



A Global Indian

Simplex Infrastructures Limited

88th Annual Report 2005-06

Forward looking statements

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even



▲ Installation of 700 pre-cast jointed piles for construction of Providence stadium to host World Cup Cricket, 2007 at West Indies- Rs.120 mn

inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



▲ Construction of twenty six storied Hotel Hilton at Doha, Qatar- Rs. 1074 mn



▲ 15 rotary drilling rigs installing about 10,000 bored piles round the clock for commercial cum residential complex at Doha, Qatar- Rs. 1430 mn

Board of Directors

Shri B.D. Mundhra, Chairman and Managing Director
Shri H.B. GuhaBiswas
Shri A.D. Mundhra
Shri A. Mukherjee
Dr. R. Natarajan
Shri B. Sengupta
Shri S. Dutta
Shri P.K. Nandy
Shri Rajiv Mundhra
Shri N.N. Bhattacharyya
Shri Sheekishan Damani (w.e.f. 6.10.05)
Shri Ashish Dhawan (w.e.f. 6.10.05 upto 19.05.06)
Shri Kunal Shroff (w.e.f. 19.05.06)

Secretary

Shri B.L. Bajoria

Bankers

United Bank of India
Standard Chartered Bank
UCO Bank
ING Vysya Bank Ltd.
The Federal Bank Ltd.
ICICI Bank Ltd.
UTI Bank Ltd.
IndusInd Bank Ltd.
HDFC Bank Ltd.
Allahabad Bank
IDBI Bank Ltd.
Canara Bank
Centurion Bank of Punjab Ltd.
Punjab National Bank
Indian Bank
Central Bank of India
Oriental Bank of Commerce
Exim Bank

Auditors

Price Waterhouse

Registered Office

'SIMPLEX HOUSE'
27 Shakespeare Sarani
Kolkata – 700017

Branches

Vaikunth
82-83, Nehru Place
New Delhi – 110019

New No.57 (Old No.38) Pantheon Road
Egmore, Chennai – 600008

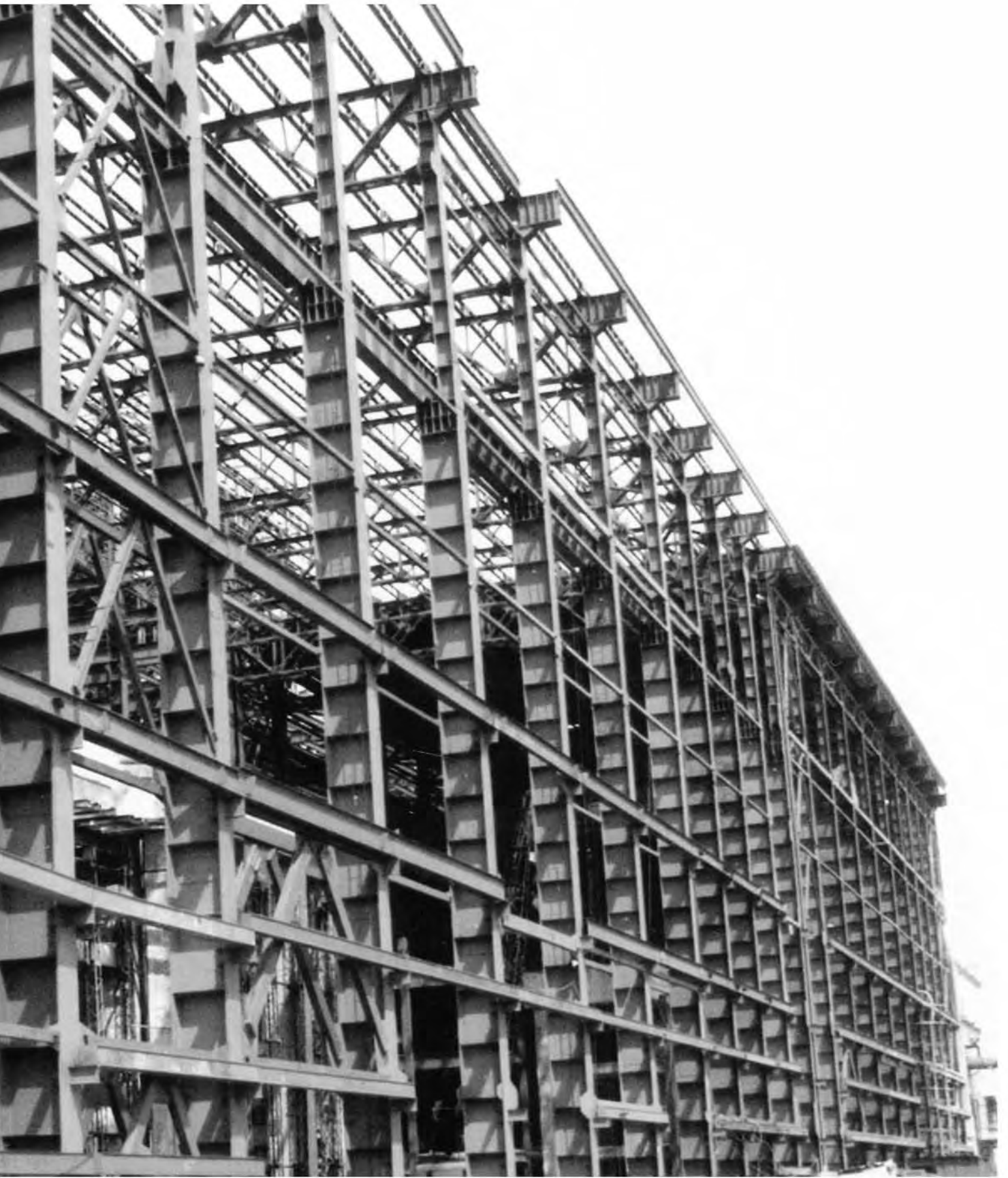
502/A Poonam Chambers,
'A' Wing, 5th Floor
Dr. Annie Besant Road
Worli, Mumbai – 400018

Doha Office
Post Box No. 22472
Doha, Qatar

Dubai Office
Post Box No.124748
Dubai, U.A.E.

Corporate Information





DVC Thermal Power Station Unit 5 and 6, Mejia, West Bengal, India



To execute projects with consistent quality assurance, cost control and adhering to milestones as per our customers requirements and to sustain our position as a leader in foundation technology, general civil engineering construction and to endeavour to promote the culture of sharing our rich and varied experience with our staff members, as also with our clients, which will benefit and help the growth of the construction fraternity and the society at large.

Our Vision

Our background

- Incorporated as a British piling firm in 1924, Simplex became Indian-owned following Independence in 1947.
- The company is credited with the introduction of the pioneering cast-in-situ driven pile foundations in India and South East Asia.
- The company is credited with a close involvement in the construction of Indian landmarks like Tisco's plant in Jamshedpur, IISCO's facility in Burnpur, Supreme Court in New Delhi, Reliance Industries' refinery in Jamnagar and approaches to the Howrah Bridge in Kolkata.

Our service offering

- Simplex provides services across industry verticals like piling, power, industrial construction, urban infrastructure, marine, high rise buildings, houses, roads and bridges.
- The company provides comprehensive services across ground engineering (geo-technical investigation, ground improvement, pile foundation and RCC foundations and underground work); civil and structural engineering (power projects,

industrial structures, marine structures, high-rise structures and specialised structures) and turnkey civil assignments (construction of water, waste and sewerage treatment plants, multi-storied buildings, material handling plants and intake jetties among others).

Our location

- Simplex's presence spans construction activity across all major Indian states.
- Simplex is headquartered in Kolkata with Indian offices in Delhi, Mumbai and Chennai and global representation in Qatar, Bahrain, Dubai, Sharjah and Abu Dhabi.

Our principal projects during FY 05-06

- Four laning of NH-28 between Gorakhpur-Gopalganj Section, NHAI.
- Power plant at Raigarh, Chattisgarh, Jindal Power Limited.
- Alumina smelter and power plant at Jharsuguda.
- Design and construction of Capital Complex at Imphal, Government of Manipur.

- Multistoried towers, Bangalore.
- Four laning of NH- 57 on Simrahi - Kosi Eastern Bund Section, NHAI.
- Hilton hotel Doha at Qatar.
- Chennai bypass on NH-4, 45 and 205, Som Dutt Builders- Simplex JV.
- Construction of flyovers at Guwahati, PWD.
- Construction of bridges over River Mahanadi, Rail Vikas Nigam Ltd.
- Power plant at Surat, Gujarat.
- Airport complex at Udaipur, Airport Authority of India.

Our important projects executed during FY 05-06

- Construction of station buildings, etc., Delhi Metro Railway Corporation.
- Vehicle Assembly building, ISRO Sriharikota.
- 4 Laning of Satara Kolhapur section of NH-4, NHAI.
- Durgapur expressway on NH-2, Gamuda WCT.

*Award of an
international project
in Doha*



Directors' Report

To the members,

Your Directors have pleasure in presenting Eighty-eighth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2006.

The financial highlights are setout below:

(Rs. in million)

	31st March 2006	31st March 2005
Gross billing	13427.39	9990.11
Profit on contract work done	1693.14	1184.83
Company's share in profit of joint venture	18.42	–
Other income	32.81	2.66
	1744.37	1187.49
Earning before interest, depreciation, tax and amortisation	1213.89	823.83
Profit before Interest, Depreciation and tax	1113.91	763.61
Less: Interest	403.56	330.60
Profit before depreciation and tax	710.35	433.01
Less: Depreciation	129.33	88.96
Profit before tax	581.02	344.05
Less: Provision for tax- Current tax	140.50	52.50
Fringe benefit tax	6.26	–
	434.26	291.55
Add: Provision for taxation written back (Credit)	–	4.00
Profit before deferred tax	434.26	295.55
Less: Deferred tax	17.82	43.79
Profit after tax	416.44	251.76
Transferred from Debenture Redemption Reserve	22.50	–
Balance brought forward from the previous year	455.14	266.01
Profit available for appropriation	894.08	517.77
Less: Transferred to		
General reserve	50.00	25.20
Proposed dividend	42.87	32.80
Tax thereon	6.01	4.63
	98.88	62.63
Balance carried to balance sheet	795.20	455.14

Review of Operations

■ Income during the financial year under review showed a healthy growth of 34.41 percent at Rs. 13427.39 mn as against Rs. 9990.11 mn in 2004-5.

■ Profit before tax witnessed a substantial growth of 68.88 percent at Rs. 581.02 mn as against Rs. 344.05 mn in 2004-5.

■ Profit after tax increased by 65.41 percent to Rs. 416.44 mn compared to Rs. 251.76 mn in 2004-5.

Apart from registering a significant growth in the Indian construction Industry, your Company increasingly focused on projects in foreign countries particularly the Middle East and is now contemplating joint ventures with renowned global construction companies. In view of this, it established offices in Dubai (UAE), Manama (Bahrain) and Doha (Qatar) and registered itself in Libya and Yemen to cater to the infrastructure development in those countries.

Dividend

The Directors recommend a dividend of Rs. 5/- per equity share of Rs. 10.00 each for the financial year ended 31st March 2006, which, if approved at the forthcoming Annual General Meeting will be paid to all those equity shareholders whose names appear in the register of members as on 18th August 2006. The dividend outgo (excluding tax on dividend) will be

Rs. 42.87 mn (previous year Rs. 32.80 mn).

Capital Expenditure

During the year under review, the Company has made additions of Rs. 1056.13 mn to its Fixed assets.

Increase in Equity Share Capital

During the year under review, your company has issued 12,85,000 equity shares of face value of Rs.10 each at a price of Rs. 726.30 per share to Beethoven Limited, a Mauritius based company on preferential allotment basis, being 14.99% of post issue equity share capital of the company and infused Rs. 933.29 mn for funding capital expenditure and working capital requirements. As a consequence, your Company's paid up capital stands increased from Rs. 72.89 mn to Rs. 85.74 mn.

Change of Name and Shifting of Registered Office

The Company changed its name from Simplex Concrete Piles (India) Limited to Simplex Infrastructures Limited bearing testimony to its expanded scope beyond piling and concreting to roads, bridges, highways, flyovers, marine, industrial construction, urban utilities, power plants and high rise buildings etc. as well as its extension from the Indian to the global market. The Company also shifted its Registered Office from 12/1, Nellie

Sengupta Sarani, Kolkata – 700087 to 'Simplex House', 27, Shakespeare Sarani, Kolkata – 700017, a more spacious house with modern facilities to support growth efforts.

Both changes became effective from 8th November 2005.

Public Deposits

The Company had no overdue deposit other than unclaimed deposits amounting to Rs. 4.15 mn as on 31st March 2006. On the date of this report, deposits aggregating Rs. 2.62 mn of the same had been claimed and paid. The fixed deposit scheme was discontinued with effect from 10th September 2005.

Auditors' Report

With regard to paragraph no. 5.6 of the Auditor's Report, we draw the attention of the members to note no.2 of Schedule 19 forming part of the Balance Sheet wherein the subject matter of this note has been explained in detail. The Board considers that such debts are good, recoverable at this stage and all efforts are being made to realise them. Moreover, these debts are fully covered by the Company's year-end free reserves.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the

employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Member who is interested to obtain such particulars may write to the Company Secretary at the registered office of the Company.

Disclosure of Particulars

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, is annexed to this report.

Directors' Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956 the Board of Directors of the Company hereby state and confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards together with note 4 of schedule 19 had been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for the period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting of fraud and other irregularities

(iv) The Directors have prepared the accounts for the financial year ended 31st March 2006 on a going concern basis.

Corporate Governance

Declaration on compliance with the Code of Conduct

The Board formulated a Code of Conduct for the Board members and senior management personnel of the Company, which has been posted on the website. It is hereby affirmed that all the directors and senior management personnel complied with the Code of Conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management personnel.

Pursuant to clause 49 of the Listing Agreement with the stock exchanges, management discussion and analysis and a report on corporate governance along with a certificate of compliance from the auditors are attached and form part of this report.

Directors

Under Article 104 of the Articles of Association of the Company, Mr. A. Mukherjee, Mr. H.B. Guha Biswas and Mr. B. Sengupta retire by rotation and being eligible offer themselves for re-appointment.

Mr. Sheo Kishan Damani was appointed as additional Director with effect from 6th October 2005. Mr. Damani will hold office upto the

date of ensuing Annual General Meeting. The Company received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature as Director.

Beethoven Limited nominated Mr. Ashish Dhawan as Director on the Company's Board on 6th October 2005. Mr. Kunal Shroff was nominated to the Board in place of Mr. Ashish Dhawan with effect from 19th May 2006. The Board of Directors places on record its sincere appreciation of the valuable contribution made and services rendered by Mr. Ashish Dhawan during his tenure.

Auditors

The Auditors, Price Waterhouse, Chartered Accountants, will hold office until the conclusion of the ensuing Annual General Meeting. We recommend re-appointing them as auditors. A certificate from the auditors has been received to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956

Acknowledgement

Your Directors would like to place on record their sincere appreciation for the support and continued co-operation extended by government authorities, the stakeholders, banks, financial Institutions, customers and the employees.

By order of the Board

B. D. Mundhra
Chairman and Managing Director

Mumbai
Dated 12th June 2006

Annexure

Additional information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988.

A. Conservation of energy

a) Energy conservation measures taken:

To conserve energy, a number of programmes have been developed to maximise saving in two specific areas:

- i) Electric energy
- ii) Fuel oil consumption

In this industry, 99% of the equipment is powered by electrical motors and fuel oil powered engines. Since most of the work is carried out in remote locations and is subjected to harsh environmental conditions, the rate of depreciation is very high. Implementing a quality preventive maintenance programme minimises the consumption of both electricity and fuel oil.

Fuel oil consumption has been reduced by implementing vigorous preventive maintenance measures and introducing new fuel efficient engines coupled with newer machinery.

b) Additional investment and proposals, if any, being implemented for the reduction of energy consumption:

Continuous additional investments are made in phases to replace old machinery with newer and more fuel-efficient ones. The replacement theory is also applied in repairs and renewals.

c) Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on the cost of production:

The Company has been able to reduce electrical energy and fuel oil consumption. Though it is not possible to quantify the impact, the measures are expected to result in considerable savings.

d) Total energy consumption and energy consumption per unit of production as per prescribed

Form A:

Not applicable as the Company is not covered under the list of specified industries.

From B:

B. Technology absorption

Technology absorption has been made as stated in the Rules:

Research and Development

1. Specific areas in which R&D is carried out by the Company:

- Continuous efforts are made to innovate new methods of construction. Methods are developed to make optimum utilisation of both manpower and machinery.
- New techniques in foundation engineering have been developed specifically in the fields of stone column, sand piles, Geopier system of piling, jointed piles, pre-cast piles and the introduction of band drain and drilling piling technique.
- Use of alternative materials such as neoprene, fibre-glass and bakelite has been developed to replace wood.
- Computer aided design techniques have been developed in the fields of

soil analysis, structural analysis and machine design.

- Micro piling technique and band drain have been developed through in-house research.
- New shuttering methods have been developed to reduce use of wood and minimise waste of accessories.
- New forms of sleepers have been introduced to replace wooden sleepers.
- Hydraulic grab is manufactured for the diaphragm wall.
- For segmental bridge construction, a whole system of casting and erection has been improved to speed up the work more effectively.
- For precast long length Girder erection in bridges, the new Launching Girder system has been developed for erection, including bend section up to 400 MT self weight.
- For lifting heavy sections, a rod has been developed which replaces high strength pre-stress wire or imported rods.

2. Benefits derived as a result of the above R&D

- New and modern methods of construction have made the process faster and safer. Wastage of materials reduced significantly. Downtime was cut considerably.
- Use of valve system and grabs helped the Company achieve a faster pace in piling.
- Cost-effective machines enabled the Company to substitute expensive, imported and heavy machinery.
- Both structural and soil analysis were upgraded to perform complicated work accurately.
- Launching of girder can now be done at the bridge level, saving the cost of cranes and space as well as imported rods.

3. Future plan of action

- To improve R&D activities specifically in developing new machinery, shuttering and staging equipment, soil improvement techniques, pile driving and drilling

technology.

- To introduce new soil reinforcement and pile foundation system.
- To introduce modern construction project management techniques; a thorough manpower analysis is carried out prior to start up.
- To tighten quality control and safety system.
- To carry on research in soil mechanics, foundation engineering and structural engineering.
- To develop new and low-cost construction material for housing, industrial structure and foundations.
- To develop improved techniques in solid waste disposal system.
- To develop improved technology that is environment-friendly.
- To implement quality assurance programme in accordance with modern management techniques.
- To introduce pre-fabricated concrete technology in mass scale.
- To introduce new products to replace wooden products.

4. Expenditure on R&D

(Rs. in million)

a) Capital	0.12
b) Recurring	2.27
c) Total	2.39
d) Total R&D Expenditure as percentage of total turnover (%)	0.02%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company has absorbed foreign technology in the fields of Slipform system, cooling tower, soil improvement, foundation engineering and commercial building techniques, road construction and low cost housing technology.

2. Benefit derived as a result of the above efforts:

- International standards in construction of tall chimneys, high rise structures and cooling towers, low cost house building technology and road construction.
- New and low-cost methods of CNS technology in foundation engineering.

3. Technology imported during the last five years:

(i) Technology imported	(ii) Year of import	(iii) Whether technology has been fully absorbed
a. Geopier soil reinforcement	2001	In process
b. Composite shuttering system	2003	In process

Foreign exchange earnings and outgo

a) Activities relating to exports, initiatives taken to increase exports development and new export markets for products and service.

b) Total foreign exchange used and earned.

(Rs. in million)

	2005-2006	2004-2005
Foreign exchange earned	1198.44	433.38
Foreign exchange used	892.26	352.14

By order of the Board

Mumbai

Dated 12th June 2006

B.D. Mundhra

Chairman and Managing Director

Management discussion and analysis



8%
GDP ↑

Indian economy and infrastructure development

The Indian GDP has grown by over eight percent in the last two consecutive years. In fact, the Indian economy appears to be on a high growth trajectory. It is conceivable that the overall economic growth is likely to be eight percent-plus CAGR over the foreseeable future. The policy-planners have also rightly realised that infrastructure development is a pre-requisite for sustained economic development. The recent spurt in infrastructure and construction activities in India is just a beginning. We believe there will be further growth and development in the sector for the next eight to ten years. According to us, the key drivers for such long term growth and development are:

- India has a lot of catching up to do, starting from a low base of infrastructure, to meet with the standards and levels achieved by the Asian Tigers, China and other developed countries.
- For sustaining the economic growth of eight percent-plus CAGR, infrastructure development needs to grow even faster.

- In order to attract and retain global investment in India, Indian infrastructure will need to be developed to world class levels.

- The requirement and aspirations of over one billion people, whose disposable income and standards of living are continually rising, will create a huge demand for world class infrastructure.

- The infrastructure and construction activities will create a large amount of employment opportunities throughout the country, in addition to significant



INDIA IS GROSSLY DEFICIENT IN BASIC INFRASTRUCTURE OF TRANSPORT – ROADS, SEA PORTS, AIRPORTS, RAILWAYS; POWER, WATER SUPPLY AND IRRIGATION, HOUSING, HEALTH, EDUCATIONAL AND URBAN INFRASTRUCTURE.

employment in the supporting activities of cement, steel and other construction materials.

- The rising employment and the higher disposable income will fuel the demand for and the growth of housing, work-places, retail, commercial and entertainment complexes. The present development and activity in construction in urban and semi-urban India is kindling the demand for more quality infrastructure.

- India is grossly deficient in basic infrastructure of transport – roads, sea ports, airports, railways; power, water supply and irrigation, housing, health, educational and urban infrastructure. The removal of deficiencies in the above areas is a top priority of the government and the planners in the country for balanced, sustainable and all round development.

- The government has undertaken a number of initiatives involving Public Private Partnership (PPP) to channelise more resources into infrastructure development. In the road sector, apart from the golden quadrilateral projects, the NS and EW corridors (NHDP Phase II – involving highways of 7300 kms, NHDP Phase III – involving 10000 kms of highways

connecting the state capitals) are under various stages of development. In the energy sector, India faces a shortfall of 13.3 percent of the peak demand. The policy directive "Mission 2012: Power on Demand" envisages power for all villages by 2007 and all households by 2012, creation of an additional 1 lac MW capacity of power generation by 2011. The Government of India has set up an SPV to channelise domestic and foreign investments in infrastructure and also for providing 'Viability Gap Funding' for social sector infrastructure development. The modernisation and development of airports and sea ports are being pursued actively.

■ As per the estimates of the Ratan Tata-headed Investment Commission set up by the GOI, the need for infrastructure investment in India over the next five years is USD 550 bn including USD 40 bn for roads, USD 140 bn for power, USD 40 bn for coal and USD 22 bn for telecom. The industrial projects announced in FY 05-06 will require an investment of USD 60 bn. It is, therefore, conservatively estimated that US\$ 50-60 bn will be invested annually in infrastructure development and construction activities in India over the next 5-6 years.

Business prospects and performance

Your Company is poised to reap the benefits not only from the infrastructure development opportunities in the country but also the construction boom under way in the Middle East and other countries that are fast catching up with the developed countries. The turnover during FY 05-06 has increased by 34.41 percent from Rs. 9990.11 mn to



AS PER THE ESTIMATES OF THE RATAN TATA-HEADED INVESTMENT COMMISSION SET UP BY THE GOI, THE NEED FOR INFRASTRUCTURE INVESTMENT IN INDIA OVER THE NEXT FIVE YEARS IS USD 550 BN INCLUDING USD 40 BN FOR ROADS, USD 140 BN FOR POWER, USD 40 BN FOR COAL AND USD 22 BN FOR TELECOM.

Rs. 13427.39 mn on top of the 56 percent growth achieved last year and 26 percent CAGR over the previous five years. The management is spending considerable time, effort and money in developing organisational capability to gear up for the projected annual growth of 40-50 percent over next five years.

The efforts of the management in the areas of risk mitigation, margins optimisation, efficient selection and execution of the projects have started bearing fruit. The operating profits (EBITDA) have increased from Rs. 823.83 mn to Rs. 1213.89 mn, registering a growth of 47.35 percent. The gross profit has grown by 64.29 percent, from Rs. 493.22 mn to Rs. 810.33 mn and the net profit by 65.41 percent, from Rs. 251.76 mn to Rs. 416.44 mn. The operating profit margins have improved from 8.24 percent to 9.04 percent, the GPM from 4.94 percent to 6.03 percent and NPM from 2.52 percent to 3.10 percent.

Threats, challenges, risks and concerns

The opening of vast opportunities in infrastructure construction has also thrown up several challenges and threats, namely:

- Stagnant and low construction margins
- Shortage of skilled manpower
- Rising input costs for cement, steel and other construction materials
- Fiscal policies of the central and state governments resulting in increased financial burden on the construction industry by way of service tax and VAT

Your Company has, over the years, evolved sound risk management practices to counter the risks and challenges faced by the construction industry.

■ The Company's business profile is well diversified, both geographically and sectorally. Our construction sites are located at over 100 locations across the length and breadth of the country and in the Middle East. Ten percent of the revenues and 15 percent of the order book comes from overseas projects which are targeted to increase to 30-40 percent of revenues over the next five years. The construction segments cover all possible civil and structural construction verticals, namely ground engineering, power plants (thermal, hydel, nuclear), industrial structures (refineries, metal, cement, chemicals,

paper among others), urban utilities, housing (high-rise as well as mass housing), transportation (roads, bridges, flyovers, metro railways, airports) and marine structures (ports, terminals, jetties, break-water etc). All verticals contribute to the total income and each contributes not more than 25 percent. Thus, the Company is not over-dependent on any particular sector or geography - the result of the persistent efforts of the management towards business risk mitigation. The judicious mix of the various construction segments/verticals



THE COMPANY'S BUSINESS PROFILE IS WELL DIVERSIFIED, BOTH GEOGRAPHICALLY AND SECTORALLY.

enables the Company to protect its margins in bad times and improve the same in good times.

- Your Company's management is careful in choosing the order, the client and project.
- Knowing fully well that the construction margins in the industry will remain under pressure, your Company management has focused on attaining larger scales of operations by growing the size of the business and thereby improving the overall profits. Apart from over 34.41 percent annual growth in the existing business in recent years, the Company is now targeting acquisitions for inorganic growth, enhancement in construction pre-qualifications and capabilities and enabling value-added offerings for margin improvement. It is also actively pursuing the idea of taking up the business of real estate development and infrastructure development projects in the road and power sectors on BOT/annuity basis. It is looking to forge alliances/JVs with reputed domestic and International players to enhance its offerings and the size of the projects.
- In addition to growing the scale of operations, your management is also focusing on efficient asset utilisation.

The turnover ratio of the net fixed assets at eight times is satisfactory. However, the turnover of the net working capital is four times and will be improved further.

■ Apart from the above initiatives, continuous project monitoring in terms of quality, time and cost parameters followed by Simplex is the key to client satisfaction, resulting in repeat orders. The project monitoring efforts are being further upgraded through greater use of modern technologies of IT and communications.

■ The price-escalation clause built into most contracts helps us tide over the input price increases.

Fund raising

Long-term funds and additional capitalisation will be needed for implementing growth plans. During the year, the Company raised Rs. 93 cr of equity funds through private placement of 12,85,000 equity shares of Rs. 10 each at a price of Rs. 726.30 per share with Beethoven, Mauritius, an associate of Chrys Capital, for meeting the funds requirement of the growing business, boosting net worth

and reducing dependence on borrowings. During the current year, the Company plans to raise more long-term funds by way of equity and debt from domestic and/or international markets to fund its requirement for growing the existing business, acquisitions, replacement of short



DURING THE YEAR, THE COMPANY RAISED RS. 93 CR OF EQUITY FUNDS THROUGH PRIVATE PLACEMENT OF 12,85,000 SHARES AT RS. 726.30 PER SHARE WITH BEETHOVEN, MAURITIUS, AN ASSOCIATE OF CHRYS CAPITAL, FOR MEETING THE FUNDS REQUIREMENT OF THE GROWING BUSINESS, BOOSTING NET WORTH AND REDUCING DEPENDENCE ON BORROWINGS.

term loans, real estate development business and for participation in road and power sector infrastructure projects on BOT/BOOT/annuity basis.

Human resource

Skilled and committed manpower is the backbone of any business, more so in the construction industry where the challenges are far greater. Your Company appreciates the contribution of all its employees for their dedication and hard work in achieving the continuous growth and wide presence in all sectors and geographies over the years. The Company has presently 3500 employees. During the last year the Company increased the employee strength by 300 persons, both in technical and support functions, to prepare for the increasing demand and growth in our industry.

Your Company follows a strong system of recruitment for quality selection, induction and training. The working atmosphere is cordial and business oriented. It follows a well defined system of performance appraisal, job rotation and upgradation. It may be pleasing to note that the average stay of the

employees with the Company is more than 15 years while over 15 percent of the employees have been associated with the Company for 15-40 years. With the ongoing induction of new talent and young and energetic professionals, there is a unique and effective blend of energy, enthusiasm and experience in the organisation.

Systems

Your Company has established and evolved itself over the last eight decades through sound systems of internal control, checks and MIS based management. The MIS and the project management have been further strengthened from time to time by induction of modern IT technologies including Primavera, MS Projects, Oracle 11i (E Business Suite), Oracle 10g Application Service, Oracle 10 g Database, Lotus Notes mailing system, IBM Tivoli software back up and citi in for bandwidth optimisation. The connectivity of the remote sites is under implementation through VSAT and Lease Lines. Oracle 10g based E-Project Management system in sync with Oracle 11i ERP has been developed in-house and is under

implementation at different sites and regional offices.

The internal control procedure and system are adequate, and are strictly followed at the site levels, controlling branches, regional offices and the head office of the Company, encompassing each and every activity



THE CONNECTIVITY OF THE REMOTE SITES IS UNDER IMPLEMENTATION THROUGH VSAT AND LEASE LINES. ORACLE 10G BASED E-PROJECT MANAGEMENT SYSTEM IN SYNC WITH ORACLE 11I ERP HAS BEEN DEVELOPED IN-HOUSE AND IS UNDER IMPLEMENTATION AT DIFFERENT SITES AND REGIONAL OFFICES.

to ensure quality and timely delivery of the projects within the target cost parameters. The existing internal controls ensure proper safeguard and use of the assets and that the transactions are properly and correctly authorised, recorded and reported. The internal checks and controls are further supplemented by the comprehensive, independent and professional internal audit.

Cautionary statement

Statements in this Management Discussion and Analysis, describing the Company's objectives, plans, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in the political and economic environment in India and other countries where your Company operates, exchange rate fluctuations, tax laws, litigation and cost of capital.

Report on Corporate Governance

1. Company's philosophy

The Company firmly believes and has consistently practiced good corporate governance. The Company's policy is reflected by the very values of transparency, professionalism and accountability. The Company constantly strives towards the betterment of these aspects and thereby perpetuates it into generating long-term economic value for its shareholders, customers, employees, other associated persons and the society as a whole.

2. Board of Directors

The Board comprises 12 Directors (six non-executive independent Directors with no professional and /or business relationship with the Company, five executive Directors and one non-executive non-independent Director). The Company appointed Mr. Ashish Dhawan as a non-executive non-independent nominee Director and Mr. Sheo Kishan Damani

(non-executive independent) as an additional Director at its Board meeting held on 6th October, 2005.

The non-executive independent Directors are eminent professionals with vast experience in civil engineering construction, finance and management and because of their association the Board has been enriched with a wide range of skills and experience. None of the aforesaid non-executive independent Directors has a significant pecuniary or business relationship with the Company and other than receiving sitting fees, is not involved and neither attracts any of the qualifications that defines an independent Director.

The Directors of your Company met eight times during the year on 11th April 2005, 30th June 2005, 5th August 2005, 31st August 2005, 30th September 2005, 6th October 2005, 29th November 2005 and 28th February 2006.

Composition of the Board, Number of Board Meetings, Attendance of Directors, other directorship ,Committee positions held and shareholding in the company as on 31st March 2006 is given below:

Name of the Directors	Status	Number of Board meetings attended (out of eight meetings held during the year)	Attendance at the last AGM held on 10th September 2005	Directorship held in other public limited companies incorporated in India	Other committee positions held in Indian public limited companies*		Shares holding in the Company *
					As Chairman	As Member	
Mr. B. D. Mundhra	Executive Promoter	8	Present	2	–	–	558990
Mr. H.B. Guha Biswas	Non-executive independent	3	Absent	–	–	–	100
Mr. A.D. Mundhra	Executive Promoter	5	Present	2	–	–	392314
Mr. A. Mukherjee	Executive non-independent	4	Present	1	–	–	101
Mr. B. Sengupta	Non-executive independent	7	Present	–	–	–	100
Dr. R. Natarajan	Non-executive independent	2	Present	–	–	–	100
Mr. S. Dutta	Executive non-independent	7	Present	–	–	–	100
Mr. P.K. Nandy	Non-executive independent	4	Present	–	–	–	100
Mr. Rajiv Mundhra	Executive Promoter	7	Present	–	–	–	313974
Mr. N. N. Bhattacharyya	Non-executive independent	5	Present	–	–	–	–
Mr. Ashish Dhawan**	Non-executive Non-independent	1	–	4	–	–	–
Mr. Sheo Kishan Damani***	Non-executive Independent	1	–	–	–	–	–

* Only Audit & Shareholder's Committee considered for this purpose.

** Appointed as Director w.e.f.6th October 2005, being nominee of Beethoven Limited-(Equity Investor)

*** Appointed as an Additional Director w.e.f. 6th October 2005.

* The company does not have any convertible Instruments.

The Board of Directors adopted the Code of Conduct (Code) for its members and Senior Management Personnel and affirmed compliance to it. The Code is posted on the Company's website: www.simplexconcrete.com.

3. Committee of Directors

The composition of the Committee of Directors and their attendance at the eight meetings held during the year are stated below:

Name of Director	Meetings attended
Mr. B. D. Mundhra	8
Mr. A. D. Mundhra	7
Mr. B. Sengupta	8
Mr. S. Dutta	8
Mr. Rajiv Mundhra	8

4. Audit Committee

The composition and terms of reference of the Audit Committee of the Company are in accordance with Clause 49 of the Listing Agreement. The Audit Committee comprises four Directors, all of whom are non-executive independent Directors. All members of the Committee are eminent persons with varied knowledge in their respective fields. The Chairman of the Committee is a senior Chartered Accountant with vast knowledge and expertise. The whole time Director looking after the financial matters of the Company and the General Manager in charge of internal audit are permanent invitees to the meetings of the Committee. The statutory auditors are also invitees to the meeting. The Company Secretary acts as Secretary to the Committee. The minutes of the Audit Committee meetings are noted by the Board of directors at the subsequent Board meeting.

The composition of the Audit Committee and the attendance at the seven meetings held during the year are stated below:

Member	Position	Meetings attended
Mr. P.K. Nandy	Chairman	5
Dr. R. Natarajan	Member	3
Mr. B. Sengupta	Member	7
Mr. N.N. Bhattacharyya	Member	7

The Audit Committee met seven times during the year under review: on 30th June 2005, 30th July 2005, 31st August 2005, 31st October 2005, 29th November 2005, 31st January 2006 and 28th February 2006.

The Audit Committee reviewed the annual financial statements for the year ended 31st March 2005 on 30th June 2005 before recommending the same to the Board for adoption. During the year the Committee also reviewed the quarterly unaudited financial results before they were placed to the Board of Directors for approval.

The Chairman of the Audit Committee attended the last Annual General Meeting held on 10th September 2005.

5. Remuneration Committee

The Company has a Remuneration Committee comprising four Directors. The broad terms of reference of the Remuneration Committee are to recommend to the Board the salary (including annual increments), perquisites, commission and other benefits of the whole time Directors within the overall ceiling as fixed by the Companies Act, 1956 from time to time. The Committee met twice during the year, on 30th June 2005 and 30th September 2005. Mr. B Sengupta was nominated as the Chairman of the Committee.

The composition of the Committee and attendance at the two meetings held during the year are stated below:

Name of Director	Position	Meetings attended
Mr. B. Sengupta.	Chairman	2
Dr. R. Natarajan	Member	–
Mr. P.K. Nandy	Member	2
Mr. H.B. Guha Biswas	Member	–

Remuneration paid/payable for the Financial Year 2005-2006

(in Rupees)

Directors	Salary (1)	Contribution to P.F. and G.F. (2)	Estimated cost of benefits (3)	Commission to the Managing Director (4)	Sitting fee* (5)	Total (6)
Mr. B. D. Mundhra	5400000.00	2610000.00	22032.00	90000.00	-	8122032.00
Mr. H. B. Guha Biswas	-	-	-	-	10000.00	10000.00
Mr. A. D. Mundhra	4200000.00	832000.00	160.00	-	-	5032160.00
Mr. A. Mukherjee	2520000.00	1160000.00	70615.00	-	-	3750615.00
Mr. B. Sengupta	-	-	-	-	140000.00	140000.00
Dr. R. Natarajan	-	-	-	-	30000.00	30000.00
Mr. S. Dutta	1800000.00	98000.00	308863.00	-	-	2206863.00
Mr. P. K. Nandy	-	-	-	-	75000.00	75000.00
Mr. Rajiv Mundhra	3600000.00	519000.00	5890.00	-	-	4124890.00
Mr. N. N. Bhattacharyya	-	-	-	-	75000.00	75000.00
Mr. Ashish Dhawan	-	-	-	-	5000.00	5000.00
Mr. Sheo Kishan Damani	-	-	-	-	5000.00	5000.00
Total	17520000.00	5219000.00	407560.00	90000.00	340000.00	23576560.00

* other than the above, there is no other pecuniary relationship or transactions with any of the Non-Executive Directors.

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goals. The Company does not have an Employee Stock Option Policy.

6. Shareholders' Committee

The Shareholders' Committee comprises four members of the Board, who are non-executive independent Directors, to look into shareholders' complaints and speedy disposal thereof. The Committee met four times during the year, on 30th June 2005, 30th July 2005, 31st October 2005 and 31st January 2006. The composition of the Committee and attendance at the four meetings held during the year are stated below:

Name of Directors	Position	Meetings attended
Mr. B. Sengupta	Chairman	4
Dr. R. Natarajan	Member	1
Mr. P. K. Nandy	Member	4
Mr. N.N. Bhattacharyya	Member	3

Mr. B.L. Bajoria, Company Secretary, is the Compliance Officer. The details of the investor complaints received during the year ended 31st March 2006 are:

The Company had received 12 letters/complaints during the financial year, all of which were replied/ resolved to the satisfaction of the shareholders.

Number of shares pending for transfer: 851 shares were pending for transfer as on 31st March 2006. Subsequently the said pending shares were transferred on 17th April 2006.

7. General body meetings:

Location and time of the last three AGMs held:

Year	Venue	Date	Time	Special resolution passed
2004 -05	Kala Kunj (Basement of Kala Mandir), 48 , Shakespeare Sarani, Kolkata-700017	10th September 2005	10.30 am	Yes
2003 -04	Gyan Manch, 11, Pretoria Street Kolkata-700071	15th September 2004	10.30 a.m.	None
2002 -03	Gyan Manch Education Society, 11, Pretoria Street, Kolkata-700071	5th September 2003	10.30 a.m.	Yes

All the resolutions as set out in the respective notices were passed by the shareholders. No special resolutions were required to be put through postal ballot last year, nor any proposed in the forthcoming Annual General Meeting.

As required under Clause 49IV(G) of the Listing Agreement, the particulars of the Directors who are proposed for appointment/re-appointment are given in the notice to the shareholders of the ensuing 88th Annual General Meeting.

8. Disclosures:

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

As required by the Accounting Standard –18 issued by the Institute of Chartered Accountants of India (ICAI), details of the related party transactions are given in Schedule 19 of the Annual Accounts.

■ Details of non-compliance of the Company with the penalties and strictures imposed by the stock exchanges or SEBI or any statutory authority, or any other matter related to the capital market during the last three years.

There was no non-compliance during the last three years on any matter related to the capital market. Consequently

there were no penalties imposed nor strictures passed on the Company by stock exchanges, SEBI, or any other statutory authority.

■ As per the requirement of Clause 49IV(F) of the Listing Agreement, the Senior Management Personnel i.e. the Technical Directors and Executive Director has informed the Board that neither they nor their relatives have any personal interest in material, financial and commercial transactions of the Company which may have potential conflict with the interest of the Company at large.

■ A certificate had been placed before the Board of Directors at their meeting held on 12th June 2006, in compliance with Clause 49(V) of the Listing Agreement duly signed by the Chairman and Managing Director and Director (incharge of Finance). The company has established internal control systems and procedures which are being reviewed and updated regularly.

■ All mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of the report.

9. Means of communication:

In compliance with the requirements of Clause 41 of the Listing Agreement, the Company regularly intimates quarterly unaudited financial results to the Stock Exchanges immediately after they are taken on record by the Board/Committee. Further coverage is given for the benefit of the shareholders and investors by publication of the financial results in English daily, The Economic Times, Business Standard and Bengali daily Pratidin.

The financial results were posted on the website - www.simplexconcrete.com. The Management Discussion & Analysis is covered in the Directors Report to the Shareholders and forms a part of the Annual report.

10. Shareholders' information:

(a) 88th Annual General Meeting:

Date & time: 18th August 2006, 10.30 a.m.

Venue : Gyan Manch 11, Pretoria Street,
Kolkata-700071

(b) Financial calendar:

■ Financial reporting for the quarter ending 30th June 2006: end July 2006

■ Limited review report for the quarter ending 30th June 2006: end August 2006

■ Financial reporting for the half year ending 30th September 2006: end October 2006

■ Limited review report for the quarter ending 30th September 2006: end November 2006

■ Financial reporting for the quarter ending 31st December 2006: end January 2007

■ Limited review report for the quarter ending 31st December 2006: end February 2007

■ Financial reporting for the year ending 31st March 2007: end June 2007

■ Annual general meeting for the year ending 31st March 2006: mid September 2007

(c) Dates of book closure:

14th August 2006 to 18th August 2006
(both days inclusive)

(d) Dividend payment date:

18th August 2006

(e) Registered office:

Simplex House
27, Shakespeare Sarani, Kolkata-700017
e.mail: scpl.cal@smj.sril.in
Website: simplexconcrete.com

(f) (i) Listing details:

Equity shares	Stock code/symbol
The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata- 700001	29053
The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400023	523838
The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051	Simplexinf

(iii) Listing fee for the year 2006-07 has been paid to the Stock Exchanges.

g. Stock prices data and performance of Company's share prices vis-à-vis BSE and Sensex:

(i) The Bombay Stock Exchange Limited

Month	High (Rs.)	Low (Rs.)	BSE (closing)	Sensex (closing)
April 2005	562.00	470.00	525.30	6154.44
May 2005	733.55	514.10	658.85	6715.11
June 2005	731.30	575.10	680.55	7193.85
July 2005	798.90	631.50	714.00	7635.42
August 2005	1069.00	710.00	985.95	7805.43
September 2005	1243.85	980.00	1240.25	8634.48
October 2005	1339.00	982.00	1029.80	7892.32
November 2005	1325.00	1080.10	1250.00	8788.81
December 2005	1536.95	1140.50	1501.05	9397.93
January 2006	1800.00	1451.00	1668.50	9919.89
February 2006	1775.00	1477.00	1656.65	10370.24
March 2006	2045.95	1660.00	1892.95	11279.96

(ii) National Stock Exchange of India Ltd.

Month	High (Rs.)	Low (Rs.)	NSE (closing)	Nifty (closing)
April 2005	568.50	466.00	525.10	1902.50
May 2005	728.95	509.00	655.35	2087.55
June 2005	723.40	575.00	680.05	2220.60
July 2005	798.00	650.00	735.25	2312.30
August 2005	1018.00	700.05	997.55	2384.65
September 2005	1239.00	980.30	1232.05	2601.40
October 2005	1354.95	980.15	1033.75	2370.95
November 2005	1300.00	1025.00	1251.30	2652.25
December 2005	1325.00	1152.00	1310.20	2836.55
January 2006	1799.00	1456.00	1659.85	3001.10
February 2006	1850.00	1475.00	1650.30	3074.70
March 2006	2050.00	1651.60	1897.65	3402.55

h. Registrar and share transfer agent :

Physical and dematerialised

MCS Limited, 77/2 Hazra Road , Kolkata-700029

i. Share transfer system:

Share transfer in physical forms are registered and returned within 15 days in most cases and in any case within 30 days from the date of receipt, if documents are cleared in all respects.

The Company has not issued any ADR/GDR/warrants or any convertible instruments.

The Board or Committee of Directors approves the transfer when they meet at regular intervals.

j. Distribution of shareholding as on 31st March 2006:

Shares held	2006				2005			
	No. of share holders	% of total share holders	No. of shares held	% of share holding	No. of share holders	% of total share holders	No. of shares held	% of share holding
1-500	4346	93.76	364657	4.25	3801	93.40	439499	6.03
501-1000	104	2.24	77839	0.91	99	2.43	73555	1.01
1001-10000	113	2.44	399016	4.65	105	2.58	367382	5.04
10001-50000	49	1.06	1039429	12.12	43	1.05	960258	13.17
50001& above	23	0.50	6693525	78.07	22	0.54	5448772	74.75
Total	4635	100.00	8574466	100.00	4070	100.00	7289466	100.00

k. Categories of shareholding as on 31st March 2006:

Shares held	2006			2005		
	No. of share holders	% of share holding	No. of shares held	No. of share holders	% of share holding	No. of shares held
Promoters and Directors	25	46.46	3983935	28	54.67	3984987
UTI and Mutual Funds	11	2.88	247214	4	1.69	123441
Banks and FIs	7	15.42	1321849	1	0.01	300
NRI/OCBs	94	1.26	107939	38	1.20	88043
Corporates	317	21.40	1834875	259	27.35	1992996
Individuals	4181	12.58	1078654	3739	15.08	1099449
State government	–	–	–	1	–	250
Total	4635	100.00	8574466	4070	100.00	7289466

I. Dematerialisation of shares and liquidity:

As per the agreement with NSDL CDSL , the investors of the Company have an option to dematerialise their shares. Company's ISIN no. is: INE059B01016

As on 31st March, 2006, 34.29 % of the Company is in dematerialised form.

m. Address for correspondence:

Secretarial department
Simplex Infrastructures Limited
Simplex House
27 Shakespeare Sarani
Kolkata 700017
Telephone: 23011600 (30 lines) 2289-1476-81
Email: scpl.cal@smj.sril.in
Website: www.simplexconcrete.com

Non-mandatory requirements:

(a) The Board

The Company has an executive Chairman.

(b) Remuneration Committee

The Company has a Remuneration Committee whose terms of reference, composition and other relevant particulars have been mentioned in this report.

(c) Shareholders rights

The Company does not send any communication to shareholders covering financial performance or summary of the significant events on half-yearly basis.

Instead, the Company publishes the quarterly financial results in major newspapers and posts the same on the website of the Company. Further, significant events are informed to Stock Exchanges from time to time and then the same is posted on the website of the Company.

(d) Audit Qualification

Observations of the Auditors in their report to the members have been appropriately addressed in the Directors' Report and notes to the accounts.

(e) Training of Board Members

The members of the Board, being professional and experts in their respective area of functioning, are aware of their responsibilities as Directors and best ways to discharge them.

(f) Mechanism of evaluating non-executive Board Members

Non-Executive Directors were always being evaluated by their own Peer in the Board meetings during the year 2005-06, although there was no formal Peer Group review by the entire Board except the Directors concerned.

(g) Whistle Blower Policy

Company does not have any Whistle Blower Policy as of now but no personnel is being denied any access to the Audit Committee.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of

Simplex Infrastructures Limited [formerly Simplex Concrete Piles (India) Limited]

We have examined the compliance of conditions of Corporate Governance by Simplex Infrastructures Limited [formerly Simplex Concrete Piles (India) Limited], for the year ended 31st March 2006, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S.K. Deb

Partner

Membership No. F-13390

For and on behalf of

Price Waterhouse

Chartered Accountants

Place: Kolkata

Date: 12th June, 2006

Auditors' Report

TO THE MEMBERS OF SIMPLEX INFRASTRUCTURES LIMITED (Formerly SIMPLEX CONCRETE PILES (INDIA) LIMITED)

1. We have audited the attached Balance Sheet of Simplex Infrastructures Limited (formerly Simplex Concrete Piles (India) Limited) as at 31st March, 2006 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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. The report on the audit of the Company's Qatar Branch by PricewaterhouseCoopers under Section 228 of the Companies Act, 1956 of India, (the 'Act') has been forwarded to us which has been considered in preparing our report.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those 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.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we report that:
 - 4.1
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - c) In our opinion and according to the information and explanations given to us, the Company has not disposed of a substantial part of its fixed assets during the year.
 - 4.2
 - a) The inventory of the Company, other than work-in-progress (comprising site development costs etc. as indicated in Note 1(f) on Schedule 19), have been physically verified by the management during the year. In respect of inventory lying with third parties, these have mostly been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of materials at sites, materials in transit, trading items and stores. As regards work-in-

progress, as explained by the management, it is not practicable to maintain cumulative quantitative records, since it comprises site development costs etc. as indicated in Note 1(f) on Schedule 19. The discrepancies noticed on physical verification of inventory as compared to book records, where applicable, were not material.

4.3 a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii)(b), (iii)(c) and (iii)(d) of the paragraph 4 of the Order are not applicable.

b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable.

4.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

4.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.

4.6 In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

4.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

4.8 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

4.9 a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities.

- b) According to the information and explanations given to us and the records of the Company examined by us, as at 31st March, 2006, there were no dues in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty and Cess which have not been deposited on account of dispute other than certain disputed Sales Tax and Entry Tax dues in respect of which amounts involved and forums at which dispute is pending have been indicated below:

Name of Statute	Nature of the dues	Amount (Rupees in Thousand)	Period to which the amount relates	Forum where the dispute is pending
MADHYA PRADESH GENERAL SALES TAX ACT, 1958	Commercial Tax and Penalty	142	1985-1986, 1988-1989	Sales Tax Appellate Tribunal
GUJARAT SALES TAX ACT, 1969	Additional Demand raised due to audit	973	1990-1994	Sales Tax Appellate Tribunal
WEST BENGAL SALES TAX ACT, 1994	Liability against Sales Tax levy on cement challenged	57	1996-1997, 1997-1998	Sales Tax Appellate and Revisional Board
ANDHRA PRADESH GENERAL SALES TAX ACT, 1957	Liability against turnover tax challenged	1,032	1996-2000	High Court
ANDHRA PRADESH GENERAL SALES TAX ACT, 1957	Liability against turnover tax challenged	286	1999-2000	Tribunal
CENTRAL SALES TAX ACT, 1956	Penalty u/s 10A	886	2002-2003, 2003-04	Sales Tax Appellate Tribunal
GOA SALES TAX ACT, 1964	Disallowance of tax paid on interstate purchase	85	2002-03	Sales Tax Appellate Tribunal
ORISSA SALES TAX ACT, 1947	Levy of tax on free issue materials	258	1985-86, 88-89, 89-90	Sales Tax Officer, Balasore
ORISSA SALES TAX ACT, 1947	WCT-Disallowance of labour component	693	2001-02, 02-03	Assistant Commissioner of Sales Tax, Cuttack II Range, Cuttack, Orissa
ORISSA SALES TAX ACT, 1947	WCT-Disallowance of machinery hire charges	584	2001-02	Sales Tax Appellate Tribunal, Cuttack, Orissa
TAMIL NADU GENERAL SALES TAX ACT, 1959	Sales Tax on disputed turnover and Penalty	27,632	2000-2001	Sales Tax Appellate Tribunal
MADHYA PRADESH GENERAL SALES TAX ACT, 1958	Entry Taxes etc.	79	1986-1987	Sales Tax Appellate Tribunal

4.10 The Company has no accumulated losses as at 31st March, 2006, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

4.11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders

during the year.

4.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

4.13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

- 4.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 4.15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- 4.16 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- 4.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- 4.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 4.19 The Company does not have any outstanding debentures at the year-end.
- 4.20 The management has not raised any money by public issue during the year.
- 4.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
5. Further to our comments in paragraph 4 above, we report that :
- 5.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
- 5.2 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 ;
- 5.3 The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- 5.4 In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- 5.5 On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- 5.6 *In view of the reasons stated in Note 2 on Schedule 19 we are unable to comment on the extent of recoverability of certain overdue debtors of Rs. 617.55 lacs (together with its effect on current year's profit and year-end net assets).*
- 5.7 In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and also give, *subject to our comment in paragraph 5.6 above*, a true and fair view in conformity with the accounting principles generally accepted in India.
- 5.8 a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

S. K. Deb
Partner

Membership No. F 13390

For and on behalf of

Price Waterhouse

Chartered Accountants

Kolkata

12th June, 2006

Balance Sheet As at 31st March, 2006

(Rupees in Thousand)

	Schedule Reference	31st March, 2006		31st March, 2005	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	86,131		73,281	
Reserves and Surplus	2	2,246,053	2,332,184	990,693	1,063,974
Loan Funds					
Secured Loans	3	1,073,458		1,016,324	
Unsecured Loans	4	3,378,080	4,451,538	2,526,602	3,542,926
Deferred Tax Liability (Net) [Note 4 on Schedule 19]			122,661		104,844
Total			6,906,383		4,711,744
APPLICATION OF FUNDS					
Fixed Assets		5			
Gross Block		2,904,962		1,893,647	
Less:Depreciation		682,340		561,146	
Net Block		2,222,622		1,332,501	
Capital Work in Progress		47,503	2,270,125	111,070	1,443,571
Investments	6		3,069		176
Current Assets, Loans & Advances					
Inventories	7	1,800,529		1,561,378	
Sundry Debtors	8	5,441,510		4,011,651	
Cash and Bank Balances	9	444,859		231,625	
Other Current Assets	10	420,798		291,749	
Loans and Advances	11	890,078		585,765	
		8,997,774		6,682,168	
Less: Current Liabilities & Provisions					
Liabilities	12	4,315,701		3,376,766	
Provisions	13	48,884		37,405	
		4,364,585		3,414,171	
Net Current Assets			4,633,189		3,267,997
Total			6,906,383		4,711,744
Notes on Accounts		19			

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

The Schedules referred to above form an integral part of the Balance Sheet.

S. K. Deb
Partner
Membership Number: F13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 12th June, 2006

B. L. Bajoria
Secretary

B. D. Mundhra
Chairman and Managing Director

S. Dutta
Director

Mumbai, 12th June, 2006

Profit and Loss Account

For the year ended 31st March, 2006

(Rupees in Thousand)

	Schedule Reference	2005-2006		2004-2005	
INCOME					
Contract Turnover		13,427,393		9,990,105	
Less: Contract Expenses (other than related depreciation / amortisation) (Net)	14	11,734,248		8,805,278	
Profit on Contract Work done		1,693,145		1,184,827	
Company's Share in profit of Joint Venture (Refer Note 24.2 on Schedule 19)		18,418		–	
Other Income	15	32,808	1,744,371	2,658	1,187,485
EXPENSES					
Interest and Finance Charges (Net)	16	403,562		330,604	
Amortisation of Tools		99,976		60,218	
Depreciation		129,326		88,960	
Other Administrative Expenses	17	530,480	1,163,344	363,656	843,438
PROFIT BEFORE TAX					
			581,027		344,047
PROVISION FOR TAXATION					
Current Tax			140,500		52,500
Fringe Benefit Tax			6,266		–
Provision for Taxation Written Back (credit)			–		(4,000)
PROFIT BEFORE DEFERRED TAX					
			434,261		295,547
Deferred Tax			17,817		43,785
PROFIT AFTER TAX					
			416,444		251,762
Transfer from Debenture Redemption Reserve			22,500		–
Balance Brought Forward from Previous Year			455,139		266,010
AMOUNT AVAILABLE FOR APPROPRIATIONS					
			894,083		517,772
APPROPRIATIONS					
Transfer to General Reserve			50,000		25,200
Proposed Dividend		42,872		32,803	
Tax thereon [Note 29 on Schedule 19]		6,012	48,884	4,630	37,433
			98,884		62,633
Year-end Surplus			795,199		455,139
			894,083		517,772
Basic and Diluted Earning Per Share (Note 25 on Schedule 19)			52.63		34.54
Notes on Accounts		19			

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

The Schedules referred to above form an integral part of the Profit and Loss Account.

S. K. Deb

Partner

Membership Number: F13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata, 12th June, 2006

B. L. Bajoria

Secretary

Mumbai, 12th June, 2006

B. D. Mundhra

Chairman and Managing Director

S. Dutta

Director

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006		31st March, 2005	
1 SHARE CAPITAL				
Authorised				
24,980,000 Equity Shares of Rs. 10/- each		249,800		249,800
25,000,000 Redeemable Cumulative Preference Shares of Rs. 10/- each		250,000		250,000
20,000 15% Cumulative Preference Shares of Rs. 10/- each		200		200
		500,000		500,000
Issued and Subscribed and Paid-up				
8,574,466 (2005 - 7,289,466) Equity Shares of Rs.10/- each fully paid up	85,745		72,895	
126,000 Add: Shares forfeited	386	86,131	386	73,281
Note: Of the above paid-up shares				
a) 13,925 shares allotted as fully paid up pursuant to a contract without payments being received in cash.				
b) 1,844,321 shares allotted as fully paid Bonus Shares by capitalisation of Reserves, Undistributed Profit and Share Premium Account.				
c) 1,996,530 shares allotted at par on conversion of Partly Optionally Convertible Debentures on 1st January, 1998 and on 1st January, 1999.				
d) 12,85,000 shares issued in October, 2005 on preferential basis				
		86,131		73,281

2 RESERVES AND SURPLUS				
Capital Reserve		3,245		3,245
Capital Redemption Reserve		104		104
Securities Premium Account				
As per last Account	118,607			
Add: Addition during the year *	920,446			
	1,039,053			
Less: Adjusted against share issue expenses	31,856	1,007,197		118,607
Debenture Redemption Reserve				
As per last Account	22,500			
Less: Transfer to Profit and Loss Account	22,500	—		22,500
General Reserve				
As per last Account	391,098		365,898	
Add: Transfer from Profit and Loss Account	50,000	441,098	25,200	391,098
Foreign Currency Translation Adjustment Account (Note 1(j) on Schedule 19)		(790)		—
Profit and Loss Account Balance (Surplus)		795,199		455,139
		2,246,053		990,693

* Arising from issue of shares on preferential basis referred to in Note (d) on Schedule 1.

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006	31st March, 2005
3 SECURED LOANS		
11.5% Secured Non Convertible Debenture (Secured by mortgage by way of title deed of certain immovable property of the Company - redeemed during the year)	–	30,000
Rupee Term Loan from Banks (Term Loan from The Federal Bank Ltd 31,543 (2005 - 34,484) is secured by way of Mortgage by deposit of title deed of an immovable property and term loans from other Banks 1,41,304 (2005 - 74,318) are secured by an exclusive charge on Plant & Machinery purchased under the Schemes. Term loans from ICICI Bank Ltd, ABN Amro Bank and Citi Bank 1,01,103 (2005 - 39,731) are also covered by personal guarantee by Managing Director of the Company)	172,847	108,802
Term Loans from Financial Companies (Term loans are Secured / to be Secured by exclusive charge on Plant and Machinery purchased under the Schemes of individual companies and such Loans from Citicorp Finance India Ltd 77,097 (2005 - 116,039) and Infrastructure Leasing & Financial Services Limited 27,778 (2005 - 50,000) are also covered by personal guarantee by Managing Director of the Company)	212,445	249,813
Corporate Loan from ICICI Bank Limited (Secured by hypothecation of certain movable Plant and Machinery as also by first charge on an immovable property by deposit of title deeds/documents, repaid during the year.)	–	11,562
Corporate Loan from State Bank of Patiala (Secured by hypothecation of certain movable Plant and Machinery and by personal guarantee by Managing Director of the Company.)	176,250	123,750
Foreign currency loans		
Term Loans from Bank at Qatar (Secured/ to be secured against equipments acquired at Qatar out of Foreign currency loans and through assignment of receivables at Qatar.)	131,418	–
Term Loan from Exim Bank (Secured by an exclusive charge on Plant & Machinery purchased and covered by personal guarantee by Managing Director of the Company.)	52,336	–
Bank Loans / Overdrafts [Secured by hypothecation of stocks, stores, book debts and movable Plant and Machinery (except movable items in case of one bank), etc. ranking pari passu amongst the Banks on the point of security, as also by second charge on certain immovable properties by deposit of title deeds/ documents (except in case of two banks) subject to exclusive first charge on certain specified machinery purchased out of the proceeds of above corporate loans / term loans. Such Loans from certain banks are also covered by personal guarantee by Managing Director and a Wholetime Director of the Company.]	304,759	478,215
Auto Loan From Banks (Secured by hypothecation of the vehicles acquired)	21,761	11,751
Interest Accrued and Due on Bank loans / overdrafts	1,642	2,431
	1,073,458	1,016,324

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006	31st March, 2005
4 UNSECURED LOANS		
Short Term Loan from Financial Companies	–	80,000
Temporary Overdraft from Banks	524	57
Commercial Paper	1,200,000	700,000
Term Loan from Banks	2,087,490	1,282,000
(Repayable within one year - 18,87,490; 2005 - 1,107,000)		
(Such Loans from certain banks 2,037,490 (2005 - 1,232,000)		
covered by personal guarantee by Managing Director and		
Wholetime Director of the Company)		
Inter Corporate Deposits (Short Term)	500	328,500
Public Fixed Deposits	81,499	129,954
(Repayable within one year - 52,293; 2005 - 70,707)		
Interest Accrued and Due on Term loans, Inter Corporate Deposits		
and Public Fixed Deposits (Net of tax deductible at source)	8,067	6,091
	3,378,080	2,526,602

5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 31st March, 2005	Additions During the Year [Note (e)]	Disposal / Adjustments during the year [Note (g)]	Original Cost as at 31st March, 2006	As at 31st March, 2005	For the Year	On Assets Disposed/ Adjusted during the year [Note (h)]	Total up to 31st March, 2006	As at 31st March, 2006	As at 31st March, 2005
Freehold Land	30,532	25	767	29,790	–	–	–	–	29,790	30,532
Leasehold Land	4,996	–	–	4,996	473	53	–	526	4,470	4,523
Buildings	97,816	47,267	8,086	136,997	9,115	2,797	2,405	9,507	127,490	88,701
Plant and Machinery	1,527,591	897,013	32,787	2,391,817	459,653	104,226	4,301	559,578	1,832,239	1,068,129
Furniture and Fittings	43,320	63,393	(43)	106,756	25,200	4,798	20	29,978	76,778	17,929
Motor Vehicles	54,550	18,971	3,001	70,520	21,782	5,283	1,237	25,828	44,692	32,768
Computers	58,383	28,818	220	86,981	35,979	7,951	169	43,761	43,220	22,404
Electrical Equipment	566	–	–	566	40	40	–	80	486	526
Assets Taken on Lease/ Hire Purchase Scheme after 31.3.2001										
Motor Vehicles	342	646	–	988	125	58	–	183	805	217
Plant and Machinery	75,551	–	–	75,551	8,779	4,120	–	12,899	62,652	66,772
	1,893,647	1,056,133	44,818	2,904,962	561,146	129,326	8,132	682,340	2,222,622	1,332,501
Capital Work in Progress [Note (f)]										
	–	–	–	–	–	–	–	–	47,503	111,070
	1,893,647	1,056,133	44,818	2,904,962	561,146	129,326	8,132	682,340	2,270,125	1,443,571
As at 31st March, 2005	1,620,865	287,215	14,433	1,893,647	476,095	88,960	3,909	561,146	1,332,501	

Notes :

- Certain Freehold /Lease hold land and buildings were revalued by an approved Valuer as at 31st December 2002 and 31st December 2003, (the aggregate Book Value 7,510 and 22,978 respectively) but the resultant increase in the Net Book value on such revaluation 46,981 and 108,213 respectively have not been considered in the account.
- Buildings include 854 being the original cost of a building erected on land taken on rental lease and depreciated over the period of lease. The building (original cost of 236) erected on land belonging to the contractee who will take over the building at depreciated value in due course.
- The Original Cost as at 31st March, 2006 of Plant & Machinery includes 1,231 for items acquired under Hire Purchase arrangements up to 31st March, 2001 of which 119 was outstanding as at 31st March, 2006.
- The Original Cost as at 31st March, 2006 of Motor Vehicles include 34,518 for items acquired under Auto Financing Scheme of Banks of which 21,761 (2005 - 11,751) was outstanding as at 31st March, 2006.
- Including 444 being adjustment in foreign currency term loans against change of exchange rate.
- Capital Work in Progress includes 14,538 towards intangible assets (software) under development.
- Includes 3,868 on account of foreign exchange adjustment for Qatar Branch.
- Includes 87 on account of foreign exchange adjustment for Qatar Branch.

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006		31st March, 2005	
6 INVESTMENTS				
LONG TERM - other than trade - At Cost				
Unquoted				
5-Fully paid-up Ordinary Shares of Rs. 50/- each in Mercantile Apartments Co-operative Housing Society Ltd, Mumbai - Face value Rs.250/-	-		-	
5-Fully paid-up Ordinary Shares of Rs. 50/- each in Pallavi Beach Angle Co-operative Housing Society Ltd, Mumbai - Face value Rs. 250/-	-		-	
5-Fully paid-up Ordinary Shares of Rs. 50/- each in Borlo Co-operative Housing Society Ltd, Chembur, Mumbai - Face value Rs. 250/-	-		-	
5-Fully paid-up Ordinary Shares of Rs. 50/- each in Saket Co-operative Housing Society Ltd, Mumbai - Face value Rs. 250/-	-		-	
7 Year National Savings Certificates (Matured) (Lodged as Security Deposits.)	2		2	
6 Year National Savings Certificates (Lodged as Security Deposits - Matured)	124		124	
Indira Vikash Patra (encashed during the year)	-	126	50	176
Quoted				
20,000 Equity Shares of Rs. 10/- each (Rs.5/- paid up) of M/s Parasrampuriah Synthetics Ltd	100		100	
4,700 - Equity Shares of Rs. 10/- each at a Premium of Rs. 35/- each of Pennar Patterson Securities Ltd - Fully Paid	212	312	212	312
Investment in Joint Ventures (see Note 24.2 on Schedule 19.)		2,943		-
		3,381		488
Less: Provision for diminution in value of Investments		312		312
		3,069		176
Aggregate market value of quoted investments -		*		*
* (Year-end official quotation is not available)				

Note:	Amount (Rupees in Thousand)	Face Value (Rupees)
Current Investments acquired and sold during the year		
I) Units of HDFC Liquid Fund Premium Plan-Dividend Daily Reinvestment	100,000	10
II) Units of Birla Cash Plus-Institutional Daily Dividend Reinvestment	20,000	10
III) Units of Prudential ICICI Liquid Plan Institutional Plus-Daily Dividend Option	100,000	10

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006	31st March, 2005
7 INVENTORIES		
At lower of cost and estimated net realisable value		
Work-in-Progress (Net of Advance from clients 41,624; 2005 - 37,038) (Note 26 on Schedule 19)	72,666	79,207
Materials at Sites	986,147	941,139
Materials in Transit	27,685	35,301
Trading Items	104	125
At or below cost		
Stores (including Tools 545,543; 2005 - 357,558) * (Note 1 (d) on Schedule 19)	713,927	505,606
	1,800,529	1,561,378

* Includes tools acquired under Hire Purchase arrangements before 1st April, 2001 amounting to Nil (2005 - 71) and on or after 1st April, 2001 amounting to 21,579 (2005 - 26,523)

8 SUNDRY DEBTORS - Unsecured		
Debts Outstanding for a period exceeding six months		
Considered Good [Note 2 on Schedule 19]	1,290,085	744,939
Considered Doubtful	31,711	16,853
Other Debts		
Considered Good [Note 10 on Schedule 19]	4,151,425	3,266,712
	5,473,221	4,028,504
Less: Provision for Doubtful debts	31,711	16,853
	5,441,510	4,011,651

9 CASH AND BANK BALANCES		
Cash and Cheques in Hand and in Transit	16,586	19,304
Balances with Scheduled Banks -		
Current Accounts	357,525	150,597
Unpaid Dividend Account	721	656
Share Application Money	1	1
Term Deposit on Margin Account [Note 3 on Schedule 19]	36,127	33,186
Fixed Deposits (Lodged as Security Deposits 5; 2005 - 5)	3,326	6,792
Balance in Debenture Repurchase Account	78	102
Balance with Non-Scheduled Banks		
Standard Chartered Bank - Manama, Bahrain	877	1,380
[Maximum amount outstanding at anytime during the year 3,647 (2005 - 3,690)]		
Bank of Baroda - Guyana	38	-
[Maximum amount outstanding at anytime during the year 11,333 (2005 - Nil)]		
Doha Bank - Doha, Qatar	1,187	-
[Maximum amount outstanding at anytime during the year 6,923 (2005 - Nil)]		
Standard Chartered Bank - Doha, Qatar	28,393	19,607
[Maximum amount outstanding at anytime during the year 2,23,937 (2005 - 69,182)]		
	444,859	231,625

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006	31st March, 2005
10 OTHER CURRENT ASSETS - Unsecured		
Considered Good		
Interest Receivable	16,715	19,492
Excise Duty Recoverable	208,178	179,937
Deposit for Contracts	66,005	30,055
Security Deposits	31,237	22,493
[including 28 (2005 - 28) on Savings Bank Account with Scheduled Banks. The Pass Book is lodged as Security Deposit]		
Deposit under Investment Deposit Scheme	1,513	1,513
Prepaid Expenses	97,150	38,259
Considered Doubtful		
Deposit for Contracts	165	165
Security Deposits	29	29
	420,992	291,943
Less: Provision for Doubtful Deposit	194	194
	420,798	291,749
Above includes		
Amount due by Firm in which Directors of the Company are Partners Security Deposit with Mundhra Estates	72	72

11 LOANS AND ADVANCES - Unsecured		
Considered good (unless stated otherwise below)		
Advances recoverable in cash or in kind or for value to be received (Refer Note 24.2 on Schedule 19)		
Considered Good	637,059	478,840
[including Capital advance 22,496 (2005 - 29,235) and Considered Doubtful 2,414 (2005 - 2,414)]		
Advance against Investment in Simplex Almoayyed W.L.L. (Refer Note 24.3 on Schedule 19)	30,971	-
Inter Corporate Deposits	125,150	95,950
Tax Payments and Tax Deducted at Source	99,312	13,389
[Net of Provision for Income Tax 199,154 (2005 - 89,782) and Fringe Benefit Tax 499 (2005 - Nil)]		
	892,492	588,179
Less: Provision for Doubtful Advance	2,414	2,414
	890,078	585,765

Schedules to the Financial Statements

(Rupees in Thousand)

	31st March, 2006		31st March, 2005	
12 CURRENT LIABILITIES				
Acceptances		111,448		135,689
Sundry Creditors				
Due to Small Scale Industrial undertakings (Note 20(a) on Schedule - 19)	8,038		8,982	
Others	2,791,062	2,799,100	2,357,859	2,366,841
Other Liabilities		167,327		56,424
Advance from Clients		1,217,999		793,342
Interest Accrued but not Due		14,148		19,133
Investor Education and Protection Fund shall be credited by the following amounts namely [Note below]				
a) Unpaid dividend		721		656
b) Unpaid matured deposit		4,448		4,187
c) Unpaid matured Debenture		62		64
d) Interest accrued on (b) and (c) above		448		430
		4,315,701		3,376,766

Note : None of above unclaimed amounts is due at the Balance Sheet date for actual credit.

13 PROVISIONS				
Proposed Dividend	42,872		32,803	
Tax thereon	6,012	48,884	4,602	37,405
		48,884		37,405

Schedules to the Financial Statements

(Rupees in Thousand)

	2005-2006	2004-2005
14 CONTRACT EXPENSES		
Stores consumed	6,483,192	5,236,118
Salaries & Wages (including amount paid/payable to Sub-contractors)	4,037,037	2,603,573
Contract Expenses	101,232	21,610
Sales Tax on Works Contract	99,685	70,415
Purchase Tax	27	259
Repairs & Renewals	5,039	5,356
Other Expenses (including Rent 56,064; 2005 - 49,461)	1,008,036	867,947
	11,734,248	8,805,278

15 OTHER INCOME		
Profit on Sale of Fixed Assets (Net)	-	795
Liability no longer required written back	12,306	1,096
Duty Free Credit Entitlement	18,668	-
Income from Dividend	180	-
Income from Wind Mill - Electricity	580	608
Sale of Scrap	866	37
Miscellaneous Receipts	208	122
	32,808	2,658

16 INTEREST AND FINANCE CHARGES				
Interest				
Debentures / Other Term Loans		35,526		46,902
Bank Loans		260,568		185,566
Public Fixed Deposits		10,929		15,131
Other Loans / Advance		49,781		41,495
		356,804		289,094
Less: Interest Received/Receivable [Net of Tax Deducted at Source 4,329 (2005 - 2,429)]		20,021		9,400
		336,783		279,694
Add: Finance charges				
Bank Charges	16,818		8,586	
Guarantee Charges	49,961	66,779	42,324	50,910
		403,562		330,604

Schedules to the Financial Statements

(Rupees in Thousand)

	2005-2006		2004-2005	
17 OTHER ADMINISTRATIVE EXPENSES ETC.				
Salaries & Bonus		191,438		122,544
Staff Welfare Expenses		17,467		7,453
Contribution to Provident & other Funds		42,845		15,843
Rent (Net)		22,839		10,316
Rates & Taxes [includes Wealth Tax 208; 2005 – 194]		1,913		1,537
Repairs & Maintenance - Buildings		6,241		2,596
Insurance		34,292		28,688
Trading Activities (Net of Expenses)		10		31
Loss on Sale of Fixed Assets		7,042		-
Expenses of Wind Mill		267		258
Commission to Managing Director (Schedule 18)		90		90
Provision for Doubtful Debts / Advances		14,858		12,472
Bad Debts/ Advances written off (Net of Provision Written back Nil; 2005 - 11,226)		10,485		12,127
Share Issue Expenses	31,856			
Less: Adjusted against Securities Premium Account (Schedule 2)	31,856	-		-
Miscellaneous expenses (including exchange loss 1,681; 2005 - 1,823)		180,693		149,701
		530,480		363,656

18 MANAGING AND OTHER DIRECTORS' REMUNERATION INCLUDED IN PROFIT AND LOSS ACCOUNT				
Salaries and allowances		17,520		3,698
Contribution to Provident and Gratuity Fund		5,219		346
Commission to Managing Director		90		90
Estimated Cost of benefits		408		359
Sitting Fee		340		118
		23,577		4,611

Computation of Net Profit under Section 198 read with Sections 309/349 of the Companies Act, 1956 for the purpose of Commission payable to the Managing Director :-

	2005-2006
Profit before taxation as per Profit and Loss Account	581,027
Add : Directors' Remuneration	23,577
Wealth Tax	208
Provision for Doubtful Debts / Advances	14,858
Net Profit in accordance with Section 198 of the Companies Act, 1956	619,670
Commission @ 1 % on the above profit	6,197
Restricted to	90

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS

1 Significant Accounting Policies

- a) FIXED ASSETS other than those acquired on lease / hire purchase with effect from 1st April, 2001 are stated at cost of acquisition and related expenditure. The cost of fixed assets acquired on finance lease with effect from 1st April, 2001 is comprised of present value of minimum hire purchase / lease payments at the inception of lease and residual value of the related assets. The discounting factor considered in calculating the present value of the minimum hire purchase / lease payments is the rate of interest implicit in the lease.

DEPRECIATION is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except as indicated below:

- i) Leasehold land and building on leasehold land are amortised over the period of lease.
 - ii) Building on contractee's land is depreciated at 5% on Straight Line Method.
 - iii) Construction equipments included in Plant and Machinery are depreciated @ 12.5% and 20%.
 - iv) In case of Qatar branch, depreciation is provided on Plant & Machinery @ 10%.
- b) IMPAIRMENT LOSS is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the asset's net selling price and value in use.
- c) LONG TERM investments are valued at cost less provision for permanent diminution, if any, in value of such investments.
- d) INVENTORIES other than tools / stores comprising various construction implements and tackles which are more of a type of equipment having a short life, are valued at lower of cost and net realisable value. The cost, in general, are determined under FIRST IN FIRST OUT method. Tools / stores are stated on the basis of their cost and year end values based on physical inventory and effective future life determined on technical evaluation.
- e) REVENUE is recognised under percentage of completion method. The stage of completion is determined on the basis of completion of physical proportion of the contract work. Extra work, to the extent that it is probable that they will result in revenue, and can be reliably measured is also covered.
- f) SITE DEVELOPMENT including initial expenses (shown in Work in Progress) thereon is charged off proportionately within the stipulated period of contract from the date of revenue recognition.
- g) BORROWING COST attributable to the acquisition of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expenses in the period in which these are incurred.
- h) CLAIMS AND COUNTER CLAIMS (related to customers), including those under arbitration, are accounted for on their final disposal. Other contract related claims are recognised when there is reasonable certainty as to their recoverability.
- i) RETIREMENT BENEFITS are provided for in the books of account and payments are made to the Trustees of the Company's respective Funds on the basis of actuarial valuation, where appropriate. The Funds are administered by independent Board of Trustees.
- j) TRANSACTION IN FOREIGN CURRENCY outstanding at the Balance Sheet date(i.e.monetary items) are accounted for at the contracted rate when covered by forward contracts and at exchange rates prevailing on the Balance Sheet date in case of others. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions. Exchange differences are dealt with in the Profit and Loss Account, other than those relating to acquisition of Fixed Assets which are capitalised. Such capitalisation is restricted to only acquisition of fixed assets from a country outside India.

In translating the financial statement of foreign branch, the assets and liabilities both monetary and non-monetary, has been translated at the closing rate; Income and expenses items are translated at the average rate for the year. The resultant exchange difference is accumulated in a Foreign Currency Translation Adjustment Account.

- k) CURRENT TAX in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing difference, being

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisability thereof. (Refer note 4 below)

Fringe Benefit Tax is accounted for based on the estimated fringe benefit for the period as per related provisions of the Income-tax Act, 1961.

l) PROVISION AND CONTINGENT LIABILITIES

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

m) MATERIAL EVENTS occurring after the Balance Sheet date are taken into cognisance.

- 2 Year-end Debtors include certain overdue items aggregating 61,755 (2005 - 62,462) considered good by the management, based on legal opinion and merits / experiences in this regard; and accordingly no provision in this regard is considered necessary. However, the aggregate amount as aforesaid is adequately covered by the Company's year-end free reserves.
- 3 There are outstanding guarantees given on behalf of the Company by Banks amounting to 6,071,276 (2005 - 4,503,932). The above guarantees are secured by the security as recited under Bank Loans in Schedule 3. Banks also hold margin money deposit receipts in few cases against outstanding guarantees (Schedule 9).
- 4 Deferred tax liability of the previous years up to 31st March, 2001 has not been considered in these accounts as a stay has been granted in favour of the Company by the Hon'ble High Court at Calcutta against the retrospective operation of the related Accounting Standard (AS 22) issued by The Institute of Chartered Accountants of India. The matter is subjudice. Accordingly, year end deferred tax liabilities / assets include timing difference on items arising after 31st March, 2001.

Year-end Deferred Tax balance comprises the following

	As at 31st March, 2006	As at 31st March, 2005
Tax impact due to timing differences resulting in liabilities / assets on account of		
Depreciation as per tax law and books	134,213	111,394
Provision for doubtful debts / advances etc.	(11,552)	(6,550)
Net Deferred Tax Liability	122,661	104,844

- 5 Obligations under Finance Lease arrangements entered into on/after 1st April, 2001:
The Company acquired Vehicles ,Plant & Machineries and Loose Tools under Finance Lease/ Hire Purchase Scheme. Minimum lease payments outstanding as at 31st March, 2006 in respect of these assets are as under:

Due	Total minimum lease payments outstanding as on 31st March, 2006	Interest not due	Present Value of minimum lease payments
Within one Year	17,268 <i>21,103</i>	1,645 <i>3,748</i>	15,623 <i>17,355</i>
Later than one year and not later than five years	3,554 <i>19,990</i>	257 <i>1,643</i>	3,297 <i>18,347</i>
Total	20,822 <i>41,093</i>	1,902 <i>5,391</i>	18,920 <i>35,702</i>

Figures in italics relate to Previous Year

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

- 6 (a) The Company has non cancellable lease obligation of 16,196 (2005 - 168) payable within one year and 7,362 (2005 - 675) payable later than one year but not later than five years and payable after five years Nil (2005 - Nil) as on 31.3.2006. Rental expenses towards non cancellable operating lease charged to the Profit and Loss Account for the year amounts to 4,385 (Previous year -168).
- (b) The Company has entered into cancellable operating lease for office, warehouses and employee accomodation. Tenure of leases generally vary between 1 to 3 years. Terms of the lease include operating term for renewal, increase in rent in future periods and term of cancellation. Related lease rentals aggregating 10,424 (Previous year - 3,125) have been debited to Profit and Loss Account.

7 Contingent Liabilities

	31st March, 2006	31st March, 2005
a) Claims not acknowledged as Debts		
Disputed Interest (others)	600	600
Professional Tax	434	434
b) Uncalled liability on partly paid shares	100	100
c) Disputed Sales Tax	39,046	3,476
d) Disputed Entry Tax	79	79
e) Disputed Excise duty	—	298

- 8 Effective this year, depreciation on Plant and Machinery at Qatar Branch, hitherto accounted for at Schedule XIV rates, has been charged at a higher rate as indicated in Note 1(a)(iv) above, with insignificant effect on current year's profit.

- 9 Capital commitments not provided for (Net of advance) 231,122 (2005 – 36,382)

- 10 Other debts includes retention money, not due for payment as per related terms of contract -

	31st March, 2006	31st March, 2005
- More than Six Months	503,828	230,823
- Others	282,045	147,285

11 Information pursuant to the Provisions of Paragraphs 3 and 4 of the Part II of Schedule VI to the Companies Act,1956.

i) Licensed Capacity	}	Not applicable as the Company is a Civil Engineering Concern doing mainly the Contractor's Business, manufacturing and trading activites under taken being very insignificant.
ii) Installed Capacity		
iii) Actual Production		
iv) Opening & Closing Stock of goods produced		
v) Raw Material Consumption		
vi) Turnover		

12 C.I.F. Value of Imports

	2005-2006	2004-2005
Capital Goods	501,766	63,795
Tools and Equipments	68,799	—
Components and Spare Parts	106,002	148,432
	676,567	212,227

13 Expenditure in Foreign Currency

	2005-2006	2004-2005
Travelling	7,666	7,480
Interest	1,403	—
Overseas Contract Expenses	833,107	291,561
Miscellaneous	50,089	53,105
	892,265	352,146

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

14 Earning in Foreign Currency	2005-2006	2004-2005
On Contract Work (Gross billing)	1,198,444	433,384
Interest Received	6	—
Others	2,188	—
	1,200,638	433,384

15 Stores Consumed

	Value	2005-2006 % of total Consumption	Value	2004-2005 % of total Consumption
Imported	152,245	2.35	126,669	2.34
Indigenous	6,330,947	97.65	5,262,985	97.66
	6,483,192	100.00	5,389,654	100.00

16 Particulars in respect of Trading Items

	Unit	2005-2006		2004-2005	
		Quantity	Value	Quantity	Value
a) Opening Stock					
Reverse Osmosys system	No.	6	125	9	187
			125		187
b) Sales					
Reverse Osmosys system	No.	1	10	3	31
			10		31
c) Closing Stock					
Reverse Osmosys system	No.	5	104	6	125
			104		125

17 Particulars in respect of Manufacturing Operations

		2005-2006	2004-2005
	Unit	Quantity	Quantity
a) Installed Capacity (As certified by the management)			
Electro Dialysis Unit	Nos.	12	12
Electricity	KW	820	820
b) Production			
Electricity	KW	216	227

	Unit	Quantity	Value	Quantity	Value
c) Sales					
Electricity	KW	216	580	227	608

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

18 Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts issued by The Institute of Chartered Accountants of India :

	2005-2006	2004-2005
Contract revenue recognised for the year ended 31st March, 2006	13,427,393	9,990,105
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to 31st March, 2006 for all the contracts in progress	22,087,307	15,457,852
The amount of customer advances outstanding for contracts in progress as at 31st March, 2006	1,231,825	765,221
The amount of retention due from customers for contracts in progress as at 31st March, 2006	602,399	322,580
Gross amount due from customers for contracts in progress [included in Work in Progress 72,666 (2005 - 79,207) and Sundry Debtors 1,789,850 (2005 - 1,390,249)]	1,862,515	1,469,456
Gross amount due to customers for contracts in progress	209,238	-
19 Dividend remitted in Foreign Currency		
Number of Non Resident Shareholders	4	5
Number of Shares held	73100	73760
Year for which Dividend Paid	2004-2005	2003-2004
Dividend remitted	328,950	110,640*

* As per non-resident shareholders' mandate, dividend of Nil (2005 – 1) remitted to a Bank in India.

20 Sundry Creditors include

- a) Dues to the following Small Scale Industrial Undertakings to whom the Company owes a sum for more than 30 days:
Monsa Industries, Sanjoy Engineering Co., Super Steel Windows, Scaffs Engineering & Fabricators, K.K. Engineering Works, Gamzen Plast (P) Ltd, Scaf Line, Steel Industries Corporation of Bombay, Dossisen Fabrico, Ashok Engineering and Construction Limited, Air Bridge and SAS Computers Pvt Limited.
- b) (i) 18,314 (Previous year 35,692) on account of outstanding instalment dues under Hire Purchase Scheme.
(ii) 606 (Previous year 49) on account of outstanding instalment dues under Finance Lease.

21 12,85,000 Equity Shares of Rs. 10/- each at a premium of Rs. 716.30 per share amounting to 933,295 were issued on preferential basis during the year and the proceeds of such issue were utilised in the following manner :-

Repayment of Short Term Loan	762,225
Repayment of Term Loan	50,000
L.C. and Other Payments	89,214
Share issue expenses	31,856
	933,295

22 Miscellaneous Expenses includes donation paid to Bhartiya Janata Party 100.

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

23 Related Party Disclosures pursuant to Accounting Standard 18 issued by The Institute of Chartered Accountants of India

I) Related Parties

Name	Relationship
Giriraj Apartments Pvt Ltd	Parties where Significant influence exists
Govind Das Madho Das	– Do –
Mundhra Estates	– Do –
Safe Builders	– Do –
Simplex Technologies Pvt Ltd	– Do –
Simplex Equipments Pvt Ltd	– Do –
Vasundhara Apartment Pvt Ltd	– Do –
Vishwapati Estates Pvt Ltd	– Do –
Gayatri Projects Limited	Co-Venturer
Simplex – Gayatri Consortium	Joint Venture
HO-HUP Simplex Joint Venture	– Do –
Simplex - Subhash Joint Venture	– Do –
Somdutt Builders - Simplex Joint Venture	– Do –
Simplex Almoayyed W.L.L.	– Do –
Mr. B. D. Mundhra	Key Management personnel
Mr. A. D. Mundhra	– Do –
Mr. Apurba Mukherjee	– Do –
Mr. Rajiv Mundhra	– Do –
Mr. S. Dutta	– Do –
Mrs. Krishna Devi Mundhra	Relatives of Key Management personnel
Smt. Yamuna Mundhra	– Do –

II) Particulars of transactions during the year ended 31st March, 2006

Particulars	Entity in which key management personnel and relatives of key management personnel has substantial interest	Key Management personnel	Relatives of Key Management personnel	Joint Venture	Co-Venturer	Total
a) Dividend Paid	10,030	5,695	2,028	–	–	17,753
	3,316	1,899	676	–	–	5,891
b) Gross billing on contract	–	–	–	493,101	–	493,101
	–	–	–	1,134,110	–	1,134,110
c) Advance Given	–	–	–	* 30,971	400	31,371
	–	–	–	–	2,123	2,123
d) Rent Paid	679	–	96	–	–	775
	679	–	96	–	–	775
e) Interest Paid	–	–	41	–	–	41
	–	–	39	–	–	39

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

Particulars	Entity in which key management personnel and relatives of key management personnel has substantial interest	Key Management personnel	Relatives of Key Management personnel	Joint Venture	Co-Venturer	Total
f) Managerial remuneration	–	–	(Refer Schedule 18)	–	–	–
	–	–	–	–	–	–
g) Expenditure on other Services	430	–	–	1,204	–	1,634
	–	–	–	767	–	767
h) Advance from Client	–	–	–	93,400	–	93,400
	–	–	–	5,646	–	5,646
i) Share of Income from Joint Venture	–	–	–	18,418	–	18,418
	–	–	–	–	–	–
j) Outstanding Balances as on 31st March, 2006						
Sundry Debtors	–	–	–	397,482	–	397,482
	–	–	–	406,431	–	406,431
Other Current Assets	97	–	–	–	–	97
	72	–	7	–	–	79
Unsecured Loan	–	–	300	–	–	300
	–	–	300	–	–	300
Loans and Advances	–	–	–	* 76,524	2,537	79,061
	–	–	–	43,297	4,637	47,934
Current Liabilities	–	–	–	97,574	–	97,574
	117	–	–	19,525	–	19,642
Investment in Joint Ventures	–	–	–	2,943	–	2,943
	–	–	–	–	–	–
k) Guarantees given	–	–	–	970,873	–	970,873
	–	–	–	517,951	–	517,951

Figures in italics relate to Previous Year

*Refer Note 24.3 below

24.1 Disclosure in respect of Joint Ventures :-

Sr. No.	Name of Joint Venture	Description of Interest	Proportion of Ownership	Country of Incorporation/ Residence
1	HO-HUP - Simplex Joint Venture	Jointly Controlled Entity	* 50%	India
2	Simplex - Gayatri Consortium	Jointly Controlled Entity	* 70%	India
3	Simplex - Subhash Joint Venture	Jointly Controlled Entity	50%	India
4	Somdutt Builders-Simplex Joint Venture	Jointly Controlled Entity	* 50%	India
5	Simplex - Almoayyed W.L.L.	Jointly Controlled Entity	49%	Bahrain

* Above are subject to such modifications as and when mutually decided in terms of related clauses of the Joint Venture Agreements and the supplementaries thereof.

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

24.2 Financial interest in Jointly Controlled Entities as at 31st March, 2006 :

Sr. No.	Name of the Joint Ventures	Assets	Liabilities	Income	Expenses	Tax
1	HO-HUP - Simplex Joint Venture	**	**	**	**	-
2	Simplex - Gayatri Consortium	**	**	**	**	-
3	Simplex - Subhash Joint Venture	105,030	103,200	251,137	233,832	-
4	Somdutt Builders-Simplex Joint Venture	158,058	156,945	114,193	113,080	-
5	Simplex - Almoayyed W.L.L.	Refer Note 24.3 below				
	Total	263,088	260,145	365,330	346,912	-
	Share of Net Assets / Profit after Tax	2,943		18,418		

In respect of serial numbers 1 to 4 above, there were no contingencies and commitments as at 31st March, 2006, as per audited accounts.

** Net amount due from HO-HUP - Simplex Joint Venture and Simplex Gayatri Consortium amounting to 45,453 (2005 - 43,249) and 100 (2005 - 31) respectively have been included under loans and advances as the proportion of ownership interest is subject to modification as and when mutually decided in terms of the related clauses of Joint Venture and other related agreements and as the revenue is accounted for under completed contract method, no income is accounted for as these contracts are now under progress.

24.3 During the year the Company formed a Joint Venture Company (JV) "SIMPLEX - ALMOAYYED W.L.L." registered in the Kingdom of Bahrain on 5th October, 2005 in which Simplex will have 49% Share Capital amounting to Bahrain Dinar (BD) 245 (in thousand) equivalent to Indian Rupees (INR) 29,052 (in thousand). The Company transferred certain assets during the year at a mutually agreed amount of BD 264 (in thousand) equivalent to INR 30,971 (in thousand) to JV and pending finalisation of the related legal documentation and issue of shares by JV, the aforesaid amount has been shown under Loans and Advances (refer Schedule 11). Further pending finalisation of the first account for the year ended 31st March, 2006 the proportionate financial interest, contingencies and commitments of the Company in the Joint Venture could not be furnished.

25 Computation of Earning Per Share (Basic and Diluted)	2005-2006	2004-2005
(I) Basic		
a) (I) Number of Equity Shares at the beginning of the year	7,289,466	7,289,466
(II) Number of Equity Shares at the end of the year	8,574,466	7,289,466
(III) Weighted average number of Equity Shares outstanding during the year	7,912,603	7,289,466
(IV) Face Value of each Equity Share Rs.	10	10
b) Profit after tax available for Equity Shareholders	416,444	251,762
c) Basic Earning Per Share [I (b) / I (a)(III)] Rs.	52.63	34.54
(II) Diluted		
a) Dilutive Potential Equity Share	-	-
b) Diluted Earning Per Share [I(b) / I (a)(III)] Rs.	52.63	34.54

26 Work in Progress include salaries & wages (including payment to contractors) 24,100; (2005 - 28,857) and rent 668; (2005 - 275)

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

27 Segment information for the year ended 31st March, 2006

The Company is engaged in construction business both within India as well as outside India and its primary reporting format is based on the Geographical Locations of its Operations. Consequently, there is no reportable secondary segment in accordance with AS-17 issued by The Institute of Chartered Accountants of India.

	Domestic	Foreign	Total of Reportable Segment
External Sales	12,293,985	1,151,826	13,445,811
	9,556,721	433,384	9,990,105
Inter Segment Sales	-	-	-
	-	-	-
Other Income	29,727	2,062	31,789
	2,718	-	2,718
Segment Revenue	12,323,712	1,153,888	13,477,600
	9,559,439	433,384	9,992,823
Segment Result (PBIT)	1,256,358	(27,625)	1,228,733
	728,037	94,770	822,807
Segment Assets	9,585,089	1,190,506	10,775,595
	7,589,929	222,016	7,811,945
Segment Liabilities	3,394,070	805,768	4,199,838
	3,185,154	112,736	3,297,890
Capital Expenditure (net)	1,807,911	497,265	2,305,176
	310,825	37,984	348,809
Depreciation	115,984	12,031	128,015
	88,769	191	88,960
Non cash expenses other than depreciation	118,396	6,924	125,320
	84,817	-	84,817

Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Results /Net Profit	Assets	Liabilities
Total of Reportable Segment	13,477,600	1,228,733	10,775,595	4,199,838
	9,992,823	822,807	7,811,945	3,297,890
Corporate - Unallocated (net)	1,019	(244,144)	495,373	4,738,946
	(60)	(148,157)	313,970	3,764,051
Inter Segment Sales	-	-	-	-
	-	-	-	-
Interest and Finance Charges (net)	-	(403,562)	-	-
	-	(330,604)	-	-
Provision for Taxation - Current (Net of written back)	-	(140,500)	-	-
	-	(48,500)	-	-
Provision for Taxation - Fringe Benefit	-	(6,266)	-	-
	-	-	-	-
Provision for Taxation - Deferred	-	(17,817)	-	-
	-	(43,784)	-	-
As per Financial Statements	13,478,619	416,444	11,270,968	8,938,784
	9,992,763	251,762	8,125,915	7,061,941

Figures in italics relate to Previous Year

Schedules to the Financial Statements

(Rupees in Thousand)

19 NOTES ON ACCOUNTS (Contd.)

28 Miscellaneous Expenses include:

	2005-2006	2004-2005
a) Auditors' Remuneration paid / payable for the year		
As Auditors :		
Audit Fee	2,000	1,200
Certificates etc.	1,050	1,060
Service Tax	–	112
Reimbursement of Expenses *	37	35
* Exclusive of Service Tax 238 (Previous year inclusive of 34) not routed through Profit and Loss Account during the year.		
b) Branch Auditors	341	391

29 Provision for Dividend Tax includes Nil (Previous Year - 28) paid in respect of earlier year.

30 Previous year's figures have been rearranged / regrouped, where necessary.

Signatures to Schedules 1 to 19

B. L. Bajoria
Secretary

B. D. Mundhra
Chairman and Managing Director

S. Dutta
Director

CASH FLOW STATEMENT

For the year ended 31st March, 2006

(Rupees in Thousand)

	2005-2006		2004-2005	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax		581,027		344,047
Adjustments for:				
Depreciation	129,326		88,960	
Interest and Finance charges (Net)	403,562		329,188	
(Gain) /Loss on sale of Fixed Assets	7,042		(795)	
Bad Debts/Advances written off	10,485		12,127	
Provision for Doubtful Debts, Advances and Deposit	14,858		12,472	
Tools written off / amortised	99,976		60,218	
Liability no longer required written back	(12,306)		(1,096)	
Wealth Tax	208		194	
Effect of Change in Foreign Exchange Translation	2,616		-	
		655,767		501,268
Operating Profit before Working Capital Changes		1,236,794		845,315
Adjustments for:				
Trade and other receivables	(1,751,987)		(1,713,648)	
Inventories	(341,094)		(702,686)	
Trade Payables	947,846	(1,145,235)	1,165,298	(1,251,036)
Cash generated from operations		91,559		(405,721)
Direct Taxes Paid		(232,883)		(23,808)
Net Cash flow from Operating Activities		(141,324)		(429,529)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(981,888)		(373,215)	
Sale/Disposal of Fixed Assets	6,926		11,319	
Interest Received	22,798		4,734	
Investment in Joint Venture	(2,943)		-	
Sale of investment	50		500	
Investment in Simplex Almoayyed W.L.L.	(5,539)		-	
Inter Corporate Deposit	(29,200)		(59,470)	
Net Cash used in Investing Activities		(989,796)		(416,132)
Carried Forward		(1,131,120)		(845,661)

CASH FLOW STATEMENT

For the year ended 31st March, 2006

(Rupees in Thousand)

	2005-2006		2004-2005	
Brought Forward		(1,131,120)		(845,661)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issue of Share Capital	901,440		-	
Partly Optionally Convertible Debenture Repayment	(30,000)		(30,000)	
Proceeds from long term borrowings	474,111		196,574	
Proceeds from short term borrowings	4,189,847		2,413,412	
Repayment of long term borrowings	(243,215)		(183,635)	
Repayment of short term borrowings	(3,483,500)		(1,118,000)	
Interest Paid	(427,364)		(336,530)	
Dividend Paid [including Dividend Tax 4,630 (2005 - 1,401)]	(37,340)		(12,707)	
Net Cash flow from Financing Activities		1,343,979		929,114
Net Increase/(Decrease) in Cash and Cash Equivalents		212,859		83,453
D. Exchange Differences on Translation of Foreign Currency				
Cash and Cash Equivalents		375		-
		213,234		83,453
Cash and cash equivalents as at 31st March, 2005 [Refer Schedule 9 to Accounts]	231,625		148,172	
Cash and cash equivalents as at 31st March, 2006 [Refer Schedule 9 to Accounts]	444,859	213,234	231,625	83,453

Notes:

- 1 The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 2 Schedules referred to above form an integral part of the Cash Flow Statement.
- 3 Previous year's figures have been regrouped/rearranged where ever necessary.

This is the Cash Flow Statement referred to in our report of even date.

S. K. Deb
Partner
Membership Number: F13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 12th June, 2006

B. L. Bajoria
Secretary

B. D. Mundhra
Chairman and Managing Director

S. Dutta
Director

Mumbai, 12th June, 2006

Balance Sheet Abstract

Information pursuant to part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's Business Profile

1. Registration Details :

Registration No.

4 9 6 9

State Code :

2 1

Balance Sheet Date

Date Month Year
3 1 0 3 2 0 0 6

2. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue
(out of calls in arrear)

N I L

Bonus Issue

N I L

Shares out of conversion of
Debentures issued on right basis

N I L

Private Placement

1 2 8 5 0

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities
(Including Shareholders' Fund)

6 7 8 3 7 2 2

Total Assets

6 9 0 6 3 8 3

Sources of Funds *

Paid-up Capital

8 6 1 3 1

Secured Loans

1 0 7 3 4 5 8

Reserves and Surplus

2 2 4 6 0 5 3

Unsecured Loans

3 3 7 8 0 8 0

* Do not include deferred Tax Liabilities / (Assets)

Application of Funds

Net Fixed Assets

2 2 7 0 1 2 5

Net Current Assets

4 6 3 3 1 8 9

Accumulated Losses

N I L

Investments

3 0 6 9

Miscellaneous Expenditure

N I L

4. Performance of the Company (Amount in Rs. Thousand)

Turnover
(Including Other Income, Trading Activities etc.)

1 3 4 7 8 6 1 9

+/- Profit / Loss before Tax

+ 5 8 1 0 2 7

Earnings per Share (in Rs.)

5 2 . 6 3

Total Expenditure

1 2 8 9 7 5 9 2

+/- Profit / Loss after Tax

+ 4 1 6 4 4 4

Dividend Rate %

5 0

5. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code no. (ITC CODE)	Nil
Item Code no. (ITC CODE)	Nil
Item Code no. (ITC CODE)	Nil
Item Code no. (ITC CODE)	Nil
Item Code no. (ITC CODE)	Nil

Product description	Piling
Product description	Concrete Works
Product description	Structural Steel
Product description	Road Work
Product description	Miscellaneous Works

B. L. Bajoria
Secretary

B. D. Mundhra
Chairman and Managing Director

S. Dutta
Director

“The loftier the building,
the deeper must the
foundation be laid”

Thomas Kempis



▲ Construction of flyover on NH-8 for NHAI in Delhi-Gurgaon section- Rs. 850 mn



▲ 2 x 250 MW power project for M/s Jindal Steel and Power Limited at Raigarh, Chhattisgarh- Rs. 2080 mn



▲ Three residential towers of thirty five storeys each for M/s Sheth Developers Pvt. Limited at Pravadevi, Mumbai- Rs. 800 mn Imported MIVAN shuttering system was adopted resulting in extremely fast progress. As a result repeat order was received from the same client for several towers at Thane, Goregaon and Kandevelli- Rs. 1250 mn.



Registered Office: 'SIMPLEX HOUSE' 27 Shakespeare Sarani, Kolkata - 700017