) Equity Shares of Rs. 10/- each	1024.36	1024.36
Add : 138000 Equity Shares forfeited	3.54	3.54
	1027.90	1027.90
Of the above Equity Shares :		
93,110 Equity Shares of Rs.10/- each were issued in the year 1993 pursuant to the scheme of amalgamation		
9,99,630 Equity Shares of Rs. 10/- each were issued as Bonus Shares by Capitalisation of Reserves during the year 1995-96.		
34,14,516 Equity Shares of Rs. 10/- each were issued as Bonus Shares by Capitalisation of Securities Premium and General Reserve during the year 2004-05		
SCHEDULE - 'AA'		
SHARE CAPITAL SUSPENSE		
9521865 Equity Shares of Rs.10/- each to the issued to the shareholders of Shyam Century Ferrous Ltd. pursuant to Scheme of Amalgamation of SCFL with the Company (Refer Note no. 1 in Schedule 'U')	952.19	—
	952.19	—
SCHEDULE - 'B'		
RESERVES AND SURPLUS		
General Reserve		
At commencement of the year	500.29	632.96
Add: Transferred from Profit & Loss Account	106.00	77.00
Less: On allotment of Bonus Shares	—	(209.67)
	606.29	500.29
Securities Premium		
At commencement of the year	811.61	358.05
Add: On amalgamation (received during the year)	979.16	—
Add: Shares issued during the year	—	585.35
Less: On allotment of Bonus Shares	—	(131.79)
	1790.77	811.61
Amalgamation Reserve [Refer Note No. 1(d) of Schedule U]	317.40	—
Capital Reserve		
At commencement of the year	634.91	9.91
Add: On amalgamation	1222.93	—
Add: During the year	—	625.00
	1857.84	634.91
Revaluation Reserve		
At commencement of the year	87.78	90.11
Less: Depreciation adjustment	(1.75)	(2.33)
	86.03	87.78
Profit & Loss Account	3653.21	2049.00
	8311.54	4083.59

Schedules to Balance Sheet as at 31st March, 2006

(Rs. in Lacs)

	As at 31.03.2006	As at 31.03.2005
SCHEDULE - 'C'		
SECURED LOANS		
Rupee Term Loans		
- From a Financial Institution	1414.23	—
- From Banks	2713.76	1741.65
Foreign Currency Terms Loan		
- From a Bank	393.27	—
Working Capital Facilities		
- From Banks	3312.02	1532.92
Hire Purchase Finance		
- From Banks	69.77	20.00
Interest accrued and due on above	10.56	9.14
	7913.61	3303.71

Notes :

1. Rupee Term Loan of Rs. 1705.52 Lacs from banks are secured against first charge on fixed assets of company's Laminate unit at Bishnupur, Joka, South 24 Parganas and second charge on current assets of the company's Plywood and Laminate units at Bishnupur, Joka, South 24 Parganas.
2. Rupee Term loan of Rs. 1008.24 Lacs from banks and Rs. 1414.23 Lacs from a financial institution and Foreign Currency Term Loan of Rs. 393.27 Lacs from a bank are secured against first charge on fixed assets of company's Ferro Alloy and Power Units at Byrnihat, Meghalaya and second charge on current assets of the said unit.
3. Working capital facilities of Rs. 2641.44 Lacs from banks are secured against first charge on current assets of company's Plywood and Laminate Units, first charge on fixed assets of company's Plywood Unit and 2nd charge on fixed assets of company's Laminate Unit.
4. Working capital facilities of Rs. 670.58 Lacs from a bank are secured against first charge on current assets of company's Ferro Alloy and Power Units, and 2nd charge on fixed assets of the said units.
5. Term Loans and Working Capital facilities from Banks/Financial Institution are also guaranteed by some of the directors of the company.
6. Hire purchase finance from banks are secured against hypothecation of assets procured from such finance.
7. Secured loans due within one year Rs. 826.99 Lacs. (P.Y. 300.05 Lacs).

SCHEDULE - 'D'

UNSECURED LOANS

From Bodies Corporate	212.75	—
From a Bank - Short Term Loan	502.67	—
	715.42	—

Schedules to Balance Sheet as at 31st March, 2006

SCHEDULE-‘E’

FIXED ASSETS

(Rs. in Lacs)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at 01.04.2005	Added on Amalgamation (Refer Note 2 below)	Additions during the year	Sales/Adj during the year	As at 31.03.2006	Up to 31.03.2005	Added on Amalgamation (Refer Note 3 below)	For the Year	Adjustments during the year	Up to 31.03.2006	As at 31.03.2006	As at 31.03.2005
TANGIBLE ASSETS												
LAND & SITE DEVELOPMENT	280.32	51.05	27.04	—	358.41	—	—	—	—	—	358.41	280.32
FACTORY BUILDING	940.59	585.03	309.55	—	1835.17	240.55	140.37	103.45	—	484.37	1350.80	700.04
NON FACTORY BUILDING	153.65	—	77.75	61.53	169.87	21.05	—	9.85	13.03	17.87	152.00	132.60
LEASEHOLD PROPERTY	22.08	—	—	—	22.08	17.92	—	1.21	—	19.13	2.95	4.16
PLANT & MACHINERY	2950.26	927.32	2807.89	—	6685.47	851.06	337.13	409.82	—	1598.01	5087.46	2099.20
ELECTRICAL INSTALLATION	122.37	290.87	530.51	—	943.75	51.77	119.92	37.60	—	209.29	734.46	70.60
FURNITURE & FIXTURES	152.25	15.23	48.86	38.87	177.47	84.01	5.98	14.44	24.55	79.88	97.59	68.24
OFFICE EQUIPMENT	55.34	1.77	16.18	3.65	69.64	24.44	0.68	5.68	1.93	28.87	40.77	30.90
COMPUTERS	142.25	5.30	28.21	2.08	173.68	111.50	3.78	18.12	2.06	131.34	42.34	30.75
VEHICLES	143.67	93.35	108.93	14.64	331.31	65.60	47.36	47.60	10.18	150.38	180.93	78.07
TOTAL (A)	4962.78	1969.92	3954.92	120.77	10766.85	1467.90	655.22	647.77	51.75	2719.14	8047.71	3494.88
INTANGIBLE ASSETS												
COMPUTER SOFTWARES	0.53	—	5.28	—	5.81	0.32	—	1.18	—	1.50	4.31	0.21
TRADE MARKS & PATENT RIGHTS	0.98	—	—	—	0.98	0.98	—	—	—	0.98	—	—
TOTAL (B)	1.51	—	5.28	—	6.79	1.30	—	1.18	—	2.48	4.31	0.21
TOTAL (A+B)	4964.29	1969.92	3960.20	120.77	10773.64	1469.20	655.22	648.95	51.75	2721.62	8052.02	3495.09
PREVIOUS YEAR	3386.23	—	1616.53	38.47	4964.29	1152.13	—	339.26	22.19	1469.20	3495.09	2234.10
CAPITAL W.I.P.	—	—	—	—	—	—	—	—	—	—	159.89	27.28

Notes:

1. Depreciation for the year includes Rs.1.75 Lacs towards depreciation provided on amount added to gross Block as a result of revaluation of fixed assets.
2. Assets as at 1st April, 2005 taken over consequent to amalgamation of erstwhile SCFL (Refer Note no. B-1 in Schedule ‘U’)
3. Accumulated depreciation as on 1st April, 2005 taken over consequent to amalgamation of erstwhile SCFL (Refer Note no. B-1 in Schedule ‘U’)

Schedules to Balance Sheet as at 31st March, 2006

(Rs. in Lacs)

			As at 31.03.2006	As at 31.03.2005
SCHEDULE - 'F'				
INVESTMENTS				
	No. of Shares/ Units	Face Value Rs.		
[A] - LONG-TERM - AT COST				
a) Quoted Equity Shares (Non-trade)				
Bankam Investments Ltd	4000	10	0.69	—
Bakra Pratishtan Ltd	—	—	—	0.75
Bharat Commerce & Ind. Ltd	19000	10	14.73	14.73
Global Capital Markets Ltd	490000	10	13.02	13.02
Goenka Business Ltd	126000	10	5.17	5.18
Greenply Industries Ltd	100	5	0.09	—
Kitpy Industries Ltd	100	10	0.02	—
Khoobsurat Ltd	—	—	—	6.56
Konark Commerce Industries Ltd	29300	10	11.04	—
Larsen & Toubro Ltd.	—	—	—	0.56
Masantoshi International Ltd	25000	10	1.38	—
Nonstop Plantation Ltd	65000	10	5.24	—
Nagarjuna Fertilizres & Chemicals Ltd.	12400	10	3.99	3.99
Oriental Bank of Commerce	2000	10	5.00	—
Pidilite Industries Ltd	1000	1	0.27	0.27
Power Trading Corpn of India Ltd	4800	10	0.77	0.77
Tata Consultancy Services Ltd	—	—	—	133.83
Tata Iron & Steel Company Ltd.	—	—	—	8.43
UCO Bank Ltd	86244	10	11.76	12.00
Union Bank of India Ltd	—	—	—	12.76
Uniworth International Ltd.	150	10	0.14	0.14
Uniworth Textile Ltd.	50	10	0.03	0.03
b) Unquoted Equity Shares (Non-Trade) :				
Changlang Plywood (P) Ltd.	2000	100	2.00	2.00
Manmao Plywood (P) Ltd.	1000	100	1.00	1.00
[B] Current Investments				
Reliance Equity Fund - Dividend Plan	2000000	10	200.00	—
[C] Investment In Subsidiary (Unquoted)				
Cement Manufacturing Co. Ltd	29547500	10	2954.75	—
[D] Government Securities				
National Saving Certificates			0.08	0.08
[E] Other Investments				
Investment in Partnership Firm			—	2.70
			3231.17	218.80
Less: Provision for diminution in value of Long Term Investments			16.45	—
			3214.72	218.80
Aggregatel Market Value of Quoted Investments			271.10	318.24

Note: The following investments were purchased and sold during the year:

Name	Face Value Rs.	Nos.
Tata Consultancy Services Ltd.	1	5000
Oriental Bank of Commerce	10	38000
Konark Commerce Industries Ltd.	10	12000
Tata Iron & Steel Company Ltd.	10	30000

Schedules to Balance Sheet as at 31st March, 2006

(Rs. in Lacs)

	As at 31.03.2006	As at 31.03.2005
SCHEDULE - 'G'		
INVENTORIES (As taken, valued & certified by the management)		
Raw Materials	2884.25	1608.45
Work in Progress	131.83	124.65
Finished Goods/Stock in trade	3210.54	1766.13
Consumable Stores & Spares	542.95	97.20
	6769.57	3596.43
SCHEDULE - 'H'		
SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for a period exceeding six months	242.44	199.85
Other Debts	4444.70	2168.67
	4687.14	2368.52
SCHEDULE - 'I'		
CASH & BANK BALANCES Cash in hand (As certified by the Management)	32.88	25.53
Cheques/DDs in Hand	302.05	132.74
Balance with Scheduled Banks		
— In Current Account	449.96	197.61
— In Fixed Deposit Account	0.88	—
	785.77	355.88
SCHEDULE - 'J'		
LOANS & ADVANCES (Unsecured, considered good) Advances, Recoverable in cash or in kind or for value to be received	1332.51	981.20
Advance Income Tax (Net)	164.56	156.51
Deposits	248.14	119.41
Balance with Excise Departments	144.49	198.06
	1889.70	1455.18
SCHEDULE - 'K'		
CURRENT LIABILITIES Sundry Creditors	5143.63	2323.47
Interest accrued but not due	8.80	—
Unclaimed Dividend	6.15	5.02
Advance From Parties	62.48	26.40
Other Liabilities	686.56	398.87
	5907.62	2753.76
SCHEDULE - 'L'		
PROVISIONS Proposed Dividend	256.09	204.87
Corporate Tax on Dividend	35.92	26.78
	292.01	231.65
SCHEDULE - 'M'		
MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)		
Share Issue Expenses	7.15	8.99
	7.15	8.99

Schedules to Profit & Loss Account for the year ended 31st March, 2006

	(Rs. in Lacs)	
	2005-06	2004-05
SCHEDULE - 'N'		
GROSS INCOME		
Income from Sale of Products (Gross)	28221.59	16508.20
Income from Services (Gross) (T.D.S. Rs. 1.01 lacs, P.Y.-Rs. 2.53 lacs)	128.33	198.02
Govt Incentives/Export Benefits/Other Entitlements	209.64	—
	28559.56	16706.22
SCHEDULE - 'O'		
OTHER INCOME		
Dividend (Including Rs.3.86 lacs on long term investments, P.Y. Rs.2.91 lacs)	4.01	14.25
Interest Received (T.D.S. Rs. 0.72 lacs, P.Y-Rs. 3.88 lacs)	4.67	34.23
Profit on Sale of Investments (Including Rs.273.89 lacs on long term Investments, P.Y. Rs. 432.09 lacs)	292.68	460.59
Profit on Sale of Fixed Assets	67.62	—
Miscellaneous Income (T.D.S. Rs.1.26 lacs, P.Y Rs.4.65 lacs)	4.49	82.87
	373.47	591.94
SCHEDULE - 'P'		
INCREASE/(DECREASE) IN STOCK		
Opening stock		
Finished Goods	1766.13	562.41
Work in Progress	124.66	9.23
	1890.79	571.64
Add: Finished Goods acquired pursuant to Scheme of Amalgamation (Refer Note 1 in Schedule 'U')	177.69	—
	2068.48	571.64
Closing Stock		
Finished Goods	3210.54	1766.13
Work in Progress	131.83	124.66
	3342.37	1890.79
Increase/(Decrease) in stock	1273.89	1319.15
SCHEDULE - 'Q'		
COST OF MATERIALS		
Raw Materials Consumed	10775.09	8076.02
Purchases	7797.89	4266.01
	18572.98	12342.03

Schedules to Profit & Loss Account for the year ended 31st March, 2006

(Rs. in Lacs)

	2005-06	2004-05
SCHEDULE - 'R'		
OPERATING & ADMINISTRATIVE EXPENSES		
Store & Spare Parts Consumed	278.71	178.91
Power & Fuel	858.59	284.90
Insurance Charges	51.03	29.84
Jetty Expenses	49.51	51.98
Repairs & Maintenance	182.61	125.94
Transport & Freight	811.43	466.63
Commission	50.87	28.96
Rebates & Discounts	244.16	284.16
Advertisement, Publicity & Sales Promotion	849.21	276.43
Communication Expenses	101.78	70.51
Miscellaneous Expenses	573.53	363.49
Bank Charges and Commission	65.95	35.81
Directors' Remuneration	27.18	19.62
Auditors' Remuneration	4.41	3.97
Preliminary Expenses Written Off	1.84	1.84
Octroi	24.99	54.94
Rates & Taxes	12.13	17.17
Sales Tax/VAT	2058.95	706.09
	6246.88	3001.19
SCHEDULE - 'S'		
PERSONNEL EXPENSES		
Salaries, Wages & Bonus	866.36	591.72
Contribution to Provident and Other Funds	97.60	75.26
Staff & Labour Welfare Expenses	40.01	27.81
	1003.97	694.79
SCHEDULE - 'T'		
INTEREST		
On Term Loans	165.17	83.62
On Others	256.39	98.79
	421.56	182.41

Cash Flow Statement for the year ended 31st March, 2006

(Rs. in Lacs)

	2005-06	2004-05
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1520.16	947.06
Adjustments for :		
Depreciation	647.20	336.93
Interest	421.56	182.41
Share Issue Expenses Written Off	1.84	1.84
Dividend Income	(4.01)	(14.25)
Sundry Balances/Bad Debts written off	2.56	5.61
Share Investment Written Off	0.56	—
(Profit)/Loss on Sale of Fixed Assets	(67.62)	(1.48)
(Profit)/Loss on Sale of Investments	(292.68)	(460.59)
Share of Profit from Partnership Firm	—	(2.68)
Interest Received	(4.67)	(34.23)
Provision for Diminution in Value of Investments	16.45	—
Prior period Adjustments	(0.76)	—
Operating Profit before Working Capital changes	2240.59	960.62
Adjustments for :		
Trade and other Receivables	(2156.29)	(577.13)
Inventories	(2716.66)	(1474.51)
Trade Payables and other Liabilities	2685.10	80.08
Cash Generated from Operations	52.74	(1010.94)
Interest Paid	(421.56)	(233.87)
Direct Taxes Paid (Net of Refunds)	(153.92)	(151.06)
Net Cash from Operating Activities	(522.74)	(1395.87)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (including C.W.I.P.)	(2778.06)	(1598.65)
Sale of Fixed Assets	131.50	17.76
Sales of Investments (net)	(1209.29)	743.00
Deferred Revenue Expenditure	—	—
Dividend Income	4.01	14.25
Interest Received	4.67	34.20
Net Cash from Investing Activities	(3847.17)	(789.44)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings (net)	3474.82	580.56
Proceeds from Issue of Shares	1468.74	780.46
Dividend paid (including Dividend Tax)	(225.51)	(165.09)
Net Cash from Financing Activities	4718.05	1195.93
Net Increase/(Decrease) in Cash and Cash equivalents	348.14	(989.38)
Cash and Cash equivalents as at 1st April (Opening Balance)	437.63	1345.26
Cash and Cash equivalents as at 1st April (Closing Balance)	785.77	355.88

Notes to the Cash Flow Statement for the year ended 31st March 2006

1. Cash and Cash equivalent at the beginning of the year includes Rs.81.75 Lacs of erstwhile Shyam Century Ferrous Ltd. taken over on merger.
2. The merger of erstwhile Shyam Century Ferrous Ltd. is a non-cash transaction (Refer note B1 in schedule 'U')
3. In view of the aforesaid amalgamation, the current year figures are not comparable with those of previous year.
4. Previous year's figures have been regrouped/rearranged wherever necessary to conform to this year's classification.

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

For **Kailash B. Goel & Co.**
Chartered Accountants

For and on behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

CA. A. K. Kedia
Partner

CA. Kailash B. Goel
Partner

Kolkata, 16th December, 2006

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO SUBSIDIARY COMPANIES

	Name of the Subsidiary	Cement Manufacturing Co. Ltd.	Megha Technical & Engineers (P) Ltd.
1.	Financial year of the Subsidiary ended on	31st March, 2006	31st March, 2006
2.	Date from which they became Subsidiary	1st October, 2006	23rd March, 2006
3.	Shares of the Subsidiary held by the Company as on 31st March, 2006		
	a) Number of Shares	2,95,47,500	22,40,000
	b) Face value of Shares	Rs.10/-	Rs.10/-
	c) Extent of Holding	76.73%	99.56%
4.	The net aggregate amount of the Subsidiary Company's profit/(loss) so far as it concerns the members of the holding company		
	a) Not dealt with in the holding company's accounts		
	i) For the financial year ended 31st March, 2006	Rs.1746.11 Lacs	Rs. 1.53 Lacs
	ii) Upto the previous financial years of the Subsidiary company.	NIL	NIL
	b) Dealt with in the holding company's accounts		
	i) For the financial year ended 31st March, 2006	NIL	NIL
	ii) For the previous financial year of the Subsidiary company since they become the holding company's subsidiaries.	NIL	NIL

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Schedules forming part of the Account

SCHEDULE – ‘U’

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(Annexed to and forming part of the Balance Sheet as at 31st March 2006 and the Profit & Loss Account for the year ended on that date)

A. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Concepts

The financial statements are prepared under the historical cost convention (except for certain fixed assets which are revalued) on accrual basis and in accordance with the applicable mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

b. Fixed Assets

Fixed Assets are stated at their cost of acquisition or construction or revalued amount (net of cenvat, where ever applicable) less accumulated depreciation/amortisation and impairment loss, if any. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for its intended use.

c. Capital Work in Progress

Capital work in progress is carried at cost comprising direct cost and pre-operatives expense during construction period to be allocated to the fixed assets on the completion of construction.

d. Intangible Assets

Intangible asset are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The amortisable amount of an intangible asset is allocated over its estimated useful life.

e. Depreciation/amortisation

Depreciation on Fixed Assets is charged on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Leasehold assets are amortized on the basis of their useful life or remaining lease period, whichever is lower.

f. Investments

Current Investments are stated at lower of cost and market/fair value. Long-term investments are stated at cost after deducting provision made for permanent diminution in value.

g. Inventories

Inventories are valued at lower of cost and net realizable value except scrap which is valued at estimated realizable value. The cost is computed on weighted average/FIFO basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

h. Retirement Benefits

Provisions for / contributions to retirement benefit schemes are made as follows:

- i. Provident fund – On actual liability basis
- ii. Gratuity – On the basis of yearly premium determined by LIC under their Group Gratuity Scheme and/or actuarial valuation.
- iii. Leave Encashment – On accrual basis

i. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying

Schedules forming part of the Account

asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

j. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the date of the transaction and exchange differences arising at the time of payment are adjusted to respective fixed assets/inventory/revenue heads.

In respect of foreign currency transactions covered by forward exchange contracts, the difference between the forward rate and exchange rate at the inception of the transaction is recognized in revenue over the period of contract.

Foreign currency transactions not covered by forward exchange contracts and not settled within the same accounting period are re-instated at the exchange rate prevailing on the balance sheet date.

Profit/Loss arising out of cancellation of forward contracts are taken to revenue in the year of cancellation.

k. Research and development expenditure

Revenue expenditure is charged to the profit and loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

l. Miscellaneous Expenditure

Preliminary Expenses/Share Issue Expenses are written off over a period of ten years.

m. Taxes on Income

Provision for current tax including Fringe Benefit Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of The Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year, and quantified using the tax rates and laws substantially enacted on the Balance Sheet Date. The deferred tax in respect of timing difference which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized/adjusted in future.

n. Revenue Recognition

Sales revenue is recognized on dispatch of goods to the buyer and stated at net of returns and trade discounts/rebates but includes excise duty and sales tax/VAT. Income from services is recognized as the services are rendered to the parties. Dividend income is accounted for when the right to receive the payment is established. Interest income is recognized on time proportion basis. Certain insurance and other claims and incentives including export benefits/entitlements, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

o. Government Grants / Subsidies

Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the Profit and Loss Account either as income or deducted from related expenses. Capital grants / subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the capital reserve.

p. Provision and Contingent Liabilities

Provisions are recognized in respect of present obligation arising out of past events where there are reliable estimate of probable outflows of resource. Contingent liabilities are the possible obligation of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of a future event. These are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedules forming part of the Account

B. NOTES ON ACCOUNTS

1. Amalgamation of Shyam Century Ferrous Limited with the Company

- a) Pursuant to the Scheme of Amalgamation (the scheme) of the erstwhile Shyam Century Ferrous Limited (hereinafter referred to as SCFL) with the Company, as approved by the members of the Company and SCFL at court convened meetings held on 22nd August, 2006 and 16th September, 2006 respectively and subsequently sanctioned by the Honourable High Courts of Judicature at Kolkata and Guwahati on 8th November, 2006 and 22nd November, 2006 respectively and pursuant to filing of certified copies of the said Orders on 7th December 2006, the undertaking of SCFL being all its assets and properties, both moveable and immovable, industrial and other licences, all other interests, rights and powers of every kind, etc, and all debts, liabilities including contingent liabilities, duties and obligation, have been transferred to and vested in the company retrospectively with effect from 1st April, 2005 (the Appointed Date). The Scheme has accordingly been given effect to in these accounts.
 - b) SCFL was engaged in manufacturing of Ferro Alloys and generation of Power.
 - c) In accordance with the scheme, 95,21,865 Equity Shares of Rs. 10/- each of the Company, fully paid up and ranking pari-passu with the existing Equity Shares, are to be issued to the equity shareholders of SCFL in the ratio of 3 (three) equity shares of the company for every 4 (four) equity shares of Rs. 10/- each fully paid up in SCFL. Pending allotment, an amount of Rs. 952.19 lacs has been shown under the Share Capital Suspense Account as at 31st March, 2006 (Schedule AA).
 - d) The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by Accounting Standard (AS -14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities of SCFL as at 1st April, 2005 have been taken over at their book values. The balances in Capital Reserve (Rs. 1222.93 Lacs) and Profit & Loss Account (Rs. 943.43 Lacs) have been added to the Company's respective heads under Reserves & Surplus. The difference between the paid up Share Capital of SCFL and aggregate face value of shares to be issued by the Company, amounting to Rs. 317.40 Lacs has been shown as "Amalgamation Reserve" in Schedule 'B'.
 - e) The income accruing and expenses incurred by SCFL during the period from 1st April, 2005 and 31st March, 2006 have also been incorporated in these accounts. During this period, SCFL carried on the existing business in "trust" and on behalf of the company and all vouchers, documents etc. for the said period are in the name of SCFL. The title deeds for freehold/leasehold land, buildings, licenses, agreements, loan documents etc. are being transferred in the name of the company.
 - f) Cement Manufacturing Company Limited (CMCL) subsidiary of erstwhile SCFL is recognized as subsidiary of the company w.e.f. 1st October, 2005, the date on which erstwhile SCFL became the holding company of CMCL.
 - g) Megha Technical & Engineers Pvt. Ltd. (METPL) subsidiary of CMCL is recognized as a subsidiary of the company w.e.f. 23rd March, 2006, the date on which CMCL became the holding company.
 - h) In view of the aforesaid amalgamation with effect from 1st April, 2005, the figures for the current year are not directly comparable to those of the previous year.
2. During the year the company installed 13.80 MW Captive Power Plant at its Ferro-Alloy unit at Byrnihat, Meghalaya, which commenced operation from 25.03.06.

Schedules forming part of the Account

	As at 31.03.2006	(Rs. in Lacs) As at 31.03.2005
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	34.25	27.42
4. Contingent Liabilities		
(a) Bank Guarantees issued by Banks	92.81	155.39
(b) Letters of Credit issued by Banks	329.94	581.80
(c) Export Obligation against EPCG License Scheme	1864.31	1965.83
(d) Claims against the company not acknowledged as debts :		
- Excise Matters	16.78	—
- Sales Tax/VAT	127.52	124.29
	2005-06	2004-05
5. Borrowing Costs Capitalized	130.54	—
6. Payment made to Auditors during the year		
(a) Audit Fee	4.21	3.61
(b) Tax Audit Fee	0.15	0.08
(c) Certification Work	0.05	0.28
Total	4.41	3.97
7. Break up of Repairs & Maintenance		
(a) Plant & Machinery	145.33	93.87
(b) Buildings	3.46	2.72
(c) Others	33.82	29.35
Total	182.61	125.94
8. In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.		
9. In pursuance of the “AS-28-Impairment of Assets” issued by the Institute of Chartered Accountants of India, the company has reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year adjustment for impairment of assets is not considered necessary.		
10. Based on the information / documents available, in the opinion of the management, there was no amount due for more than 30 days to the small scale undertakings. Total amount due to small scale undertakings as on 31.03.2006 - Nil.		
11. Based on information/documents available with the company there was no amount due and outstanding to be transferred to Investors Education and Protection Fund under section 205C of the Companies Act, 1956.		
12. Century International, a partnership firm in which the Company was a partner had been dissolved and as per Deed of Dissolution executed by all partners of the said firm, all the assets and liabilities as per audited balance sheet of the said firm as at 31st March,2005, after paying capital and other dues of other partners, have been taken over by the company.		
13. The Company had taken a Jetty situated at Falta Export Processing Zone on lease cum profit sharing basis from the Ministry of Commerce, Govt. of India, for a period of ten years w.e.f. 1st October, 2001. As per terms of lease agreement the company is required to pay either a fixed rent of Rs. 2.50 lacs per annum or 25% of net revenue whichever is higher. All the incomes from this jetty operation are shown as Income		

Schedules forming part of the Account

from services under the head Gross Income and all the expenditure including share of profit to the Ministry of Commerce are shown as Jetty Expenses under the head Operating and Other expenses in the Profit & Loss Account.

14. Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

a) Parties where control exists:

Subsidiary Companies	Cement Manufacturing Company Limited (w.e.f. 01.10.2005)
	Megha Technical & Engineers Private Limited (w.e.f 23.03.2006)

b) Other Related Parties with whom transactions have taken place during the year :

Associates	Brijdham Merchants (P) Limited
	Sriram Merchants Private Limited
	Sriram Vanijya Private Limited
	Sumangal Business Private Limited
	Sumangal International Private Limited
	Pacific Plywood Private Limited
Key Management Personnel	Mr. Sajjan Bhajanka (Managing Director)
	Mr. Sanjay Agarwal (Deputy Managing Director)
	Mr. Ajay Baldawa (Executive Director)
	Mr. Nag Raj Tater (Executive Director)
	Mr. Arun Kr. Julasaria (Company Secretary cum Chief Financial Officer)

c) Details of transactions and the status of outstanding balance as at year end:

(Rs. in Lacs)

Sl. Type of Transactions	Subsidiaries		Associates		Key Management Personnel	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
1. Purchases	34.59	—	—	—	—	—
2. Sales	6.60	—	—	—	—	—
3. Loans taken	—	—	1858.25	1493.50	—	—
4. Loans Repaid	—	—	1858.25	2774.61	—	—
5. Investments	1468.75	—	—	—	—	—
6. Interest Paid	—	—	27.03	46.30	—	—
7. Remuneration Paid	—	—	—	—	30.66	21.23
8. Balances as at 31st March, 2006 :						
- Current Liabilities	6.85	—	—	—	—	—
- Investments	2954.75	—	—	—	—	—

15. Directors' Remuneration /Sitting Fee

(Rs. in Lacs)

	2005-06	2004-05
Remuneration	27.18	19.62
Sitting fees	0.78	0.56
Total	27.96	20.18

* does not include Rs. 2.70 lacs paid to directors of erstwhile SCFL.

Schedules forming part of the Account

The Remuneration so paid is within limits prescribed U/s 198 and 309 of the Companies Act, 1956 read with Schedule XIII part II Section I.

16. Deferred Tax Liability / (Asset) as at 31st March, 2006 comprises as under

	As at 31.03.2006	As at 31.03.2005
A. Deferred Tax Liability on account of Timing difference on account of Depreciation	461.68	125.56
B. Deferred Tax Assets on account of Gratuity & Leave Encashment	16.01	—
C. Net Deferred Tax Liability (A – B)	445.67	125.56

(Rs. in Lacs)

17. Segment Reporting

a. Primary Segment Reporting (by business segment)

Segment have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risk and returns of these segments. Details of products included in each of the segments are as under:-

Plywood	—	Plywood, Block-Board, Veneer & Timber
Laminate	—	Decorative Laminates & Prelaminated Boards
Ferro-Alloys	—	Ferro Silicon
Power	—	Generation of power for captive consumption
Others	—	Mainly Jetty operations, Adhesives & Chemicals

b. Information about Business Segments

(Rs. in Lacs)

Sl.		Plywood	Laminate	Ferro Alloys	Power	Others	Total
1.	Revenue	19139.65	5814.35	1395.70	19.14	2209.86	28578.70
	Less Inter Segment Adjustment	—	—	—	19.14	—	19.14
		19139.65	5814.35	1395.70	—	2209.86	28559.56
		(13190.71)	(1684.57)	(—)	(—)	(1830.94)	(16706.22)
2.	Results Profit/Loss(-)	1038.52	174.09	246.69	—	108.95	1568.25
		(543.46)	(-266.48)	(—)	(—)	(260.55)	(537.53)
3.	Interest					421.56	421.56
						(182.41)	(182.41)
4.	Other un-allocable expenses net of un-allocable income					-373.47	-373.47
						(-591.94)	(-591.94)
5.	Total Profit Before Tax						1520.16
							(947.06)
6.	Other Information						
	Segment Assets	7841.63	7624.81	2126.36	3752.08	4213.92	25558.80
		(5581.24)	(5271.60)	(—)	(—)	(664.34)	(11517.18)
	Segment Liabilities	3948.98	2260.94	437.15	2828.83	963.53	10439.43
		(2516.24)	(3684.23)	(—)	(—)	(88.65)	(6289.12)
	Capital Expenditure	119.00	319.24	44.15	2064.76	230.91	2778.06
		(72.92)	(1469.58)	(—)	(—)	(25.41)	(1567.91)
	Depreciation	106.09	329.71	173.71	9.25	28.44	647.20
		(121.82)	(207.63)	(-)	(-)	(7.48)	(336.93)

Note : Figures in the bracket represent previous year figures

Schedules forming part of the Account

18. Earning per share (EPS)

	2005-06	2004-05
Profit / (Loss) Attributable to Equity Shareholders (Rs. in Lacs)	1058.79	777.31
Face Value per Equity Share (Rs.)	10	10
Weighted Average No. of Equity Shares Outstanding (For Basic and diluted EPS) – Without considering Share Suspense Account	10243548	8780184
Basic/ Diluted Earning Per Share (Rs.) – Without considering Share Suspense Account	10.34	8.85
Weighted Average No. of Equity Shares Outstanding (For Basic and diluted EPS) – Considering Share Suspense Account	19765413	8780184
Basic/ Diluted Earning Per Share (Rs.) – Considering Share Suspense Account	5.36	8.85

19. Miscellaneous Expenses includes Rs.1.00 lac paid to Bhartiya Janta Party towards political contribution.

20. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part-II of Schedule VI to the Companies Act, 1956.

(a) Licensed and Installed Capacity:

Sl.	Items	Unit	2005-06		2004-05	
			Licensed	Installed	Licensed	Installed
1.	Veneer	CBM	N.A.	50200	N.A.	50200
2.	Plywood	CBM	N.A.	25400	N.A.	25400
3.	Laminate sheets	Nos.	N.A.	24,00,000	N.A.	24,00,000
4.	Pre-laminated Boards	SQM	N.A.	8,00,000	N.A.	8,00,000
5.	Ferro Silicon	MT	N.A.	10620	—	—
6.	Power	MW	NA	13.80	—	—

(b) Production/Generation:

Sl.	Items	Unit	2005-06	2004-05
1.	Veneer	CBM	25107*	25401
2.	Plywood	CBM	22139	21721
3.	Laminate sheets	Nos.	1555783	746915
4.	Pre-laminated Boards	SQM	107939	—
5.	Ferro Silicon	MT	2660	—
6.	Power	KWH	1042400#	—

*includes 10149 CBM (previous year 13789 CBM) for captive use

for captive use

Schedules forming part of the Account

(c) Opening Stock, Purchases, Sales and Closing Stock :

Particulars	Unit	2005-06		2004-05	
		Qty.	Value (Rs. in Lacs)	Qty.	Value (Rs. in Lacs)
Opening Stock :					
Plywood/Block Board	CBM	2659	612.33	1824	398.02
Veneer	CBM	505	106.44	422	96.02
Adhesives	KGS	98826	49.84	82317	36.63
Laminate Sheets	PCS	204880	937.35	43	0.04
Chemicals	MT	23	60.17	11380	31.70
Ferro Silicon (Acquired on amalgamation)	MT	534	177.69	—	—
			1943.82		562.41
Purchases:					
Plywood/Block Board	CBM	33285	5242.87	18602	2584.07
Adhesives	KGS	1220265	671.66	999238	550.75
Chemicals	MT	1559	961.34	80.14	195.35
Timber	CBM	6303	634.69	3559	541.98
Others			287.33		393.86
			7797.89		4266.01
Sales :					
Plywood/ Block Board	CBM	54745	16628.65	39488	9593.36
Veneer	CBM	14966	1920.50	11529	1547.83
Adhesives	KGS	1227509	968.82	982729	924.99
Laminate Sheets	PCS	1435240	5503.16	542078	1684.57
Pre-laminated Boards	SQM	80585	241.94	—	—
Chemicals	MT	1319	994.99	69	230.61
Ferro Silicon	MT	2822	1255.31	—	—
Timber	CBM	4294	432.76	11483	1979.22
Others			275.46		547.62
			28221.59		16508.20
Closing Stock:					
Plywood/Block Board	CBM	3338	758.26	2659	612.33
Veneer	CBM	497	103.81	505	106.44
Adhesives	KGS	91582	35.86	98826	49.84
Laminate Sheets	PCS	325423	1387.61	204480	937.35
Pre-laminated Boards	SQM	27354	100.35	—	—
Chemicals	MT	263	185.87	23	60.17
Ferro Silicon	MT	372	170.31	—	—
Timber	CBM	2009	245.80	—	—
Others			222.67	—	—
			3210.54		1766.13

(d) Raw Materials Consumed :

	Unit of Qty	2005-06		2004-05	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
(i) Timber Logs	CBM	36389	4155.25	41060	4241.59
(ii) Veneer	CBM	13961	1579.06	11135	995.79
(iii) Chemicals	KGS/LTR.	6527779	2318.10	4481285	1534.95
(iv) Paper	KGS	4700325	2304.17	2444701	1303.69
(v) Particle Board	CBM	1769	163.90	—	—
(vi) Charcoal	MT	1833.39	68.97	—	—
(vii) Quartz	MT	4755	36.26	—	—
(viii) Super Screen Coal	MT	3388	113.03	—	—
(ix) Others			36.35	—	—
Total			10775.09		8076.02

Schedules forming part of the Account

(e) Value of Imported and indigenous Raw-materials, Stores, Spare parts, components and their percentage to total consumption:

(Rs. in Lacs)

	2005-06		2004-05	
	Value	%	Value	%
Raw Materials				
- Imported	6180.55	57.36	4998.03	61.89
- Indigenous	4594.54	42.64	3077.99	38.11
Total	10775.09	100.00	8076.02	100.00
Stores & Spares				
- Imported	12.00	4.31	4.99	2.79
- Indigenous	266.71	95.69	173.92	97.21
Total	278.71	100.00	178.91	100.00

(f) Expenditures in Foreign Currency:

(Rs. in Lacs)

	2005-06	2004-05
Raw Materials	6083.35	4225.69
Purchases	1537.25	633.20
Fixed Assets	104.83	379.89
Stores & Spares	21.88	6.08
Travelling Expenses	10.27	8.39
Others	20.87	8.12
Total	7778.45	5261.37

(g) Earnings in Foreign Currency:

(Rs. in Lacs)

	2005-06	2004-05
Export (FOB Value)	666.80	178.00
Total	666.80	178.00

21. Purchase of Raw materials include Rs. 24.15 lacs being difference arising out of foreign exchange fluctuation.
22. Figures have been rounded off to the nearest Lacs.
23. Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.
24. To give effect to the scheme of amalgamation of Shyam Century Ferrous Limited with the Company, the accounts which were approved by the Board of Directors on 4th December, 2006 and reported by the Statutory Auditors, have been revised.

Signature to Schedules 'A' to 'U' forming part of the Balance Sheet and Profit & Loss Account.

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus

Share Capital Suspense Unsecured Loans

Secured Loans Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover Total Expenditure

Other Income Profit after tax

Profit before tax Dividend %

Earning per Share in Rs. .

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) .

Product Description

Item Code No. (ITC Code) .

Product Description

Item Code No. (ITC Code) .

Product Description

Item Code No. (ITC Code)

Product Description

For Ashok Kedia & Co.
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For Kailash B. Goel & Co.
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Auditors' Report on Consolidated Financial Statements

To The Board of Directors

Century Plyboards (I) Limited

We have examined the attached Consolidated Balance Sheet of CENTURY PLYBOARDS (I) LIMITED and its subsidiaries as at 31st March, 2006, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Financial Statements of the subsidiaries, whose financial statements have been audited by M/s Kailash B. Goel & Co., Chartered Accountants reflects total assets of Rs. 20247.70 lacs as at 31st March, 2006 and revenue of Rs. 2803.27 lacs for the year ended on that date, and net cash inflows amounting to Rs. 178.95 lacs for the year ended on that date.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet of the state of affairs of the Company and its subsidiaries as at 31st March, 2006;
- ii. In the case of the Consolidated Profit and Loss account, of the profit of the Company for the year ended on that date and its subsidiaries; and
- iii. in the case of Consolidated Cash Flow Statement, of the consolidated cash flows for the Company and its subsidiaries for the year ended on that date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner
M.No. 50510

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner
M.No. 55345

Consolidated Balance Sheet as at 31st March, 2006

		(Rs. in Lacs)
		As at 31.03.2006
	Schedule	
A. SOURCES OF FUNDS		
SHAREHOLDER'S FUNDS		
Share Capital	'A'	1027.90
Share Capital Suspense	'AA'	952.19
Reserves & Surplus	'B'	9979.97
		11960.06
MINORITY INTEREST		1470.97
LOAN FUNDS		
Secured Loans	'C'	17856.28
Unsecured Loans	'D'	1621.30
		19477.58
Deferred Tax Liability (Net)		470.42
		33379.03
B. APPLICATION OF FUNDS		
i) FIXED ASSETS		
Gross Block	'E'	21792.25
Less : Depreciation		4391.37
Net Block		17400.88
Capital Work-in-progress		2553.79
		19954.67
ii) INVESTMENTS		
	'F'	259.97
iii) CURRENT ASSETS, LOANS & ADVANCES		
Inventories	'G'	8605.43
Sundry Debtors	'H'	7777.54
Cash & Bank Balances	'I'	1036.65
Loans & Advances	'J'	4364.52
		21784.14
Less : Current Liabilities & Provisions		
Current Liabilities	'K'	8133.77
Provisions	'L'	511.56
		8645.33
NET CURRENT ASSETS		13138.81
MISCELLANEOUS EXPENDITURE	'M'	25.58
(To the extent not written off/adjusted)		
		33379.03
Significant Accounting Policies & Notes on Accounts	'U'	
In terms of our report of even date.		

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Consolidated Profit & Loss Account for the year ended 31st March, 2006

		(Rs. in Lacs)
	Schedule	2005-06
INCOME		
Gross Income	‘N’	45179.76
Less: Excise Duty		2489.76
		42690.00
Other Income	‘O’	476.49
Increase/(Decrease) in stock	‘P’	1690.94
		44857.43
EXPENDITURE		
Cost of Materials	‘Q’	19858.58
Operating, Administrative & Other Expenses	‘R’	15602.02
Personnel Expenses	‘S’	1581.21
Depreciation		1909.21
Interest	‘T’	1237.24
		40188.26
PROFIT BEFORE TAX		4669.17
Less : Prior Period Adjustments (Net)		59.46
Provision for Tax :		
– Current Tax		444.02
– Fringe Benefit Tax		61.58
– Deferred Tax		253.99
Profit after Tax (Before adjustment for Minority Interest)		3850.12
Less : Minority Interest		649.55
Profit after tax (After adjustment for Minority Interest)		3200.57
Pre-acquisition Profit		(1055.62)
Adjustment for Minority Interest in Pre-acquisition result		243.80
Add : Brought (Cr.) forward from Previous year		2049.00
Add : Balance (Cr.) of Profit & Loss Account acquired on amalgamation of erstwhile Shyam Century Ferrous Ltd (SCFL)		943.43
AMOUNT AVAILABLE FOR APPROPRIATION		5381.18
Appropriations :		
Transfer to General Reserve		106.00
Proposed Dividend		448.64
Corporate Tax on Dividend		62.92
Balance (Cr.) carried forward		4763.62
		5381.18
Basic and diluted Earnings per equity share (in Rs.) (Refer note 17 in Schedule 'U')		23.32
Significant Accounting Policies & Notes on Accounts	‘U’	
In terms of our report of even date.		
For Ashok Kedia & Co. Chartered Accountants	For Kailash B. Goel & Co. Chartered Accountants	On Behalf of the Board Sajjan Bhajanka Managing Director
CA. A. K. Kedia Partner	CA. Kailash B. Goel Partner	Sanjay Agarwal Dy. Managing Director
Kolkata, 16th December, 2006		A. K. Julasaria Company Secretary & CFO

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at 31.03.2006
SCHEDULE - 'A'	
SHARE CAPITAL	
Authorised Capital	
149,60,000 (1,49,60,000) Equity Shares of Rs. 10/- each	1496.00
40,000 (40,000) Preference Shares of Rs. 10/- each	4.00
	1500.00
Issued Capital	
10381548 (10381548) Equity Shares of Rs. 10/- each	1038.15
Subscribed Capital	
10243548 (10243548) Equity Shares of Rs. 10/- each	1024.36
Add : 138000 Equity Shares forfeited	3.54
	1027.90
Of the above Equity Shares :	
93,110 Equity Shares of Rs.10/- each were issued in the year 1993 pursuant to the scheme of amalgamation	
9,99,630 Equity Shares of Rs. 10/- each were issued as Bonus Shares by Capitalisation of Reserves during the year 1995-96.	
34,14,516 Equity Shares of Rs. 10/- each were issued as Bonus Shares by Capitalisation of Securities Premium and General Reserve during the year 2004-05.	
SCHEDULE - 'AA'	
SHARE CAPITAL SUSPENSE	
9521865 Equity Shares of Rs. 10/- each to be issued to the shareholders of Shyam Century Ferrous Ltd pursuant to Scheme of Amalgamation of SCFL with the Company (Refer Note no. 1 in Schedule 'U')	952.19
	952.19
SCHEDULE - 'B'	
RESERVES AND SURPLUS	
General Reserve	
At commencement of the year	500.29
Add: Transferred from Profit & Loss Account	106.00
	606.29
Securities Premium	
At commencement of the year	811.61
Add: On amalgamation (received during the year)	979.16
	1790.77
Amalgamation Reserve	
[Refer Note No. 1(d) of Schedule U]	317.40
Capital Reserve	
At commencement of the year	634.91
Add: On amalgamation	1222.93
Add: On acquisition of subsidiaries	558.02
	2415.86
Revaluation Reserve	
At commencement of the year	87.78
Less: Depreciation adjustment	(1.75)
	86.03
Profit & Loss Account	
	4763.62
	9979.97

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

As at
31.03.2006

SCHEDULE - 'C'

SECURED LOANS

Rupee Term Loans	
- From a Financial Institution	3164.23
- From Banks	6559.95
Foreign Currency Term Loan	
- From a Bank	2510.70
Working Capital Facilities	
- From Banks	5432.85
Hire Purchase Finance	
- From Banks	177.99
Interest accrued and due on above	10.56
	17856.28

Notes :

1. Rupee Term Loan of Rs. 1705.52 Lacs from banks are secured against first charge on fixed assets of company's Laminate Unit at Bishnupur, Joka, South 24 Parganas and second charge on current assets of the company's Plywood and Laminate units at Bishnupur, Joka, South 24 Parganas.
2. Rupee Term Loan of Rs. 1008.24 Lacs from banks and Rs. 1414.23 Lacs from a financial institution and Foreign Currency Term Loan of Rs. 393.27 Lacs from a bank are secured against first charge on fixed assets of company's Ferro Alloy and Power Units at Byrnihat, Meghalaya and second charge on current assets of the said unit.
3. Rupee Term Loan of Rs. 3846.19 Lacs from banks, Rs. 1750.00 Lacs from a financial institution and Foreign Currency Term Loan of Rs. 2117.43 Lacs from a bank are secured against first charge on fixed assets of the cement plant and power plant of the subsidiaries at Lumshnong, Meghalaya.
4. Working capital facilities of Rs. 2641.44 Lacs from banks are secured against first charge on current assets of company's Plywood and Laminate Units, first charge on fixed assets of company's Plywood Unit and 2nd charge on fixed assets of company's Laminate Unit.
5. Working capital facilities of Rs. 670.58 Lacs from a bank is secured against first charge on current assets of company's Ferro Alloy and Power Units, and 2nd charge on fixed assets of the said unit.
6. Working capital facilities of Rs. 2120.83 Lacs from banks are secured against first charge on current assets and second charge on fixed assets of the cement plant at Lumshnong, Meghalaya.
7. Term Loans and Working Capital facilities from Banks/Financial Institution are also guaranteed by some of the directors of the Company.
8. Hire purchase finance from banks are secured against hypothecation of assets procured from such finance.
9. Secured loans due within one year Rs. 2159.60 Lacs.

SCHEDULE - 'D'

UNSECURED LOANS

From Bodies Corporate	212.75
From Banks - Short Term Loan	949.12
Security Deposits	459.43
	1621.30

Schedules to the Consolidated Balance Sheet

SCHEDULE-‘E’

FIXED ASSETS

(Rs. in Lacs)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2005	Added on Amalgamation (Refer Note 2 below)	Additions during the year	Sales/Adj during the year	As at 31.03.2006	Up to 31.03.2005	Added on Amalgamation (Refer Note 3 below)	For the Year	Adjustments during the year	Up to 31.03.2006	As at 31.03.2006
TANGIBLE ASSETS											
LAND & SITE DEVELOPMENT	606.08	51.05	129.85	—	786.98	—	—	—	—	—	786.98
MINES & MINES DEVELOPMENT	286.81	—	31.39	—	318.20	—	—	—	—	—	318.20
FACTORY BUILDING	2944.12	585.03	372.19	—	3901.34	287.18	140.37	303.86	—	731.41	3169.93
NON FACTORY BUILDING	399.04	—	134.67	61.53	472.18	24.43	—	22.71	13.03	34.11	438.07
LEASEHOLD PROPERTY	22.08	—	—	—	22.08	17.93	—	1.21	—	19.14	2.94
PLANT & MACHINERY	8409.32	927.32	3727.68	—	13064.32	1102.82	337.13	1254.41	—	2694.36	10369.96
ELECTRICAL INSTALLATION	1189.81	290.87	539.04	—	2019.72	103.70	119.92	179.53	—	403.15	1616.57
FURNITURE & FIXTURES	225.74	15.23	75.47	38.86	277.58	97.64	5.98	26.39	24.56	105.45	172.13
OFFICE EQUIPMENT	75.38	1.77	31.41	3.69	104.87	28.13	0.68	8.91	1.96	35.76	69.11
COMPUTERS	185.02	5.30	86.58	2.08	274.82	124.62	3.78	37.64	2.05	163.99	110.83
VEHICLES	222.91	93.35	230.31	14.63	531.94	89.22	47.36	71.31	10.18	197.71	334.23
TOTAL (A)	14566.31	1969.92	5358.59	120.79	21774.03	1875.67	655.22	1905.97	51.78	4385.08	17388.95
INTANGIBLE ASSETS											
COMPUTER SOFTWARES	0.53	—	16.71	—	17.24	0.32	—	4.99	—	5.31	11.93
TRADE MARK & PATENT RIGHT	0.98	—	—	—	0.98	0.98	—	—	—	0.98	—
TOTAL (B)	1.51	—	16.71	—	18.22	1.30	—	4.99	—	6.29	11.93
TOTAL (A+B)	14567.82	1969.92	5375.30	120.79	21792.25	1876.97	655.22	1910.96	51.78	4391.37	17400.88
CAPITAL W.L.P.	—	—	—	—	—	—	—	—	—	—	2553.79

Notes:

1. Depreciation for the year includes Rs.1.75 Lacs towards depreciation provided on amount added to Gross Block as a result of revaluation of fixed assets.
2. Assets as at 1st April, 2005 taken over consequent to amalgamation of erstwhile SCFL (Refer Note no. C-1 in Schedule 'U').
3. Accumulated depreciation as on 1st April, 2005 taken over consequent to amalgamation of erstwhile SCFL (Refer Note no. C-1 in Schedule 'U').
4. The opening Gross Block includes Rs. 9603.54 lacs on account of acquisition of subsidiaries. The opening accumulated depreciation includes Rs. 407.77 lacs on account of acquisition of subsidiaries during the year.

Schedules to the Consolidated Balance Sheet

			(Rs. in Lacs)
			As at 31.03.2006
SCHEDULE - 'F'			
INVESTMENTS			
	No. of Shares/ Units	Face Value Rs.	
[A] LONG-TERM – AT COST			
a) Quoted Equity Shares (Non-trade)			
Bankam Investments Ltd	4000	10	0.69
Bharat Commerce & Ind. Ltd	19000	10	14.73
Global Capital Markets Ltd	490000	10	13.02
Goenka Business Ltd	126000	10	5.17
Greenply Industries Ltd	100	5	0.09
Kitpy Industries Ltd	100	10	0.02
Konark Commerce Industries Ltd	29300	10	11.04
Masantoshi International Ltd	25000	10	1.38
Nonstop Plantation Ltd	65000	10	5.24
Nagarjuna Fertilizers & Chemicals Ltd.	12400	10	3.99
Oriental Bank of Commerce	2000	10	5.00
Pidilite Industries Ltd	1000	1	0.27
Power Trading Corpn of India Ltd	4800	10	0.77
UCO Bank Ltd	86244	10	11.76
Uniworth International Ltd.	150	10	0.14
Uniworth Textile Ltd.	50	10	0.03
b) Unquoted Equity Shares (Non-Trade)			
Changlang Plywood (P) Ltd.	2000	100	2.00
Manmao Plywood (P) Ltd.	1000	100	1.00
[B] Current Investments			
Reliance Equity Fund - Dividend Plan	2000000	10	200.00
[C] Government Securities			
National Saving Certificates			0.08
			276.42
Less: Provision for diminution in value of long term Investments			16.45
			259.97
Aggregate of Market Value of Quoted Investments			271.10

Note : The following investments were purchased and sold during the year :

Name	Face Value	
	Rs.	Nos.
Tata Consultancy Services Ltd.	1	5000
Oriental Bank of Commerce	10	38000
Konark Commerce Industries Ltd.	10	12000
Tata Iron & Steel Company Ltd.	10	30000

Schedules to the Consolidated Balance Sheet

(Rs. in Lacs)

	As at 31.03.2006
SCHEDULE - 'G'	
INVENTORIES	
(As taken, valued & certified by the Management)	
Raw Materials	3143.12
Work in Progress	703.52
Finished Goods/Stock in trade	3327.87
Consumable Stores	1430.92
	8605.43
SCHEDULE - 'H'	
SUNDRY DEBTORS	
(Unsecured, considered good)	
Outstanding for a period exceeding six months	756.70
Other Debts	7020.84
	7777.54
SCHEDULE - 'I'	
CASH & BANK BALANCES	
Cash in hand (As certified by the Management)	
	41.98
Cheques/DDs in Hand	
	338.73
Balance with Scheduled Banks	
— In Current Account	633.46
— In Fixed Deposit Account	20.88
Balance with Non-Scheduled Banks	
— Current Account	1.60
KA Bank Nongkyndong RI Khasi Jaintia (Maximum amount due during the year Rs 18.08 Lacs)	
	1036.65
SCHEDULE - 'J'	
LOANS & ADVANCES (Unsecured, considered good)	
Advances, Recoverable in cash or in kind or for value to be received	
	3126.88
Advance Income Tax (Net)	49.56
Deposits	527.19
Balance with Excise Department	660.89
	4364.52
SCHEDULE - 'K'	
CURRENT LIABILITIES	
Sundry Creditors	5347.83
Interest accrued but not due	9.19
Unclaimed Dividend	6.14
Advance From Parties	456.02
Other Liabilities	2314.59
	8133.77
SCHEDULE - 'L'	
PROVISIONS	
Proposed Dividend	448.64
Corporate Tax on Dividend	62.92
	511.56
SCHEDULE - 'M'	
MISCELLANEOUS EXPENDITURE	
(To the extent not written off/adjusted)	
Preliminary Expenses	18.43
Share Issue Expenses	7.15
	25.58

Schedules to the Consolidated Profit & Loss Account

	(Rs. in Lacs)
	2005-06
SCHEDULE - 'N'	
GROSS INCOME	
Income from Sale of Products (Gross)	44707.67
Add : Captive Consumption of Cement	134.12
Income from Services (Gross) (T.D.S. Rs. 1.01 lacs)	128.33
Govt Incentives/Export Benefits/Other Entitlements	209.64
	45179.76
SCHEDULE - 'O'	
OTHER INCOME	
Dividend (Including Rs. 3.86 lacs on long term investments)	4.01
Interest Received Gross (T.D.S. Rs. 0.78 lacs)	6.05
Profit on Sale of Investments (Including Rs.273.89 lacs on long term Investments)	292.67
Profit on Sale of Fixed Assets	67.62
Miscellaneous Income Gross (T.D.S. Rs. 1.26 lacs)	106.14
	476.49
SCHEDULE - 'P'	
(INCREASE)/DECREASE IN STOCK	
Opening stock	
Finished Goods	1766.13
Work in Progress	124.66
	1890.79
Add: Finished Goods acquired pursuant to Scheme of Amalgamation (Refer Note 1 in Schedule 'U')	177.69
Add: On acquisition of Subsidiaries during the year	
Finished Goods	127.27
Work in Progress	144.70
	2340.45
Closing Stock	
Finished Goods	3327.87
Work In Progress	703.52
	4031.39
(Increase)/Decrease in stock	(1690.94)
SCHEDULE - 'Q'	
COST OF MATERIALS	
Raw Materials Consumed	12060.69
Purchases	7797.89
	19858.58

Schedules to the Consolidated Profit & Loss Account

(Rs. in Lacs)

2005-06

SCHEDULE - 'R'**OPERATING, ADMINISTRATIVE & OTHER EXPENSES**

Store & Spare Parts Consumed	1201.37
Power & Fuel	3271.77
Insurance Charges	64.74
Jetty Expenses	49.51
Repairs & Maintenance	863.38
Transport & Freight	2730.74
Commission	523.82
Rebates & Discounts	244.16
Advertisement, Publicity & Sales Promotion	1555.30
Communication Expenses	136.23
Miscellaneous Expenses	1263.27
Bank Charges and Commission	92.60
Directors' Remuneration	45.05
Auditors' Remuneration	6.91
Research & Development Expenses	16.56
Preliminary/Share issue Expenses Written Off	10.71
Octroi	24.99
Rates & Taxes	53.81
Sales Tax/VAT	3447.10

15602.02**SCHEDULE - 'S'****PERSONNEL EXPENSES**

Salaries, Wages & Bonus	1382.87
Contribution to Provident and Other Funds	111.68
Staff & Labour Welfare Expenses	86.66

1581.21**SCHEDULE - 'T'****INTEREST**

On Term Loans	759.13
On Others	478.11

1237.24

Consolidated Cash Flow Statement for the year ended 31st March, 2006

	(Rs. in Lacs)
	2005-06
A. CASH FLOW FROM OPERATING ACTIVITIES :	
Net Profit before tax	4669.17
Adjustements for :	
Depreciation	1909.21
Interest	1237.24
Share Issue Expenses Written Off	5.35
Dividend Income	(4.01)
Sundry Balances/Bad Debts written off	2.56
Share Investment Written Off	0.56
(Profit)/Loss on Sale of Fixed Assets	(67.62)
(Profit)/Loss on Sale of Investments	(292.67)
Interest Received	(6.05)
Provision for Diminution in Value of Investments	16.45
Prior period Adjustments	(59.46)
Operating Profit before Working Capital changes	7410.73
Adjustments for :	
Trade and other Receivables	(6209.07)
Inventories	(3026.92)
Trade Payables and other Liabilities	3928.90
Cash Generated from Operations	2103.64
Interest Paid	(1237.24)
Direct Taxes Paid (Net of Refunds)	(315.60)
Net Cash from Operating Activities	550.80
B. CASH FLOW FROM INVESTING ACTIVITIES :	
Purchase of Fixed Assets (including C.W.I.P.)	(6238.08)
Sale of Fixed Assets	131.50
Sales of Investments (net)	(1208.85)
Dividend Income	4.01
Interest Received	6.05
Net Cash from Investing Activities	(7305.37)
C. CASH FLOW FROM FINANCING ACTIVITIES :	
Borrowings (net)	5573.62
Proceeds from Issue of Shares	1728.54
Increase in Security Deposits	231.68
Dividend paid (including Dividend Tax)	(225.51)
Net Cash from Financing Activities	7308.33
Net Increase/(Decrease) in Cash and Cash equivalents	553.76
Cash and Cash equivalents as at 1st April (Opening Balance)	482.89
Cash and Cash equivalents as at 1st April (Closing Balance)	1036.65

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

On Behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

Schedules forming part of the Consolidated Account

SCHEDULE - 'U'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(Annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2006 & Consolidated Profit & Loss Account for the year ended on that date)

A. CONSOLIDATION

- (a) The subsidiaries (which alongwith Century Plyboards (I) Ltd, the parent) considered in preparation of these Consolidated Financial Statements (CFS) are

Name of the Subsidiary	Country of Incorporation	Percentage of ownership interest as at 31st March, 2006	Subsidiary with effect from
Cement Manufacturing Co. Ltd (CMCL)	India	76.73%	1st October, 2005
Megha Technical & Engineers Private Limited (MTEPL) Subsidiary of CMCL	India	99.56%	23rd March, 2006

CMCL is engaged in manufacturing Cement and Clinker and MTEPL, is engaged in generation of power and providing equipment /vehicles on hire.

- (b) In accordance with Accounting Standard 21 on "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India, the CFS have been prepared on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the un-realized profits / losses on intra group transactions, to the extent possible. CFS are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (c) Significant Accounting policies and notes to the consolidated Financial Statements are intended to show as means of informative disclosure and guide for better understanding of the consolidated position of the Company. Recognising this purpose, the Company has disclosed such policies and notes from individual financial statements which fairly present the needed disclosure. Lack of homogeneity and other similar conditions made it desirable to exclude some of them which in the opinion of the Management could be better viewed when referred from Individual Financial Statements.
- (d) The parent and CMCL provides depreciation on written down value method and the MTEPL provides depreciation on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. The parent writes off preliminary expenses over a period of 10 years and both subsidiaries write off the same over a period of 5 years. The parent provides liability for leave encashment on accrual basis and both subsidiaries provide the same on actuarial basis. Except these, the parent and subsidiary have adopted uniform accounting policies.
- (e) Reserves shown in the Consolidated Balance Sheet represents the Group's share in the respective reserves of the Group Companies. Retained earnings comprise general reserve and profit and loss account.

B. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Concepts

The financial statements are prepared under the historical cost convention (except for certain fixed assets which are revalued) on accrual basis and in accordance with the applicable mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

b. Fixed Assets

Fixed Assets are stated at their cost of acquisition or construction or revalued amount (net of cenvat, wherever applicable) less accumulated depreciation/amortisation and impairment loss, if any. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for its intended use.

Schedules forming part of the Consolidated Account

c. Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and pre-operatives expense during construction period to be allocated to the fixed assets on the completion of construction.

d. Intangible Assets

Intangible asset are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The amortisable amount of an intangible asset is allocated over its estimated useful life.

e. Depreciation/ amortisation

Depreciation on Fixed Assets is charged on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Leasehold assets are amortized on the basis of their useful life or remaining lease period, whichever is lower.

f. Investments

Current Investments are stated at lower of cost and market/fair value. Long-term investments are stated at cost after deducting provision made for permanent diminution in value.

g. Inventories

Inventories are valued at lower of cost and net realizable value except scrap which is valued at estimated realizable value. The cost is computed on weighted average/FIFO basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

h. Retirement Benefits

Provisions for / contributions to retirement benefit schemes are made as follows :

- i. Provident fund - On actual liability basis
- ii. Gratuity - On the basis of yearly premium determined by LIC under their Group Gratuity Scheme and/or actuarial valuation.
- iii. Leave Encashment - On accrual/actuarial valuation basis

i. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

j. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the date of the transaction and exchange differences arising at the time of payment are adjusted to respective fixed assets/inventory/revenue heads.

In respect of foreign currency transactions covered by forward exchange contracts, the difference between the forward rate and exchange rate at the inception of the transaction is recognized in revenue over the period of contract.

Foreign currency transactions not covered by forward exchange contracts and not settled within the same accounting period are re-instated at the exchange rate prevailing on the balance sheet date.

Profit/Loss arising out of cancellation of forward contracts are taken to revenue in the year of cancellation.

k. Research and development expenditure

Revenue expenditure is charged to the profit and loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

l. Miscellaneous Expenditure

Preliminary Expenses/Share Issue Expenses are written off over a period of ten and five years.

Schedules forming part of the Consolidated Account

m. Taxes on Income

Provision for current tax including Fringe Benefit Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of The Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and taxable income for the year, and quantified using the tax rates and laws substantially enacted on the Balance Sheet Date. The deferred tax in respect of timing difference which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act' 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized/adjusted in future.

n. Revenue Recognition

Sales revenue is recognized on despatch of goods to the buyer and stated at net of returns and trade discounts/rebates but includes excise duty and sales tax/VAT. Income from services is recognized as the services are rendered to the parties. Dividend income is accounted for when the right to receive the payment is established. Interest income is recognized on time proportion basis. Certain insurance and other claims and incentives, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

o. Government Grants / Subsidies

Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the Profit and Loss Account either as income or deducted from related expenses. Capital grants / subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the capital reserve.

p. Provision and Contingent Liabilities

Provisions are recognized in respect of present obligation arising out of past events where there are reliable estimate of probable outflows of resource. Contingent liabilities are the possible obligation of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of a future event. These are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

C. NOTES ON ACCOUNTS

1. Amalgamation of Shyam Century Ferrous Limited with the Company

- a) Pursuant to the Scheme of Amalgamation (the scheme) of the erstwhile Shyam Century Ferrous Limited (hereinafter referred to as SCFL) with the Company, as approved by the members of the Company and SCFL at court convened meetings held on 22nd August, 2006 and 16th September, 2006 respectively and subsequently sanctioned by the Honourable High Courts of Judicature at Kolkata and Guwahati on 8th November, 2006 and 22nd November, 2006 and pursuant to filing of certified copies of the said Orders on 7th December 2006, the undertaking of SCFL being all its assets and properties, both moveable and immovable, industrial and other licences, all other interests, rights and powers of every kind, etc and all debts, liabilities including contingent liabilities, duties and obligation, have been transferred to and vested in the company retrospectively with effect from 1st April, 2005 (the Appointed Date). The Scheme has accordingly been given effect to in these accounts.
- b) SCFL was engaged in manufacturing of Ferro Alloys and generation of Power.
- c) In accordance with the scheme, 95,21,865 Equity Shares of Rs. 10/- each of the Company, fully paid up and ranking pari-passu with the existing Equity Shares, are to be issued to the equity shareholders of SCFL in the ratio of 3 (three) equity shares of the company for every 4 (four) equity shares of Rs. 10/- each fully paid up in SCFL. Pending allotment, an amount of Rs. 952.19 lacs has been shown under the Share Capital Suspense Account as at 31st March, 2006 (Schedule AA).

Schedules forming part of the Consolidated Account

- d) The amalgamation has been accounted for under the “Pooling of Interest” method as prescribed by Accounting Standard (AS -14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities of SCFL as at 1st April, 2005 have been taken over at their book values. The balances in Capital Reserve (Rs. 1222.93 Lacs) and Profit & Loss Account (Rs. 943.43 Lacs) have been added to the Company’s respective Reserves & Surplus. The difference between the paid up Share Capital of SCFL and aggregate face value of shares to be issued by the Company, amounting to Rs. 317.40 Lacs has been shown as “Amalgamation Reserve” in Schedule ‘B’.
- e) The income accruing and expenses incurred by SCFL during the period from 1st April, 2005 and 31st March, 2006 have also been incorporated in these accounts. During this period, SCFL carried on the existing business in “trust” and on behalf of the company and all vouchers, documents etc. for the said period are in the name of SCFL. The title deeds for freehold/leasehold land, buildings, licenses, agreements, loan documents etc. are being transferred in the name of the company.
- f) Cement Manufacturing Company Limited (CMCL) is recognized as subsidiary of the company w.e.f. 1st October, 2005, the date on which SCFL became the holding company of CMCL.
- g) Megha Technical & Engineers Pvt. Ltd. (METPL) subsidiary of CMCL is recognized as a subsidiary of the company w.e.f. 23rd March, 2006, the date on which CMCL became the holding company.

(in Rs. Lacs)

	As at 31.3.06
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	2042.47
3. Contingent Liabilities:	
(a) Bank Guarantees issued by Banks	92.81
(b) Letters of Credit issued by Banks	633.45
(c) Export Obligation against EPCG License	2065.17
(d) Claims against the company not acknowledged as debts :	
- Excise Matters	44.16
- Sales Tax/VAT	127.52
	2005-06
4. Borrowing Costs Capitalized	140.61
5. Payment made to Auditors during the year	
(a) Statutory Audit Fee	6.36
(b) Tax Audit Fee	0.50
(c) Certification Work	0.05
Total	6.91
6. Break up of Repairs & Maintenance	
(a) Plant & Machinery	732.08
(b) Buildings	37.46
(c) Others	93.84
Total	863.38
7. In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.	

Schedules forming part of the Consolidated Account

8. In pursuance of “Accounting Standard 28-Impairment of Assets” issued by the Institute of Chartered Accountants of India, the company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year adjustment for impairment of assets is not considered necessary.
9. Based on the information / documents available, in the opinion of the management, there was no amount due for more than 30 days to the small scale undertakings. Total amount due to small scale undertakings as on 31.03.2006 - Nil.
10. Based on information/documents available with the company there was no amount due and outstanding to be transferred to Investors Education and Protection Fund under section 205C of the Companies Act, 1956.
11. Century International, a partnership firm in which the Company was a partner had been dissolved and as per deed of dissolution executed by all partners of the said firm, all the assets and liabilities as per audited balance sheet of the said firm as at 31st March, 2005, after paying capital and other dues of other partners, have been taken over by the company.
12. The Company had taken a jetty situated at Falta Export Processing Zone on lease cum profit sharing basis from the Ministry of Commerce for a period of ten years w.e.f. 1st October, 2001. As per terms of lease agreement the company is required to pay either a fixed rent of Rs. 2.50 lacs per annum or 25% of net revenue whichever is higher. All the incomes from this jetty operation are shown as Income from services under the head Gross Sales and all the expenditures including share of profit to the ministry of commerce are shown as Jetty Expenses under the head operating and other expenses of Profit & Loss Account.
13. **Disclosure in respect of transacting related parties pursuant to Accounting Standard 18 “Related Party Disclosures”**

Other Related Parties with whom transactions have taken place during the year :

Associates	Brijdham Merchants (P) Limited
	Sriram Merchants Private Limited
	Sriram Vanijya Private Limited
	Sumangal Business Private Limited
	Sumangal International Private Limited
	Pacific Plywood Private Limited
	Bansal Cylinders & Tubes Limited
	Skipper Steels Limited
	Shyam Sel Limited
Key Management Personnel	Holding Company :
	Mr. Sajjan Bhajanka (Managing Director)
	Mr. Sanjay Agarwal (Deputy Managing Director)
	Mr. Ajay Baldawa (Executive Director)
	Mr. Nag Raj Tater (Executive Director)
	Mr. Arun Kr. Julasaria (Company Secretary cum Chief Financial Officer)
	Subsidiary Companies :
	Mr. Pankaj Kejriwal (Executive Director)
	Ms. Payal Bhajanka (Executive Director)
	Mr. S. B. Roongta (Managing Director)
	Mr. Sanjay Gupta (Chief Financial Officer)

Schedules forming part of the Consolidated Account

a) Details of transactions and the status of outstanding balance as at year end :

(Rs. in Lacs)

Sl. No.	Type of Transactions	Associates	Key Management Personnel
1	Loans taken	1908.25	—
2	Loans Repaid	1858.25	—
3	Interest Paid	89.44	—
4	Remuneration Paid	—	54.73

14. Directors Remuneration /Sitting Fees :

(Rs. in Lacs)

Remuneration	45.05
Sitting Fees	0.78
Total	45.83

* does not include Rs. 2.70 lacs paid to directors of SCFL.

The Remuneration so paid is within limits prescribed U/s 198 and 309 of the Companies Act, 1956 read with Schedule XIII part II Section I.

15. Deferred Tax Liability / (Asset) as at 31st March, 2006 comprises as under :

(Rs. in Lacs)

A	Deferred Tax Liability on account of Timing Difference on account of Depreciation	511.89
B	Deferred Tax Assets on account of Gratuity & Leave Encashment	41.47
C	Net Deferred Tax Liability (A - B)	470.42

16. Segment Reporting

a. Primary Segment Reporting (by business segment)

Segment have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organizational structure as well as the differential risk and returns of these segments. Details of products included in each of the segments are as under:-

Plywood	-	Plywood, Block-Board, Veneer & Timber
Laminate	-	Decorative Laminates & Prelaminated Boards
Ferro-Alloys	-	Ferro Silicon
Power	-	Generation of power for captive consumption
Cement	-	Cement & Clinker
Others	-	Mainly Jetty operations, Adhesives & Chemicals

Schedules forming part of the Consolidated Account

b. Information about Business Segments

(Rs. in Lacs)

Sl.		Plywood	Laminate	Ferro Alloys	Power	Cement	Others	Total
1	Revenue	19139.65	5814.35	1395.70	19.14	16620.20	2209.86	45198.90
	Less Inter Segment Adjustment				19.14	134.12		153.26
								45045.64
2	Results Profit/Loss (-)	1038.52	174.09	246.69	—	3861.67	108.95	5429.92
3	Interest						1237.24	1237.24
4	Other un-allocable expenses net of un-allocable income						-476.49	-476.49
5	Total Profit Before Tax							4669.17
6	Other Information							
	Segment Assets	7841.63	7624.81	2126.36	3752.08	19727.94	4213.92	45286.74
	Segment Liabilities	3948.98	2260.94	437.15	2828.83	9986.25	963.53	20425.68
	Capital Expenditure	119.00	319.24	44.15	2064.76	3460.84	230.09	6238.08
	Depreciation	106.09	329.71	173.71	9.25	1262	28.44	1909.21

17. Earning per share (EPS)

	2005-06
Post Acquisition Profit / (Loss) Attributable to Equity Shareholders after Minority Interest (Rs. in Lacs)	2388.75
Face Value per Equity Share (Rs.)	10/-
Weighted Average No. of Equity Shares Outstanding (For Basic and diluted EPS) - Without considering Share Suspense Account	10243548
Basic/ Diluted Earning Per Share (Rs.) - Without considering Share Suspense Account	23.32
Weighted Average No. of Equity Shares Outstanding (For Basic and diluted EPS) - Considering Share Suspense Account	19765413
Basic/ Diluted Earning Per Share (Rs.) - Considering Share Suspense Account	12.08

18. Miscellaneous Expenses includes Rs.1.00 lac paid to Bhartiya Janta Party towards political contribution.

19. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part -II of Schedule VI to the Companies Act, 1956.

(a) Licensed and Installed Capacity :

Sl.	Items	Unit		
			Licensed	Installed
1	Veneer	CBM	N.A.	50200
2	Plywood	CBM	N.A.	25400
3	Laminate sheets	No.	N.A.	24,00,000
4	Pre-laminated Boards	SQM	N.A.	8,00,000
5	Ferro Silicon	MT	N.A.	10620
6	Power	MW	N.A.	13.80
7	Cement	MT	N.A.	297000

Schedules forming part of the Consolidated Account

(b) Production :

Sl.	Items	Unit	2005-06
1	Veneer	CBM	25107*
2	Plywood	CBM	22139
3	Laminate sheets	No.	1555783
4	Pre-laminated Boards	SQM	107939
5	Ferro Silicon	MT	2660
6	Power	KWH	1042400#
7	Cement	MT	367658

*includes 10149 CBM (previous year 13789 CBM) for captive use

for captive use

(c) Opening Stock, Purchases, Sales and Closing Stock :

Particulars	Unit	2005-06	
		Qty	Value (Rs. in Lacs)
Opening Stock :			
Plywood/Block Board	CBM	2659	612.33
Veneer	CBM	505	106.44
Adhesives	KGS	98826	49.84
Laminate Sheets	PCS	204880	937.35
Chemicals	MT	23	60.17
Ferro Silicon (Acquired on amalgamation)	MT	534	177.69
Cement	MT	4058	127.27
			2071.09
Purchases :			
Plywood/Block Board	CBM	33285	5242.87
Adhesives	KGS	1220265	671.66
Chemicals	MT	1559	961.34
Timber	CBM	6303	634.69
Others			287.33
			7797.89
Sales :			
Plywood/ Block Board	CBM	54745	16628.65
Veneer	CBM	14966	1920.50
Adhesives	KGS	1227509	968.82
Laminate Sheets	PCS	1435240	5503.16
Pre-laminated Boards	SQM	80585	241.94
Chemicals	MT	1319	994.99
Ferro Silicon	MT	2822	1255.31
Timber	CBM	4294	432.76
Cement*	MT	365663	14121.03
Clinker	MT	96689	2473.54
Others			301.09
			44841.79

Schedules forming part of the Consolidated Account

Closing Stock :			
Plywood/Block Board	CBM	3338	758.26
Veneer	CBM	497	103.81
Adhesive	KGS	91582	35.86
Laminate Sheets	PCS	325423	1387.61
Pre-laminated Boards	SQM	27354	100.35
Chemicals	MT	263	185.87
Ferro Silicon	MT	372	170.31
Timber	CBM	2009	245.80
Cement	MT	5172	117.33
Others			222.67
			3327.87

* Cement shortage and handling losses 881.01 MT

(d) Raw Materials Consumed :

		Unit of Qty.	2005-06	
			Quantity	Value (Rs. in Lacs)
(i)	Timber Logs	CBM	36389	4155.25
(ii)	Veneer	CBM	13961	1579.07
(iii)	Chemicals	KGS/LTR.	6527779	2318.09
(iv)	Paper	KGS	4700325	2304.17
(v)	Particle Board	CBM	1769	163.90
(vi)	Charcoal	MT	1833	68.97
(vii)	Quartz	MT	4755	36.26
(viii)	Super Screen Coal	MT	3388	113.03
(ix)	Limestone	MT	539553	783.22
(x)	Shale	MT	116054	86.17
(xi)	Iron Mill Scale/Iron Ore	MT	3433	47.90
(xii)	Gypsum	MT	3691	36.66
(xii)	Fly ash	MT	73143	320.92
(xiv)	Others	MT		47.08
	Total			12060.69

(e) Value of Imported and indigenous Raw-materials, Stores, Spare parts, components and their percentage to total consumption

(Rs. in Lacs)

	2005-06	
	Value	%
Raw Materials		
- Imported	6180.55	51.25
- Indigenous	5880.14	48.75
Total	12060.69	100.00
Stores & Spares		
- Imported	12.00	0.99
- Indigenous	1189.37	99.01
Total	1201.37	100.00

Schedules forming part of the Consolidated Account

(f) Expenditures in Foreign Currency :

	(Rs. in Lacs)
	2005-06
Raw Materials	6083.35
Purchases	1537.25
Fixed Assets	104.83
Stores & Spares	21.88
Travelling Expenses	10.27
Others	106.83
Total	7864.41

(g) Earnings in foreign currency :

	2005-06
Export (FOB Value)	1559.90
Total	1559.90

20. Purchase of Raw materials include Rs. 24.15 lacs being difference arising out of foreign exchange fluctuation.
21. Figures have been rounded off to the nearest Lacs.
22. These being first consolidated financial statement previous year's figures are not required to be furnished.

Signature to Schedules 'A' to 'U' forming part of the Consolidated Balance Sheet and Consolidated Profit & Loss Account.

In terms of our report of even date.

For **Ashok Kedia & Co.**
Chartered Accountants

CA. A. K. Kedia
Partner

Kolkata, 16th December, 2006

For **Kailash B. Goel & Co.**
Chartered Accountants

CA. Kailash B. Goel
Partner

For & on behalf of the Board

Sajjan Bhajanka
Managing Director

Sanjay Agarwal
Dy. Managing Director

A. K. Julasaria
Company Secretary & CFO

CEMENT MANUFACTURING COMPANY LIMITED

Corporate Information

BOARD OF DIRECTORS

Sajjan Bhajanka	<i>Chairman</i>
Brij Bhushan Agarwal	<i>Vice Chairman</i>
Rajendra Chamaria	<i>Vice Chairman & Managing Director</i>
S. B. Roongta	<i>Managing Director</i>
Pankaj Kejriwal	<i>Executive Director</i>
Payal Bhajanka	<i>Executive Director</i>
Prem Bhajanka	
Sanjay Agarwal	
Sajan Kumar Bansal	
Clara Suja	

AUDITORS

Kailash B. Goel & Co.
Chartered Accountants
70, G. C. Avenue, 1st Floor
Kolkata - 700 013

BANKERS & FI'S

Corporation Bank
North Eastern Development Financial Corporation Ltd.
Oriental Bank of Commerce
State Bank of India
UCO Bank
Union Bank of India

REGISTERED OFFICE & WORKS

Lumshnong, P.O. Khaliehriat
Distt. : Jaintia Hills
Meghalaya

CORPORATE OFFICE

'Satyam Towers'
3 Alipore Road, 1st Floor,
Kolkata - 700 027

Guwahati Office :

Mayur Garden, 2nd Floor
Opp. Rajiv Bhawan,
G.S. Road, Guwahati - 781005

Directors' Report

Dear Members,

We take pleasure in presenting to you the Fifth Annual Report of the Company together with the audited financial accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

The summary of the financial performance for the year ended 31st March, 2006 as compared to the previous year is as under:

(Rs. in Lacs)

Particulars	2005-2006	2004-2005*
Net Sales / Income	15999.72	1194.41
Profit before Interest, Depreciation and Tax	5101.92	103.42
Interest and Finance Charges	(778.22)	(191.60)
Depreciation	(1208.69)	(307.74)
Profit before Tax	3115.01	(395.91)
Prior Period Adjustments (Net)	(58.69)	—
Provision for Taxation:		
— Current	(265.02)	—
— Deferred Tax	25.43	—
— Fringe Benefit Tax	(23.09)	—
Profit after Tax	2793.65	(395.91)
Balance (Dr) / Cr Brought from Previous Year	(395.91)	NIL
Amount Available for Appropriation	2397.73	(395.91)
Appropriations:		
Proposed Dividend	(192.55)	—
Tax on Distributed Profit	(27.01)	—
Balance (Dr) / Cr carried to Balance Sheet	2178.18	(395.91)

* For the period from 21.12.2004 to 31.03.2005

PERFORMANCE

During the financial year 2005-06, which is the first full year of operation, your Company's performance has been quite encouraging. Your Company achieved capacity utilization of 124% and recorded cement production of 367658 MT. The plant also achieved a satisfactory kiln run factor and recorded optimum clinker production. Your Company started production of Fly ash based Pozzolona Portland Cement (PPC) by using 32 (+/- 2)% Fly ash, which helped in increasing output of cement, and consequently facilitated sale of extra clinker generated. Consumption of power and other inputs was in line with industry norms. During the year, mining activities were carried out satisfactorily at Company's captive mines, which ensured smooth supply of good quality limestone for the plant. No difficulty was faced for procurement of coal also from nearby collieries. The power supply from Meghalaya State Electricity Board (MeSEB) was erratic which was overcome by procuring power from 9 MVA power plant of Megha Technical & Engineers Pvt. Ltd. (Subsidiary).

During 2005-06, your company achieved net sales of Rs.15999.72 Lacs and net profit of Rs.2793.65 Lacs with EBIDTA margin of 31.89% and net profit margin of 17.46%.

During the year under review, your Company sold 365663 MT of Cement and 96689 MT of clinker. The company could capture a major portion of the northeastern region market mainly because of its ever-increasing thrust on creating a strong brand. Our brand "STAR CEMENT" has proficiently ascended in the northeastern market as a premium brand and continues its endeavor to grasp a market in North Bengal, Manipur and Nagaland to expand its base. During the year, we also started our institution sales and apart from large construction Companies, we also tapped prestigious projects of various government and semi-government organizations.

The prices were by and large stable in all the markets for most of the year. However they witnessed an upward bias in the last quarter of the financial year with seasonal fluctuations in between, which is a normal phenomenon in the cement industry.

The cost of major inputs such as limestone, coal and gypsum were dearer and an upward spiral in the fuel costs also led to increase in inbound and outbound freight costs. The transportation cost has seen significant increase in the last quarter due to Supreme Court ruling on overload. Despite the overall cost increases, in view of the impressive operational parameters, effective cost control and higher sales realization; your Company was in a position to absorb the cost increase substantially.

Your Company is following a policy of putting quality first. Our constant endeavor is to strive for achieving excellence in quality. The fly ash utilization was kept at optimum level without sacrificing quality in any way. The Company has established a Technical Service Cell to act as an invaluable foil to our marketing efforts. We have organized mason, dealer and customer meetings, training programmes and engineer meets to increase awareness about the attributes and usage of cement. Your Company has been awarded ISO 9001 certification during the year.

We have every reason to feel overwhelmed as also humbled by the achievement made during the first year itself. Our dedicated team of employees has contributed largely for the success achieved and deserves every accolade for their efforts.

DIVIDEND

Your Directors recommended a dividend of Rs.0.50 per share for the year ended 31st March, 2006. This would involve a cash outflow of Rs.219.56 Lacs including tax on dividend of Rs. 27.01 Lacs. Your directors have decided to conserve balance resources for ongoing projects and future plans of the Company.

INDUSTRY OUTLOOK

There is a high level of buoyancy in most sectors of the Indian Economy. Consequently, the GDP growth in the current fiscal is expected to be in excess of 8 per cent. This growth, coming on the back of over 7 per cent growth during the last year, has spurred capital investment in many sectors for creating fresh capacity to meet the growing demand. Due to government thrust on development of infrastructure like housing, power and roads, the Indian cement industry is likely to witness a growth of 9 -10%.

At the beginning of the year 2005-2006, the Indian cement industry was having installed capacity of 153.85 million ton, which has enhanced to 159.80 Million ton. During the year, the industry has registered production of 141.81 million tonnes at average capacity utilization of 90% with despatch of 141.59 million tonnes of cement.

Buoyant state of the economy has created positive spin offs on the business scenario for the entire cement industry. Not only are major players reaping the benefits but other players are also benefiting from the up trend. The cement sector growth story is expected to remain strong on back of increasing demand in housing, infrastructure and commercial construction sectors. Thus Indian cement industry is poised for concrete growth with robust demand scenario, lack of substantial capacity addition in the next 2-3 years and firm cement prices in place.

CEMENT SCENERIO IN NORTHEAST

The demand for cement in the northeastern region has been growing @ 14% as against all India CAGR of 9-10%. The target region is estimated to have a total consumption of 2.2 million tonnes. The region has a production capacity of around 1 million tonnes and the rest is imported from states like West Bengal, Madhya Pradesh, Orissa and other parts of the country. Your company has carved a niche place in the market whereby it is successfully commanding a price at par with other long established national brands in the northeastern market sector.

PROJECTS

Encouraged by the strong demand, your company has undertaken expansion of existing cement plant capacity from 1200 TPD to 1800 TPD. The expansion project is making satisfactory progress and is expected to be completed by March, 2007.

Your Company proposes to set up cement plants in the state of Assam and Bihar besides expanding capacity at Meghalaya. Initial study on the market potential of these regions has already been conducted and results are encouraging. Reputed consultants have been engaged to conduct detailed techno-economic feasibility study for the above projects.

SUBSIDIARY

During the year, the Company acquired 99.56% of the equity shares of Megha Technical & Engineers Private Limited (MTEPL) consequent to which MTEPL has become a subsidiary of the Company with effect from 23.03.2006. MTEPL has set up a 9 MVA power plant and also has a large fleet of heavy machine equipments and vehicles used in mining activities. MTEPL is setting up a cement grinding unit with annual installed capacity of 4.5 Lac tonnes.

As required under Section 212 of the Companies Act 1956, the audited statements of accounts, along with the report of the Board of Directors relating to the Company's subsidiary, Megha Technical & Engineers Private Limited (MTEPL) and respective Auditors' Report thereon for the year ended March 31, 2006 are annexed.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company has also prepared the Consolidated Financial Statement in accordance with Accounting Standard 21 issued by Institute of Chartered Accountant of India, which comprises of the financial statements of the Company and the subsidiary (MTEPL).

HOLDING COMPANY

During the year Shyam Century Ferrous Ltd (SCFL) has increased its shareholding in the Company to 76.73% from 45.71% as at 31.03.2005, consequent to which the Company has become a subsidiary of SCFL.

In terms of Scheme of Amalgamation approved by the Board of Directors of SCFL, SCFL is proposed to be amalgamated with Century Plyboards (I) Ltd (CPIL) w.e.f 1st April, 2005, consequent to which the Company will become a subsidiary of CPIL. However, the said scheme is yet to be approved by shareholders of SCFL and CPIL and respective Hon'ble High Courts at Kolkata and Guwahati. Since CPIL is a leading manufacturer of plywood, veneer and laminates having reputed and precious national brand like "CENTURY PLY", your Company is expected to be benefited with such association.

INTERNAL CONTROL SYSTEMS

The Company believes that a strong internal control system is a sine-qua-non for maintaining a high level of governance across the organization. With this objective in view, where necessary, controls systems have been made more stringent based on the initiatives taken by dedicated internal team. The IT environment is being upgraded on a continuous basis with a view to keep pace with the rapid changes taking place in the external environment. The audit committee constituted by the Board meets at regular intervals and discharges the responsibilities entrusted on it in line with the provisions contained in the Companies Act, 1956 as also the provisions relating to corporate governance.

PARTICULARS OF EMPLOYEES

The company has no employees whose salary exceeds the limit prescribed under section 217(2A) of the Companies Act, 1956. Hence information required to be given under the said section read with the Companies (Particular of Employees) Rules, 1975 as amended has not been provided in the report.

PERSONNEL

Personnel relation with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the devoted services of all employees. Your Directors are aiming at encouraging the induction of local managerial and non-managerial employees and as such regular recruitment and training programmes have been conducted.

DIRECTORS

Ms Payal Bhajanka was appointed as Executive Director of the company with effect from 06.01.2006 for a period of two years. The necessary approval of the members of the Company was obtained in the Extra-Ordinary General Meeting held on 6th January, 2006.

During the year Mr. Rajendra Chamaria was designated as Vice Chairman and Managing Director of the Company with effect from 29th July, 2005.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajendra Chamaria, Mr. S.B.Roongta and Mr. Prem Kumar Bhajanka retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Board recommends to the members the reappointment of retiring Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state:

1. That in the preparation of Annual Accounts, the applicable Accounting Standards had been followed and that there are no material departures.
2. That the Directors have selected such accounting policies and have applied them consistently and have 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, 2006.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

SOCIAL RESPONSIBILITY

Your company has established a hospital and a school where apart from company employees and their family, local people are also entitled to education and health care. Your Company has also contributed Rs. 35.63 Lacs during the year by way of charity and donations to various charitable organizations.

AUDIT COMMITTEE

The Audit Committee comprise of Mr. Sajan Kumar Bansal, Mr. Brij Bhushan Agarwal, Mr. Rajendra Chamaria and Mr. Sajjan Bhajanka with Mr. Sajjan Bhajanka as its Chairman. The role, terms of reference and the authority and power of the Audit Committee are in conformity with the requirement of the Companies Act, 1956.

During the year, the Audit Committee met on 25.05.2005 for the purpose of reviewing the annual financial statement for the year ended 31st March, 2005. The committee also met on 17.08.2005 to review the accounts and internal control procedures. The Committee met on 16.11.2005 to review the unaudited half yearly accounts of the Company and internal audit report. The committee met again on 09.01.2006 to review the third quarter results of the Company.

The mandate of the audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

AUDITORS' REPORT

The observations made in the auditor's note are self-explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

AUDITORS

M/s. Kailash B Goel & Co., Chartered Accountants, Statutory Auditors of the Company, will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment for the year 2006-07. The members are requested to appoint the Auditors and authorize the Board of Directors to fix their remuneration.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions, and Government Authorities during the financial year under review. Your Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the company. The Company also wishes to convey their sincere thanks and appreciation to the villagers of Lumshnong village and other villages in Norpoh elaka.

For and on behalf of the Board

Kolkata, 29th April, 2006

SAJJAN BHAJANKA
Chairman

Annexure - I

DISCLOSURE AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988. AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2006.

Conservation of Energy & Technology Absorption

- (a) Conservation of energy continues to be accorded high priority.
- (b) The company has set up a modern plant to take care of optimal use of energy.
- (c) Replacement of motor of Primary Crusher Bag filter fan from 37 KW to 18.5 KW motor.
- (d) Use of timer for street lighting.
- (e) By stopping 2000 KVA distribution transformer of Load Center-1.
- (f) Using CFL in colony (replacement of conventional bulbs).
- (g) Plant operation at 6.48 kV as against designed 6.6 kV bus.
- (h) Replacement of halogen lamps.
- (i) Taking supply from LC-3 to DG auxiliary power supply, we can avoid 12.5 KVA DG running to auxiliary supply for 6*1500 KVA DG sets.

Form for Disclosures of particulars with respect to conservation of energy

SI No.		2005-2006	2004-2005 *
A	POWER AND FUEL CONSUMPTION		
1	Electricity		
	A Purchased Units (Lacs KWH) Total Amount (Rs. in Lacs) Rate / unit (Rs.)	477.27 1413.73 2.96	87.76 197.94 2.26
	B Own Generation Through Diesel Generator Units (Lacs KWH) Unit / Ltr of HSD Total Amount (Rs in Lacs) HSD cost / Unit Generated (Rs/unit)	0.88 3.32 7.05 8.02	Nil Nil Nil N.A
2	Coal (C&D Grade used as fuel in Kiln) Quantity (MT) Total Cost (Rs. in Lacs) Average Rate (Rs. / MT)	67729.770 1073.25 1584.61	12384.483 178.13 1438.36
3	High Speed Oil for Kiln Quantity (K. Ltr) Total Cost (Rs. in Lacs) Average Rate (Rs. /K.Ltr)	58.96 16.79 28477	142.04 36.60 25767
B	CONSUMPTION PER UNIT OF PRODUCTION Electricity (KWH/T of Cement) HSD (Ltr / T of Clinker) Coal (K.Cal / Kg of Clinker) Coal % per MT of Clinker	115 0.14 865 16.29	152.29 2.61** 942 22.77

* For the period from 21.12.2004 to 31.03.2005

** Including initial stabilization heat up

Technology Absorption

Research and Development (R & D)

The Company has an in-house sophisticated laboratory with most modern equipments with a specified objective of carrying of R&D Projects in development of advanced systems for the mills, Kiln optimization, alternate fuel for kiln and cement quality improvement.

Specific area in which R&D was carried out by the Company

- Change in raw material selection (Replacement of additives use for preparation of raw meal)
- Installation of ear-sonic system in ball mills.
- Resizing of air pipeline of coal firing in Kiln. Internals of burner pipe & replacement of blowers for power and fuel saving.
- Switch over to hicrome grinding media and mill liners.
- Optimization of flow patterns and returns of grit and dynamic separators in raw mill circuit.
- Extension of burner pipe in Pre-calciner.
- Converting the drying chamber length by 1 meter to 1st chamber in raw mill.
- Production of Fly ash based Pozzolona Portland Cement by using 32 (± 2)% Fly ash.

Benefits

Benefits derived as the result of above R&D are as follows :

- By changing raw material-smooth operation of plant and reaching capacity utilization 75% more than it's capacity with lower power and fuel consumption.
- Ear-sonic and mill internals and change in flow patterns of returns resulting more production at the lower power consumption.
- Change in coal firing system resulting lower power & fuel consumption.
- Plant operation on optimum level.
- Raw Mill TPH increased from 110 to 130.

Future plan of action

- Fly ash unloading system & feeding system.
- Installation of water spray system for Pre- heater down comer duct and cooler exhaust for improving the efficiency of the fans.

Expenditure on Research & Development

(Rs. in Lacs)

Sl. No.	Particulars	2005-2006	2004-2005 *
a.	Capital Expenditure	10.29	6.45
b.	Revenue	16.56	1.95
	Total	26.85	8.40

* For the period from 21.12.2004 to 31.03.2005

Industrial Relation - The Industrial relation situation in the company remains harmonious and healthy at all levels.

Foreign Exchange Earnings & Outgo

(Rs. in Lacs)

Sl. No.	Particulars	2005-2006	2004-2005
a.	Foreign Exchange Earning	NIL	NIL
b.	Foreign Exchange Outgo	85.96	0.18

* For the period from 21.12.2004 to 31.03.2005

Auditors' Report

TO THE MEMBERS OF CEMENT MANUFACTURING COMPANY LIMITED

We have audited the attached Balance Sheet of **CEMENT MANUFACTURING COMPANY LIMITED** as at 31st March, 2006, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annexed a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred in paragraph 1 above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to explanations given to us the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2006;
 - ii. In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For KAILASH B. GOEL & CO.
Chartered Accountants

CA. Kailash B. Goel
Partner

M. No. : 55345

Kolkata, 29th April, 2006

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) The fixed assets of the company are physically verified by management according to a phased programme designed to cover all the items over a period of two years, which is considered to be reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) During the year the Company has not disposed off a substantial part of its Fixed Assets.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3. (a) The Company has not granted any loans secured or unsecured to the companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The Company has taken unsecured loan from five Companies covered under the register maintained u/s 301 of the Companies Act. The maximum amount involved during the year was Rs. 626.01 lacs and the year end balance of loans taken from such Companies was Nil.
(b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.
(c) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
(d) There is no overdue amount of loans taken from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.

9. (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of disputed statutory dues, which have not been deposited with the appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	27.38	2004-05	CESTAT

10. According to the records of the company, there are no accumulated losses at the end of the financial year. The company incurred cash losses in the immediately preceding financial year but has not incurred cash losses in current financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the clause 4 (xiii) of the Order is not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the clause 4 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance short term assets except working capital.
18. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
20. The Company has not raised any money through public issue during the year.
21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For KAILASH B. GOEL & CO.
Chartered Accountants

CA. Kailash B. Goel
Partner
M. No. : 55345

Kolkata, 29th April, 2006

Balance Sheet as at 31st March, 2006

	Schedule	31.03.06	(Rs. in Lacs) 31.03.05
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,851.00	3,251.00
Share Application Money		—	340.20
Reserves and Surplus	2	2,248.28	70.12
Loan Funds			
Secured Loans	3	9,455.06	7,389.30
Unsecured Loans	4	905.88	1,128.77
Total		<u>16,460.22</u>	<u>12,179.39</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	10,056.49	9,555.69
Less: Depreciation		<u>1,583.58</u>	<u>393.97</u>
Net Block		8,472.91	9,161.72
Capital Work in Progress		<u>2,393.90</u>	<u>382.21</u>
		<u>10,866.81</u>	<u>9,543.93</u>
Investments	6	224.00	0.44
Current Assets, Loans & Advances			
Current Assets			
Inventories		1,808.01	1,526.19
Sundry Debtors		3,118.49	455.97
Cash & Bank Balances		223.47	45.26
Loans & Advances		<u>2,934.80</u>	<u>1,094.30</u>
		8,084.79	3,121.71
Less: Current Liabilities & Provisions	8	<u>2,758.00</u>	<u>897.52</u>
Net Current Assets		<u>5,326.79</u>	<u>2,224.19</u>
Deferred Tax Assets		25.43	—
Miscellaneous Expenditure	9	17.19	14.92
(to the extent not written off or adjusted)			
Profit & Loss Account (Debit Balance)		—	395.91
Total		<u>16,460.22</u>	<u>12,179.39</u>
Significant Accounting Policies & Notes on Accounts 17			

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet.

As per our report of even date.
For Kailash B. Goel & Co.
Chartered Accountants

CA. Kailash B. Goel
Partner

Kolkata, 29th April, 2006

Sanjay Kr. Gupta
Chief Financial Officer

For & on behalf of the Board

Sajjan Bhajanka
Chairman

Brij Bhushan Agarwal
Vice Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

S. B. Roongta
Managing Director

Profit & Loss Account for the year ended 31st March, 2006

		(Rs. in Lacs)	
	Schedule	2005-06	2004-05
INCOME			
Gross Sales		16,460.45	1,371.10
Add : Captive Consumption of Cement		134.12	16.52
Less : Excise Duty		695.59	159.88
Net Sales		<u>15,898.98</u>	<u>1,227.74</u>
Other Income	10	100.73	19.27
Increase / (Decrease) in Stock	11	417.04	271.97
Total		<u>16,416.75</u>	<u>1,518.98</u>
EXPENDITURE			
Cost of Materials	12	2,195.88	270.51
Manufacturing & Operating Expenses	13	3,902.10	636.27
Personnel Expenses	14	568.82	148.07
Selling, Administrative & Other Expenses	15	4,648.03	360.72
Interest & Finance Charges	16	778.22	191.60
Depreciation		1,208.69	307.74
Total		<u>13,301.75</u>	<u>1,914.91</u>
Profit before Tax		3,115.00	(395.93)
Prior Period Adjustments (Net)		(58.69)	—
Provision for Taxation			
— Current Tax		(265.02)	—
— Fringe Benefit Tax		(23.09)	—
— Deferred Tax		25.43	—
Profit after Tax		<u>2,793.63</u>	<u>(395.93)</u>
Balance (Dr.)/ Cr. Brought Forward from last year		(395.91)	—
Profit available for Appropriation		<u>2,397.72</u>	<u>(395.93)</u>
Appropriations :			
Proposed Dividend		(192.55)	—
Corporate Dividend Tax		(27.01)	—
Balance (Dr.) / Cr. Carried to Balance Sheet		<u>2,178.16</u>	<u>(395.93)</u>
Basic/Diluted Earning Per Shares (Face Value of Rs.10/- each)		8.55	(1.36)

Significant Accounting Policies & Notes on Accounts 17

The Schedules referred to hereinabove form an Integral Part of the Profit & Loss Account.

As per our report of even date.
For Kailash B. Goel & Co.
Chartered Accountants

For & on behalf of the Board

Sajjan Bhajanka
Chairman

Brij Bhushan Agarwal
Vice Chairman

CA. Kailash B. Goel
Partner

Sanjay Kr. Gupta
Chief Financial Officer

Rajendra Chamaria
Vice Chairman & Managing Director

S. B. Roongta
Managing Director

Kolkata, 29th April, 2006

Schedules 1-9 forming part of the Balance Sheet as at 31st March, 2006

	31.03.06	31.03.05
		(Rs. in Lacs)
	31.03.06	31.03.05
Schedule - 1		
SHARE CAPITAL		
Authorised Capital	5000.00	3500.00
5,00,00,000 (Previous Year 3,50,00,000) Equity Shares of Rs.10/- each		
Issued, Subscribed & Paid up	3851.00	3251.00
3,85,10,000 (Previous Year 3,25,10,000) Equity Shares of Rs.10/- each		
Note: 2,95,47,500 Equity Shares are held by Shyam Century Ferrous Limited (Holding Company)		
	3851.00	3251.00
Schedule - 2		
RESERVES & SURPLUS		
Capital Reserves		
Balance as per last Account	70.12	70.12
Profit & Loss Account	2178.16	—
Total	2248.28	70.12
Schedule - 3		
SECURED LOANS		
Rupee Term Loan		
— From a Financial Institution	1,750.00	1,000.00
— From Banks	3,446.20	5,500.00
FCNRB Term Loan from a Bank	2,117.43	—
	7,313.63	6,500.00
Working Capital facilities from Banks	2,120.83	879.17
Hire Purchase Finance from Banks	20.60	10.13
Total	9,455.06	7,389.30
Notes :		
1. Term loans from Banks & Financial Institution are secured / to be secured by first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on pari passu basis.		
2. Working capital facilities from banks are secured / to be secured by way of first charge on current assets of the Company and second charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on pari passu basis.		
3. Term Loans and Working Capital facilities from Banks/Financial Institution have been guaranteed by some of the Directors of the Company		
4. Hire Purchase Finance from Banks are secured by hypothecation of respective assets.		
Schedule - 4		
UNSECURED LOANS		
Short Term Loan		
— From Banks	446.44	400.00
— From Bodies Corporate	—	501.01
Security Deposits	459.44	227.75
Total	905.88	1,128.77
Note :		
Unsecured Loans from banks have been guaranteed by some of the directors of the Company.		

Schedules 1-9 forming part of the Balance Sheet as at 31st March, 2006

SCHEDULE - 5 FIXED ASSETS

(Rs. in Laacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.05	Additions	Deduction/ Adjustment	Total as on 31.03.06	Upto 01.04.05	During the Year	Adjustment	As on 31.03.06	As on 31.03.05
A. CEMENT PLANT									
Land & Site Development Buildings	325.76	114.72	—	440.48	—	—	—	440.48	325.76
Factory Building	2,003.54	62.64	—	2,066.18	46.63	200.41	—	1,819.14	1,956.91
Non Factory Building	245.38	38.49	—	283.87	3.39	12.11	—	268.37	242.00
	2,248.92	101.13	—	2,350.05	50.02	212.52	—	2,087.51	2,198.91
Plant, Machinery & Equipments	5,049.42	161.02	—	5,210.44	210.27	757.24	—	4,242.93	4,839.15
Pollution Control Equipments	246.27	—	—	246.27	10.45	36.15	—	199.67	235.82
Laboratory Equipments	9.75	10.29	—	20.04	1.34	1.60	—	17.10	8.41
Electrical & Water Installation	1,065.75	—	—	1,065.75	51.86	141.03	—	872.86	1,013.89
Furniture & Fixtures	26.72	24.95	—	51.67	7.77	5.14	—	38.76	18.94
Office Equipments	15.26	9.36	—	24.62	2.18	2.23	—	20.21	13.08
Computers	16.97	31.14	—	48.11	4.99	7.41	—	35.71	11.98
Vehicles	41.10	25.16	—	66.26	13.37	12.48	—	40.41	27.72
Tools & Tackles	41.48	8.06	—	49.54	5.58	5.32	—	38.64	35.91
Total — A	9,087.40	485.83	—	9,573.23	357.83	1,181.12	—	8,034.28	8,729.57
B. OTHERS									
Mines & Mines Development	286.81	31.39	—	318.20	—	—	—	318.20	286.81
Non Factory Building	—	18.43	—	18.43	—	0.75	—	17.68	—
Electrical & Water Installation	1.69	5.42	—	7.11	0.06	0.86	—	6.19	1.63
Furniture & Fixtures	46.78	1.66	—	48.44	5.87	6.81	—	35.76	40.91
Office Equipments	4.78	5.14	—	9.92	1.52	0.96	—	7.44	3.26
Computers	25.79	26.03	—	51.82	8.13	12.01	—	31.68	17.66
Vehicles	7.07	10.85	—	17.92	1.49	2.36	—	14.07	5.59
Total — B	372.92	98.92	—	471.84	17.07	23.75	—	40.82	355.86
C. INTANGIBLE ASSETS									
Computer Software	—	11.42	—	11.42	—	3.81	—	7.61	—
Total — C	—	11.42	—	11.42	—	3.81	—	7.62	—
Total — (A + B + C)	9,460.32	596.17	—	10,056.49	374.90	1,208.68	—	8,472.91	9,085.44
Previous Year's Figures	281.76	9,178.58	—	9,460.33	40.39	334.51	—	9,085.44	

Schedules 1-9 forming part of the Balance Sheet as at 31st March, 2006

	31.03.06	(Rs. in Lacs) 31.03.05
Schedule - 6		
INVESTMENTS		
Long Term (At Cost)		
(Other than Trade, Unquoted) (Shares in Subsidiary Company)		
22,40,000 Equity Shares of Rs. 10/- each fully paid up of Megha Technical & Engineers Private Ltd.	224.00	—
Current Investments		
(Unquoted, Non Trade & Fully Paid up)		
27.014 units of Franklin Templeton Mutual Fund (NAV as on 31.3.2005 Rs. 0.45 Lacs)	—	0.44
Total	<u>224.00</u>	<u>0.44</u>
Schedule - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw Materials	258.87	194.53
Work - in - Process	571.68	144.70
Finished Goods	117.33	127.27
Stores, Spares and fuel	820.27	1,056.16
Packing Materials	39.86	3.53
	<u>1,808.01</u>	<u>1,526.19</u>
Sundry Debtors		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	514.25	—
Others debts	2,604.24	455.97
	<u>3,118.49</u>	<u>455.97</u>
Cash & Bank Balances		
Cash in Hand	8.18	8.37
Cheques in Hand	36.69	2.10
Balances With Scheduled Banks:		
— Current Accounts	175.01	32.67
— Fixed Deposit Account	2.00	2.00
Balance with Non-Scheduled Bank:		
— Current Accounts	1.59	0.11
KA Bank Nongkyndong RI Khasi Jaintia (Maximum amount due during the year Rs 18.08 Lacs)		
	<u>223.47</u>	<u>45.26</u>
Loans and Advances		
(Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for value to be received	471.57	161.34
Advances against Capital Expenditure	384.96	137.94
Advances to Suppliers of Raw Materials & Goods	187.58	68.37
CST Refundable	219.05	200.31
Subsidies Receivable from Central/State Governments	893.03	106.90
Prepaid expenses	42.24	23.97
Deposits	59.91	46.14
Balances with / Receivable from Central Excise Department	516.40	349.31
Advance Income Tax	160.06	—
	<u>2,934.80</u>	<u>1,094.30</u>

Schedules 1-9 forming part of the Balance Sheet as at 31st March, 2006

	31.03.06	(Rs. in Lacs) 31.03.05
Schedule - 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for Capital Expenditure	63.47	51.79
Sundry Creditors for Raw Materials & Goods	183.37	147.24
Interest Accrued but not due	0.08	0.05
Advances from Customers	393.54	57.48
Retention Money	14.00	105.69
Statutory Liabilities	357.29	107.61
Other Liabilities	1,244.53	424.82
Total (A)	<u>2,256.28</u>	<u>894.68</u>
Provisions		
For Dividend	192.55	—
For Corporate Dividend Tax	27.01	—
For Taxation	265.02	—
For Fringe Benefit Tax	7.87	—
For Gratuity	5.32	1.75
For Leave Encashment	3.95	1.09
Total (B)	<u>501.72</u>	<u>2.84</u>
Total (A+B)	<u>2,758.00</u>	<u>897.52</u>

Schedule - 9

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary Expenses

Balance as per last Account	14.92	19.11
Addition during the year	7.50	—
Written off during the year	(5.23)	(4.19)
	<u>17.19</u>	<u>14.92</u>

Schedules 10-19 forming part of the Profit & Loss Account for the year ended 31st March, 2006

	(Rs. in Lacs)	
	2005-06	2004-05
Schedule - 10		
OTHER INCOME		
Sale of Scrap	45.39	15.00
Interest (Gross, TDS Rs 0.06 Lac, Previous Year - Nil)	0.25	0.49
Exchange Fluctuation Gain	18.97	—
Insurance and Other Claims	23.35	—
Miscellaneous Income	12.77	3.78
	<u>100.73</u>	<u>19.27</u>
Schedule - 11		
INCREASE / (DECREASE) IN STOCK		
Work in Process		
Opening Stock	144.70	—
Closing Stock	571.68	144.70
	426.98	144.70
Finished Goods		
Opening Stock	127.27	—
Closing Stock	117.33	127.27
	<u>(9.94)</u>	<u>127.27</u>
Increase / (Decrease)	<u>417.04</u>	<u>271.97</u>
Schedule - 12		
COST OF MATERIALS		
Consumption of Raw Materials	1,285.60	140.90
Goods Produced in Trial Run	—	84.90
Consumption of Stores & Spares	452.88	21.33
Packing Materials	457.40	23.38
	<u>2,195.88</u>	<u>270.51</u>
Schedule - 13		
MANUFACTURING & OPERATING EXPENSES		
Royalty	349.79	50.69
Power & Fuel	2,520.26	407.16
Repairs & Maintenance		
- Building	34.00	7.56
- Plant & Machinery	586.75	11.26
- Others	60.01	5.10
Freight & Material Handling Expenses	207.41	89.69
Equipment Hire Charges	143.88	64.81
	<u>3,902.10</u>	<u>636.27</u>

Schedules 10-19 forming part of the Profit & Loss Account for the year ended 31st March, 2006

	(Rs. in Lacs)	
	2005-06	2004-05
Schedule - 14		
PERSONNEL EXPENSES		
Salaries, Wages & Bonus etc	508.11	121.84
Contribution to Provident Fund	14.08	2.26
Welfare Expenses	46.63	23.97
	<u>568.82</u>	<u>148.07</u>
Schedule - 15		
SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Travelling and Conveyance	73.74	23.60
Bank Charges	23.74	10.03
Insurance(Net)	5.78	10.14
Rent, Rates & Taxes	40.48	5.01
Printing & Stationery	25.40	5.64
Postage, Telephone and Communication	33.91	15.43
Legal & Professional Fees	29.95	14.71
Auditors' Remuneration	2.00	1.80
Vehicle Running Expenses	21.92	7.18
Research & Development Expenses	16.56	1.95
Directors' Remuneration	17.87	0.40
Charity & Donation	35.63	4.29
Miscellaneous Expenses	37.51	32.65
Preliminary Expenses Written Off	5.23	3.73
Advertisement & Publicity	323.41	1.30
Sales Tax and VAT	1,388.15	52.61
Outward Freight Charges (Net)	1,711.11	132.62
Sales Promotion Expenses	382.69	18.37
Commission, Discount & Incentives on Sale	472.95	19.27
	<u>4,648.03</u>	<u>360.72</u>
Schedule - 16		
INTEREST & FINANCE CHARGES		
Term Loans (Net)	560.60	164.37
Working Capital Facilities (Net)	102.76	11.64
Others	114.86	15.58
	<u>778.22</u>	<u>191.60</u>

Schedule-17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(Annexed to and forming part of the Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date)

A. SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern and in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (net of cenvat, where ever applicable) less accumulated depreciation. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for its intended use.

3. Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and pre-operatives expense during construction period to be allocated to the fixed assets on the completion of construction.

4. Depreciation

Depreciation on Fixed Assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

5. Investments

Current Investments are stated at lower of cost and market/fair value. Long-term investments are stated at cost.

6. Inventories

Inventories are valued at lower of cost and net realizable value. The cost is computed on weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

7. Retirement Benefits

Provisions for / contributions to retirement benefit schemes are made as follows:

- a) Provident fund – On actual liability basis
- b) Gratuity and Leave encashment benefit – On actuarial valuation basis

8. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

9. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt with in the profit & loss account.

All exchange differences other than those relating to acquisition of fixed assets, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt with in the profit & loss account.

Profit/Loss arising out of cancellation of forward contracts are taken to revenue in the year of cancellation.

Exchange differences relating to borrowings for acquisition of fixed assets are adjusted to the cost of fixed assets.

Schedule-17 (Contd.)

10. Miscellaneous Expenditure

Preliminary Expenses are written off over a period of five years.

11. Taxes on Income

Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act' 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

12. Revenue Recognition

Sales are recorded on dispatch of goods to the customer. Sales include excise duty and are net of trade discounts, rebates, and returns.

13. Government Grants / Subsidies

Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the Profit and Loss Account either as income or deducted from related expenses. Capital grants / subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the capital reserve.

14. Intangible Asset

Intangible asset is recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The depreciable amount of an intangible asset is allocated over its estimated useful life.

15. Contingent Liability

Contingent Liabilities are not provided for but disclosed by way of note.

B. NOTES ON ACCOUNTS

	(Rs. in Lacs)	
	As at 31.3.2006	As at 31.3.2005
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	1912.86	16.75
2. Contingent Liabilities not provided for:		
(a) Letters of Credit and Bank Guarantees issued by Banks	124.45	58.72
(b) Claims against the company not acknowledged as debts – Excise Matters	27.38	54.77
3. Fixed Deposit pledged with the Bank	2.00	2.00
4. Amount of Secured / Unsecured loan falling due for repayment in next 12 months	1159.39	4.48
	2005-06	2004-05
5. Export of Goods (on FOB basis)	893.10	292.08
6. Remuneration paid to Directors	10.07	0.40
7. Borrowing cost capitalized	8.54	489.11

Schedule-17 (Contd.)

	(Rs. in Lacs)	
	2005-06	2004-05
8. Payment made to the Auditors' during the year:		
(a) Statutory audit fees	1.75	1.50
(b) Tax audit fees	0.25	0.25
(c) Certification Works	0.12	0.08
(d) Reimbursement of Expenses (including Service Tax)	0.20	0.19
Total	2.32	2.02

9. In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
10. Expenditure on purchased software and IT related expenses are written off over a period of three years.
11. Based on the information / documents available with the company, Sundry Creditors include:

	(Rs. in Lacs)	
	As at 31.03.06	As at 31.03.05
a) Amount due to Small Scale Industrial Undertakings (Total Amount)	Nil	4.27
b) As per information available with the company, there are no outstanding dues for more than 30 days to the Small Scale Industrial undertakings.		

12. The Company deals in only one Segment i.e. Cement only in India. There is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'.
13. During the year, the Company acquired 99.56% shareholding of Megha Technical & Engineers Private Limited (MTEPL), consequent to which MTEPL has become a subsidiary of the Company.
14. Sundry creditors include Rs.28.10 Lacs (As at 31.03.05 – Rs.28.36 Lacs) due to Megha Technical & Engineers Private Ltd. (Subsidiary).
15. During the year Shyam Century Ferrous Ltd (SCFL) has increased its shareholding in the Company to 76.73% from 45.71% as at 31.03.2005, consequent to which the Company has become a subsidiary of SCFL.
16. Sundry debtors include Rs.2.98 Lacs (As at 31.03.05 – Nil) due from Shyam Century Ferrous Limited (Holding Company). Maximum amount due during the year Rs.10.89 Lacs (Previous year - Nil)
17. In terms of Scheme of Amalgamation approved by the Board of Directors of SCFL, SCFL is proposed to be amalgamated with Century Plyboards (I) Ltd (CPIL) w.e.f 1st April, 2005, consequent to which the Company will become a subsidiary of CPIL. However, the said scheme is yet to be approved by shareholders of SCFL and CPIL and respective Honorable High Courts at Kolkata and Guwahati.
18. **Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"**
- a) Names of the transacting related parties and description of relationships.

Holding Company	Shyam Century Ferrous Limited (w.e.f 01.10.2005)
Subsidiary Company	Megha Technical & Engineers Private Ltd. (w.e.f 23.03.2006)

Schedule-17 (Contd.)

Associates	Century Panels Private Limited Century Plyboards (I) Limited Shyam Sel Limited Bansal Cylinders & Tubes Limited Brijdham Merchants (P) Limited Sriram Merchants Private Limited Sriram Vanijya Private Limited Sumangal Business Private Limited Sumangal International Private Limited Skipper Steels Limited
Key Management Personal	Mr. S.B. Roongta (Managing Director) Mr. Pankaj Kejriwal (Executive Director) Ms. Payal Bhajanka (Executive Director) Mr. Sanjay Kr. Gupta (Chief Financial Officer)

- b) Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2006 is given hereunder:

(Rs. in Lacs)

Sl. No.	Type of Transactions	Holding	Subsidiary	Associate	Key Management Personal
1.	Purchase of Fixed Assets	—	—	—	—
		—	—	(7.35)	—
2.	Purchase Transactions	—	362.39	119.32	—
		—	—	(148.29)	—
3.	Sales Transactions	34.59	—	—	—
		(10.20)	—	—	—
4.	Loans & Advances Received	—	—	50.00	—
		—	—	(501.01)	—
5.	Loans & Advances Given	—	(5.64)	—	—
		—	(4.69)	—	—
6.	Services Received	—	69.87	—	—
		—	(80.65)	—	—
7.	Interest Paid	—	—	62.41	—
		—	—	(1.28)	—
8.	Remuneration Paid	—	—	—	24.07
		—	—	—	(5.40)
9.	Balances as at 31st March, 2006:				
	Investments	—	224.00	—	—
		—	—	—	—
	Share Application Money	—	240.00	—	—
		—	—	—	—
	Loans & Advances Received	—	—	—	—
		—	—	(501.01)	—
	Debtors	2.98	—	—	—
		(0.35)	—	—	—
	Creditors	—	28.10	4.11	—
		—	(28.36)	(15.74)	—

Note: Figures in the bracket represent transactions in the previous year and outstanding as at 31st March, 2005

Schedule-17 (Contd.)

19. Earning per share (EPS)

(Rs. in Lacs)

	31.03.06	31.03.05
Profit / (Loss) Attributable to Equity Shareholders	2793.65	(395.91)
Equity Share Capital	3851.00	3251.00
Weighted Average No. of Equity Shares Outstanding (Face Value of Rs.10/- per share)	326.58	291.01
Basic/ Diluted Earning Per Share (Rs.)	8.55	(1.36)

20. Deferred Tax Liability / (Asset) as at 31st March, 2006 comprises as under :

(Rs. in Lacs)

	Current Year Charge/ (Credit)	As at 31.03.2006
A. Deferred Tax Liability on account of :		
Amortization Expenses	Nil	Nil
Total (A)	Nil	Nil
B. Deferred Tax Assets on account of :		
Depreciation Difference	22.31	22.31
Gratuity & Leave Encashment	3.12	3.12
Total (B)	25.43	25.43
C. Deferred Tax Liability / (Assets) (A – B)	25.43	25.43

21. In pursuance of “Accounting Standard 28-Impairment of Assets” issued by the Institute of Chartered Accountants of India, the company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

22. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part-II of Schedule VI of the Companies Act, 1956.

(a) Licensed, Installed Capacity and Production:

	2005-06 (MT)	2004-05 (MT)
(i) License Capacity	NA	NA
(ii) Installed Capacity – Cement	297000.000	297000.000
(iii) Production – Cement	367657.500	22806.000

Schedule-17 (Contd.)

(b) Sales:

	2005-06		2004-05	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
(i) Cement*	365662.694	14121.03	18747.550	657.18
(ii) Clinker	96689.100	2473.54	26414.460	667.83
Total		16594.57		1325.01

* Includes Captive Consumption of 4470.750 MT (Previous Year 570.75 MT) amounting to Rs.134.12 Lacs (Previous Year Rs.16.52 Lacs).

(c) Stock of Finished Goods:

	2005-06		2004-05	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
(i) Opening Stock - Cement	4058.450	127.27	—	—
(ii) Closing Stock – Cement	5172.247	117.33	4058.450	127.27
(iii) Shortage and handling loss etc.	881.009	—	—	—

(d) Raw Materials Consumed (100% Indigenous):

	2005-06		2004-05	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
(i) Limestone	539552.620	783.22	64031.080	126.00
(ii) Shale	116053.700	86.17	7322.343	2.33
(iii) Sandstone	—	—	8737.610	3.65
(iv) Iron Mill Scale / Iron Ore	3433.051	47.90	25.240	0.08
(v) Gypsum	3691.128	36.66	529.820	8.84
(vi) Flyash	73142.850	320.92	—	—
(vii) Other Materials	135.060	10.73	—	—
Total		1285.60		140.90

(e) Value of imported and indigenous Stores, Spare parts, Components consumed and their percentage to total consumption:

	2005-06		2004-05	
	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
Stores, Spare parts and Components				
i) Imported	—	—	—	—
ii) Indigenous	452.88	100%	21.33	100%

Schedule-17 (Contd.)

(f) Expenditure incurred in foreign currency:

(Rs. in Lacs)

	2005-06	2004-05
i) Sales Promotion	13.27	0.18
ii) Interest paid	72.69	—
Total	85.96	0.18

23. Current year's figures are not comparable with the previous year's figures since the same were for the period from 21.12.2004 to 31.03.2005.
24. Figures have been rounded off to the nearest Lacs.
25. Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.

The Schedules referred to hereinabove form an Integral Part of the Profit & Loss Account.

As per our report of even date.

For Kailash B. Goel & Co.

Chartered Accountants

CA. Kailash B. Goel

Partner

Kolkata, 29th April, 2006

For & on behalf of the Board

Sajjan Bhajanka

Chairman

Brij Bhushan Agarwal

Vice Chairman

Sanjay Kr. Gupta

Chief Financial Officer

Rajendra Chamaria

Vice Chairman & Managing Director

S. B. Roongta

Managing Director

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	06663 of 2001-2002
State Code	13
Balance Sheet Date	31.03.2006

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. LACS)

Public Issue	—
Bonus Issue	—
Rights Issue	—
Private Placement	600.00

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. LACS)

Total Liabilities	16460.24	Total Assets	16460.24
Sources of Funds			
Paid Up Capital	3851.00	Reserves & Surplus	2248.30
Secured Loans	9455.06	Unsecured Loans	905.88
Application of Funds			
Net Fixed Assets	10866.81	Investments	224.00
Net Current Assets	5326.81	Misc. Expenditure	17.19
		Deferred Tax	25.43

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. LACS)

Turnover (Incl. Other Income)	16416.76	Total Expenditure	13301.75
Profit/(Loss) before Tax	3115.01	Profit/(Loss) after Tax	2793.65
Earning per Share (Rs.)	8.55	Dividend Rate (%)	5.00

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Codes)	2523
Product Description	Cement

For & on behalf of the Board

Sajjan Bhajanka
Chairman

Brij Bhushan Agarwal
Vice Chairman

Kolkata, 29th April, 2006

Sanjay Kr. Gupta
Chief Financial Officer

Rajendra Chamaria
Vice Chairman & Managing Director

S. B. Roongta
Managing Director

Cash Flow Statement for the year ended 31st March, 2006

	(Rs. in Lacs)	
	2005-06	2004-05
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit as per Profit & Loss Account (After Tax)	2,793.65	(395.91)
Less :		
Proposed Dividend	(192.55)	—
Corporate Dividend Tax	(27.01)	—
Deferred Tax Assets	(25.43)	—
	<u>2,548.66</u>	<u>(395.91)</u>
Add :		
Depreciation	1,208.69	307.74
Amortisation of Preliminary Expenditure	5.23	4.19
Interest & Finance Charge	778.22	191.60
Operating Profit Before Working Capital Changes	<u>4,540.80</u>	<u>107.61</u>
Changes in Working Capital		
Increase in Inventories	(281.82)	(1,176.15)
Increase in Sundry Debtors	(2,662.53)	(253.00)
Increase in Loans & Advances	(1,840.50)	(817.60)
Increase in Current Liabilities	1,860.46	679.86
Deferred Revenue Expenditure	—	(76.28)
	<u>(2,924.39)</u>	<u>(1,643.16)</u>
Net Cash Generated from Operation	<u>1,616.41</u>	<u>(1,535.55)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital WIP)	(2,531.57)	(4,571.87)
Increase in Investment	(223.56)	(0.44)
Increase in Capital Reserve	—	70.12
Increase in Preliminary Expenditure	(7.50)	—
Net Cash used in Investing Activities	<u>(2,762.63)</u>	<u>(4,502.18)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Shares	600.00	522.75
Share Application Money	(340.20)	339.20
Decrease in unsecured loan from bodies corporate	(501.01)	501.01
Increase in Security Deposits	231.68	227.75
Proceeds from borrowings :		
— From Financial Institution	750.00	537.36
— From Banks	1,362.20	3,985.63
Payment of Interest & Finance Charge	(778.22)	(191.60)
Net Cash from Financing Activities	<u>1,324.45</u>	<u>5,922.11</u>
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	178.23	(115.62)
Cash and Cash Equivalents as at the commencement of the year	45.26	160.88
Cash and Cash Equivalents as at the close of the year	223.47	45.26

As per our report of even date.

For Kailash B. Goel & Co.

Chartered Accountants

CA. Kailash B. Goel

Partner

Kolkata, 29th April, 2006

Sanjay Kr. Gupta
Chief Financial Officer

For & on behalf of the Board

Sajjan Bhajanka
Chairman

Brij Bhushan Agarwal
Vice Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

S. B. Roongta
Managing Director

MEGHA TECHNICAL & ENGINEERS PVT. LIMITED

Corporate Information

BOARD OF DIRECTORS

Hari Prasad Agarwal
Sharan Kumar Bansal

AUDITORS

Kailash B. Goel & Co.
Chartered Accountants
70, G. C. Avenue, 1st Floor
Kolkata - 700 013

BANKERS & FI'S

Oriental Bank of Commerce

REGISTERED OFFICE & WORKS

Lumshnong, P.O. Khaliehriat
Distt. : Jaintia Hills
Meghalaya

CORPORATE OFFICE

'Satyam Towers'
3 Alipore Road, 1st Floor,
Kolkata - 700 027

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report, together with the Audited Financial Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

The summary of the financial performance for the year ended 31st March, 2006 as compared to the previous year is as under:

(In Rupees)

Particulars	2005-2006	2004-2005
Net Sales / Income	4,34,55,249	81,09,214
Profit Before Interest, Depreciation & Tax	1,36,68,912	28,90,607
Interest & Finance Charges	(37,45,447)	(4,89,102)
Depreciation	(53,30,975)	(15,95,096)
Profit before Tax	45,92,489	8,06,409
Provision for Taxation		
— Current	(4,00,000)	(66,795)
— Fringe Benefit Tax	(6,500)	—
— Deferred	32,24,435	4,46,841
Profit after Tax	9,61,554	2,92,773
Balance (Dr) / Cr brought from Previous Years	(3,93,985)	(6,93,915)
Prior Period adjustment (Net)	10,212	6,257
Balance (Dr) / Cr carried to Balance Sheet	5,77,782	(3,93,985)

PERFORMANCE

The operating performance of the Company has been satisfactory during the year under review. The income of the Company has increased from Rs.434 Lacs during the year 2005-06 as against Rs.81.09 Lacs during the year 2004-05. The Company has achieved net profit of Rs.9.62 Lacs during the financial year 2005-06 as compared to net profit of Rs.2.93 Lacs in previous financial year.

HOLDING COMPANY

Consequent upon acquisition of 99.56% of shareholding in the Company by Cement Manufacturing Company Limited (CMCL), the Company has become a subsidiary of CMCL. Further with acquisition of 75.73% of shareholding in CMCL by Shyam Century Ferrous Limited (SCFL), CMCL has become a subsidiary of SCFL and the Company has become a subsidiary of SCFL, the ultimate holding Company.

DIVIDEND

In order to meet the requirement of resources for proposed expansion and diversification projects, your directors would like to conserve resources and therefore do not recommend any dividend for the year under review.

PROJECTS

Foreseeing the strong demand of cement, your company is setting up a cement grinding unit with annual installed capacity of 4.5 Lac tonnes at Lumshnong, Meghalaya with infrastructure and support of its holding Company. The Company has already obtained Single window clearance from Director of Industries, Government of Meghalaya and presently in process of completing other formalities.

DIRECTORS

Mr Sharan Bansal, the director of the company retires by rotation and, being eligible, offers himself for re-appointment. The Board recommends his appointment at the ensuing Annual General Meeting

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are to be disclosed under section 217(2A) of the Companies Act, 1956.

Directors' Report *(Contd.)*

EMPLOYEE RELATIONS

Employee relations remained satisfactory during the year under review. Your Board would like to place on record their appreciation of the continued support rendered by all the employees of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of Annual Accounts, the applicable accounting standards had been followed.
2. that 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 at the end of the financial year.
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

AUDITORS

The Auditors, M/s Kailash B. Goel & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DISCLOSURE AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2006.

Conservation of Energy & Technology Absorption

- (a) Conservation of energy continues to be accorded high priority.
- (b) There is no distribution loss as the plant is in close proximity of its buyer.
- (c) Replacement of halogen lamps.
- (d) By implementing pressurizing system in power plant clean air passes through the engine and engine life as well as efficiency of Engine increases. The above has resulted into lower consumption of HSD oil. Thus during the year we have produced 3.59 units of power per litre of HSD oil.
- (e) Planning to implement energy audit in the entire plant to improve operational efficiency and energy conservation.

Industrial Relation - The Industrial relation situation in the company remains harmonious and healthy at all levels.

Foreign Exchange Earnings & Outgo: There has been no foreign exchange earning and outgo during the year under review.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the assistance, guidance and co-operation received by the Company from its Bankers, Suppliers, Officers and the employees of the Company.

For and on behalf of the Board

Hari Prasad Agarwal
Chairman

Kolkata, 20th April, 2006

Auditors' Report

TO THE MEMBERS OF MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED

We have audited the attached Balance Sheet of **MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED** as at 31st March, 2006, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annexed a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred in paragraph 1 above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to explanations given to us the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2006;
 - ii. In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date and
 - iii. in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For KAILASH B. GOEL & CO.
Chartered Accountants

CA. Kailash B. Goel
Partner

Kolkata, 20th April, 2006

M. No. : 55345

Auditors' Report *(Contd.)*

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) The fixed assets of the company are physically verified by management according to a phased programme designed to cover all the items over a period of two years, which is considered to be reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) During the year the Company has not disposed off a substantial part of its Fixed Assets.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3. The Company has not taken or granted loans from/to companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 and therefore, the provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the equipment hiring and other services. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company. Therefore, clause 4(viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
9. (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.

Auditors' Report *(Contd.)*

- (b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess that have not been deposited on account of any dispute.
10. According to the records of the company, there are no accumulated losses at the end of the financial year. The company has neither incurred cash losses in the immediately preceding financial year nor in the current financial year.
 11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
 12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the clause 4 (xiii) of the Order is not applicable to the Company.
 14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the clause 4 (xiv) of the Order is not applicable to the Company.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
 16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance short term assets except working capital.
 18. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
 19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
 20. The Company has not raised any money through public issue during the year.
 21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For KAILASH B. GOEL & CO.
Chartered Accountants

CA. Kailash B. Goel
Partner
M. No. : 55345

Kolkata, 20th April, 2006

Balance Sheet as at 31st March, 2006

	Schedule	31.03.06	(Rupees) 31.03.05
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	22,500,000	100,000
Share Application Money		24,000,000	20,142,000
Reserve & Surplus	2	577,782	(393,985)
		<u>47,077,782</u>	<u>19,848,015</u>
Loan Funds			
Secured Loans	3	48,761,043	52,812,346
		<u>48,761,043</u>	<u>52,812,346</u>
Deferred Tax Liability			
		5,018,241	1,793,806
Total		<u>100,857,066</u>	<u>74,454,167</u>
APPLICATION OF FUNDS			
Fixed Assets			
	4		
Gross Block		97,404,814	14,320,730
Less: Depreciation		8,618,318	3,287,344
Net Block		<u>88,786,496</u>	<u>11,033,386</u>
Capital Work in Progress (Including unallocated capital expenditure)		—	50,085,637
Current Assets, Loans & Advances			
Current Assets			
	5		
Inventories		2,785,454	61,757
Sundry Debtors		2,810,390	2,835,679
Cash & Bank Balances		2,740,651	2,666,793
Loans & Advances		5,701,778	10,532,295
		<u>14,038,273</u>	<u>16,096,523</u>
Less: Current Liabilities & Provisions	6	<u>2,091,443</u>	<u>2,930,860</u>
Net Current Assets		<u>11,946,830</u>	<u>13,165,663</u>
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	7	123,740	169,480
Total		<u>100,857,066</u>	<u>74,454,166</u>
Significant Accounting Policies & Notes on Accounts	13		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet.

As per our report of even date.

For Kailash B. Goel & Co.

Chartered Accountants

CA. Kailash B. Goel

Partner

Kolkata, 20th April, 2006

For & on behalf of the Board

Hari Prasad Agarwal

Director

Sharan Bansal

Director

Profit & Loss Account for the year ended 31st March, 2006

	Schedule	2005-06	(Rupees) 2004-05
INCOME			
Income from Sales & Services	8	43,225,500	8,065,468
Other Income	9	229,749	43,746
Total		<u>43,455,249</u>	<u>8,109,214</u>
EXPENDITURE			
Operating Expenses	10	26,846,725	3,880,851
Personnel Expenses	11	842,299	993,756
Administrative & Other Expenses	12	2,097,313	344,001
Interest & Finance Charges		3,745,447	489,102
Depreciation		5,330,975	1,595,096
Total		<u>38,862,759</u>	<u>7,302,805</u>
Profit before Tax		4,592,490	806,409
Provision for Taxation			
— Current Tax		400,000	66,795
— Fringe Benefit Tax		6,500	—
— Deferred Tax		3,224,435	446,841
Profit after Tax		961,555	292,773
Balance (Dr) / Cr Brought Forward from last year		(393,985)	(693,015)
Liability no longer required written back		10,212	6,257
Balance (Debit) Carried to Balance Sheet		<u>577,782</u>	<u>(393,985)</u>
Basic Earning Per Shares (Face Value of Rs.10/- each)		14.74	29.28
Diluted Earning Per Shares (Face Value of Rs.10/- each)		0.74	—

Significant Accounting Policies & Notes on Accounts 13

The Schedules referred to hereinabove form an Integral Part of the Profit & Loss Account.

As per our report of even date.
For Kailash B. Goel & Co.
Chartered Accountants

CA. Kailash B. Goel
Partner

Kolkata, 20th April, 2006

For & on behalf of the Board

Hari Prasad Agarwal
Director

Sharan Bansal
Director

Schedules 1-7 forming part of the Balance Sheet as at 31st March, 2006

(Rupees)

31.03.06 **31.03.05**

Schedule - 1

SHARE CAPITAL

Authorised Capital	<u>23,000,000</u>	<u>23,000,000</u>
23,00,000 (Previous Year 23,00,000) Equity Shares of Rs.10/- each		
Issued, Subscribed & Paid up	22,500,000	100,000
22,50,000 (Previous Year 10,000) Equity Shares of Rs.10/- each		
Note : (22,40,000 Equity Shares held by Cement Manufacturing Company Ltd, the immediate holding Company)		
	<u>22,500,000</u>	<u>100,000</u>

Schedule - 2

RESERVES & SURPLUS

Profit & Loss Account	577,782	(393,985)
Total	<u>577,782</u>	<u>(393,985)</u>

Schedule - 3

SECURED LOANS

Term Loan		
From a Bank	39,999,247	49,999,903
Hire Purchase Finance from Banks	8,761,796	2,812,443
Total	<u>48,761,043</u>	<u>52,812,346</u>

Note :

1. Term loans from Bank is secured by hypothecation of Plant, Machinery & other moveable fixed assets of the power Plant.
2. Term loan from bank is also secured by personal guarantee of some of the directors of the Company.
3. Hire Purchase Finance from Banks is secured by hypothecation of respective assets.

Schedules 1-7 forming part of the Balance Sheet as at 31st March, 2006

Schedule – 4

FIXED ASSETS

(Amt in Rs.)

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	As on 01.04.05	Additions/ Deduction	Total as on 31.03.06	Upto 31.03.05	For the Year	Upto 31.03.06	As on 31.03.06	As on 31.03.05
A. Power Plant								
Plant & Machinery	—	70,430,655	70,430,655	—	2,780,899	2,780,899	67,649,755	—
Tools & Tackles	305,759	47,294	353,053	9,669	16,063	25,732	327,321	296,090
Office Equipments	—	72,724	72,724	—	1,005	1,005	71,719	—
Electrical Installation	—	310,510	310,510	—	3,677	3,677	306,833	—
Computers	—	120,415	120,415	—	10,939	10,939	109,476	—
Total of Power Plant	305,759	70,981,598	71,287,357	9,669	2,812,584	2,822,253	68,465,104	296,090
B. Others								
Heavy Machine Equipments	10,786,836	3,564,529	14,351,365	2,388,984	1,625,568	4,014,552	10,336,813	8,397,852
Vehicles	3,107,335	8,537,957	11,645,292	876,727	887,086	1,763,813	9,881,479	2,230,608
Tools & Tackles	120,800	—	120,800	11,963	5,738	17,701	103,099	108,837
Total of Others	14,014,971	12,102,486	26,117,457	3,277,674	2,518,392	5,796,066	20,321,391	10,737,297
Gross Total	14,320,730	83,084,084	97,404,814	3,287,343	5,330,975	8,618,319	88,786,495	11,033,387
Previous Year's Figures	12,464,404	1,856,326	14,320,730	1,692,248	1,595,096	3,287,344	11,033,386	

Notes :

1. The Power Plant of the Company commenced Commercial operation from 15th May, 2005.
2. Total amount of borrowing cost capitalised during the year is Rs. 12,34,308/-.

Schedules 1-7 forming part of the Balance Sheet as at 31st March, 2006

	31.03.06	31.03.05
		(Rupees)
Schedule - 5		
Current Assets, Loans and Advances		
Current Assets		
Inventories		
Stores & Spares	2,785,454	61,757
	<u>2,785,454</u>	<u>61,757</u>
Sundry Debtors		
(Unsecured, considered good)		
Debts due for less than Six months	2,810,390	2,835,679
	<u>2,810,390</u>	<u>2,835,679</u>
Cash & Bank Balances		
Cash In Hand	90,746	12,093
Balances With Scheduled Banks:		
Current Accounts	848,405	853,200
Fixed Deposit Account	1,800,000	1,800,000
Balance with Non-Scheduled Bank:		
Current Accounts	1,500	1,500
KA Bank Nongkyndong RI Khasi Jaintia (Maximum Amount outstanding during the year Rs 1,01,500/-)		
	<u>2,740,651</u>	<u>2,666,793</u>
Loans and Advances		
(Unsecured, considered good)		
Advances Recoverable in Cash or in kind or for value to be received	97,505	104,730
Advance Tax	193,067	30,982
Accrued Interest	98,566	10,787
Advances against Capital Expenditure	4,881,885	9,895,768
Advances to Suppliers	180,241	166,148
Prepaid expenses	241,514	314,880
Deposits	9,000	9,000
	<u>5,701,778</u>	<u>10,490,526</u>
Schedule - 6		
Current Liabilities & Provisions :		
Current Liabilities		
Sundry Creditors for Capital Expenditure	606,351	2,168,244
Sundry Creditors for Fuel & Stores	748,641	—
Statutory Liabilities	898	—
Other Liabilities	248,316	640,894
Interest accrued but not due	31,545	5,324
	1,635,751	2,814,462
Provisions		
For Taxation	404,771	71,570
For Fringe Benefit Tax	6,500	—
For Gratuity	37,460	27,655
For Leave Encashment	6,961	17,173
	455,692	116,398
	<u>2,091,443</u>	<u>2,930,860</u>
Schedule -7		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	169,480	20,220
Addition During the year	—	195,000
Written off during the year	45,740	45,740
	<u>123,740</u>	<u>169,480</u>

Schedules 8-12 forming part of the Profit & Loss Account for the year ended 31st March, 2006

(Rupees)

	2005-06	2004-05
Schedule - 8		
Income From Sales & Services		
Income From sale of Power	36,238,500	—
Hire Charges (Equipment & vehicle) (Gross TDS Rs 1,56,788/- Previous Year Rs Nil)	6,987,000	8,065,46
	<u>43,225,500</u>	<u>8,065,468</u>
Schedule - 9		
Other Income		
Commission (Gross TDS Rs 5,722/- Previous Year Rs Nil)	116,575	1,084
Interest (Gross TDS Rs 25,396/- Previous Year Rs 3,252/-)	113,174	42,662
	<u>229,749</u>	<u>43,746</u>
Schedule -10		
Operating Expenses		
Consumption of fuel	25,530,231	3,874,028
Consumption of Stores & Spares	1,237,712	—
Freight & Carriage	78,782	6,823
	<u>26,846,725</u>	<u>3,880,851</u>
Schedule -11		
Personnel Expenses		
Salaries, Wages & Bonus	841,278	993,579
Staff Welfare Expenses	1,021	177
	<u>842,299</u>	<u>993,756</u>
Schedule -12		
Administrative & Other Expenses		
Insurance Charges	792,769	144,270
Repair & Maintenance (on machinery)	662,343	50,374
Rates & Taxes	120,385	33,527
Telephone Expenses	53,192	29,806
Auditors Remuneration	50,000	11,020
Bank Charges	290,680	3,340
Vehicle Running Expenses	63,652	2,651
Miscellaneous Expenses	18,552	23,273
Preliminary Expenses Written Off	45,740	45,740
	<u>2,097,313</u>	<u>344,001</u>

Schedules-13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(Annexed to and forming part of the Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended as on that date)

A. SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern and in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (net of cenvat, where ever applicable) less accumulated depreciation. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for its intended use.

3. Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and pre-operative expenditure during construction period to be allocated to the fixed assets on the completion of construction.

4. Depreciation

Depreciation on Fixed Assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

5. Inventories

Inventories are valued at lower of cost and net realizable value. The cost is computed on weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

6. Retirement Benefits

Liability for gratuity and Leave encashment are provided on the basis of actuarial valuation.

7. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

8. Miscellaneous Expenditure

Preliminary Expenses are written off over a period of five years.

9. Taxes on Income

Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

10. Revenue Recognition

Income and expenditure are recognized on accrual basis except as stated otherwise.

11. Contingent Liability

Contingent Liabilities are not provided for but disclosed by way of note.

Schedules-13 (Contd.)

B. NOTES ON ACCOUNTS

	(Rupees)	
	As at 31.3.2006	As at 31.3.2005
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	95,35,825	1,04,52,000
2. Contingent Liabilities not provided for:		
(a) Bank Guarantee issued by a Bank	1,79,06,209	1,79,06,209
(b) Export obligation under EPCG scheme	2,00,86,033	2,00,86,033
3. Fixed Deposit pledged with the Bank	18,00,000	18,00,000
4. Secured Loans falling due for repayment in next 12 months	1,73,22,756	1,20,76,000
5. Payment made to the Auditors' during the year:		
(a) Audit fees	40,000	6,612
(b) Tax audit fees	10,000	3,306
(c) Certification Work	—	1,102
Total	50,000	11,020
6. In the opinion of the Management and to the best of their knowledge and belief the value on realization of Loans. Advances and other Current Assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.		
7. Consequent upon acquisition of 99.56% of shareholding in the Company by Cement Manufacturing Company Limited (CMCL), the Company has become a subsidiary of CMCL. Further with acquisition of 75.73% of shareholding in CMCL by Shyam Century Ferrous Limited (SCFL), CMCL has become a subsidiary of SCFL and the Company has become a subsidiary of SCFL, the ultimate holding Company.		
8. Sundry debtors include Rs.28,10,390 (As at 31.03.05 – Rs. 28,35,679) due from Cement Manufacturing Company Limited. Maximum amount due during the year Rs.28,10,390 (Previous year – Rs.28,35,679)		
9. Segment Reporting		

		(Rupees)		
Sl. No.		Power Plant	Hiring Equipment / Vehicle	Total
1.	Revenue	3,62,38,500	72,16,749	4,34,55,249
2.	Results	12,27,221	33,65,268	45,92,489
3.	Interest & Finance Charges	33,36,239	4,09,208	37,45,447
4.	Total Profit before tax	12,27,221	33,65,268	45,62,489
5.	Other Information			
	— Segment Assets	8,92,08,957	1,85,79,550	10,77,88,507
	— Segment Liabilities	6,79,54,720	1,67,56,005	8,47,10,725
	— Capital Expenditure	7,09,81,598	1,21,02,486	8,30,84,084
	— Depreciation	28,12,584	25,18,392	53,30,975
	— Non Cash expenses other than Depreciation	7,492	29,968	37,460

Schedules-13 (Contd.)

10. Earning Per Share

(Rupees)

	31.03.06	31.03.05
Profit/(Loss) after taxation as per profit & Loss account & attributable to Equity Shareholders	9,61,554	2,92,773
Weighted average number of equity shares outstandings	22,50,000	10,000
Earning per share (Basic)	14.74	29.28
Earning per share (Diluted)	0.74	—

11. The Deferred Tax Liability / (Asset) as at 31st March, 2006 comprises is as under :

(Rupees)

Particulars	Deferred Tax Liability (Asset) as at 01.04.2005	Current year charged/ (Credit)	Deferred Tax Liability (Asset) as at 31.03.2006
A Deferred Tax Liability on account of difference between books & tax depreciation	17,95,850	32,27,376	50,23,226
Total	17,95,850	32,27,376	50,23,226
B Deferred Tax Assets	2,044	2,941	4,985
Total	2,044	2,941	4,985
C Deferred Tax Liability / (Assets)	17,93,806	32,24,435	50,18,241

12. Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

- a) Name of transacting related parties and description of relationships.

Holding Company

Cement Manufacturing Company Ltd (w.e.f 23.03.2006)

- b) During the year following transactions were carried out with the related parties in the ordinary course of business: Disclosure of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2006.

(Rupees)

Sl. No.	Type of Transactions	Holding Company
1.	Sale of power	3,62,38,500 (Nil)
2.	Hiring Equipment / Vehicle	69,87,000 (80,65,468)
3.	Balance as at 31st March, 2006	
	Share Application Money Received	2,40,00,000 (Nil)
	Sundry Debtors	28,10,390 (28,35,679)

Note : Figures in bracket are previous year's figure.

Schedules-13 (Contd.)

13. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part –II of Schedule VI to the Companies Act, 1956.

(a) Licensed, Installed Capacity and Production:

	2005-06	2004-05
(i) License Capacity	NA	NA
(ii) Installed Capacity – Power Generation	9 MVA	NA
(iii) Units Generated (KWH) – Power	3487869	NA
(iv) Units Sold (KWH) – Power	3487869	NA

(b) Value of imported and indigenous Stores, Spare parts, Components consumed and their percentage to total consumption:

(Rupees)

	2005-2006		2004-2005	
	Value	%	Value	%
Stores, Spare parts and Components				
i) Imported	—	—	—	—
ii) Indigenous	12,37,712	100%	Nil	Nil

14. Figures have been rounded off to the nearest Rupees

15. Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.

As per our report of even date.

For Kailash B. Goel & Co.
Chartered Accountants

CA. Kailash B. Goel
Partner

Kolkata, 20th April, 2006

For & on behalf of the Board

Hari Prasad Agarwal
Director

Sharan Bansal
Director

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. 13-06976 of 2002-2003
State Code 13
Balance Sheet Date 31.03.2006

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES)

Public Issue —
Bonus Issue —
Rights Issue —
Private Placement 22,400,000

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES)

Total Liabilities 100,857,065 **Total Assets** 100,875,065

Sources of Funds

Paid Up Capital 22500000 Reserves & Surplus 577,782
Secured Application 24000000 Unsecured Loans —
Secured Loans 47861043 Deferred Tax Liability 50,18,241

Application of Funds

Net Fixed Assets 8878495 Investments —
Net Current Assets 11946830 Misc. Expenditure 123740

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RUPEES)

Turnover (Incl. Other Income) 43455249 Total Expenditure 38862760
Profit/(Loss) before Tax 45924 Profit/(Loss) after Tax 961554
Earning per Share (Rs.) 14.74 Dividend Rate (%) Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Codes) Not Specified
Product Description Power
Equipment/Vehicle Hiring

For & on behalf of the Board

Hari Prasad Agarwal
Director

Sharan Bansal
Director

Kolkata, 20th April, 2006

Cash Flow Statement for the year ended 31st March, 2006

	(Rupees)	
	2005-06	2004-05
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit as per Profit & Loss Account (After Tax)	961,554	292,773
Add :		
Depreciation	5,330,975	1,595,096
Excess Liability Written Back	10,212	6,257
Increase in Deferred Tax Liability	3,224,435	446,841
Amortisation of Preliminary Expenditure	45,740	45,740
Interest & Finance Charges	3,745,447	489,102
Operating Profit Before Working Capital Changes	<u>13,318,363</u>	<u>2,875,809</u>
Changes in Working Capital		
Increase in Inventories	(2,723,697)	(61,757)
Decrease/ (Increase) in Sundry Debtors	25,289	(2,835,679)
Decrease/ (Increase) in Loans & Advances	4,830,517	(10,406,781)
Decrease in Current Liabilities	(839,418)	(1,827,965)
	<u>1,292,691</u>	<u>(15,132,182)</u>
Net Cash Generated from Operation	<u>14,611,054</u>	<u>(12,256,373)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Increase of Fixed Assets (including CWIP)	(32,998,447)	(51,941,963)
Increase in Preliminary Expenditure		(195,000)
Net Cash used in Investing Activities	<u>(32,998,447)</u>	<u>(52,136,963)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Shares	22,400,000	—
Share Application Money	3,858,000	20,092,000
Proceeds from borrowings :		
— From Banks	(10,000,656)	47,086,980
— From Vehicle Finance	5,949,353	—
Payment of Interest & Finance Charges	(3,745,447)	(489,102)
Net Cash from Financing Activities	<u>18,461,250</u>	<u>66,689,878</u>
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	73,857	2,296,542
Cash and Cash Equivalents as at the commencement of the year	2,666,793	370,251
Cash and Cash Equivalents as at the close of the year	2,740,650	2,666,793

As per our report of even date.

For Kailash B. Goel & Co.
Chartered Accountants

CA. Kailash B. Goel
Partner

Kolkata, 20th April, 2006

For & on behalf of the Board

Hari Prasad Agarwal
Director

Sharan Bansal
Director