

ORIENTAL VENEER PRODUCTS LTD.



15th Annual Report 2005/2006

REGISTERED OFFICE

At Post : Aghai, Via Kalyan (R.S.)

Dist Thane - 421 601

ORIENTAL VENEER PRODUCTS LTD.

BOARD OF DIRECTORS

MR. AFZAL PATEL	-	Chairman
MR. KARIM N. MITHIBORWALA	-	Managing Director
MR. SALEH N. MITHIBORWALA	-	Director
MR. MUSTAFA PARDAWALA	-	Director
MR. K. H. DABILKAR	-	Director

REGISTERED OFFICE & WORKS

At Post : Aghai, Via Kalyan Rly. Stn., Dist. Thane, Pin - 421 601.

BANKERS

DEVELOPMENT CREDIT BANK LTD.

(Fort Point Branch)

6, Tulsiani Chambers, Gr. Flr., Mumbai - 21.

THE SARASWAT CO-OP. BANK LTD.

(Fort Branch - Mumbai)

THE SHAMRAO VITHAL CO-OP. BANK LTD.

(Bandra (W) Branch - Mumbai)

AUDITORS

M/S. ANIL BANSAL & ASSOCIATES

Chartered Accountants

306, Kedia Chambers, S. V. Road, Malad (W),
Mumbai - 400 064.



M/S. N. B. SHETTY & COMPANY

Chartered Accountants

Western India House, 14/2, Sir P. M. Road, Fort,
Mumbai - 400 001.

NOTE

Members are requested to bring their copy of the **ANNUAL REPORT** alongwith them at the **ANNUAL GENERAL MEETING** as no separate copies will be distributed.

NOTICE

Notice is hereby given that 15th Annual General Meeting of the Members of M/s. ORIENTAL VENEER PRODUCTS LIMITED will be held at the Registered Office of the Company at Post : Aghai, Via Kalyan (Rly. Stn.), District : Thane : 421 301, on Friday, September 30, 2006 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2006. Profit and Loss Account for the year ended as on date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Mustafa Pardawala who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Afzal Patel who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

For and On behalf of the
Board of Directors

AFZAL PATEL
CHAIRMAN

Place : Mumbai
Date : 28/08/2006

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 28, 2006 to Saturday, September 30, 2006 (both days inclusive).
4. Members are requested to promptly notify any changes in their addresses to the Company

at its Registered Office.

5. All documents referred to in Notice are open for inspection at the Registered Office of the Company during Office hours on all days except Sunday, Wednesday and public holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

6. For convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of Meeting. The proxy Member should mark on the attendance slip as 'proxy'.

7. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTOR'S REPORT & AUDITORS' REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.

8. Members are requested to bring their copies of the reports to Annual General Meeting.

9. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company

10. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents / correspondence, if any, directly to the Registrar & Share Transfer Agents of the Company at :

ADROIT CORPORATE SERVICES PVT. LTD.

(Unit : ORIENTAL VENEER PRODUCTS LTD.)

Add. : 9, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (E),
Mumbai - 400 059.

DIRECTOR'S REPORT

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS

Particulars	As on 31st March 2006	As On 31st March 2005
	Rs.	Rs.
Net Profit/(Loss) before Tax	60,453	70,36,054
Less : Provision for Tax	5,83,537	21,57,864
Less : Deferred Tax	(18,72,374)	(8,86,930)
Profit after tax	13,49,290	57,65,120
Transfer to General Reserve	-	35,00,000
Add : Previous year Bal.	4,39,44,760	4,16,79,640
Balance carried to Balance sheet	4,52,94,050	4,39,44,760

DIVIDEND :

The Board of Directors have decided to plough back the profits earned for the year ended March, 31, 2006 for development of the business of the Company and hence they do not recommend any dividend for the year under review.

DIRECTORS :

Pursuant to Article 39 of the Articles of Associations of the Company, Mr. Mustafa Pardawala & Mr. Afzal Patel, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT,

pursuant to Sec. 217(2AA) of the Companies Act. 1956.

(i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) that the directors had prepared the annual accounts on a going concern basis.

ORIENTAL VENEER PRODUCTS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS :

A) INDUSTRY STRUCTURE AND DEVELOPMENT :

THE Industry is going through major changes worldwide.

B) OPPORTUNITIES & THREATS :

The Company does not see any immediate threat.

C) SEGMENT WISE OR PRODUCT WISE PERFORMANCE :

The Company is dealing in only one type of product and therefore there is nothing to report in this matter.

D) FUTURE OUTLOOK :

The Company is closely associated with railways, hence company intends to diversify into technology related products such as electronic panel and switch gear etc.

E) RISK & CONCERNS

The Company's main raw material is gurjan round logs and it is being imported.

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The Company is having adequate internal control system related with the growth of size. Further the company has fully computerized working environment and all the departments are well equipped with the latest facilities available.

G) DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

The sales for the current year amounted to Rs. 20.59 crores. This was mainly due to effective and aggressive steps taken by the Board of Directors of the Company in marketing the products of the Company. Further, the company has made a reasonable Net Profit After Tax of Rs. 60,453/- in the current year.

H) MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED :

The Company has maintained good cordial relations with the employees of the Company and there were total 70 employees employed with the Company. Such type of healthy relationships with the employees helps in the smooth working of the Company.

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, a separate report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT;

In accordance with the amended Listing Agreement with respective Stock Exchanges, it is hereby confirmed that the Company's Shares are listed at the Stock Exchanges at Mumbai and Bangalore.

FIXED DEPOSITS :

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956, read with The Companies (Acceptance of Deposits) Rules, 1975.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of Energy and Technology Absorption forms part of this report and is given by way of Annexure.

The details of Foreign Exchange earnings and outgo is given in Point Nos. 11, 12 & 13 in Note 10 forming part of Accounts (Schedule 14) as at March 31, 2006.

AUDITORS :

M/s. Anil Bansal & Associates, Chartered Accountants, Mumbai and M/s. N. B. Shetty & Co., Chartered Accountants, Mumbai, Joint Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975. as amended upto date.

INDUSTRIAL RELATIONS. :

Industrial Relations remained cordial in the Company's Plant without any disruption in manufacturing activities.

ACKNOWLEDGMENTS :

The Board of Directors wishes to place on record its sincere appreciation for due co-operation received from the Company's Bankers. The Directors are also thankful to the employees at all levels for their continued support.

For and On behalf of the
Board of Directors

AFZAL PATEL
CHAIRMAN

Place : Mumbai

Date : 28/08/2006

ANNEXURE TO DIRECTOR'S REPORT :

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

CONSERVATION OF ENERGY

Sustained efforts were directed towards Energy saving, reduction in use of power and other utilities.

TECHNOLOGY ABSORPTION :

The Company has carried out Research and Development in the form of process innovation and development of new products.

For and On behalf of the
Board of Directors

AFZAL PATEL
CHAIRMAN

Place : Mumbai

Date : 28/08/2005

COMPANY'S PHILOSOPHY:

The basic philosophy of the Company towards Corporate Governance is to protect and enhance the long-term value of all the Stakeholders / Shareholders, Customers, Creditors and Employees. The Company is committed to achieve these objectives within regulatory framework through transparency in dealings.

The Company believes in the creative abilities of its people and lays a strong emphasis on team building, motivation and to perform differently to stay ahead. The Company is committed to benchmarking itself with global standard in all areas. It maintains quality standards by manufacturing to specifications, pricing, delivery and reliability for full customer satisfaction.

1. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees as per Clause 49 (IV) (B) across all Companies in which they are Directors.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a member/Chairman are as under :

Name of Director	Category of Directorship	Directorship in other companies	No. of Board Committees (ORIENTAL VENEER PRODUCTS Ltd.) in which Chairman/ Member	
			Chairman	Member
Mr. Saleh N. Mithiborwala	Non-Executive Director	Nil	Nil	Nil
Mr. Karim N. Mithiborwala	Executive Director	Nil	Nil	Nil
Mr. Afzal A Patel	Non-Executive Chairman & Independent Director	Nil	03	Nil
Mr. Mustafa S. Pardawala	Non Executive Independent Director	Nil	Nil	03
Mr. K. H. Dabilkar	Non Executive Independent Director	Nil	Nil	03

BOARD PROCEDURE :

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans annual operating budgets, compliance with statutory requirements, major accounting provision and write-offs are considered by the Board.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING :

Thirteen Board Meetings were held during the financial year ended March 31st 2006, the dates of which are 30/04/2005, 12/06/2005, 30/07/2005, 17/08/2005, 01/09/2005, 04/10/2005, 31/10/2005, 31/01/2006 & 01/03/2006. The attendance of each Director at Board Meetings and the Last Annual General Meeting is as under:

Name of the Director	No. of Board Meetings Attended	Attendance of Last AGM held on 30/09/2005
Mr. Saleh N. Mithiborwala	09	Yes
Mr. Afzal A. Patel	09	Yes
Mr. Karim N. Mithiborwala	09	Yes
Mr. Mustafa S. Pardawala	09	Yes
Mr. K.H. Dabilkar	05	Yes
	NIL	Yes

2. AUDIT COMMITTEE:

BOARD TERMS OF REFERENCE

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year

COMPOSITION

The Company constituted Audit Committee with effect from 31/03/2003. The Audit Committee

comprises of Three Directors, all of whom are Non-Executive, Independent Directors. All these Directors possess knowledge of corporate finance, accounts and company law.

The Constitution of the Audit Committee is as follows:

NAMES OF MEMBERS	DESIGNATION
Mr. Afzal A. Patel	(Independent & Non-Exe. Director) Chairman
Mr. Mustafa S. Pardawala	(Independent & Non-Exe. Director) Member
Mr. K.H. Dabilkar	(Independent & Non-Exe. Director) Member

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2006, Four (04) Audit Committee Meetings were held on 28/04/2005, 28/07/2005 & 27/01/2006.

The attendance at the Audit Committee Meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Afzal A. Patel	04 (Four)
Mr. Mustafa S. Pardawala	04 (Four)
Mr. K. H. Dabilkar	04 (Four)

3. REMUNERATION COMMITTEE :

To review, assess and recommend the appointment of Whole-time Directors.

COMPOSITION

The Company constituted Remuneration Committee with effect from 31/03/2003. The Remuneration Committee comprises of Three Directors, all of whom are Non-Executive, Independent Directors.

Mr. Afzal A. Patel	(Independent & Non-Exe. Director) Chairman
Mr. Mustafa S. Pardawala	(Independent & Non-Exe Director) Member
Mr. K.H. Dabilkar	(Independent & Non-Exe. Director) Member

MEETINGS AND ATTENDANCE

During the financial year ended 31-03-2006, Two (02) Shareholders Grievance Committee Meetings were held on 15/06/2005 & 30/09/2005.

Name of Director	No. of Meetings Attended
Mr. Afzal Patel	02
Mr. Mustafa Pardawala	02
Mr. K.H. Dabilkar	02

ORIENTAL VENEER PRODUCTS LTD.

COMPLIANCE OFFICER :

The Board has designated Mr. Devendra Singh as the Compliance Officer of the Company.

DETAILS OF SHAREHOLDER'S COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFER'S

RECEIVED FROM	TOTAL COMPLAINTS RECD. IN 2005-06	TOTAL COMPLAINTS RESOLVED	PENDING COMPLAINTS AS ON 31/03/2006
Investor	04	04	NIL
SEBI	NIL	NIL	NIL
Stock Exchanges	NIL	NIL	NIL
Other Govt./ Statutory Auth.	NIL	NIL	NIL

REMUNERATION POLICY :

A. Remuneration to all Directors :

Nature of Transaction	Name of the Related Party	Quantum of Transactions
Directors Remuneration	Mr. Saleh N. Mithiborwala	NIL
Directors Remuneration	Mr. Vali N. Mithiborwala	4,80,000
Directors Remuneration	Mr. Karim N. Mithiborwala	4,00,000

4. SHAREHOLDER'S COMMITTEE :

FUNCTIONS

The Board of ORIENTAL VENEER PRODUCTS LIMITED has constituted a Committee of Directors which also functions as 'Shareholder/Investors Grievances Committee', consisting of three members, chaired by Non-executive Independent Director. The Committee internally, deals with various matters relating to :

- transfers/transmission of shares;
- issue of duplicate share certificates;
- investors, grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approve by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

COMPOSITION

After induction of independent and non executive Directors, the Shareholders Committee was reconstituted with effect from 31/03/2003. The reconstituted Committee of Directors is as under :

Mr. Afzal A. Patel (Independent & Non-Exe. Director) Chairman

Mr. Mustafa S. Pardwala (Independent & Non-Exe Director) Member

Mr. K.H. Dabilkar (Independent & Non-Exe. Director) Member

5. GENERAL BODY MEETING

Location and time, where last Three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time
2002-2003	26/09/2003	Regd. Office of the Company	10.00 AM.
2003-2004	30/09/2004	Regd. Office of the Company	10.00 AM.
2004-2005	30/09/2005	Regd. Office of the Company	10.00 AM.

6. DISCLOSURES :

a. Disclosures on materially significant related party transactions.

Kindly refer Point No. 7 [I] [A to C] of Notes to Accounts in Schedule No. 14 of Notes forming part of the Accounts for the relevant details.

b. Details of non compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company in general, has complied with all the provisions of the Stock Exchanges SEBI or any statutory authority.

7. MEANS OF COMMUNICATION:

i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective

ii. The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the newspapers as per the requirements of Clause 41.

iii Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

8. GENERAL SHAREHOLDER INFORMATION:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

SHAREHOLDER INFORMATION:

Registered Office	At Post: Aghai, Via Kalyan (R.S.) Dist., Thane - 421 301.
Annual General Meeting	Date & Time : Friday, September 30, 2006 at 10.00 A.M. Venue : At Post : Aghai, Via Kalyan (R.S.) Dist. Thane - 421 301.
Date of Book Closure	Thursday, Sept. 28, 2006 to Saturday, September 30, 2006.
Dividend Payment Date	N.A.

Listing on Stock Exchanges :

Equity Shares of the Company are listed on Stock Exchanges at Mumbai & Bangalore.

Stock Code :

The Stock Exchange, Mumbai - 531859

The Stock Exchange, Bangalore - ———

Stock Market Data :

The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai are as under :

MONTH	High (Rs.)	Low (Rs.)	No. of Shares traded
April, 2005	12.96	11.50	100
May, 2005	19.20	14.50	90
June, 2005	39.00	21.00	1327
July, 2005	45.05	34.25	216
Aug., 2005	39.00	39.00	1
Sept., 2005	-	-	-
Oct., 2005	-	-	-
Nov., 2005	-	-	-
Dec., 2005	-	-	-
Jan., 2006	-	-	-
Feb., 2006	39.00	39.00	25
March, 2006	-	-	-

ORIENTAL VENEER PRODUCTS LTD.

Registrar and Share Transfer Agents:

In terms of SEBI Circular No. D&CC/FITTC/CIR - 15/2003 dated 27/12/2002 read with Circular No. D&CC/FITTC/CIR - 18/2003 dated 12/02/2003, on appointment of common agency for share registry work, the Company has appointed Adroit Corporate Services Private Limited having its office at 9, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059. as the Registrar and Share Transfer Agents of the Company for carrying out the Share Transfer Work.

Share Transfer System : Shares of the Company can be transferred by lodging Transfer Deeds and Share Certificates with the Company's Registrar and Share Transfer Agents at Adroit Corporate Services Private Limited.

The Company has constituted Share Transfer and Shareholders Grievance Committee of the Board of Directors of the Company.

Shareholding Pattern as on March 31, 2006.

Promoter's Holding	No. of shares	Percentage (%)
Indian Promoters :	16,61,150.00	30.82
Foreign Promoters	NIL	NIL
Persons Acting in Concert	NIL	NIL
	16,61,150.00	30.82
Non-Promoters Holding	NIL	NIL
Institutional Investors	NIL	NIL
Mutual Funds and UTI	NIL	NIL
Banking, Financial Institutions/Insurance Companies (Central / State Govt. Inst. Non-Govt. Inst.)	NIL	NIL
FIs	NIL	NIL
	NIL	NIL
Others	9,13,186.00	16.94
Private Corporate Bodies	25,33,864.00	47.01
Indian Public	NIL	NIL
NRIs / OCBs	2,82,100.00	5.23
Any Other		
Sub-Total	37,29,150.00	69.18
Grand Total	53,90,300.00	100.00

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2004:

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares held	Amount (Rs.)	% of Shareholding
Upto 500	64	35.75	20,209	2,02,090.00	0.37
501-1000	16	8.94	14,400	1,44,000.00	0.27
1001-2000	23	12.85	35,091	3,50,910.00	0.65
2001-3000	3	1.68	7,700	35,000.00	0.14
3001-4000	1	0.56	3,500	77,000.00	0.06
4001-5000	10	5.59	44,400	4,44,000.00	0.82
5001-10000	6	3.35	44,000	4,40,000.00	0.82
10000 & above	56	31.28	52,21,000	5,22,10,000.00	96.86
GRAND TOTAL	179	100.00	53,90,300	5,39,03,000.00	100.00

Plant Location : At Post Aghai, Via Kalyan (R.S.) Dist. Thane - 421 601.

Investor Correspondence :

ADROIT CORPORATE SERVICES PRIVATE LIMITED
[Unit : ORIENTAL VENEER PRODUCTS LIMITED]

Add. : 9, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059.

ORIENTAL VENEER PRODUCTS LTD.

Details of Directors whose re-appointment / appointment is proposed at the forthcoming Annual General Meeting :

{ Pursuant to Clause 49 of the Listing Agreement }

Names of Director	Mr. Afzal Patel	Mr. Mustafa Pardawala
Date of Birth	17-02-1967	03-08-1964
Date of First Appointment	31-03-2003	31-03-2003
Qualification	B.COM	B.COM
Expertise in Specific Functional Areas	Administration & Internal control	Legal matters
List of Companies in which Directorship held as on 31/03/2006	NIL	NIL
Member of Board Committees	Chairman of Audit Committee / Remuneration Committee & Shareholders Committee	Member of Audit Committee / Remuneration Committee & Shareholders Committee
Shareholding in OVPL including beneficial holding	NIL	NIL

Certification by the Managing Director (MD) on Financial Statements of the Company :

I, **Karim N. Mithiborwala**, Managing Director of Oriental Veneer Products Limited, certify that :

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

Place : Mumbai
Date : 28/06/2006

Karim N. Mithiborwala
Managing Director.

ORIENTAL VENEER PRODUCTS LTD.

Regd. Office : Post : Aghai, Via Kalyan (Rly. Stn), District : Thane : 421 601

AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE

To the Members of ORIENTAL VENEER PRODUCTS LIMITED,

We have reviewed the records/documents concerning the Company's compliance of conditions of Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange, Mumbai and The Stock Exchange, Bangalore for the financial year ended 31st March, 2006, and also based on the information received by us from your Company, and based on such a review, we do hereby certify that :

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 the opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and the representations made by the Directors and the management. The Company's Share Transfer Committee has met within the Stipulated time as and when the transfer applications are lodged with the company.

We state that in respect of investor grievance received during the year ended 31st March, 2006, no investors grievance are pending against the Company as on 31st March, 2006, as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee.

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

**FOR Anil Bansal & Associates.
Chartered Accountants**

**FOR N.B. Shetty & Co.
Chartered Accountants**

**Anil Bansal
(Proprietor)**

**Pradeep Shetty
(Partner)**

Place : Mumbai
Date : 28/06/2006

AUDITORS REPORT

**TO,
THE SHARE HOLDERS OF ORIENTAL VENEER PRODUCTS LTD.**

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

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

2. As required by the Companies (Auditor's Report) Order, 2003, and the Companies (Auditor's Report Amendment) order 2004 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

3. Further to our comments in the annexure referred to above, we report that :

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;

(iii) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.;

(iv) In our opinion, the Balance Sheet & Profit & Loss Account and Cash flow Statement dealt with by this report comply with the Accounting Standards except AS 17 referred to in the sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the company.

(v) On the basis of the written representations received from the Directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes therein, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India.

(i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006; and

(ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date..

(iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For : ANIL BANSAL & ASSOCIATES
Chartered Accountants

For : N. B. SHETTY & CO.
Chartered Accountants

ANIL BANSAL
Proprietor
Membership No. 43918

PRADEEP SHETTY
Partner
Membership No. 46940

Place : MUMBAI

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT TO THE MEMBERS OF
ORIENTAL VENEER PRODUCTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH, 2006.**

Further as required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956. We report thereunder on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As informed to us the fixed assets have been physically verified by the management at reasonable intervals. We have been informed that discrepancies noticed on physical verification were not material.
- c) During the year a company has not disposed of a substantial part of its fixed assets.
2. a) Physical verification of inventory has been conducted by the management. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures for the 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) The company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
3. a) The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Act.
- b) In view of clause (3) (a) above clause 3(b), 3(c) & 3(d) are not applicable.
4. According to the information and explanation given to us there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods, there is no continuing failure to correct major weaknesses in internal control.
5. a) According to the information and explanation given to us we are of the opinion that there are no transaction that need to be entered into the register maintained under section 301.
- b) in view of clause 5(a) above clause 5(b) is not applicable.
6. The company has not accepted any deposits from the public within the meaning of section 58 A & 58 AA of the Companies Act and rules framed there under during the year.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the Central Government has not prescribed maintenance of cost records for the company's products under section 209(1)(d) of the companies Act, 1956.
9. According to the records of the company the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess & any other Statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March, 2006 for a period of more than six months from the date they became payable.
10. The company neither has accumulated losses at the end of the financial year and has not incurred cash losses both, in the financial year under report and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to bank or financial institution.
12. According to the information and explanation given to us the company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and others securities.
13. Clause 4 (XIII) of the order is not applicable to the company as the company is not a Chit Fund Company or Nidhi / Mutual benefit Fund / Society.

ORIENTAL VENEER PRODUCTS LTD.

14. According to the information and explanation given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of the clause are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanation given to us the company has not raised any term loans during the year. Accordingly the provisions of the clause is not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment and vice versa.
18. The company has not made any preferential allotment of shares during the year.
19. The company did not have any outstanding debentures during the year. Accordingly no securities have been created.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

For : ANIL BANSAL & ASSOCIATES
Chartered Accountants.

For : N. B. SHETTY & CO.
Chartered Accountants

ANIL BANSAL
Proprietor
Membership No. 43918

PRADEEP SHETTY
Partner
Membership No. 46940

PLACE : MUMBAI
DATE : 28/06/2006

BALANCE SHEET AS ON 31ST MARCH, 2006

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SOURCES OF FUNDS			
<u>Shareholders' Funds :</u>			
Share Capital	1	53,884,000	53,884,000
Reserves & Surplus	2	84,272,641	82,923,351
		138,156,641	136,807,351
<u>Loans Funds :</u>			
Secured Loans	3	65,965,773	62,209,125
Unsecured Loans	4	43,115,457	43,115,457
Deferred Tax Liability (Net) See Note 6 (II)		8,952,672	10,825,046
		118,033,902	116,149,628
Total		256,190,543	252,956,979
<u>APPLICATION OF FUNDS :</u>			
<u>Fixed Assets :</u>			
Gross Block	5	110,675,360	112,324,416
Less : Depreciation		42,397,900	37,435,805
		68,277,900	74,888,611
<u>Investments</u>			
<u>Current assets, Loans & advances</u>			
Current Assets :			
Inventory	6	11,444,248	57,080,358
Debtors		67,682,874	80,053,473
Cash & Bank Balances		1,843,217	1,333,867
Deposit		115,903,285	79,058,902
		196,873,624	217,526,600
Loans And Advances	7	13,822,466	8,945,773
		210,696,090	226,472,373
Less : Current Liabilities & Provisions	8	28,691,922	48,711,110
		182,004,168	177,761,263
Net Current Assets			
Miscellaneous Expenditure (To the extent not written/off or adjusted)	9		232,105
Total		256,190,543	252,956,979
Notes Forming Part of the Accounts			

As per our Report of even date

For : **ANIL BANSAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**
CHARTERED ACCOUNTANTS

MR. S. N. MITHIBORWALA
(Director)

ANIL BANSAL
PROPRIETOR

P. J. SHETTY
PARTNER

MR. K. N. MITHIBORWALA
(Director)

PLACE : MUMBAI
DATE : 28/06/2006

PLACE : MUMBAI
DATE : 28/06/2006

ORIENTAL VENEER PRODUCTS LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
INCOME			
Sales		205,948,630	393,369,689
Other Income & Receipt	11	7,885,925	2,016,045
TOTAL		213,834,555	395,385,734
EXPENDITURE			
Materials	12	183,100,509	317,292,260
Manufacturing & Other Expenses	13	22,940,628	64,457,488
Interest		2,770,870	1,656,819
Depreciation		4,962,095	4,943,113
TOTAL		213,774,102	388,349,680
Profit Before Tax		60,453	7,036,054
Less : Provisions for Income Tax		583,537	2,157,864
- Deferred Tax		(1,872,374)	(886,930)
Profit after Tax		1,349,290	5,765,120
Less : Trf to General Reserve		-	3,500,000
		1,349,290	2,265,120
Add : Balance as per last year Bal. Sheet		43,944,760	41,679,640
Balance Carried to Balance Sheet TOTAL		45,294,050	43,944,760
Weighted Average Number of Equity Shares		5,390,300	5,390,300
Basic and diluted earning per Equity share		0.25	1.07
Notes Forming Part of the Accounts			

As per our Report of even date

For : **ANIL BANSAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**
CHARTERED ACCOUNTANTS

MR. S. N. MITHIBORWALA
(Director)

ANIL BANSAL
PROPRIETOR

P. J. SHETTY
PARTNER

MR. K. N. MITHIBORWALA
(Managing Director)

PLACE : MUMBAI
DATE : 28/06/2006

PLACE : MUMBAI
DATE : 28/06/2005

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 1 :		
<u>SHARE CAPITAL</u>		
6000000 Equity Shares of Rs. 10/- each (Previous Year 60000000 Equity Shares of Rs. 10/- Each)	60,000,000	60,000,000
ISSUED, SUBSCRIBED & PAID UP 5390300 Equity Shares of Rs. 10/- each	53,903,000	53,903,000
Less : Calls in Arrears	19,000	19,000
TOTAL	53,884,000	53,884,000
SCHEDULE NO. 2 :		
<u>RESERVES AND SURPLUS</u>		
a) Capital reserve :	3,025,000	3,025,000
b) General Reserve As per Last Balance Sheet Trf. From P & I/A/C	35,953,591 --	32,453,591 3,500,000
c) Profit & Loss A/C	45,294,050	43,944,760
TOTAL	88,272,641	82,923,351
SCHEDULE NO. 3 :		
<u>SECURED LOANS</u>		
Vehicle Loan from HDFC Bank	--	40,288
Working Capital Finance from Bank	65,965,773	62,168,837
TOTAL	65,965,773	62,209,125

Notes :

Working Capital Loans from Development Credit Bank Ltd, The Saraswat Co-op. Bank Ltd. And The Shamrao Vitthal Co-op Bank Ltd. Is secured by the equitable mortgadge of immovable properties of the company and by the Hypothecation of movable Fixed Assets of the company and Hypothecation on the Company's current assets i.e. stocks of raw materials, work-in-progress, finished goods, stores and spares, Bills receivable, Book debts and all other movable both present and future.

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 4 :		
<u>UNSECURED LOANS</u>		
From sales Tax (Diff. Scheme)	43,115,457	43,115,457
TOTAL	43,115,457	43,115,457

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE NO. : 5

FIXED ASSETS

PARTICULARS	GROSS BLOCK			AS AT 31.3.2006	DEPRECIATION		NET BLOCK	
	AS AT 31.3.2005	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR		FOR THE YEAR	UPTO 31.3.2006	AS AT 31.3.2006	AS AT 31.3.2005
Land	1,932,680	—	—	1,932,680	—	—	1,932,680	1,932,680
Building	35,481,444	—	—	35,481,444	1,185,080	12,542,954	22,938,490	24,123,570
Plant & Machinery	61,296,569	317,951	2,055,915	59,558,605	2,829,224	23,066,287	36,492,318	41,059,506
Electrical Installations	4,595,252	—	—	4,595,252	218,274	2,249,034	2,346,218	2,564,492
Furniture & Fixtures	151,448	—	—	151,448	9,587	84,509	66,939	76,526
Office Equipments	1,832,797	—	—	1,832,797	87,058	502,867	1,329,930	1,416,988
Computers	1,673,709	88,908	—	1,762,617	276,372	1,559,896	202,721	390,185
Vehicle	3,222,348	—	—	3,222,348	306,123	2,126,144	1,096,204	1,402,327
Fire Extinguisher	156,362	—	—	156,362	7,427	63,759	92,603	100,030
Laboratory Testing Equipment	341,243	—	—	341,243	16,209	169,115	172,128	188,337
Residential Flat	1,640,564	—	2,055,915	1,640,564	26,741	33,335	1,607,229	1,633,970
TOTAL	112,324,416	406,859	25,000	110,675,360	4,962,095	42,397,900	68,277,460	74,888,611
Previous Year	105,430,150	6,919,266		112,324,416	4,943,113	37,435,805	74,888,611	72,937,458

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 6 :		
<u>INVESTMENTS :</u>		
Investment in Shares :		
1] Quoted Equity Shares - Fully paid Nagesh Investments - 200500 Shares	5,833,915	
2] Inquoted Equity Shares - Fully paid	25,000	25,000
The Saraswat Co-op. Bank Ltd. - 2500 Shares	50,000	50,000
The Shamrao Vithal Co-op. Bank Ltd. - 2000 Shares		
	5,908,915	75,000
SCHEDULE NO. 7 :		
<u>INVENTORIES :</u>		
(As taken valued & certified by management)		
Raw Materials (at cost)	197,542	6,980,293
Finished goods (at cost or net realisable value which is lower)	5,100,649	8,791,006
Semi finished goods (at cost)	5,879,530	41,168,375
Stores & Spares (at cost)	--	140,684
Trade Goods (at cost)	266,527	
	11,444,248	57,080,358
<u>DEBTORS :</u>		
(Unsecured, Considered Goods)		
Debts outstanding for a period exceeding six months	7,086,587	9,187,978
Other Debts	60,596,287	70,865,495
	67,682,874	80,053,473
<u>CASH & BANK BALANCE :</u>		
Cash in hand	1,760,443	664,638
Balance with Schedule Banks :		
In Current Account	82,774	669,229
	1,843,217	1,333,867
<u>DEPOSITS</u>	115,903,285	79,058,902
TOTAL	196,873,624	217,526,600

ORIENTAL VENEER PRODUCTS LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 8 :	618,365	--
<u>LOANS & ADVANCES</u>	224,717	386,069
(Unsecured Considered Goods)	3,300,000	300,000
Advance Paid to Supplier	662,000	--
Advances Recoverable in cash or in kind	119,139	438,691
Advance Income Tax	2,700,989	2,565,680
Advance Income Tax (Appeal)	20,000	--
Excise duty Modvat	24,354	--
Excise duty Underprotest	208,608	260,576
Fringe Benefits Tax	53,126	61,604
Interest Accured but not recd.	5891,168	4933,153
Prepaid Expenses		
Service Tax		
Tax deducted at sources	13,822,466	8,945,773
SCHEDULE NO. 9 :		
<u>CURRENT LIABILITIES & PROVISIONS :</u>		
<u>CURRENT LIABILITIES :</u>	19,816,518	36,619,744
Sundry Creditors for Goods	1,753,990	5,333,954
Sundry Creditors for Expenses	200,000	--
Advance Received from Customer	1,556,709	1,976,244
Other liabilities	23,327,217	43,929,942
<u>PROVISIONS :</u>	5,364,705	4,781,168
Income Tax	28,691,922	48,711,110
SCHEDULE NO. 10 :		
<u>MISCELLANEOUS EXPENDITURE</u>		
(To the extent not written off our adjusted)		
Public Issue Expenses	---	232,105
	---	232,105

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 11 :		
<u>OTHER INCOME & RECEIPTS :</u>		
Interest on Income Tax Refund	--	36,871
Interest (Others)	185	18,012
Interest on FDR	6,202,143	--
Provisions no Longer required	1,087,590	1,949,891
Dividend	13,500	11,271
Interest on Electricity Deposit	52,262	--
Sundry Balance W/off	530,245	--
	7,885,925	2,016,045

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 12		
A. RAW MATERIAL		
Opening Stock	6,980,294	50,139,495
Add : Purchase during the year	7,219,775	278,708,248
	14,200,069	328,847,743
Less : Closing stock	197,541	6,980,294
Consumption	14,002,528	321,867,449
B. Purchase of Traded Goods		
Opening Balance	--	--
Add : Purchase of During the year	129,490,171	14,604,179
Less : Close Stock	266,527	
Consumption	129,223,644	14,604,179
C. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & SEMI FINISHED GOODS		
Closing stock of finished goods	5,100,649	8,791,006
Closing stock of semi finished goods	5,879,530	41,168,375
	10,980,179	49,959,381
Opening Stock :		
Finished goods	8,791,006	11,955,847
Semi Finished goods	41,168,375	6,679,977
	49,959,381	18,635,824
(Increase) / Decrease	(38,979,202)	(31,323,557)
D. STORES & SPARES		
Opening Stock	140,684	582,973
Add : Purchase During the year	745,451	11,701,899
	895,135	12,284,872
Less : Closing Stock	--	140,684
Consumption	895,135	12,144,188
TOTAL MATERIALS (A+B-C+D)	183,100,509	317,292,260

SCHEDULE FORMING PART OF THE PROFIT & LOSS A/C

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE NO. 13 :		
<u>MANUFACTURING & OTHER EXPENDITURE</u>		
Advertisement	89,702	174,157
Audit Fees	80,000	73,600
Bank Charges	560,215	631,696
Books & Periodicals	10,571	---
Business & Promotion	31,971	158,960
Conveyance & Expenses	35,460	402,133
Coolie & Cartage	--	82,303
Computer Expenses	190,270	199,356
Commission on Sales	64,000	114,716
Demat Charges	22,240	18,655
Directors Remuneration	480,000	880,000
Discount & Rebate	88,073	---
Diwali Expenses	--	10,100
Electricity Office	183,725	192,060
Excise Duty	48,475	53,923
Excise Duty on Finished Goods	715,634	1,087,590
Factory General Expenses	178,654	977,762
Foreign Travelling Expenses	819,071	--
Freight on Export	48,138	--
Freight Outward	3,155,773	7,944,796
General Office Expenses	1,295,458	1,670,746
Income Tax	--	2,480
Insurance	912,629	1,746,108
Inspection Charges	101,313	11,772
Labour Welfare Expenses	372,390	646,817
Listing Fees	23,750	23,750
Membership Fees & Subscription	110,963	76,783
Net Labour Charges	--	882,244
Octroi Charges	119,259	266,095
Packing and Forwarding Charges	4,464	132,269
Power, Fuel, Water & Electricity	3,673,864	33,184,162
Postage, Telegram & Courier Charges	40,371	45,698
Professional Charges	336,993	328,678
Professional Tax Company	--	2,500
Printing & Stationery Charges	375,651	580,987
Public Issue Expenses W/Off	232,105	232,109
Profession Tax - Company	--	575
Provident Fund	534,905	442,125
Repairs & Maintenance	229,510	931,496
Rent, Rates & Taxes	320,549	1,282,517
Security Charges	545,436	553,946
Salary & Bonus	3,484,491	2,735,390
Staff Welfare Expenses	700,773	833,024
Traveling Expenses	422,655	1,557,392
Telephone Expenses	650,587	928,165
Vehicle Expenses	556,530	1,279,650
Wages	1,094,040	1,078,203
	22,940,628	64,457,488

SCHEDULE NO. 14

NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies :

I] Recognition of Income & Expenditure. All Income & Expenditure are accounted on accrual Basis except in case of Gratuity and Leave encashment is on payment basis.

II] Valuation of Inventories.

a) Raw Materials, Store & Spares are Valued at cost.

b) Semi Finished Goods are valued at approximate Cost of Input, depending on the stage of completion.

c) Finished goods are valued at cost or net realisable value which ever is lower. The Excise Duty in respect of closing inventory of finished goods is included As Cost Inventory.

III] Accounting of Cenvat Credit.

CENVAT Credit available on Raw Materials is accounted by booking Raw Material purchases, net of excise duty. Similarly CENVAT credit entitlement on capital goods is accounted on booking the capital goods, net of excise duty. Both these credits are accumulated and shown as receivable in "Loans and Advances" for adjustment in due course against duty payable of finished goods, subject to compliance of excise rules in this regard.

IV] Fixed Assets :

Fixed Assets are capitalised inclusive of installation expenses Pre-Operative Expenses are Capitalised over the items of Fixed Assets on Pro-rata basis the assets are put to use.

V] Depreciation :

Depreciation on fixed assets is provided on straight-line basis and in the manner provided in Schedule XIV to The Companies Act, 1956. Depreciation on additions is Provided on Pro-rata basis for the period for which the Assets are put to use.

VI] Investments taken at Cost.

VII] Foreign Exchange Transaction :

Transaction in foreign currency are recorded at the exchange rate prevailing at the time of the Transaction. The Exchange Differences arising out of subsequent settlement. If any, are dealt with in the Profit & Loss A/c.

VIII] Taxation :

Income - Tax Expenses comprises current Tax and deferred tax charge or credit. The Deferred tax charge or credit is recognised using current tax Rates.

IX] Retirement benefits :

a) Gratuity is on Cash basis.

b) Leave encashment is on Cash basis.

X] Preliminary and Public issue expenses.

Preliminary and Public issue expenses are written off every year at 1/10th of the total expenditure incurred.

2. Contingent Liabilities not provided for .:

I] The value of letter of credit (Foreign) opened by the Bank on behalf of the company for Import of Timber and Outstanding as on 31st March, 2006. Was Rs. 26,45,913/- (Previous Year Rs. 1,78,55,190/-)

II] Demand of Rs. 14,27,168/- ((Previous Year Rs. 14,27,168/-) from Central Excise Department Company has filed an appeal in Tribunal.

III] Demand of Rs. 18,67,436/- ((Previous Year Rs. NIL) for A.Y. 2002-03 from Income Tax Department, company has filed an appeal in Department.

3. Amount of Sales Tax Deferment Shown under unsecured loan are taken on the basis of Sales Tax return filed by the Company with the sales tax department.

4. Payment against supplies by small scale industrial undertaking are made in accordance with the Agreed Credit terms and to the extent ascertained from available information, there were no amount due to small scale industrial undertakings as on 31st March, 2005.

5. Payment to Auditors :

A)	For Audit Fees	Rs. 70,000/- (Previous Year Rs. 70,000/-)
B)	For Tax Audit Fees	Rs. 10,000/- (Previous Year Rs. 10,000/-)
C)	Service Tax	Rs. 9,792/- (Previous Year Rs. 8,160/-)

6. I] Income Tax liability is provided by applying the applicable rate to the taxable Income.

II] The Company has not made any provision for Fringe Benefit Tax.

III] In accordance with Accounting Standard 22, the deferred Tax Credit of Rs. 18,72,374/- Recognised in the Profit & Loss Account. The deferred tax liability arising due to timing difference comprise of Depreciation Rs. 89,52,672/- (previous Year Rs. 1,08,25,046/-)

7. Related Party Information :

I) Relationship :

A) Where Control Exists : Nil

B) Key Management Personnel :

Mr. Karim N. Mithiborwala (Chairman cum Managing Director)

Mr. Saleh N. Mithiborwala (Director)

C) Relatives of key Management personnel and their enterprises, where transaction Have taken place.

(i) Mrs. Vali N. Mithiborwala

(II) Transactions with related parties :

Particulars	Related Parties	
	Referred in I (b) Above	Referred in I (c) Above
Sales	---	---
Expenses	---	---
Director Remuneration	4,80,000	---
Salary	---	8,40,000

8. Segment Information :

As per Explanation given By Management that segment information is not possible as per Accounting Standard AS-17 because the Company is manufacturing Veneer which is Required to Manufacture Compreg Board. The Company is selling Compreg Board and Veneer Also, Hence Segment identification is not possible.

9. Previous year figures have been regrouped where necessary.

10. The Balance of Advances and Debtors are taken on the basis of book figures and are subject to confirmations.

ORIENTAL VENEER PRODUCTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2006

Particulars	Year ended 31st March, 2006 (Rs. in Lacs)		Year ended 31st March, 2005 (Rs. in Lacs)	
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>				
Net profit Before Tax & Extraordinary Items		0.60		70.36
Adjustment For :				
Add : Depreciation	49.62		49.43	
Interest Payable on Loan	27.71		16.57	
Interest / Dividend Income	(62.68)		(0.66)	
Misc. Exp. W/off	2.32	16.97	2.32	67.66
Operating profit before working capital changes		17.57		138.02
Adjustment For :				
Debtors & Other Receivable	(74.94)		(525.66)	
Inventories	(456.36)		(122.78)	
Trade Payable & Other liabilities	200.19	331.11	1,661.94	(1,013.51)
Cash generated from operation		348.68		(875.49)
Interest paid		27.71		16.57
Income Tax		5.84		21.58
Net Cash from operating activities		315.13		(913.64)
<u>B. CASH FLOW FROM INVESTING ACTIVITIES</u>				
Investment		(58.34)		---
Purchase of Fixed Assets		16.49		(68.94)
Investment in Deposit		(368.44)		714.12
Interest / Divident Received		62.68		0.66
Net Cash Flow from Investing Activities		(347.61)		645.84
<u>C. CASH FLOW FROM FINANCING ACTIVITIES</u>				
Proceeds from Share Capital		-		-
Proceeds from Long Term Borrowings		-		-
Repayment of Long Term Borrowings		(0.40)		(2.01)
Proceeds from Short Term Borrowings		-		-
Proceeds/Repayment from/to Bank Borrowings		37.97		(261.38)
Net Cash in Financing Activities		37.57		259.37
<u>D. NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS</u>		5.09		(8.43)
Cash & Cash Equivalents at the Beginning of the Year		13.34		21.77
Cash & Cash Equivalents at the End of the Year		18.43		13.34

Mr. S. N. Mithiborwala
(Director)

Mr. K. N. Mithiborwala
(Managing Director)

Place : Mumbai
Date : 28/06/2006

ORIENTAL VENEER PRODUCTS LTD.

11. Information pursuant to the provisions of paragraph 3, 4C of part II of Schedule VI to the companies Act, 1956.

	FOR THE YEAR ENDED 31/03/2006		FOR THE YEAR ENDED 31/03/2005	
	Veneer	Compreg Board	Veneer	Compreg Board
1. Licensed Capacity	155000 CFT	63000 CFT	155000 CFT	63000 CFT
2. Installed Capacity (As per Certified by Management)	200000 CFT	80000 CFT	200000 SFT	80000 CFT
3. Production	Qty	Amount	Qty	Amount
Veneer	NIL		16933496 Sqm	
Compreg Boards	92556 Nos		830935 Nos	
Resin	NIL		2108179 Kgs	
Recron Densified Thermal Bonded Blocks	3444 Nos		NIL	
Phenolic Resin	NIL		110460 Kgs	
4. Turnover of Mfg. Goods				
Veneer *	230994 Sqm	1039472	16769761 Sqm	73627966
Compreg Boards**	103766 Nos	63947495	855720 Nos	287981716
Recron Densified Thermal Bonded Blocks	3353 Nos	1020708	NIL	NIL
Captive Resin	NIL	NIL	2108179 Kgs.	0
Phenolic Resin	NIL	NIL	110668 Kgs	1767360
* Included Captive Veneer - NIL (Previous year (3428363 sq.mtrs.)				
** Included 628 nos. of Rejected Compreg Board.				
5. Turnover of Raw Material	132362 kgs.	6907563	NIL	NIL
6. Turnover of Stores & Spares	15 Nos. & 1800 Rolls	133419	NIL	NIL
7. Turnover of Traded Goods				
Timber	266.4640 H. Ton	6360011	721.302 H. Ton	12369588
Machinery	NIL	NIL	2	559288
Compreg Boards	431420 Nos.	119936894	5445 Nos.	2618684
Veneer	1230145.05 sq.mtr	6603068	NIL	NIL
8. Stock				
Opening Stock				
Veneer	230994 Sqm	1176913	67259 Sqm	312083
Compreg Board	11999 Nos	7605014	36784 Nos	11288357
Phenolic Resin	* 221 Kgs *Not in Usable form	9079	429 Kgs	5577
Closing Stock				
Veneer	NIL	NIL	230994 Sqm	1176913
Compreg Board	1417 Nos	5020301	11999 Nos	7605014
Recron Densified Thermal Bonded Blocks	91 kgs.	80348	Nil	Nil
Phenolic Resin	NIL	NIL	221 Kgs	9079
Closing Stock of Traded Goods				
Compreg Board	355 Nos	266527	NIL	NIL

ORIENTAL VENEER PRODUCTS LTD.

	Qty	Amount	Qty	Amount
9. Material Consumed				
Imported Timber	1500.57 Cft	569376	665691 Cft	207317420
Veneer	NIL	NIL	4770256 Sqm	18938011
Phenol	533.42 Kgs	35131	819620 Kgs	52237156
Formaldehyde	3816.18 Kgs	21983	1189220 Kgs	10530265
Caustic Soda	NIL	NIL	39598 Kgs	603408
Paper	20662.50 Kgs	1393199	222357 Kgs	8691673
Melamine Powder	NIL	NIL	72200 Kgs	4185175
Liquid Ammonia	1084 Kgs	16886	636 Kgs	9850
Recron Fibrefil	2516.50 Kgs	197545	NIL	NIL
Resin	221 Kgs	7956	NIL	NIL
Others		11760451		19354491
10. Purchase of Traded Goods				
Timber	230.7640 H.Ton	5234281	721.302 H.Ton	11518295
Veneer	1230145.05 sqm	5822445	NIL	NIL
Machinery	NIL	NIL	2	467200
Compreg Boards	431775 Nos.	118433445	5445 Nos.	2618684
11. CIF Value of Import		11490978		153665293
12. Expenditure in Foreign Currency				
Purchase of Timber Logs		17546023		263293219
Purchase of Veneer		9372513		NIL
Purchase of Capital Goods		NIL		445116
Purchase of Stores & Spares		NIL		1364095
13. Earning in Foreign Exchange		901496		3041763
14. Raw Material, Stores & Spares Consumed		Rs.	% to Total	Rs.
				% to Total
Imported	569376	4	220616926	66
Indigenous	14328286	96	113394711	34
Total	14897662	100	334011637	100

As per our report of even date

For : **ANIL BANSAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

ANIL BANSAL
PROPRIETOR

Place : Mumbai
Date : 28/06/2006

For : **N. B. SHETTY & CO.**
CHARTERED ACCOUNTANTS

P. J. SHETTY
PARTNER

MR. S. N. MITHIBORWALA
(Director)

MR. K. N. MITHIBORWALA
(Managing Director)

Place : Mumbai
Date : 28/06/2006

AUDITORS CERTIFICATE

We have checked the above Cash Flow Statement of M/s. Oriental Veneer Products Limited, derived from the Audited Annual Financial Statement for the year Ended 31st March 2006 and with the Books and Records Maintained by the Company and found the same to be in accordance therewith.

For : **ANIL BANSAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**
CHARTERED ACCOUNTANTS

ANIL BANSAL
PROPRIETOR

P. J. SHETTY
PARTNER

PLACE : MUMBAI
DATE : 28/06/2006

INFORMATION REQUIRED AS PER PART OF SCHEDULE VI TO THE COMPANIES ACT 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

I.	Registration No. 60686	State Code - 11	Balance Sheet-31/03/2005	
II.	Capital Raised during the year (Amount in Rs. Thousand)			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Issued to Promoters	NIL
III.	Position of Mobilisation and Development of Fund (Amount in Rs. Thousand)			
	Total Liabilities	252957	Total Assets	252957
IV.	Source of Funds			
	Paid up Capital	53884	Reserves & Surplus	82923
	Secured Loans	62209	Unsecured Loans	43115
V.	Application of Funds			
	Net Fixed Assets	74888	Investments	75
	Net Currents Assets	177761	Miscellaneous Expenditure	232
	Accumulated Losses	NIL		
VI.	Performance of Company (Amount in Rs. Thousand)			
	Turnover including Other Income	395386	Total Expenditure	388350
	Profit/Loss before Tax	7036	Profit/Loss	5765
	Earning per Share	Rs. 1.07	Dividend Rate	NIL
VII.	Generic names of Three Principle Services			
	1. Veneer			
	2. Compreg Board			

ORIENTAL VENEER PRODUCTS LTD.

Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin-421 601.

PROXY FROM

I/We _____
of _____
being a member/members of the above named Company, hereby
appoint _____
of _____
or failing him _____
of _____
him _____
of _____

as my/our proxy to vote for me/us my/our behalf at the 14th Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 30th September 2006 at Post : Aghai, Via : Kalyan Rly. Stn. Dist : Thane, Pin - 421 601. and at any adjournment thereof.

Regd. Folio No. _____

Signed _____

Date _____



NOTES :

- (a) The Form should be signed across the stamp as per specimen signature registered with the company.
- (b) The Companies Act, 1956 lays down that the instrument, appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before commencement of the meeting.
- (c) A proxy need not be a member.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

14th Annual General Meeting - 30th September, 2006

I, hereby record my presence at the 13th Annual General Meeting of the Company held at Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin - 421 601, on Friday, 30th September 2005 at 10.00 a.m.

Full Name of Member (IN BLOCK LETTERS) _____

Regd. Folio No. _____

No. of Shares held _____

Full Name of Proxy (IN BLOCK LETTERS) _____

Member's/Proxy's Signature _____

NOTE :

Persons attending the Annual General Meeting are requested to bring their copies of Annual Report, since no separate copies will be distributed at the Annual General Meeting.

BOOK - POST

To,

Annual Report 2005/2006

If Undelivered, please return to :



**ORIENTAL VENEER PRODUCTS LTD.
CORPORATE OFFICE :
24-A, MOHAMMEDI LAKDA BAZAR NO. 1,
MAULANA SAUKATALI ROAD,
MUMBAI - 400 008.**