

AUDITORS' REPORT

To
The Shareholders
MANGALAM INDUSTRIAL FINANCE LIMITED

We have audited the attached Balance Sheet of **MANGALAM INDUSTRIAL FINANCE LIMITED**, as at 31st March, 2005 and also the Profit & Loss Account and the Cash Flow Statement 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.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent it is applicable to the Company.

Further to our comments in the Annexure referred to in paragraph above, we state that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
2. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books ;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account ;
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956 ;



5. On the basis of written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956 ;

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies, and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-

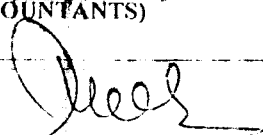
- i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2005 ;
- ii) In the case of the Profit & Loss Account, of the Profit for the Year ended on that date; and
- iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that Date;

For **MAHOTI & ASSOCIATES**
(CHARTERED ACCOUNTANTS)

Place : Kolkata

Date : 24th August, 2005

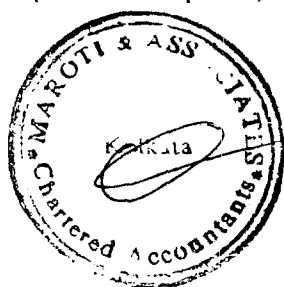



M.K. Mahoti
(Proprietor)
M. No.057073

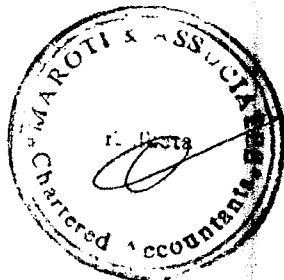
ANNEXURES TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on 31st March 2005.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
 - (b) The Fixed Assets are physically verified by the management at reasonable intervals having regard to the size of the Company and the nature of assets and no discrepancies have been noticed during such verification.
 - (c) The Company has not disposed off any of the Fixed Assets during the year, Paragraph 4(i)(c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
2. (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories 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 record of inventories, we are of the opinion that the Company is maintaining proper records of inventories. No material discrepancies have been noticed on physical verification of inventories with book records and the same have been properly dealt with in the books of accounts.
3. The Company has neither taken loan from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 and nor given loan to Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase and sale of inventories, fixed assets and investments. During the course of our audit no major weakness has been noticed in the internal control.
5. (a) Based on our audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transaction that required to be entered in to the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanation given to us each of the above transaction is below Rs.5 Lakhs and hence transaction made at prices which are reasonable having regard to the prevailing market price at the relevant time does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.



7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. a) According to the records of the Company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and Other statutory dues as applicable to it.
- b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, wealth tax, customs duty and cess and other statutory dues as applicable to it were outstanding at 31st March, 2005 for a period of more than six months from the date they become payable.
- c) According to the records of the company there are no dues of Sales Tax, Income Tax, Customs Tax/Wealth Tax, Excise Duty/Cess, which have not been deposited on account of any dispute.
10. There is no accumulated loss of the Company at the end of the Financial Year. The Company has not incurred loss during the financial year ended 31st March, 2005 and the company has also not incurred loss in the immediately preceding financial year.
11. The Company has not taken any loan from a financial institution, bank or debenture holders.
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.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. Proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of dealing or trading in shares, securities, debentures and other investments and the same are held by the Company in its own name.
15. The Company has not obtained any Term Loans. Accordingly clause 4(xvi) of the Order is not applicable.
16. The Company has not obtained any term loans. Accordingly clause 4(xvi) of the Order is not applicable.
17. On the basis of an overall examination of the Balance Sheet and the information and explanation given to us, we report that the Company has not utilized any funds raised on short-term basis for long-term investments and vice-versa.
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. Accordingly, clause 4(xviii) of the order is not applicable.

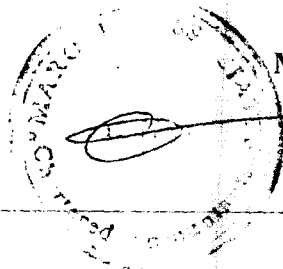


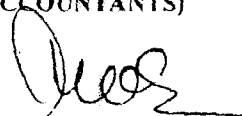
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The Company has not raised any money by way of public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. Based on our audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31st March, 2005.

For **MAROTI & ASSOCIATES**
(CHARTERED ACCOUNTANTS)

Place : Kolkata

Date : 24th August, 2005




M.K. Maroti
(Proprietor)
M. No. 057073

MANGALAM INDUSTRIAL FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

<u>SOURCES OF FUNDS</u>	Schedule	Current Year	Previous Year
		RS.	RS.
Share Capital	1	112,493,500	12,493,500
Reserves & Surplus	2	565,864	595,810
		113,059,364	13,089,310
 <u>APPLICATION OF FUNDS</u>			
Fixed Assets	3	68,919	90,706
Investments	4	105,473,105	7,707,505
<u>Current Assets, Loans & Advance</u>			
Stock in Trade	5	26,618	26,618
Cash & Bank Balance	6	1,001,868	537,151
Sundry Debtors	7	19,303,055	75,000
Loans & Advances	8	4,277,012	4,520,081
		24,608,553	5,158,850
Less :			
Current Liabilities & Provisions	9	17,643,355	21,620
		17,643,355	21,620
Net Current Assets		6,965,198	5,137,230
Deferred Tax Assets		152,142	153,869
 <u>MISCELLANEOUS EXPENDITURE</u> (To the extent not W/O or adjusted)			
Preliminary Expenses		400,000	-
		113,059,364	13,089,310
 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	 11		

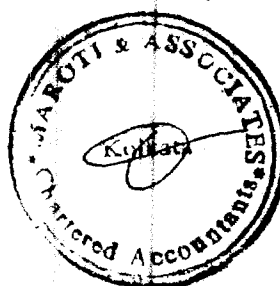
In terms of our report of even date

Place : Kolkata

Dated the 24th August, 2005

For MAROTI & ASSOCIATES

(CHARTERED ACCOUNTANTS)



M. K. Maroti
(Proprietor)
M. No. 057073

Anun Chakraborty
Director

Maroti
Director

13/08/05
15/08/05

MANGALAM INDUSTRIAL FINANCE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2005

<u>INCOMES</u>	Schedule	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
Sale of Shares & Mutual Fund		1,383,750	2,021,908
Interest (Gross) (T.D.S. Rs.15,856/-, P.Y. Rs. 48,901/-)		124,573	304,922
Dividend		7,900	26,953
Misc. Income		48,350	-
Profit on Sale of Investments		183,301	-
Provision for Sub-Standard Laon W/Back		-	65,300
Closing Stock		26,618	26,618
		<u>1,774,492</u>	<u>2,445,701</u>
 <u>EXPENDITURES</u>			
Opening Stock		26,618	907,340
Purchases of Shares & Mutual Funds		1,378,750	1,052,322
Administrative and Other Expenses	10	239,252	256,134
Depreciation		21,787	29,384
Loss on Sale of Investments		-	31,683
Preliminary Expenses W/Off.		<u>100,000</u>	<u>-</u>
		<u>1,766,407</u>	<u>2,276,863</u>
Profit / (Loss) before Tax		8,085	168,838
Less : Provision for Tax Current Year		775	12,980
Adjustment for Deferred Tax		(1,727)	71,941
Profit / (Loss) after Tax		5,583	83,917
Transfer to Specific Reserve Fund		(704)	-
Profit / (Loss) B/F from last year		80,902	(3,015)
Balance Carried Over to Balance Sheet		<u>85,781</u>	<u>80,902</u>
 Earning per Share (EPS)			
(on nominal value of shares of Rs.10/- each)			
Basic (Rs.)		0.0005	0.07
Diluted (Rs.)		0.0005	0.07

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

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In terms of our report of even date

Place : Kolkata

Dated the 24th August, 2005

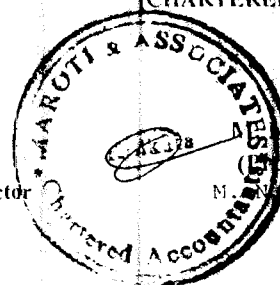
Anun Chakraborty

Director

For MAROTI & ASSOCIATES
(CHARTERED ACCOUNTANTS)

[Signature]

Director



Maroti
(Proprietor)
M. No. 057073

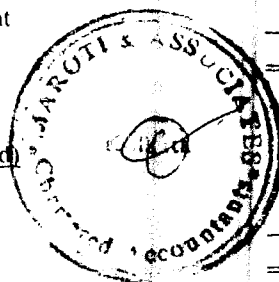
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MANGALAM INDUSTRIAL FINANCE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	<u>Current Year</u> Rs.	<u>Previous Year</u> Rs.
<u>Schedule - 1</u>		
<u>Share Capital</u>		
Authorised 11250000(P.Y. 1250000) Equity Shares of Rs.10/- each	112,500,000	12,500,000
<u>Issued, Subscribed & Paid up</u>		
11249350 (P.Y. 1249350) Equity Share of Rs.10/- each	112,493,500	12,493,500
Fully Paid-up.	112,493,500	12,493,500
<u>Schedule -2</u>		
<u>Reserves & Surplus</u>		
Capital Reserve (The excess of the value of the paid-up value of shares of the company to be issued pursuant to the Scheme of Amalgamation over the net assets of Diksha International Private Limited as at 1st April, 2004 amounting to Rs.35,529 has been adjusted with Capital Reserve.	370,630	406,159
Reserve Fund	108,749	108,749
Special Reserve (As Per Requirement of RBI)	704	-
Profit & Loss Account	85,781	80,902
	565,864	595,810
<u>Schedule-4</u>		
<u>Investments (Long Term, Non Trade, valued at Cost)</u>		
Quoted Equity Shares	5,505	5,505
Quoted Debentures	2,000	2,000
Unquoted Equity Shares	105,465,600	7,700,000
	105,473,105	7,707,505
Market Value of Quoted Investments	-	-
<u>Schedule-5</u>		
<u>Inventories :</u>		
Shares (Taken, valued & certified by the Management)	26,618	26,618
	26,618	26,618
<u>Schedule-6</u>		
<u>Cash & Bank Balances :</u>		
Cash in hand (As certified)	920,795	421,641
Balances with Schedule Bank in Current Account	81,073	115,510
	1,001,868	537,151
<u>Schedule-7</u>		
<u>Sundry Debtors (Unsecured, Considered Good)</u>		
Due for a period of more than six months	2,860,955	-
Others	16,442,100	75,000
	19,303,055	75,000



Schedule - 8**Loans & Advances**

(Unsecured, considered good, recoverable in cash or in kind or value to be received)

Loans	1,228,303	2,292,971
Share Application Money	2,980,000	1,980,000
Tax Deducted at Source	65,709	244,110
Security Deposits	3,000	3,000
	<u>4,277,012</u>	<u>4,520,081</u>

Schedule -9**Current Liabilities & Provisions**

Sundry Creditors	17,612,600	-
Liabilities for Expenses	17,000	8,640
Provision for Taxation	13,755	12,980
	<u>17,643,355</u>	<u>21,620</u>

Schedule-10**Administrative & Other Expenses:**

Salaries & Bonus	111,475	130,425
Printing & Stationery	6,464	1,278
Postage & Telegram	4,069	3,100
Books & Periodicals	-	505
General Charges	-	1,901
Travelling & Conveyance	10,715	488
Bank Charges	-	710
Transfer Agent Fees	11,762	6,750
Listing Fees	15,750	17,250
Audit Fees	12,000	7,560
Professional Fees	-	-
Demat Expenses	5,369	1,762
Filing Fees	6,350	5,000
Advertisement Expenses	12,707	3,943
Depository Expenses	4,694	2,500
Data Entry Charges	5,500	-
Legal Expenses	11,502	750
Certification Fees	3,295	3,495
Rates & Taxes	5,460	750
Telephone Expenses	-	23,806
Motor Car Expenses	-	8,926
Computer Maintenance	-	214
Security Charges	-	25,205
Miscellaneous Expenses	9,386	-
Insurance	2,754	5,709
Staff Welfare Expenses	-	1,061
Professional Tax	-	2,818
Service Charges	-	228
	<u>239,252</u>	<u>256,134</u>

In terms of our report of even date

Place : Kolkata

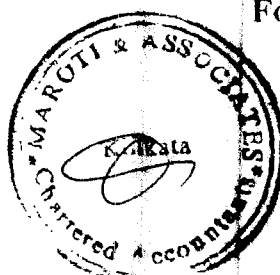
Dated the 24th August, 2005

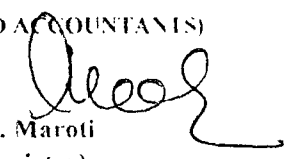


Director



Director


For MAROTI & ASSOCIATES
 (CHARTERED ACCOUNTANTS)


 M. K. Maroti
 (Proprietor)

M. No. 05/073

Significant Accounting Policies :

01. ACCOUNTING CONVENTIONS

The Financial Statements are prepared on Historical Cost Convention. Financial Statements are prepared in accordance with relevant presentational requirements of the Companies Act, 1956 and applicable mandatory Accounting Standards.

02. FIXED ASSETS

Fixed Assets are stated at Cost less Depreciation.

03. DEPRECIATION

Depreciation on Fixed Assets are provided on Written Down Value Method at the rates prescribed in the Schedule-VI of the Companies Act, 1956.

04. INVESTMENTS

Investments are long-term investments, hence valued at cost.

05. INVENTORIES

Inventories are valued at lower of Cost or Market Value. Unquoted Shares are valued at cost.

06. RECOGNITION OF INCOME & EXPENDITURE

Income & Expenditures are accounted for on accrual basis, except interest on L.T. Receipt which is accounted for on Receipt Basis.

07. PRELIMINARY EXPENSES

Preliminary Expense is amortised over a period of Five years.

08. GRATUITY / RETIREMENT BENEFITS :

None of the Company's employee has completed five years of service, hence no provision has been made for payment of gratuity.

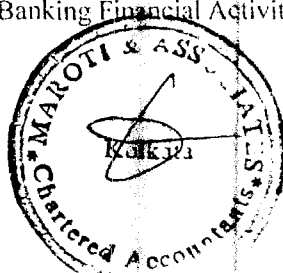
09. TAXES ON INCOME

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Tax is recognised, subject to consideration of prudence, in respect of deferred tax assets / liabilities on timing difference, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

10. SEGMENT ACCOUNTING

As the Company has only one Segment of Non-Banking Financial Activities, hence, it is not required



NOTES ON ACCOUNTS

01. AMALGAMATION :

(a) **Amalgamation :**

Amalgamation of Diksha International Private Limited with the Company. Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court, Calcutta dated 15.02.2005. The assets and liabilities as on 1st April, 2004 of the erstwhile Transferor Company has been incorporated in the books of the Company. Further amount arising therefrom has been adjusted with Capital Reserve Account.

(b) **Allotment of Shares :**

10000000 Equity Shares of Rs.10/- each allotted to the Equity Shareholders of erstwhile Transferor Company on 23.03.2005 pursuant to the Scheme of Amalgamation.

(c) **Transfer of Assets in the Name of the Transferee Company :**

Steps have been taken to register all the assets existing in the name of the erstwhile Transferor Companies in the name of the Transferee Company.

(d) **Cancellation of Interholdings :**

Interholding of Shares and balances of Loans & Advances, Sundry Debtors, Sundry Creditors and Share Application Money has been adjusted.

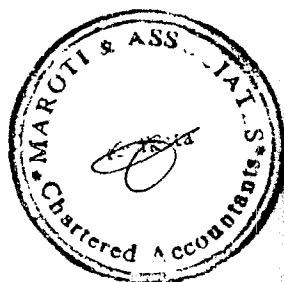
02. **Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock of Shares.**

	<u>Numbers</u>	<u>Amount (Rs.)</u>
Opening Stock	20300	26,618
	(83373.86)	(907340)
Purchases	363600	1,378,750
	(15135)	(1052322)
Sales	363600	1383750
	(78208.86)	(4902041.1)
Closing Stock	20300	26,618
	(20300)	(26618)

03. **Deferred Taxation :**

The Principal components of Deferred Tax Liabilities/(Assets) are :

	<u>2004-05</u>	<u>2003-04</u>
Deferred Tax Liabilities / (Assets)		
Depreciation	(1103)	(1372)
Accumulated Losses	2830	73313



04. The earning per share (EPS) has been calculated as specified in Accounting Standard 20 - on "Earning per Share" and relevant disclosures are as under :

(a) amount used as numerator in calculating basic/diluted EPS : Profit after Tax	<u>2004-05</u> 5,583	<u>2003-04</u> 83,917
(b) weighted average no. of shares used as denominator in calculating EPS (Nos.)	11,249,350	1,249,350
Basic EPS	0.0005	0.067
Diluted EPS	0.0005	0.067

05. **Segment Report :**

The Company is engaged in the business of Non-Banking Financial Services and there are no separate reportable segments as per Accounting Standard 17.

06. **Related Party Disclosure :**

As the Company has not paid anything to the Related Parties as required as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, there is no need of any disclosure.

07. Cash Flow Statement as per requirement of AS-3 issued by the Institute of Chartered Accountants of India is annexed herewith.

08. Earning in foreign Currency Nil Nil

09. Expenditure in foreign Currency Nil Nil

10. Previous Year figures have been regrouped, rearranged or recasted wherever considered necessary. Previous Year figures are not comparable with the Current Year figures which include those related to the transaction arising from amalgamation of three companies mentioned above with the Company.

11. Informations required to be furnished under paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 is given in separate Annexure.

Signature to the Schedule 1 to 11 In terms of our report of even date

In terms of our report of even date

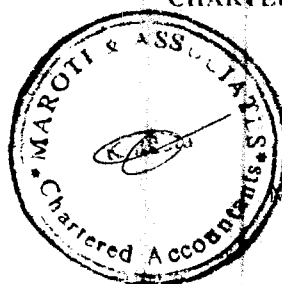
Place : Kolkata

Dated the 24th August, 2005

Anun Chakraborty
Director

[Signature]
Director

MAROTI & ASSOCIATES
CHARTERED ACCOUNTANTS



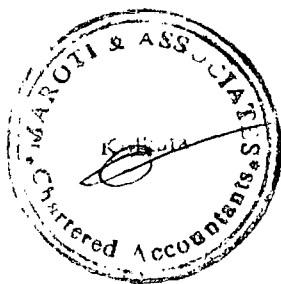
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M. K. Maroti
(Proprietor)
M. No.057073

MANGALAM INDUSTRIAL FINANCE LIMITED

Schedule-3

Description

Description	Gross Block			Depreciation			Net Block		
	As on 01.04.2004	Addition	Deletion	As on 31.03.2005	Upto 31.03.2004	For the year	Upto 31.03.2005	As on 31.03.2005	As on 31.03.2004
Motor Car	293772	0	0	293772	230800	16303	247103	46669	62972
Office Equipment	24636	0	0	24636	12646	1668	14314	10322	11990
Furniture & Fixture	55415	0	0	55415	44087	2050	46137	9278	11328
Computer	51165	0	0	51165	46749	1766	48515	2650	4416
Total	424988	0	0	424988	334282	21787	356069	68919	90706
Previous Year	424988	0	0	424988	304898	29384	334,282	90706	-



MANGALAM INDUSTRIAL FINANCE LIMITED
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details :

State Code	:	21
Registration No.	:	35815
Balance Sheet Date	:	31.03.2005

II Capital Raised During the Year :

Amount(Rs.)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	100000000

III Position of Mobilisation & Deployment of Fund :

Total Liabilities	:	130,702,719
Total Assets	:	130,702,719

Sources of Funds :

Paid-up Capital	:	112,493,500
Reserve & Surplus	:	565,863.72
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Deferred Tax Liabilities	:	Nil

Application of Funds :

Net Fixed Assets	:	68,919
Investments	:	105,473,105
Net Current Assets	:	6,965,198
Misc. Expenses	:	400,000
Deferred Tax Assets	:	152,142
Accumulated Losses	:	Nil

IV Performance of the Company :

Turnover	:	1,774,492
Total Expenditure	:	1,766,407
Profit/(Loss) Before Tax	:	8,085
Profit/(Loss) After Tax	:	5,583
Earning per Share (Rs.)	:	0.0005
Dividend Rate %	:	Nil

V Generic Name of Three Products/Services of the Company (as per monetary terms) :

Item Code	:	N.A.
Product Description	:	Financial Services

In terms of our report of even date

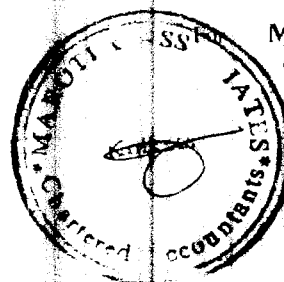
Place : Kolkata

Dated the 24th day of August, 2005

Anun Chakraborty

Director

[Signature]
Director



MAROTI & ASSOCIATES
CHARTERED ACCOUNTANTS

[Signature]
M. K. Maroti
(Proprietor)

M. No.057073

MANGALAM INDUSTRIAL FINANCE LIMITED

31.03.2005

1. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(Loss) before Tax	(a)	8,085
Add :		
Preliminary Expenses W/O.	100,000	
Depreciation	21,787	
Sub Total -	(b)	121,787
Operating Profit before Working Capital Changes	(a)+(b)	129,872
Adjustments : (including amalgamation adjustment of Transferor Companies)		
Increase in Inventories	-	
Increase in Trade Receivables	(19,228,055)	
Decrease in Loans & Advances	243,069	
Increase in Current Liabilities	17,620,960	
Adjustment for I. T. & Provisions	-	
Preliminary Expenditure incurred for the year	(500,000)	
Sub Total -	(c)	(1,864,026)
Net Cash from Operating Activities	A	(1,734,154)

2. CASH FLOW FROM INVESTING ACTIVITIES

Increase in Investments	(97,765,600)	
Net Cash from Investing Activities	B	(97,765,600)

3. CASH FLOW FROM FINANCING ACTIVITIES

Share Capital Issued	100000000	
Adjustment for Amalgamation	(35,529)	
Loan Raised/(Repaid) during the year	-	
Net Cash from Financing Activities	C	99,964,471
Net Increase in Cash/Cash Equivalent	A+B+C	464,717
Cash/Cash Equivalents (Opening)		537,151
Cash/Cash Equivalents (Closing)		1,001,868

Date :

For & on behalf of the Board

Arjun Chakraborty

Director

Baron

Director

AUDITOR'S REPORT

We have examined the above Cash Flow Statement of MANGALAM INDUSTRIAL FINANCE LIMITED for the year ended 31st March, 2005. The Statements has been prepared by the Company in accordance with the requirements of Listing Agreements Clause.32 with Stock Exchanges and is based on and in agreement with books and records of the Company and also the Profit and Loss Account and the Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

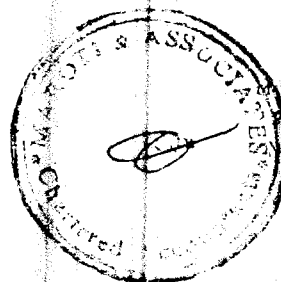
Place : Kolkata

Dated the 24th August, 2005

For

MAROTI & ASSOCIATES

Chartered Accountants

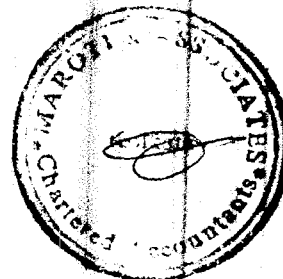


K. March
Proprietor
No.057073

MANGALAM INDUSTRIAL FINANCE LIMITED

DETAILS OF SHARE INVESTMENTS AS ON 31.03.2005.

	Current Year		Previous year	
	Qty.	Rs.	Qty.	Rs.
QUOTED				
14% HDC LTD.(QUOTED DEBENTURE)	50	2000.00	50	2000.00
CELL TAC LABORATORIES LTD.(QUOTED)	100	1005.00	100	1005.00
LYNX INDIA LTD. (QUOTED)	450	4500.00	450	4500.00
	600	7505.00	600	7505.00
UNQUOTED				
ALMAX INDIA LIMITED	18500	3700000.00	18500	3700000.00
FUNNY COMMOTRADE PVT.LTD.	---	---	15000	1500000.00
HEMRAJ OILS PVT.LTD.	5000	2500000.00	5000	2500000.00
A-ONE JEWELLERS (I) PVT.LTD.	500	500000	---	---
AARPEE COMMERCIAL CO. PVT. LTD.	---	---	---	---
AARPEE COMMERCIAL CO.PVT.LTD.	20625	8250000.00	---	---
ABBOTT MARKETING PVT.LTD.	18000	7200000	---	---
ACADEMIAM SALES PVT.LTD.	12500	5000000	---	---
AGARWAL TREXIM P. LTD.	---	---	---	---
ALMAX INDIA LTD.	---	---	---	---
ALTOP COMMODITIES PVT.LTD.	6250	2500000	---	---
ARHAM COMMERCIAL CO.PVT.LTD.	---	---	---	---
ARHAM COMMERCIAL CO.PVT.LTD.	38750	15500000.00	---	---
ASPOLIGHT VANIJYA PVT.LTD.	18500	3700000	---	---
B.R.MERCANTILES PVT.LTD.	12500	5000000	---	---
BAID MERCHANTS PVT. LTD	---	---	---	---
BAID VYAPAAR PVT.LTD.	---	---	---	---
BHABHERA TRADELINK PVT.LTD.	---	---	---	---
BIVOLTINE MERCANTILES PVT.LTD.	12500	5000000	---	---
BORODRILL COMMERCIAL CO. PVT. LT	---	---	---	---
CELLOUR COMMERCIAL PVT.LTD.	---	---	---	---
CELLOUR VYAPAAR PVT.LTD.	12500	2500000	---	---
EROS MERCHANTS PVT.LTD.	---	---	---	---
FOLIAGE TRADE LINK PVT.LTD.	37500	7500000	---	---
GITANEEL COMMODITIES PVT.LTD.	---	---	---	---
KOPRAN COMMERCIAL CO.PVT.LTD.	17500	7000000	---	---
KRONE VYAPAAR PVT. LTD.	---	---	---	---
LALANAND VYAPAAR PVT.LTD.	---	---	---	---
MADHUMALTI MERCHANDISE PVT. LTD.	5000	2000000	---	---
MAHADUTING TRADING PVT.LTD.	---	---	---	---
MULKRAJ TRACOM P. LTD.	---	---	---	---
MULKRAJ TRACOM PVT.LTD.	---	---	---	---
NARANTAK DEALCOM LTD.	---	---	---	---
NARANTAK DEALCOM LTD.	---	---	---	---
NARANTAK DEALCOMM LTD.	260000	2590600.00	---	---
PAFCO LABORATORIES LTD.	---	---	---	---
PAFCO LABORATORIES LTD.	---	---	---	---
PAFCO LABORATORIES LTD.	---	---	---	---
PLEASANT NIRYAT P. LTD.	---	---	---	---
PRIYANKA TREXIM PVT.LTD.	25000	5000000	---	---
PUGALIA VYAPAAR P. LTD.	22250	2225000	---	---
QUARTZ MERCANTILES PVT. LTD.	22500	4500000	---	---
R.K.ENCLAVE PVT.LTD.	50000	500000	---	---
RAINBOW VANIJYA PVT. LTD.	13250	5300000	---	---
RAJ CONST.& PROJECT PVT.LTD.	---	0	---	---
ROPLAS COMMODITIES PVT. LTD.	12500	5000000	---	---
SHYAM FERRO ALLOYS LTD.	250000	2500000	---	---
TIRUMALA BEARING PVT.LTD.	---	0	---	---
TOPSELL VNIMAY PVT.LTD.	---	0	---	---
TRIMPLEX MARKETING PVT.LTD.	---	0	---	---
VIKASH TELECOM PVT.LTD.	---	0	---	---
WATERBASE VYAPAAR PVT. LTD.	---	0	---	---
	891625	105465600.00	38500	7700000.00
	892225	105473105.00	39100	7707505.00



MANGALAM INDUSTRIAL FINANCE LTD.

CLOSING STOCK OF

ACCOUNTING YEAR -- 2004-05

<u>NAME OF THE COMPANY</u>	<u>CLOSING QTY</u>	<u>CLOSING AMOUNT</u>	<u>OPENING QTY</u>	<u>OPENING AMOUNT</u>
BPL ENGINEERING LTD.(QUOTED)	200.00	680.00	200.00	680.00
DECON PETRO LTD.(QUOTED)	1400.00	3850.00	1400.00	3850.00
GLOBAL BOARDS LTD.(QUOTED)	2000.00	1300.00	2000.00	1300.00
GOLDEN AGRO IND.LTD.(QUOTED)	6300.00	3150.00	6300.00	3150.00
INDO FRENCH BIOTECH LTD.(QUOTED)	1000.00	800.00	1000.00	800.00
ISPAT PROFILES INDIA LTD.(QUOTED)	500.00	225.00	500.00	225.00
JANKA TURBO LTD.(QUOTED)	1000.00	2000.00	1000.00	2000.00
MARIUTI PLASTICS LTD.(QUOTED)	4600.00	3680.00	4600.00	3680.00
MORGAN STENLY (QUOTED)	100.00	575.00	100.00	575.00
ORIENT VAGITEXPO LTD.(QUOTED)	1000.00	800.00	1000.00	800.00
ORIND EXPORTS LTD.(QUOTED)	700.00	700.00	700.00	700.00
PLATINA PROP.& TRADERS LTD.(QUOTED)	400.00	1988.00	400.00	1988.00
ROYAL MANORS HOTELS LTD.(CLOTE)	800.00	1200.00	800.00	1200.00
S.S.POWER LTD.(QUOTED)	100.00	270.00	100.00	270.00
	<u>20100.00</u>	<u>21218.00</u>	<u>20100.00</u>	<u>21218.00</u>
ELECON POWDER CONST.LTD.	200.00	5400.00	200.00	5400.00
	<u>200.00</u>	<u>5400.00</u>	<u>200.00</u>	<u>5400.00</u>
TOTAL	<u>20300.00</u>	<u>26618.00</u>	<u>20300.00</u>	<u>26618.00</u>

