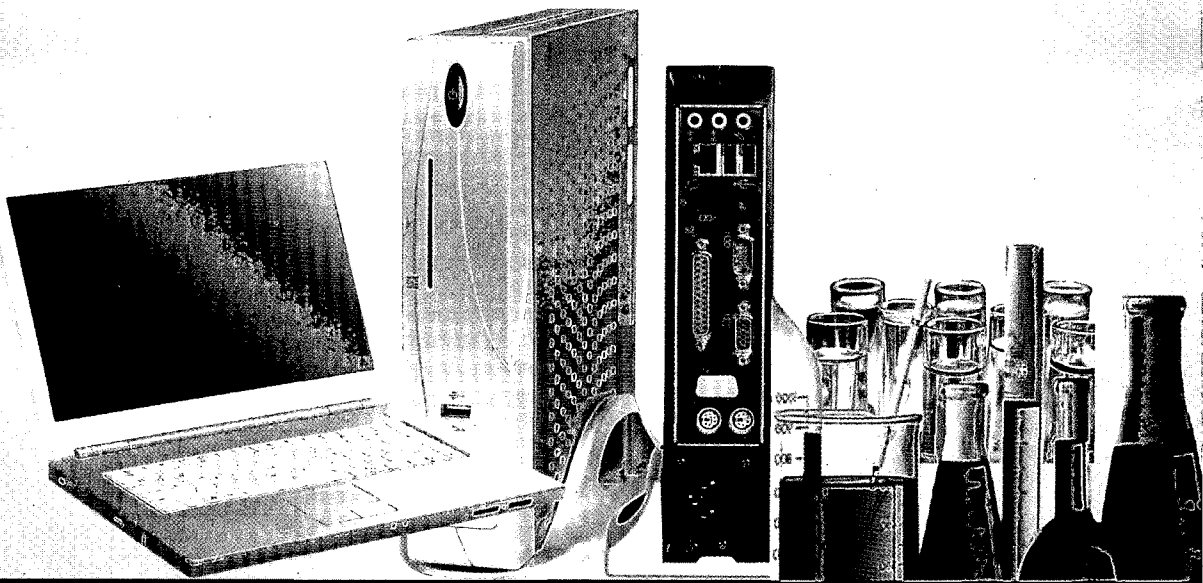


# PRIYA LIMITED

22nd Annual Report 2008-2009



**Priya**  
Pursuing Excellence

## 22<sup>nd</sup> ANNUAL GENERAL MEETING

Date	23 <sup>rd</sup> September 2009.
Time	11.00 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 R. K. SARASWAT	Director
SHRI M. K. ARORA	Director
SHRI ASHISH BHUWANIA	Executive Director
SHRI ADITYA BHUWANIA	Executive Director
SHRI BASAVRAJ LONI	Company Secretary
SHRI RAKESH JAIN	Chief Financial Officer

### BANKERS

Indian Bank  
Bank of India  
Union Bank of India

### AUDITORS

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

### REGISTERED OFFICE

2<sup>nd</sup> Floor 209-210 Kimatrai Building 77-79  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai 400002

### REGISTRAR AND SHARE TRANSFER AGENT (COMMON AGENCY)

Bigshare Services Pvt. Ltd.,  
E-2/3, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai-400 072.  
Tel: 022-2847 3474, 2847 0652

### EQUITY SHARES ARE LISTED AT:

The Bombay Stock Exchange Ltd (BSE)

### WEBSITE

www.priyagroup.com

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**NOTICE**

NOTICE is hereby given that the **Twenty-Second 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 23<sup>rd</sup> day of September, 2009 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 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 Auditors and to fix their remuneration.

**NOTES:**

1. 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 commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 17<sup>th</sup> day of September 2009 to 23<sup>rd</sup> day of September 2009 (both days inclusive).
4. Members are requested to bring their copy 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. 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.
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  
For Priya Limited

**Basavraj Loni**  
Company Secretary

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009.

**Registered Office:**

2<sup>nd</sup> Floor, 209-210 Kimatrai Building, 77-79,  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai-400002

**DIRECTORS' REPORT**

To  
The Members,

Your Directors hereby present the 22<sup>nd</sup> Annual Report along with the audited accounts for the financial year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	Year Ended 31/03/2009	Year Ended 31/03/2008
<b>Sales</b>		
Export	12703.60	8806.22
Local	7331.47	9138.26
	<u>20035.07</u>	<u>17944.48</u>
Other Income	138.83	155.63
	<u>20173.90</u>	<u>18100.11</u>
Profit/ (Loss) before Tax and Extra Ordinary Item	371.88	154.22
Extra ordinary item		
Profit/ (Loss) before Tax and after Extra Ordinary Items	371.88	154.22
Provision for taxation-Current Tax	68.60	19.35
Provision for taxation-Wealth Tax	6.46	5.44
Provision for taxation-Deferred Tax	42.93	42.66
Provision for taxation-Fringe Benefit Tax	4.80	3.97
Profit / (Loss) after tax	249.09	82.80
(Add)/Less: Taxation of earlier years (0.71)	0.71	0.92
Balance brought forward	88.44	6.56
Balance carried to Balance Sheet	<u>338.24</u>	<u>88.44</u>

**DIVIDEND**

The company's operations being in a growth phase, the directors consider it is prudent to conserve resources for future operations and therefore do not recommend any dividend for the financial year under review.

**OPERATIONS**

Your company has experienced growth in revenue and profit in the year under review. During the year, your company's total income grew to Rs. 20173.90 Lacs from Rs. 18100.11 Lacs in the previous year. The profit after tax and exceptional item increased to Rs. 249.09 Lacs from Rs. 82.80 Lacs in the previous year.

Keeping pace with the changing dynamics of the industry your company has been able to perform better during the year. In export of electronic products company has registered significant growth. There was also a marginal increase in the

export turnover of Dyestuff, Bulk Pharmaceuticals and intermediaries to Rs. 226.07 Lacs as compared to Rs. 201.62 Lacs during the previous year.

The strong growth in electronic export indicates the strong and consistent progress your company has made in capturing the very competitive European electronic market. We expect to maintain the same performance in the years to come.

Your company is concentrating in the marketing of VXL thin clients and other computer peripherals such as Mother Boards, Notebooks and Computer peripherals (Keyboard/Mouse, Gaming Cabinets and SMPS), and is targeting a greater market share in these key areas. Your company is also thriving to build an image of a complete system solution provider by marketing enterprise level software in the Indian Market.

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

Your Directors are hopeful of improving upon the last financial year's results for the Company during the current year.

**DIRECTORS**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. R. K. Saraswat, Director of the Company shall be liable to retire by rotation at the ensuing Annual General Meeting and he, being eligible, offers himself 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 remuneration.

**AUDITORS REPORT**

The auditors have pointed out in clause VII of Annexure referred to in paragraph 3 of Auditors Report that the Company does not have formal internal audit system, in view of this the Board of Directors are in the process of appointing chartered accountant firm or creating an in-house department for conducting Internal audit.

**HUMAN RESOURCE**

Employee relations throughout the Company were harmonious. The board wishes to place on record its sincere appreciation of the sincere 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 Listing Agreement with Stock Exchange, 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 for the support from Company's bankers namely 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 along with proper explanation relating to material departure;
- 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 2008-09 and Profit of the company for that the year ended on 31<sup>st</sup> March, 2009;
- 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/dematelized form. The shareholders' are advised to take benefits of dematerialization.

**LISTING OF SHARES**

Your company's shares have been listed with The Bombay Stock Exchange Limited, (BSE). The company had applied for de-listing of equity shares from The Calcutta Stock Exchange Association Ltd. (CSE) and the said de-listing permission is in process and the company is constantly following up with the Exchange for completion of the process. The listing fee for the financial year 2009-2010 was duly paid to BSE.

**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 equipments 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 year under review.

**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 on March 31<sup>st</sup>, 2009.

**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 31<sup>st</sup> March, 2009 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  
For Priya Limited

**Aditya Bhuwania**  
Executive Director

**R.K. Saraswat**  
Director

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

### 1.1 INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Electronics Division:

Electronics and Information Technology is the fastest growing segment of Indian industry in terms of both - production and exports. In a year that witnessed all-round economic slow down, according to International Data Corporation's India Quarterly PC Tracker, the overall India Client PC market shipments remained flat at 7.98 million during January-December 2008 against 8.06 million in 2007. For CY 2008, desktop PC shipments dropped 10.1% while notebook PC shipments recorded a growth of 31.5% on a year on year basis and witnessed 7% quarter on quarter growth in shipments in 1Q first quarter of calendar year 2009 over fourth quarter of 2008. The virtual decline in computer prices in the past few years has considerably increased affordability of computers. Also, easy finance schemes, SOHO and SME segments, remarkable rise in IT and IT enabled service markets, e-governance initiatives by Central and State governments and various government departments apart from demand from households, together have bolstered the pace of growth. In 2009, IDC feels that the overall India IT/ITeS Industry is expected to grow at 10.8%, to touch INR 3,09,573 Crore (over US \$ 64 Billion). The domestic market is estimated to grow at 10.2%, to touch INR 1,09,406/- Crore (over US\$ 22 Billion) and at the same time, exports are expected to grow at 11.2% to cross INR 2,00,000 Crore (over US \$ 41 Billion)

#### Chemical Division:

The Indian Chemical Industry, 12<sup>th</sup> largest in the world for manufacturing of chemicals, is growing at an average rate of 12.5%. However, sector modernization of existing technology through foreign collaboration could further enhance growth.

### 1.2 OPPORTUNITIES AND THREATS

#### Electronics Division:

We have improved the distribution network of VXL thin clients which is one the global market leaders in the industry. Thin client concept is becoming increasingly important globally, where we are continuing to establish a strong market position. We are targeting both - the domestic and international markets.

The change of focus from component marketing to a solution providing company has produced positive results. This division is facing stiff competition from multinational companies both Indian and Foreign. Attrition level is also high in this industry which also affects the sustenance of better performance.

#### 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 this 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:

The overall performance during the year was satisfactory in comparison with the last year, the segment result, before adjustment for unallocated expenses (net) and provisions for taxation, increased to Rs. 1006.57 Lacs as compared to Rs. 598.71 Lacs in the previous year.

#### Chemical Division:

There is an increase in the turnover and the margin too has marginally increased in the same period.

### 1.4 FUTURE OUTLOOK

#### Electronics Division:

The electronic industry shows no sign of recession, or even much of a slow down. The growing Indian market for electronic products is over US\$72 bn and is growing at about 20% per annum.

Big corporate houses, banks, educational and healthcare segments are increasingly opting for the Thin Client technology in comparison to P.C - Server technology which will increase the available market for our Electronic division.

The dumping of cheap and unbranded Chinese products has been a growing concern but we can effectively tackle this by better quality and service- both pre and post sales.

We have set up a strong technical support team to provide total network solutions which in the long term will, enhance competitiveness and maintain profitability.

#### Chemical Division:

New product range is contributing to the otherwise low demand market. Efforts are on to concentrate on new product ranges to increase business. Some of the Latin American countries like Argentina have been given open cover by ECGC. We are trying to revive business in these countries.

### 1.5 RISKS AND CONCERNS

#### Electronics Division:

Rapidly changing technology, shift in consumer taste and increasing competition are the matters of main concerns. The appreciation of Rupee against Dollar affects the margins to a great extent and this is an imminent threat to profitability.

The competition between multinationals to capture the market has resulted in the reduction in margins. The

talent crunch in research and development affects the introduction of novel products. Quickly vanishing dealers are adding to the bad debt pile for the industry as a whole and is another area of concern.

**Chemical Division:**

There is a severe shortage of raw materials (both local and imported) and suppliers are finding it difficult to complete production within the given time frame. This has resulted in buyers either sourcing from elsewhere or postponing their requirements. The exchange rate and the appreciating Rupee are again areas of concern in our Exports.

**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. 20,035.07 Lacs in the year 2008-09 as compared to Rs. 17,944.48 Lacs in 2007-2008, reflecting a strong growth in the electronic export business. The company has earned a profit (before tax and extra ordinary items) of Rs 371.88 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 154.22 Lacs in the previous year.

**1.8 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

**Human Resources:** The Company and its management value the dedication of its employees and acknowledge their contribution in achieving the long term and short term goals of the company. 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, objectives 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.

## 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 2009, and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 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 2009;
    - 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 and on behalf of

M. L. Bhuwania & Co.  
Chartered AccountantsJ. P. Bairagra  
Partner  
Membership No: 12839Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009.



**Annexure referred to in paragraph 3 of Auditor's report to the members of Priya Limited for the year ended 31<sup>st</sup> March 2009.**

- (i) (a) The company is maintaining the proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) During the year, the Company has not granted any loan, secured or unsecured, to Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

During the year, the Company has taken loan from companies and other parties 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. There are no stipulations with respect to the repayment of the loan and the interest thereon. The details of loan transactions are as under:

No. of parties	Total amount of loan taken	Maximum balance outstanding during the year.	Amount outstanding at the end of the year.
6	7,07,00,796	5,71,03,319	3,90,35,378

- (iv) 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.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year. Accordingly, clause 4 (vi) of the Order is not applicable to the Company.
- (vii) *The Company does not have a formal internal audit system.*
- (viii) 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.
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

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

Name of Statute	Nature of Dues	Financial Year	Amount (Rs.)	Forum where dispute is pending
Income Tax Act	Demand for tax liability	1998-99 to 2000-01	1,90,65,694	Income Tax Appellate Tribunal
Income Tax Act	Demand for tax liability	2001-02	1,48,146	Rectification u/s 154 pending with Assessing Officer.
Uttar Pradesh Trade Tax Act, 1948	Demand for Sales tax	2005-06	94045	Assistant Commissioner Trade Tax, Lucknow
State Development Tax Act, 2005	Demand for Sales tax	2005-06	25,968	Assistant Commissioner Trade Tax, Lucknow

Bihar Finance Act, 1981	Demand for Sales tax	2003-04	89285	Deputy Commissioner of Sales Tax
Bihar Finance Act, 1981	Demand for Sales tax	2004-05	57495	Deputy Commissioner of Sales Tax
Bihar Finance Act, 1981	Demand for Sales tax	2005-06	98402	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2001-02	624500	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2002-03	3838076	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2003-04	4192303	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2004-05	4950726	Deputy Commissioner of Sales Tax
West Bengal Sales Tax Act, 1994	Demand for Sales tax	2002-03	27167	Deputy Commissioner of Sales Tax
West Bengal Sales Tax Act, 1994	Demand for Sales tax	2003-04	75126	Deputy Commissioner of Sales Tax
West Bengal Sales Tax Act, 1994	Demand for Sales tax	2004-05	19547	Deputy Commissioner of Sales Tax
West Bengal Sales Tax Act, 1994	Demand for Sales tax	2005-06	120175	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2005-06	20480	Deputy Commissioner of Sales Tax

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) As per the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks, except in the case of retirement of Letter of Credits (LC's), where in 12 cases a total amount of Rs.7,14,17,670 was repaid after the due date of L.C. The period of delay ranges between 1 to 6 days. The Company has not borrowed from the financial institutions and does not have any borrowings by way of debentures.
- (xii) 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. Accordingly, clause 4 (xii) of the order is not applicable to the Company.
- (xiii) 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, clause 4 (xiii) of the order is not applicable to the Company.
- (xiv) 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 order is not applicable to the Company.
- (xv) 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. Accordingly, clause 4 (xv) of the order is not applicable to the Company.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) 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 the year ended March 31, 2009.

For and on behalf of  
 M. L. Bhuwania & Co.  
 Chartered Accountants

J. P. Bairagra  
 Partner  
 Membership No: 12839

Place : Mumbai  
 Dated : 30<sup>th</sup> June, 2009.

## CORPORATE GOVERNANCE REPORT

Your company has complied with all material aspects of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock exchange.

A detailed report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below.

### 1. PHILOSOPHY ON CORPORATE GOVERNANCE.

The company is committed to good Corporate Governance and aims to achieve the balance between share holder's interest and corporate goals by providing long-term vision of its business and establishing system that help the Board in understanding and monitoring risk at every stage of the corporate evolution process to enhance the trust and confidence of the stake holders without compromising with laws and regulations.

The Company's Corporate Governance philosophy ensure that it would follow 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.

At Priya Limited, we are striving towards excellence through adoption of best governance and disclosure practices.

#### Code of conduct

The Board has laid down a code of conduct for all the Board Members and Senior Management of the Company. Senior Management includes Personnel of the core Management Team excluding Board of Directors but including all functional heads.

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive directors. The numbers of Non-Executive Directors are not less than 50% of the Directors.

The Chairman of Board of Directors is a Non-Executive Director and 1/3<sup>rd</sup> of Board of Director comprises of Independent Director.

The Board of Directors ("the Board") as at 31<sup>st</sup> March, 2009 comprises of 5(five) directors of which 2 are Executive Directors and 3 are Non-Executive Directors. All the members of Board are persons with vast experience, expertise and knowledge in the industry, technology, finance, law and marketing.

None of the Directors on the Board is a member of more than 10(ten) committees and Chairman of more than 5 (five) committees as per Clause 49 of listing agreement across all Companies in which they are Directors.

Six Board Meetings were held during the financial year 2008-09 on the following dates:

6<sup>th</sup> June 2008; 30<sup>th</sup> June 2008; 31<sup>st</sup> July 2008; 31<sup>st</sup> October 2008; 31<sup>st</sup> January 2009; 26<sup>th</sup> March 2009.

The gap between two Board meetings is not more than 4 (four) months as per the Clause-49 of the Listing Agreement.

The particulars of Directors, their category, relationship interse, attendance and other directorship, membership/chairmanship of the Committees are furnished below:

Name of Director	Category	Relationship Interse	Attendance		No. of outside directorships and Committee membership / Chairmanship		
			Board Meeting	Last AGM*	Public Limited Company Directorship	Committee membership **	Chairmanship **
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	Father of Ashish Bhuwania and Aditya Bhuwania	6	Yes	2	-	2
Mr. R. K. Saraswat	Independent /Non-executive Director	—	6	No	2	1	2
Mr. M. K. Arora	Independent/Non-Executive Director	—	4	No	5	2	0
Mr. Ashish Bhuwania	Promoter/Executive Director	Son of A. K. Bhuwania and Brother of Aditya Bhuwania	0	No	-	-	-
Mr. Aditya Bhuwania	Promoter/Executive Director	Son of A. K. Bhuwania and Brother of Ashish Bhuwania	6	Yes	1	-	-

\* Annual General Meeting (AGM) for the financial year 2007-08 was held on 25<sup>th</sup> September 2008.

\*\*Only Chairmanship / Membership of Audit Committee and Share Holders Grievance Committee have been considered.

An Independent Director is a Director who:

- a. apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- c. has not been an executive of the company in the immediately preceding three financial years;
- d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
  - i). the statutory audit firm or the internal audit firm that is associated with the company, and
  - ii). the legal firm(s) and consulting firm(s) that have a material association with the company.
- e. is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director.
- f. is not a substantial shareholder of the company, i.e. owning two percent or more of the block of voting shares.
- g. Is not less than 21 years of age.

### BOARD PROCEDURE

The Board meets atleast once in a quarter to, inter alia, to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to directors of the Company. The Board papers, comprising the agenda backed by comprehensive background information are circulated to the Directors in Advance.

The information as specified in annexure IA to clause 49 of the listing Agreement is regularly placed before / made available to the Board wherever applicable.

The Board periodically reviews compliance reports of the laws applicable to the Company, steps taken by the company to rectify instances of non-compliance, if any.

### APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956, Mr. R. K. Saraswat, Director shall be liable to retire by rotation at the ensuing Annual General Meeting and he, being eligible, offer himself for re-appointment.

### 3. BOARD COMMITTEES:

The Board had constituted the following committees of Directors:

- I. Audit Committee
- II. Remuneration and Compensation Committee
- III. Share holders Grievance Committee

#### I) AUDIT COMMITTEE

The Audit Committee has three non-executive members and the chairman of the committee is an independent director.

##### i. Terms of Reference:

The terms of reference of the audit committee include the matter specified under clause 49 of the listing agreement.

##### ii. Power of Audit Committee:

The following powers are vested with the Audit Committee:

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

##### iii. Role of Audit Committee:

The role of the audit committee shall include the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the board, the appointment, reappointment and if required, the replacement of the statutory auditor and the fixation of audit fee.
- c) Approval of payment to statutory Auditors for any other services rendered by the statutory auditors.
- d) Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to:
  - i) Matter required to be included in the Directors Responsibility statement to be included in the Board's

Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- ii) Changes, if any, in accounting policies and practices and reasons for the same.
- iii) Major accounting entries involving estimates based on the exercise of judgment by management.
- iv) Significant adjustments made in the financial statements arising out of audit findings.
- v) Compliance with listing and other legal requirements relating to financial statements.
- vi) Disclosure of related party transactions.
- vii) Qualifications in draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the board for approval
- f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- h) Discussion with internal auditors on significant findings and follow up thereon.
- i) 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.
- j) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) 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.
- l) To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
- m) Carrying out any other function(s) as is mentioned in the terms of reference of the audit committee.

**iv. Review of information by audit committee:**

The audit committee shall mandatorily review the following information:

- 1) Management discussion and analysis of financial condition and results of operation.
- 2) Statement of significant related party transaction (as defined by audit committee ) submitted by the management.
- 3) Management letters/letters of internal control weaknesses issued by statutory auditors.
- 4) Internal audit reports relating to internal control weaknesses
- 5) Financial statements and draft audit report, including quarterly/half yearly financial information; and
- 6) The appointment, removal and terms of remuneration of the chief internal auditors shall be subject to review by the audit committee.

**v. Composition of Audit Committee**

The committee duly comprised of following Non-Executive Directors:

NAME	CATEGORY	Audit committee meeting held during 2008-2009				
		30.6.08	31.7.08	31.10.08	31.01.09	26.03.09
Mr. R.K. Saraswat	Chairman	Present	Present	Present	Present	Present
Mr. M.K Arora	Member	Present	Present	Present	Present	Present
Mr. A.K Bhuwania	Member	Present	Present	Present	Present	Present

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

The members of the Audit committee are financially literate and two members have accounting and related financial management expertise.

The Chairman of the Audit Committee was not present in the last Annual General Meeting, however Mr. A. K. Bhuwania member of the Audit Committee, replied to the queries of shareholder of the Company in absence of Mr. R.K. Saraswat, Chairman of Audit Committee.

The Statutory Auditors of the Company were invitees to each meeting of the Audit Committee.

The minutes of the Audit Committee meeting form part of documents placed before the meeting of the Board of Directors. In addition the Chairman of the Audit Committee appraises the Board members about the significant discussion at Audit Committee meetings.

All the Suggestions/Recommendations made by the Audit Committee during the Financial year 2008-2009 were considered and accepted by the Board.

## II) REMUNERATION COMMITTEE

### i) 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.

### ii) Composition of the Committee

The remuneration Committee has three non-Executive Members out of which Two (2) are Independent. The details of the members are as under:

Name of Director/ Member	Designation	Category	Committee Meeting held on 30 <sup>th</sup> June, 08
Mr. M.K Arora	Chairman	Independent /Non- executive Director	Present
Mr. R.K. Saraswat	Member	Independent/Non-Executive Director	Present
Mr. A.K. Bhuwania	Member	Non Executive Chairman	Present

### iii) Remuneration Policy

The Company's remuneration policy is driven by the success and performance of the individual employees and the company. Through its compensation program company endeavors to attract, retain, develop and motivate a high performance work force.

#### A. Non Executive Directors

The Non Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee Meetings.

Name of Director	Category	Salary (Rs.)	Sitting Fees (Rs.)
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	NIL	1,500
Mr. R K Saraswat	Independent/ Non Executive Director	NIL	18,000
Mr. M K Arora	Independent/ Non Executive director	NIL	12,000
Total			31,500

#### Executive Directors

The whole time Directors (Executive Directors) are being paid in accordance with and subject to the limits laid down in the Schedule XIII to the Companies Act, 1956. There is no separate service contract entered into by the company with the Whole time Directors, the appointment and terms of employment are governed by the Articles of Association of the Company and Resolution passed by the members. The remuneration to the Whole-time Directors are approved by the Board of Directors and subsequently ratified by the Shareholders in the general meeting.

### iv) Details of remuneration of the Executive Director's of the Company

Name of Director	Category	Salary (Rs.)	Sitting Fees (Rs.)
Mr. Aditya Bhuwania	Promoter/Executive Director	6,00,000	NIL
Mr. Ashish Bhuwania	Promoter/Executive Director	15,00,000	NIL
<b>TOTAL</b>		<b>21,00,000</b>	<b>Nil</b>

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

### v) The Shareholding of Non Executive Directors is as under:

Name of Director	No of Shares
Mr. A.K Bhuwania	5,69,710
Mr. R K Saraswat	NIL
Mr. M K Arora	NIL

## III) SHAREHOLDER'S / INVESTOR GRIEVANCE COMMITTEE

The Board of Directors had constituted the Shareholders Grievance Committee.

The Committee redress complaints received from shareholders relating to transfer and transmission of shares, non-receipt of balance sheet, non receipt of declared dividend etc.

**COMPOSITION OF THE COMMITTEE**

Mr. M.K. Arora, Non- Executive and Independent Director is the Chairman of the Shareholders Grievance Committee. The Composition of the Shareholders Grievance Committee is as under:

Name of the Director	Executive/ Non-Executive
Mr. M K Arora	Non- Executive & Independent
Mr. A K Bhuwania	Non-Executive Chairman
Mr. R K Saraswat	Non- Executive & Independent

The Company Secretary is the secretary to the Share Holders' Grievances committee.

During the year under review, one meeting of Share Holders' Grievances Committee was held on 30<sup>th</sup> June 2008 and no investor complaints were pending as on 31<sup>st</sup> March 2009.

No investor grievance remained unattended pending for more than 30 days and no request for share transfer and dematerialization received during the financial year was pending for more than two weeks.

**4. GENERAL BODY MEETING**

Details of Annual General Meetings held during the preceding three year is as follows.

AGM reference	Location	Date	Time	No. of Special Resolutions passed
2007-08 21 <sup>st</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	25 <sup>th</sup> September 2008	11.00 A.M.	Nil
2006-07 20 <sup>th</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	September 21, 2007	11.00 A.M	1
2005-06 19 <sup>th</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	August 18, 2006	11:00 A.M.	1

The following Special Resolutions were passed by the members during the last three General Meetings

Sr. No.	Annual General Meetings	Particular of Resolutions
1.	20 <sup>th</sup> Annual General Meeting held on 21 <sup>st</sup> September 2007	To re-appoint Mr. Ashish Bhuwania as a Whole Time Director designated as Executive Director for the period of 5 (five) years with effect from 13 <sup>th</sup> May 2007 on a remuneration of Rs. 1,25,000/- per month (all inclusive). The resolution was passed unanimously.
2.	19 <sup>th</sup> Annual General Meeting held on 18 <sup>th</sup> August, 2006	To re-appoint Mr. Aditya Bhuwania as Executive Director for the period of five years with retrospective effect from 1 <sup>st</sup> September, 2005 to 31 <sup>st</sup> August, 2010 for a total remuneration of Rs. 50,000 Per month (all inclusive). The resolution was passed unanimously

- None of the Special resolutions passed last year required Postal Ballot, and
- No resolution is proposed to be passed through postal ballot in ensuing Annual General Meeting.

**5. OTHER DISCLOSURES:**

- There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, the Directors or the Management etc. that may have potential conflict with the interests of the Company at large:
- The Audit Committee had reviewed the related party transactions as mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant. Related party transactions are disclosed in Note No (14) of Schedule 'T' to the financial statement in the Annual report.
- The Company had complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary structures have been imposed on the Company by any of the above mentioned authorities.
- The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.
- In the preparation of financial statements, The company follows Accounting standards issued by Institute of Chartered Accountants of India (ICAI).
- The Company has complied with all the mandatory requirements and has disclosed information relating to the extend of compliance with non mandatory requirements.

- During the year under review, the company did not raise any proceeds through a public issue, right issue and / or preferential issue.

**6. 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 quarterly results were published in English newspapers and in Marathi newspapers, the same were not sent individually 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.

**7. GENERAL SHAREHOLDERS INFORMATION**

- a. **Date and Time of AGM** : Wednesday, 23<sup>rd</sup> September 09, 11.00 A.M
- b. **Venue** : Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.
- c. **Financial Year** : 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009
- d. **Book Closure dates** : 17<sup>th</sup> Sep 09 to 23<sup>rd</sup> Sep 09(both days inclusive)
- e. **FINANCIAL CALENDAR (Provisional) for April 1, 2009 - March 31, 2010**
  - 1<sup>st</sup> Quarterly Result : Last week of July, 2009.
  - 2<sup>nd</sup> Quarterly Result : Last week of October, 2009.
  - 3<sup>rd</sup> Quarterly Result : Last week of January, 2010.
  - Annual Results : Last week of June, 2010.
- f. **Registered Office** : 2<sup>nd</sup> Floor 209-210 Kimatrai Building 77-79 Maharshi Karve Marg, Marine Lines (E) Mumbai 400002
- g. **Dividend Payment date** : Not Applicable
- h. **ISIN No.** : **INE686C01014**(For dematerialization of shares)
- i. **Listing Fees** :
  - i. Listing fees of BSE have been paid
  - ii. Fees of CSE have been not paid\*
- j. **Listing on Stock Exchanges:**
  - 1. The Bombay Stock Exchange Limited (BSE)
  - 2. The Calcutta Stock Exchange Association Limited\*
- k. **Stock Code (BSE)** : **524580**

\*Application for delisting of equity shares of the Company from Calcutta Stock Exchange Association Ltd. has made long back but said exchange has not granted in-principle permission of de-listing till date.

**l. Market Price Data:**

The monthly high and low prices of Equity Shares of the Company on The Bombay Stock Exchange Limited (BSE), and BSE Sensex during the year 2008-2009 are as under:

MONTH	RATES (Rs.)		BSE SENSEX (Rs.)	
	HIGH	LOW	HIGH	LOW
APRIL, 08	20.95	17.80	17480.74	15297.96
MAY,08	20.25	17.15	17735.70	16196.02
JUNE,08	21.75	18.10	16632.72	13405.54
JULY,08	18.45	16.10	15130.09	12514.02
AUGUST,08	21.70	17.50	15579.78	14002.43
SEPTEMBER,08	21.20	17.10	15107.01	12153.55
OCTOBER,08	17.85	16.45	13203.86	7697.39
NOVEMBER,08	16.55	13.60	10945.41	8316.39
DECEMBER,08	14.95	12.26	10188.54	8467.43
JANUARY,09	12.88	10.46	10469.72	8631.60
FEBRUARY,09	11.02	9.51	9724.87	8619.22
MARCH,09	10.49	9.10	10127.09	8047.17



**m. Distribution of shareholding: as on 31<sup>st</sup> March, 2009.**

No. of Equity Shares Held	No of Shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 5000	2,455	98.83	4,70,548	15.67
5001 to 10000	7	0.28	45,593	1.52
10001 to 20000	2	0.08	23,180	0.77
20001 to 30000	4	0.16	1,03,419	3.44
30001 to 40000	1	0.04	38,300	1.28
40001 to 50000	1	0.04	40,800	1.36
50001 to 100000	4	0.16	3,69,050	12.29
100001 and above	10	0.41	19,11,410	63.67
<b>Total</b>	<b>2484</b>	<b>100.00</b>	<b>3,002,300</b>	<b>100.00</b>

**n. Categories of Shareholding as on 31st March, 2009**

Code	Category of Shareholders	No. of shares held	Percentage of shareholding
<b>A)</b>	<b>Share Holding of Promoters &amp; Promoters Group</b>		
	<b>1 INDIAN</b>		
	i). Individual/HUF	1959360	65.26
	ii). Central Government/ State Government(s):	0	0
	iii). Bodies Corporate	275800	9.19
	iv). Financial Institutions/ Banks.	0	0
	v). Any Others(Specify)	0	0
	<b>Sub Total (A)(1)</b>	<b>2235160</b>	<b>74.45</b>
	<b>2 Foreign</b>		
	i). Individuals(Non-Residents Individuals/ Foreign Individuals)	0	0
	ii). Bodies Corporate	0	0
	iii). Institutions	0	0
	iv). Any Others(Specify)	0	0
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2235160</b>	<b>74.45</b>
<b>(B)</b>	<b>Public Shareholding</b>		
	<b>1 Institutions</b>		
	i). Mutual Funds/UTI	100	0
	ii). Financial Institutions Banks	0	0
	iii). Central Government/State Government (s)	0	0
	iv). Venture Capital Funds	0	0
	v). Insurance Companies	0	0
	vi). Foreign Venture Capital Investors	0	0
	vii). Any Other NRI/OCB	0	0
	viii). Foreign Body Corporate	0	0
	<b>Sub-Total (B) (1)</b>	<b>100</b>	<b>0.00</b>
	<b>2 Non-Institutions</b>		
	<b>(a) Bodies Corporate</b>	<b>35741</b>	<b>1.19</b>
	<b>(b) Individuals</b>		
	i). Individuals-i. Individual shareholder holding nominal share capital upto Rs: 1 lakh	479288	15.97
	ii). ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	101599	3.39
	<b>(c) Any Other</b>	<b>0</b>	<b>0</b>
	(c-i). NRI Company/OCB	125000	4.16
	(c-ii). Clearing Member	150	0.00
	(c-iii). Trust	100	0.00
	(c-iv). NRI	25162	0.84
	<b>Sub-Total (B) (2)</b>	<b>767040</b>	<b>25.55</b>
	<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>767140</b>	<b>25.55</b>
	<b>Total (A)+(B)</b>	<b>3002300</b>	<b>100</b>
<b>(C)</b>	<b>Shares held by Custodian and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>
	<b>Grand Total (A)+(B)+(C)</b>	<b>3002300</b>	<b>100</b>

**o. Share Transfer System**

The Company has appointed M/s. Bigshare Services Pvt. Ltd. as Registrars and Share Transfer Agents(RTA). 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).

**p. Registrar and Transfer**

**Agents** (Common agency for Demat and Share Transfer)

: Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri(E), Mumbai-400 072.

Tel: 022-2847 3474 • 022-2847 0652

Fax: 022-2847 5207 • Email: info@bigshareonline.com

**q. Dematerialization of Equity shares**

The company's shares are under compulsory dematerialisation list and can be transferred through depository system. The company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2009 – 21,73,358 equity shares with NSDL and 92,054 equity shares with CDSL which comes to a total of 75.46% of the paid-up capital of the Company have been dematerialized.

**r. Plant Location**

: NOT applicable as the Company has no Plant.

**s. Out-standing GDRs/ADRs/**

: NIL

**Warrants or any Convertible instruments**

**t. Address for correspondence:**

**i) With the Company**

2<sup>nd</sup> Floor 209-210 Kimatrai Building  
77-79 Maharshi Karve Marg, Marine Lines (E)  
Mumbai 400002.

**ii) With the Registrar and Transfer Agent**

(For Demat purpose and Share Dept):

**Bigshare Services Pvt. Ltd.**

E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai-400 072.

Tel : 022-2847 3474, 2847 0652

**u. Designated E-mail ID for Registering complaints by the investor.: [basavraj.loni@priyagroup.com](mailto:basavraj.loni@priyagroup.com)**

**8. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:**

The extend of compliance with non mandatory requirements as are under

**(1) Shareholder Rights**

The Company's annual, half yearly and quarterly results are published in English and Marathi newspapers. The same are also made available on the website of the Company and stock exchanges. Besides, it is also available on [www.sebidiffir.nic](http://www.sebidiffir.nic). A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders.

**(2) Compliance Certificate by Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of Corporate Governance as stipulated in clause 49 of the Listing Agreement which is annexed herewith.

**(3) Audit qualifications**

During the period under review, there is no adverse audit qualification except as mentioned in clause VII of Annexure referred to in paragraph 3 of Auditors Report in respect of Internal Audit, in its financial statement. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

**(4) Training of Board Members**

The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavor to keep themselves updated with changes in global economy and legislation. They do attend various informative workshops and seminars to keep themselves abreast with the changes in business environment.

**(5) Mechanism for evaluating non-executive Board Members**

The Company will design an appropriate mechanism to evaluate the performance of all non- executive Board Members.

**(6) Whistle Blower Policy**

The Company has adopted the Whistle Blower Policy pursuant to which employees of the Company can raise their concerns relating to the fraud, malpractices or any other activity or event which is against the interest of the Company or Society as a whole.

**COMPLIANCE WITH CODE OF CONDUCT**

As the Chief Financial Officer of the Company and as required by the clause 49 of Listing Agreement, I hereby certify that all the Board Members and senior management personnel have affirmed their compliance with the code of conduct as laid down by the Board

Place : Mumbai  
Date : June 30, 2009

**Rakesh Jain**  
Chief Financial Officer

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE.**

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, 2009, 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 compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement. 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 generally complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

**M. L. Bhuwania & Co.**  
Chartered Accountants

**J. P. Bairagra**  
Partner  
Membership No: 12839

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER**

As the Chief Financial Officer of the Company and as required by the clause 49 of the Listing Agreement, I hereby certify the following that:

- A) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge, information and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C) The Company's other officers and I are responsible for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D) I have indicated to the auditors and the Audit Committee that:
- (i) No significant changes in internal control have taken place during the year.
  - (ii) There have been no changes in the accounting policies during the year.
  - (iii) There were no frauds during the year.

Place : Mumbai  
Date : June 30, 2009

**Rakesh Jain**  
Chief Financial Officer

## BALANCE SHEET AS AT 31ST MARCH, 2009

		AS AT 31.03.2009	AS AT 31.3.2008
	SCHEDULE	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	A	30,023,000	30,023,000
RESERVES & SURPLUS	B	230,939,544	205,959,446
		<u>260,962,544</u>	<u>235,982,446</u>
<b>LOAN FUNDS</b>			
SECURED LOANS	C	192,103,601	192,436,631
UNSECURED LOANS	D	39,035,378	44,560,789
		<u>231,138,979</u>	<u>236,997,420</u>
<b>TOTAL</b>		<u><b>492,101,523</b></u>	<u><b>472,979,866</b></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	E		
GROSS BLOCK		56,054,817	62,684,309
LESS: ACCUMULATED DEPRECIATION		<u>28,089,928</u>	<u>31,325,277</u>
NET BLOCK		27,964,889	31,359,032
<b>INVESTMENTS</b>	F	36,185,950	35,200,000
<b>DEFERRED TAX ASSETS</b>		2,317,888	6,611,240
(REFER NOTE NO 16 OF SCHEDULE "T")			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES	G	40,629,416	72,060,116
SUNDRY DEBTORS	H	587,161,461	521,962,951
CASH & BANK BALANCES	I	32,869,422	45,894,974
OTHER CURRENT ASSETS	J	6,862,706	2,854,183
LOANS & ADVANCES	K	82,139,035	73,051,369
		<u>749,662,040</u>	<u>715,823,593</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISION</b>			
CURRENT LIABILITIES	L	302,262,854	302,343,765
PROVISIONS	M	21,766,390	13,670,233
		<u>324,029,244</u>	<u>316,013,998</u>
<b>NET CURRENT ASSETS</b>		<u>425,632,796</u>	<u>399,809,595</u>
<b>TOTAL</b>		<u><b>492,101,523</b></u>	<u><b>472,979,866</b></u>
<b>NOTES ON ACCOUNTS</b>	T		

The schedules referred above form an integral part of the Balance Sheet.

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 : 30TH JUNE, 2009

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR

R.K. SARASWAT DIRECTOR

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	2008-2009 Rs.	2007-2008 Rs.
<b>INCOME</b>			
SALES	N	2,003,507,233	1,794,448,079
OTHER INCOME	O	13,882,599	15,562,688
		<u>2,017,389,832</u>	<u>1,810,010,767</u>
<b>EXPENDITURE</b>			
COST OF MATERIAL	P	1,831,685,555	1,700,224,839
PAYMENTS TO & PROVISION FOR EMPLOYEES	Q	19,179,744	19,319,618
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	R	86,000,882	44,527,908
INTEREST (NET)	S	40,328,316	27,043,996
DEPRECIATION		3,007,716	3,472,215
		<u>1,980,202,213</u>	<u>1,794,588,576</u>
PROFIT BEFORE TAXATION		<b>37,187,619</b>	<b>15,422,191</b>
LESS: PROVISION FOR TAXATION			
- CURRENT TAX		6,860,000	1,935,000
- WEALTH TAX		645,663	544,190
- DEFERRED TAX		4,293,353	4,265,737
- FRINGE BENEFIT TAX		480,000	397,000
		<u>24,908,603</u>	<u>8,280,264</u>
PROFIT / (LOSS) AFTER TAX		<b>24,908,603</b>	<b>8,280,264</b>
(ADD)/LESS: TAXATION FOR EARLIER YEARS		(71,495)	92,099
BALANCE BROUGHT FORWARD		8,844,444	656,279
		<u>33,824,542</u>	<u>8,844,444</u>
<b>APPROPRIATIONS :</b>			
BALANCE CARRIED TO BALANCE SHEET		33,824,542	8,844,444
		<u>33,824,542</u>	<u>8,844,444</u>
BASIC & DILUTED EARNING PER SHARE		<b>8.30</b>	<b>2.76</b>

(REFER NOTE NO.15 OF SCHEDULE "T" OF NOTES ON ACCOUNTS)

**NOTES ON ACCOUNTS**
**T**

The schedules referred above form an integral part of the Profit and Loss Account.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M.L.BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

J. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839

ADITYA BHUWANIA      EXECUTIVE DIRECTOR  
R.K. SARASWAT         DIRECTOR

PLACE : MUMBAI  
DATED : 30TH JUNE, 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	2008 - 09		2007 - 08	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX & AND AFTER EXTRA ORDINARY ITEMS		37,187,619		15,422,191
ADJUSTED FOR:				
DEPRECIATION	3,007,716		3,472,215	
INTEREST CHARGED (NET)	40,328,316		27,043,996	
(PROFIT) / LOSS ON SALE / OBSOLESCENCE OF FIXED ASSETS (NET)	(890,842)		(793,664)	
BAD DEBTS WRITTEN OFF	16,403,656			
PROVISION FOR WARRANTIES	42,843		(218,653)	
EXCHANGE RATE DIFFERENCE	(1,882,594)		(1,425,944)	
SUNDRY BALANCES AND DEPOSIT WRITTEN OFF / (BACK)	3,843,187		(483,178)	
LOSS ON OBSOLESCENCE OF FIXED ASSETS	467,876			
		<u>61,320,158</u>		<u>27,594,772</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>98,507,777</b>		<b>43,016,963</b>
CHANGES IN				
TRADE RECEIVABLES	(77,493,473)		(127,666,768)	
LOANS AND ADVANCES	(6,769,881)		(20,037,962)	
OTHER CURRENT ASSETS	(2,904,391)		6,167,042	
INVENTORIES	31,430,700		19,248,256	
TRADE PAYABLES/PROVISIONS	(2,923,331)	(58,660,376)	93,117,623	(29,171,809)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>39,847,401</b>		<b>13,845,154</b>
DIRECT TAXES REFUND (NET) INCLUDING FRINGE BENEFIT TAX		(5,544,375)		(4,009,548)
		<u>34,303,026</u>		<u>9,835,606</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE OF FIXED ASSETS	(742,479)		(1,563,005)	
INTEREST RECEIVED	1,082,295		980,863	
PURCHASE OF INVESTMENTS	(985,950)			
SALE OF FIXED ASSETS	1,551,879		1,195,887	
		<u>905,745</u>		<u>613,745</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
PROCEEDS FROM BORROWINGS (NET)	(5,858,450)		46,203,124	
INTEREST PAID	(42,375,873)		(27,939,186)	
DIVIDEND PAID			(9,400)	
		<u>(48,234,323)</u>		<u>18,254,538</u>
<b>NET CHANGES IN CASH AND CHEQUE EQUIVALENTS (A+B+C)</b>		<b>(13,025,552)</b>		<b>28,703,889</b>
CASH AND CASH EQUIVALENTS OPENING BALANCE		45,894,974		17,191,085
CASH AND CASH EQUIVALENTS CLOSING BALANCE		<u>32,869,422</u>		<u>45,894,974</u>
<b>NET CHANGES IN CASH AND CHEQUE EQUIVALENTS AS DISCLOSED ABOVE</b>		<b>(13,025,552)</b>		<b>28,703,889</b>
Note: a)				
Cash and cash equivalents includes:				
Cash in Hand	343,567		214,410	
Balance With Scheduled Banks				
In Current Accounts	3,665,631		26,743,619	
In Foreign Currency Account	99,363		108,274	
In Dividend Account	73,800		73,800	
In-Margin Money Account	28,659,905		18,763,782	
Gain / (Loss) on Exchange rate fluctuation	27,156		(8,911)	
	<u>32,869,422</u>		<u>45,894,974</u>	
b)				
Previous year's figures have been regrouped / rearranged wherever considered 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 ACCOUNTANTSJ. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839PLACE : MUMBAI  
DATED : 30TH JUNE, 2009

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR  
R.K. SARASWAT DIRECTOR

**SCHEDULES FORMING INTEGRAL PART OF THE ACCOUNTS**

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
6,500,000 EQUITY SHARES OF RS. 10/- EACH	65,000,000	65,000,000
1,000,000 UNCLASSIFIED SHARES OF RS 10/- EACH	10,000,000	10,000,000
	<u>75,000,000</u>	<u>75,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
3,002,300 EQUITY SHARES OF RS 10/- EACH FULLY PAID (OF THE ABOVE SHARES, 1,800,000 SHARES ARE ALLOTTED AS FULLY PAID -UP BONUS SHARES BY CAPITALISATION OF GENERAL RESERVES )	30,023,000	30,023,000
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>SECURITIES PREMIUM ACCOUNT</b>		
AS PER LAST BALANCE SHEET	40,092,000	40,092,000
GENERAL RESERVE		
AS PER LAST BALANCE SHEET	157,023,002	156,344,119
ADD: ADJUSTMENT ON ACCOUNT OF AS-15 ON "EMPLOYEE BENEFITS" ( NET OF DEFERRED TAX)		678,883
	<u>157,023,002</u>	<u>157,023,002</u>
<b>BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>	<u>33,824,542</u>	<u>8,844,444</u>
	<u><u>230,939,544</u></u>	<u><u>205,959,446</u></u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
<b>WORKING CAPITAL FACILITIES FROM COMPANY'S BANKERS.</b> (SECURED AGAINST HYPOTHECATION OF GOODS & BOOK DEBTS, EQUITABLE MORTGAGE ON SPECIFIC IMMOVABLE PROPERTIES OF THE COMPANY & OF RELATED PARTIES, HYPOTHECATION OF OTHER MOVABLE ASSETS OF THE COMPANY, ALSO PERSONALLY GUARANTEED BY SOME OF THE DIRECTORS AND PLEDGE OF SHARE OF THE COMPANY BY THE PROMOTERS.)		
	191,524,502	191,227,790
<b>VEHICLE LOAN FROM FINANCE COMPANIES</b> (SECURED BY HYPOTHECATION OF VEHICLE)	579,099	1,208,841
	<u>192,103,601</u>	<u>192,436,631</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
INTER CORPORATE DEPOSITS	32,359,325	33,742,075
LOANS FROM DIRECTORS	6,676,053	9,336,834
LOAN FROM BANK (REFER NOTE BELOW)		1,481,880
(LOAN PAYABLE WITHIN ONE YEAR RS. NIL, PREVIOUS YEAR RS. 1,481,880/-)	<u>39,035,378</u>	<u>44,560,789</u>

**SCHEDULE - E**
**FIXED ASSETS**

(Figure in Rupees)

SR. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Op. Bal. As At 1/4/2008 (Rs.)	Addi- tions (Rs.)	Dedu- ctions (Rs.)	Cl. Bal. AS AT 31/3/2009 (Rs.)	Op. Bal. AS AT 1/4/2008 (Rs.)	For the Year (Rs.)	Dedn./Adj. Dedu- ctions (Rs.)	Cl. Bal. AS AT 31/3/2009 (Rs.)	At Yr. End AS AT 31/3/2009 (Rs.)	AS AT 31/3/2008 (Rs.)
1	OFFICE PREMISES	35,697,605	-	-	35,697,605	10,306,651	1,269,549	-	11,576,200	24,121,406	25,390,954
2	FLATS	488,510	-	488,510	-	164,423	6,704	171,127	-	-	324,087
3	LABORATORY EQUIPMENT	1,140,620	-	1,118,054	22,566	1,014,858	17,494	1,014,252	18,100	4,466	125,762
4	OFFICE & OTHER EQUIPMENT	4,608,215	284,683	1,881,788	3,011,110	3,200,813	267,887	1,621,144	1,847,556	1,163,554	1,407,402
5	FURNITURE & FIXTURE	6,939,068	-	1,645,392	5,293,676	5,950,028	427,432	1,520,792	4,856,666	437,011	989,040
6	COMPUTER	10,623,772	457,800	1,191,116	9,890,456	9,453,353	537,099	1,166,931	8,823,522	1,066,934	1,170,419
7	VEHICLES	3,186,519	-	1,047,116	2,139,403	1,235,151	481,551	748,817	967,885	1,171,518	1,951,368
	<b>TOTAL (Rs.)</b>	<b>62,684,309</b>	<b>742,483</b>	<b>7,371,976</b>	<b>56,054,817</b>	<b>31,325,277</b>	<b>3,007,716</b>	<b>6,243,063</b>	<b>28,089,928</b>	<b>27,964,889</b>	<b>31,359,032</b>
	PREVIOUS YEAR (Rs.)	62,486,872	1,563,005	1,365,569	62,684,309	28,816,408	3,472,215	963,346	31,325,277	31,359,032	

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - F**

**INVESTMENTS**

(VALUED AT COST, LONG TERM, OTHER THAN TRADE)

PARTICULARS	Face Value (Rs.)	As At 31.03.20009		As At 31.03.20008	
		Nos.	(Rs.)	Nos.	(Rs.)
<b>QUOTED : (REFER NOTE BELOW)</b>					
VXL INSTRUMENTS LTD	10	900,000	35,100,000	900,000	35,100,000
CEREBRA INTEGRATED TECHNOLOGIES LTD. (ACQUIRED DURING THE YEAR)	10	46950	985,950		
<b>TOTAL QUOTED</b>			<u>36,085,950</u>		<u>35,100,000</u>
<b>UNQUOTED</b>					
<b>EQUITY SHARES</b>					
GAURAV ELECTROCHEM PRIVATE LTD.	100	500	100,000	500	100,000
<b>TOTAL UNQUOTED</b>			<u>100,000</u>		<u>100,000</u>
<b>TOTAL (RS.)</b>			<u>36,185,950</u>		<u>35,200,000</u>

NOTE:

1] MARKET VALUE OF QUOTED INVESTMENT RS.10,557,300/- (PREVIOUS YEAR RS.20,025,000/-)

**SCHEDULE - G**

**INVENTORIES**

(As valued and certified by the management)

TRADED FINISHED GOODS - ELECTRONICS

(Includes Goods in Transit of Rs. 2,955,358/-; P. Y. Rs. Nil)

TRADED FINISHED GOODS - CHEMICALS

**As At 31.03.20009**

**As At 31.03.20008**

40,397,416

71,479,116

232,000

581,000

40,629,416

72,060,116

**SCHEDULE - H**

**SUNDRY DEBTORS**

(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED OTHERWISE)

OUTSTANDING FOR MORE THAN 6 MONTHS

CONSIDERED DOUBTFUL

6,818,339

LESS : PROVISION FOR DOUBTFUL DEBTS

6,818,339

CONSIDERED GOOD

2,248,507

44,688,728

2,248,507

44,688,728

OTHER DEBTS

584,912,954

477,274,223

587,161,461

521,962,951

**SCHEDULE - I**

**CASH & BANK BALANCES**

CASH IN HAND (INCLUDING STAMPS)

343,567

214,410

**BALANCE WITH SCHEDULED BANKS**

IN CURRENT ACCOUNT

3,665,631

26,743,619

IN FOREIGN CURRENCY ACCOUNT

126,519

99,363

IN UNCLAIMED DIVIDEND ACCOUNT

73,800

73,800

IN MARGIN MONEY ACCOUNT

28,659,905

18,763,782

32,525,855

45,680,564

32,869,422

45,894,974

**SCHEDULE - J**

**OTHER CURRENT ASSETS**

EXPORT INCENTIVES RECEIVABLE

2,909,363

2,063,945

ADDITIONAL EXCISE DUTY RECEIVABLE

2,701,445

INCENTIVE / CLAIM RECEIVABLE FROM SUPPLIERS

365,077

696,114

INTEREST RECEIVABLE

472,109

24,375

OTHER ASSETS

414,712

69,749

6,862,706

2,854,183



	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - K</b>		
<b>LOANS &amp; ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED OTHERWISE)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	7,112,706	5,956,201
LOANS TO EMPLOYEES	1,342,172	1,444,468
ADVANCE TAX & TAX DEDUCTED AT SOURCE	24,439,808	19,460,433
ADVANCE FRINGE BENEFIT TAX	2,176,934	1,611,934
DEPOSITS OTHERS	46,312,934	41,963,474
ADVANCES TO SUPPLIERS	754,481	197,808
DEPOSITS WITH CORPORATE BODIES	-	7,439,501
LESS : PROVISION FOR DOUBTFUL DEPOSITS	-	(5,022,450)
	<u>82,139,035</u>	<u>73,051,369</u>
<b>SCHEDULE - L</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS (REFER NOTE 11 OF SCHEDULE "T")	285,369,961	258,544,728
<b>INVESTOR EDUCATION &amp; PROTECTION FUND : **</b>		
UNCLAIMED DIVIDEND	58,469	58,469
COMMISSION ON EXPORTS	85,462	11,116,062
BANK BALANCES (TEMPORARY OVERDRAFT)	355,336	14,388,784
ADVANCE FROM CUSTOMERS	790,094	2,917,645
RENT DEPOSIT	2,869,659	3,113,389
INTEREST ACCRUED BUT NOT DUE ON LOANS	1,397,301	1,914,829
OTHER LIABILITIES	11,336,572	10,289,859
	<u>302,262,854</u>	<u>302,343,765</u>
** Amounts due and outstanding to be credited to Investor Education and Protection Fund Rs. 73,800/- (Previous year Rs. NIL)		
<b>SCHEDULE - M</b>		
<b>PROVISIONS</b>		
PROVISION FOR TAXATION	15,253,461	7,862,285
PROVISION FOR FRINGE BENEFIT TAX	2,066,866	1,543,874
PROVISION FOR GRATUITY	3,335,562	3,304,930
PROVISION FOR LEAVE SALARY	917,230	808,716
PROVISION FOR WARRANTY (REFER NOTE 18 OF SCHEDULE "T")	193,271	150,428
	<u>21,766,390</u>	<u>13,670,233</u>
<b>SCHEDULE - N</b>		
<b>SALES</b>		
LOCAL	733,147,002	913,826,369
EXPORTS	1,270,360,231	880,621,710
	<u>2,003,507,233</u>	<u>1,794,448,079</u>
<b>SCHEDULE - O</b>		
<b>OTHER INCOME</b>		
EXPORT INCENTIVES	906,359	544,667
RENT INCOME (GROSS TDS RS.2,460,425/-, PREVIOUS YEAR RS.2,474,506/-)	10,806,272	10,126,647
GAIN ON EXCHANGE RATE DIFFERENCE (NET)	-	2,933,619
PROFIT ON SALE OF FIXED ASSETS (NET)	890,842	793,664
JOB CHARGES RECEIVED	1,158,000	1,006,000
MISCELLANEOUS INCOME	121,126	158,091
	<u>13,882,599</u>	<u>15,562,688</u>

	As At 31.03.20009 Rs.	As At 31.03.20008 Rs.
<b>SCHEDULE - P</b>		
<b>COST OF MATERIAL</b>		
<b>RAW MATERIAL CONSUMED</b>		
OPENING STOCK		
ADD: PURCHASE	331,289,996	20,878,244
LESS: CLOSING STOCK		
	331,289,996	20,878,244
PURCHASE FOR RESALE	1,465,989,378	1,659,991,732
PACKING MATERIAL CONSUMED	20,123	106,607
<b>(INCREASE)/ DECREASE IN FINISHED GOODS</b>		
OPENING STOCK	72,060,116	91,308,372
CLOSING STOCK	37,674,058	72,060,116
	34,386,058	19,248,256
	<b>1,831,685,555</b>	<b>1,700,224,839</b>
<b>SCHEDULE - Q</b>		
<b>PAYMENTS TO &amp; PROVISION FOR EMPLOYEES</b>		
SALARIES, BONUS, ALLOWANCES ETC.	16,998,285	17,227,825
CONTRIBUTION TO P F AND OTHER FUNDS	1,421,331	1,465,449
WELFARE EXPENSES	760,128	626,344
	<b>19,179,744</b>	<b>19,319,618</b>
<b>SCHEDULE - R</b>		
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
FREIGHT OUTWARD	2,131,814	2,299,281
INCENTIVES AND DISCOUNT ON SALES		
INSURANCE AND ECGC PREMIUM	7,746,640	5,211,019
ELECTRICITY	812,468	473,144
BANK CHARGES	12,359,471	11,250,408
TRAVELLING & CONVEYANCE	4,205,143	3,597,462
ADVERTISEMENT, PUBLICITY & SALES PROMOTION	655,836	1,116,247
WAREHOUSING / DEMMURAGE CHARGES	120,000	120,000
REPAIRS & MAINTENANCE :- BUILDING	852,181	638,370
OTHERS	522,854	576,906
DIRECTORS FEES	31,750	40,000
DIRECTORS REMUNERATION	2,100,000	2,100,000
RENT PAID	8,734,051	5,822,564
RATES AND TAXES	365,794	288,497
COMMISSION AND BROKERAGE	2,650,943	814,799
DISCOUNTS & CLAIMS ON EXPORTS	6,060,481	2,376,056
BAD DEBTS WRITTEN OFF	23,221,995	
LESS: PROVISION FOR DOUBTFUL DEBTS REVERSED	6,818,339	16,403,656
DEPOSITS WRITTEN OFF	7,439,501	
LESS: PROVISION FOR DOUBTFUL DEPOSITS REVERSED	5,022,450	2,417,051
LOSS ON EXCHANGE RATE FLUCTUATION (NET)	5,412,079	
LOSS ON OBSOLESCENCE OF FIXED ASSETS	467,876	
MISCELLANEOUS EXPENSES	11,950,794	7,803,155
	<b>86,000,882</b>	<b>44,527,908</b>
<b>SCHEDULE - S</b>		
<b>INTEREST (NET)</b>		
INTEREST ON FIXED LOANS	214,573	213,643
INTEREST ON OTHER LOANS	41,643,772	27,791,590
	41,858,345	28,005,233
LESS : INTEREST RECEIVED (REFER NOTE 17 OF SCHEDULE T)	1,530,029	961,237
(Gross, TDS Rs.304,089/- Previous year Rs. 223,183/-)	40,328,316	27,043,996
	<b>40,328,316</b>	<b>27,043,996</b>

**SCHEDULE - T**
**NOTES ON ACCOUNTS**
**SIGNIFICANT ACCOUNTING POLICIES**
**1. A. BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention on accrual basis and comply in all material respects with the mandatory Accounting Standards (AS), issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

**B. FIXED ASSETS**

All Fixed Assets are stated at Cost (including all expenses incurred to bring the assets to their present location and conditions) less Accumulated 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 immovable Furniture & Fixtures affixed in the leasehold premises are depreciated over the period of the lease.

**D. FOREIGN EXCHANGE TRANSACTIONS:**

- (i) Foreign exchange transactions are accounted at the rate of exchange prevailing at the date of transaction. Resulted exchange differences arising on payment or conversion of liabilities are recognised as income or expenses in the year in which they arise.
- (ii) At the year end all Foreign Currency assets and liabilities are recorded at the exchange rate prevailing on that date. All such exchange rate difference on account of such conversion is recognised in the Profit & Loss account.

**E. INVESTMENTS:**

Long term Investments are stated at cost. Provision for diminution in value of long term investments is made only if such decline is other than temporary in the opinion of the management. Dividends are accounted for as and when received.

**F. INVENTORIES:**

Inventories are valued at lower of Cost and Net Realisable Value. Cost of traded goods is arrived at on FIFO basis. Cost of manufactured goods is arrived at on estimated basis (including the material cost, labour and related overheads).

**G. EMPLOYEE BENEFITS :**

- (i) Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related service is rendered.
- (ii) Contribution payable to the recommended Provident Fund and Superannuation Scheme which is Defined Contribution Scheme is charged to Profit and Loss account.
- (iii) Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the Profit and Loss account.

**H. REVENUE RECOGNITION :**

Sales are recognised when the significant risks and rewards of ownership of the goods are passed to the customer. Sales are net off sales returns, quantity discount and exclusive of value added tax collected.

**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) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is a virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- (c) Provision for Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefits" as defined under the Income Tax Act, 1961.

**J. LEASE**

Lease rentals in respect of assets acquired under operating leases are charged off to the Profit & Loss account as incurred. Lease rentals in respect of assets given under operating leases are credited to the Profit & Loss account.

**K. IMPAIRMENT OF ASSETS:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**L. PROVISIONS AND CONTINGENT LIABILITIES:**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**2. Contingent Liabilities:**

	2008-2009 Rs.	2007-2008 Rs.
i) Disputed Income Tax liability	19,213,840	19,213,840
ii) Disputed Sales tax liability	14,772,428	14,695,194
iii) Disputed Cess liability	-	313,314

**3. i) Particulars of Licensed Capacity, Installed Capacity and Actual Production**

Class of Goods	Licensed Capacity	Installed Capacity (Nos.)	Actual Production (Nos.)
Software Manufacturing *		-	123,250 (9,000)

\* Installed capacity cannot be determined

Note: Installed Capacity is as certified by the Management and relied upon by the auditors.

**ii) Particulars in respect of opening and closing stocks, purchases and sales of finished goods**

Product	Opening Stock			Purchases		Sales		Closing Stock	
	Unit	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Chemical	Kg.	2,000 (7,250)	581,000 (1,717,625)	79,850 (92,825)	18,705,750 (16,853,125)	80,850 (98,075)	22,606,829 (20,162,028)	1,000 (2,000)	232,000 (581,000)
Computer Sub systems	Nos	179,766 (162,803)	71,314,098 (89,415,656)	1,202,732 (1,002,379)	1,447,283,628 (1,643,138,607)	1,330,435 (985,416)	1,606,453,068 (1,751,377,566)	52,063 (179,766)	37,442,058 (71,314,098)
Parts Peripherals & Mother Boards									
Software manufactured	Nos.	- (-)	- (-)	- (-)	- (-)	123,250 (9,000)	374,374,096 (22,388,220)	- (-)	- (-)
Computer systems	Nos.	15 (90)	165,018 (175,091)	- (-)	- (-)	15 (75)	73,240 (520,265)	- (15)	- (165,018)
<b>TOTAL:</b>		181,781 (170,143)	72,060,116 (91,308,372)	1,282,582 (1,095,204)	1,465,989,378 (1,659,991,732)	1,534,550 (1,092,566)	2,003,507,233 (1,794,448,079)	53,063 (181,781)	37,674,058 (72,060,116)

Notes

2008-2009 2007-2008

a). (i) Sales of Computer parts, peripherals etc. includes

- Used for Self consumption	235	281
- Issues as free Distribution/Schemes (net of free receipts)	651	3,461

(ii) Sales of Computer system includes		
- Used for Self consumption	48	8
b) Purchases of Computer parts and peripherals includes		
- Received for replacement	6,195	6,083
- Issued as replacement	6,337	5,308
c) Figures in bracket are in respect of Previous Year.		

**4. Consumption of raw materials and bought-out components:**

	Quantity	Value	Quantity	Value
Software Licences	123,250	331,289,996	9,000	20,878,244
		<u>331,289,996</u>		<u>20,878,244</u>
<b>Break-up of Imported / Indigeneous</b>	<b>% of total</b>		<b>% of total</b>	
	<b>Consumption</b>		<b>Consumption</b>	
Imported	100.00	331,289,996	100.00	20,878,244
	<u>100.00</u>	<u>331,289,996</u>	<u>100.00</u>	<u>20,878,244</u>
		<b>2008-2009</b>		<b>2007-2008</b>
		<b>Rs.</b>		<b>Rs.</b>

**5. VALUE OF IMPORTS ON CIF BASIS**

Traded goods	610,954,191	765,510,777
Material Purchased	331,289,996	20,895,555
	<u>942,244,187</u>	<u>786,406,332</u>

**6. EXPENDITURE IN FOREIGN CURRENCY**

Commission on Exports	837,459	386,835
Remuneration to Executive Director	1,500,000	1,500,000
Travelling Expenses	462,770	81,800
	<u>2,800,229</u>	<u>1,968,635</u>

**7. EARNINGS IN FOREIGN CURRENCY**

Export [On FOB Basis]	1,248,715,462	862,008,423
Insurance	976,202	673,509
Freight	20,668,567	17,939,778

**8. MANAGERIAL REMUNERATION**

Remuneration to Executive Directors	2,100,000	2,100,000
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**9. PAYMENT TO AUDITORS.**

a) Audit Fees (Including Limited Review)	308,000	308,000
b) Tax Audit Fees	66,000	66,000
c) Tax Matters	55,000	32,500
d) Vat Audit Fees	25,000	25,000
e) Others Matters	96,500	13,500
f) Towards Service Tax	58,098	55,002
	<u>608,598</u>	<u>500,002</u>

**10. Lease Disclosures for Operating Leases:**

Assets taken on Lease	2008-2009	2007-2008
	Rs.	Rs.
a) The total of Future minimum Lease payments under Non-cancelable operating leases for:		
(i). Not later than one year	-	-
(ii) Later than one year and not later than five years	-	-

- b) Lease payment recognized in the statement of Profit & Loss for the period under the schedule " Other Expenses" 8,734,051 5,822,564
- c) Sub lease income recognized in the statement of Profit and Loss for the period 4,866,400 4,620,000
- d) There is no Contingent Rent.
- e) The Company's major leasing arrangements are in respect of godowns/office premises-(including furniture & fittings therein wherever applicable taken on leave and licence basis). These leasing arrangements, which are mostly cancelable, range between 11 months to 5 years and are usually renewable by mutual consent at mutually agreed terms and conditions.

**Assets given on Lease**

- 1. The details of Premises given on lease are as following:

	2008-2009 Rs.	2007-2008 Rs.
Original Cost	35,697,605	35,697,605
Accumulated Depreciation	11,576,200	10,306,651
Written Down Value	24,121,405	25,390,954
Depreciation for the period recognized in the statement of Profit and Loss	1,269,549	1,336,366

- 2. Future minimum lease rentals receivables as on 31.03.2009 is NIL. (Previous Year NIL )
- 3. There is no Contingent Rent.
- 4. The company has given office premises on lease for a period ranging between 11 months to 7 years. The aggregate lease rent income of Rs.5,939,872/- (Previous Year Rs.5,506,647/-) has been recognized as income in the Profit and Loss for the period under the schedule " Other Income".

11. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given. The same has been relied upon by the Auditors.

**12. Employee Benefits :**

The Company's defined benefit plan includes Gratuity/ Leave Encashment. The liability in respect of Gratuity/ Leave Encashment has been determined using Projected Unit Credit Method by an independent actuary. The company's defined contribution plan includes Provident Fund and Superannuation Fund. The related disclosure are as under:

**A. Defined Contribution Plan**

	2008-2009 Rs.	2007-2008 Rs.
(i) Provident Fund	1,097,281	1,101,565
(ii) Contribution to Superannuation Fund	41,760	39,480

**B. Defined Benefit Plans**

	Gratuity		Leave Encashment Benefit	
	2008-2009	2007-2008	2008-2009	2007-2008
<b>(i) Assumptions</b>				
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation	5.00%	5.00%	5.00%	5.00%
Rate of return (expected) on plan assets				
Withdrawal rates	Up to Age 30 : 10% 31 to 40 : 5% 41 and above : 2%	Up to Age 30 : 10% 31 to 40 : 5% 41 and above : 2%	Up to Age 30 : 10% 31 to 40 : 5% 41 and above : 2%	Up to Age 30 : 10% 31 to 40 : 5% 41 and above : 2%

**(ii) Changes in present value of obligations**

	2008-2009	2007-2008	2008-2009	2007-2008
PVO at beginning of period	3,304,930	2,770,200	808,714	632,077
Interest cost	239,054	217,267	57,360	27,062

Current Service Cost	441,016	466,153	294,000	315,465
Benefits Paid	(633,509)	(108,722)	(183,438)	(587,614)
Actuarial (gain) / loss on obligation	(15,929)	(39,968)	(59,406)	421,724
PVO at end of period	3,335,562	3,304,930	917,230	808,714
<b>(iii) Changes in fair value of Plan Assets</b>				
Fair Value of Plan assets at beginning of period	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Contributions	633,509	108,722	183,438	587,614
Benefit Paid	(633,509)	(108,722)	(183,438)	(587,614)
Actuarial gain / (loss) on plan assets	-	-	-	-
Fair Value of Plan assets at end of period	-	-	-	-
<b>(iv) Fair value of Plan Assets</b>				
Fair Value of Plan assets at beginning of period	-	-	-	-
Actual Return on Plan Assets	-	-	-	-
Contributions	633,509	108,722	183,438	587,614
Benefit Paid	(633,509)	(108,722)	(183,438)	(587,614)
Fair Value of Plan assets at end of period	-	-	-	-
Funded Status	(3,335,562)	(3,304,930)	(917,230)	(808,714)
Excess of actual over estimated return on Plan Assets	-	-	-	-
<b>(v) Actuarial Gain / (Loss) Recognized</b>				
Actuarial Gain / (Loss) for the period (Obligation)	15,929	39,968	59,406	(421,724)
Actuarial Gain / (Loss) for the period (Plan Assets)	-	-	-	-
Total Gain / (Loss) for the period	15,929	39,968	59,406	(421,724)
Actuarial Gain / (Loss) recognized for the period	15,929	39,968	59,406	(421,724)
Unrecognized Actuarial Gain / (Loss) at end of period	-	-	-	-
<b>(vi) Amounts to be recognized in the Balance Sheet and statement of</b>				
Profit & Loss Account	-	-	-	-
PVO at end of period	3,335,562	3,304,930	917,230	808,714
Fair Value of Plan assets at end of period	-	-	-	-
Funded Status	(3,335,562)	(3,304,930)	(917,230)	(808,714)
Unrecognized Actuarial Gain / (Loss)	-	-	-	-
Net Asset / (Liability) recognized in the Balance Sheet	(3,335,562)	(3,304,930)	(917,230)	(808,714)
<b>(vii) Expenses recognized the statement of P &amp; L A/c.</b>				
Current Service Cost	441,016	466,153	294,000	315,465
Interest Cost	239,054	217,267	57,360	27,062
Expected Return on Plan Assets	-	-	-	-

Net Actuarial (Gain) / Loss recognized for the period	(15,929).	(39,968)	(59,406)	421,724
Expense recognized in the statement of P & L A/C.	664,141	643,452	291,954	764,251
<b>(viii) Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	3,304,930	2,770,200	808,714	632,077
Expenses as above	664,141	643,452	291,954	764,251
Contribution paid	(633,509)	(108,722)	(183,438)	(587,614)
Closing Net Liability	3,335,562	3,304,930	917,230	808,714

**13. Segment Information For The Year Ended 31st March, 2009**

**A. Information about Primary Business Segments**

(Rupees in Lakhs)

	Electronics		Chemicals		Unallocated		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
<b>Revenue</b>								
External Customers	19,809.00	17,742.86	226.07	201.62	-	-	20,035.07	17,944.48
Inter-segment								
<b>Total Revenue</b>	<b>19,809.00</b>	<b>17,742.86</b>	<b>226.07</b>	<b>201.62</b>			<b>20,035.07</b>	<b>17,944.48</b>
<b>Result</b>								
Segment Result	1,006.57	598.71	21.78	5.81	-	-	1,028.35	604.53
Unallocated expenditure net of unallocated income					(253.19)	(179.87)	(253.19)	(179.87)
Interest Expense (net)					403.28	270.44	403.28	270.44
Dividend Income								
<b>Profit before taxation and exceptional items</b>	<b>1,006.57</b>	<b>598.71</b>	<b>21.78</b>	<b>5.81</b>	<b>(656.47)</b>	<b>(450.30)</b>	<b>371.88</b>	<b>154.22</b>
Exceptional items								
Provision for taxation								
Current Tax							68.60	19.35
Wealth Tax							6.46	5.44
Deferred Tax							42.93	42.66
Fringe Benefit Tax							4.80	3.97
<b>Profit after taxation and exceptional items</b>	<b>1,006.57</b>	<b>598.71</b>	<b>21.78</b>	<b>5.81</b>	<b>(656.47)</b>	<b>(450.30)</b>	<b>249.09</b>	<b>82.80</b>
Excess/(Short) Provision for income tax							0.71	(0.92)
<b>Net Profit</b>	<b>1,006.57</b>	<b>598.71</b>	<b>21.78</b>	<b>5.81</b>	<b>(656.47)</b>	<b>(450.30)</b>	<b>249.80</b>	<b>81.88</b>
<b>Other Information</b>								
Segment Assets	6,628.42	6,387.20	37.77	78.95	1,495.12	1,542.20	8,161.31	8,008.35
Segment Liabilities	4,403.52	4,785.87	14.34	159.27	1,133.82	703.47	5,551.68	5,648.61
Capital expenditure					7.42	15.63	7.42	15.63

**B. Information about Secondary Business Segments**

Rs. In Lakhs

	Within India		Outside India		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
<b>Revenue by geographical market</b>	<b>7,145.69</b>	<b>9,138.26</b>	<b>12,889.38</b>	<b>8,806.22</b>	<b>20,035.07</b>	<b>17,944.48</b>
Total	7,145.69	9,138.26	12,889.38	8,806.22	20,035.07	17,944.48
Carrying amount of segment assets	3,961.32	4,834.87	4,199.99	3,173.48	8,161.31	8,008.35
Additions to fixed assets	7.42	15.63			7.42	15.63

Notes:-

- (i) The company is 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.)

Transactions during the year.	Parties where control exists		Key Management Personnel		Relative of Key Management Personnel		TOTAL	
	2008-2009 Rs.	2007-2008 Rs.	2008-2009 Rs.	2007-2008 Rs.	2008-2009 Rs.	2007-2008 Rs.	2008-2009 Rs.	2007-2008 Rs.
Remuneration	-	-	2,100,000	2,100,000	38,400	38,400	2,138,400	2,138,400
Services Rendered to M/s. Priya International Ltd.	-	400,000	-	-	-	-	-	400,000
Receiving of services	2,550,556	2,550,109	-	-	-	-	2,550,556	2,550,109
Inter corporate deposits repaid to Priya International Ltd.	63,468,026	70,852,388	-	-	-	-	63,468,026	70,852,388
Interest paid on Loans to Mr. Ashish Bhuwania	-	-	411,030	435,841	-	-	411,030	435,841
Interest paid on Loans to Mr. Aditya Bhuwania	-	-	17,946	55,562	-	-	17,946	55,562
Interest paid on Loans to Mr. A K Bhuwania	-	-	192,193	528,412	-	-	192,193	528,412
Inter corporate deposits taken from M/s. Brent Properties Investments Pvt Ltd.	400,000	9,000,000	-	-	-	-	400,000	9,000,000
Inter corporate deposits taken from M/s. Cheshire Properties Investments Pvt Ltd.	300,000	9,500,000	-	-	-	-	300,000	9,500,000
Inter corporate deposits taken from M/s. Priya International Ltd.	61,385,276	73,956,586	-	-	-	-	61,385,276	73,956,586
Interest expense on Inter corporate deposits received from M/s. Priya International Ltd.	1,094,531	1,213,408	-	-	-	-	1,094,531	1,213,408
Purchase of goods	-	-	-	-	-	-	-	-
Loans received from Directors	-	-	8,615,520	7,799,359	-	-	8,615,520	7,799,359
Loans repaid to Directors	-	-	11,276,301	13,230,000	-	-	11,276,301	13,230,000
<b>Balances at the year end.</b>								
Deposit against receiving of services	36,500,000	37,000,000	-	-	-	-	36,500,000	37,000,000
Outstanding against Loans received from Directors	-	-	6,676,053	9,336,834	-	-	6,676,053	9,336,834
Outstanding against receiving of services	1,397,542	1,267,184	-	-	-	-	1,397,542	1,267,184
Outstanding on Inter corporate deposits	32,359,325	33,742,075	-	-	-	-	32,359,325	33,742,075
Interest Payable	846,510	938,450	550,791	904,270	-	-	1,397,301	1,842,720

**Disclosure of Related Party Transactions, the amount of which is in excess of 10% of total related party transactions of the same type.**

(Amount in Rs.)

Nature of transaction	Name of the related party	2008-2009	2007-2008
		Rs.	Rs.
<b>Transactions during the year.</b>			
Remuneration to Directors	Mr. Ashish Bhuwania	1,500,000	1,500,000
	Mr. Aditya Bhuwania	600,000	600,000
Receiving of Services	M/s. Brent Properties Investment Pvt. Ltd.	1,200,000	1,200,000
	M/s. Cheshire Properties Investment Pvt. Ltd.	1,200,000	1,200,000
Loans received from Directors	Mr. Ashish Bhuwania	3,156,760	489,297
	Mr. A.K. Bhuwania	4,659,493	1,973,453
	Mr. Aditya Bhuwania	799,267	5,336,609
Loans repaid to Directors	Mr. Ashish Bhuwania	3,050,000	675,000
	Mr. A.K. Bhuwania	7,200,425	6,425,000
	Mr. Aditya Bhuwania	1,025,876	6,130,000

**Note:**

Names of related parties and description of relationship:

- |                                 |                             |
|---------------------------------|-----------------------------|
| 1. Parties where control exists | 2. Key Management Personnel |
| (a) Priya International Ltd.    | (a) Mr. A. K. Bhuwania      |

- |  |  |
|--|--|
| (b) Priya Chemicals                        | (b) Mr. Ashish Bhuwania                          |
| (c) Gaurav Electrochem Pvt.Ltd.            | (c) Mr. Aditya Bhuwania                          |
| (d) Brent Properties Investment Pvt.Ltd.   |  |
| (e) Chesire Properties Investment Pvt.Ltd. | 3. Relative of Key Management Personnel          |
| (f) Halifax Properties Investment P.Ltd.   | (a) Mrs. Saroj Bhuwania, wife of Mr.A.K.Bhuwania |

**15. Earning Per Share (EPS)**

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

	2008 - 09	2007 - 08
Profit attributable to the Equity Shareholder (Rs.)	24,908,603	8,280,264
Weighted average number of Equity Share outstanding during the year (Nos)	3,002,300	3,002,300
Basic & Diluted earning per share (Rs.)	8.30	2.76
Face value of each share (Rs.)	10	10.00

**16. Break-up of Deferred Tax Assets**

	2008 - 09	2007 - 08
<b>Deferred tax Assets</b>		
- On account of Expenses allowable under income tax on payment basis	1,314,113	1,271,116
- On account of provision for doubtful debts	-	2,106,867
- On account of provision for Warranty	59,721	46,482
- On account of Carry forward losses	-	2,654,821
- On account of difference in depreciation as per books and Income Tax Act, 1961	944,054	531,954
	<u>Rs. 2,317,888</u>	<u>6,611,240</u>

**17. Break-up of Interest received**

Interest received on Fixed Deposits with Banks	1,441,593	873,708
Interest received on Staff Loans	88,436	87,529
	<u>1,530,029</u>	<u>961,237</u>

**18. Disclosure relating to provisions**

Provision related to	Opening Balance	Additions	Utilisation	Reversal	Closing Balance	Brief Description of Provision made.
Warranty	150,428	251,179	208,336		193,271	The company gives Warranties at the time of Sales of Main Products to the customers. Under the terms of Contract of Sales. The company undertakes to make good by replacement or repairs, Manufacturing defects that arise within 1-3 years from the date of sale.  A provision has been recognised for the expected Warranty claims on products sold based on past experience.

**19. Derivatives:**

UNHEDGED: The year end Foreign Currency exposures that have not been hedged by a derivative instrument as outstanding are as under:

**a. Amount receivable in foreign currency on account of the following :**

Particulars	As on 31.03.2009			As on 31.03.2008		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
<b>Receivables</b>	468,521,722	9,217,425	USD	317,347,745	7,949,593	USD
<b>Other Receivables</b>	-	-	USD	2,503,551	62,714	USD

**b. Amount payable in foreign currency on account of the following :**

Particulars	As on 31.03.2009			As on 31.03.2008		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
<b>Creditors</b>	<b>271,870,053</b>	<b>5,344,408</b>	USD	<b>201,605,169</b>	<b>5,040,129</b>	USD
<b>Other Payables</b>	<b>33,092,817</b>	<b>650,537</b>	USD	<b>11,116,062</b>	<b>277,902</b>	USD

20. Balances of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.
21. 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.
22. Figures in brackets relates to previous year. 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 : 30TH JUNE, 2009

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA      EXECUTIVE DIRECTOR  
R.K. SARASWAT      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 2009	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	816,131	Total Assets	816,131
		(Net of current liabilities & provisions)	

**Sources of Funds**

Paid up Capital	30,023	Reserves and Surplus	230,940
Secured Loans	192,104	Unsecured Loans	39,035

**Application of Funds**

Net Fixed Assets & W.I.P.	27,965	Investments	36,186
Net Current Assets	425,633	Net Deferred Tax Assets	2,318
Misc. Expenditure		Accumulated Losses	NIL

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

Turnover	2,017,390	Total Expenditure	1,980,201
Profit/Loss Before Tax (+) (-)	37,188	Profit/Loss after Tax (+) (-)	24,909
Earning per share in Rs.	8.30	Dividend Rate %	NIL

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

i	Item Code No (ITC Code)	903289.90
	Product description	Thin Client Itona
ii	Item Code No (ITC Code)	847330.20
	Product description	Computer Mother Boards
iii	Item Code No (ITC Code)	847160.30
	Product description	Monitors

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR

R.K. SARASWAT DIRECTOR

PLACE : MUMBAI  
 DATED : 30TH JUNE, 2009



# PRIYA LIMITED

Regd. Office: 2<sup>nd</sup> Floor, 209-210 Kimatrai Building, 77-79,  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai-400002

## ATTENDANCE SLIP

(To be presented at the entrance)

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 22<sup>nd</sup> 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 23<sup>rd</sup> day of September, 2009 at 11.00 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 copy of the Annual Report to the meeting.

----- ✂ ----- Tear Here ----- ✂ -----



# PRIYA LIMITED

Regd. Office: 2<sup>nd</sup> Floor, 209-210 Kimatrai Building, 77-79,  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai-400002

## 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 22<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 23<sup>rd</sup> day of September, 2009 at 11.00 A.M. and at any adjournment(s) thereof.

Signed this ..... day of ..... 2009.

Signature.....

Affix  
Re. 1/-  
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.

BOOK - POST

if undelivered, please return to:

## **PRIYA LIMITED**

Regd. Office:

2nd Floor, 209-210 Kimatrai Building, 77-79, Maharshi Karve Marg,  
Marine Lines (E), Mumbai - 400002.

Te : 91-22-4220 3100 [30 Lines], Fax: 91-22-4220 3197

Email : [priyabom@priyagroup.com](mailto:priyabom@priyagroup.com).

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

### **Branches:**

Ahmedabad: 079 - 2741 1184, Bangalore: 080 - 2242 6144, Bhubaneswar: 0674 - 320 1416,  
Chandigarh: 0172 - 263 3488, Chennai: 044 - 4214 6104, Delhi: 011 - 2643 8555,  
Hyderabad: 040 - 6638 2237, Indore: 0731 - 242 2964, Kochi: 0484 - 2311 397,  
Kolkata: 033 - 3057 1000, Lucknow: 0522 - 220 5315, Mumbai: 022 - 4220 3100,  
Ranchi: 0651 - 233 0862.