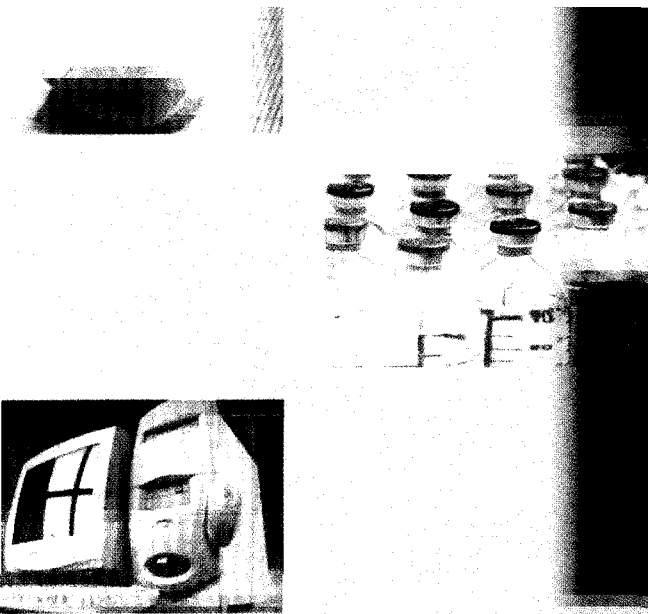
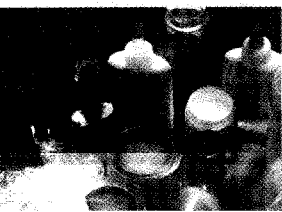
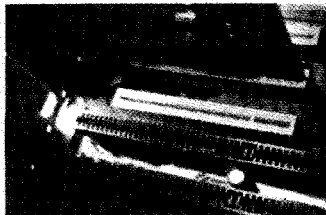
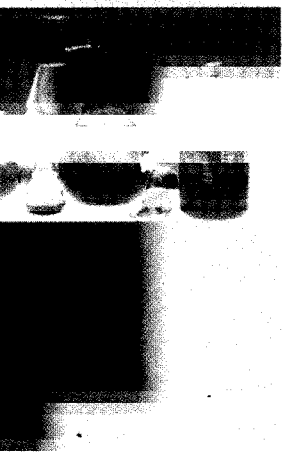


PRIYA LIMITED



16th ANNUAL REPORT 2002-2003

www.priyagroup.com



Priya
Pursuing Excellence

CONTENTS

	Page Nos.
Board of Directors	1
Notice	2
Directors' Report	5
Management Discussion & Analysis Report	6
Corporate Governance Report	7
Compliance Certificate	12
Auditors' Report	13
Balance Sheet	15
Profit & Loss Account	16
Schedules	17
Notes to Accounts	21
Balance Sheet Abstract	27
Cash Flow Statement	28

16TH ANNUAL GENERAL MEETING

Date : 30th August, 2003
Time : 11.A.M
Place : "Hall of Quest", Nehru Planetarium,
Nehru Centre, Dr. Annie Besant Road,
Worli, Mumbai-400018.

BOARD OF DIRECTORS

SHRI A. K. BHUWANIA *Chairman*
SHRI D. J. KAKALIA *Director*
SHRI R. K. SARASWAT *Director*
SHRI M. H. DALAL *Director*
SHRI M. K. ARORA *Director*

SHRI ASHISH BHUWANIA *Executive Director*
SHRI ADITYA BHUWANIA *Executive Director*

Company Secretary : MISS SWETA GARG

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: 022-852 3474, 856 0652

EQUITY SHARES ARE LISTED AT:

Mumbai, Ahmedabad, Calcutta & New Delhi Stock Exchanges

WEBSITE

www.priyagroup.com

NOTICE

NOTICE is hereby given that the **Sixteenth 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-400018 on Saturday, the 30th day of August, 2003 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, 2003 and Profit & 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. Aditya Bhuwani**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. M. H. Dalal**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

Special Business:**5) Appointment of Mr. M. K. Arora**

To consider and if thought fit, to pass, with or without modification (s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. M. K. Arora, whose term of office as an additional Director of the Company expires at this Annual General Meeting, and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing proposing his candidature for the office as a Director, be and is hereby appointed as Director of the Company."

6) Appointment of Mr. R. K. Saraswat

To consider and if thought fit, to pass, with or without modification (s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. R. K. Saraswat, whose term of office as an additional Director of the Company expires at this Annual General Meeting, and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing proposing his candidature for the office as a Director, be and is hereby appointed as Director of the Company."

Special Resolution:**7) Delisting of Equity Shares**

This item requires the approval of the shareholders through postal ballot. Please find enclosed a notice along with a postal ballot form and notes to it for your consideration.

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956, and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "Delisting of Securities") and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approval, permission and sanction, which may be agreed to by the Board of Directors of the Company (The Board which term shall be deemed to be "the Board") to delist 3002300 equity shares of the Company from the stock exchange at Ahmedabad, Delhi and Calcutta Stock exchange with effect from 1st April, 2003.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to settle all the questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution.

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the Delisting Guidelines) and subject to the provisions of the Companies Act, 1956, (including any statutory modification (s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreement, and all other applicable rules, regulations, and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchanges where the share of the Company are listed and any other authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board or to any Committee of the Board to delist the Equity Shares of the Company from all or any of the Stock Exchanges at Ahmedabad, Calcutta, and New Delhi Stock Exchanges at such time or times as the Board may decide".

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 Explanatory Statement made pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the item No. 2, 3, 5, 6 and 7 of the Notice is annexed herewith.
- 4) The Register of Members and the Share Transfer Books of the Company will remain closed from 25th August, 2003 to 30th August, 2003 (both days inclusive).
- 5) Members are requested to bring their copies of the Annual Report to the Meeting.
- 6) Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.

- 7) (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 the electronic form are requested to advise immediately change in address, if any, quoting their Client ID no., to their respective Depository Participants.
- 8) 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 1995-96 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.
- 9) 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**.
- 10) 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.
- 11) Item No 7 of the Notice requires a postal ballot of the Companies Act, 1956. Please find enclosed a notice along with a postal ballot form and notes to it for your consideration.

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: 22nd July, 2003.

Explanatory statement as required under section 173 (2) of the Companies Act, 1956.

Item No.2

Mr. Aditya Bhuwania, born on 13/2/1973, holds a B. Sc. degree. He is a graduate and is an expert in Exports and Imports. He has been on the Advisory Board of PRIYA LTD for several years. It will be advantageous for the Company to continue to avail his expert advice in the field of Exports and Imports. He is a Director in Brent Investment Properties Pvt Ltd, Chesire Investment Properties Pvt Ltd, Halifax Investment Properties Pvt Ltd and is a Executive Director in PRIYA LTD

Item No. 3

Mr. M. H. Dalal, born on 30/1/1956, holds an I. Com degree. He is an Exporter by profession and is an expert in Export Business. It will be advantageous for the Company to continue to avail his expert advice in the field of Exports and Imports. He is a Director in Harison Pvt Ltd.

Item no. 5

In order to increase the strength of the Board, the Director at its meeting held on 31/10/2002 appointed Mr. M. K. Arora as an additional Director, pursuant to article 91 of the articles of association of the company and section 260 of the Companies Act, 1956 who holds office as Director up to the date of this Annual General Meeting. In the same meeting, Mr. M K Arora was appointed as an additional Director of the Company with effect from 31/10/2002.

As required under section 257 of the Companies Act, 1956 notice has been received from a member signifying his intention to propose Mr. M. K. Arora as candidate for the office of Director of the Company.

Mr. M. K. Arora, born on 21/09/1943, is a Company Secretary by Profession. Mr. M. K. Arora has rich knowledge and experience in the area of Corporate Laws. At present Mr. M. K. Arora is a Director of Alcon Finance & Investments Ltd, Vibhuti Investments Co Pvt Ltd, DGP Capital Management Ltd, DGP Enterprises Pvt Ltd and Smart Manager Media Pvt Ltd. The Board considers it desirable that the Company should receive the benefits of his expertise and guidance as a Director of the Company and therefore it is recommended that Mr. M. K. Arora be appointed as a Director of the Company.

The above explanation may also be regarded as an abstract under section 302 of the Companies Act, 1956. The Board of Directors recommends the passing of the Resolution contained in item no. 5 of the notice. Mr. M. K. Arora is deemed to be concerned or interested in the Resolution as it pertains to his appointment.

Item no. 6

In order to further strengthen the existing strength of the Board, the Director at its meeting held on 31/10/2002 appointed Mr. R. K. Saraswat as an additional Director, pursuant to article 91 of the articles of association of the company and section 260 of the Companies Act, 1956 who holds office as Director up to the date of this Annual General Meeting. In the same meeting, Mr. R. K. Saraswat was appointed as an additional Director of the Company with effect from 31/10/2002.

As required under section 257 of the Companies Act, 1956 notice has been received from a member signifying his intention to propose Mr. R. K. Saraswat as candidate for the office of Director of the Company.

Mr. R. K. Saraswat, born on 17/04/1938, is a Chartered Accountant having rich knowledge and experience in the profession and is an expert in Financial Matters. At present he is a Director in Datamatics Technology Ltd, Datamatics Direct Marketing Pvt Ltd, Zedtech Software designs [India] Limited. The Board considers it desirable that the Company should receive the benefits of his expertise and guidance as a Director of the Company and therefore it is recommended that Mr. R. K. Saraswat be appointed as a Director of the Company.

The above explanation may also be regarded as an abstract under section 302 of the Companies Act, 1956. The Board of Directors recommends the passing of the Resolution contained in item no 6 of the notice Mr. R. K. Saraswat is deemed to be concerned or interested in the Resolution as it pertains to his appointment.

Item No. 7

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the Delisting Guidelines) incorporating, among others, provisions for delisting of Securities of a body corporate voluntarily by a promoter or an acquirer or any person other than the Stock Exchange.

The Equity Shares of the Company are currently listed on the following 4 Stock Exchanges in India:

1. The Stock Exchange, Mumbai (The Regional Stock Exchange)
2. The Ahmedabad Stock Exchange
3. The Calcutta Stock Exchange
4. The Delhi Stock Exchange

With the extensive networking of the Stock Exchanges, Mumbai (BSE) as also the extension of BSE terminals to other cities as well, investors have access to online dealings in Equity Shares of the Company across the Country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's Equity Shares on all the other Stock Exchanges are not significant. It is also observed that the listing fee paid to the other Stock Exchanges (other than BSE) is disproportionately higher, compared to the extremely low trading volumes of the Company's securities on those Stock Exchanges.

The Company has proposed this Resolution, as part of its cost reduction measures, which will enable it to delist its Equity Shares from all or any of the following Stock Exchanges:

1. The Ahmedabad Stock Exchange
2. The Calcutta Stock Exchange
3. The Delhi Stock Exchange

In line with SEBI regulations and approvals, if any, required of any authorities, Member's approval is being sought by a Special Resolution for enabling voluntary delisting of its securities from the said Stock Exchanges. The proposed delisting of the Company's Equity Shares from the said Stock Exchanges, as and when it takes place, will not affect the investors adversely. The Company's Shares will continue to be listed on BSE as the regional Stock Exchange. The delisting will take effect after all approval, permissions, and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors, therefore, recommend the Resolution for your approval. None of the Directors of the Company are, in any way, concerned or interested in this said Resolution.

For and on behalf of the Board

A. K. Bhawanla
Chairman

Registered Office:

Krishna House, Ground Floor,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai-400013
Place: Mumbai
Dated: 22nd July, 2003.

DIRECTORS' REPORT

To
The Members,
Your Directors hereby present the **16th Annual Report** along with the audited accounts for the financial year ended 31st March, 2003.

FINANCIAL RESULTS

	Year Ended 31-03-2003	(Rs. in Lakhs) Year Ended 31-03-2002
Sales		
Export	1404.30	2106.18
Local	12431.33	19265.89
	<u>13835.63</u>	<u>21372.07</u>
Other Income	111.70	76.27
	<u>13947.33</u>	<u>21448.34</u>
Profit/(Loss) before Tax and Extra Ordinary Item	(174.49)	(374.04)
Provision for Doubtful Deposits	<u>50.22</u>	<u>0.00</u>
Profit/(Loss) before Tax and after Extra Ordinary Items	(224.71)	374.04
Provision for taxation-Current Tax	4.50	1.70
Provision for taxation-Deferred Tax	(64.00)	(104.99)
Profit/(Loss) after tax	(165.20)	(270.75)
Taxation of earlier years	9.11	0.14
Balance brought forward	9.45	280.06
Transferred from Export Reserves	5.80	0.00
Transferred from General Reserve	<u>140.84</u>	<u>0.00</u>
Balance carried to Balance Sheet	<u>0.00</u>	<u>9.45</u>

DIVIDEND

In view of the loss incurred by the company during the year, your directors do not recommend any dividend for the financial year 2002-03.

OPERATIONS

The aggregate turnover of your Company was Rs. 13835 Lacs in the year 2002-03 as compared to Rs. 21372 Lacs in the year 2001-02. The company has incurred a loss before tax and extra ordinary items of Rs. 174.49 Lacs in 2002-03 as compared to a loss before tax and extra ordinary items of Rs. 374.04 Lacs in 2001-02.

The Company has been able to contain the loss and earned profit in the 4th Quarter of 2002-03 on account of restructuring and competency mapping 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. The collection strategy has also been reviewed resulting in improved collection.

Your Company's export business of dyestuffs, bulk pharmaceuticals and intermediates have shown reduction in turnover to Rs. 1404 lacs in 2002-03 from Rs. 2106 lacs in 2001-02. The reduction is mainly on account of global competition and its cheaper availability in International market. We are exploring the possibility of exporting in other European countries.

Your Company's local business of Electronic Division has also shown reduction in turnover from Rs. 19265 Lacs in 2001-02 to Rs. 12431 Lacs in 2002-03 mainly because of discontinuance of distribution of LG Monitors as LG Electronics Limited has started marketing through its own subsidiary and due to concentration by your Company on its Krypton range of Products. 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 and 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.

To strengthen the network of the company, two more Branch Offices have been established during the year at Parwanoo in Himachal Pradesh and Ludhiana in Punjab. All the branches are adequately equipped to provide complete support to the customers. It has also been decided to strengthen the Branch performance review for improving the branch 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. Aditya Bhuwania and Mr. M. H. Dalal, Directors will retire by rotation at the ensuing Annual General Meeting and they, being eligible, offer themselves for re-appointment. Mr. M. K. Arora and Mr. R. K. Saraswat were appointed as additional directors as per the provisions of Section 260 of the Companies Act, 1956 at the meeting of the Board held on 31/10/2002 and hold the office till the conclusion of the Annual General Meeting.

AUDITORS

M/s. M. L. Bhuwania & 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.

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 2002-03 and of the Loss of the company for that the year ended on 31st March, 2003;
- 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 an electronic form. The shareholders' are advised to take benefit of dematerialization.

LISTING OF SHARES

Your company's shares have been listed with Stock Exchanges at Mumbai, New Delhi, Calcutta and Ahmedabad. The listing fees for the financial year 2002-2003 were paid up to 31-03-2003

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

Registered Office:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

1.1 Industry Structure and developments

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

As per International Data Corporation (IDC) Report, the IT market has seen a growth of about 10% in 2002-03; this growth is reflected in the last quarter where we made a turn around. 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: The Latin American consumption of dyes and intermediates continues to be depressed due to Argentinian economic woes still continuing. The demand in Europe shows signs of some growth and is expected to improve during the course of coming periods. The Asian markets also seem to be picking up over the last quarter.

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 two 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 are planning to foray into the systems arena under our own brand; however this will be limited to the large institutes and corporates initially.

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 impacts 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 Americas 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 growth of 10% compared to last year in the Industry. Our profitability has improved as a result of this in the last quarter (Jan, 2003-March, 2003).

Chemical Division: The turnover has come down by 33%, but the margin on the dyes & chemicals' exports has marginally increased 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 20% is expected in the next fiscal year. We

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, 2003.

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, 2003 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: 30th June, 2003.

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

Chemical Division: We will continue to improve our revenues and returns as one of the premier dye exporters. With the diverse range of products, we are confident of improving volumes and income during 2003-2004.

1.5 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.' The Channel trade is poorly organized and the risk of defaults has been high. This has caused us to restrict 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.

1.6 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.

1.7 Discussion on financial performance with respect to operational performance

The company has achieved a sales turnover of Rs 13,835 Lacs in the year 2002-03 as compared to Rs. 21372 Lacs in 2001-2002, reflecting a decrease of 35%. The company has incurred a loss (before tax and extra ordinary items) of Rs 174.49 Lacs as compared to a loss of Rs. 374.04 Lacs in the previous year.

1.8 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 the 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. The company has been sharing with you from time to time various information's 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, 2003.

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	7	Yes	1	-	-
Mr. R. Laxminarayan \$	Promoter/Non-Executive director	2	No	-	--	-
Mr. R. K. Saraswat #	Independent /Non-executive Director	2	N.A	2	1	1
Mr. M. K. Arora #	Independent/Non-Executive Director	2	N.A	2	--	-
Mr. D. J. Kakalia	Independent/Non-Executive Director	-	No	2	1	-
Mr. M. H. Dalal	Independent/Non-Executive Director	7	Yes	-	-	-
Mr. Ashish Bhuwania	Promoter/Executive Director	2	No	-	-	-
Mr. Aditya Bhuwania	Promoter/Executive Director	6	Yes	-	-	-

* 7 Board Meetings were held during the financial year 2002-03 at the Registered Office of the company on the following dates: , May 13th , 2002, July 26th , 2002, Sept 13th 2002, Sept 17th , 2002, Oct 31st 2002, Jan 27th ,2003, Mar 22nd , 2003,

** Annual General Meeting (AGM) was held on September 25th , 2002.

Mr. M. K Arora and Mr. R. K .Saraswat were appointed as additional directors at the meeting of the Board held on Oct 31st , 2002

\$ Mr. R Laxminarayan resigned from the services of the Board with effect from Nov 30th , 2002.

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.