

**17TH ANNUAL GENERAL MEETING**

Date : 22<sup>nd</sup> September, 2004  
Time : 11.A.M  
Place : "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

**BOARD OF DIRECTORS**

<b>SHRI A. K. BHUWANIA</b>	<i>Chairman</i>
<b>SHRI D. J. KAKALIA</b>	<i>Director</i>
<b>SHRI R. K. SARASWAT</b>	<i>Director</i>
<b>SHRI M. H. DALAL</b>	<i>Director</i>
<b>SHRI M. K. ARORA</b>	<i>Director</i>
<b>SHRI ASHISH BHUWANIA</b>	<i>Executive Director</i>
<b>SHRI ADITYA BHUWANIA</b>	<i>Executive Director</i>

**BANKERS**

Indian Bank  
Bank of India  
Union Bank of India

**Auditors**

M/s. M. L. Bhuwania & Co.  
Chartered Accountants  
Mumbai

**REGISTERED OFFICE**

Krishna House, Ground Floor,  
Raghuvanshi Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai-400013.

**REGISTRAR AND SHARE TRANSFER AGENT**

Bigshare Services Pvt. Ltd.,  
E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai-400 072.  
Tel: 022-2847 3474, 2847 0652

**EQUITY SHARES ARE LISTED AT:**

Mumbai & Calcutta

**WEBSITE**

[www.priyagroup.com](http://www.priyagroup.com)

**NOTICE**

NOTICE is hereby given that the **Seventeenth Annual General Meeting** of the members of **PRIYA LIMITED** will be held at "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 on Wednesday, the 22<sup>nd</sup> day of September, 2004 at 11.00 A.M. to transact the following business :

**ORDINARY BUSINESS :**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- 2) To appoint a Director in place of **Mr. D. J. Kakalia**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. M. K. Arora**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

**NOTES :**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The proxy form, in order to be effective, must be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 16<sup>th</sup> of September, 2004 to 22<sup>nd</sup> of September, 2004 (both days inclusive).
- 4) Members are requested to bring their copies of the Annual Report to the Meeting.
- 5) Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
- 6) (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their Folio number(s) to the company.  
(b) Members holding shares in electronic form are requested to advise immediately change in address, if any, quoting their Client ID no., to their respective Depository Participants.
- 7) Members are hereby informed that Dividends which remain unclaimed/unpaid over a period of 7 years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company, pursuant to sub-section (5) of Section 205A of the Companies Act, 1956, to a fund called the Investor Education & Protection Fund established by the Central Government under sub-section (1) of Section 205C of the Companies Act, 1956. Accordingly, the unpaid/unclaimed dividend for the year 1996-97 will become transferable at the end of seventh year to the said Investor Education & Protection Fund. Please note that no claim shall lie against the Fund or the Company in respect of the dividend amount so transferred to the Investor Education & Protection Fund. The shareholders are, therefore, advised to send their request for issue of Duplicate Dividend Warrants/revalidation of unencashed Dividend Warrants to the Company before the amount becomes due for transfer to the above Fund.
- 8) Members may avail of the facility of dematerialisation by opening Demat Accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised. The ISIN No. of the company is **INE686C01014**.
- 9) Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to the Company at its registered office atleast 7 days before the date of the meeting, so that the required information can be made available at the meeting.

For and on behalf of the Board

**A. K. Bhuwania**  
Chairman

**Registered Office:**

Krishna House, Ground Floor,  
Raghuvanshi Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai-400013

Place : Mumbai  
Dated : 12<sup>th</sup> June, 2004.

**DIRECTORS' REPORT**

To  
The Members,  
Your Directors hereby present the **17th Annual Report** along with the audited accounts for the financial year ended 31st March, 2004.

**FINANCIAL RESULTS**

	Year Ended 31-03-2004	(Rs. in Lakhs) Year Ended 31-03-2003
Sales		
Export	2011.42	1404.30
Local	11606.48	12431.33
	13617.90	13835.63
Other Income	202.41	183.98
	13820.31	14019.61
Profit/ (Loss) before Tax and Extra Ordinary Items	45.36	(174.49)
Provision for Doubtful Deposits	0.00	50.22
	45.36	(224.71)
Profit/ (Loss) before Tax and after Extra Ordinary Items	45.36	(224.71)
Provision for taxation- Current Tax	8.18	4.50
Provision for taxation-Deferred Tax	18.19	(64.01)
	18.99	(165.20)
Profit / (Loss) after tax	18.99	(165.20)
Taxation of earlier years	0.98	9.11
Balance brought forward	(140.84)	9.45
Transferred from Export Reserves	0.00	5.80
Balance carried to Balance Sheet	(120.87)	(140.84)

**DIVIDEND**

In view of the past accumulated losses, no dividend has been recommended by the Directors for the Financial Year 2003-04.

**OPERATIONS**

The aggregate turnover of your Company was Rs. 13618 Lacs in the year 2003-04 as compared to Rs. 13836 Lacs in the year 2002-03. The company has earned marginal profit before tax and extra ordinary items of Rs. 45.36 Lacs in 2003-04 as compared to a loss before tax and extra ordinary items of Rs. 174.49 Lacs in 2002-03.

The Company has been able to make marginal profit during the year and earned good profit in the 4th Quarter of 2003-04 on account of focusing on core activities and starting manufacturing of computer systems under the brand "KRYPTON" and reengineering exercise undertaken by the Management during the year including various cost control measures. Various financial parameters have started improving during the first quarter of current year.

Your Company's export business of dyestuffs, bulk pharmaceuticals and intermediates have shown reduction in turnover to Rs. 1135 lacs in 2003-04 from Rs. 1404 lacs in 2002-03. The reduction is mainly on account of global competition and its cheaper availability in International market. We are exploring the possibility of exporting to other European countries.

Your Company's local business of Electronic Division has also shown reduction in turnover from Rs. 12431 Lacs in 2002-03 to Rs. 11606 Lacs in 2003-04 mainly because of stiff competition in the market and custom duty reduction on major items by government which resulted in reduction of prices of all IT products during the year.

Your company has started exporting electronics components related to computer hardware during the year. Export of electronics items is Rs. 876 Lacs as compared to previous year Rs. nil.

In order to increase the business activities, your company has planned to capture greater market share in the key areas of Computer peripherals such as CPUs, Mother Boards, Hard Disk Drives, CD-ROM drives, Floppy Disk Drives, etc.. In this direction, brand building exercise has been undertaken by the company and the market has now accepted the Company's Krypton brand range of products. Due to reported substantial growth prospects in PC market, the Company is also

planning to enter into manufacture of Personal Computer Systems under its Krypton brand.

All the branches are adequately equipped to provide complete support to the customers. Internal control system is well established and cost consciousness in branch operations has led to improved profitability.

Your Directors are hopeful of better results for the Company in the current year.

**DIRECTORS**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. D. J. Kakalia and Mr. M. K. Arora, Directors will retire by rotation at the ensuing Annual General Meeting and they, being eligible, offer themselves for re-appointment.

**AUDITORS**

M/s. M. L. Bhwania & Co., Chartered Accountants who are to retire at the conclusion of the forthcoming Annual General meeting, have offered themselves for re-appointment as Auditors of the Company. A written certificate to the effect that their appointment, if made, would be within the prescribed limits under Section-224(1B) of the Companies Act, 1956, has been obtained by the Company from them. The members are requested to consider their reappointment and fix their remuneration.

**HUMAN RESOURCE**

Your company enjoys cordial relations with its employees. The key focus of your company is to attract, retain and develop talent. The Board wishes to place on record its appreciation of the contribution made by all employees during the year.

**REPORT ON CORPORATE GOVERNANCE**

The company has, pursuant to Clause 49 of the Stock Exchange Listing Agreement, complied with the requirements of Corporate Governance.

A Management Discussion and Analysis Report, a detailed report on Corporate Governance and a Certificate from the Auditors' regarding the compliance of Corporate Governance conditions are made part of this Annual Report.

**INSURANCE**

All insurable assets of the Company including inventories, warehouse premises etc. are adequately insured.

**BANKS**

Your Directors wish to place on record their appreciation of the support from Company's bankers, Indian Bank, Bank of India and Union Bank.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956, the directors confirm that :

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and have applied them consistently and made judgments 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 2003-04 and of the Profit of the Company for that the year ended on 31<sup>st</sup> March, 2004;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

**DEMATERIALIZATION**

Your company has tied up with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to enable the shareholders to trade and hold shares in electronic form. The shareholders are advised to take benefit of dematerialization.

**LISTING OF SHARES**

Company's shares have been listed with Stock Exchanges - Mumbai and Calcutta. The listing fees for the financial year 2003 - 2004 were duly paid.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:****Conservation of Energy:**

The scope for conservation of energy is limited in the type of industry in which your company is engaged. However, the company continues to accord high priority to conservation of energy by opting for more power effective replacements of equipment and electrical installations. No specific investment proposals are envisaged.

Form 'A' of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable as our industry is not included in the Schedule to the said Rules.



#### Technology Absorption:

Your company continues to utilize the R & D facilities available with it. The company has not imported any technology during the last five years.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information in respect of the foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the year ended March 31st, 2004.

#### PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the company has no employees

who were in receipt of the remuneration of Rs.24,00,000/- or more per annum during the year ended 31st March, 2004 or Rs.2,00,000/- or more per month during any part of the said year.

#### APPRECIATION

Your Directors wish to place on record their grateful thanks to the Banks and various Government Authorities for their valuable assistance and co-operation and for the trust and confidence reposed in the company by the shareholders.

For and on behalf of the Board

A. K. Bhuwania  
Chairman

Place : Mumbai

Dated : 12<sup>th</sup> June, 2004.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The company is engaged in the business of import/trade of electronic products and export of dyestuffs, bulk pharmaceuticals, intermediates and electronic products.

#### 1.1 Industry Structure and developments

**Electronics Division:** The structure in the electronics business is based on five tier system, mainly consists of Manufacturer, Distributor, Prime Dealer, System Integrator/Re-sellers and Actual Users.

As per International Data Corporation (IDC) Report, the IT market has seen a growth of about 11% in 2003-04. The overstocking done last year due to the market decline is now over, and things are looking brighter for the next fiscal year.

**Chemical Division:** There is a changed situation in the Latin American markets. The economic situation has improved in Brazil and other areas. As for Argentina, while the Indian Govt. is still trying to be cautious, the situation there has definitely changed for the better compared to the very bad days experienced. Priya's experience is very satisfactory with the Argentinian buyers and this is definitely a boosting factor which can increase the business in the coming year. There are very good responses from CIS countries to Indian dyes and with the Asian scene continues to be bright we expect a better projection in the coming year.

#### 1.2 Opportunities and Threats

**Electronics Division:** We have started promoting many products under our own brand - 'KRYPTON'. There has been widespread use of different media (IT trade Magazines, Local Newspapers) over the last three and a half years to create and increase the awareness of this brand and now 'KRYPTON' is well accepted and respected in the market as a high quality brand. We would be introducing more products in our brand to leverage our brand equity. We have already introduced our own 'KRYPTON' branded systems. One of our systems has been given the 'Best Performance PC' award by PC Quest magazine, one of the leading IT magazines.

The technology is changing fast and the obsolescence period is also getting shorter, therefore, we need to get the right products at the right time and then move them fast enough to avoid adverse impact of obsolete inventory.

**Chemical Division:** We have reduced our portfolio of the very low return products. Certain products for the specialized and high-end applications have been established and work continues to further enlarge the business on these ranges.

The chemicals and dyes industry is seeing a geographic shift in consumption – with the 'Western' markets of Europe and America losing at the expense of emerging countries in Asia and East Europe. Competition continues to be intense both from Indian and other South East Asian companies.

#### 1.3 Segment-wise or product-wise Performance

**Electronics Division:** There was a steady turn over this year as compared to last year with Segment Result, before adjustment for unallocated expenses (net) and provisions for taxation, increasing to Profit of Rs. 285.08 lacs from previous year's corresponding Loss of Rs.0.30 lacs.

**Chemical Division:** The turnover has come down by 19%, and the margin on the dyes and chemicals sales has marginally decreased in the same period.

#### 1.4 Future Outlook

**Electronics Division:** The future trend, in the IT industry is looking brighter. As per Manufacturers' Association for Information Technology (MAIT) / International Data Corporation (IDC), a growth of 14% is expected in the next fiscal year. We

are very buoyant on hearing this, and are working aggressively towards surpassing this growth figure.

In India, IT industry will grow in the Year 2004-05 by 20% to 40%, we are also aiming to capture the major share of growth.

**Chemical Division:** We have ventured out to newer products and areas. We have introduced new products and also dyes in Liquid forms and they have been received well by our customers. We have also introduced a range of Agro chemicals, Leather chemicals and Stains/Indicators in the market. The diversification with these newer ranges we hope to improve the volumes and also the income during the current financial year

#### Risk and concerns

**Electronics Division:** One of the biggest risk factors is the currency movement. Moreover, the policies of different state governments towards IT are also uncertain. Quite a few state governments are increasing taxation on the IT products. Value added tax (VAT) implementation has been postponed; this could slow down growth in the segment and encourage 'Unfair Business Practices.'

Keeping default ratio in the Channel trade in mind our company has restricted business to only those organizations with better financial background.

**Chemical Division:** There is a stiff competition in the international market which shows no signs of easing. Supply continues to be greater than demand forcing unrealistic price competition in many cases. Our company will continue in its plan – which is to expand volumes for existing products into new markets and new products for existing markets.

#### 1.5 Internal control systems and their adequacy

The company has adequate internal control systems/procedures in place covering all facets of business. The internal control systems/procedures are reviewed periodically and updated/modified on need basis. The company has an effective information technology system support in various important operational and financial areas to facilitate control systems.

The Internal control systems/procedures are commensurate with the size and nature of the business of the company.

#### 1.6 Discussion on financial performance with respect to operational performance

The company has achieved a sales turnover of Rs 13,618 Lacs in the year 2003-04 as compared to Rs. 13,836 Lacs in 2002-2003, reflecting stagnancy. The company has earned a profit (before tax and extra ordinary items) of Rs 45.36 Lacs as compared to a loss of Rs. 174.49 Lacs in the previous year.

#### 1.7 Material Developments in Human Resources/Industrial Relations front, including number of people employed

**Human Resources:** Human Resources Development activities predominantly comprised of training and development of employees. Modification of certain HR Policies is done for optimum utilization of human resources to make it more objective and focused.

There is a system in place for the development of Human Resource in the company. The Developmental activities are taken up by the company from time to time, comprising of Training and Development of all of its employees and are commensurate with the size and nature of the business of the company.

**Industrial Relations:** Industrial Relations through out the year continued to remain very cordial and satisfactory.

**CORPORATE GOVERNANCE**
**1. COMPANY'S PHILOSOPHY**

Corporate Governance is increasingly being stressed in today's competitive business scenario. Your Company always believed that good corporate governance leads to efficiency and excellence in the operations of a Company. Your company endeavors to fulfill its various obligations towards the customers, shareholders, employees and society at large in a manner acceptable to various interest groups as well as the corporate philosophy. During the year under review, the company continued its pursuit of achieving its objectives through the adoption and monitoring of the corporate strategies, prudent business plans, monitoring of major risk of the company's business and pursuing the policies and procedures to satisfy its legal and ethical responsibility. The company has been sharing with you from time to time various information through newspaper notices and its website and through this report. In addition, we give below the information on areas covered under Corporate Governance.

**2. BOARD OF DIRECTORS**

The Board of Directors consists of 7 Directors as on March 31<sup>st</sup>, 2004. The Board of Directors has an optimum combination of executive and non executive Directors with 70 % of the directors being non-executive. The particulars of Directors, their category, attendance and other directorship, membership/chairmanship of the Committees are as under:

Name of Director	Category	Attendance		No. of outside directorships and Committee membership / Chairmanship		
		Board Meeting*	AGM**	Public Limited Company	Committee membership	Chairmanship
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	5	Yes	2	-	-
Mr. R. K. Saraswat	Independent /Non-Executive Director	6	Yes	2	2	2
Mr. M. K. Arora	Independent/Non-Executive Director	6	No	4	-	-
Mr. D. J. Kakalia	Independent/Non-Executive Director	-	No	2	1	-
Mr. M. H. Dalal	Independent/Non-Executive Director	6	Yes	-	-	-
Mr. Ashish Bhuwania	Promoter/Executive Director	-	No	-	-	-
Mr. Aditya Bhuwania	Promoter/Executive Director	6	Yes	-	-	-

\* 6 Board Meetings were held during the financial year 2003-04 at the Registered Office of the company on the following dates: **June 30<sup>th</sup>, 2003, July 22<sup>nd</sup>, 2003, July 31<sup>st</sup>, 2003, August 18<sup>th</sup>, 2003, Oct 31<sup>st</sup>, 2003, Jan 31<sup>st</sup>, 2004.**

\*\* Annual General Meeting (AGM) was held on August 30<sup>th</sup>, 2003.

**3. AUDIT COMMITTEE**
**A) Terms of Reference:**

**The Audit Committee has the powers, which includes the following:**

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The Role of Audit Committee includes the following:**

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.



- f) Discussion with internal auditors on any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### **B) Composition of Audit Committee**

The committee duly comprised the following Non-Executive Directors:

- (1) Mr. R.K. Saraswat – Chairman
- (2) Mr. M.H. Dalal
- (3) Mr. D.J. Kakalia
- (4) Mr. M.K. Arora

The Company Secretary of the company has acted as the secretary of the Committee.

\* The Company Secretary of the Company has resigned on the 26<sup>th</sup> of February, 2004.

#### **C) Meeting and Attendance during the year**

Four Meetings of the Committee were held during the year on June 30th, 2003, July 31<sup>st</sup>, 2003, October 31<sup>st</sup>, 2003 and January 31<sup>st</sup>, 2004. The Statutory Auditors of the Company are invitees to each meeting of the Audit Committee. The Audit Committee Reviewed the Internal Control Systems existing in the Company. The Committee discussed with the Internal Auditor their Audit Methodology, Audit Planning and significant observations/suggestions made by them in their internal audit reports. The Committee also discussed major issues related to risk management and compliances.

Name of the committee member	Number of meeting attended
1. Mr. R.K. Saraswat	4
2. Mr. M.H. Dalal	4
3. Mr. D.J. Kakalia	-
4. Mr. M.K. Arora	4

The minutes of the Audit Committee are placed before and confirmed by the Board of Directors. The Chairman of the Audit Committee has attended the Previous Annual General Meeting of the Company.

### **4. REMUNERATION COMMITTEE**

#### **A) Terms of Reference**

The Remuneration Committee shall have the powers to determine the Company's Policy on specific remuneration packages for Directors and issues within the framework of the provisions and enactment governing the same.

#### **B) Composition of the Committee**

The remuneration Committee duly comprised of the following non-executive Directors namely:

- (1) Mr. M.H. Dalal - Chairman
- (2) Mr. D.J. Kakalia
- (3) Mr. R.K. Saraswat
- (4) Mr. M.K. Arora

#### **C) Meetings and Attendance during the year**

The Committee meeting was held on April 22nd, 2003 in which the details of the remuneration/sitting fees paid to all directors during the year 2002-2003 was placed and the committee took note of it. The committee also discussed at length the proposal for payment of remuneration to Mr. Ashish Bhuwania and Mr. Aditya Bhuwania as a whole time Director and recommended the same to Board for consideration. All the members of the Committee attended the said meeting.

#### **D) Remuneration Policy**

To compensate the whole time directors of the Company for the efforts put in by them.

**E) Director's Interest in the Company**

Name of Director	Category	Salary(in Rs.)	Sitting Fees(in Rs.)
Mr. A.K. Bhuwania	Promoter/Non-Executive Chairman	NIL	750/-
Mr. R.K. Saraswat	Independent/ Non Executive Director	NIL	12,000/-
Mr. M.K. Arora	Independent/ Non Executive director	NIL	12,000/-
Mr. D.J. Kakalia	Independent/Non-Executive Director	NIL	NIL
Mr. M.H. Dalal	Independent/Non-Executive Director	NIL	1,000/-
Mr. Aditya Bhuwania	Promoter/Executive Director	6,01,000/-	NIL
Mr. Ashish Bhuwania	Promoter/Executive Director	15,00,000/-	NIL
	<b>TOTAL</b>	<b>21,01,000/-</b>	<b>25,750/-</b>

- Notes : (a) The company does not have policy of paying commission on profits to any of the Directors of the company.  
 (b) Presently, the company does not have a scheme for grant of stock options either to the whole-time Directors or employees.

**5. SHAREHOLDER/INVESTOR GRIEVANCE COMMITTEE**
**A) Terms of Reference**

The Company has formed an Investors' / Shareholders' Grievance Committee with the following terms of reference:

- (1) Ensure redressal of the shareholders and investors complaints relating to transfer of shares, non-receipt of balance sheet etc.
- (2) Redressal of investors' complaints in respect of non-receipt of dividends.

**B) Composition of the Committee**

The committee duly comprised of the following non-executive Directors, namely:

- (1) Mr M K Arora - Chairman
- (2) Mr A K Bhuwania
- (3) Mr R K Saraswat
- (4) Mr M H Dalal

The Company Secretary was the Compliance Officer for handling Share Holders' Grievances till she resigned on the 26<sup>th</sup> of February, 2004. Mr. E. Isaac, DGM Finance & Accounts was appointed Compliance Officer in her place on the 19<sup>th</sup> of April, 2004

**C) Attendance during the year**

The Committee meetings were held on July 31<sup>st</sup>, 2003 and October 31<sup>st</sup>, 2003 in which the details of complaints received from investors were discussed. During the year under review, 28 investor complaints regarding change of address, non-receipt of shares after transfer, non-receipt of demat credit etc. were received and all were resolved. No investor complaints were pending as on 31<sup>st</sup> March, 2004.

**6. GENERAL BODY MEETING**

Details on Annual General Meetings

6.1 Location and time, where last three Annual General Meetings were held:

Year	Location	Date & Year	Time
2002-03	"Hall of Quest", Nehru Planetarium, Nehru Centre,, Dr. Annie Besant Road, Worli, Mumbai – 400018	August 30, 2003	11:00 a.m.
2001-02	Bombay YMCA Seminar Room, Central Branch, 12, N. Parekh Marg, Colaba, Mumbai-400 039	September 25th, 2002	3:00 p.m.
2000-01	Bombay YMCA Seminar Room, Central Branch, 12, N. Parekh Marg, Colaba, Mumbai-400 039	September 25th, 2001	3:00 p.m.

6.2 Whether special resolutions were put through postal ballot last year? YES

A Special Resolution for delisting of 30,02,300 Equity Shares of the Company from Ahmedabad, Delhi and Calcutta Stock Exchanges respectively was passed by the Share Holders vide Postal Ballot on 30<sup>th</sup> of August, 2003.

Mr. Virendra G. Bhatt, Practicing Company Secretary was appointed as the Scrutinizer to conduct and oversee the voting through Postal Ballot. Mr. Virendra G. Bhatt carried out the scrutiny of all the Postal Ballot Forms received upto the close of Business hours on 27<sup>th</sup> August, 2003 and the following Results were announced on 30<sup>th</sup> of August, 2003.



Details of ballots received	No. Of ballots	No. Of shares voted
Valid Ballots	21	815035
Invalid Ballots	Nil	Nil
Total	21	815035

Details of valid ballots	No. Of ballots	No. Of shares voted	Percentage (%) of shareholding voted
Assent	21	815035	100%
Dissent	Nil	Nil	Nil
Total	21	815035	100%

Accordingly, the Special resolution set out in the Notice dated 22<sup>nd</sup> July, 2003 was duly approved by the requisite majority of the share holders.

6.3 Are special resolutions proposed to be conducted through postal ballot in this Annual General Meeting? NO

#### 7. DISCLOSURES:

- 7.1 The Company has related party transactions and its disclosure are made at appropriate places in the Notes to the Accounts forming part of the Annual Report.
- 7.2 No penalty, stricture has been imposed on company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last 3 years.
- 7.3 In terms of SEBI(Prohibition of Insider Trading)Regulations,1992, the Company has framed Code of Conduct for dealing in equity shares and other listed securities of the Company for observance by its Directors and Employees.

#### 8. MEANS OF COMMUNICATION

The Unaudited Financial Results of the company for each Quarter were published in Free Press Journal(English) and Navshakti(Marathi). The Quarterly Financial Results were also displayed on the company's website.

As the Company's first half yearly results were published in English newspapers and in Marathi newspapers having wide circulation, the same were not sent to the shareholders of the Company. The same were also displayed on the company's website [www.priyagroup.com](http://www.priyagroup.com). In the same manner the Audited Financial Results of the Company were also published.

Management Discussion and Analysis Report forms part of the Annual Report.

#### 9. GENERAL SHAREHOLDERS INFORMATION

##### 17<sup>th</sup> Annual General Meeting

Date : 22<sup>nd</sup> of September, 2004.

Time: 11 A. M

Place: "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400018.

**Book Closure date: 16<sup>th</sup> September, 2004 to 22<sup>nd</sup> September, 2004 (Both days inclusive).**

##### Financial Calendar (Provisional)

(April 1, 2004 - March 31, 2005)

- : 1<sup>st</sup> Quarterly Result - Last week of July, 2004.
- 2<sup>nd</sup> Quarterly Result - Last week of October, 2004.
- 3<sup>rd</sup> Quarterly Result - Last week of January, 2005.
- Annual Results - Last week of June, 2005

##### Listing on Stock Exchanges

: Equity Shares are listed on :

The Stock Exchange, Mumbai and The Calcutta Stock Exchange  
(Application for delisting the shares of the Company from the Calcutta Stock Exchange has already been made and the same is in process.)



**ISIN No.** : INE686C01014 (For dematerialization of shares)  
**Stock Code** : 524580 on BSE  
**Market Price Data** : The monthly high and low prices of Equity Shares of the Company on The Stock Exchange, Mumbai and BSE Sensex during the year 2003-2004 are as under :

MONTH	RATES (Rs.)		BSE SENSEX (Rs.)	
	HIGHEST	LOWEST	HIGHEST	LOWEST
APRIL	6.75	6.00	3221.90	2904.44
MAY	7.95	5.15	3200.48	2934.78
JUNE	10.90	7.20	3632.84	3170.38
JULY	10.20	7.06	3835.75	3534.06
AUGUST	12.09	6.50	4277.64	3722.08
SEPTEMBER	9.30	7.50	4473.57	4097.55
OCTOBER	10.00	5.01	4951.11	4432.93
NOVEMBER	10.60	4.03	5135.00	4736.70
DECEMBER	17.25	9.00	5920.76	5082.82
JANUARY	15.00	8.14	6249.60	5567.68
FEBRUARY	11.20	6.42	6082.80	5550.17
MARCH	9.45	6.53	5951.03	5324.78

**Registrar and Transfer (R & T) Agents**(For Demat and Share Transfer) : Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East),  
Mumbai-400 072.  
Tel: 022-2847 3474  
022-2847 0652  
Fax: 022-2847 5207  
Email:bigshare@bom7.vsnl.net.in

#### Share Transfer System

The Company has appointed Bigshare Services Pvt. Ltd. as Registrars and Share Transfer Agents. The Shares lodged for physical transfer/transmission/transposition are registered within the prescribed time period if the documents are complete in all respects. The shares in dematerialized form are admitted for trading with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

#### Distribution of shareholding:

No. of Equity Shares Held	No of Shareholders	% of share-holders	No. of shares held	% of shareholding
1 to 5000	2,982	95.95	3,64,767	12.15
5001 to 10000	54	1.74	42,131	1.40
10001 to 20000	27	0.87	44,453	1.48
20001 to 30000	13	0.42	32,290	1.08
30001 to 40000	2	0.06	6,719	0.22
40001 to 50000	6	0.19	28,180	0.94
50001 to 100000	4	0.13	25,100	0.84
100001 and above	20	0.64	24,58,660	81.89
Total	3,108	100.00	30,02,300	100.00

## CATEGORIES OF SHAREHOLDING AS ON 31-03-2004

	Category	No. of shares held	Percentage of shareholding(%)
<b>A</b>	<b>Promoters' Holding</b>		
1	INDIAN PROMOTERS	9,35,910	31.17
2	PERSONS ACTING IN CONCERT:		
A	RELATIVES	10,39,050	34.61
B	ASSOCIATE COMPANIES	2,75,800	9.19
	<b>SUB-TOTAL (A)</b>	<b>22,50,760</b>	<b>74.97</b>
<b>B</b>	<b>Non-promoters' Holding</b>		
3	INSTITUTIONAL/INVESTORS:		
A	MUTUAL FUNDS & UTI	NIL	NIL
B	BANKS, FIS, GOVT., OTHERS	900	0.03
C	FIS	NIL	NIL
	<b>SUB- TOTAL (B)</b>	<b>900</b>	<b>0.03</b>
4	<b>PRIVATE CORPORATE BODIES</b>	<b>20,226</b>	<b>0.67</b>
5	<b>INDIAN PUBLIC</b>	<b>5,62,214</b>	<b>18.73</b>
6	<b>NRIS/OCBS</b>	<b>1,61,000</b>	<b>5.36</b>
7	<b>OTHERS</b>	<b>7,200</b>	<b>0.24</b>
	<b>SUB-TOTAL (C)</b>	<b>7,50,640</b>	<b>25.00</b>
	<b>TOTAL (A+B+C)</b>	<b>30,02,300</b>	<b>100.00</b>

**Dematerialization of shares** : As on March 31, 2004 - 18,46,705 equity shares with NSDL and 34,400 equity shares with CDSL which comes to a total of 62.65% of the paid-up capital of the Company have been dematerialized.

**Plant Location** : Not applicable as the Company has no plant.

**Address for correspondence** :

- |  |  |
|--|--|
| <p>1) With the Company :<br/>Krishna House, Ground Floor,<br/>Raghuvanshi Mills Compound,<br/>Senapati Bapat Marg, Lower Parel,<br/>Mumbai-400013 Tel No.: 022- 56663100</p> | <p>2) With the Registrar and Transfer Agent<br/>(For Demat purpose and Share Department):<br/>Bigshare Services Pvt. Ltd, E-2, Ansa Industrial Estate,<br/>Sakivihar Road, Saki Naka, Andheri (East),<br/>Mumbai-400 072. Tel : 022-2847 3474, 2847 0652</p> |
|--|--|

**CERTIFICATE**

To the Members of  
**Priya Limited**

We have examined the compliance of conditions of Corporate Governance by Priya Limited, for the year ended on 31<sup>st</sup> March, 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges. 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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.

For M. L. Bhuwania & Co.  
Chartered Accountants

J. P. Bairagra  
Partner

Place : Mumbai  
Date : 12<sup>th</sup> June, 2004

Membership No.12839

**AUDITOR'S REPORT**

To the Members of **PRIYA LIMITED**

1. We have audited the attached Balance Sheet of **PRIYA LIMITED**, Mumbai as at 31st March 2004, and also the Profit and 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.
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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
  - (iv) 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 sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other 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:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2004;
    - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For M. L. BHUWANIA & CO.**  
**Chartered Accountants**

**(J. P. BAIRAGRA)**  
**PARTNER**

Membership No. : 12839

Place : Mumbai  
Date : 12th June, 2004

**Annexure Referred to in Paragraph 3 of the Auditor's Report to the members of Priya Limited for the year ended 31<sup>st</sup> March, 2004.**

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that physical verification of a major portion of fixed assets as at 31st March, 2004 was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operation of the Company and on the basis of explanations received, in our opinion, the net difference found on physical verification were not significant.

There was no substantial disposal of fixed assets during the year.

2. The management has conducted physical verification of inventory at reasonable intervals. The procedures 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. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. During the year, the Company has taken unsecured loan from Companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima-facie not prejudicial to the interest of the Company. The Company is regular in the payment of interest. There are no stipulations with respect to repayment of the principal amount. The details of the loan given are as under :

No. of parties	Amount of loan taken Rs..	Maximum amount of loan outstanding during the year Rs.	Amount outstanding at the end of the year Rs.
1	24180090	21860561	20058329

During the year, the Company has not granted any loan to companies, firms and other parties 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 for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

In respect of the transactions with parties with whom transactions of purchase of goods exceeding value of Rupees Five Lakhs have been entered into during the year in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956, are at prices which are reasonable having regards to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public during the year. Hence, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the act and the rules framed there under are not applicable to the Company.
7. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, for any of the products of the Company.
9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. There are no statutory dues other than amount to be credited to Investor Education and Protection Fund outstanding as at the last day of the financial year for a period of more than six months from the date they became payable. The details are as under:

Nature of Dues	Amount (Rs.)
Investor Education and Protection Fund	5000



According to the records of the Company, there are no dues of Customs Duty, Wealth-Tax, Excise Duty, Income Tax and Cess which have not been deposited on account of any dispute. The following are the disputed amounts in respect of Sales tax :

Description	Period	Amount (Rs.)	Forum where dispute is pending
Sales Tax	1997-98	667695	The Sales Tax Appellate Tribunal
Sales Tax	1999-00	837298	Assistant Commissioner of Sales Tax
Sales Tax	2000-01	453261	Assistant Commissioner of Sales Tax
Sales Tax	2000-01	145252	The Sales Tax Appellate Tribunal
Sales Tax	2001-02	137074	Assistant Commissioner of Sales Tax

10. The accumulated losses of the Company at the end of the financial year on 31/03/2004 are less than fifty per cent of its net worth and the Company has not incurred any cash losses during the financial year ended on that date but the Company has incurred cash losses in the immediately preceding financial year.
11. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to the bank. The Company has not borrowed from the financial institutions and does not have any borrowings by way of debenture.
12. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute application to chit fund and nidhi/mutual benefit fund/societies. Accordingly the provisions of clause no 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion, the Company is not dealing / trading in shares, securities, debentures and other investment. Accordingly, clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company. The Company has not borrowed any long term funds during the year.
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 Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations 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 M. L. BHUWANIA & CO.**  
**Chartered Accountants**

Place : Mumbai  
Date : 12th June, 2004

**(J. P. BAIRAGRA)**  
**PARTNER**  
Membership No. : 12839

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2004

	SCHEDULE	AS AT 31.3.2004 Rs.	AS AT 31.3.2003 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	A	30,023,000	30,023,000
RESERVES AND SURPLUS	B	184,973,086	182,976,321
		<u>214,996,086</u>	<u>212,999,321</u>
<b>LOAN FUNDS</b>			
SECURED LOANS	C	67,522,401	36,934,031
UNSECURED LOANS	D	20,058,329	10,957,833
<b>DEFERRED TAX LIABILITY</b> (REFER NOTE NO 16 OF SCHEDULE T)		383,537	865,633
<b>TOTAL</b>		<u><u>302,960,353</u></u>	<u><u>261,756,818</u></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	E	66,175,205	61,717,342
LESS: DEPRECIATION		<u>23,341,897</u>	<u>18,910,185</u>
NET BLOCK		42,833,308	42,807,157
<b>INVESTMENTS</b>	F	130,000	637,800
<b>DEFERRED TAX ASSETS</b> (REFER NOTE NO 16 OF SCHEDULE T)		18,157,943	20,459,181
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	G	246,821,859	148,251,782
SUNDRY DEBTORS	H	195,408,826	102,640,990
CASH AND BANK BALANCE	I	29,844,465	26,313,338
OTHER CURRENT ASSETS	J	23,639,420	18,573,642
LOANS AND ADVANCES	K	46,788,929	51,608,713
		<u>542,503,499</u>	<u>347,388,465</u>
<b>LESS : CURRENT LIABILITIES AND PROVISION</b>			
CURRENT LIABILITIES	L	295,456,767	145,135,876
PROVISION	M	5,249,096	4,924,474
		<u>300,705,863</u>	<u>150,060,350</u>
<b>NET CURRENT ASSETS</b>		241,797,636	197,328,115
<b>MISCELLANEOUS EXPENDITURE</b> (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		41,466	524,565
<b>TOTAL</b>		<u><u>302,960,353</u></u>	<u><u>261,756,818</u></u>
<b>NOTES ON ACCOUNTS</b>	T		

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M. L. BHUWANIA & CO.  
CHARTERED ACCOUNTANTS(J. P. BAIRAGRA)  
PARTNER  
MEMBERSHIP NO. 12839PLACE : MUMBAI  
DATED : 12TH JUNE, 2004

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA      CHAIRMAN  
ADITYA BHUWANIA      EXECUTIVE DIRECTOR

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2004**

	SCHEDULE	2003-2004 Rs.	2002-2003 Rs.
<b>INCOME</b>			
SALES	N	1,361,789,552	1,383,563,116
OTHER INCOME	O	20,241,195	18,398,136
		<u>1,382,030,747</u>	<u>1,401,961,252</u>
<b>EXPENDITURE</b>			
COST OF GOODS SOLD	P	1,238,585,569	1,280,148,031
PAYMENTS TO AND PROVISION FOR EMPLOYEES	Q	26,146,389	28,074,207
OTHER EXPENSES	R	102,750,122	97,700,072
INTEREST (NET)	S	4,819,385	7,786,731
DEPRECIATION		5,193,343	5,700,892
		<u>1,377,494,808</u>	<u>1,419,409,933</u>
PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEM		4,535,939	(17,448,681)
LESS : EXTRAORDINARY ITEM			
PROVISION FOR DOUBTFUL DEPOSITS GIVEN		0	5,022,450
PROFIT / (LOSS) BEFORE TAX		4,535,939	(22,471,131)
LESS: PROVISION FOR TAXATION - CURRENT TAX		818,000	450,000
(Includes Rs. 470000 towards Wealth Tax, Previous year Rs.450000)			
- DEFERRED TAX		1,819,142	(6,400,845)
PROFIT / (LOSS) AFTER TAX		1,898,797	(16,520,287)
EXCESS / (SHORT) PROVISION OF TAXATION IN EARLIER YEARS		97,968	911,183
BALANCE BROUGHT FORWARD		(14,083,857)	945,247
TRANSFERRED FROM EXPORT RESERVE		0	580,000
		<u>(12,087,092)</u>	<u>(14,083,857)</u>
<b>APPROPRIATIONS :</b>			
BALANCE CARRIED TO BALANCE SHEET		(12,087,092)	(14,083,857)
		<u>(12,087,092)</u>	<u>(14,083,857)</u>
BASIC AND DILUTED EARNING PER SHARE BEFORE EXTRA ORDINARY ITEMS (Net of tax)		0.63	(3.83)
BASIC AND DILUTED EARNING PER SHARE AFTER EXTRA ORDINARY ITEMS		0.63	(5.50)
(REFER NOTE NO.15 OF SCHEDULE "T" OF NOTES ON ACCOUNTS)			
<b>NOTES ON ACCOUNTS</b>	T		

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR **M. L. BHUWANIA & CO.**  
CHARTERED ACCOUNTANTS

(**J. P. BAIRAGRA**)  
PARTNER  
MEMBERSHIP NO. 12839

PLACE : MUMBAI  
DATED : 12TH JUNE, 2004

FOR AND ON BEHALF OF THE BOARD

**A. K. BHUWANIA** CHAIRMAN  
**ADITYA BHUWANIA** EXECUTIVE DIRECTOR

## SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.3.2004 Rs.	AS AT 31.3.2003 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<u>AUTHORISED</u>		
6500000 EQUITY SHARES OF RS. 10/- EACH.	65,000,000	65,000,000
1000000 UNCLASSIFIED SHARES OF RS 10/- EACH	10,000,000	10,000,000
	<u>75,000,000</u>	<u>75,000,000</u>
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
3002300 EQUITY SHARES OF RS 10/- EACH FULLY PAID ( OF THE ABOVE SHARES, 1800000 SHARES ARE ALLOTTED AS FULLY PAID -UP BY WAY OF BONUS SHARES BY CAPITALISATION OF GENERAL RESERVES )	<u>30,023,000</u>	<u>30,023,000</u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
SHARE PREMIUM	40,092,000	40,092,000
EXPORT RESERVE	0	580,000
LESS: TRANSFER TO PROFIT & LOSS A/C	0	580,000
	<u>0</u>	<u>0</u>
GENERAL RESERVE AS PER LAST BALANCE SHEET	156,968,178	156,968,178
	<u>156,968,178</u>	<u>156,968,178</u>
DEBIT BALANCE IN PROFIT & LOSS ACCOUNT	(12,087,092)	(14,083,857)
	<u>184,973,086</u>	<u>182,976,321</u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
<b>WORKING CAPITAL FACILITIES FROM COMPANY'S BANKERS.</b> (SECURED AGAINST HYPOTHECATION OF STOCK OF GOODS, BOOK DEBTS , RECEIVABLES , INVESTMENTS AND OTHER MOVEABLE ASSETS OF THE COMPANY AND EQUITABLE MORTGAGE ON IMMOVABLE PROPERTIES OF THE COMPANY AND OF RELATED PARTIES AND ALSO PERSONALLY GUARANTEED BY SOME OF THE DIRECTORS.)		
	67,308,351	36,474,684
<b>VEHICLE LOAN FROM FINANCE COMPANIES</b> (SECURED UNDER HIRE PURCHASE AGREEMENT OF VEHICLE)	214,050	459,347
	<u>67,522,401</u>	<u>36,934,031</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
LOANS FROM COMPANIES	20,058,329	10,957,833
	<u>20,058,329</u>	<u>10,957,833</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - E  
FIXED ASSETS**

FIGURES IN RUPEES

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 1/4/2003 (Rs)	ADDITIONS (Rs)	DEDUCTIONS (Rs)	AS AT 31/3/2004 (Rs)	AS AT 1/4/2003 (Rs)	FOR THE YEAR (Rs)	DEDUCTIONS (Rs)	AS AT 31/3/2004 (Rs)	AS AT 31/3/2004 (Rs)	AS AT 31/3/2003 (Rs)
1	OFFICE PREMISES	35697605	0	0	35697605	2883467	1640707	0	4524174	31173431	32814138
2	FLATS	977020	0	0	977020	139348	41884	0	181232	795788	837672
3	PLANT AND MACHINERY	437975	0	0	437975	327063	15428	0	342491	95484	110912
4	LABORATORY EQUIPMENT	1140620	0	0	1140620	874675	36994	0	911669	228951	265945
5	OFFICE AND OTHER EQUIPMENTS	3530260	1123076	10600	4642736	1867231	386707	5425	2248513	2394223	1663029
6	FURNITURE AND FIXTURES	4216189	3519763	0	7735952	2834350	821404	0	3655754	4080198	1381839
7	COMPUTERS	13062168	892926	186041	13769053	8784728	1885537	88978	10581287	3187766	4277440
8	VEHICLES	2655505	0	881261	1774244	1199323	364682	667228	896777	877467	1456182
	<b>TOTAL (Rs.)</b>	<b>61717342</b>	<b>5535765</b>	<b>1077902</b>	<b>66175205</b>	<b>18910185</b>	<b>5193343</b>	<b>761631</b>	<b>23341897</b>	<b>42833308</b>	<b>42807157</b>
	PREVIOUS YEAR (Rs.)	61313857	1653772	1250287	61717342	13673110	5700892	463817	18910185	42807157	

## SCHEDULES FORMING PART OF THE ACCOUNTS

## SCHEDULE - F

## INVESTMENTS

(AT COST, LONG TERM, OTHER THAN TRADE)

PARTICULARS	FACE VALUE		AS AT 31.3.2004		AS AT 31.3.2003	
	Rs.	NOS.	Rs.	NOS.	Rs.	NOS.
QUOTED :						
<b>A</b> EQUITY SHARES						
PUDUMJEE AGRO INDUSTRIES (Sold 3900 during the year)	10	0	0	3900	390000	
BANK OF INDIA (Sold 1800 during the year)	10	0	0	1800	81000	
UNION BANK OF INDIA (Sold 2300 during the year)	10	0	0	2300	36800	
<b>B</b> OTHERS						
VIA MEDIA IND (DEBENTURES)	40	750	30000	750	30000	
<b>TOTAL QUOTED</b>			<u>30000</u>		<u>537800</u>	
<b>UNQUOTED</b>						
GAURAV CHEMICALS P. LTD.	100	500	100000	500	100000	
<b>TOTAL UNQUOTED</b>			<u>100000</u>		<u>100000</u>	
<b>TOTAL (RS)</b>			<u><b>130000</b></u>		<u><b>637800</b></u>	

AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS Rs.NIL (PREVIOUS YEAR - Rs.97,470/-)

	AS AT 31.3.2004	AS AT 31.3.2003
	Rs.	Rs.
<b>SCHEDULE - G</b>		
<b>INVENTORIES</b>		
(As valued and certified by the management)		
(Valued at lower of Cost and Net Realisable Value)		
ELECTRONICS	208,760,358	143,740,813
CHEMICALS	1,904,500	3,005,500
SPARE PARTS	1,515,452	1,505,469
STOCK IN TRANSIT	34,641,549	0
	<u><b>246,821,859</b></u>	<u><b>148,251,782</b></u>

## SCHEDULE - H

## SUNDRY DEBTORS

(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED)

OUTSTANDING FOR MORE THAN 6 MONTHS

DOUBTFUL	5,622,123	5,171,810
LESS : PROVISION FOR DOUBTFUL	5,622,123	5,171,810
	<u>0</u>	<u>0</u>
OTHERS	24,763,430	17,393,230
OTHER DEBTS	170,645,396	85,247,760
	<u><b>195,408,826</b></u>	<u><b>102,640,990</b></u>

## SCHEDULE - I

## CASH &amp; BANK BALANCES

CASH IN HAND

BALANCE WITH SCHEDULE BANK

IN CURRENT ACCOUNT  
IN DIVIDEND PAYABLE ACCOUNT  
IN MARGIN MONEY ACCOUNT

CASH IN HAND	650,449	1,478,039
BALANCE WITH SCHEDULE BANK		
IN CURRENT ACCOUNT	15,718,183	7,852,723
IN DIVIDEND PAYABLE ACCOUNT	105,220	113,538
IN MARGIN MONEY ACCOUNT	13,370,613	16,869,038
	<u>29,194,016</u>	<u>24,835,299</u>
	<u><b>29,844,465</b></u>	<u><b>26,313,338</b></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	AS AT 31.3.2004 Rs.	AS AT 31.3.2003 Rs.
<b>SCHEDULE - J</b>		
<b>OTHER CURRENT ASSETS</b>		
EXPORT INCENTIVES RECEIVABLE	8,013,937	5,387,987
INSURANCE CLAIM RECEIVABLE	592,899	564,216
INCENTIVE / CLAIM RECEIVABLE FROM SUPPLIERS	13,394,231	11,093,680
RENT RECEIVABLE	1,377,882	1,384,474
OTHER CURRENT ASSETS	<u>260,471</u>	<u>143,285</u>
	<b><u>23,639,420</u></b>	<b><u>18,573,642</u></b>
<b>SCHEDULE - K</b>		
<b>LOANS AND ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	12,136,613	11,417,602
ADVANCE TAX	7,182,090	11,060,079
DEPOSITS	24,072,747	26,632,746
ADVANCES TO SUPPLIERS	980,428	0
DEPOSITS WITH CORPORATE BODIES	7,439,501	7,520,736
LESS : PROVISION FOR DOUBTFUL DEPOSITS GIVEN	<u>5,022,450</u>	<u>5,022,450</u>
	<u>2,417,051</u>	<u>2,498,286</u>
	<b><u>46,788,929</u></b>	<b><u>51,608,713</u></b>
<b>SCHEDULE - L</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS (REFER NOTE 11 OF SCHEDULE "A")	221,999,994	105,349,796
UNCLAIMED DIVIDEND *	89,439	98,089
COMMISSION EXPORT PAYABLE	10,614,553	8,758,396
BANK BALANCES (TEMPORARY OVERDRAFT)	32,632,976	9,331,526
ADVANCE FROM CUSTOMERS	14,146,715	5,638,127
RENT DEPOSIT RECEIVED	4,725,860	4,725,860
<b>INVESTOR EDUCATION &amp; PROTECTION FUND :</b>		
ON ACCOUNT OF UNPAID APPLICATION MONEY	5,000	0
OTHER LIABILITIES	<u>11,242,230</u>	<u>11,234,082</u>
	<b><u>295,456,767</u></b>	<b><u>145,135,876</u></b>
* NO AMOUNT IS DUE TO BE CREDITED TO INVESTORS EDUCATION & PROTECTION FUND.		
<b>SCHEDULE - M</b>		
<b>PROVISIONS</b>		
PROVISION FOR TAXATION	1,766,202	2,120,000
PROVISION FOR GRATUITY	<u>3,482,894</u>	<u>2,804,474</u>
	<b><u>5,249,096</u></b>	<b><u>4,924,474</u></b>
	<b>2003 - 2004</b>	<b>2002 - 2003</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE - N</b>		
<b>SALES</b>		
LOCAL	1,160,647,559	1,243,133,113
EXPORTS	<u>201,141,993</u>	<u>140,430,003</u>
	<b><u>1,361,789,552</u></b>	<b><u>1,383,563,116</u></b>
<b>SCHEDULE - O</b>		
<b>OTHER INCOME</b>		
PROFIT ON SALE OF FIXED ASSETS (NET)	20,376	0
EXPORT INCENTIVES	970,352	1,247,972
RENT INCOME (GROSS, TDS RS.1807632, PREVIOUS YEAR RS.1625275)	8,698,420	8,469,492
PROFIT ON EXCHANGE RATE DIFFERENCE (NET)	9,729,782	7,227,570
MISCELLANEOUS INCOME	<u>822,265</u>	<u>1,453,102</u>
	<b><u>20,241,195</u></b>	<b><u>18,398,136</u></b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	Rs.	2003 - 2004 Rs.	2002 - 2003 Rs.
<b>SCHEDULE - P</b>			
<b>COST OF GOODS SOLD</b>			
OPENING STOCK	148,251,782		286,891,445
ADD : PURCHASES	1,299,689,579		1,121,041,729
ADD : FREIGHT INWARD	16,421,193		20,117,650
LESS : ISSUED FOR SALES PROMOTION	14,013,066		0
LESS : CLOSING STOCK	212,180,310	1,238,169,178	148,251,782
PACKING MATERIAL CONSUMED		416,391	348,989
		<u>1,238,585,569</u>	<u>1,280,148,031</u>
<b>SCHEDULE - Q</b>			
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>			
SALARIES, BONUS, ALLOWANCES, ETC.		22,847,032	24,120,721
CONTRIBUTION TO P F AND OTHER FUNDS		1,755,316	1,922,540
STAFF WELFARE EXPENSES		1,544,041	2,030,946
		<u>26,146,389</u>	<u>28,074,207</u>
<b>SCHEDULE - R</b>			
<b>OTHER EXPENSES</b>			
FREIGHT OUTWARD		9,571,248	12,481,982
INCENTIVES / DISCOUNT ON SALES		24,601,352	23,480,480
INSURANCE AND ECGC PREMIUM		1,650,539	2,123,029
BANK CHARGES		6,266,643	6,753,487
TRAVELLING AND CONVEYANCE		4,309,399	5,497,730
ADVERTISEMENT, PUBLICITY AND SALES PROMOTION		18,296,055	7,328,431
WAREHOUSING / DEMMURAGE CHARGES		253,850	413,308
REPAIRS AND MAINTENANCE :- BUILDING		651,438	758,655
OTHERS		795,629	1,004,426
DIRECTORS FEES		25,750	9,000
DIRECTORS REMUNERATION		2,101,000	1,935,733
RENT, RATES AND TAXES		7,177,907	5,639,221
COMMISSION AND BROKERAGE		9,935,369	14,043,763
PRELIMINARY EXPENSES WRITTEN OFF		13,822	13,822
PUBLIC ISSUE EXPENSES WRITTEN OFF		469,277	506,552
SUNDRY BALANCES W/OFF / W/BACK (NET) / BAD DEBTS		2,150,088	178,619
PROVISION FOR DOUBTFUL DEBTS		450,313	124,364
LOSS ON SALE OF INVESTMENT (NET)		260,269	57,769
MISCELLANEOUS EXPENSES		13,770,174	15,349,701
		<u>102,750,122</u>	<u>97,700,072</u>
<b>SCHEDULE - S</b>			
<b>INTEREST (NET)</b>			
INTEREST TO BANKS	4,379,972		5,225,393
INTEREST TO OTHERS	2,060,840		4,089,141
	<u>6,440,812</u>		<u>9,314,534</u>
LESS : INTEREST RECEIVED	1,621,427	4,819,385	1,527,803
(Gross, TDS Rs.130722 /- Previous year Rs. 76359/-)			
		<u>4,819,385</u>	<u>7,786,731</u>

**SCHEDULE - T****NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICY****A) RECOGNITION OF INCOME AND EXPENDITURE :**

Income and Expenditure are accounted on accrual basis

**B) FIXED ASSETS :**

Fixed Assets are stated at Cost less Depreciation.

**C) DEPRECIATION:**

Depreciation on Fixed Assets are provided on the Written Down Value basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on non moveable Furniture & Fixtures affixed in the leasehold premises are depreciated over the period of the lease.

**D) FOREIGN EXCHANGE TRANSACTION:**

- i) Foreign exchange transactions are accounted at the rate of exchange prevailing at the date of transaction.
- ii) All Foreign currency assets and liabilities other than for financing fixed assets at the end of the year are recorded at the exchange rate prevailing on that date and those covered by foreign exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. All exchange rate difference on account of such conversion is recognised in the Profit and Loss Account.
- iii) The amount of exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account of next year is Rs. 1,87,342/- (Previous year Rs. 1,36,403/-)

**E) INVESTMENTS :**

Long term Investments are valued at cost, diminution in value of such investments (other than temporary decline) is provided for. Cost of Investment is arrived at on the basis of average cost at the time of sale.

**F) INVENTORIES:**

Inventories are valued at lower of Cost and Net Realisable Value. Cost is arrived at on FIFO basis.

**G) RETIREMENT BENEFITS :**

- i) Gratuity is provided as per the Scheme of the company applicable to all employees with a minimum amount being provided as per the provisions of the Payment of Gratuity Act, 1972 on the assumption that gratuity is payable to employees at the end of the accounting year.
- ii) As per the policy of the Company, leave encashment is not a retirement benefit and thus not provided for.
- iii) Payments made to Provident Fund etc., are charged to the Profit and Loss Account.

**H) SALES**

Sales are accounted net of quantity discount.

**I) TAXATION**

- (a) Provision for Income-tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income-tax Act, 1961.
- (b) Deferred tax resulting from timing differences between book and tax profits is accounted at the current rate of tax, to the extent that the timing differences are expected to crystallise.

**2. Contingent Liabilities not provided for :**

- i) Guarantee given by bankers on behalf of the company Rs.1,50,000/- to Custom Authorities, Rs.1,00,000/- to Office of Trade Tax, Rs.1,30,000/- to Excise Department, Rs.3,31,145/- to Sales Tax Department (Previous Year Rs.150,000/- to Custom Authorities, Rs.100,000/- to Office of Trade Tax, Rs.130,000/-to Excise Department, Rs.NIL to Sales tax Department)
- ii) Appeal Lying before the Calcutta Municipal Corporation : Rs. 48314/- (Previous Year Rs. 48314/-)
- iii) Disputed Income tax liability Rs.NIL (Previous Year Rs. 3071686/-) against which appeals are pending.
- iv) Disputed Sales tax liability Rs. 7224435/- (Previous Year Rs. NIL)

**3. PARTICULARS IN RESPECT OF OPENING AND CLOSING STOCKS, PURCHASES AND SALES OF FINISHED GOODS [INCLUDING MANUFACTURED] AND TRADED GOODS.**

PRODUCT	UNITS	OPENING STOCK		PURCHASES		MFG.	SALES		CLOSING STOCK	
		QUANTITY	VALUE RUPEES	QUANTITY	VALUE RUPEES		QUANTITY	VALUE RUPEES	QUANTITY	VALUE RUPEES
Chemicals	Kg.	20000 (6900)	3005500 (1419100)	637480 (795960)	96486065 (113255596)		648280 (782860)	113516601 (140430004)	9200 (20000)	1904500 (3005500)
Computer Sub systems Parts Peripherals & Mother Boards	Nos	222583 (773849)	143740813 (283925529)	1560437 (1786990)	1189190448 (1011499661)		1529817 (2338256)	1247526028 (1243133113)	253203 (222583)	199348432 (143740813)
Computer systems	Nos.	0 (0)	0 (0)	0 (0)	0 (0)	907 (0)	71 (0)	746923 (0)	836 (0)	9411926 (0)
<b>TOTAL:</b>		242583 (780749)	146746313 (285344629)	2197917 (2582950)	1285676513 (1124755257)	907 (0)	2178168 (3121116)	1361789552 (1383563117)	263239 (242583)	210664858 (146746313)

**NOTES :**

- Purchases of Computer parts and peripherals is net off of self consumption of 27837 nos. (Previous Year 2822).
- Purchases of Computer parts and peripherals includes 9190 nos. (Previous Year 5297) received for Replacement and net off 10769 nos. (Previous Year 6616 nos.) issued for replacement.
- Purchases of Computer parts and peripherals is net off of components 8441 nos (Previous Year NIL) used for manufacturing 907 systems (Previous Year Nil).
- Sale of computer parts and peripherals included 321670 nos. C D's (Previous Year nil) issued as free distribution.
- Figures in Brackets are in respect of Previous Year.

	2003-2004 Rs.	2002-2003 Rs.
<b>4. VALUE OF IMPORTS ON CIF BASIS</b>		
Traded goods	809,666,594	812,902,604
	<u>809,666,594</u>	<u>812,902,604</u>
<b>5. EXPENDITURE IN FOREIGN CURRENCY</b>		
Commission on Exports	9,224,361	12,606,971
Remuneration to Executive Director	1,500,000	1,326,612
Travelling expenses	24,175	39,735
	<u>10,748,536</u>	<u>13,973,318</u>
<b>6. EARNINGS IN FOREIGN CURRENCY</b>		
Export [On FOB Basis]	198,578,126	137,590,123
<b>7. MANAGERIAL REMUNERATION</b>		
Remuneration to Executive Directors	2,101,000	1,935,733
<b>8. PAYMENT TO AUDITORS.</b>		
a) Audit Fees	191,000	141,000
b) Tax Audit Fees	50,000	50,000
c) Tax Matters	42,500	20,000
d) Other Matters	0	2,500
e) Company Law Matters	50,750	0
f) Towards Service Tax	19,280	15,280
	<u>353,530</u>	<u>228,780</u>

**9. Lease Disclosures :**
**(A) Assets acquired on Hire Purchase Agreement**

No asset has been acquired under the hire purchase agreement during the year. (Previous Year Rs.8,13,688)

The written down value of hire purchased assets is Rs.4,39,294 (Previous Year Rs.5,92,758)

- i) The total minimum lease payments as at 31/03/2004 Rs.2,22,970 (Previous Year Rs.4,66,210)
- ii) Present value of minimum lease payments as on 31/03/2004 Rs.2,09,993 (Previous Year Rs.4,26,882)
- iii) The total of minimum lease payments as at 31/03/2004 and their present value for each of the following periods

	2003 - 04 Present value Rs.	2003 - 04 Minimum lease Payments Rs.	2002 - 03 Present value Rs.	2002 - 03 Minimum lease Payments Rs.
(a) Not later than one year	210002	222970	229093	243240
(b) Later than one year and not later than five years	0	0	197789	222970
(c) Later than five years	0	0	0	0

**(B) Operating Leases :**

- i) The total of future minimum lease payments under non - cancellable operating lease for each of the following period

	2003 - 04 Rs.	2002 - 03 Rs.
(a) Not later than one year	1335872	328050
(b) Later than one year and not later than five years	1615781	1259073
(c) Later than five years	0	0
ii) Lease payments recognised in the statement of the Profit and Loss for the period	1171679	54000
iii) There is no contingent rent.		

10. Sundry creditors includes outstanding due to Small Scale Industrial Undertakings of Rs.2582250 (Previous Year Rs.4152500) and due to other than Small Scale Industrial Undertakings of Rs.215417068 (Previous Year Rs.101197296).

Small Scale Industrial Undertaking to whom the amount are due from more than 30 days are as follows :

M/s. Ravi Dyeware Co.

Note : The Small Scale Industrial Undertakings have been determined based on the information available with the company and the same has been relied upon by the auditors.

11. Balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.
12. In the opinion of the Board, Current Assets, Loans and Advances have value in the ordinary course of business at least equal to the amount at which they are stated.
13. Segment Information For The Year Ended 31st March, 2004

1. Information about Primary Business Segments

Rupees in Lakhs

	Electronics		Chemicals		Unallocated		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
<b>Revenue</b>								
External Customers	12482.73	12431.33	1135.17	1404.30	0.00	0.00	13617.90	13835.63
Inter-segment	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>12482.73</b>	<b>12431.33</b>	<b>1135.17</b>	<b>1404.30</b>	<b>0.00</b>	<b>0.00</b>	<b>13617.90</b>	<b>13835.63</b>
<b>Result</b>								
Segment Result	285.08	(0.30)	59.23	130.34	0.00	0.00	344.31	130.04
Unallocated expenditure net of unallocated income					(250.91)	(226.83)	(250.91)	(226.83)
Interest Expense (net)	9.05	37.13	0.00	0.00	39.14	40.73	48.19	77.86
Dividend Income	0.00	0.00	0.00	0.00	0.15	0.16	0.15	0.16
<b>Profit before taxation and exceptional items</b>	<b>276.03</b>	<b>(37.43)</b>	<b>59.23</b>	<b>130.34</b>	<b>(289.90)</b>	<b>(267.40)</b>	<b>45.36</b>	<b>(174.49)</b>
Exceptional items							0.00	50.22
Provision for taxation							8.18	4.50
Current Tax							18.19	(64.01)
Deffered Tax								
<b>Profit ater taxation and exceptional items</b>	<b>276.03</b>	<b>(37.43)</b>	<b>59.23</b>	<b>130.34</b>	<b>(289.90)</b>	<b>(267.40)</b>	<b>18.99</b>	<b>(165.20)</b>
Income tax for earlier years							0.98	9.11
<b>Net Profit</b>	<b>276.03</b>	<b>(37.43)</b>	<b>59.23</b>	<b>130.34</b>	<b>(289.90)</b>	<b>(267.40)</b>	<b>19.97</b>	<b>(156.09)</b>
<b>Other Information</b>								
Segment Assets	4106.30	2645.03	1049.42	500.22	1001.74	975.25	6157.46	4120.50
Segment Liabilities	2960.39	1292.14	830.59	577.94	2320.15	2477.49	6111.12	4347.57
Capital expenditure	0.54	0.00	0.00	0.00	54.82	16.54	55.36	16.54

**2. Information about Secondary Business Segments**

Rs. In Lakhs

	Within India		Outside India		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
<b>Revenue by geographical market</b>						
Total	11606.48	12431.33	2011.42	1404.30	<b>13617.90</b>	<b>13835.63</b>
Carrying amount of segment assets	5208.62	3706.86	948.85	413.64	<b>6157.46</b>	<b>4120.50</b>
Additions to fixed assets	55.36	16.54	0.00	0.00	<b>55.36</b>	<b>16.54</b>

Notes:-

(i) The company is organised into two main business segments, namely;

Electronics - Computer peripherals and systems

Chemicals - Export of Textile Dyes and Intermediates

Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

(ii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

14. Related parties disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

( Amount in Rs.)

	Parties where control exists		Directors of the company		Relative of Director		TOTAL	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Remuneration			2101000	1009320	38400	66000	2139400	1075320
Receiving of services	2290439	1516253					2290439	1516253
Outstanding against receiving of services	742311	133111					742311	133111
Advance against receiving of services	0	660000					0	660000
Deposit against receiving of services	14000000	13059830					14000000	13059830
Inter corporate deposits taken during the year	24180090	15870465					24180090	15870465
Inter corporate deposits given during the year	0	2357000					0	2357000
Outstanding on Inter corporate deposits	20058330	10957833					20058330	10957833
Interest expense on Inter corporate deposits	1103583	298544					1103583	298544
Sale of Asset	0	5000					0	5000
Sale of License	0	721503					0	721503
Purchase of goods	17402500	0					17402500	0

Note:

Names of related parties and description of relationship:

- |   |   |   |
|---|---|---|
| 1. Parties where control exists<br>(a) Priya International Ltd.<br>(b) Priya Chemicals<br>(c) Gaurav Chemicals P.Ltd.<br>(d) Brent Properties & Investment P.Ltd.<br>(e) Chesire Properties & Investment P.Ltd.<br>(f) Halifax Properties & Investment P.Ltd. | 2. Directors of the Company<br>(a) Mr. Aditya Bhawania<br>(b) Mr. Ashish Bhawania | 3. Relative of Director<br>(a) Mrs. Saroj Bhawania, wife of Mr.A.K.Bhawania |
|---|---|---|



15. (A) Earning Per Share excluding extraordinary items (net of tax expenses) - The numerator and denominator used to calculate Basic and Diluted Earnings per share :

	2003-04	2002-03
Profit before extra ordinary items and Taxation	4,535,939	(17,448,681)
Less : Provision for tax (Net of extra ordinary items)	818,000	450,000
Less : Provision for Deferred tax (Net of extra ordinary items)	1,819,142	(6,400,845)
Profit and loss after taxation and before Extraordinary items(net of tax)	1,898,797	(11,497,836)
Weighted average number of Equity Share	3002300	3002300
Face value of each share (Rs.)	10	10
Basic and Diluted earning per share before extra ordinary items (Rs.)	0.63	(3.83)

(B) Earning Per Share (EPS) including extraordinary items (net of tax expenses)- The numerator and denominator used to calculate Basic and Diluted Earnings per Share :

	2003-04	2002-03
Profit attributable to the Equity Shareholder (Rs.)	1,898,797	(16,520,287)
Weighted average number of Equity Share outstanding during the year	3002300	3002300
Face value of each share (Rs.)	10	10
Basic and Diluted earning per share	0.63	(5.50)

16. Break-up of Deferred Tax Assets / Liabilities

	2003-04 Rs.	2002-03 Rs.
<b>Deferred tax Assets</b>		
On account of Expenses allowable under income tax when paid	1249488	1035198
On account of provision for doubtful debts	2016937	1900640
On account of Carry forward losses	<u>14891518</u>	<u>17523343</u>
	<u>18157943</u>	<u>20459181</u>
<b>Deferred tax Liabilities</b>		
On account of difference in depreciation as per books and Income Tax Act, 1961	<u>383537</u>	<u>865633</u>
	<u>383537</u>	<u>865633</u>

**Note :** The Loss incurred can be set off against profit in subsequent years upto eight years and unabsorbed depreciation can be carried forward for indefinite period as per the provisions of Income Tax Act 1961. The Company has made good profits in the past. The loss and unabsorbed depreciation has been recognised as deferred tax asset as the Company is virtually certain that sufficient future taxable income will be available against such deferred tax asset in view of restructuring and cost reduction measures undertaken by the company and introduction of new product lines.

17. During the year Company has started manufacturing of Computer Systems, however, there is no excise duty payable by the company as the clearances of manufactured goods for the year has not exceeded Rupees one crore as provided in the Notification No. 8/2003-C.E. dated 01-03-2003.

18. Previous year's figures have been Regrouped/Rearranged wherever necessary to make them comparable with those of the Current year.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M. L. BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

(J. P. BAIRAGRA)  
PARTNER  
MEMBERSHIP NO. 12839

PLACE : MUMBAI  
DATED : 12TH JUNE, 2004

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA CHAIRMAN  
ADITYA BHUWANIA EXECUTIVE DIRECTOR

**Additional information pursuant to Part IV of Schedule VI to the companies Act, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No.	40713	State Code	11
Balance Sheet Date	31 03 2004		
	Date Month Year		

**II Capital raised during the year (Amount in Rs. thousands)**

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private Placement	NIL

**III Position of Mobilisation and Deployment of Fund (Amount in Rs. thousands)**

Total Liabilities	603666	Total Assets (Net of current liabilities & provisions)	603666
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**Sources of Funds**

Paid up Capital	30023	Reserves and Surplus	184973
Secured Loans	67522	Unsecured Loans	20058
Deferred Tax Liability	384		

**Application of Funds**

Net Fixed Assets and W.I.P.	42833	Investments	130
Net Current Assets	241798	Misc. Expenditure	41
Accumulated Losses	NIL	Deferred Tax Assets	18158

**IV Performance of Company (Amount in Rs. thousands)**

Turnover	1382031	Total Expenditure	1377495
Profit/Loss Before Tax +	4536	Profit/Loss after Tax +	1899
Earning per share in Rs.	0.63	Dividend Rate %	NIL

**V Generic Name of Three Principal Products/Services of Company**

i Item Code No (ITC Code)	847330.20
Product description	Computer Mother Boards
ii Item Code No (ITC Code)	847170.20
Product description	Hard Disk Drives
iii Item Code No (ITC Code)	847330.10
Product description	CPU

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA CHAIRMAN

ADITYA BHUWANIA EXECUTIVE DIRECTOR

PLACE : MUMBAI  
DATED : 12TH JUNE, 2004

## CASH FLOW STATEMENT

	2003-2004	2002-2003
Rs.	Rs.	Rs.
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND AFTER EXTRA ORDINARY ITEMS	4,535,939	(22,471,131)
ADJUSTED FOR:		
DEPRECIATION	5,193,343	5,700,892
DIVIDEND INCOME	(14,543)	(15,527)
INTEREST CHARGED (NET)	4,819,385	4,073,203
PROFIT ON SALES OF ASSETS (NET)	(20,376)	57,769
LOSS ON SALES OF INVESTMENTS (NET)	260,269	0
PROVISION FOR DOUBTFUL DEBTS	450,313	124,364
SUNDRY BALANCES W/OFF / BACK (NET)	2,150,088	178,619
PROVISION FOR DOUBTFUL DEPOSITS	0	5,022,450
EXCHANGE RATE DIFFERENCE	(3,146,260)	(1,539,277)
MISC EXPENSES WRITTEN OFF	483,099	0
	<u>10,175,318</u>	<u>13,602,493</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>14,711,257</b>	<b>(8,868,638)</b>
CHANGES IN		
TRADE RECEIVABLES	(94,482,880)	37,433,401
LOANS AND ADVANCES	941,795	505,906
OTHER CURRENT ASSETS	(6,810,377)	(1,675,814)
INVENTORIES	(98,570,077)	139,451,174
TRADE PAYABLES/PROVISIONS	155,141,116	(135,590,994)
	<u>(43,780,423)</u>	<u>40,123,673</u>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(29,069,166)</b>	<b>31,255,035</b>
DIRECT TAXES REFUND (NET)	2,804,159	(999,793)
	<u>2,804,159</u>	<u>(999,793)</u>
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(26,265,007)</b>	<b>30,255,242</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	(5,535,765)	(1,778,772)
SALE OF INVESTMENTS	247,531	(36,800)
INTEREST RECEIVED	1,504,241	1,790,648
DIVIDEND RECEIVED	14,543	15,527
SALE OF FIXED ASSETS	336,647	728,701
	<u>(3,432,803)</u>	<u>719,304</u>
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(3,432,803)</b>	<b>719,304</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM BORROWINGS	39,116,723	10,957,833
REPAYMENT OF BORROWINGS	0	(37,734,828)
INTEREST PAID	(5,868,669)	(5,601,006)
DIVIDEND PAID	(8,650)	(32,130)
	<u>33,239,403</u>	<u>(32,410,131)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>33,239,403</b>	<b>(32,410,131)</b>
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS (A+B+C)	<u>3,541,593</u>	<u>(1,435,585)</u>
CASH AND CASH EQUIVALENTS OPENING BALANCE	26,313,338	27,752,116
CASH AND CASH EQUIVALENTS CLOSING BALANCE	29,854,932	26,316,531
	<u>3,541,593</u>	<u>(1,435,585)</u>

**Note:** Closing cash and bank balance includes effect of loss on exchange rate difference of Rs.10,467/- (Previous year loss of Rs.3,193/-). Previous years figures have been regrouped/rearranged wherever necessary to make them comparable with those of the current year.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR **M. L. BHUWANIA & CO.**  
CHARTERED ACCOUNTANTS

**(J. P. BAIRAGRA)**  
PARTNER  
MEMBERSHIP NO. 12839  
PLACE : MUMBAI  
DATED : 12TH JUNE, 2004

FOR AND ON BEHALF OF THE BOARD

**A. K. BHUWANIA** CHAIRMAN  
**ADITYA BHUWANIA** EXECUTIVE DIRECTOR



## PRIYA LIMITED

Regd. Office: Krishna House, Ground Floor,  
Raghuvanshi Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai-400013

### PROXY FORM

Reg. Folio No. /Client ID No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

I/We..... of  
..... being a member/members of the above named  
Company hereby appoint .....  
of.....or failing him ..... of .....  
..... as my/our proxy to vote for me/us on my/our behalf at the 17th ANNUAL  
GENERAL MEETING of the Company to be held at " Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant  
Road, Worli, Mumbai -400018 on Wednesday, the 22<sup>nd</sup> day of September , 2004 at 11.A.M. and at any adjournment(s)  
thereof.

Signed this ..... day of ..... 2004.

Signature.....(Affix Revenue Stamp).....

**NOTE:** This proxy form, in order to be effective, should be duly completed and deposited at the Registered Office of the  
Company, not less than 48 HOURS BEFORE the meeting.

Tear Here



## PRIYA LIMITED

Regd. Office: Krishna House, Ground Floor,  
Raghuvanshi Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai-400013

### ATTENDANCE SLIP

Regd. Folio No./Client ID No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

DP ID No. \_\_\_\_\_

I certify that I am a Member/Proxy for the member of the Company.

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company at "Hall of Quest", Nehru  
Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai -400018 on Wednesday, the 22<sup>nd</sup> day of September,  
2004 at 11 A.M.

Member's/ Proxy's name in BLOCK Letters

Signature of Member/Proxy

**NOTE:** Please fill up this attendance slip and hand it over at the entrance of the venue for the meeting.  
Members are requested to bring their copies of the Annual Report to the meeting.

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