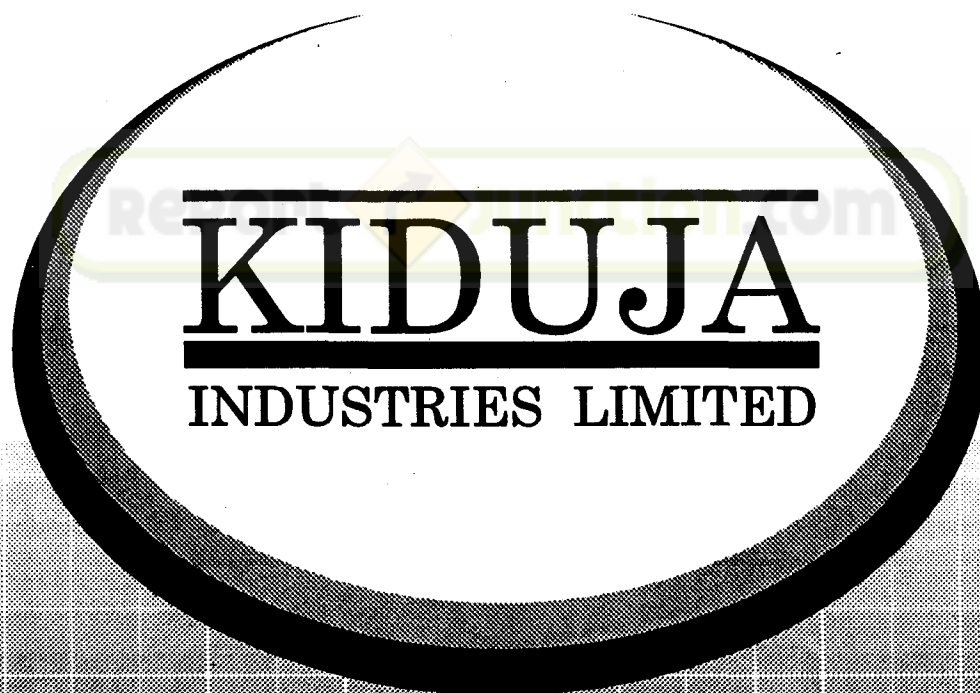


20TH
ANNUAL REPORT
2005-2006



KIDUJA

INDUSTRIES LIMITED

CONTENTS

	Page
Notice to Members	1
Directors' Report	4
Auditors' Report	5
Annexure to Auditors' Report	6
Compliance Certificate	7
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	12
Schedules to the Accounts	13

BOARD OF DIRECTORS

Ashish D. Jaipuria	Chairman & Executive Director
Mrs. Kirti D. Jaipuria	Director
O. P. Agarwal	Director

AUDITORS

M/s. Lodha & Co.
Chartered Accountants
Mumbai 400 023

BANKERS

CITI Bank N.A.
Fort,
Mumbai - 400 001

HEAD OFFICE

127 - B, Mittal Tower,
Nariman Point,
Mumbai - 400 021.
INDIA.

REGISTERED OFFICE

113-C, Mittal Tower,
Nariman Point,
Mumbai - 400 021.
INDIA.

REGISTRARS AND SHARE TRANSFER AGENTS

Intime Spectrun Registry Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel. : 91 - 22 - 25963838
Fax : 91 - 22 - 25946969
E-mail : isrl@intimespectrum.com

KIDUJA

INDUSTRIES LIMITED

NOTICE

Notice is hereby given that 20th Annual general Meeting of Kiduja Industries Limited will be held on Saturday, the 30th September, 2006 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, 2006 and the Audited Balance Sheet as at that date, together with the Reports of Directors' and the Auditors' thereon.
2. To appoint Mrs. Kirti D. Jaipuria who retires by rotation and being eligible, offers herself for reappointment, as a Director.
3. To reappoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"**RESOLVED THAT** subject to the provisions of sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act) (including any statutory modification or re-enactments thereof for the time being in force) read with Schedule XIII of the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Mr. Ashish D. Jaipuria as the Managing Director of the Company for the period of Five Years with effect from 1st July, 2006 and approval be and is hereby accorded to his remuneration on a salary of Rs. 1,75,000/- per month."

"**RESOLVED FURTHER THAT** the perquisite (including allowances) payable or allowable to the Managing Director be as follows:

1.	Housing	:	Furnished / unfurnished residential accommodation or House Rent allowance not exceeding 60% of the salary in lieu thereof
2.	Special/Other Allowances	:	Not exceeding 60% of salary
3.	Perquisites	:	Reimbursement of gas, electricity and house maintenance expenses subject to one month's salary.
4.	Medical Expenses	:	Medical expenses incurred for self and family as per the Company's Rule. Notwithstanding the ceiling specified in clause 2 above, if reimbursement of expenses under clause 3 and 4 claimed is less than the specified maximum limit the balance shall be added to the special/ other allowance on an annual basis
5.	Club	:	Fees of Club subject to maximum of two clubs. This will include annual membership but not admission fee and life membership fees.
6.	Commission	:	Such amount for each year as may be determined by the Board of Directors, not exceeding 10% of the net profits of the company as computed in accordance with the provisions of section 198, 349 and 350 of the Companies Act, 1956
7.	Contribution to Provident Fund, Superannuation Fund, Gratuity in accordance with the approved schemes of the Company In force from time to time would not be included in computation of ceiling on remuneration to the extent these either singly or put together are not taxable under Income Tax Act, 1961		
8.	Encashment of unavailed leave at the end of the tenure as per the Company's Rules shall not be included in the computation of the Managerial Remuneration.		
9.	Leave Travel Allowance for self and family not exceeding Rs. 2,00,000/- per annum.		
10.	Such other allowances, benefits, amenities and facilities as per the Company's Rules.		
11.	Provision of car for use on company's business and communication facilities at residence, would not be considered as perquisites.		

KIDUJA

INDUSTRIES LIMITED

The value of the perquisites and company furnished accommodation would be evaluated as per the Income tax Rules, 1962 wherever applicable and at the cost in absence of such Rule.

Provided the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Sections 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof."

"RESOLVED FURTHER THAT where in any financial year during the tenure of the Managing Director the Company earns no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration for a period not exceeding five years by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to receipt of the requisite approvals, if any."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act) (including any statutory modification or re-enactments thereof for the time being in force) read with Schedule XIII of the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions approval of the Company be and is hereby accorded to the appointment of Smt. Kirti Jaipuria as a Whole-Time Director of the Company for the period of Five Years with effect from 1st July, 2006 and approval be and is hereby accorded to her remuneration on a salary of Rs. 50,000/- per month."

"RESOLVED FURTHER THAT the perquisite (including allowances) payable or allowable to the Whole Time Director be as follows:

1.	Housing	:	Furnished / unfurnished residential accommodation or House Rent allowance not exceeding 60% of the salary in lieu thereof
2.	Special/Other Allowances	:	Not exceeding 60% of salary
3.	Perquisites	:	Reimbursement of gas, electricity and house maintenance expenses subject to one month's salary.
4.	Medical Expenses	:	Medical expenses incurred for self and family as per the Company's Rule. Notwithstanding the ceiling specified in clause 2 above, if reimbursement of expenses under clause 3 and 4 claimed is less than the specified maximum limit the balance shall be added to the special/ other allowance on an annual basis
5.	Club	:	Fees of Club subject to maximum of two clubs. This will include annual membership but not admission fee and life membership fees.
6.	Commission	:	Such amount for each year as may be determined by the Board of Directors, not exceeding 10% of the net profits of the company as computed in accordance with the provisions of section 198, 349 and 350 of the Companies Act, 1956
7.	Contribution to Provident Fund, Superannuation Fund, Gratuity in accordance with the approved schemes of the Company in force from time to time would not be included in computation of ceiling on remuneration to the extent these either singly or put together are not taxable under Income Tax Act, 1961		
8.	Encashment of unavailed leave at the end of the tenure as per the Company's Rules shall not be included in the computation of the Remuneration.		
9.	Leave Travel Allowance for self and family not exceeding Rs. 2,00,000/- per annum.		
10.	Such other allowances, benefits, amenities and facilities as per the Company's Rules.		
11.	Provision of car for use on company's business and communication facilities at residence, would not be considered as perquisites.		

The value of the perquisites and company furnished accommodation would be evaluated as per the Income tax Rules, 1962 wherever applicable and at the cost in absence of such Rule.

KIDUJA

INDUSTRIES LIMITED

Provided the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Sections 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof."

"RESOLVED FURTHER THAT where in any financial year during the tenure of the Whole Time Director the Company earns no profits or its profits are inadequate, the Company may pay to the Whole Time Director the above remuneration as the minimum remuneration for a period not exceeding five years by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (herein after referred to as 'Board' which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

Registered office:

113-C, Mittal Tower,
Nariman Point,
Mumbai- 400 021
29th August, 2006

By Order of the Board of Directors

Ashish D. JAIPURIA
Managing Director

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 by the Company not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Book of the Company will remain closed from 28th September, 2006 to 30th September, 2006, both days inclusive.

Annexure to the Notice

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956

Item No. 4:

The tenure of Mr. Ashish D. Jaipuria as an Executive Director has expired on 30th June, 2006. It was decided by the Board to appoint him as Managing Director for a period of five years at a remuneration decided between Board and the appointee himself with effect from 1st July, 2006 subject to necessary approvals. Accordingly the Board of Directors passed a Special Resolution in their Board Meeting held on 27th June, 2006 subject to the approval of shareholders in the Annual General Meeting. Hence this resolution is put forth before you for your approval.

None of the directors except Mr. Ashish D. Jaipuria himself and Smt. Kirti D. Jaipuria may be considered as interested in the said resolution.

Item No. 5:

Smt. Kirti D. Jaipuria is a Director of the Company. After considering the time and efforts devoted by her in the workings of the Company it was decided by the Board to appoint her as a Whole Time Director at remuneration decided by the Board subject to necessary approvals. Accordingly the Board of Directors passed a Special Resolution in the Board meeting held on 27th June, 2006 to appoint her as a Whole time Director for a period of five years with effect from 1st July, 2006 subject to the approval of shareholders in the Annual General Meeting. Hence this resolution is put forth before you for your approval.

None of the directors except Smt. Kirti D. Jaipuria herself and Mr. Ashish D. Jaipuria may be considered as interested in the said resolution.

Registered office:

113-C, Mittal Tower,
Nariman Point,
Mumbai- 400 021
29th August, 2006

By Order of the Board of Directors

Ashish D. JAIPURIA
Managing Director

KIDUJA

INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have pleasure to present their 20th annual report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2006.

Financial Results :	2005-2006 Amount in Rs.	2004-2005 Amount in Rs.
Income	79,941,768	1,128,007
Less: Expenses	9,450,294	12,019,156
Profit/(Loss) before Interest and Depreciation	70,491,474,	(10,891,149)
Less: Interest	801,715	36,728
Depreciation	340,801	404,942
Profit / (Loss) Before Tax	69,348,958	(11,332,819)
Less: Current Tax	23,500,000	—
Fringe Benefit Tax	12,000	—
Deferred Tax Liability (Asset)	(40,177)	(300,351)
Profit / (Loss) For the Year	45,877,135	(11,032,468)
Less : Transferred to special reserve	91,88,000	NIL
Add/(Less) : Taxation adjustments of earlier years	63,775	(6,102)
Profit/(Loss) brought forward from previous year	(48,63,941)	61,62,425
Balance carried to Balance Sheet	3,18,88,969	(48,63,941)

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.799.42 lakhs as compared to Rs. 11.28 lakhs during the previous year. The Company has shown net profit for the year of Rs.458.77 lakhs as against net loss of Rs. 110.32 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 : Smt. Kirti D. Jaipuria retires by rotation at the conclusion of the 20th Annual General Meeting and being eligible offers herself for re-appointment. Mr. Ashish D. Jaipuria has been appointed as Managing Director for the period of five years with effect from 1st July, 2006 and Smt. Kirti D. Jaipuria has been appointed as a Whole time Director for the period of five years with effect from 1st July, 2006 in the Board Meeting convened on 27th June, 2006 by passing a Special Resolution.

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- 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 ;
- 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 ;
- 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 :

- 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.
- 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 Investors, and appreciation of the dedicated services of the employees of the Company.

For and on Behalf of the Board of Directors

Ashish D. JAIPURIA
Chairman

Mumbai; 29th June, 2006

KIDUJA

INDUSTRIES LIMITED

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, 2006, 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 those 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;
 - (e) on the basis of written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 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, 2006;
 - ii) in the case of the Profit and Loss Account, of the profit 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 get the Company registered as a Non-Banking Finance Company (NBFC).*

For LODHA & COMPANY
Chartered Accountants

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

Mumbai, 29th June, 2006