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Twenty-sixth Annual Report 2006-07

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# Corporate Information

## BOARD OF DIRECTORS

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

## CFO & COMPANY SECRETARY

Mr.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

# Notice

**NOTICE** is hereby given that the **Twenty-sixth Annual General Meeting** of the Members of Century Plyboards (India) Limited will be held at the Somany Conference Hall, **Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata –700 001 on Monday, 16th July, 2007 at 11.00 A.M.** to transact the following business :

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of interim dividend paid as final dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Banwari Lal Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hari Prasad Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nag Raj Tater, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Mangi Lal Jain, who retires by rotation and, being eligible, offers himself for re-appointment
7. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration, and for the purpose, to pass the following Resolution as an Ordinary Resolution.

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Ashok Kedia & Co., Chartered Accountants, Kolkata and Messrs Kailash B Goel & Co., Chartered Accountants, Kolkata, be and are hereby appointed as joint Auditors of the Company to hold office from conclusion of this Meeting until conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorized to fix their remuneration for the said period and reimbursement of the actual out of pocket expenses.

8. To consider and, if thought fit, to pass with or without modification/s the following Resolution as an Ordinary Resolution relating to appointment of Branch Auditors of the Company :

“RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to appoint auditors in respect of its branch offices in consultation with Company's statutory auditors appointed under Section 224 of the Companies Act, 1956 to hold office from conclusion of this Meeting until conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of the actual out of pocket expenses.

## **SPECIAL BUSINESS**

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

“RESOLVED that Ms. Plistina Dkhar, who was appointed as an Additional Director of the Company by the Board of Directors and holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member of the Company, proposing the candidature of Ms. Dkhar to the office of Director of the Company

and who has consented, if appointed, to act as a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

**10. Increase in the Authorised Share Capital and Alteration of Memorandum of Association of the Company.**

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

“RESOLVED that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the authorized share capital of the Company be and is hereby increased from Rs.25,00,00,000 (Rupees Twenty five crore only), comprising 2,49,60,000 (Two crore forty-nine lac sixty thousand) equity shares of Rs.10/- each and 40,000 (Forty thousand) Preference Shares of Rs.10/- each to Rs.50,00,00,000 (Rupees Fifty crore only) comprising 4,90,00,000 (Four crore ninety lac) equity shares of Rs.10/- each and 10,00,000 (Ten lacs) Preference Shares of Rs.10/- each.”

“RESOLVED FURTHER that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in place thereof, the following as new Clause V:

**Clause V**

The authorized share capital of the Company is Rs.50,00,00,000 (Rupees Fifty crore only) divided into 4,90,00,000 (Four crore ninety lacs) equity shares of Rs.10/- (Ten) each and 10,00,000 (Ten lac) Preference Shares of Rs.10/- (Ten) each with the rights, privileges and conditions attaching thereto as provided by the Articles of Association of the Company for the time being, with power to divide the share capital into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956, provided by the Articles of Association of the Company for the time being.

“RESOLVED FUTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and actions and give such directions as may be in its absolute discretion deem fit and necessary and to settle any such question that may arise in this regard.”

**11. Appointment of Mr. Hari Prasad Agarwal as Executive Director**

**To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :**

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification or re-enactment thereof, for the time being in force) the Company hereby approves the appointment and remuneration of Mr. Hari Prasad Agarwal as Executive Director of the Company for a period of five years from 1st June, 2007 to 31st May, 2012 (both days inclusive), upon the terms and conditions including remuneration, as set out in the Agreement dated 16th May, 2007 entered into by the Company and Mr. H. P. Agarwal.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to vary the terms and conditions of the appointment including the increase of the remuneration and perquisites of Mr. Hari Prasad Agarwal in such manner as may be agreed to between the Board and Mr. Agarwal in the best interest of the Company, but subject to the restrictions contained in the Companies Act, 1956 and Schedule XIII to the said Act.”

“RESOLVED FURTHER that during the tenure of office of Executive Director Mr. Hari Prasad Agarwal shall not be liable to retire by rotation.”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deem fit and necessary and to settle any such question that may arise in this regards.”

**12. Reappointment of Mr. Nag Raj Tater as Executive Director**

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

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification or re-enactment thereof, for the time being in force) the Company hereby approves the re-appointment and remuneration of Mr. Nag Raj Tater as Executive Director of the Company for a further period of five years from 1st June, 2007 to 31st May, 2012 (both days inclusive), upon the terms and conditions including remuneration, as set out in the Agreement dated 16th May, 2007 entered into by the Company and Mr. Nag Raj Tater.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to vary the terms and conditions of the appointment including the increase of the remuneration and perquisites of Mr. Nagraj Tater in such manner as may be agreed to between the Board and Mr. Nagraj Tater in the best interest of the Company, but subject to the restrictions contained in the Companies Act, 1956 and Schedule XIII to the said Act.

“RESOLVED FUTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deem fit and necessary and to settle any such question that may arise in this regard.”

**13. Amendment of Articles of Association of the Company to increase total number of Directors**

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

“RESOLVED that pursuant to the provisions of Section 31, Section 259 and all other applicable provisions, if any, of the Companies act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and pursuant to Article 118 of the Articles of Association of the Company, the maximum number of Directors be and is hereby increased from twelve to twenty and the existing Article 116 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in place thereof, following as new Article 116:

**Article 116 :**

The number of Directors of the Company shall not be less than three and not more than twenty.

The first Directors of the Company are

(i) Mr. Sanjay Agarwal

(ii) Mr. Hari Prasad Agarwal

“RESOLVED FUTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and actions and give such directions as may be in its absolute discretion deem fit and necessary and to settle any such question that may arise in this regards.”

#### 14. Further Issue of Capital

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

“RESOLVED that pursuant to provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), the provisions of the Foreign Exchange Management Act, 2000(FEMA), Foreign Exchange Management (Transfer of issue of Security by a Person Resident Outside India) Regulations, 2000, the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 (“SEBI DIP Guidelines”) (including any regulations, statutory modification(s) or re-enactment thereof for the time being in force, but not limited to Foreign Exchange Management (transfer or issue of Securities by a person Resident outside India) Regulation 2000, Issue of Foreign Currency Convertible Bonds and Ordinary shares (through Depository Receipt Mechanism) Scheme, 1993 and also provisions of any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and relevant provisions of Memorandum and Articles of Association of the Company, and subject to such applicable approval(s), consent(s), permissions(s) of the Government of India (GOI), Reserve Bank of India (RBI), Ministry of Finance , Securities and Exchange Board of India (SEBI), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board” which term shall include any existing Committee(s) or any Committee the Board may hereafter constitute to exercise powers of the Board including the power conferred by this resolution) which the Board be and is hereby authorized to accept, if it think fit , in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot equity shares / warrant/Foreign Currency Convertible Bonds (FCCB) and /or any instruments convertible into Equity shares whether optionally or otherwise Global Depository Receipts (GDRs) and/ or fully/partly convertible bonds/ loans and /or depository shares / receipts and /or any other instruments/ securities in the nature of shares/bonds and /or warrants convertible into equity shares or otherwise (hereinafter referred to as “Securities”) for an aggregate sum upto Rs. 400,00,00,000/- (Rupees Four hundred crore only) (inclusive of such premium, as may be permitted by the Ministry of Finance/ such other authorities, directly to Indian/Foreign/Resident/Non-Resident investors (whether institutions, incorporated bodies, mutual funds, foreign institutional investors, banks and/or individuals or otherwise and whether or not such investors or members, promoters, directors or their relatives/ associates or the Company through public issue(s), right issue(s), Employee stock option scheme (ESOP’s), Qualified Institutional Buyer (QIBs), private placement (s), preferential allotment(s), Book Building(s) or a combinations thereof at such time or times in such tranche or tranches at such price or prices at a discount or premium at market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with lead managers, merchant bankers , underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying / transfer/conversion agents, listing agents, registrar or through the subsidiaries, in any markets as may be deemed fit by the Board but not limited to public offer, public issue, preferential issue in any foreign countries.”

“RESOLVED FURTHER that such of these Securities as or not subscribed may be disposed or by the Board in its absolute discretion in such a manner(s) as the Board may deem fit”.

“RESOLVED FURTHER that the Company may enter into any arrangement with any agency or body authorized by the Company for issue of Depository receipts representing the underlying equity shares/ warrants/other securities to be issued by the Company in registered or bearer form with such feature and attributes as are prevalent in international capital markets for instruments for this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets;

“RESOLVED FURTHER that Board be and is hereby authorized to issue and allot such number of equity

shares as may be required to be issued and allotted upon conversion of any securities referred in the aforesaid resolutions or as may be necessary in accordance with the terms of issue/offering”

“RESOLVED FURTHER that the Board be and is hereby authorized on behalf of the Company to all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as registrar, stabilizing agent, paying, and conversion agent, trustee and to issue any placement document, and sign all deeds, documents, and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise for the purpose of giving effect to the above resolution and for matter connected therewith or incidental thereto”

“RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director, Committee of Directors or any Officer of the Company to give effect to the aforesaid resolution.”

#### 15. **Change of Name of the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 21 and other applicable provisions, if any of the Companies Act, 1956 and subject to approval of concerned authorities, consent of Members of the company is be and is hereby accorded for changing the name of the company from ‘CENTURY PLYBOARDS (INDIA) LIMITED’ to ‘CENTURYPLY LIMITED’.

“RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorized to make the necessary application for obtaining approval of change of name from the Registrar of Companies, West Bengal, and other concerned authorities and do all such acts and things as may be necessary in this regard.”

By Order of the Board  
For Century Plyboards (India) Ltd.

Registered Office  
6, Lyons Range  
Kolkata - 700 001  
2nd June, 2007

A. K. Julasaria  
Chief Financial Officer and Company Secretary

#### **NOTES**

1. Explanatory Statements in respect of item nos. 9 to 15 as required under Section 173(2) of the Companies Act, 1956 are annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. Members holding shares in physical form are requested to notify change in address and bank mandate, bank particulars for printing in the dividend warrants, if any under their signatures to Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, Kolkata -700 001, the Registrar and Share Transfer Agent, quoting Folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participant.

4. The Register of Members and share transfer books of the Company will remain closed from 13th to 16th July, 2007 (both days inclusive).
5. Members seeking any information regarding accounts should write to the Company at least seven days before the date of the meeting so as to enable the management to keep the information ready.
6. Pursuant to Section 205A of the Companies Act, 1956, dividends, which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund of the Central Government. Section 205C of the Act, declares that no claims shall lie against the Fund or Company in respect of Individual amounts which were unclaimed and unpaid for seven years as aforesaid and transferred to the Fund.
7. The Board of Directors at their meeting held on 14th March, 2007 approved payment of Interim Dividend @ Rs. 2.50 per equity share (i.e. 25%), exclusive of corporate tax on dividend, which had already been paid to those shareholders whose names appeared on the Register of Members of the Company at the close of business hours on 23rd March, 2007 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). Your Directors request approval of aforesaid Interim Dividend treating the same as final dividend for the financial year 2006-07.
8. Brief Bio data of Sri Banwari Lal Agarwal, Sri Hari Prasad Agarwal, Sri Nag Raj Tater and Sri Mangi Lal Jain, Directors who are retiring by rotation and eligible for re-appointment are as under :
 

Shri Banwari Lal Agarwal, aged about 73 years is B. Com and LLB by qualification. He is presently promoter Director and Non- Executive Chairman of the Company. He is having over 50 years experience in various industries. He is also Director of Century Coats Limited, Sumangal Business Pvt Ltd, Auroville Investment Pvt. Ltd, Amul Boards Pvt. Ltd, Beria Brothers Pvt Ltd, Welcome Plywood Pvt Ltd, Landmark Veneers Pvt Ltd., and Associated Flour Mills Pvt Ltd. He is holding 57,000 shares in the company.

Shri Hari Prasad Agarwal, aged about 59 years is a Commerce Graduate. He is presently promoter Director and Vice Chairman of the Company. He is having over 34 years experience in various industries. He is also Director of Century Infotech Limited, Century Plantations Limited, Century Plyboards (Meghalaya) Limited, Century Crop Sciences Private Limited, Megha Technical & Engineers Private Limited, Land mark Veneers Pvt. Ltd., Shyam Century Abasan Pvt Ltd. and Hindusthan Club Limited. He is holding 4,15,375 shares in the company.

Shri Nag Raj Tater, aged about 55 years is a Commerce Graduate. He is presently an Executive Director of the Company. He is having over 30 years experience in Finance, Accounts, and Taxation. He is holding 900 shares in the company.

Sri Mangi Lal Jain, aged about 76 years, is a Chartered Accountant. He is having substantial experience in various industrial fields. He has experience over 50 years and has worked in senior positions with various companies of repute. He is also Director of Pan Emami Cosmed Ltd., EFL Foods Ltd., Vanbandhu Prakashan Pvt. Ltd., South City Projects (Calcutta) Ltd., Haldia Medicare Pvt.Ltd., Cement Manufacturing Co. Ltd and Megha Technical & Engineers Pvt. Ltd. He is holding 300 shares in the company.
9. The Company at present have 21 branches spread all over India and further manufacturing locations/ branches may have to be established from time to time. In view of such a large network of locations it is recommended to authorize the Board of Directors to appoint Branch auditors in consultation with statutory auditors of the Company.



# Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956.

## Item No. 9

Ms Plistina Dkhar, 47 years, is an undergraduate. She has experience over 20 years and had been associated with various companies. She was appointed an additional director of the Company on 16th December, 2006 by the Board of Directors of the Company and is to hold office till ensuing annual general meeting. She is also Director of Riango Veneers Pvt. Ltd. and Century Plyboards (Meghalaya) Ltd. She is holding 75 shares in the company. The Company has received a notice under section 257 of the Companies Act, 1956 proposing her candidature for the directorship of the Company. Ms. Dkhar is stationed at Meghalaya and had been instrumental in successful installation and operation of company's ferro alloy and power plant at Meghalaya. Your directors believe that continued association of Ms. Dkhar would be immensely beneficial to the Company and accordingly recommend the resolution mentioned at item No.9 of the notice for your approval.

Notice received under Section 257 of the Companies Act, 1956 proposing candidature of Ms. Dkhar is available for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.30 p.m. upto date of this meeting.

None of the Directors, except Ms. Plistina Dkhar, is concerned or interested in the resolution.

## Item No.10

The Authorized Capital of the Company is presently Rs. 25,00,00,000 (Rupees Twenty-five crore) divided into 2,49,60,000 (Two crore forty-nine lac sixty thousand) equity shares of Rs.10 (Ten) each and 40,000 (Forty thousand) preference shares of Rs.10 (Ten) each.

In view of the growth of the Company's business, it is desirable to bring the authorized capital of the Company in proper co-relation with the magnitude of the Company's resources and size of the undertaking. It is, therefore, considered advisable to increase the authorized capital of the Company from Rs.25,00,00,000 (Rupees Twenty-five crore) divided into 2,49,60,000 (Two crore forty-nine lac sixty thousand) equity shares of Rs.10/- (Ten) each and 40,000 (Forty thousand) preference shares of Rs.10/- (Ten) each to Rs.50,00,00,000 (Rupees Fifty crores) divided into 4,90,00,000 (four crore ninety lac) equity shares of Rs.10 (Ten) each and 10,00,000 (Ten lac) preference shares of Rs.10/- (Ten) each.

The clause V of the Memorandum of Association of the Company is proposed to be altered accordingly to reflect the alteration in the Authorized Share Capital of the Company.

The approval of the Members of the Company is sought pursuant to the provisions of Section 16 of the Companies Act, 1956 for the proposed alteration to the Memorandum of Association of the Company.

The Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.30 p.m.

The Board recommend the resolution of item no.10 for acceptance by the Members.

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

## Item No. 11

The Remuneration committee and the Board of Directors at their meetings held on 16th May, 2007, subject to the relevant provisions of the Companies Act,1956 and subject to the approval of members, appointed Mr. Hari Prasad Agarwal as Executive Director of the Company for a period of five years w.e.f. 1st June, 2007 to 31st May, 2012 (both days inclusive) broadly on the following terms, conditions and remuneration as set out in the agreement referred in the resolution of item no. 11 .

I. **SALARY** : Not exceeding Rs. 1,00,000 per month.

II. **PERQUISITES** :

In addition to salary Executive Director shall be entitled to such perquisites, as may be decided by the Board, subject however that the total remuneration payable to the Executive Director shall not exceed Rs.50,000 per month.

The Executive Director shall also be entitled to the following perquisites which shall not be included in the remuneration as stated above.

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company, to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

In addition to above entitlement of following shall not be considered as perquisites.

- a) Provision for car for use on Company's business. Use of car for personal purposes shall be billed by the Company to him.
- b) Mobile phone and telephone facilities at the residence for official use. Personal long distance calls shall be billed by the Company to him.
- c) Reimbursement of entertainment and other expenses actually incurred in connection with the business of the Company.

Shri Hari Prasad Agarwal, aged about 59 years is a Commerce Graduate. He is presently Vice Chairman of the Company. He is having over 34 years experience in various industries. He is also Director of Century Infotech Limited, Century Plantations Limited, Century Plyboards (Meghalaya) Limited, Century Crop Sciences Private Limited, Megha Technical & Engineers Private Limited, Landmark Veneers Pvt. Ltd. and Hindusthan Club Limited. He is holding 415375 shares in the company.

Mr. H.P. Agarwal is interested or concerned in the resolution to the extent of his remuneration and perquisites. None of the other Directors is interested or concerned in this resolution.

The agreement entered into between the Company and Mr. H. P. Agarwal is available for inspection at the Registered Office of the Company on all working days except Saturdays between 10.30 a.m. to 12.30 p.m. upto the date of this meeting.

The Explanatory Statement together with the accompanying notice is and may be treated as an abstract of the terms of appointment and memorandum under section 302 of the Companies Act, 1956.

The Board of Directors recommend the resolution of item no. 11 for your approval.

#### **Item No. 12**

Mr. Nagraj Tater was appointed as an Executive Director of the Company for a period of five years w.e.f. 16th July, 2002 with the approval of the members of the Company obtained at the Annual General Meeting held on 23rd September, 2002. As in terms of the said appointment, the tenure of office of Mr. Tater was expiring on 15th July, 2007, the Remuneration committee and the Board of Directors at their meetings held on 16th May, 2007, subject to the approval of members, reappointed Mr. Tater as Executive Director of the Company for a period of five years w.e.f. 1st June, 2007 to 31st May, 2012 (both days inclusive) broadly on the following terms, conditions and remuneration as set out in agreement referred to in the resolution of item no. 12.

I. **SALARY** : Not exceeding Rs. 1,00,000/- per month.

II. **PERQUISITES** :

In addition to salary Executive Director shall be entitled to such perquisites, as may be decided by the

Board, subject however that the total remuneration payable to the Executive Director shall not exceed Rs. 25,000/- per month.

The Executive Director shall also be entitled to the following perquisites which shall not be included in the remuneration as stated above.

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company, to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

In addition to above entitlement of following shall not be considered as perquisites.

- d) Provision for car for use on Company's business. Use of car for personal purposes shall be billed by the Company to him.
- e) Mobile phone and telephone facilities at the residence for official use. Personal long distance calls shall be billed by the Company to him.
- f) Reimbursement of entertainment and other expenses actually incurred in connection with the business of the Company.

Shri Nag Raj Tater, aged about 55 years is a Commerce Graduate. He is presently an Executive Director of the Company. He is having over 30 years experience in Finance, Accounts, and Taxation. He is holding 900 shares in the company.

Mr. Tater is interested or concerned in the resolution to the extent of his remuneration and perquisites. None of the other Directors is interested or concerned in this resolution.

The agreement entered into between the Company and Mr. Nagraj Tater is available for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.30 p.m. upto the date of this meeting.

The Explanatory Statement together with the accompanying notice is and may be treated as an abstract of the terms of appointment and memorandum under section 302 of the Companies Act, 1956.

The Board of Directors recommend the resolution of item no. 12 for your approval.

#### **Item No. 13**

In view of expanding activities, mergers, acquisitions and to ensure better corporate governance the company is required to broad base its Board by inducting more Directors. The present Article 31 of the Articles of Association of the company permits company to appoint maximum 12 number of directors, which company has already appointed. As such, subject to approval of central government (designated authority) as required under section 259 of the Companies Act, 1956 the company proposes to increase the maximum number of directors from present 12 to 20. Increasing maximum number of directors requires amendment of Article 31 of the Articles of Association of the company and as per Section 31 of the Companies Act, 1956, amendment of Articles of Association require members approval by way of special resolution . Hence the Board recommends the Special Resolution as set out in the Agenda No. 13 for your approval.

The Memorandum & Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.30 p.m.

None of the Directors are interested in the resolution.

#### **Item No. 14**

In view of emerging opportunities your Company proposes to raise further capital to meet its requirements

for capital expenditure, expansions, acquisitions, modernizations, additional working capital requirements and general corporate purposes.

To augment the proposed capital requirements, your Company is considering placement of the instruments of the Company with the Overseas Corporate bodies, International Institutions, Foreign Institutional Investors (FII's), Qualified Institutional Buyers (QIBs), Financial Institutions, Banks, Mutual Funds, Individual Investors, NRIs or Body Corporate in the form Public Issues, GDRs, Book Building(s), FCCBs, private placement, right issues, ESOP's, convertible debentures, convertible preference shares, or preferential allotment or by one or more of such mechanism.

The issue of Securities will not provide only long term low cost fund to the Company but will also considerably enhance its visibility and acceptability on the national as well as global scale.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in the Company to persons other than the Members of the Company, requires prior approval of the Members vide a Special Resolution. In addition to this the Board seeks the authority of members to carry out various actions for the purpose of giving effect to this Resolution. The Members are therefore requested to grant their approval and accordingly authorize the Board.

None of the Directors are interested in the resolution except to the extent of shares being held by them in the Company.

#### **Item No. 15**

The Company is marketing its popular and established products under the brand name "CENTURYPLY" and is widely known as CENTURYPLY. The Company's corporate logo and trade marks also depict the name CENTURYPLY. In view of above it is considered prudent to change its name from 'CENTURY PLYBOARDS (INDIA) LIMITED' to 'CENTURYPLY LIMITED' to leverage its brand value which the company has created over the years. The Company has approached the Registrar of Companies, West Bengal, Kolkata for approval of change of name. Section 21 of the Companies Act, 1956 states that a company may by special resolution and with the approval of Central Government change its name and hence the Board recommends the Special Resolution as set out in the said Agenda for your approval.

The Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days between 10.30 a.m. to 12.30 p.m .

None of the Directors are interested in the resolution.

By Order of the Board  
For Century Plyboards (India) Ltd

Registered Office  
6, Lyons Range  
Kolkata - 700 001  
2nd June, 2007

A. K. Julasaria  
Chief Financial Officer and Company Secretary

# Directors' Report

*Dear Members,*

Your Directors have great pleasure in presenting the 26th Annual Report together with the audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date.

## FINANCIAL RESULTS

Rs. in Crores

Particulars	CONSOLIDATED		STAND ALONE	
	2006-07	2005-06	2006-07	2005-06
Gross Income	718.25	456.56	452.40	289.33
Net Income	691.61	431.66	431.11	271.39
Profit Before Depreciation, Interest & Tax	159.80	78.15	45.17	25.89
Depreciation	24.95	19.09	12.87	6.47
Interest	15.57	12.37	7.92	4.22
Profit Before Tax	119.28	46.69	24.38	15.20
Current Tax including FBT	17.11	5.06	5.25	2.13
Deferred Tax Liability (Assets)	(1.25)	2.54	(1.15)	2.48
Adjustment for earlier years	0.27	0.59	0.16	—
Profit After Tax	103.15	38.50	20.44	10.59
Pre acquisition Profit/(Loss) of Subsidiaries	(0.03)	10.55	—	—
Minority Interest	25.72	4.06	—	—
Dividend (including tax on dividend)	7.07	5.12	5.63	2.92
Transfer to General Reserve	2.04	1.06	2.04	1.06
Profit & Loss Account Credit Balance Brought forward	47.64	20.49	36.53	20.49
Profit & Loss Account Balance on Amalgamation	—	9.43	—	9.43
Profit & Loss Account Balance carried forward	115.99	47.63	49.30	36.53

## PERFORMANCE / OPERATIONS REVIEW

During the year, your Company achieved Gross Income of Rs. 452.40 crore against Rs.289.33 crore during the previous year reflecting a growth of over 56 %. The net profit also increased from Rs. 10.59 crores to 20.44 crores reflecting growth of over 93%. Your company continued its dominance in plywood veneer and allied products increased its market share. While the profitability of plywood and veneer divisions increased considerably, the laminates division could not do well despite increased capacity utilization mainly due to stiff competition. With the commencement of operations of the 13.8 MW Captive Power Plant, the ferro alloy unit turned around and operated at 107 % capacity as against 25 % capacity in the previous financial year and contributed significantly to the top line as well as bottom line of the company.

With record performance of the cement plant of the subsidiary, on consolidated basis also, your Company's operations grew significantly. During the year under review, your company achieved Gross Income of Rs. 718.25 crore against Rs. 456.56 crore during the previous year, reflecting a growth of over 57 %. The net profit after minority interest also increased from Rs. 23.89 crores to 77.46 crores reflecting growth of over 224%.

#### **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 27th March, 2007. With a view to conserve resources for company's future plans, this interim dividend may be treated as final dividend for the financial year 2006-07.

#### **ISSUE OF NEW SHARES**

In accordance with the scheme of amalgamation whereby erstwhile Shyam Century Ferrous Limited amalgamated with the company, the company has issued 95,21,865 equity shares of Rs. 10/- each to their shareholders.

#### **SUBSIDIARIES & ASSOCIATES**

Cement Manufacturing Co. Ltd (CMCL) and Megha Technical & Engineers Pvt. Ltd (MTEPL), continued to be subsidiaries of the Company. CMCL is operating a clinker and cement unit at Lumshnong, Meghalaya and MTEPL is engaged in generation of power at Lumshnong, Meghalaya and also hiring of heavy equipments and vehicles used for mining. MTEPL has also set up a Clinker Grinding Unit at Lumshnong, Meghalaya which has commenced operations in the month of May, 2007. The combined installed capacity of both the subsidiaries is around one million tonne of cement per annum.

During the Financial Year 2006-07 your Company acquired controlling interest in Auro Sundaram Ply & Doors Pvt Ltd (ASPDPL) which is operating a plywood unit at Raipur Industrial Area, Uttarakhand. Apart from access to local agro-forestry timber, the unit is also entitled to various fiscal incentives including excise duty and income tax exemption.

Your company is required to import substantial quantities of Timber Logs and other materials for the operation of its Plywood, Veneer and Laminate units. Your company is also operating a Jetty on licence basis with the Ministry of Commerce, Govt. of India. In view of logistic requirements and strategic advantages, your company made an investment in "Century Star Shipping Ltd." (CSSL) jointly with M/s B. Ghose & Company Pvt. Ltd. who are reputed and established players in the Shipping and Logistics services. CSSL was subsidiary of the company for the period from 27.11.2006 to 15.03. 2007.

Department of Company Affairs, Government of India has exempted the company from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the company required u/s 212 of the Companies Act, 1956. Therefore, the said Reports of the subsidiary companies are not attached herewith. However, a statement giving certain information as required by Department of Company Affairs, while granting exemption, is separately given. The company shall provide a copy of the Annual Report and other documents of its subsidiaries companies as required u/s 212 of the Companies Act, 1956 to the shareholders upon their request free of cost. A statement of Holding Company's interest in subsidiaries is also furnished separately.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **FUTURE OUTLOOK**

Demand for Plywood, Laminates, Ferro Alloys and Cement is directly related to the growth of construction and infrastructure sector. With the ongoing boom in the infrastructure and construction sector, the demand for company and its subsidiaries' products is expected to remain comfortable. The present economic situation in the country and Government's fiscal policies also point to buoyancy in construction and infrastructure sector. Union Budget 2006-07 laid significant stress on overall development of infrastructure. This is evident from 54% hike in budgetary support to the Bharat Nirman Programme and increase in the corpus of the Rural Infrastructure Fund. In order to boost investment in urban infrastructure, the budget has proposed to provide a grant of Rs. 45.95 billion for the Jawaharlal Nehru National Urban Renewal Mission. Furthermore, the establishment of new towns around specific themes is likely to boost housing and commercial activities. In order to boost environment friendly interior materials the Finance Minister has reduced excise duty on plywood products from 16% to 8%, which will immensely benefit the industry.

In view of present shortage and additional future demand for houses the construction activity is expected to remain in full swing. The enormous amount of activity in the construction industry has led to the growing demand for cement, steel, plywood, laminates and related products. Boom time continues in the commercial and residential construction sectors. Since Cement, Steel, Plywood and Laminate related products are essential part of construction right from initial brick and mortar stage to final stage of furnishing the demand for these products is expected to remain buoyant.

## **FUTURE PLANS OF EXPANSION**

Considering buoyant demand for the products and marketing strength of "CENTURYPLY" brand, the company has plans for green field projects, brown field expansions, mergers and acquisitions.

Your Company has in principal decided for merger of three companies namely Sharon Wood Industries Pvt. Ltd., Sharon Veneers Pvt. Ltd and Century Panels Private Limited all of which are engaged in manufacturing of plywood and allied products with significant presence in Southern and Northern parts of the Country. With these acquisitions, your company's market share will improve further which will provide various strategic advantages.

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 Uttrakhand, Punjab and Meghalaya for manufacturing of Plywood, Veneer, Particle Board and allied products.

Your Company is also exploring possibility of marketing imported wooden flooring and high grade metallic laminates.

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.

## **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, which is separately annexed.

## **HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS**

Your Company firmly believe 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 and has not faced any labour trouble since inception.

## **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 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 carry out research for improvement of its products. During the year under review there has been no specific and material capital/recurring expenditures on R&D. The Company is a member of Indian Plywood Industries Research and Training Institute (IPIRTI) and have contributed Rs.15,000/- 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**

Foreign Exchange Earning	Rs. 1653.21 lacs
Foreign Exchange Outgo	Rs. 8187.81 lacs

## **DIRECTORS**

In accordance with Articles of Association of the Company Sri Banwari Lal Agarwal, Sri Hari Prasad Agarwal , Sri Nag Raj Tater and Sri Mangi Lal Jain retire by rotation, and being eligible, offer themselves for re-appointment. In view of considerable experience of all of them your Directors recommend their re-appointment.

Ms. Plistina Dkhar was appointed as Additional Directors of the Company by the Board of Directors and she holds such office till the ensuing Annual General Meeting. The Company has received a notices under section 257 of the Companies Act, 1956 proposing her candidature to the office of the Director of the Company. In view of considerable experience of Ms. Dkhar, your Directors recommend her appointment.



## **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, 2007 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 annual 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 Joint Statutory Auditors of the Company, retire at the conclusion of ensuing annual general meeting have offered themselves for reappointment and have confirmed that 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 ensuing year.

## **APPRECIATION**

Your Directors take this opportunity to convey their sincere appreciation to the Company's, employees, Bankers, Shareholders for their valuable services, support and continued confidence in the company. Your Directors are also deeply grateful to company's customers, associates, suppliers, Government Authorities for their continued support.

For and on behalf of the Board of Directors

Registered Office  
6, Lyons Range  
Kolkata - 700 001  
2nd June, 2007

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 2007.**

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

SL No.	Particulars	2006-07	2005-06
<b>A</b>	<b>Power and fuel Consumption</b>		
	<b>Electricity</b>		
	<b>A Purchased</b>		
	Units (Lacs KWH)	143.13	230.60
	Total Amount (Rs. In Lacs)	391.82	547.21
	Rate / unit (Rs.)	2.74	2.37
	<b>B Own Generation</b>		
	Through Diesel Generator		
	Units ( Lacs KWH)	0.75	0.37
	Unit / Ltr of HSD	3.37	3.14
	Total Amount (Rs in Lacs)	6.98	3.25
	HSD cost / Unit Generated (Rs/unit)	9.34	8.68
	HSD Rate / Litre (Rs)	31.51	27.26
	<b>C Through Captive Power Unit</b>		
	Units ( Lacs KWH)	894.03	10.42
	Total Cost (Rs. Lacs)	1802.02	30.28
	Rate /Unit (Rs.)	2.02	2.90
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Electricity (KWH/MT of Ferro Silicon)	9047.11	9060.98
	HSD (Ltr / MT of Ferro Silicon)	1.93	4.48

**CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCE OFFICER**

To  
The Board of Directors  
Century Plyboards (India) Ltd.  
6 Lyons Range  
Kolkata – 700 001

1. We hereby certify that for the financial year ending 31st March 2007 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year 2006-07, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design and operation of the internal control systems and that we have taken the required steps to rectify those deficiencies.

We further certify that:

- a) there have been no significant changes in internal control during the year.
- b) there have been no significant changes in accounting policies during the year.
- c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

**Sajjan Bhajanka**  
*Managing Director & CEO*

**Arun Kumar Julasaria**  
*CFO and Company Secretary*

Date 16th May, 2007

# Corporate Governance Report

## 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, in line with the requirement of the stock exchanges, on the practice followed by the company and other voluntary compliances is given below :

### 1. BOARD OF DIRECTORS

#### 1.1 Composition

As on 31st March, 2007 the Board of Directors consisted of Twelve Directors, headed by non-executive Chairman, as under :

Sl	Name	Designation	Whether Promoter	Whether Executive	Whether Independent
1.	Sri Banwari Lal Agarwal	Chairman	Yes	No	No
2.	Sri Hari Prasad 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	No	Yes	No
6.	Sri Nag Raj Tater	Executive Director	No	Yes	No
7.	Sri Manindra Nath Banerjee	Director	No	No	Yes
8.	Sri Santanu Ray	Director	No	No	Yes
9.	Sri Mangi Lal Jain	Director	No	No	Yes
10.	Sri Brij Bhushan Agarwal	Director	Yes	No	No
11.	Sri Sajjan Kumar Bansal	Director	Yes	No	No
12.	Ms Plistina Dkhar	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.

Sri Hari Prasad Agrwal is appointed as Executive Director of the Company w.e.f. 1st June,2007.

#### 1.2 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 Banwari Lal Agarwal	1	—	—
2.	Sri Hari Prasad Agarwal	4	—	—
3.	Sri Sajjan Bhajanka	8	—	1
4.	Sri Sanjay Agarwal	8	—	—
5.	Sri Ajay Baldawa	—	—	—

Sl	Name	Number of Other		
		Directorship of Public Limited Companies	Committee Membership	Committee Chairmanship
6.	Sri N. R. Tater	—	—	—
7.	Sri Manindra Nath. Banerjee	—	—	—
8.	Sri Santanu Ray	5	—	—
9.	Sri Mangi Lal Jain	5	—	—
10.	Sri Brij Bhushan Agarwal	9	1	—
11.	Sri Sajan Kumar Bansal	6	1	—
12.	Ms. Plistina Dkhar	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.

### 1.3 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.

### 1.4 Number and Dates of Board Meetings held during the year

During the year the Board has met ten times, as against minimum requirement of 4 meetings. The dates on which the meetings were held are : 30th April,2006, 23rd June 2006, 26th July 2006, 30th October 2006, 4th December 2006, 6th December 2006, 16th December 2006, 30th January 2007, 19th February,2007 and 14th March 2007.

Attendance at the Board Meetings during the financial year 2006-07, last Annual General Meeting are as under :

Sl	Name	No. of Board Meetings held	No. of Board Meeting Attended	Last AGM Attended
1.	Sri Banwari Lal Agarwal	10	10	Yes
2.	Sri Hari Prasad Agarwal	10	10	Yes
3.	Sri Sajjan Bhajanka	10	10	Yes
4.	Sri Sanjay Agarwal	10	10	Yes
5.	Sri Ajay Baldawa	10	8	Yes
6.	Sri Nag Raj Tater	10	10	Yes
7.	Sri Manindra Nath Banerjee	10	10	Yes
8.	Sri Santanu Ray	10	10	Yes
9.	Sri Mangi Lal Jain	10	9	Yes
10.	Sri Brij Bhushan Agarwal(From 04.12.2006)	10	3	No
11.	Sri Sajan Kumar Bansal(From 04.12.2006)	10	6	Yes
12.	Ms. Plistina Dkhar( From 16 .12.2006)	10	1	No

### 1.5 Changes

Sri Mangi Lal Jain, Sri Brij Bhushan Agarwal and Sri Sajan Kumar Bansal, being additional Directors were appointed as Directors in last Annual General Meeting held on 30th December, 2006. Ms. Plistina Dkhar was appointed as an Additional Director by the Board of Directors at their meeting on 16th December, 2006.

## 2. COMMITTEES OF BOARD

### 2.1 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 has met nine times on 30th April, 2006, 23rd June 2006, 26th July 2006, 30th October 2006, 4th December 2006, 6th December 2006, 16th December 2006, 30th January 2007, and 14th March 2007.

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

Name	Designation	Committee Meetings held	Committee Meetings attended
Sri Santanu Ray	Chairman	9	9
Sri Mangi Lal Jain	Member	9	8
Sir Manindra Nath Banerjee	Member	9	9
Sri Hari Prasad Agarwal	Member	9	9

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 experience over 25 years in management consultancy and management education. Presently he is Director of ICFAI Business School, Kolkata. Sri Mangi Lal Jain is also a fellow member of the Institute of Chartered Accountants of India and have over 50 years experience in various industries. Sri Manindra Nath Banerjee is a retired IAS Officer with over 40 years experience. Mr. Hari Prasad Agarwal is Commerce Graduate with over 34 years experience of finance and accounts.

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, Manager- Internal Audit 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 & 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 part 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.

## 2.2 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 23rd June, 2006 and 16th December, 2006.

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

Name	Designation	Committee Meetings held	Committee Meetings attended
Sri Santanu Ray	Chairman	2	2
Sir Manindra Nath Banerjee	Member	2	2
Sri Hari Prasad Agarwal	Member	2	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	12,00,000/-
2.	Sri Sanjay Agarwal	Dy Managing Director	12,00,000/-
3.	Sri Ajay Bladawa	Executive Director	5,76,000/-
4.	Sri N. R. Tater	Executive Director	5,40,000/-

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 of Rs. 5000/- for attending each meeting of the board of the company. Some of the directors voluntarily waived sitting fee for the meetings attended by them. The details of sitting fee paid to Non-Executive Directors during the year 2006-07 are given below:

Sl. No	Name of the Non-Executive Director	Designation	Sitting Fee (Rs.)
1.	Sri Manindra Nath Banerjee	Director	50,000/-
2.	Sri Santanu Ray	Director	50,000/-
3.	Sri Mangi Lal Jain	Director	45,000/-
4.	Ms. Plistina Dkhar	Director	5,000/-

**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 Sri Hari Prasad Agarwal	Upto 31st March, 2011 Upto 30th June, 2011 Upto 30th June, 2011 Upto 31st May, 2012 Upto 31st May, 2012
Salary Scale	Sri Sajjan Bhajanka Sri Sanjay Agarwal Sri Ajay Baldawa Sri Nag Raj Tater Sri Hari Prasad Agarwal	Maximum Rs. 15,00,000/- Maximum Rs. 15,00,000/- Maximum Rs. 12,00,000/- Maximum Rs. 12,00,000/- Maximum Rs. 12,00,000/-
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 Sri Hari Prasad Agarwal	Maximum Rs. 6,00,000/- Maximum Rs. 6,00,000/- Maximum Rs. 6,00,000/- Maximum Rs. 3,00,000/- Maximum Rs. 6,00,000/-
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	
Stock Options	Nil	

**2.3 Shareholders / Investors' Grievance Committee**

The Board has constituted Share Transfer cum Investor Grievance Committee comprising 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. The committee usually meet once in a fortnight unless there are sufficient number of transfers or investors grievance to be attended.

During the year the Committee has met 24 times on 17th April, 2006, 29th April, 2006, 15th May, 2006, 31st May, 2006, 15th June, 2006, 30th June, 2006, 14th July, 2006, 29th July, 2006, 16th August, 2006, 31st August, 2006, 15th September, 2006, 30th September, 2006, 16th October, 2006, 31st October, 2006, 15th November, 2006, 30th November, 2006, 15th December, 2006, 30th December, 2006 15th January, 2007, 31st January, 2007, 15th February, 2007, 28th February, 2007, 15th March, 2007 and 23rd March, 2007.

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

Name	Designation	Committee Meetings held	Committee Meetings attended
Sri Hari Prasad Agarwal	Chairman	24	24
Sir Manindra Nath Banerjee	Member	24	24

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 18 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.



### 3. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings

AGM	Year ended	Venue	Date	Time
23rd	31.03.2004	Registered Office of the Company 6 Lyons Range, Kolkata – 700 001	24.09.2004	11-30 AM
24th	31.03.2005	Merchants Chamber of Commerce 15 B, Hemant Basu Sarani, Kolkata – 700 001	15.09.2005	11-00 AM
25th	31.03.2006	Merchants Chamber of Commerce 15 B, Hemant Basu Sarani, Kolkata – 700 001	30.12.2006	11-00 AM

Following Special Resolutions were passed in last three Annual General Meetings

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 25th AGM Special Resolution was passed empowering Board to issue securities including 'equity shares upto Rupees five hundred crores.

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 2006-07 two Special Resolutions were passed through postal ballot. Sri Vinod Kothari, Practising Company Secretary, acted as scrutinizer to this postal ballot exercise. The details of resolutions and voting pattern are as under :

	Description	Total No. of Votes Casted	No. and % of Votes In favour	No. and % of Votes Against
1.	Special Resolution under Section 31 of the Companies Act,1956, for alteration of Article 4 of the Articles of Association of the Company for increasing the authorized share capital from Rs. 15 crores to Rs. 25 crores	83,80,229	83,80,226 99.99	3 0.01
2.	Special Resolution under Section 17 of the Companies Act, 1956 for alteration of the Object Clause of the Memorandum of Association of the Company.	83,80,229	83,80,154 99.99	75 0.01

No. of Invalid Ballots was 6

Procedure for Postal Ballot : After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolutions and Explanatory Statement, Postal Ballot Form and self addressed Postage to be paid by Company envelopes are sent to the shareholders to enable them to consider and vote for or against the proposed resolutions within 30 days from the date of dispatch. After the last date of receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman.

Thereafter, the Chairman declares the result of Postal Ballot. The same is published in News Paper and also placed on Company's Website [www.centuryply.com](http://www.centuryply.com).

No resolutions is proposed to be put through postal ballot in 26th AGM.

#### **4. 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 on Accounts. The Register of Contracts containing transactions, in which the Directors are interested, is placed before the Board regularly.

#### **5. 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](http://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.

#### **6. 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.

#### **7. CEO/CFO CERTIFICATION**

Mr. Sajjan Bhajanka, Managing Director & CEO and Mr. Arun Kumar Julasaria, Company Secretary & CFO of the Company have submitted CEO/CFO Certificate which is separately enclosed to the report.

#### **8. 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.

#### **9. 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](http://www.centuryply.com).

#### **10. MANAGEMENT DISCUSSION AND ANALYSIS**

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

## 11. GENERAL SHAREHOLDER INFORMATION

### 11.1 Annual General Meeting:

Date	:	16th July, 2007
Time	:	11.00 A.M.
Venue	:	Somany Conference Hall Merchants Chamber of Commerce 15B Hemant Basu Sarani Kolkata – 700 001
Financial Year	:	2006 -07
Book Closure Date	:	13th to 16th July,2007 (Both Days inclusive)
Dividend Payment Date	:	Interim Dividend for the Financial Year 2006-07 already paid on 27th March, 2007. Interim Dividend is to be treated as final dividend.

### 11.2 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

During the year 2005-06 the Company, applied for de-listing of its securities from CSE and DSE as per Clause 5.2 of the Securities & Exchange Board of India (Delisting of Securities) Guidelines 2003. The Company is awaiting confirmation from CSE and DSE,

The Company has paid listing fees, as applicable to the respective stock exchanges upto financial year 2006-07. In view of application of delisting to CSE and DSE the Company had not paid listing fee for the year 2006-07 to CSE and DSE and had paid listing fee for the year 2006-07 to BSE and NSE only.

### 11.3 ISIN No. : INE348 B 01013

#### 11.4 Market Price Data :

Monthly high and low quotations as well as the volume of shares traded at Bombay Stock Exchange and National Stock Exchange, where the shares are regularly traded, for the financial year 2006-07 are as follows :

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High Rs.	Low Rs.	Volume No. of Shares	High Rs.	Low Rs.	Volume No. of Shares
<b>2006</b>						
April	196.00	161.50	81446	193.00	163.00	64695
May	192.50	131.00	87375	199.00	135.00	117765
June	167.00	112.50	107855	165.00	113.55	69539
July	172.20	138.00	78263	173.00	134.30	76131
August	183.00	154.75	173167	177.00	155.25	60018
September	247.65	165.00	310569	247.95	165.05	339081
October	240.00	216.00	76323	240.00	217.55	96785
November	355.50	225.50	495612	355.65	225.00	554707
December	373.00	294.10	164303	370.00	295.05	285244
<b>2007</b>						
January	383.00	318.00	92359	385.00	310.00	97860
February	385.45	300.00	59657	378.00	300.00	78198
March	320.00	266.00	82470	319.00	264.00	48277

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

Month	BSE Sensex		Company's Shares	
	Closing	% Change	Closing	% Change
<b>2006</b>				
April	12042.56	6.76	175.00	(5.91)
May	10398.61	(13.65)	166.45	(4.89)
June	10609.25	2.03	148.05	(11.05)
July	10743.88	1.27	167.85	13.37
August	11699.05	8.89	167.60	(0.15)
September	12454.42	6.46	217.00	29.47
October	12961.90	4.07	228.00	5.07
November	13696.31	5.67	349.80	53.42
December	13786.91	0.66	361.25	3.27
<b>2007</b>				
January	14090.92	2.21	367.10	1.62
February	12938.09	(8.18)	314.05	(14.45)
March	13072.10	1.04	289.70	(7.75)

Note : Figures in bracket indicate minus figure

### 11.5 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

### 11.6 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 fortnight for approving share transfers and for attending to any grievances or complaints from members.

### 11.7 Distribution of shareholding

Category	As on 31st March, 2007			
	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1 - 500	1810	76.37	286064	1.45
501 - 1000	244	10.29	188988	0.95
1001 - 2000	105	4.43	155528	0.79
2001 - 3000	44	1.86	107566	0.54
3001 - 4000	17	0.72	62087	0.31
4001 - 5000	22	0.93	102275	0.52
5001 - 10000	38	1.60	297987	1.51
10001 - and above	90	3.80	18564918	93.93
<b>TOTAL</b>	<b>2370</b>	<b>100.00</b>	<b>19765413</b>	<b>100.00</b>

### 11.8 Shareholding pattern

Category	As on 31.03.2007	
	No. of Shares	% to Share Capital
Indian Promoters	17604851	89.07
Mutual Funds	360712	1.83
Private Corporate Bodies	633794	3.20
NRIs	17758.	0.09
Indian Public	1148298	5.81
<b>TOTAL</b>	<b>19765413</b>	<b>100</b>

### 11.9 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, 2007, 50.73 % shares were in demat mode.

#### 11.10 Plant Locations

##### **Plywood, Veneer and Laminate Units**

Diamond Harbour Road  
Kanchowki, Bishnupur  
Dist : 24 Parganas (S)  
(West Bengal)

##### **Ferro Alloy & Power Unit**

EPIP Area  
Byrnihat  
Dist : Rai-Bhoi  
(Meghalaya)

#### 11.11 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

#### 11.12 E Mail ID for Investors Grievances

arun@centuryply.com

#### 12. Non Mandatory Requirements

The Company is having Remuneration Committee.

For and on behalf of the Board of Directors

Registered Office  
6, Lyons Range  
Kolkata - 700 001  
2nd June, 2007

B. L. Agarwal  
*Chairman*

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### **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

Registration No. of the Company: 34435  
Nominal Capital: Rs.25,00,00,000/-

To  
The Members  
Century Plyboards (India) 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 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 2007. 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

Place: Kolkata  
Date : 2nd June, 2007

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

CA. Arun Kr. Sharma  
*Partner*  
M. No. 57329

# Management Discussion and Analysis Report

## INDUSTRY STRUCTURE AND DEVELOPMENT

The present economic situation in the country and Government's fiscal policies point to buoyancy in housing and infrastructure sector. Union Budget 2006-07 laid significant stress on overall development of infrastructure. This is evident from 54% hike in budgetary support to the Bharat Nirman Programme and increase in the corpus of the Rural Infrastructure Fund. In order to boost investment in urban infrastructure, the budget has proposed to provide a grant of Rs. 45.95 billion for the Jawaharlal Nehru National Urban Renewal Mission. Furthermore, the establishment of new towns around specific themes is likely to boost housing and commercial activities. In order to boost environment friendly interior materials the Finance Minister had reduced excise duty on plywood products from 16% to 8%.

In view of present shortage and additional future demand for houses the construction activity is expected to remain in full swing. The enormous amount of activity in the construction industry has led to the growing demand for cement, steel, plywood, laminates and related products. Boom time continues in the commercial and residential construction sectors. Since Cement, Steel, Plywood and laminate related products are essential part of construction right from initial brick and mortar stage to final stage of furnishing the demand for these products is expected to remain buoyant

## OPPORTUNITIES AND THREATS

It is quite evident from industry as well as our company volumes that, as a result of booming infrastructure and housing, demand for Cement, Plywood, laminate and related products had gone up substantially. The demand supply equation is still tilted and expected to remain tilted towards demand.

The Indian Plywood industry is highly fragmented, with unorganized sector controlling major share of the market. The organized segment is highly concentrated, with only few players constituting around 20% of the market. The unorganized segment has advantages in terms of excise waivers and other benefits due to their SSI status. Despite brand building and aggressive marketing the Company had to face stiff competition from the unorganized sector.

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

Rising Interest Rates and Home loan rates in particular may slow down construction activity in housing sector.

The threat from unorganized sector is considerably reduced due to reduction of excise duty on plywood from 16% to 8%. A significant awareness and rise in income is migrating consumers from unbranded to branded quality products. The Company is India's leading manufacturer of plywood company with a very strong brand image. "CENTURY PLY" – the brand name under which the Company markets its products is known for 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 the fact remain that despite easy and abundant availability of these products, the customized plywood based interior continue to remain preferred choice of consumers, architects and interior designers.

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

### Plywood

Plywood segment achieved substantial growth and higher profitability. The turnover of this segment was up from Rs. 191.40 crores in 2005-06 to Rs. 259.87 crores in 2006-07 showing a growth over 35 %. The profit of this segment also increased from Rs. 10.39 crores to Rs. 20.70 crores showing a growth over 99 %. 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 64 % to over 91 %. Despite increase in capacity utilisation, this segment could not do well due to stiff competition. The Company's focus was to grab market share. 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 & Power**

Due to availability of uninterrupted power from Captive Power Plant the ferro alloy unit also operated 107 % capacity as against 25 % capacity in previous financial year. This segment contributed Rs. 7.26 crores against Rs. 2.47 crores last year.

### **Cement**

The cement plant of your Company's subsidiary (CMCL) has posted impressive performance during the financial year 2006-07. The production of cement is up by 38% and that of clinker by 25% over the previous year with capacity utilization of 128%. During 2006-2007, CMCL achieved staggering performance and net sale has grown from Rs.160 crore to Rs. 265 Crore reflecting 65.71% growth. The net profit has registered more than three fold increase to Rs. 86.82 crore with EBIDTA margin of 44.15% and net profit margin of 32.75%.

### **Others**

Other segments mainly jetty operations, adhesive and chemicals also performed well during 2006-07.

### **Outlook**

Your Company's products mainly plywood, laminates, and others are linked with the infrastructure and housing sector. In view of booming infrastructure and housing activities, your company is hopeful to maintain its growth levels. 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 and administrative 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 had been favourable to the industry.

#### **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 the 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). The Company had taken major initiative to implement SAP (ERP Solution) which will enable it to be more efficient through better response time and by providing real time visibility of information across the country.

#### **Discussion on financial performance with respect to operational performance**

Your Company registered total income of Rs. 452.40 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, 2007 was 2188.

#### **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.

For and on behalf of the Board of Directors

Registered Office  
6, Lyons Range  
Kolkata - 700 001  
2nd June, 2007

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, 2007 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, 2003 (as amended by the Amendment 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, 2007 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 2007.
    - 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 May, 2007

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

**CA. Arun Kumar Sharma**  
*Partner*  
M.No. 57329

## **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 off 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 granted unsecured loan to a company covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 200 Lacs and the year end balance of loan granted to such company was nil. The Company has taken unsecured loan from five Companies covered under the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1620.91 lacs and the year end balance of loans taken from such Companies was 225.49 lacs.  
(b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.  
(c) The receipt and payment of the principal amount and interest, in respect of loan granted and taken are regular, as stipulated.  
(d) There is no overdue amount of such loans granted and taken by the Company to and from aforesaid company and companies.
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, custom duty, excise duty and cess were in arrears as at 31st March, 2007 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 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	5.23	2004-05	Assistant Commissioner of Sales Tax, Delhi.
		1.16	2001-02	Excise and Taxation Commissioner, Patiala.
		64.53	1999-00 to 2006-07	Deputy Commissioner of Commercial taxes, Ernakulam.
		53.84	2001-02 to 2002-03	Appellate Commissioner of Commercial taxes, Ernakulam.
		3.23	2002-03	Joint Commissioner of Sales Tax, Ahmedabad
Income Tax Act, 1961	Income Tax	97.37	2003-04	Income Tax Department
		34.95	2004-05	

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 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 May, 2007

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

**CA. Arun Kumar Sharma**  
*Partner*  
M.No. 57329

## Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	Schedule	As at 31.03.2007	As at 31.03.2006
<b>A. SOURCES OF FUNDS</b>			
SHAREHOLDER'S FUNDS			
Share Capital	'A'	1980.08	1027.90
Share Capital Suspense	'AA'	—	952.19
Reserves & Surplus	'B'	9790.98	8311.54
		<b>11771.06</b>	<b>10291.63</b>
LOAN FUNDS			
Secured Loans	'C'	10546.88	7913.61
Unsecured Loans	'D'	438.92	715.42
		<b>10985.80</b>	<b>8629.03</b>
DEFERRED TAX LIABILITY (NET)		<b>330.89</b>	<b>445.67</b>
		<b>23087.75</b>	<b>19366.33</b>
<b>B. APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	'E'	<b>11551.62</b>	10773.64
Less : Depreciation		<b>3985.83</b>	2721.62
Net Block		<b>7565.79</b>	<b>8052.02</b>
Capital Work-in-progress		119.99	159.89
		<b>7685.78</b>	<b>8211.91</b>
INVESTMENTS	'F'	<b>3638.27</b>	<b>3214.72</b>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'G'	7413.75	6769.57
Sundry Debtors	'H'	6100.12	4687.14
Cash & Bank Balances	'I'	1203.59	785.77
Loans & Advances	'J'	2923.11	1889.70
		<b>17640.57</b>	<b>14132.18</b>
Less : Current Liabilities & Provisions			
Current Liabilities	'K'	5842.94	5876.71
Provisions	'L'	44.55	322.92
		<b>5887.49</b>	<b>6199.63</b>
NET CURRENT ASSETS		<b>11753.08</b>	<b>7932.55</b>
MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)	'M'	<b>10.62</b>	<b>7.15</b>
		<b>23087.75</b>	<b>19366.33</b>
Significant Accounting Policies & Notes on Accounts	'U'		

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

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

**CA. A. K. Kedia**  
Partner

Membership no. 50510  
Kolkata, 16th May, 2007

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

**CA. Arun Kr. Sharma**  
Partner

Membership no. 57329

**Sajjan Bhajanka** - Managing Director

**H. P. Agarwal** - Director

**Santanu Ray** - Director

**A. K. Julasaria** - CFO & Company Secretary

## Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	Schedule	2006-07	
<b>INCOME</b>			
Gross Income	'N'	44683.97	28559.56
Less: Excise Duty		2128.43	1794.17
		<b>42555.54</b>	<b>26765.39</b>
Other Income	'O'	556.29	373.47
Increase/(Decrease) in stock	'P'	(87.96)	1273.89
		<b>43023.87</b>	<b>28412.75</b>
<b>EXPENDITURE</b>			
Cost of Materials	'Q'	25211.76	18572.98
Operating & Administrative Expenses	'R'	11634.19	6246.88
Personnel Expenses	'S'	1661.47	1003.97
Depreciation		1287.02	647.20
Interest & Finance Charges	'T'	791.64	421.56
		<b>40586.08</b>	<b>26892.59</b>
<b>PROFIT BEFORE TAX</b>		2437.79	1520.16
Less : Prior Period Adjustments (Net)		(16.33)	0.76
Provision for Tax :			
– Current Tax		480.00	175.00
– Fringe Benefit Tax		44.50	38.43
– Deferred Tax		(114.78)	247.18
<b>PROFIT AFTER TAX</b>		<b>2044.40</b>	<b>1058.79</b>
Add : Balance (Cr.) brought forward from Previous year		3653.21	2049.00
Add : Balance (Cr.) of Profit & Loss Account acquired on amalgamation of erstwhile Shyam Century Ferrous Ltd (SCFL)		—	943.43
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>5697.61</b>	<b>4051.22</b>
Appropriations :			
Transfer to General Reserve		203.80	106.00
Interim Dividend		494.14	256.09
Corporate Tax on Dividend		69.31	35.92
Balance (Cr.) carried forward		4930.36	3653.21
		<b>5697.61</b>	<b>4051.22</b>
Basic and diluted Earnings per equity share (in Rs.)		10.34	5.36

Significant Accounting Policies & Notes on Accounts 'U'

This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board

For **Ashok Kedia & Co.**  
Chartered Accountants  
**CA. A. K. Kedia**  
Partner  
Membership no. 50510  
Kolkata, 16th May, 2007

For **Kailash B. Goel & Co.**  
Chartered Accountants  
**CA. Arun Kr. Sharma**  
Partner  
Membership no. 57329

**Sajjan Bhajanka** - Managing Director  
**H. P. Agarwal** - Director  
**Santanu Ray** - Director  
**A. K. Julasaria** - CFO & Company Secretary

## Schedules to Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
2,49,60,000 (1,49,60,000) Equity Shares of Rs. 10/- each	2496.00	1496.00
40,000 (40,000) Preference Shares of Rs. 10/- each	4.00	4.00
	<b>2500.00</b>	<b>1500.00</b>
<b>Issued Capital</b>		
199,03,413 (103,81,548) Equity Shares of Rs. 10/- each	1990.34	1038.15
<b>Subscribed Capital</b>		
197,65,413 (102,43,548) Equity Shares of Rs. 10/- each	1976.54	1024.36
Add : 1,38,000 Equity Shares forfeited	3.54	3.54
	<b>1980.08</b>	<b>1027.90</b>
Of the above Equity Shares :		
93,110 Equity Shares of Rs.10/- each were issued in the year 1993-94 pursuant to the scheme of amalgamation		
9,99,630 Equity Shares of Rs. 10/- each were allotted as Bonus Shares by Capitalisation of Reserves during the year 1995-96.		
34,14,516 Equity Shares of Rs. 10/- each were allotted as Bonus Shares by Capitalisation of Securities Premium and General Reserve during the year 2004-05		
95,21,865 Equity Shares of Rs. 10/- each were issued in the year 2006-07 pursuant to a scheme of amalgamation		
<b>SCHEDULE - 'AA'</b>		
<b>SHARE CAPITAL SUSPENSE</b>		
9521865 Equity Shares of Rs.10/- each to be issued to the shareholders of erstwhile Shyam Century Ferrous Ltd. pursuant to Scheme of Amalgamation	—	952.19
	—	<b>952.19</b>
<b>SCHEDULE - 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>(a) General Reserve</b>		
At commencement of the year	606.29	500.29
Add: Transferred from Profit & Loss Account	203.80	106.00
	<b>810.09</b>	<b>606.29</b>
<b>(b) Securities Premium</b>		
At commencement of the year	1,790.77	811.61
Add: On amalgamation	—	979.16
	<b>1790.77</b>	<b>1790.77</b>
<b>(c) Amalgamation Reserve</b>		
	<b>317.40</b>	<b>317.40</b>
<b>(d) Capital Reserve</b>		
At commencement of the year	1857.84	634.91
Add: On amalgamation	—	1222.93
	<b>1857.84</b>	<b>1857.84</b>
<b>(e) Revaluation Reserve</b>		
At commencement of the year	86.03	87.78
Less: Depreciation adjustment	1.51	1.75
	<b>84.52</b>	<b>86.03</b>
<b>(f) Profit &amp; Loss Account</b>		
	<b>4930.36</b>	<b>3653.21</b>
	<b>9790.98</b>	<b>8311.54</b>



## Schedules to Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'C'</b>		
<b>SECURED LOANS</b>		
Rupee Term Loans		
- From a Financial Institution	1325.00	1414.23
- From Banks	2074.95	2713.76
Buyer's Credit from Banks		
- For Capital Expenditure		
- For Operational use	385.35	393.27
Working Capital Facilities	1730.49	—
- From Banks	4963.25	3312.02
Hire Purchase Finance		
- From Banks	67.84	69.77
Interest accrued and due on above	—	10.56
	<b>10546.88</b>	<b>7913.61</b>

Notes :

1. Rupee Term Loans of Rs. 1432.84 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. 642.11 Lacs from banks and Rs. 1325 Lacs from a financial institution and Letters of Credit for Buyer's Credit of Rs. 385.35 Lacs from banks, 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. 4133.85 Lacs from banks and Letter of Credit for Buyer's Credit of Rs. 1730.49 lacs 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. 829.40 Lacs from a bank is secured against first charge on current assets of company's Ferro Alloy and Power Unit, 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. 1011.44 Lacs. (P.Y.Rs. 826.99 Lacs)

### SCHEDULE - 'D'

#### UNSECURED LOANS

Short Term Loan		
From Bodies Corporate	438.92	212.75
From a Bank	—	502.67
	<b>438.92</b>	<b>715.42</b>

## Schedules to Balance Sheet as at 31st March, 2007

### SCHEDULE-‘E’

#### FIXED ASSETS

(Rs. in Lacs)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions during	Sales/Adj during the year	As at 31.03.2007 the year	Up to 31.03.2006	During the year	Adjustments during the year	Up to 31.03.2007	As at 31.03.2007	As at 31.03.2006
<b>A. TANGIBLE ASSETS</b>										
LAND & SITE DEVELOPMENT	358.41	45.70	—	404.11	—	—	—	—	404.11	358.41
FACTORY BUILDING	1835.17	288.46	—	2123.63	484.37	132.19	—	616.56	1507.07	1350.80
NON FACTORY BUILDING	169.88	3.36	—	173.24	17.87	11.01	—	28.88	144.36	152.01
LEASEHOLD PROPERTY	22.07	—	—	22.07	19.13	1.21	—	20.34	1.73	2.94
PLANT & MACHINERY	6685.47	258.21	0.02	6943.66	1598.01	918.54	0.01	2516.54	4427.12	5087.46
ELECTRICAL INSTALLATION	943.75	51.28	—	995.03	209.29	114.30	—	323.59	671.44	734.46
FURNITURE & FIXTURES	177.47	34.45	11.40	200.52	79.88	19.35	0.83	98.40	102.12	97.59
OFFICE EQUIPMENT	69.64	8.86	3.15	75.35	28.87	6.52	1.92	33.47	41.88	40.77
COMPUTERS	173.68	45.69	3.50	215.87	131.34	27.57	1.71	157.20	58.67	42.34
VEHICLES	331.31	89.60	32.75	388.16	150.38	57.37	19.86	187.89	200.27	180.93
<b>TOTAL (A)</b>	<b>10766.85</b>	<b>825.61</b>	<b>50.82</b>	<b>11541.64</b>	<b>2719.14</b>	<b>1288.06</b>	<b>24.33</b>	<b>3982.87</b>	<b>7558.77</b>	<b>8047.71</b>
<b>B. INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARES	5.81	3.19	—	9.00	1.50	0.48	—	1.98	7.02	4.31
TRADE MARKS & PATENT RIGHTS	0.98	—	—	0.98	0.98	—	—	0.98	—	—
<b>TOTAL (B)</b>	<b>6.79</b>	<b>3.19</b>	<b>—</b>	<b>9.98</b>	<b>2.48</b>	<b>0.48</b>	<b>—</b>	<b>2.96</b>	<b>7.02</b>	<b>4.31</b>
<b>TOTAL (A+B)</b>	<b>10773.64</b>	<b>828.80</b>	<b>50.82</b>	<b>11551.62</b>	<b>2721.62</b>	<b>1288.54</b>	<b>24.33</b>	<b>3985.83</b>	<b>7565.79</b>	<b>8052.02</b>
PREVIOUS YEAR	6934.21	3960.20	120.77	10773.64	2124.42	648.95	51.75	2721.62	8052.02	3495.09
<b>C. CAPITAL W.I.P.</b>									119.99	159.89

Note:

1. Depreciation for the year includes Rs.1.51 Lacs towards depreciation provided on amount added to gross Block as a result of revaluation of fixed assets.

## Schedules to Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

			As at 31.03.2007		As at 31.03.2006
<b>SCHEDULE - 'F'</b>					
<b>INVESTMENTS</b>					
	No. of Shares/Units		Face Value Rs.		
<b>[A] - LONG-TERM - AT COST</b>	As on 31.03.07	As on 31.03.06			
<b>a) Quoted Equity Shares (Non-trade)</b>					
Bankam Investments Ltd	—	4000	—	—	0.69
Bharat Commerce & Ind. Ltd	19000	19000	10	0.73	14.73
Global Capital Markets Ltd	—	490000	—	—	13.02
Goenka Business Ltd	—	126000	—	—	5.17
Century Textiles Ltd	350	—	10	1.67	—
Emami Ltd	5000	—	2	13.28	—
Greenply Industries Ltd	100	100	5	0.09	0.09
Hindalco Industries Ltd	5000	—	1	9.47	—
IDBI Bank Ltd	5000	—	10	4.90	—
IVRCL Infrastructure & Projects Ltd	1000	—	2	2.89	—
Kitpy Industries Ltd	100	100	10	0.02	0.02
Konark Commerce Industries Ltd	29300	29300	10	11.04	11.04
Masantoshi International Ltd	—	25000	—	—	1.38
Nonstop Plantation Ltd	—	65000	—	—	5.24
Nagarjuna Fertilizers & Chemicals Ltd.	12400	12400	10	1.71	3.99
Oriental Bank of Commerce	2000	2000	10	5.00	5.00
Pidilite Industries Ltd	1000	1000	1	0.27	0.27
Power Trading Corpn Of India Ltd	—	4800	10	—	0.77
Reliance Industries Ltd	4500	—	10	63.41	—
Sesa Goa Ltd	100	—	10	1.94	—
Tata Iron & Steel Company Ltd.	10000	—	10	49.38	—
UCO Bank Ltd	86244	86244	10	11.76	11.76
Uniworth International Ltd.	150	150	10	—	0.14
Uniworth Textile Ltd.	50	50	10	—	0.03
<b>b) Unquoted Equity Shares (Non-Trade) :</b>					
Changlang Plywood (P) Ltd.	2000	2000	100	2.00	2.00
Manmao Plywood (P) Ltd.	1000	1000	100	1.00	1.00
Century Star Shipping Ltd	710766	—	10	71.08	—
<b>[B] CURRENT INVESTMENTS</b>					
Reliance Equity Fund - Dividend Plan	2000000	2000000	10	200.00	200.00
<b>[C] INVESTMENT IN SUBSIDIARIES (UNQUOTED)</b>					
Auro Sundaram Ply & Doors (P) Ltd	510000	—	10	231.80	—
Cement Manufacturing Co. Ltd	29547500	29547500	10	2954.75	2954.75
<b>[D] INVESTMENTS IN GOVERNMENT SECURITIES</b>					
Others : National Saving Certificates (VII Issue)				0.08	0.08
				<b>3,638.27</b>	<b>3231.17</b>
Less: Provision for Diminution in Shares				—	16.45
				<b>3,638.27</b>	<b>3214.72</b>
Aggregatel Market Value of Quoted Investments				160.03	271.10

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

Name	Face Value (Rs.)	No.
Associated Cement Ltd	10	500
Century Textiles Ltd.	10	1350
Everest Kanto Cylinder Ltd	10	500
GMR Infrastructure Ltd.	10	1500
Great Eastern Shipping Ltd	10	16000
Hindalco Industries Ltd	1	20000
Idea Cellular Ltd	10	1000
India Cement Ltd	10	5000
Sesa Goa Ltd	10	100
Tata Motors Ltd	10	4000
TISCO Ltd	10	10000
TV18 India Ltd	10	500

## Schedules to Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'G'</b>		
<b>INVENTORIES</b>		
(As taken, valued & certified by the management)		
Raw Materials	3192.83	2884.25
Work in Progress	146.02	131.83
Finished Goods/Stock in trade	3108.39	3210.54
Stores & Spares Parts	966.51	542.95
	<b>7413.75</b>	<b>6769.57</b>
<b>SCHEDULE - 'H'</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months	337.73	242.44
Other Debts	5762.39	4444.70
	<b>6100.12</b>	<b>4687.14</b>
<b>SCHEDULE - 'I'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand (As certified by the Management)	36.35	32.88
Cheques/DDs in Hand	310.70	302.05
Balance with Scheduled Banks		
— In Current Account	505.64	449.96
— In Fixed Deposit Account	350.90	0.88
	<b>1203.59</b>	<b>785.77</b>
<b>SCHEDULE - 'J'</b>		
<b>LOANS &amp; ADVANCES</b> (Unsecured, considered good)		
Advances, Recoverable in cash or in kind or for value to be received	2070.72	1332.51
Advance Income Tax (Net)	242.46	164.56
Deposits	248.20	248.14
Balance with Excise Departments	361.73	144.49
	<b>2923.11</b>	<b>1889.70</b>
<b>SCHEDULE - 'K'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (including Rs. 245.74 lacs due to a Subsidiary Co. P.Y. Rs. 2.98 lacs)	4792.24	5143.63
Interest accrued but not due	10.50	8.80
Unclaimed Dividend	16.76	6.15
Advance From Consumers	136.30	62.48
Other Liabilities	887.14	655.65
	<b>5842.94</b>	<b>5876.71</b>
<b>SCHEDULE - 'L'</b>		
<b>PROVISIONS</b>		
Proposed Dividend	—	256.09
Corporate Tax on Dividend	—	35.92
For Retirement Benefits	44.55	30.91
	<b>44.55</b>	<b>322.92</b>
<b>SCHEDULE - 'M'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off/adjusted)		
Share Issue Expenses	5.62	7.15
Amalgamation Expenses	5.00	—
	<b>10.62</b>	<b>7.15</b>

## Schedules to Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>SCHEDULE - 'N'</b>		
<b>GROSS INCOME</b>		
Income from Sale of Products (Gross)	44310.50	28221.59
Income from Services (Gross) (T.D.S. Rs. 1.88 lacs,P.Y.-Rs. 1.01 lacs)	130.96	128.33
Govt Incentives/Export Benefits/Other Entitlements	242.51	209.64
	<b>44683.97</b>	<b>28559.56</b>
<b>SCHEDULE - 'O'</b>		
<b>OTHER INCOME</b>		
Dividend [Including Rs.443.21, (P.Y. Rs. Nil), from a subsidiary company, and Rs.1.02 lacs, (P.Y. Rs.3.86 lacs) on long term investments]	444.32	4.01
Interest [Gross, T.D.S. Rs. 5.18 lacs, (P.Y. Rs. 0.72 lacs)]	50.34	4.67
Profit on Sale of Investments [Rs.13.31 lacs on long term Investments (P.Y. Rs. 273.89 lacs)]	13.31	292.68
Profit on Sale of Fixed Assets	0.34	67.62
Foreign Exchange Fluctuation	31.64	—
Miscellaneous Income (Gross T.D.S. Rs.Nil, P.Y Rs. 1.26 lacs)	16.34	4.49
	<b>556.29</b>	<b>373.47</b>
<b>SCHEDULE - 'P'</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>Opening stock</b>		
Finished Goods	3210.54	1766.13
Work in Progress	131.83	124.66
	3342.37	1890.79
Add: Finished Goods acquired pursuant to Scheme of Amalgamation	—	177.69
	<b>3342.37</b>	<b>2068.48</b>
<b>Closing Stock</b>		
Finished Goods	3108.39	3210.54
Work in Progress	146.02	131.83
	<b>3254.41</b>	<b>3342.37</b>
Increase/(Decrease) in stock	(87.96)	1273.89
<b>SCHEDULE - 'Q'</b>		
<b>COST OF MATERIALS</b>		
Raw Materials Consumed	13891.93	10775.09
Purchases	11319.83	7797.89
	<b>25211.76</b>	<b>18572.98</b>

## Schedules to Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>SCHEDULE - 'R'</b>		
<b>OPERATING &amp; ADMINISTRATIVE EXPENSES</b>		
Store & Spare Parts Consumed	639.91	278.71
Power & Fuel Consumed	2101.69	858.59
Insurance Charges	63.21	51.03
Jetty Expenses	24.13	49.51
Repairs & Maintenance	413.45	182.61
Transport & Freight	1526.75	811.43
Commission	114.50	50.87
Rebates & Discounts	477.42	244.16
Advertisement, Publicity & Sales Promotion	1344.72	849.21
Communication Expenses	140.97	101.78
Miscellaneous Expenses	920.04	507.76
Bank Charges and Commission	142.93	65.95
Directors' Remuneration	35.16	27.18
Auditors' Remuneration	8.48	4.41
Preliminary Expenses Written Off	2.78	1.84
Octroi	154.07	24.99
Rent	118.70	65.77
Rates & Taxes	34.33	12.13
Sales Tax/VAT	3370.95	2058.95
	<b>11634.19</b>	<b>6246.88</b>
<b>SCHEDULE - 'S'</b>		
<b>PERSONNEL COST</b>		
Salaries, Wages & Bonus	1472.14	866.36
Contribution to Provident and Other Funds	143.30	97.60
Staff & Labour Welfare	46.03	40.01
	<b>1661.47</b>	<b>1003.97</b>
<b>SCHEDULE - 'T'</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
On Term Loans	350.13	165.17
On Others	441.51	256.39
	<b>791.64</b>	<b>421.56</b>

# 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, 2007 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. Impairment**

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in profit & loss account and carrying amount of the asset is reduced to its recoverable amount.

**g. 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.

**h. 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.

**i. 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/actuarial basis

## Schedules forming part of the Account

### **j. 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.

### **k. 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.

### **l. 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.

### **m. Miscellaneous/Amalgamation Expenditure**

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

### **n. 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 asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized/adjusted in future.

### **o. 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.

### **p. 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.

### **q. Provisions and Contingent Liabilities**

Provisions for contingencies 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

	As at 31.03.2007	(Rs. in Lacs) As at 31.03.2006
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	38.51	34.25
<b>2. Contingent Liabilities</b>		
(a) Bank Guarantees issued by Banks	96.70	92.81
(b) Bills discounted by Banks	94.04	18.54
(c) Letters of Credit issued by Banks	1073.48	329.94
(d) Export Obligation against EPCG License Scheme	1532.16	1864.31
(e) Claims against the company not acknowledged as debts :		
- Excise Matters	—	16.78
- Sales Tax/VAT Matters	127.99	127.52
- Income Tax Matters	132.32	—
	2006-07	2005-06
3. Borrowing Costs Capitalized	—	130.54
4. Payment made to Auditors during the year		
(a) Statutory Audit Fee	7.86	4.21
(b) Tax Audit Fee	0.22	0.15
(c) Certification Work	0.40	0.05
Total	8.48	4.41
5. Break up of Repairs & Maintenance		
(a) Plant & Machinery	261.39	145.33
(b) Buildings	65.54	3.46
(c) Others	86.52	33.82
Total	413.45	182.61
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. 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 31.03.2007 - Nil.		
8. Sundry Creditors include Rs. 245.74 lacs (previous year Rs. 2.98 lacs) due to subsidiary companies. Maximum amount due during the year Rs. 267.82 lacs (previous year Rs. 10.89 lacs)		
9. Based on information/documents available with the company there was no amount due and outstanding as on 31st March,2007 to be transferred to Investors Education and Protection Fund under section 205C of the Companies Act, 1956.		
10. 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 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.		

## Schedules forming part of the Account

### 11. Disclosure in respect of related parties pursuant to Accounting Standard 18 “Related Party Disclosures”

#### a) Parties where control exists:

<b>Subsidiary Companies</b>	Cement Manufacturing Company Limited
	Megha Technical & Engineers Private Limited
	Auro Sundaram Ply & Doors Private Limited (w.e.f 20.12.2006)
	Century Star Shipping Limited (from 27.11.2006 to 15.03.2007)

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

<b>Associates</b>	Brijdham Merchants (P) Limited
	Sriram Merchants Private Limited
	Sriram Vanijya Private Limited
	Sumangal Business Private Limited
	Sumangal International Private Limited
	Century Star Shipping Limited
	Meghalaya Power Limited
	Ara Suppliers Pvt Ltd
	Apnapan Viniyog Pvt Ltd.
	Adonis Vyaper Pvt. Ltd.
Arham Sales Pvt. Ltd.	
<b>Key Management Personnel</b>	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	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
1.	Purchases	524.69	34.59	2.75	—	—	—
2.	Sales	—	6.60	—	—	—	—
3.	Sales of Capital assets	2.35	—	—	—	—	—
4.	Loans taken	—	—	2301.57	1858.25	—	—
5.	Loans Repaid	—	—	2101.57	1858.25	—	—
6.	Share Application	—	—	—	—	—	—
7.	Loans Given	200.00	—	34.56	—	—	—
8.	Loans Repaid	200.00	—	34.56	—	—	—
9.	Investments	226.00	1468.75	71.08	—	—	—
7.	Interest Paid	—	—	31.89	27.03	—	—
8.	Interest Received.	0.53	—	—	—	—	—
9.	Remuneration Paid	—	—	—	—	40.08	30.66
10.	Balances as at the Year Ended	—	—	—	—	—	—
	— Current Liabilities	—	6.85	—	—	—	—
	— Loans	—	—	245.29	106.42	—	—
	— Investments	231.80	2954.75	71.08	—	—	—

### 12. Directors’ Remuneration /Sitting Fee

(Rs. in Lacs)

	2006-07	2005-06
Remuneration	35.16	27.18
Sitting fees	1.50	0.78
Total	36.66	27.96

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 1.

## Schedules forming part of the Account

### 13. Deferred Tax Liability / (Asset) as at 31st March, 2007 comprises as under

	As at 31.03.2007	As at 31.03.2006
A. Deferred Tax Liability on account of Timing difference on account of Depreciation	350.88	461.68
B. Deferred Tax Assets on account of Gratuity & Leave Encashment	19.99	16.01
C. Net Deferred Tax Liability (A – B)	330.89	445.67

(Rs. in Lacs)

### 14. 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	25986.85	8666.60	5480.66	1802.02	4549.86	46485.99
	Less Inter Segment Adjustment	—	—	—	1802.02	—	1802.02
							44683.97
		(19139.65)	(5814.35)	(1395.70)	(—)	(2209.86)	(28559.56)
2.	Results Profit/Loss(—)	2069.88	(—) 375.14	960.33	(—) 234.28	252.35	2673.14
		(1038.52)	(174.09)	(246.69)	(—)	(108.95)	(1568.25)
3.	Interest					791.64	791.64
						(421.56)	(421.56)
4.	Other un-allocable expenses net of un-allocable income					556.29	556.29
						(—373.47)	(—373.47)
5.	Total Profit Before Tax						2437.79
							(1520.16)
6.	Other Information						
	Segment Assets	9399.59	7222.44	2300.13	3877.55	1594.65	24394.36
		(7841.63)	(7624.81)	(2126.36)	(3752.08)	(4213.92)	(25558.80)
	Segment Liabilities	3256.59	594.33	244.54	237.69	1509.79	5842.94
		(3948.98)	(2260.94)	(437.15)	(2828.83)	(963.53)	(10439.43)
	Capital Expenditure	109.22	74.07	45.99	275.97	283.65	788.90
		(119.00)	(319.24)	(44.15)	(2064.76)	(230.91)	(2778.06)
	Depreciation	95.16	476.76	156.24	490.15	68.71	1287.02
		(106.09)	(329.71)	(173.71)	(9.25)	(28.44)	(647.20)

Note : Figures in the bracket represent previous year figures

## Schedules forming part of the Account

### 15. Earning per share (EPS)

	2006-07	2005-06
Profit / (Loss) Attributable to Equity Shareholders (Rs. in Lacs)	2044.40	1058.79
Face Value per Equity Share (Rs.)	10	10
No. of Equity Shares Outstanding (For Basic and diluted EPS)	19765413	19765413
Basic/ Diluted Earning Per Share (Rs.)	10.34	5.36

16. Miscellaneous Expenses includes Rs.1.00 lac (Previous year Rs. 1.00 lac) paid to Bhartiya Janta Party towards political contribution.

17. 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	2006-07		2005-06	
			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	N.A.	10620
6.	Power	MW	NA	13.80	N.A.	13.80

#### (b) Production/Generation:

Sl.	Items	Unit	2006-07	2005-06
1.	Veneer	CBM	25879*	25107*
2.	Plywood	CBM	22896	22139
3.	Laminate sheets	Nos.	2195176	1555783
4.	Pre-laminated Boards	SQM	132536	107939
5.	Ferro Silicon	MT	11464	2660
6.	Power	KWH	89403360#	1042400#

\*includes 11146 CBM (previous year 10149 CBM) for captive use

# for captive use

## Schedules forming part of the Account

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

Particulars	Unit	2006-07		2005-06	
		Qty.	Value (Rs. in Lacs)	Qty.	Value (Rs. in Lacs)
<b>Opening Stock :</b>					
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	204880	937.35
Pre-laminated Boards	SQM	27354	100.35	—	—
Chemicals	MT	263	185.87	23	60.17
Ferro Silicon	MT	372	170.31	534	177.69
Timber	CBM	2009	245.80	—	—
Others			222.67	—	—
			<b>3210.54</b>		<b>1943.82</b>
<b>Purchases :</b>					
Plywood/Block Board	CBM	49062	7826.72	33285	5242.87
Adhesives	KGS	1423542	668.66	1220265	671.66
Chemicals	MT	1458	2810.66	1559	961.34
Timber	CBM	—	—	6303	634.69
Others			13.79		287.33
			<b>11319.83</b>		<b>7797.89</b>
<b>Sales :</b>					
Plywood/Block Board	CBM	71563	23518.78	54745	16628.65
Veneer	CBM	15037	1999.46	14966	1920.50
Adhesives	KGS	1408614	1170.94	1227509	968.82
Laminate Sheets	PCS	2221295	8045.95	1435240	5503.16
Pre-laminated Boards	SQM	128451	620.65	80585	241.94
Chemicals	MT	1563	2494.38	1319	994.99
Ferro Silicon	MT	11523	5480.66	2822	1255.31
Timber	CBM	967	164.87	4294	432.76
Others			814.81		275.46
			<b>44310.50</b>		<b>28221.59</b>
<b>Closing Stock :</b>					
Plywood/Block Board	CBM	3733	817.65	3338	758.26
Veneer	CBM	193	77.41	497	103.81
Adhesives	KGS	106510	55.47	91582	35.86
Laminate Sheets	PCS	299304	997.05	325423	1387.61
Pre-laminated Boards	SQM	31439	94.12	27354	100.35
Chemicals	MT	158	834.13	263	185.87
Ferro Silicon	MT	313	93.40	372	170.31
Timber	CBM	1042	127.57	2009	245.80
Others			11.59		222.67
			<b>3108.39</b>		<b>3210.54</b>

### (d) Raw Materials Consumed :

	Unit of Qty	2006-07		2005-06	
		Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
(i) Timber Logs	CBM	36990	4235.74	36389	4155.25
(ii) Veneer	CBM	12601	2036.16	13961	1579.06
(iii) Chemicals	KGS/LTR.	7809282	3266.09	6527779	2318.10
(iv) Paper	KGS	6095475	3049.80	4700325	2304.17
(v) Particle Board	CBM	2673	226.60	1769	163.90
(vi) Charcoal/Lime Coke	MT	314	23.08	1833.39	68.97
(vii) Quartz	MT	20573	181.94	4755	36.26
(viii) Super Screen Coal	MT	21336	783.14	3388	113.03
(ix) Others			89.38		36.35
<b>Total</b>			<b>13891.93</b>		<b>10775.09</b>

## 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)

	2006-07		2005-06	
	Value	%	Value	%
Raw Materials				
- Imported	7500.43	53.99	6180.55	57.36
- Indigenous	6391.50	46.01	4594.54	42.64
<b>Total</b>	<b>13891.93</b>	<b>100.00</b>	<b>10775.09</b>	<b>100.00</b>
Stores & Spares				
- Imported	30.55	4.77	12.00	4.31
- Indigenous	609.36	95.23	266.71	95.69
<b>Total</b>	<b>639.91</b>	<b>100.00</b>	<b>278.71</b>	<b>100.00</b>

**(f) Value of Imports (CIF) / Expenditures in Foreign Currency:**

(Rs. in Lacs)

Value of Imports (CIF)	2006-07	2005-06
Raw Materials/Goods	7984.37	7620.60
Capital Goods	72.94	104.83
Stores & Spares	23.30	21.88
Expenditure in Foreign Currency		
Travelling	24.45	10.27
Interest	74.27	—
Others	8.48	20.87
<b>Total</b>	<b>8187.81</b>	<b>7778.45</b>

**(g) Earnings in Foreign Currency:**

(Rs. in Lacs)

	2006-07	2005-06
Export (FOB Value)	1653.21	666.80
<b>Total</b>	<b>1653.21</b>	<b>666.80</b>

18. Unhedged Foreign Currency Exposure as at 31.03.2007 Rs. 3976.67 Lacs (P.Y.-Rs. 3641.77).
19. Previous year's figures have been regrouped / rearranged/ recasted wherever necessary, to make them comparable to current year's figures.
20. Figures have been rounded off to the nearest Lacs.

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 and on behalf of the Board

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

**CA. A. K. Kedia**  
Partner

Membership no. 50510  
Kolkata, 16th May, 2007

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

**CA. Arun Kr. Sharma**  
Partner

Membership no. 57329

**Sajjan Bhajanka** - Managing Director

**H. P. Agarwal** - Director

**Santanu Ray** - Director

**A. K. Julasaria** - CFO & Company Secretary

## Cash Flow Statement for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax	2437.79	1520.16
Adjustments for :		
Depreciation	1287.02	647.20
Interest	791.64	421.56
Share Issue Expenses Written Off	2.78	1.84
Dividend Income	(444.32)	(4.01)
Sundry Balances/Bad Debts written off	—	2.56
Share Investment Written Off	—	0.56
(Profit)/Loss on Sale of Fixed Assets	(0.34)	(67.62)
(Profit)/Loss on Sale of Investments	(13.31)	(292.68)
Interest Received	(50.34)	(4.67)
Provision For Diminution In Value Of Investments	—	16.45
Prior period Adjustments	—	(0.76)
<b>Operating Profit before Working Capital changes</b>	<b>4010.92</b>	<b>2240.59</b>
Adjustments for :		
Trade and other Receivables	(2379.77)	(2156.29)
Inventories	(644.18)	(2716.66)
Trade Payables and other Liabilities	64.68	2685.10
<b>Cash Generated from Operations</b>	<b>1051.65</b>	<b>52.74</b>
Interest Paid	(791.64)	(421.56)
Direct Taxes Paid (Net of Refunds)	(669.60)	(153.92)
<b>Net Cash from Operating Activities</b>	<b>(409.59)</b>	<b>(522.74)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Fixed Assets (including C.W.I.P.)(Net)	(752.07)	(2646.56)
Investments (Net)	(410.24)	(1209.29)
Dividend Income	444.32	4.01
Interest Received	50.34	4.67
<b>Net Cash from Investing Activities</b>	<b>(667.65)</b>	<b>(3847.17)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Borrowings (net)	2356.76	3474.82
Amalgamation Expenses	(6.25)	—
Proceeds from Issue of Shares	—	1468.74
Dividend paid (including Dividend Tax)	(855.45)	(225.51)
<b>Net Cash from Financing Activities</b>	<b>1495.06</b>	<b>4718.05</b>
Net Increase/(Decrease)in Cash and Cash equivalents	417.82	348.14
Cash and Cash equivalents as at 1st April(Opening Balance)	785.77	437.63
Cash and Cash equivalents as at 1st April(Closing Balance)	1203.59	785.77

Notes to the Cash Flow Statement for the year ended 31st March, 2007

1. 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 and on behalf of the Board

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

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

**Sajjan Bhajanka** - *Managing Director*

**CA. A. K. Kedia**  
Partner

**CA. Arun Kr. Sharma**  
Partner

**H. P. Agarwal** - *Director*

Membership no. 50510

Membership no. 57329

**Santanu Ray** - *Director*

Kolkata, 16th May, 2007

**A. K. Julasaria** - *CFO & Company Secretary*

## 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   
 Secured Loans  Unsecured 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   
 Earning per Share in Rs.  Dividend %

### 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 and on behalf of the Board

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

**CA. A. K. Kedia**  
Partner

Membership no. 50510  
Kolkata, 16th May, 2007

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

**CA. Arun Kr. Sharma**  
Partner

Membership no. 57329

**Sajjan Bhajanka** - Managing Director

**H. P. Agarwal** - Director

**Santanu Ray** - Director

**A. K. Julasaria** - CFO & Company Secretary



**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.	Auro Sundaram Ply & Doors Pvt Ltd.
1.	Financial year of the Subsidiary ended on	31st March, 2007	31st March, 2007	31st March, 2007
2.	Date from which they became Subsidiary	1st October, 2005	23rd March, 2006	20th December, 2006
3.	Shares of the Subsidiary held by the Company as on 31st March, 2007			
	a) Number of Shares	2,95,47,500	1,66,44,900	5,10,000
	b) Face value of Shares	Rs.10/-	Rs.10/-	Rs.10/-
	c) Extent of Holding	70.48 %	99.94 %	51%
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, 2007	Rs. 8682.33 Lacs	Rs. 32.31 Lacs	Rs. 21.26 Lacs
	ii) Upto the previous financial years of the Subsidiary company	Rs. 1746.11 Lacs	Rs. 1.53 Lacs	Nil
	b) Dealt with in the holding company's accounts			
	i) For the financial year ended 31st March, 2007	Nil	Nil	Nil
	ii) For the the previous financial year of the Subsidiary company since they become the holding company's subsidiaries	Nil	Nil	Nil

For and on behalf of the Board

**Sajjan Bhajanka** - *Managing Director*

**H. P. Agarwal** - *Director*

**Santanu Ray** - *Director*

**A. K. Julasaria** - *CFO & Company Secretary*

## Information with regard to Subsidiary Companies

(Required to be disclosed in the Annual Report Pursuant to letter of the Ministry of Company Affairs, exempting the Company from attaching the Annual Reports and other particulars of its Subsidiary Companies u/s 212 of the Companies Act 1956.)

(Rs. in Lacs)

	Cement Manufacturing Co. Ltd.	Megha Technical & Engineers (P) Ltd.	Auro Sundaram Ply & Doors Pvt Ltd.
Share Capital	<b>3,885.11</b>	<b>1,665.49</b>	<b>100.00</b>
Reserves & Surplus	<b>10,491.52</b>	<b>38.54</b>	<b>408.61</b>
Total Assets :			
Fixed Assets	11,735.47	5,729.23	425.98
Investments (In Subsidiary)	1,664.49	—	—
Current Assets	17,347.12	780.24	373.08
Deferred Tax Assets	50.01	—	—
Miscellaneous Expenditure	11.96	17.13	1.97
<b>Total</b>	<b>30,809.05</b>	<b>6,526.61</b>	<b>801.03</b>
Total Liabilities			
Secured Loans	11,172.91	3,846.74	244.79
Unsecured Loans	1,381.54	—	—
Current Liabilities	3877.97	463.50	47.63
Deffered Tax Liabilities	—	66.84	—
Share Application Money	—	445.50	—
<b>Total</b>	<b>16,432.42</b>	<b>4,822.58</b>	<b>292.42</b>
Investments (Excluding Investments in Subsidiaries)	—	—	—
Turnover	<b>26,380.61</b>	<b>607.62</b>	<b>593.67</b>
Profit before Taxation	<b>9,881.75</b>	<b>55.29</b>	<b>16.53</b>
Prior Period Adjustments	<b>43.88</b>	—	—
Provision for Taxation			
– Current Tax	1,144.51	6.19	1.75
– Fringe Benefit Tax	35.61	0.13	0.17
– Deferred Tax	(24.58)	16.66	—
<b>Total</b>	<b>1,155.54</b>	<b>22.97</b>	<b>1.92</b>
Profit after Taxation	<b>8,682.33</b>	<b>32.32</b>	<b>14.61</b>
Proposed Dividend/ Interim Dividend	<b>385.10</b>	<b>Nil</b>	<b>Nil</b>

For and on behalf of the Board

**Sajjan Bhajanka** - *Managing Director*

**H. P. Agarwal** - *Director*

**Santanu Ray** - *Director*

**A. K. Julasaria** - *CFO & Company Secretary*

# Auditors' Report on Consolidated Financial Statements

**To The Board of Directors**

**Century Plyboards (India) Limited**

We have examined the attached Consolidated Balance Sheet of **CENTURY PLYBOARDS (INDIA) LIMITED** and its subsidiaries as at 31st March, 2007, 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 (Cement Manufacturing Company Ltd and Megha Technical & Engineers Pvt Ltd) whose financial statements have been audited by M/s Kailash B. Goel & Co., Chartered Accountants reflects total assets of Rs. 37335.66 lacs as at 31st March, 2007 and revenue of Rs. 8714.65 lacs for the year ended on that date, and net cash inflows amounting to Rs. 486.72 lacs for the year ended on that date.

We did not audit the Financial Statements of the subsidiary Auro Sundaram Ply & Doors Pvt. Ltd. whose financial statements reflect total assets of Rs. 427.95 lacs as at 31st March, 2007 and revenue of Rs. 16.53 lacs for the year ended on that date, and net cash inflows amounting to Rs.2.99 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, 2007;
- 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 May, 2007

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

**CA. Arun Kr. Sharma**  
*Partner*  
M.No. 57329

# Consolidated Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	Schedule	As at 31.03.2007	As at 31.03.2006
<b>A. SOURCES OF FUNDS</b>			
SHAREHOLDER'S FUNDS			
Share Capital	'A'	1980.08	1027.90
Share Capital Suspense	'AA'	—	952.19
Reserves & Surplus	'B'	17182.31	9979.97
		<b>19162.39</b>	<b>11960.06</b>
MINORITY INTEREST		4319.20	1470.97
LOAN FUNDS			
Secured Loans	'C'	25811.31	17856.28
Unsecured Loans	'D'	1820.46	1621.30
		<b>27631.77</b>	<b>19477.58</b>
Deferred Tax Liability (Net)		<b>345.64</b>	<b>470.42</b>
		<b>51459.00</b>	<b>33379.03</b>
<b>B. APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	'E'	24832.25	21792.25
Less : Depreciation		6948.44	4391.37
Net Block		<b>17883.81</b>	<b>17400.88</b>
Capital Work-in-progress		7662.61	2553.79
		<b>25546.42</b>	<b>19954.67</b>
INVESTMENTS	'F'	<b>451.72</b>	<b>259.97</b>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'G'	11156.84	8605.43
Sundry Debtors	'H'	12316.68	7777.54
Cash & Bank Balances	'I'	1966.74	1036.65
Loans & Advances	'J'	8205.90	4364.52
		<b>33646.16</b>	<b>21784.14</b>
Less : Current Liabilities & Provisions			
Current Liabilities	'K'	8166.61	8133.77
Provisions	'L'	60.36	511.56
		<b>8226.97</b>	<b>8645.33</b>
NET CURRENT ASSETS		<b>25419.19</b>	<b>13138.81</b>
MISCELLANEOUS EXPENDITURE (To the extent not written off/adjusted)	'M'	<b>41.67</b>	<b>25.58</b>
		<b>51459.00</b>	<b>33379.03</b>

Significant Accounting Policies & Notes on Accounts 'U'

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

For Ashok Kedia & Co.  
Chartered Accountants

CA. A. K. Kedia  
Partner

Membership no. 50510  
Kolkata, 16th May, 2007

For Kailash B. Goel & Co.  
Chartered Accountants

CA. Arun Kr. Sharma  
Partner

Membership no. 57329

Sajjan Bhajanka - Managing Director

H. P. Agarwal - Director

Santanu Ray - Director

A. K. Julasaria - CFO & Company Secretary

## Consolidated Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	Schedule	As at 31.03.2007	As at 31.03.2006
<b>INCOME</b>			
Gross Income	‘N’	71575.19	45179.76
Less: Excise Duty		2663.95	2489.76
		<b>68911.24</b>	<b>42690.00</b>
Other Income	‘O’	249.79	476.49
Increase/(Decrease) in stock	‘P’	237.46	1690.94
		<b>69398.49</b>	<b>44857.43</b>
<b>EXPENDITURE</b>			
Cost of Materials	‘Q’	26983.91	19858.58
Operating & Administrative Expenses	‘R’	23885.04	15602.02
Personnel Cost	‘S’	2549.94	1581.21
Depreciation		2494.62	1909.21
Interest & Finance Charges	‘T’	1557.19	1237.24
		<b>57470.70</b>	<b>40188.26</b>
<b>PROFIT BEFORE TAX</b>		11927.79	4669.17
Less : Prior Period Adjustments (Net)		27.11	59.46
Provision for Tax :			
– Current Tax		1629.99	444.02
– Fringe Benefit Tax		80.41	61.58
– Deferred Tax		(124.78)	253.99
Profit after Tax (Before adjustment for Minority Interest)		<b>10315.06</b>	<b>3850.12</b>
Less : Minority Interest		2575.27	649.55
Profit after tax (After adjustment for Minority Interest)		7739.79	3200.57
Pre-acquisition (Profit)/Loss		3.39	(1055.62)
Adjustment for Minority Interest in Pre-acquisition result		3.26	243.80
Add : Balance (Cr.) Brought forward from Previous year		4763.62	2049.00
Add : Balance (Cr.) of Profit & Loss Account acquired on amalgamation of erstwhile Shyam Century Ferrous Ltd (SCFL)		—	943.43
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>12510.06</b>	<b>5381.18</b>
Appropriations :			
Transfer to General Reserve		203.80	106.00
Interim Dividend		583.77	448.64
Corporate Tax on Dividend		123.30	62.92
Balance (Cr.) carried forward		11599.19	4763.62
		<b>12510.06</b>	<b>5381.18</b>
Basic and diluted Earnings per equity share (in Rs.)		39.19	12.09

Significant Accounting Policies & Notes on Accounts ‘U’

This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of the Board

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

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

**Sajjan Bhajanka** - *Managing Director*

**H. P. Agarwal** - *Director*

**CA. A. K. Kedia**  
Partner

**CA. Arun Kr. Sharma**  
Partner

**Santanu Ray** - *Director*

Membership no. 50510  
Kolkata, 16th May, 2007

Membership no. 57329

**A. K. Julasaria** - *CFO & Company Secretary*

## Schedules to Consolidated Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
249,60,000 (1,49,60,000) Equity Shares of Rs. 10/- each	2496.00	1496.00
40,000 (40,000) Preference Shares of Rs. 10/- each	4.00	4.00
	<b>2500.00</b>	<b>1500.00</b>
<b>Issued Capital</b>		
19903413 (10381548) Equity Shares of Rs. 10/- each	1990.34	1038.15
<b>Subscribed Capital</b>		
19765413 (10243548) Equity Shares of Rs. 10/- each	1976.54	1024.36
Add : 138000 Equity Shares forfeited	3.54	3.54
	<b>1980.08</b>	<b>1027.90</b>
Of the above Equity Shares :		
93,110 Equity Shares of Rs.10/- each were issued in the year 1993-94 pursuant to the scheme of amalgamation		
9,99,630 Equity Shares of Rs. 10/- each were allotted as Bonus Shares by Capitalisation of Reserves during the year 1995-96.		
34,14,516 Equity Shares of Rs. 10/- each were allotted as Bonus Shares by Capitalisation of Securities Premium and General Reserve during the year 2004-05.		
95,21,865 Equity Shares of Rs. 10/- each were issued in the year 2006-07 pursuant to a scheme of amalgamation		
<b>SCHEDULE - 'AA'</b>		
<b>SHARE CAPITAL SUSPENSE</b>		
9521865 Equity Shares of Rs. 10/- each to be issued to the shareholders of erstwhile Shyam Century Ferrous Ltd. pursuant to Scheme of Amalgamation of SCFL with the Company	—	952.19
	—	<b>952.19</b>
<b>SCHEDULE - 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
<b>(a) General Reserve</b>		
At commencement of the year	606.29	500.29
Add: Transferred from Profit & Loss Account	351.54	106.00
	<b>957.83</b>	<b>606.29</b>
<b>(b) Securities Premium</b>		
At commencement of the year	1790.77	811.61
Add: On amalgamation	—	979.16
	<b>1790.77</b>	<b>1790.77</b>
<b>(c) Amalgamation Reserve</b>		
	<b>317.40</b>	<b>317.40</b>
<b>(d) Capital Reserve</b>		
At commencement of the year	2415.86	634.91
Add: On amalgamation	—	1222.93
Add: On acquisition of subsidiaries	16.74	558.02
	<b>2432.60</b>	<b>2415.86</b>
<b>(e) Revaluation Reserve</b>		
At commencement of the year	86.03	87.78
Less: Depreciation adjustment	1.51	1.75
	<b>84.52</b>	<b>86.03</b>
<b>(f) Profit &amp; Loss Account</b>		
	<b>11599.19</b>	<b>4763.62</b>
	<b>17182.31</b>	<b>9979.97</b>

## Schedules to Consolidated Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'C'</b>		
<b>SECURED LOANS</b>		
<b>Rupee Term Loans</b>		
- From a Financial Institution	3701.14	3164.23
- From Banks	9390.34	6559.95
<b>FCNRB Term Loan from Banks</b>	2445.14	2117.43
<b>Buyer's Credit from Banks</b>		
- For Capital Expenditure	385.35	393.27
- For Operational use	1730.49	—
<b>Working Capital Facilities</b>		
- From Banks	7814.88	5432.85
<b>Hire Purchase Finance</b>		
- From Banks	264.76	177.99
- From Bodies Corporate	79.21	—
Interest accrued and due on above	—	10.56
	<b>25811.31</b>	<b>17856.28</b>

### Notes :

- Rupee Term Loans of Rs. 1432.84 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.
- Rupee Term loan of Rs. 642.11 Lacs from banks and Rs. 1325 Lacs from a financial institution and Letters of Credit for Buyer's Credit of Rs. 385.35 Lacs 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.
- Rupees/FCNR Term loans of Rs. 8465.14 Lacs from Banks & Financial Institution are secured /to be secured by first charge on fixed assets of the Subsidiary Company's cement plant at Lumshnong, Meghalaya.
- Term loans of Rs. 3284.78 Lacs from Banks & Financial Institution are secured /to be secured by first charge on fixed assets of the cement plant of the subsidiary at Lumshnong, Meghalaya .
- Term loans of Rs. 299.99 Lacs from a Bank is secured by first charge on fixed assets of the power plant of the subsidiary at Lumshnong, Meghalaya .
- Working capital facilities of Rs. 4133.85 Lacs from banks and Letter of Credit for Buyer's Credit of Rs. 1730.49 lacs 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.
- Working capital facilities of Rs. 829.40 Lacs from a bank is secured against first charge on current assets of company's Ferro Alloy and Power Unit, and 2nd charge on fixed assets of the said units.
- Working capital facilities of Rs. 2693.60 Lacs from Banks are secured/ to be secured by way of first charge on current assets of the subsidiary Company and 2nd charge on fixed assets of Subsidiary's cement plant at Lumshnong, Meghalaya on pari passu basis.
- Term Loans and Working Capital facilities from Banks/Financial Institution are also guaranteed by some of the directors of the company.
- Hire purchase finance are secured against hypothecation of assets procured from such finance.
- Secured loans due within one year Rs. 2874.48 Lacs. (P.Y.Rs. 2159.60 Lacs)

### SCHEDULE - 'D'

#### UNSECURED LOANS

##### Short Term Loans

- From Bodies Corporate	438.92	212.75
- From Banks	858.29	949.12
- Security Deposits	523.25	459.43
	<b>1820.46</b>	<b>1621.30</b>

# Schedules to Consolidated Balance Sheet as at 31st March, 2007

## SCHEDULE-‘E’

### FIXED ASSETS

(Rs. in Lacs)

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions during the year	Sales/Adj during the year	As at 31.03.2007	As at 01.04.2006	During the year	Adjustments during the year	Up to 31.03.2007	As at 31.03.2007	As at 31.03.2006
<b>TANGIBLE ASSETS</b>										
LAND & SITE DEVELOPMENT	786.98	191.17	—	978.15	—	—	—	—	978.15	786.98
MINES & MINES DEVELOPMENT	318.20	10.43	—	328.63	—	—	—	—	328.63	318.20
FACTORY BUILDING	3,901.34	651.39	—	4,552.73	731.41	322.25	—	1,053.66	3,499.07	3,169.93
NON FACTORY BUILDING	472.18	769.39	—	1,241.57	34.11	29.47	—	63.58	1,177.99	438.07
LEASEHOLD PROPERTY	22.08	—	—	22.08	19.14	1.21	—	20.35	1.73	2.94
PLANT & MACHINERY	13,064.32	842.09	0.02	13,906.39	2,694.36	1,749.93	0.01	4,444.28	9,462.11	10,369.96
ELECTRICAL INSTALLATION	2,019.72	101.93	—	2,121.65	403.15	240.51	—	643.66	1,477.99	1,616.57
FURNITURE & FIXTURE	277.58	96.39	11.90	362.07	105.45	36.81	0.98	141.28	220.79	172.13
OFFICE EQUIPMENTS	104.87	43.12	4.27	143.72	35.76	12.22	1.98	46.00	97.72	69.11
COMPUTERS	274.82	101.39	3.50	372.71	163.99	62.44	1.71	224.72	147.99	110.83
VEHICLES	531.94	259.77	33.10	758.61	197.71	115.24	20.13	292.82	465.79	334.23
<b>TOTAL (A)</b>	<b>21774.03</b>	<b>3067.07</b>	<b>52.79</b>	<b>24788.31</b>	<b>4385.08</b>	<b>2570.08</b>	<b>24.81</b>	<b>6930.35</b>	<b>17857.96</b>	<b>17388.95</b>
<b>INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARES	17.24	25.72	—	42.96	5.31	11.80	—	17.11	25.85	11.93
TRADE MARK & PATENT RIGHT	0.98	—	—	0.98	0.98	—	—	0.98	—	—
<b>TOTAL (B)</b>	<b>18.22</b>	<b>25.72</b>	<b>—</b>	<b>43.94</b>	<b>6.29</b>	<b>11.80</b>	<b>—</b>	<b>18.09</b>	<b>25.85</b>	<b>11.93</b>
<b>TOTAL (A+B)</b>	<b>21,792.25</b>	<b>3,092.79</b>	<b>52.79</b>	<b>24,832.25</b>	<b>4,391.37</b>	<b>2,581.88</b>	<b>24.81</b>	<b>6,948.44</b>	<b>17,883.81</b>	<b>17,400.88</b>
<b>PREVIOUS YEAR</b>	16537.74	5,375.30	120.79	21,792.25	2,532.19	1,910.96	51.78	4,391.37	17,400.88	—
CAPITAL W.I.P.									<b>7,662.61</b>	<b>2,553.79</b>

Notes:

1. Depreciation for the year includes Rs.1.51 Lacs towards depreciation provided on amount added to Gross Block as a result of revaluation of fixed assets.
2. Depreciation for the year includes Rs.16.03 Lacs which has been treated as pre-operative expenses.
3. Preoperative Expenses capitalized during the year 152.45 Lacs (Previous Year NIL)



## Schedules to Consolidated Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

			As at 31.03.2007		As at 31.03.2006
<b>SCHEDULE - 'F'</b>					
<b>INVESTMENTS</b>					
	No. of Shares/Units		Face Value Rs.		
<b>[A] - LONG-TERM - AT COST</b>	As on 31.3.07	As on 31.3.06			
<b>a) Quoted Equity Shares (Non-trade)</b>					
Bankam Investments Ltd.	—	4000	—	—	0.69
Bharat Commerce & Ind. Ltd.	19000	19000	10	0.73	14.73
Global Capital Markets Ltd.	—	490000	—	—	13.02
Goenka Business Ltd.	—	126000	—	—	5.17
Century Textiles Ltd.	350	—	10	1.67	—
Emami Ltd.	5000	—	2	13.28	—
Greenply Industries Ltd.	100	100	5	0.09	0.09
Hindalco Industries Ltd.	5000	—	1	9.47	—
IDBI Bank Ltd.	5000	—	10	4.90	—
IVRCL Infrastructure & Projects Ltd.	1000	—	2	2.89	—
Kitpy Industries Ltd.	100	100	10	0.02	0.02
Konark Commerce Industries Ltd.	29300	29300	10	11.04	11.04
Masantoshi International Ltd.	—	25000	—	—	1.38
Nonstop Plantation Ltd.	—	65000	—	—	5.24
Nagarjuna Fertilizers & Chemicals Ltd.	12400	12400	10	1.71	3.99
Oriental Bank of Commerce	2000	2000	10	5.00	5.00
Pidilite Industries Ltd.	1000	1000	1	0.27	0.27
Power Trading Corpn Of India Ltd.	—	4800	10	—	0.77
Reliance Industries Ltd.	4500	—	10	63.41	—
Sesa Goa Ltd.	100	—	10	1.94	—
Tata Iron & Steel Company Ltd.	10000	—	10	49.38	—
UCO Bank Ltd.	86244	86244	10	11.76	11.76
Uniworth International Ltd.	150	150	10	—	0.14
Uniworth Textile Ltd.	50	50	10	—	0.03
<b>b) Unquoted Equity Shares (Non-Trade) :</b>					
Changlang Plywood (P) Ltd.	2000	2000	100	2.00	2.00
Manmao Plywood (P) Ltd.	1000	1000	100	1.00	1.00
Century Star Shipping Ltd.	710766	—	10	71.08	—
<b>[B] Current Investments</b>					
a) Reliance Equity Fund - Dividend Plan	2000000	2000000	10	200.00	200.00
<b>[C] Other Investments</b>					
a) Others : National Saving Certificates (VII Issue)				0.08	0.08
				<b>451.72</b>	<b>276.42</b>
Less : Provision for Diminution in Shares				—	16.45
				<b>451.72</b>	<b>259.97</b>
Aggregatel Market Value of Quoted Investments				<b>160.03</b>	<b>271.10</b>

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

<u>Name</u>	<u>Face Value (Rs.)</u>	<u>No.</u>
Associated Cement Ltd	10	500
Century Textiles Ltd.	10	1,350
Everest Kanto Cylinder Ltd	10	500
GMR Infrastruture Ltd.	10	1,500
Great Eastern Shipping Ltd	10	16,000
Hindalco Industries Ltd	1	20,000
Idea Cellular Ltd	10	1,000
India Cement Ltd	10	5,000
Sesa Goa Ltd	10	100
Tata Motors Ltd	10	4,000
TISCO Ltd	10	10,000
TV18 India Ltd	10	500

**Schedules to Consolidated Balance Sheet** as at 31st March, 2007  
(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'G'</b>		
<b>INVENTORIES</b>		
(As taken, valued & certified by the management)		
Raw Materials	3831.25	3143.12
Work in Progress	1042.60	703.52
Finished Goods/Stock in trade	3226.25	3327.87
Consumable Stores & Spares (including coal, fuel & packing materials)	3056.74	1430.92
	<b>11156.84</b>	<b>8605.43</b>
<b>SCHEDULE - 'H'</b>		
<b>SUNDRY DEBTORS</b>		
<b>Secured Considered Good</b>		
Sale of Product		
Over Six Months	3.42	—
Other Debts	225.63	159.16
	<u>229.05</u>	<u>159.16</u>
<b>Unsecured</b>		
Over Six Months		
I Sale of Products - Considered Good	341.24	242.86
Sale of Products - Considered Doubtful	7.21	—
Less: Provision for Bad & Doubtful Debt	(7.21)	—
	<u>341.24</u>	<u>242.86</u>
II Claims due from Central Government - Considered Good	3971.44	513.84
Other Debts		
I Sale of Products - Considered Good	6562.40	5221.76
II Claims due from Central Government - Considered Good	1212.55	1639.92
	<u>7774.95</u>	<u>6861.68</u>
	<b>12316.68</b>	<b>7777.54</b>
<b>SCHEDULE - 'I'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand (As certified by the management)	61.85	41.98
Cheques/DDs in Hand	365.19	338.73
<b>Balance with Scheduled Banks</b>		
— In Current Account	1132.62	633.46
— In Fixed deposit Account	401.46	20.88
<b>Balance with Non-Scheduled Bank:</b>		
KA Bank Nongkyndong RI Khasi Jaintia (Maximum amount due during the year Rs. 33.49 Lacs, P.Y. Rs. Rs. 18.08 Lacs)	5.62	1.60
	<u>1966.74</u>	<u>1036.65</u>

## Schedules to Consolidated Balance Sheet as at 31st March, 2007

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
<b>SCHEDULE - 'J'</b>		
<b>LOANS &amp; ADVANCES (Unsecured, considered good)</b>		
Advances, Recoverable in cash or in kind or for value to be received	7,079.55	3,126.88
Advance Income Tax (Net)	98.00	49.56
Deposits	320.13	527.19
Balance with Excise Departments	708.22	660.89
	<b>8205.90</b>	<b>4364.52</b>
 <b>SCHEDULE - 'K'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	5053.78	5347.83
Interest Accrued but not due	11.39	9.19
Unclaimed Dividend	16.76	6.14
Advance From Customers	295.04	456.02
Other Liabilities	2789.64	2314.59
	<b>8166.61</b>	<b>8133.77</b>
 <b>SCHEDULE - 'L'</b>		
<b>PROVISIONS</b>		
Proposed Dividend	—	448.64
Corporate Tax on Dividend	—	62.92
For Retirement Benefits	60.36	—
	<b>60.36</b>	<b>511.56</b>
 <b>SCHEDULE - 'M'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off/adjusted)		
Preliminary Expenses	—	18.43
Share Issue Expenses	36.67	7.15
Amalgamation Expenses	5.00	—
	<b>41.67</b>	<b>25.58</b>

## Schedules to Consolidated Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>SCHEDULE - 'N'</b>		
<b>GROSS INCOME</b>		
Income from Sale of Products (Gross)	71021.50	44707.67
Add: Captive Consumption of Cement	180.22	134.12
Income from Services(Gross) (T.D.S. Rs. 1.88 lacs,P.Y.-Rs. 1.01 lacs)	130.96	128.33
Govt Incentives/Export Benefits/Other Entitlements	242.51	209.64
	<b>71575.19</b>	<b>45179.76</b>
<b>SCHEDULE - 'O'</b>		
<b>OTHER INCOME</b>		
Dividend (Including Rs. 1.02 lacs on long term investments, P.Y. Rs.3.86 lacs)	1.11	4.01
Interest (Gross, T.D.S. Rs. 5.06 lacs , P.Y-Rs. 0.78 lacs)	53.18	6.05
Profit on sale of investments (Including Rs. 13.31 lacs on long term investments,P.Y. Rs. 273.89 lacs)	13.31	292.67
Profit on Sale of Fixed Assets	0.38	67.62
Foreign Exchange Fluctuation	59.73	—
Miscellaneous Income (T.D.S Nil, P.Y Rs.1.26 lacs)	122.08	106.14
	<b>249.79</b>	<b>476.49</b>
<b>SCHEDULE - 'P'</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
Opening stock		
Finished Goods	3327.87	1766.13
Work In Progress	703.52	124.66
	<b>4031.39</b>	<b>1890.79</b>
Add: Finished Goods acquired pursuant to Scheme of Amalgamation	—	177.69
Add: On acquisition of Subsidiaries during the year		
Finished Goods	—	127.27
Work In Progress	—	144.70
	<b>4031.39</b>	<b>2340.45</b>
Closing Stock		
Finished Goods	3226.25	3327.87
Work In Progress	1042.60	703.52
	<b>4268.85</b>	<b>4031.39</b>
Increase/(Decrease) in stock	237.46	1690.94
<b>SCHEDULE - 'Q'</b>		
<b>COST OF MATERIALS</b>		
Raw Matrerials Consumed	16178.15	12060.69
Purchases	10805.76	7797.89
	<b>26983.91</b>	<b>19858.58</b>

## Schedules to Consolidated Profit & Loss Account for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>SCHEDULE - 'R'</b>		
<b>OPERATING, ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Store & Spare Parts Consumed	1576.97	1201.37
Power & Fuel	5340.87	3271.77
Insurance Charges	104.05	64.74
Jetty Expenses	24.13	49.51
Repairs & Maintenance	1000.35	863.38
Transport & Freight	4742.84	2730.74
Commission	115.65	523.82
Rebates & Discounts	1188.12	244.16
Advertisement , Publicity & Sales Promotion	2033.21	1555.30
Communication Expenses	196.33	136.23
Miscellaneous Expenses	1747.32	1197.08
Bank Charges and Commission	220.34	92.60
Director's Remuneration	84.71	45.05
Auditor's Remuneration	12.68	7.33
Research & Development Expenses	11.91	16.56
Preliminary/Share Issue/Amalgamation Expenses Written Off	8.96	10.71
Octroi	154.07	24.99
Rent	118.70	65.77
Rates & Taxes	81.82	53.81
Sales Tax/VAT	5122.01	3447.10
	<b>23885.04</b>	<b>15602.02</b>
<b>SCHEDULE - 'S'</b>		
<b>PERSONNEL COST</b>		
Salaries, Wages & Bonus	2276.41	1382.87
Contribution to Provident and Other Funds	170.37	111.68
Staff & Labour Welfare	103.16	86.66
	<b>2549.94</b>	<b>1581.21</b>
<b>SCHEDULE - 'T'</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
On Term Loans	924.09	759.13
On Others	633.10	478.11
	<b>1557.19</b>	<b>1237.24</b>

## 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 2007 & Consolidated Profit & Loss Account for the year ended on that date)

#### A. CONSOLIDATION

- (a) The subsidiaries ( which alongwith Century Plyboards (India) 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 31.03.2007	Subsidiary with effect from	Main Business of Subsidiary
Cement Manufacturing Co. Ltd (CMCL)	India	70.48%	1st October, 2005	Mfg. of Cement and Clinker
Megha Technical & Engineers Private Limited (MTEPL)	India	99.56%	23rd March, 2006	Generation of Power and providing equipments/ vehicles on hire
Auro Sundaram Ply & Door Pvt. Ltd.(ASPDPL)	India	51.00%	20th December 2006	Mfg. of Plywood related products

- (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, CMCL and ASPDPL 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 all 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.

## Schedules forming part of the Consolidated Account

### **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 or/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. Depreciation on Fixed Assets of subsidiary Megha Technical & Engg. (P) Ltd. is provided on straight – line method at 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. Impairment**

Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in profit & loss account and carrying amount of the asset is reduced to its recoverable amount.

### **g. 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.

### **h. 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.

### **i. 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

### **j. 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.

## Schedules forming part of the Consolidated Account

### **k. 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.

### **l. 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.

### **m. Miscellaneous Expenditure**

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

### **n. 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.

### **o. 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, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

### **p. 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.

### **q. 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 Consolidated Account

### C. NOTES ON ACCOUNTS

	(Rs. in Lacs)	
	As at 31.03.07	As at 31.3.06
<b>1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)</b>	350.83	2042.47
<b>2. Contingent Liabilities:</b>		
(a) Bank Guarantees issued by Banks	291.42	367.54
(b) Letters of Credit issued by Banks	1195.21	358.72
(c) Export Obligation against EPCG License Scheme	1733.02	2065.17
(d) Claims against the company not acknowledged as debts :		
- Excise Matters	28.28	44.16
- Sales Tax/VAT Matters	127.99	127.52
- Income Tax Matters	132.32	NIL
(e) Guarantee provided to a Corporate Body on behalf of Contractor	15.92	NIL
	<b>2006-07</b>	<b>2005-06</b>
<b>3. Borrowing Cost Capitalized</b>	181.79	139.08
<b>4. Payment made to Auditors during the year</b>		
(a) Statutory Audit Fee	10.86	6.36
(b) Tax Audit Fee	0.90	0.50
(c) Certification Work	0.65	0.05
(d) Others	0.27	0.42
<b>Total</b>	<b>12.68</b>	<b>7.33</b>
<b>5. Break up of Repairs &amp; Maintenance</b>		
(a) Plant & Machinery	714.09	732.08
(b) Buildings	131.82	37.46
(c) Others	154.44	93.84
<b>Total</b>	<b>1000.35</b>	<b>863.38</b>
<b>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.</b>		
<b>7. 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.</b>		
<b>8. 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 &amp; Loss Account.</b>		

## Schedules forming part of the Consolidated Account

### 9. 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 :

<b>Associates</b>	Brijdham Merchants (P) Limited
	Sriram Merchants Private Limited
	Sriram Vanijya Private Limited
	Sumangal Business Private Limited
	Sumangal International Private Limited
	Bansal Cylinders & Tubes Limited
	Skipper Steels Limited
	Shyam Sel Limited
	Shyam Ferro Alloys Limited
	Shyam DRI Power Limited
	Century Star Shipping Limited
	Meghalaya Power Limited
	Ara Suppliers Pvt Ltd
	Apnapan Viniyog Pvt Ltd.
	Adonis Vyaper Pvt. Ltd.
	Arham Sales Pvt. Ltd.
<b>Key Management Personnel</b>	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. Shambu Nath Choudhary (Executive Director)
	Mr. Anil Kumar Choudhary (Executive Director)
	Mr. Ashok Kumar Choudhary (Executive Director)
	Mr. Sanjay Kumar 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	
		2006-07	2005-06	2006-07	2005-06
1.	Purchases	188.22	119.32	—	—
2.	Sales	2.09	—	—	—
3.	Loans taken	2308.07	1908.25	—	—
4.	Loans Repaid	2101.57	1858.25	—	—
5.	Share Application	701.75	—	—	—
6.	Investments	—	—	—	—
7.	Interest Paid	31.89	89.44	—	—
8.	Remuneration Paid	—	—	92.43	54.73
9.	Balances as at 31st March, 2007(2006)	—	—		
	— Current Liabilities	0.15	4.11	—	—
	— Loans	225.49	106.42		

### 10. Directors Remuneration /Sitting Fees:

(Rs. in Lacs)

	2006-07	2005-06
Remuneration	86.21	45.05
Sitting fees	1.50	0.78
Total	87.71	45.83

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 1.

### 11. Deferred Tax Liability / (Asset) as at 31st March, 2007 comprises as under:

(Rs. in Lacs)

	As at 31.03.2007	As at 31.03.2006
A Deferred Tax Liability on account of Timing difference on account of Depreciation	417.72	511.89
B Deferred Tax Assets on account of Gratuity & Leave encashment & Others	72.08	41.47
C Net Deferred Tax Liability (A – B)	345.64	470.42

### 12. 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	26038.65	8666.6	5480.66	1802.02	26839.42	4549.86	73377.21
	Less : Inter Segment Adjustment	—	—	—	1802.02	—	—	1802.02
		(19139.65)	(5814.35)	(1395.70)	(—)	(16620.20)	(2209.86)	(45179.76)
2.	Results Profit/Loss(-)	2096.51	(375.14)	960.33	(234.28)	10535.42	252.35	13235.19
		(1038.52)	(174.09)	(246.69)	(0)	3861.67	(108.95)	(5429.92)
3.	Interest						1557.19	1557.19
							(1237.24)	(1237.24)
4.	Other un-allocable expenses net of un-allocable income						249.79	249.79
							(-476.49)	(-476.49)
5.	Total Profit Before Tax							11927.79
								(4669.17)
6.	Other Information							
	Segment Assets	9399.59	7222.44	2300.13	3877.55	30806.43	1594.65	55200.79
		(7841.63)	(7624.81)	(2126.36)	(3752.08)	(19727.94)	(4213.92)	(45286.74)
	Segment Liabilities	3256.59	594.33	244.54	237.69	29.08	1509.79	5872.02
		(3948.98)	(2260.94)	(437.15)	(2828.83)	(9986.25)	(963.53)	(20425.68)
	Capital Expenditure	109.22	74.07	45.99	275.97	6876.00	283.65	7664.90
		(119.00)	(319.24)	(44.15)	(2064.76)	(3460.84)	(230.09)	(6238.08)
	Depreciation	95.16	476.76	156.24	490.15	1184.13	92.18	2494.62
		(106.09)	(329.71)	(173.71)	(9.25)	(1262.00)	(28.44)	(1909.21)

Note : Figures in the bracket represent previous year figures.

### 13. Earning per share (EPS)

	<b>31.3.07</b>	<b>31.3.06</b>
Profit / (Loss) Attributable to Equity Shareholders ( Rs. in Lacs)	7746.44	2388.75
Face Value per Equity Share (Rs.)	10/-	10/-
No. of Equity Shares Outstanding	19765413	19765413
Basic/ Diluted Earning Per Share (Rs.)	39.19	12.09

14. Miscellaneous Expenses includes Rs.1.00 lac ( Previous year Rs. 1.00 lac) paid to Bhartiya Janta Party towards political contribution.

15. Previous year's figures have been regrouped / rearranged/ recasted wherever necessary, to make them comparable to current year's figures.

16. Figures have been regrouped off to the nearest lacs.

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

For and on behalf of the Board

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

**CA. A. K. Kedia**  
Partner

Membership no. 50510  
Kolkata, 16th May, 2007

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

**CA. Arun Kr. Sharma**  
Partner

Membership no. 57329

**Sajjan Bhajanka** - Managing Director

**H. P. Agarwal** - Director

**Santanu Ray** - Director

**A. K. Julasaria** - CFO & Company Secretary

# Consolidated Cash Flow Statement for the year ended 31st March, 2007

(Rs. in Lacs)

	2006-07	2005-06
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax	11927.79	4669.17
Adjustments for :		
Depreciation	2494.62	1909.21
Interest	1557.19	1237.24
Share Issue Expenses Written Off	(7.38)	5.35
Dividend Income	(1.11)	(4.01)
Sundry Balances/Bad Debts written off	—	2.56
Share Investment Written Off	—	0.56
(Profit)/Loss on Sale of Fixed Assets	0.38	(67.62)
(Profit)/Loss on Sale of Investments	(13.31)	(292.67)
Interest Received	(53.18)	(6.05)
Provision For Diminution In Value Of Investments	—	16.45
Provisions	13.48	—
Prior period Adjustments	(43.44)	(59.46)
<b>Operating Profit before Working Capital changes</b>	<b>15875.04</b>	<b>7410.73</b>
Adjustments for :		
Trade and other Receivables	(5710.56)	(6209.07)
Inventories	(2538.41)	(3026.92)
Loans & Advances	(2800.85)	—
Trade Payables and other Liabilities	135.57	3928.90
<b>Cash Generated from Operations</b>	<b>4960.79</b>	<b>2103.64</b>
Interest Paid	(1557.19)	(1237.24)
Direct Taxes Paid (Net of Refunds)	(1843.28)	(315.60)
<b>Net Cash from Operating Activities</b>	<b>1560.32</b>	<b>550.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Fixed Assets (including C.W.I.P.)(Net)	(7892.86)	(6106.58)
Investments (Net)	(410.24)	(1208.85)
Dividend Income	1.11	4.01
Interest Received	53.18	6.05
<b>Net Cash from Investing Activities</b>	<b>(8248.81)</b>	<b>(7305.37)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Borrowings(net)	8086.45	5573.62
Proceeds from Share Issue	367.17	—
Amalgamation Expenses	(6.25)	—
Proceeds from Issue of Shares	—	1728.54
Increase in Security Deposits	—	231.68
Dividend paid(including Dividend Tax)	(851.35)	(225.51)
<b>Net Cash from Financing Activities</b>	<b>7596.02</b>	<b>7308.33</b>
Net Increase/(Decrease)in Cash and Cash equivalents	907.53	553.76
Cash and Cash equivalents as at 1st April (Opening Balance)	1059.21	482.89
Cash and Cash equivalents as at 1st April (Closing Balance)	1966.74	1036.65

Notes to the Cash Flow Statement for the year ended 31st March 2007

1. Cash and Cash equivalent at the beginning of the year includes Rs.22.56 lacs of newly acquired subsidiary M/s Auro Sundaram Ply & Door (P) Ltd.
2. Inview of the aforesaid acquisition the current year figures are not comparable with those of previous year
3. Previous year's figures have been regrouped/rearranged wherever necessary to confirm to this year's classification.

In terms of our report of even date

For and on behalf of the Board

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

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

**Sajjan Bhajanka** - Managing Director

**H. P. Agarwal** - Director

**CA. A. K. Kedia**  
Partner

**CA. Arun Kr. Sharma**  
Partner

**Santanu Ray** - Director

**A. K. Julasaria** - CFO & Company Secretary

Membership no. 50510

Membership no. 57329

Kolkata, 16th May, 2007





# CENTURYPLY

**ATTENDANCE SLIP**

## CENTURY PLYBOARDS (INDIA) LIMITED

Regd. Office : 6, Lyons Range, Kolkata - 700 001

26th ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I hereby record my presence at the 26th Annual General Meeting of the Company at Somany Conference Hall, Merchants Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata - 700 001 on Monday, the 16th July, 2007 at 11.00 a.m.

Regd. Folio/ DP ID No.		Signature
	Full Name of the Shareholder (In Block Letters)	
		Signature
	Full Name of the Proxy (In Block Letters)	



# CENTURYPLY

**FORM OF PROXY**

## CENTURY PLYBOARDS (INDIA) LIMITED

Regd. Office : 6, Lyons Range, Kolkata - 700001

I/We.....

of .....

being a member/members of Century Plyboards (India) Limited, hereby appoint

.....

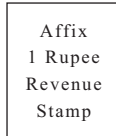
of..... or failing him .....

of..... or failing him .....

of..... as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 26th ANNUAL GENERAL MEETING of the Company at Somany Conference Hall, Merchants Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata - 700001 on Monday, the 16th July, 2007 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of..... 2007

Signature .....



Regd. Folio/DP ID No.

Note : The proxy must be deposited at the Registered Office of the Company at 6, Lyons Range, Kolkata - 700001 not less than 48 hours before the time fixed for holding the meeting.



