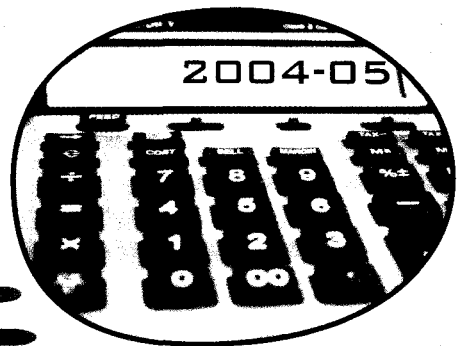




PRIYA LIMITED



18TH ANNUAL REPORT

18TH ANNUAL GENERAL MEETING

Date : 12th August, 2005
 Time : 11. A. M.
 Place : "Hall of Quest", Nehru Planetarium, Nehru Centre,
 Dr. Annie Besant Road, Worli, Mumbai -400 018.

BOARD OF DIRECTORS

SHRI A. K. BHUWANIA *Chairman*
 SHRI D. J. KAKALIA *Director (till 21st August, 2004)*
 SHRI R. K. SARAŚWAT *Director*
 SHRI M. H. DALAL *Director*
 SHRI M. K. ARORA *Director*
 SHRI ASHISH BHUWANIA *Executive Director*
 SHRI ADITYA BHUWANIA *Executive Director*

SHRI. SANJAY PARAB *Company Secretary*

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 (COMMON AGENCY)

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

WEBSITE

www.priyagroup.com

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NOTICE

NOTICE is hereby given that the **Eighteenth 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 Friday, the 12th day of August, 2005 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, 2005 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. R. K. Saraswat**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. Aditya Bhuwania**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

- 5) **Place of keeping Registers/ Returns and records at Registrar & Transfer Agent's Office :**

To consider & if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"**RESOLVED THAT** pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves the keeping of the Register of Members, the Index of Members and copies of Annual Return prepared under Section 159 of the Companies Act, 1956, together with the copies of the Resolution and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them, at the office of the Registrar and Transfer Agents (RTA) namely M/s. Bigshare Services Pvt. Ltd. situated at B-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E)- Mumbai -400 072, instead of being kept at the Registered Office of the Company."

- 6) **Alteration in Articles of Association :**

To consider & if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

To amend existing Article 93 of the Articles of Association to read as :

Directors' fees remuneration and expenses.

"each director other than Executive Director/ Managing Director or Whole time Director, shall be entitled to receive out of the funds of the Company for attending meeting of the board or committee of the board or any of the adjourned sittings, for each of the board or committee meeting respectively attended by him a sum not exceeding Rs. 20,000/- or such smaller sum as may be decided by the Board from time to time."

- 7) To consider & if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

"**RESOLVED THAT** pursuant to Section 309(2) of the Companies Act, 1956 read with Clause 49 of the 'Listing Agreement' with stock exchange(s) and amended articles 93 of the Articles of Association of the company, the board of directors is authorised to decide the payment of sitting fees to the directors (other than the executive director, managing director, whole time director and any special director) of the company for attending the meeting of the board of directors or any committee thereof, up to a maximum of Rs. 20,000/- (Rupees twenty thousand) per meeting."

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 5th day of August 2005 to 12th day of August 2005 (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 the 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 1997-98 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

Place : Mumbai

A. K. Bhuwania

Dated : 15th June, 2005.

Chairman

Registered Office :

Krishna House, Ground Floor,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

The Members are aware that the Company had appointed **M/s. Bighare Services Pvt. Ltd.** as Registrar & Transfer Agents (RTA), for both the purposes of Physical and Electronic Transfer/Dematralisation of shares of the Company. The said RTA is having their office at B-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E)- Mumbai -400 072. In terms of SEBI directives, M/s Bigshare Services Pvt. Ltd. is also acting as 'Common Agency' for both physical and electronic transfer/dematralisation of shares of the Company.

As per the provisions of section 163 of the Companies Act, 1956 certain documents, which are normally required to be kept at the Registered Office of the Company, can be kept at any other place, provided that such other place has been approved by a Special Resolution passed by the Company in the General meeting.

Since RTA operate from above mentioned place as their principal place of business operations and at which records of shareholders have been kept in terms section 163 of the Companies Act, 1956 and also for compliances of provisions under Depositories Act 1996.

It is proposed to pass a resolution to record said place of RTA as place where record/ documents of shareholders are being kept for compliance of all applicable laws.

Advance copy of this proposed Special Resolution has been sent to Registrar of Companies, Mumbai, Maharashtra.

The Board commends the resolution for approval. No director is interested or concerned in this resolution.

Item No. 6 :

The Company is paying the sitting fee to its directors for attending board or committee meeting(s). The said sittings fee paid in terms of articles of Association of the Company is far lesser than what other companies do pay to their directors.

The Central Government vide Notification No. GSR 580 (E) dated 24-07-2003 has revised and enhanced the amount of sitting fees payable to its directors by the companies.

To recognize the valuable contribution of independent and non-executive directors to the Company, the board of directors thought it appropriate to amend its articles and permit company to pay higher sitting fees to its non-executive and independent directors but not exceeding Rs. 20,000/- per meeting.

The existing article 93 is amended to enhance the existing allowable sitting fees to maximum of Rs. 20,000/- (Rupees Twenty Thousand) per meeting per director.

The Board commends the resolution for approval. All directors except Mr. Ashish Bhuwania and Mr. Aditya Bhuwania are deemed to be interested in this resolution.

Item No. 7

The revised Clause 49 of the 'Listing Agreement', to be effective from 1st January, 2006, states that all fees and/or compensation paid to non-executive directors, including independent directors, shall be fixed by the board of directors and shall require prior approval of shareholders at a general meeting.

For the purpose of administrative convenience members are requested to authorise the board of directors to decide the quantum of sitting fees payable to non-whole time directors upto a limit of Rs.20,000/- (Rupees twenty thousand) per meeting after taking into the consideration the expertise and the knowledge they bring to the Company and their contribution to the performance of the Company.

It is consonance with amended article 93 as set out in resolution 5 above to the Articles of Association, to allow maximum of Rs. 20,000/- as sitting fees to non executive directors/ independent directors of the Company.

The Board commends the resolution for approval. All directors except Mr. Ashish Bhuwania and Mr. Aditya Bhuwania are deemed to be interested in this resolution.

The resolution set out in item 6, 7 and respective explanatory statement may be treated as a memorandum of understanding pursuant to Section 302 of the Companies Act, 1956.

Information pursuant to clause 49 of the listing agreement.

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 and Datamatics Infotech Inc. Mr. R.K. Saraswat, is Chairman of Audit Committee and Shareholder Grievance committee of the Datamatics Technologies Ltd.

Proficiency of Mr. R.K. Saraswat in the financial matters has helped company in bringing down operating cost of the Company. It will be advantageous for the Company to continue to avail expertise guidance and directions from Mr. R.K. Saraswat.

Mr. Aditya Bhuwania born on 13/2/1973, holds a B.Sc. degree. He is a graduate and is an expert in Export and Import. It will be advantageous for the Company to continue to avail his expert advice in the field of Export and Imports for Priya Ltd. He is also a Director of Priya International Ltd., an associate group company of Priya Ltd. He is a Director in Brent Investment Properties Pvt. Ltd., Chesire Investment Properties Pvt. Ltd., and Halifax Investment Properties Pvt. Ltd.

DIRECTORS' REPORT

To

The Members,

Your Directors hereby present the **18th Annual Report** along with the audited accounts for the financial year ended 31st March, 2005.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	Year Ended 31-03-2005	Year Ended 31-03-2004
Sales		
Export	4618.26	2011.42
Local	10835.07	11606.48
	15453.33	13617.90
Other Income	134.09	252.57
	15587.42	13870.47
Profit/ (Loss) before Tax and		
Extra Ordinary Item	89.48	45.36
Extra ordinary item	0.30	0.00
Profit/ (Loss) before Tax and after		
Extra Ordinary Items	89.18	45.36
Provision for taxation-Current Tax	11.58	8.18
Provision for taxation-Deferred Tax	37.47	18.19
	40.13	18.99
Profit / (Loss) after tax	40.13	18.99
Taxation of earlier years	(20.59)	0.98
Balance brought forward	(120.87)	(140.84)
	(101.33)	(120.87)
Balance carried to Balance Sheet	(101.33)	(120.87)

DIVIDEND

In view of the inadequate profit earned by the company during the year, your directors do not recommend any dividend for the financial year 2004-05.

OPERATIONS

The aggregate turnover of your Company was Rs. 15,587.42 Lacs in the year 2004-05 as compared to Rs. 13,870.47 Lacs in the year 2003-04. The company has earned (profit before tax and after extra ordinary items) of Rs.89.18 Lacs in 2004-05 as compared to Rs. 45.36 Lacs in 2003-04.

The company has been able to perform better during the year on account of exports of Electronic products. Further we have been able to cut down our costs. Your Company's export business of dyestuffs, bulk pharmaceuticals and intermediates have shown reduction in turnover to Rs. 676 lacs in 2004-05 from Rs. 1,135 lacs in 2003-04. The reduction is mainly on account of sharp increase in raw material prices, which was caused by the oil and petrochemical price surge. We are exploring the possibility of exporting to other European countries.

Your Company's local business of Electronic Division has also revealed reduction in turnover from Rs. 11,606 Lacs in 2003-04 to Rs. 10,835 Lacs in 2004-05 mainly because custom duty reduction on major items by government which resulted in reduction of prices of all IT products during the year.

Your Company has made a remarkable position in Europe for export of electronics components related to computer hardware, which reflected in export of Rs. 3,941 Lacs in 2004-05 as compared to Rs.876 Lacs in 2003-2004.

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 and monitors. We are also now getting into direct marketing to corporate sector.

All the branches are adequately equipped to provide complete support to the customers. Internal control system has well established and cost consciousness in branch operations leads 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. R. K. Saraswat and Mr. Aditya Bhuwania, 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. 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.

INVESTMENT IN M/S. VXL INSTRUMENTS LTD.

During the year under review, the Company has acquired 13.45% stake of M/s. VXL Instruments Ltd. by way of preferential allotment of shares. VXL Instruments Ltd. is presently listed on The Stock Exchange, Mumbai (BSE).

M/s VXL Instruments Ltd. is one of the world's leading manufacturers of Windows based Terminals and Thin Client devices. According to analyst group IDC, the VXL is currently

ranked third in the Thin Client market with an 11% market share worldwide. We expect this strategic investment by the Company will bring high yields and prosperity to the business.

HUMAN RESOURCE

Employees' relations throughout the Company were harmonious. The board wishes to place on record its sincere appreciation of the devoted efforts of all employees in advancing the company's vision and strategy to deliver best quality services to its valued customers.

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 of India.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) 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 2004-05 and of the Profit of the company for that the year ended on 31st March, 2005;
- iii) 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;
- iv) 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 The Stock Exchange, Mumbai (BSE). The company had applied for de-listing of equity shares from Kolkata Stock Exchange Association Ltd. (CSE) and said de-listing permission is in process. The listing fee to BSE for the financial year 2005-2006 was 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, 2005.

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, 2005 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

Place : Mumbai
Date : 15th June, 2005.

A. K. Bhunia
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

1.1 Industry Structure and developments

Electronics Division: As per Manufacturers' Association for Information Technology (MAIT), total PC sales in India crossed 3.63 million in 2004-05. The Indian market acted steadily for whole year but in forth quarter experienced clouds of doubts over implementation of VAT as well reduced duties under WTO agreement. But the markets have shown positive signs once again after these uncertainties are all over and as per MAIT, it expected to cross 4.25 million in 2005-06. We are hopeful to improve our market share together with increased market volumes.

Chemical Division: The Latin American market failed to improve last year and we are still unclear about its direction this year. Due to sudden jump in oil prices, all raw material prices have gone up, while finished goods prices have remain subdued due to slower markets. Besides, due to new-textile agreement under WTO, there is a larger export of textiles from India and dyeing houses in Europe are facing difficulties. It would take some time before the situation stabilizes in all the markets.

1.2 Opportunities and Threats

Electronics Division :

The brand building exercise continues with more thrust on our own 'Krypton' brand. Besides, we have started pushing for a bigger share in the monitor market with Viewsonic who are one of the leading monitor brands in the world. Further we have been trying to reduce our distribution time cycle to reduce cost.

With our current tie up with M/s.VXL Instruments Ltd., we have also started marketing thin clients in India and are sure to get significant volumes from thin clients this year.

Chemical Division :

The onslaught by the emerging Asian and other smaller countries continues despite the efforts by the west and Indian governments resorting to impose anti-dumping duties. A thorough review of all the products is thus called for to identify only the profit making and sustainable products. Completion of this exercise should help us to re-enter the market with better vision and focus. Exercise is on in this direction, which can also include a review on exports of bulk chemicals, pharmaceutical intermediates and also Bulk Pharmaceuticals.

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 Rs. 344.14 Lacs from previous year's corresponding profit of Rs.285.08 Lacs.

Chemical Division: There is severe drop in the turnover by 40%, and the margin too has to be squeezed due to

tough competition from china. The heavy slashing of incentives by our Government too has forced us to work on very lower margin in order to sustain in the international market.

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), IT industry will grow in the Year 2005-06 by 30% to 40% in India. We are also aiming to capture the major share of this growth for all the product ranges.

Chemical Division :

Though the newer product ranges introduced by us, have received good response, they are unlikely to contribute significantly to our sales in the current year. The users are limited and it takes considerable time for them to change from their existing long term suppliers. The Agro ranges introduced, have received very good response but here again the experimentation process have to be completed after the current monsoon in the respective countries as these are basically relating to usage in certain climatic conditions. A good pick-up is seen in the Stains and Indicators range and we hope to have some better volumes in the coming year.

Risk and concerns

Electronics Division :

The fast obsolesce of IT products and changing technology remains primary concern. The company has to move faster with changing times and ensure that it does not get stuck with products of old technology. With import duties on IT products abolished, more multinational companies would be trying to get a better share of the market here resulting lower margins. The company would have to improve its market research and also improve relations at more grass root levels.

Chemical Division :

Due to sky rocketing oil prices, all raw materials are still running high at present. At this juncture the company cannot take long position on any its product range and have to work more on back to back orders. The situation is likely to improve by end of the year, when all prices will have better stability.

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 15,453 Lacs in the year 2004-05 as compared to Rs. 13,618 Lacs in 2003-2004, reflecting a steady growth. The company has earned a profit (before tax and extra ordinary items) of Rs 89.48 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 45.36 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. Apart from the normal training programs for the employees, the Company has carried out various organizational development processes, primarily to bring about transformation process within the organization.

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. Statements in "Management Discussion and Analysis" describing the Company's objective, expectations and assessments etc. may be forward looking within the meaning of applicable laws and regulation. Actual results may differ from the statements expressed therein. Important factors that could influence the Company's operations include demand and supply conditions affecting selling prices of finished goods, availability of inputs and their prices, change in Government policy, legislation and tax rates; political defense and economic development within and outside the country and other factors such as litigation and industrial relations.

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CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Corporate Governance is increasingly being stressed in today's competitive business scenario. The Company's Corporate Governance philosophy ensure that it would follows highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and best business practices. Your company would relentlessly attempt to maximize stakeholder's value. This philosophy envisages means to fulfill its various obligations towards the customers, shareholders, employees and society at large in a manner acceptable to various interest groups.

In addition, we give below the information on areas covered under Corporate Governance.

2. BOARD OF DIRECTORS

The Board of Directors consists of 6 Directors as on March 31st, 2005. 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	1	-	-
Mr. R. K. Saraswat	Independent / Non - Executive Director	6	Yes	2	2	2
Mr. M. K. Arora	Independent/Non - Executive Director	5	No	4	-	-
Mr. D. J. Kakalia***	Independent/Non-Executive Director	-	No	2	1	-
Mr. M. H. Dalal	Independent/Non-Executive Director	5	No	-	-	-
Mr. Ashish Bhuwania	Promoter / Executive Director	1	No	-	-	-
Mr. Aditya Bhuwania	Promoter / Executive Director	6	Yes	1	-	-

* 6 Board Meetings were held during the financial year 2004-05 at the Registered Office of the company on the following dates: 19th April, 2004, 12th June, 2004, 31st July, 2004, 10th September, 2004, 30th October, 2004, 29th January, 2005.

** Annual General Meeting (AGM) was held on 22nd September 2004.

*** Mr. D.J. Kakalia has resigned and ceased to be Director of the Company w. e. f. 21st August, 2004.

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. M. K. Arora

Mr. D. J. Kakalia, was member of the Audit Committee, who had resigned as Director and also ceases to be member of Audit Committee w.e.f. 21st August, 2004.

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

Ms. Susan Rao had resigned as Company Secretary w.e.f 29th December, 2004. Mr. Sanjay Parab has joined as Company Secretary w.e.f 18th March, 2005. Mr. E. Isaac, DGM Finance & Accounts has acted as Secretary to Committee during the period, when the office of Company Secretary was vacant.

C) Meeting and Attendance during the year

Four Meetings of the Committee were held during the year on 12th June, 2004, 31st July, 2004 30th October, 2004 and 29th January, 2005.

Name of the Committee Member	Number of Meeting attended
Mr. R. K. Saraswat	4
Mr. M. H. Dalal	3
Mr. D. J. Kakalia ***	0
Mr. M. K. Arora	3

*** Mr. D.J. Kakalia has resigned and ceased to be Director & member of the Audit Committee of the Company w. e. f. 21st August, 2004.

1. The Statutory Auditors of the Company were invitees to each meeting of the Audit Committee.
2. All the Suggestions/Recommendations made by the Audit Committee during the financial year 2004-2005 were considered and accepted by the Board.

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. R. K. Saraswat
- (3) Mr. M. K. Arora

* Mr. D. J. Kakalia, was the member of Remuneration Committee, who has resigned as Director and also ceased to be a member of Remuneration Committee w.e.f 21st August, 2004.

C) Meetings and Attendance during the year

The Committee meeting was held on 15th June, 2005 in which the details of the remuneration/sitting fees paid to all directors during the year 2004-2005 was placed and the committee took note of it. All the members were present at the meeting.

D) Remuneration Policy

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