

NOTICE TO MEMBERS

Notice is hereby given that the 19th Annual General Meeting of Kiduja Industries Limited will be held on Friday, the 30th September, 2005 at 11.00 a.m. at the Conference Hall, 18th Floor, 'C' wing, Mittal Tower, Nariman Point, Mumbai – 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 2005 and the audited Balance Sheet as at that date, together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri. O.P. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

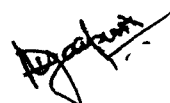
NOTES:

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. Proxies in order to be effective must be duly completed, stamped, signed and received the Company not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th Sept. 2005 to 30th Sept. 2005, both days inclusive.

Registered Office :

113-C, Mittal Tower,
Nariman Point,
Mumbai-400 021.
25th June, 2005.

By Order of the Board of Directors


ASHISH D. JAIPURIA
Chairman

Certified True Copy

KIDUJA INDUSTRIES LIMITED


DIRECTOR.

KIDUJA INDUSTRIES LIMITED**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors have pleasure to present their 19th annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2005.

Financial Results :	2004-2005 Amount in Rs.	2003-2004 Amount in Rs.
Gross Profit / (Loss)	(1,17,74,489)	37,63,178
Less : a) Financial Expenses	36,728	2,88,489
b) Depreciation	4,04,942	4,19,898
c) Provision for Taxation - Current	NIL	95,000
- Deferred	(30,035)	(94,970)
Loss for the Year	(1,10,32,468)	30,54,761
Less : Transferred to special reserve	NIL	2,11,000
Add/(Less) : Taxation adjustments of earlier years	(6,102)	(19,98,910)
Profit brought forward from previous year	61,62,425	53,17,574
Balance carried to Balance Sheet	(48,63,941)	61,62,425

Dividend : The management has decided that in the interest of the Company; profits earned during the year be retained for future growth.

Operations : During the year under review, Total Income was of Rs. 11.28 lakhs as compared to Rs. 190.59 lakhs during the previous year. The Company has shown net loss for the year of Rs. 110.32 lakhs as against net profit of Rs. 30.55 lakhs for the previous year.

Fixed Deposits : The Company has not invited or accepted any fixed deposits from the public, during the year under review. The Board of Directors of the Company has passed a resolution for non-acceptance of any public deposits.

Auditors' Observation : The management of your Company has been making efforts for registration of the Company as Non Banking Finance Company (NBFC) with Reserve Bank of India, which is pending. The management is hopeful of resolving the matter as early as possible.

The other observations in the Auditors' Report are self explanatory and need no further clarifications.

Directors : Mr. O.P. Agarwal retires by rotation at the conclusion of the 19th Annual General Meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement : As required under Section 217 of the Companies Act, the Directors hereby confirm that :

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ,
- b) The Directors had 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 at the end of the financial year and of the profit of the Company for that period ;
- c) 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 ;
- d) The Directors had prepared the annual accounts on a going concern basis.

Auditors : M/s. Lodha & Co., Chartered Accountants, the Company's Auditors retire at the conclusion of the ensuing Annual General Meeting. You are required to re-appoint them and to fix their remuneration.

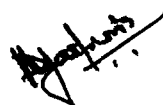
Particulars of Employees : Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975, as amended, regarding employees is not applicable since no employee draws remuneration of Rs. 24,00,000 per annum or Rs. 2,00,000 per month for a part of the year.

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 :

- a) The Company not being a Manufacturing Company is advised that parts A & B pertaining to Conservation of Energy and Technology Absorption are not applicable to the Company.
- b) There is no Foreign Exchange Earning and Outgo during the year under review and in the previous year

Acknowledgement : Your Directors take this opportunity to place on record their gratitude for the confidence reposed, co-operation extended and participation in the growth of the Company by Bankers, Suppliers, Customers and Investors, and appreciation of the dedicated services of the employees of the Company.

For and on Behalf of the Board of Directors



A. D. JAIPURIA
Chairman

Mumbai; 25th June, 2005

LODHA & COMPANY
CHARTERED ACCOUNTANTS

KIDUJA INDUSTRIES LIMITED

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STATEMENTS OF ACCOUNT
FOR THE YEAR ENDED
31ST MARCH, 2005

**6, KARIM CHAMBERS,
40, A. DOSHI MARG,
(HAMAM STREET)
MUMBAI- 400 023.**

E-Mail : mumbai@bdolodha.com

**LODHA
& CO****CHARTERED ACCOUNTANTS**

6, Karim Chambers, 40 A Doshi Marg,
(Hamam Street), Mumbai - 400 023.
Tel. : 2265 1140 / 2265 1190
: 2269 1414 / 2269 1515
Cable : "CERTIFIED"
Fax : 0091-22-2265 0126
Email : mumbai@bdolodha.com

AUDITORS' REPORT

TO THE MEMBERS OF
KIDUJA INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of KIDUJA INDUSTRIES LIMITED as at 31st March, 2005, the Profit and Loss Account 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.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 (hereinafter referred to as the 'Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - (a) 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;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act, to the extent applicable;


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- (e) 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 a director in terms of Section 274 (1) (g) of the Act;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to our comment at paragraph (g) below* and read together with Note no.7 in Schedule 'O' of Significant Accounting Policies and Notes on Accounts regarding long term investment and other notes in the said Schedule and elsewhere in the accounts, give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- (g) *as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 and as per RBI notification No. DNBS.(PD).CC.No. 16/02.01/2000-01 dated 27.06.2001, we further report that, as explained by the management, efforts are being made to obtain the necessary registration form and getting the Company registered as a Non-Banking Finance Company (NBFC).*

For LODHA & COMPANY
Chartered Accountants


(R. P. BARADIYA)
Partner
M. No. 44101.

Mumbai, 25th June, 2005

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF
EVEN DATE ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2005 OF KIDUJA INDUSTRIES LIMITED.**

In terms of information and explanations given to us and the books and records examined by us in normal course of audit and to the best of our knowledge and belief, we state that

1. a) The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management at reasonable intervals during the year and no discrepancies were noticed on such verification.
- c) No substantial part of the fixed assets has been disposed off by the Company.
2. During the year, the Company has taken interest free unsecured loans from 2 parties covered under Section 301 of the Act. The maximum amount involved during the year was Rs.2,55,97,000 and at the year end, balance was Rs.1,50,00,000. The terms and conditions on which loans have been taken are prima-facie, not prejudicial to the interest of the Company. The Company has repaid the loans as stipulated. The Company has not granted any loans, secured or unsecured, to parties covered under Section 301 of the Act.
3. There is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, no major weaknesses has been noticed in the internal control system.
4. There are no transactions that need to be entered into the register maintained under Section 301 of the Act.
5. During the year, the Company has not accepted any deposit within the meaning of Section 58A, 58AA and other relevant provisions of the Act and rules framed thereunder and read with NBFC regulations issued by Reserve Bank of India from time to time. As explained, *the Company could not get itself registered with Reserve Bank of India as a NBFC as provided in Section 45 - IA of Reserve Bank of India Act, 1934 so far inspite of efforts being made in this regard.*
6. *The Company does not have any formal internal audit system. However, as explained, effective internal controls are being exercised departmentally.*

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7. a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Cess and other material statutory dues with the appropriate authorities. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2005 for a period of six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, service tax, wealth tax, excise duty and cess, which have not been deposited on account of any dispute except the following :

Particulars	Forum where the dispute is pending	Amount in Rs.
Income Tax	Income Tax Appellate Tribunal	2,07,84,801
	Commissioner of Income Tax (Appeals)	61,65,023

8. The accumulated losses of the Company are not more than fifty percent of its net worth. The Company has incurred cash loss during the financial year covered by our audit but has not incurred the cash loss in the immediately preceding financial year.
9. The Company has not defaulted in repayment of dues to banks.
10. During the year, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion, the Company is not a chit fund or a nidhi/mutual fund benefit fund/society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. The Company has kept adequate records of its transactions and contracts in respect of dealing in shares, securities and timely entries have been made therein. All the shares and securities have been held in the name of the Company.
13. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
14. During the year, the Company has not obtained any term loan.

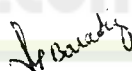
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15. According to the information and explanations given to us and on an overall examination of cash flow statement and balance sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.
16. During the year, 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.
17. During the year, the Company has not raised any money by way of issue of debentures.
18. The Company has not raised any money by way of public issue during the year.
19. To the best of our knowledge and belief and as represented to us by the management and on the basis of our examination, during the year no fraud on or by the Company has been noticed or reported to/by us during the course of our audit.

For LODHA & COMPANY
Chartered Accountants



(R. P. BARADIYA)
Partner
M. No. 44101.

Mumbai, 25th June, 2005