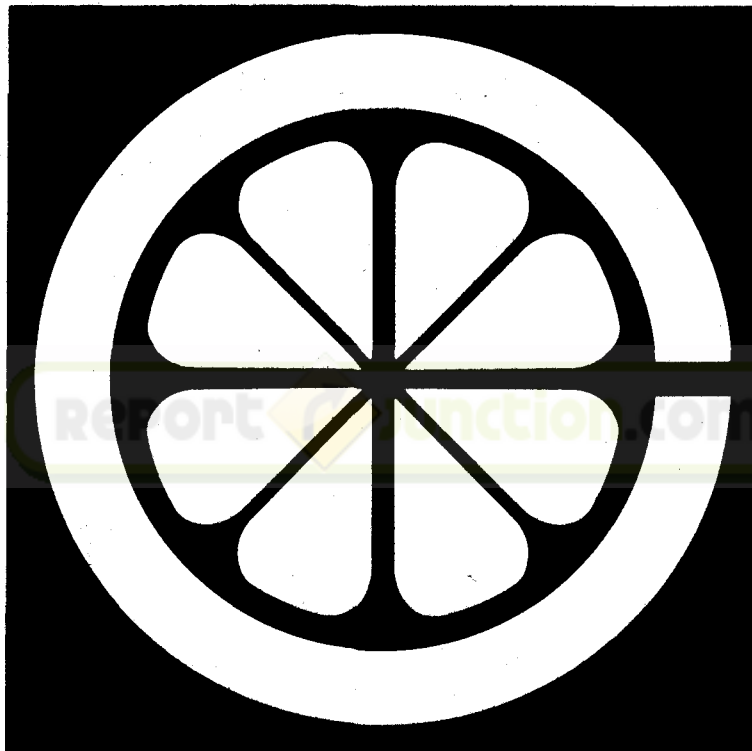


CITURGIA BIOCHEMICALS LIMITED



**Annual Report
2005-2006**

ANNUAL REPORT 2005-2006**DIRECTORS (As on 30th June, 2006)**Mr. P. V. Kuppaswamy, *Chairman*

Mr. A. K. Hirjee

Mr. R. N. Sethna

Mr. Jehangir N. Wadia

Mr. S. R. Lohokare (*Managing Director*)**BANKERS**

Union Bank of India

Oriental Bank of Commerce

SOLICITORS

Crawford Bayley & Co.

AUDITORS

Nanubhai & Co.

Chartered Accountants

REGISTERED OFFICENeville House, J. N. Heredia Marg,
Ballard Estate, Mumbai 400 001.**FACTORY**

Rishikesh, Uttaranchal.

REGISTRAR & TRANSFER AGENTS**SHAREPRO SERVICES (INDIA) PVT. LTD.**Satam Industrial Estate,
Cardinal Gracious Road,
Above Bank of Baroda,
Chakala, Andheri (E),
Mumbai- 400 099.

Tel. Nos.: 2821 5168 / 2820 2114 / 2820 2108

Fax No. : 2837 5646

Additional Service Centre:912, Raheja Centre,
Nariman Point,
Mumbai 400 021.

Tel. Nos. : 2288 1568 / 2288 1569

2288 4527 / 2282 5163

Fax No. : 2282 5484

CONTENTS

Notice	2
Director's Report	5
Management Discussion & Analysis	9
Corporate Governance Report	10
Auditor's Report	17
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Schedules to Balance Sheet	23
Schedules to Profit & Loss Account	26
Notes to Accounts	28

CITURGIA BIOCHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the THIRTY FIRST Annual General Meeting of the Members of CITURGIA BIOCHEMICALS LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubhash Marg, Behind Prince of Wales Museum, Kalaghoda, Mumbai: 400 001 on Wednesday, 6th September, 2006 at 11.30 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. R. Lohokare, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Messrs Nanubhai & Co., Chartered Accountants, as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :-
"RESOLVED THAT the vacancy caused by the retirement by rotation of Mr. Jehangir N. Wadia, who has not sought re- appointment, be not filled in at this meeting or at any adjournment thereof."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. The instruments appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the business at Item no. 4 of the Notice as set out above, is annexed hereto.
- (c) The Share Transfer Books and the Register of Members of the Company will remain closed from Wednesday, 30th August, 2006, to Wednesday, 6th September, 2006, both days inclusive.
- (d) Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrars & Share Transfer Agents, M/s.Sharepro Services (India) Pvt. Ltd. (R & TA), at Satam Industrial Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, or at 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, in respect of their physical share folios, if any, quoting their folio numbers.
- (e) The unclaimed dividends for the financial year ended 31st March, 1994 and preceding years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956 (the Act). Members who have not encashed their Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

Unclaimed dividends for the financial years ended on 31st March, 1995, 31st March, 1996, 31st March, 1997 and 31st March, 1998 were transferred to the Investor Education and Protection Fund (IEPF) as required in terms of Section 205A read with Section 205C of the Act. No claim shall lie against IEPF or the Company in respect of the unclaimed amount transferred to IEPF.

In terms of Section 205A read with Section 205C of the Companies Act, 1956, dividends for the financial years ended 31st March, 1999 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to IEPF. The last dates for claiming unpaid dividends are given in the table below:

Financial Year	Date of Declaration of Dividend	Last date for Claiming Unpaid Dividend
1998-1999	4-Aug-99	3 Aug-06
1999-2000	3-Aug-00	2-Aug-07
2000-2001	25-Jul-01	24-Jul-08

ANNUAL REPORT 2005-2006

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's R & TA, at the address given above, quoting their folio numbers/ DP ID & Client ID. It may be noted that once the unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

- (f) In terms of Section 109A of the Companies Act, 1956, every holder of shares/ debentures in a Company, may at any time, nominate in the prescribed manner, a person to whom his/her shares/debentures in the Company shall vest, in the event of his/her death. Members, who wish to avail of this facility, may fill the prescribed Form No.2B and forward the same to R & TA, at either of their addresses given above. The prescribed Form No.2B can be obtained from the Company or from R & TA.
- (g) Members/ Proxies should bring the Attendance Slip sent herein duly filled in for attending the Meeting.
- (h) Members are requested to bring their copy of the Annual Report to the Meeting.
- (i) Members desiring any information / clarification as regards the Accounts are requested to write to the company at least 10 days before the Annual General Meeting to enable the Management to reply at the Meeting
- (j) As required in terms of Paragraph VI(A) of Clause 49 of the Listing Agreement, the details of the Director being appointed / re-appointed are furnished below:

Mr. S. R. Lohokare

Mr. S. R. Lohokare, 55, is a B.Tech. (Hons) in Chemical Engineering from the Indian Institute of Technology, Mumbai. He is also a PGDIM and Master of Financial Management from Bombay University.

Mr. Lohokare has over 33 years' experience in Chemical Industry. He is presently the Managing Director of Citurgia Biochemicals Limited and National Peroxide Limited.

He started his career with The Associated Cement Companies Limited (ACC) where he worked for over 14 years. Thereafter, he worked for Indian Petrochemicals Corporation Limited (IPCL) and Deepak Nitrite Limited for 5 and 4 years respectively. He joined National Peroxide Limited in April 1997 as Vice-President (Technical) and was promoted as Wholetime Director on 1st May, 1998 and as a Wholetime Director of Citurgia Biochemicals Ltd. on 1st August, 2002. He was re-designated as Managing Director of the Company w.e.f. 28th October, 2004.

Mr. Lohokare is a recipient of the President's Silver Medal for standing 1st amongst Chemical Engineering students and is also a recipient of the Indian Institute of Chemical Engineers Award for Excellence in Process Development and Product Design in 1986 instituted by Indian Explosives Limited.

He is also recipient of the Best Chief Executive Gold Award sponsored by Lal Bahadur Shastri Memorial National Award for Excellence in Indian Industries, in 2000 and 2002.

Mr. Lohokare does not hold any shares of the Company.

Outside Directorships: National Peroxide Ltd. (Managing Director); Naperol Investments Ltd.

Committee Memberships: National Peroxide Ltd. (Share Transfer / Shareholders' Grievance Committee); Citurgia Biochemicals Ltd. (Share Transfer / Shareholders' Grievance Committee)

By Order of the Board of Directors
For CITURGIA BIOCHEMICALS LIMITED

S. R. LOHOKARE
MANAGING DIRECTOR

Registered Office :
Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai - 400 001

Mumbai, 30th June, 2006.

CITURGIA BIOCHEMICALS LIMITED**ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173 of the Companies Act, 1956**

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 4 of the accompanying Notice of the Annual General Meeting dated 30th June, 2006.

Item No. 4

Mr. Jehangir N. Wadia retires by rotation at this Annual General Meeting of the Company. However, he has intimated to the Company that he does not seek re-appointment. The Company does not propose to fill up this vacancy at this meeting or any adjournment thereof, but may do so at a later date. Hence, as required by section 256 of the Companies Act, 1956, a Resolution is proposed not to fill up the vacancy caused by the retirement of Mr. Jehangir N. Wadia at this meeting or any adjournment thereof.

None of the Directors, other than Mr. Jehangir N. Wadia, may be considered to be concerned or interested in the said Resolution.

By Order of the Board of Directors
For CITURGIA BIOCHEMICALS LIMITED

S. R. LOHOKARE
MANAGING DIRECTOR

Registered Office :
Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai – 400 001

Mumbai, 30th June, 2006.

Report  Junction.com

DIRECTORS' REPORT TO THE MEMBERS

The Directors present the audited Balance Sheet and Profit & Loss Account together with their Report thereon for the financial year ended 31st March, 2006:

Financial Results

	For the year ended 31 st March, 2006 Rs. in lacs	For the year ended 31 st March, 2005 Rs. in lacs
GROSS TURNOVER	—	—
Other Income	5.83	21.28
Provision for Interest written back	—	31.77
	5.83	53.05
(Loss) before Interest & Depreciation	(3.81)	(635.99)
Interest charge:	—	—
(Loss) before Depreciation	(3.81)	(635.99)
Depreciation	104.51	107.84
(LOSS) BEFORE TAXATION	(108.32)	(743.83)
ADD: Profit on sale of fixed assets / terminal adjustment to fixed assets (net) :	—	703.82
	(108.32)	(40.01)
TAXATION :		
Deferred Tax written back	103.68	580.00
Current Income Tax	—	—
PROFIT/ (LOSS) AFTER TAXATION	(4.64)	539.99
(Less)/Add : Income tax provision of earlier years (written off) / written back :	—	(0.36)
Add: Balance brought forward from Previous year:	(1,965.15)	(2,504.78)
BALANCE CARRIED TO BALANCE SHEET	(1,969.79)	(1,965.15)

Working Results

The Company's operations continued to be suspended throughout the year.

The Company has incurred, during the financial year under report, a loss after tax of Rs.4.64 lacs against a profit after tax of Rs. 539.99 lacs in the previous year.

In view of the accumulated losses, the Directors do not recommend payment of any dividend.

Operations:

The lock out declared at Rishikesh factory, with effect from 29th September, 2003 continues to be in force till date. The production and sales were nil during the year under review.

The Company is not optimistic about the future of its business in the current form as it has been incurring losses due to its high cost of production and shortage of funds read with the explanation furnished in the Note No. 1 in Schedule 'O' forming part of the accounts.

Finance and Accounts

Regarding the auditors' remarks in their report in para 4(vii) and (viii), appropriate explanation has been furnished in Note Nos. 1 to 3 in Schedule 'O' forming part of the accounts.

Industrial Relations

The 'lock out' declared at Rishikesh factory, with effect from 29th September, 2003, continues to be in force till date. The Government of Uttaranchal has referred the matter relating to lock out at Rishikesh factory to Industrial Tribunal for adjudication.

Status with BIFR

After registration of the Company's reference by the Hon'ble Board for Industrial & Financial Reconstruction ("BIFR") in May, 2003 vide reference no. 232/2003, the first hearing of BIFR took place on July 19, 2005. In the said hearing BIFR passed an Order declaring the Company as sick industrial company and also appointed the Union Bank of India as Operating Agency to examine the viability of the Company and formulate a rehabilitation scheme based on the Company's proposal for its revival ("the said Order"). Consequently, M/s. Bhide & Associates were appointed by the Company, on the recommendations of the Union Bank of India, for carrying out the Techno Economic Viability (TEV) study. Accordingly, M/s. Bhide & Associates carried out the TEV study, on the recommendation of the Union Bank of India and submitted their Report to the Union Bank of India. A copy of the same was forwarded by the Union Bank of India to the BIFR.

On the basis of the TEV Report, the Union Bank of India prepared a Draft Rehabilitation Scheme (DRS), which has been submitted to BIFR for circulation by them to all the parties concerned, for their opinion/ objections / comments to the various relief and concessions sought therein. A joint meeting of the Company and the Secured Creditors was also held.

CITURGIA BIOCHEMICALS LIMITED

In the interim, your Company has filed an appeal before the Hon'ble Appellate Authority for Industrial & Financial Reconstruction ("AAIFR") on September 22, 2005 against some of the conditions placed in the said order. Accordingly, on December 01, 2005, AAIFR stayed the direction contained at para 22 of the said order containing the restriction on the Company from changing the accounting year, accounting policies and any of its Directors or any changes at its' Board of Directors level without the specific permission of the BIFR.

Pending the final implementation of revival scheme by the BIFR, if any, the accounts have been prepared on a going concern basis as explained in Note No.1 of Schedule "O" forming part of the Accounts. This also may be treated as an explanation to the auditors' remarks in their report at para (4)(vii) and (viii).

Fixed Deposits

The Company has not accepted any fixed deposits during the year under review.

Insurance

Due to paucity of funds, the Company has not renewed the insurance policies with respect to the properties of the Company. Adequate security arrangements have, however, been made.

Directors

Mr. Jehangir N. Wadia, who has been associated with the Company since 1997, retires by rotation at the forthcoming Annual General Meeting. He has expressed his desire not to seek re-election. The Directors place on record their appreciation of the valuable contribution made by Mr. Jehangir N. Wadia during his long association with the Company. The Directors are of the view that the vacancy on the Board of Directors of the Company, so created, be not filled at present.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. S. R. Lohokare retires by rotation and being eligible, offers himself for re-appointment.

Directors' Responsibility Statement under Section 217(2AA) of the Companies Act, 1956

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- in the preparation of the annual accounts of CITURGIA BIOCHEMICALS LIMITED (the Company), the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- they have, in selection of the accounting policies, consulted the statutory auditors 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 at 31st March, 2006 and of the loss of the Company for the year ended 31st March, 2006;
- they have taken proper and sufficient care to the best of their knowledge and ability 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 preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going-concern basis.

Corporate Governance

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance, which is annexed to the Directors' Report.

Regarding Auditor's remarks in their Certificate on Corporate Governance, on non-compliance with Clause 49-I(A) and Clause 49-II of the Listing Agreement, appropriate explanations has been furnished in the Company's Report on Corporate Governance at para 2 and para 3(a).

Personnel

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

Auditors

Messrs Nanubhai & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo under Section 217(1)(e) of the Companies Act, 1956

The information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to this Report.

On behalf of the Board of Directors

R. V. KUPPUSWAMY
Chairman

Registered Office :
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai - 400 001.

Mumbai, 30th June, 2006

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY :

- (a) Measures taken : Nil
 (b) Additional Investments & Proposals : Nil
 (c) Impact of measures at (a) and (b) : Not Applicable
 (d) Total energy consumption and energy consumption per unit of production:

FORM A

A. Power and Fuel Consumption:

Calcium Carbonate
Division

2005-06

2004-05

1. Electricity:(a) Purchased:

Units	'000 KWH	Nil	Nil
Total amount	Rs./lac	Nil	Nil
Rate/Unit	Rupees	Nil	Nil

(b) Own Generation:(i) Through DieselGenerator:

Units per ltr. of Diesel Oil for	'000 KWH	Nil	Nil
DG Set	KWH	Nil	Nil
Cost/Unit	Rupees	Nil	Nil

(ii) Through GasEngine:

Co-generation Plant	'000 KWH	NIL	NIL
Units per SM ³ of Gas	KWH	NIL	NIL
Cost/Unit	Rupees	NIL	NIL

2. Coal :

Quantity	M.T.	Nil	Nil
Total Amount	Rs./lac	Nil	Nil
Average rate	Rupees	Nil	Nil

3. Furnace Oil /
Residual Furnace Oil :

Quantity	K.Ltrs.	Nil	Nil
Total Amount	Rs./lac	Nil	Nil
Average rate	Rupees	Nil	Nil

4. Others:(a) Pearl Coke:

Quantity	M.T.	Nil	Nil
Total Amount	Rs./lac	Nil	Nil
Average rate	Rupees	Nil	Nil

(b) Charcoal :

Quantity	M.T.	Nil	Nil
Total Amount	Rs./lac	Nil	Nil
Average rate	Rupees	Nil	Nil

(c) Kerosene Oil :

Quantity	K.Ltrs.	Nil	Nil
Total Amount	Rs./lac	Nil	Nil
Average rate	Rupees	Nil	Nil

CITURGIA BIOCHEMICALS LIMITED

(d) <u>Natural Gas:</u>		2005-06	2004-05
Quantity	000SM ³	NIL	NIL
Total Amount	Rs./lac	NIL	NIL
Average rate	Rupees	NIL	NIL

B. Consumption per unit of production:

Electricity	KWH/MT	Nil	Nil
Coal	MT/MT	Nil	Nil
Furnace Oil/			
Residual Furnace Oil	KL/MT	Nil	Nil
Coke	MT/MT	Nil	Nil
Charcoal	MT/MT	Nil	Nil
Biogas	M3/MT	Nil	Nil
Kerosene Oil	KL/MT	Nil	Nil
Natural Gas	SM ³ /MT	Nil	Nil

(B) TECHNOLOGY ABSORPTION:**FORM B**

Note: The Company's manufacturing operations continued to be suspended since March 2003 till date. Other relevant information has been given in the Directors' Report, under the head 'Operations' and 'Industrial Relations'.

A. RESEARCH AND DEVELOPMENT (R&D):

- Specific areas in which R&D carried out by the Company: **Nil**
- Benefits derived as a result of above R&D: **Nil**
- Future plan of Action: **Nil**
- Expenditure on R&D: **Nil**

Rs.in lac

- Capital **NIL**
- Recurring **NIL**
- Total **NIL**
- Total R&D expenditure as a Percentage of total turnover **NIL**

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts, in brief, made towards technology absorption, adaptation and innovation: **NIL**
- Benefits derived as a result of the above efforts: **NIL**
- Information regarding technology imported during the last 5 years: **NIL**

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Activities Relating to Exports:
There were no exports during the year under review.
- Total Foreign Exchange used and earned:
Used (including raw materials, spare parts, capital goods and other expenditure) **Nil**
Earned **Nil**

On behalf of the Board of Directors

P. V. KUPPUSWAMY
Chairman

Mumbai, 30th June, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company's operations continued to be suspended through out the year. The lock out declared at Rishikesh factory with effect from 29th September, 2003 continues to be in force till date. The production and sales were nil during the year under review.

OUTLOOK, OPPORTUNITIES AND THREATS

The Company is not optimistic about the future of this business in its current form where it has been incurring losses due to its high cost of production and shortage of funds.

RISK AND CONCERN

This is not discussed in detail since the Company's operations continued to be suspended through out the year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has not conducted internal audit for the year under report.

FINANCIAL PERFORMANCE

Discussion on financial performance with reference to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

HUMAN RESOURCES

Material development in human resources/ industrial relations front has been dealt with in the Directors' Report, under the head 'Operations' and 'Industrial Relations', which should be treated as forming part of this Management Discussion and Analysis. As at 31st March, 2006, the employee strength (on permanent rolls) of the Company was 241.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

Mumbai, 30th June, 2006