



Aridhi Hi-Tech Industries Limited

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TWENTY FIRST ANNUAL REPORT 2005-2006



Aridhi Hi-Tech Industries Limited

Registered Office: C-106, Mittal Court, Nariman Point, Mumbai – 400 021.

Tel. 2287 3257 / 2284 4117, Email: info@aridhi.com, Websites: www.aridhi.com, www.indusvista.com

Statutory Auditors

Deepak A. Shah
Chartered Accountants
Mumbai

Legal Advisors

Kiran Bhagalia
Advocate, Mumbai High Court

Registrars & Transfer Agents

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L B S Marg, Bhandup West
Mumbai – 400 078.
Tel.: 2596 3838, Fax: 2594 6969,
E-mail: isrl@intimespectrum.com,
Helpline@intimespectrum.com.

Board of Directors

Chairman

Mr. Ram K. Piparaiya

Directors

Dr. Ashok K. Manghnani

Mr. Alok Gupta

Mrs. Aparna Piparaiya

Mr. Rishi Piparaiya

Mr. Shashi Gupta

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NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF ARIDHI HI-TECH INDUSTRIES LIMITED WILL BE HELD ON SATURDAY, SEPTEMBER 30, 2006 AT 5.00 P.M.. AT THE REGISTERED OFFICE OF THE COMPANY AT C-106, MITTAL COURT, NARIMAN POINT, MUMBAI – 400 021, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date and reports of Auditors and Directors thereon.
2. To appoint a Director in place of Dr. Ashok Manghanani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rishi Piparaiya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider, and if thought fit to pass the following resolutions with or without any modification:

5. RESOLVED THAT the equity shares of the Company be delisted from the Delhi Stock Exchange Association Ltd., New Delhi – 110 002 and from the Uttar Pradesh Stock Exchange Association Ltd., Kanpur 208 001 and the Board of Directors of the Company be and is hereby authorized to take necessary steps to give effect to the resolution.
6. RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to reissue forfeited shares to such party or parties and at such price and time as it deems fit.

Mumbai, August 28, 2006

By the Order of the Board of Directors

Ram K. Piparaiya (Chairman)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument for appointment of a proxy must be deposited with the registered office of the company not less than 48 hours before the time for holding the meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is give hereunder.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 28-30, 2006 (both days inclusive).
5. At the ensuing general meeting, Dr. Ashok Manghanani and Mr. Rishi Piparaiya retire by rotation and being eligible offer themselves as Directors liable to retire by rotation. Information to be provided for the aforesaid directors under Corporate Governance Code is as under:

Dr. Ashok Manghani is a Director of the Company since June 30, 1993. He holds M.B.B.S. degree and has more than 35 years' diversified business experience. He does not hold any shares in the Company.

Mr. Rishi Piparaiya is a Director of the Company since April 11, 2000. He holds M.B.A. degree from Cornell University and B.A. degree from University of Rochester. He has about ten years senior level experience with multinational banks in Spain, USA and India. He holds 25,600 shares of the Company, representing 0.69% of its issued capital.

EXPLANATORY STATEMENT

Annexed to the notice convening the Twenty First Annual General Meeting to be held on Saturday September 30, 2006.

Item 5

The equity shares of the company have been listed on the regional Stock Exchanges in Delhi and Kanpur, for more than a decade, but without any trading whatsoever. During the past many years, both the Stock Exchanges have themselves been dormant. Continuation of listing on these exchanges is therefore not serving any useful purpose.

As per the delisting guidelines issued by Securities and Exchange Board of India, the Company needs to obtain prior approval of its shareholders by a special resolution passed at its general meeting. Also, as the equity shares of the Company will continue to be listed on the Bombay Stock Exchange Ltd., it is not required to give any exit opportunity. The Board of Directors recommends this resolution for your approval.

Item 6

The Board of Directors of the Company, at its meeting held on 28th July, 2006 decided to forfeit those equity shares of the Company on which calls had continued to remain in arrears. This was done after giving sufficient time to concerned members and after serving all the statutorily required notices. The Board will consider reissue of forfeited shares at appropriate time. Your approval is being sought in advance to ensure compliance with clause 23 of the Listing Agreement with the Bombay Stock Exchange Ltd.

Mumbai, August 28, 2006

By the Order of the Board of Directors

Ram K. Piparaiya (Chairman)



Aridhi Hi-Tech Industries Limited

DIRECTORS REPORT TO THE MEMBERS

The Directors hereby present their report on the operations of the Company and its financial results for the year ended March 31, 2006.

1. Financial Results

	Rupees in lakhs	
	For the year ended March 31,	
	<u>2006</u>	<u>2005</u>
Total Income	19.43	170.75
Profit Before Tax	10.84	54.69
Provision for Tax		
Current Tax	1.00	16.10
Deferred Tax	-	-
Profit After Tax	9.84	38.59

The Directors regret their inability to recommend a dividend.

2. Operations

Members will recall that the Company underwent a major restructuring in end-March, 2005. Accordingly, the results for the current year are not comparable to those of previous year.

Current year's income is derived mainly from stock market investment, and to some extent, from publishing. The Company is examining various options for its new business focus and will approach members for a change of name at appropriate time.

3. Employees

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

4. Directors

Mr. Rishi Piparaiya and Dr. Ashok Manghnani, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

5. Auditors

M/s Deepak A. Shah, Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and have expressed their willingness to continue as Auditors of the Company for the forthcoming year, if re-appointed at the Annual General Meeting. The Company has received from them the Certificate under Section 224(IB) of the Companies Act, 1956, regarding their eligibility.

6. Subsidiaries

Aridhi Holdings (P) Ltd. and Aridhi Investment Consultants (P) Ltd. have become wholly owned subsidiaries of the Company with effect from March 28, 2006.

7. Deposits from Public

The Company has not raised any deposits from public.

8. Corporate Governance

A report on Corporate Governance is enclosed herewith.

9. Auditors' Report

The Auditors' Report to the Shareholders does not contain any qualifications.

10. Acknowledgements

Your Directors greatly appreciate the co-operation, support and services of the Shareholders and Employees of the Company.

11. Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March 2006 and of the Profit & Loss Account of the company for the year ended on that date.
- The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- These Accounts have been prepared on a going concern basis.

On behalf of the Board of Directors
Ram K. Piparaiya (Chairman)

Mumbai, August 28, 2006

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of governance

The Company believes that while its primary responsibility is to generate sustainable returns for all its stakeholders, it must also make a harmonious contribution to the socio-economic environment in which it operates. Toward these ends, the Company strives to follow two guiding principles.

- (i) The Company must not compromise on certain core values like Integrity, Statutory Compliance and Fairness in all of its internal or external dealings, transactions, financial statements or corporate announcements.
- (ii) The Company must always remain sensitive to the long-term societal implications of its businesses.

2. Board of Directors

The Board of Directors comprises of six non-executive directors, including the Chairman. Three of the six directors are independent directors.

The composition of the Company's Board of Directors is in conformity with the listing agreement.

The Company does not have any nominee director on its Board. Except for the Chairman and one non-executive director, all other directors are liable to retire by rotation as per the provisions of the Company's Act, 1956.

The composition of the Board of Directors and other relevant details relating to them are given hereunder:

Sr. No.	Name of Director	Category	No. of other Directorships *	No. of Mem. of other Board Comm.	Att. at Com. Board Meetings	Att. in Last AGM
**1.	Mr. Ram K. Piparaiya	Non-executive/ Chairman	Nil	Nil	6	Yes
2.	Mrs. Aparna Piparaiya	Non-executive	Nil	Nil	6	Yes
3.	Mr. Rishi Piparaiya	Non-executive	Nil	Nil	5	Yes
4.	Dr. Ashok Manghnani	Non-executive/ independent	Nil	Nil	4	No
5.	Mr. Alok Gupta	Non-executive/ independent	Nil	Nil	4	Yes
6.	Mr. Shashi Gupta	Non-executive/ independent	Nil	Nil	6	Yes

* Excludes directorship in private limited companies.

** Executive Director till September 30, 2005.

DATE OF BOARD MEETINGS: April 29, 2005, July 30, 2005, August 27, 2005, October 25, 2005, January 19, 2006 and March 28, 2006.

3. Audit Committee

The composition of the Audit Committee is as under:

1. Mr. Alok Gupta - Chairman
2. Mr. Shashi Gupta
3. Mrs. Aparna Piparaiya

The Chairman is a qualified Chartered Accountant. The first two members are independent directors. All the three members are non-executive directors.

TERMS OF REFERENCES OF AUDIT COMMITTEE:

- a) To ensure transparency, integrity, correctness, statutory compliance, and credibility of all financial statements or announcements before their submissions to the Board.
- b) To hold periodic discussions with statutory auditors on the scope and content of audit; and to recommend the appointment, removal and remuneration of auditors.
- c) To review with management the adequacy of Company's internal control systems and the action taken on auditors' reports.

- d) To apprise the Board on the impact of accounting policies, standards and legislation.
- e) To examine and report on the Company's financial and risk management policies and major defaults if any.

DATE OF AUDIT COMMITTEE MEETING: April 29, 2005, July 30, 2005, October 25, 2005 and January 19, 2006.

4. Remuneration of Directors

The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings.

Until September 30, 2005, the executive director, Mr. Ram K. Piparaiya has been paid an all-inclusive remuneration of Rs.25,000/- p.m. as approved by the shareholders through a Special Resolution at the AGM held on September 30, 2002.

The Company does not have any perquisites, performance-linked incentive, bonus, stock option or any other benefit for any of its directors.

5. Shareholder's Committee

The Shareholder's Committee is headed by Mrs. Aparna Piparaiya, a non-executive director. Mr. Ram K. Piparaiya, Chairman of the Board of Directors also serves as Compliance Officer.

- (i) No. of Shareholder's complaints received Nil
- (ii) No. of complaints not redressed and pending as on date Nil
- (iii) No. of share transfers pending for more than a fortnight Nil

6. General Body Meeting

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Location of the Meeting	Time
2002-03	30-9-2003	C-106, Mittal Court, Nariman Point, Mumbai	5.00 p.m.
2003-04	30-9-2004	C-106, Mittal Court, Nariman Point, Mumbai	5.00 p.m.
2004-05	30-9-2005	C-106, Mittal Court, Nariman Point, Mumbai	5.00 p.m.

In March 2005, the Company had obtained Members' consent through Postal Ballot for making two associate companies its wholly owned subsidiaries. 99.61% of votes cast were in favor of the Resolution. Its implementation was completed in the current financial year.

The Company has put forward two Special Resolutions before the members at the ensuing Annual General Meeting. These relate to delisting from regional Stock Exchanges and reissue of forfeited shares.

7. Disclosures

The Company has been complying with all statutory requirements and no penalties or strictures have been imposed on it by SEBI, BSE or any regulatory or statutory body on any matter.

8. Means of Communication

The quarterly, half yearly and full year results are published in English (Free Press Journal) and Marathi (Navshakti Times) daily newspapers. These are not sent individually to the shareholders.

The Company did not make any presentation to any institutional investor or to any analyst.

9. General Shareholder Information

ANNUAL GENERAL MEETING

- (i) Date and Time: September 30, 2006, at 5.00 p.m.
Venue: Company's Registered Office at C-106, Mittal Court, Nariman Point, Mumbai – 400 021.
- (ii) Financial year: April – March
- (iii) Book Closure Date: September 28-30, 2006 (both days inclusive)
- (iv) Dividend Payment Date: Not Applicable
- (v) Listing on Stock Exchange: Listed on the Stock Exchange in Mumbai.
Also dormant listing on Stock Exchanges in Delhi and Kanpur.
- (vi) Stock Code: 512219

(vii) Market Price Data (Monthly High/Low on BSE):

Date	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2005	7.33	4.10	20,250	75
May 2005	14.20	5.31	198,661	579
June 2005	18.87	9.00	332,596	1249
July 2005	23.95	18.10	172,171	816
August 2005	19.80	16.20	171,926	592
September 2005	22.10	11.80	230,374	761
October 2005	13.25	7.99	19,381	78
November 2005	9.08	7.52	27,778	125
December 2005	8.20	5.61	16,648	70
January 2006	6.68	5.75	22,364	98
February 2006	5.71	4.75	17,521	67
March 2006	5.20	4.06	50,656	115

(viii) Comparative Performance: No meaningful comparison is possible with any index.

(ix) Share Transfer System:

All share transfer, dematerialization and related work is managed by a common agency, In time Spectrum Registry Ltd. Mumbai-78. Shareholders are requested to send all share transfer requests, demat/remat requests, correspondence relating to shares i.e. change of address, Power of Attorney, etc. to the registrar and transfer agents.

(x) Distribution of Shareholding:

1. CATEGORY-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2006

Category	No. of Shares	Percentage
Promoters	24,38,134	66.07%
Domestic Companies	1,18,587	3.21%
Indian Public	11,27,979	30.57%
NRI / OCB	1,700	0.05%
Others – Clearing Members	3,600	0.10%
Total	36,90,000	100.00%

2. SLAB-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2006.

NOMINAL VALUE OF RS.	SHAREHOLDERS NUMBER	%	NO. OF SHARES (Rs.10 each)	% TO EQUITY
Upto 2,500	1261	50.75	16,42,870	4.45
2,501 - 5,000	671	27.00	25,62,490	6.95
5,001 - 10,000	349	14.05	27,12,840	7.35
10,001 – 20,000	126	5.07	19,24,970	5.22
20,001 – 30,000	40	1.61	10,63,550	2.88
30,001 – 40,000	9	0.36	3,28,870	0.89
40,001 – 50,000	11	0.44	5,14,640	1.39
50,001 – 1,00,000	5	0.20	3,36,600	0.91
1,00,001 & Above	13	0.52	25,813,170	69.96
TOTALS	2485	100.00	36,90,000	100.00

(xi) Dematerialization of Shares:

The Company's shares are available for trading in dematerialized form under both the Depository Systems – NSDL and CDSL. Connectivity with both NSDL and CDSL is provided by Intime Spectrum Registry Ltd, Mumbai – 400 078 under tripartite agreements. The distribution of dematerialized and physical shares as on March 31, 2006 was as follows:

	No. of shares	%
1. Dematerialized Shares		
NSDL	28,64,568	77.63%
CDSL	1,71,324	4.64%
	<u>30,35,892</u>	<u>82.27%</u>
2. Physical Shares	6,54,108	17.73%
Total	36,90,000	100.00%

(xii) Outstanding GDR/ADR/Warrants/Convertible instruments etc:

There are no outstanding securities. However, there are calls in arrears amounting to Rs.5,55,050/-

10. Compliance Certificate from the Auditors of the Company.

**Auditors' Certificate on Compliance with the conditions of Corporate Governance
Under Clause 49 of the Listing Agreement**

To,
The Members of Aridhi Hi-Tech Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Aridhi Hi-Tech Industries Limited (the Company) for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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.
4. We state that in respect of investor grievances received during the year ended March 31, 2006, no investor grievances are pending against the Company as on August 28, 2006, as per the records maintained by the Company and presented to the Shareholder's/Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Mumbai August 28, 2006

DEEPAK A. SHAH
Chartered Accountants
Membership No. 45163

AUDITORS' REPORT

To,
The Shareholders,
ARIDHI HI-TECH INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Aridhi Hi-Tech Industries Ltd., as at 31st March, 2006, Profit and Loss Account for the year ended 31-03-2006 and also 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.

- I As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in para 4 and 5 of the said order.
- II Further to our comments in the annexure referred to in para (1) above :
 - a) 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.
 - b) 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 such books.
 - c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement referred to in our report are in agreement with the books of account.
 - d) The Balance Sheet and Profit & Loss Account and Cash Flow Statement of the Company comply with the Accounting Standards as is required under Section 211(3C) of the Companies Act.
 - e) On the basis of the written representations from the directors of the Company as at 31st March, 2006 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (G) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the notes thereon, comply with the accounting standards

referred to in Section 211(3c) of the Act, give the information required by the Act in the manner so required and give a true and fair views in conformity with the Accounting Principles Generally accepted in India in case of:

- i) The Balance-Sheet, of the state of affairs of the Company as at March 31st, 2006.
- ii) The Profit & Loss Account, of the 'profit' of the Company for the year ended on that date.
- iii) The cash flow statement for the year ended on that date.

Mumbai, August 28, 2006

For DEEPAK A. SHAH
Chartered Accountants
Deepak A. Shah, Proprietor
Membership No. 45163

ANNEXURE TO THE AUDITOR'S REPORT

RE: ARIDHI HI-TECH INDUSTRIES LIMITED

(Referred to in Paragraph (1) of our report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at the end of the year and as explained to us, no material discrepancies were noticed on such verification. In our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
2. As explained to us, none of the fixed assets have been revalued during the year.
3. According to information and explanations provided to us, the stock of Books have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to information and explanations provided to us, the procedures of physical verification of the stock of Books followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
6. On the basis of our examination of records, we are of the opinion that the valuation of stock of Books is fair and proper and in accordance with normally accepted accounting principles, and are on the same basis as in the preceding year.
7. According to information and explanations provided to us, the Company has taken loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 and from the companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956. In our opinion, the terms and conditions of such loans are prima-facie not prejudicial to the interest of the Company.
8. According to information and explanations provided to us, the Company has not granted interest free unsecured advances / deposits to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956. 9. According to information and explanations provided to us, the Company has granted interest free loans to its staff who are repaying it regularly.
10. In our opinion and according to information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, shares, plant & machinery, equipments and other assets and with regard to sale of goods and shares.
11. In our opinion and according to information and explanations provided to us, the transaction of purchase and sales of shares, material or services made in pursuance of the contracts or arrangements falling under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- or more in respect of each party, have been made at the prices which were reasonable having regard to prevailing market prices for such services made with other parties.
12. As explained to us, adequate provision has been made in the accounts in respect of unserviceable or damaged stores, if any.
13. In our opinion and according to information and explanations provided to us, the Company has not accepted deposits within the meaning of Section 58-A, of the Companies Act, 1956 and the rules made thereunder during the year.
14. The Company's operations do not generate any by-product and the sale of scrap is insignificant;
15. In our opinion, the Company has an internal audit system, commensurate with its size and nature of its business.
16. As explained to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 to the Company.
17. According to the information and explanations given to us, Employees State Insurance Act is applicable to the Works of the Company. As explained to us the payments are generally regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March 2006 for a period of more than six months from the date they become payable.