

**22nd ANNUAL GENERAL MEETING**

VENUE : "Hall of Quest",
Nehru Planetarium, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai-400 018

On : Friday, 12th August, 2005

At : 12:00 Noon

BOARD OF DIRECTORS

A. K. BHUWANIA : Chairman

G. D. BHUWANIA : Director

ADITYA BHUWANIA : Director

SAROJ BHUWANIA : Whole-time Director

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

BANKERS : VIJAYA BANK

AUDITORS : M/s. M. L. BHUWANIA & CO.
Chartered Accountants

STOCK EXCHANGES : New Delhi, Calcutta and Kanpur

WEBSITE : www.priyagroup.com

NOTICE

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the members of **PRIYA INTERNATIONAL LIMITED** will be held at "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, and Mumbai - 400 018 on Friday, the 12th day of August, 2005 at 12:00 noon to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- 2) To declare dividend for the Financial Year 2004-2005.
- 3) To consider the retirement of Mrs. Saroj Bhuwania, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :5) **Appointment of Mr. Aditya Bhuwania.**

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

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

6) **Place of keeping Registers / Returns and records at Registrar & Transfer Agent's office.**

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

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

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

- 2) The proxy form, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 5th August, 2005 to 12th August, 2005 (both days inclusive).
- 4) Dividend recommended for the year ended March 31, 2005 if approved by the members will be paid to those eligible members whose names appear :
 - i. As Beneficial Owners, as on 12th August, 2005, as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., in respect of shares held in electronic form; and
 - ii. As Members in the Register of Members of the Company as on 12th August, 2005.
- 5) Members who have not given the Bank Account Details earlier, are requested to send the same immediately to enable the company to pay dividend accordingly.
- 6) Members are requested to bring their copies of the Annual Report to the Meeting.
- 7) Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
- 8) (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.
- 9) Members are hereby informed that Dividends which remain unclaimed/unpaid over a period of 7 years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company, pursuant to sub-section (5) of Section 205A of the Companies Act, 1956, to a fund called the Investor Education & protection Fund established by the Central Government under sub-section (1) of Section 205C of the Companies Act, 1956. Accordingly, the unpaid/unclaimed dividend for the year 1997-98 will become transferable at the end of seventh year to the said Investor Education & Protection Fund. Please note that no claim shall lie against the Fund or the Company in respect of the dividend amount so transferred to the Investor Education & Protection Fund. The shareholders are, therefore, advised to send their request for issue of Duplicate Dividend Warrants/ revalidation of un-encashed Dividend Warrants to the company before the amount becomes due for transfer to the above Fund.



10) Members may avail of the facility of dematerialization 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 **INE557E01013**.

11) Members desirous of getting any information in respect of accounts of the company and proposed resolutions, are requested to send their queries in writing to the company at its registered office atleast 7 days before the date of the meeting, so that the required information can be made available at the meeting.

For and on behalf of the Board

A. K. Bhuwania
Chairman

Registered Office :

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

Place : Mumbai

Dated : 15th June, 2005.

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

Item No. 5

Mr. Aditya Bhuwania born on 13/2/1973, holds a B.Sc. degree. He is also a graduate and is an expert in Export and Import. He has been an Executive Director of the Board of Priya Ltd. an associate group company of Priya International Ltd. for several years. It will be advantageous for the Company to continue to avail his expert advice in the field of Export and Imports for Priya International too.

He is a Director in Brent Investment Properties Pvt. Ltd., Chesire Investment Properties Pvt. Ltd., and Halifax Investment Properties Pvt. Ltd.

The Board recommends the resolution for approval. No Director, except Mr. Aditya Bhuwania, is concerned or interested in the resolution.

Item no. 6

The Members are aware that the Company had appointed **M/s. Bighare Services Pvt. Ltd.** as Registrar Transfer Agents(RTA), for the purpose of Physical and Electronic Transfer/Dematrealisation of shares of the Company. The said RTA is having their office at B—2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E)- Mumbai - 400 072. In terms of SEBI directives, M/s Bigshare Services Pvt. Ltd. is also acting as Common Agency for both Physical and electronic transfer/ dematerialisation of shares of the Company. Since RTA operate from above mentioned place as their office and at which records of shareholders have been kept in terms section 163 of the Companies Act, 1956 and Depositories Act 1996.

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

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

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

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

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the Twenty-second Annual Report along with the audited accounts for the financial year ended 31st March, 2005.

FINANCIAL RESULTS

| | (Rs. in Lakhs) | |
|--|--------------------------|--------------------------|
| | Year Ended 31-03-2005 | Year Ended 31-03-2004 |
| Sales | 343.01 | 419.56 |
| Commission | 148.88 | 129.59 |
| | 491.89 | 549.15 |
| Other Income | 14.37 | 37.52 |
| | 506.26 | 586.67 |
| Profit before Tax & Extra ordinary items | 44.21 | 55.80 |
| Extra Ordinary Items | -3.26 | -3.95 |
| Profit before Tax | 40.95 | 51.85 |
| Less: Provision for taxation | | |
| Current Tax | 18.64 | 14.61 |
| Provision for taxation Deferred Tax | -1.25 | -1.25 |
| Profit After Tax | 23.56 | 38.49 |
| I.T. adjustments of earlier year | | |
| Deferred Tax | 3.74 | 0.00 |
| | 27.31 | 38.49 |
| Add: Balance brought forward | 148.82 | 129.19 |
| Profit available for appropriation | 176.13 | 167.68 |
| APPROPRIATIONS | | |
| Proposed Dividend | 14.94 | 14.94 |
| Corporate Dividend Tax | 2.13 | 1.91 |
| General Reserve | 1.40 | 2.00 |
| Balance carried to Balance Sheet | 157.66 | 148.82 |
| | 176.13 | 167.68 |

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1.50 per share on 9,96,000 Equity shares of Rs.10/-. The dividend will absorb a sum of Rs. 14,94,000/-.

OPERATIONS

The Local Sales of your Company has decreased from Rs. 419.56 Lakhs to Rs.343.01 Lakhs in the year under review resulting in decrease of about Rs.80.42 Lakh. Despite the fall in turnover, your company has registered better operating results. The indenting business has performed better in current year.

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

The turnover of the Company decreased mainly on account restructuring of business operations and concentration on high margin products.

DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956, Mrs. Saroj Bhuwania Director of the company, is liable to retire by rotation at the ensuing Annual general Meeting and being eligible, offer herself for re-appointment.

The Board of Directors at its meeting held on 12th October, 2004 have appointed Mr. Aditya Bhuwania as an additional director as per the provisions of section 260 of the Companies Act, 1956 and who hold the office till the conclusion of the Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director of the Company.

AUDITORS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given below:

CONSERVATION OF ENERGY:

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

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

**TECHNOLOGY ABSORPTION:**

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The relevant information in respect of the foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the year ended March 31, 2005

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the company has no employees who were in receipt of the remuneration of Rs.24,00,000/- or more per annum during the year ended 31st March, 2005 or Rs.2,00,000/- or more per month during any part of the said year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2004-05 and of the Profit or Loss of the company for the year ended 31/03/2005;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

HUMAN RESOURCE

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

LISTING OF SHARES

Company's shares have been listed with Stock Exchanges- New Delhi, Calcutta and Kanpur. The listing fees for the financial year 2005-2006 were duly paid.

APPRECIATION

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

For and on behalf of the Board

A. K. Bhuwania
Chairman

Registered Office :

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

Place : Mumbai

Dated : 15th June, 2005.

AUDITOR'S REPORT

To the Members of

M/s. PRIYA INTERNATIONAL LTD.

1. We have audited the attached Balance Sheet of Priya International Limited, Mumbai as at 31st March 2005, 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 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2005 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 2005;
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Ashish Bairagra)

Place : Mumbai Partner
Date : 15th June, 2005 Membership No: 109931

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT TO THE MEMBERS OF THE PRIYA INTERNATIONAL LIMITED FOR THE YEAR ENDED 31ST MARCH 2005.

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company are physically verified by the Management according to a phased program 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 program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. There was no substantial disposal of fixed assets during the year.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. During the year, the Company has granted unsecured loan to a Company, covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company. The party is regular in the payment of interest to the Company. There are no stipulations with respect to the repayment of the loan. The details of loan transactions are as under :

| No. of parties | Total Amount of loan given | Maximum balance Outstanding during the year. | Amount receivable at the end of the year. |
|----------------|----------------------------|--|---|
| | Rs. | Rs. | Rs. |
| 1 | 6,91,08,838 | 3,09,44,572 | 2,30,06,160 |



During the year, the Company has taken loan from 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 Interest thereon. The details of loan transactions are as under :

| No. of parties | Total Amount of loan taken Rs. | Maximum balance Outstanding during the year. Rs. | Amount repayable at the end of the year. Rs. |
|----------------|-----------------------------------|---|---|
| 1 | 97,00,000 | 89,00,000 | 72,00,000 |

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

As per the information and explanations given to us no transactions in pursuance of contracts or arrangements for purchase and sales of goods and services exceeding the value of rupees five lakhs have taken place during the year with the parties listed in the register maintained under 301 of the Companies Act, 1956.
6. 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.
7. *The Company does not have a formal internal audit system.*
8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, 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 Sales Tax, 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.

| Name of Statute | Nature of Dues | Financial Year | Amount (Rs.) | Forum where dispute is pending |
|----------------------|---|----------------|--------------|--------------------------------|
| Income Tax Act, 1961 | Demand for Tax liability – Disallowance of Expenses | 2000-01 | 1,92,688 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Demand for Tax liability – Disallowance of Expenses | 2001-02 | 26,766 | Income Tax Appellate Tribunal |

10. 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.
11. The Company has not defaulted in repayment of dues to the bank. The Company has no borrowing from a financial institution and does not have any borrowings by way of debenture.
12. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute application to chit fund and nidhi/mutual benefit fund/societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion, the Company is not dealing / trading in shares, securities, debentures and other investment. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
16. According to the information and explanations given to us the company has not taken any term loan during the year. In respect of term loan taken in earlier year, we report that term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. According to the 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 audit.

For **M. L. Bhunia & Co.**
Chartered Accountants

(**Ashish Bairagra**)

Place : Mumbai
Date : 15th June, 2005

Partner
Membership No: 109931

BALANCE SHEET AS AT 31ST MARCH, 2005

| | SCHEDULE | AS AT 31.03.2005 Rs. | AS AT 31.03.2004 Rs. |
|---|----------|-------------------------|-------------------------|
| I. SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| SHARE CAPITAL | A | 9,960,000 | 9,960,000 |
| RESERVES & SURPLUS | B | 23,456,480 | 22,432,442 |
| LOAN FUNDS | | | |
| SECURED LOANS | C | 216,901 | 353,611 |
| UNSECURED LOANS | D | 7,200,000 | — |
| TOTAL | | 40,833,381 | 32,746,053 |
| II. APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | E | 10,295,058 | 10,295,058 |
| LESS: ACCUMULATED DEPRECIATION | | 8,564,998 | 8,214,550 |
| NET BLOCK | | 1,730,060 | 2,080,508 |
| INVESTMENTS | | | |
| DEFERRED TAX ASSETS (NET) (REFER NOTE NO 12 OF SCHEDULE R) | F | 4,654,455 | 5,152,537 |
| | | 1,259,566 | 1,134,168 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| INVENTORIES | G | 11,907,235 | 7,712,765 |
| SUNDRY DEBTORS | H | 5,775,304 | 4,508,480 |
| CASH & BANK BALANCE | I | 2,398,773 | 2,155,520 |
| OTHER CURRENT ASSETS | J | 1,464,411 | 1,080,497 |
| LOANS & ADVANCES | K | 29,990,098 | 22,637,420 |
| | | 51,535,821 | 38,094,682 |
| LESS : CURRENT LIABILITIES & PROVISIONS | | | |
| CURRENT LIABILITIES | L | 8,604,165 | 6,100,283 |
| PROVISIONS | M | 9,742,356 | 7,615,559 |
| | | 18,346,521 | 13,715,842 |
| NET CURRENT ASSETS | | 33,189,300 | 24,378,840 |
| TOTAL | | 40,833,381 | 32,746,053 |
| NOTES ON ACCOUNTS | R | | |

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS(ASHISH BAIRAGRA)
PARTNER
MEMBERSHIP NO. 109931

A. K. BHUWANIA Chairman

G. D. BHUWANIA Director

PLACE : MUMBAI
DATED : 15th JUNE, 2005

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2005**

| | SCHEDULE | 2004-2005 Rs. | 2003-2004 Rs. |
|---|----------|-------------------|------------------|
| INCOME | | | |
| SALES | | 34,300,886 | 41,956,127 |
| COMMISSION | | 14,888,135 | 12,959,359 |
| MISCELLANEOUS INCOME | N | 1,437,608 | 3,751,891 |
| TOTAL | | 50,626,629 | 58,667,377 |
| EXPENDITURE | | | |
| COST OF MATERIAL | O | 26,847,978 | 35,279,732 |
| PAYMENTS TO & PROVISION FOR EMPLOYEES | P | 5,781,203 | 5,397,252 |
| OTHER EXPENSES | Q | 13,225,260 | 12,048,714 |
| DEPRECIATION | | 350,448 | 361,738 |
| TOTAL | | 46,204,889 | 53,087,436 |
| PROFIT BEFORE TAXATION & EXTRAORDINARY ITEMS | | 4,421,740 | 5,579,941 |
| EXTRA ORDINARY ITEM : | | | |
| DIMINUTION IN VALUE OF INVESTMENTS | | (326,164) | (354,420) |
| INVESTMENTS WRITTEN OFF | | — | (40,600) |
| PROFIT BEFORE TAXATION | | 4,095,576 | 5,184,921 |
| PROVISION FOR TAXATION - CURRENT TAX | | 1,864,000 | 1,461,000 |
| - DEFERRED TAX | | (125,398) | (124,993) |
| PROFIT AFTER TAX | | 2,356,974 | 3,848,914 |
| EXCESS / (SHORT) PROVISION OF TAXATION IN EARLIER YEARS | | 374,426 | — |
| BALANCE BROUGHT FORWARD | | 14,882,442 | 12,918,947 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 17,613,842 | 16,767,861 |
| APROPRIATIONS : | | | |
| PROPOSED DIVIDEND | | 1,494,000 | 1,494,000 |
| CORPORATE DIVIDEND TAX | | 213,362 | 191,419 |
| (Current year figure includes Rs.3828 for eariler year) | | | |
| GENERAL RESERVE | | 140,000 | 200,000 |
| BALANCE CARRIED TO BALANCE SHEET | | 15,766,480 | 14,882,442 |
| | | 17,613,842 | 16,767,861 |
| BASIC & DILUTED EARNING PER SHARE EXCLUDING EXTRA ORDINARY ITEMS (Net of Tax) | | 2.69 | 4.26 |
| BASIC & DILUTED EARNING PER SHARE INCLUDING EXTRA ORDINARY ITEMS (REFER NOTE NO.11 OF SCHEDULE "P" OF NOTES ON ACCOUNTS) | | 2.37 | 3.86 |

NOTES ON ACCOUNTS**R**

AS PER OUR REPORT ATTACHED OF EVEN DATE
FOR **M. L. BHUWANIA & CO.**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(ASHISH BAIRAGRA)
PARTNER
MEMBERSHIP NO. 109931

A. K. BHUWANIA Chairman

G. D. BHUWANIA Director

PLACE : MUMBAI
DATED : 15th JUNE, 2005

SCHEDULES FORMING PART OF THE ACCOUNTS

| | AS AT 31.03.2005 Rs. | AS AT 31.03.2004 Rs. |
|---|-------------------------|-------------------------|
| SCHEDULE - A | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 1000000 EQUITY SHARES OF RS 10/- EACH | <u>10,000,000</u> | <u>10,000,000</u> |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 996000 EQUITY SHARES OF RS 10/- EACH FULLY PAID | <u>9,960,000</u> | <u>9,960,000</u> |
| SCHEDULE - B | | |
| RESERVES & SURPLUS | | |
| GENERAL RESERVE | | |
| BALANCE AS PER LAST BALANCE SHEET | 7,550,000 | 7,350,000 |
| ADD: TRANSFER FROM PROFIT & LOSS A/C | <u>140,000</u> | 200,000 |
| PROFIT & LOSS ACCOUNT | <u>15,766,480</u> | <u>14,882,442</u> |
| | <u>23,456,480</u> | <u>22,432,442</u> |
| SCHEDULE - C | | |
| SECURED LOANS | | |
| VEHICLE LOAN FROM BANK | | |
| (Secured by Hypothecation of Vehicle) | <u>216,901</u> | <u>353,611</u> |
| | <u>216,901</u> | <u>353,611</u> |
| SCHEDULE - D | | |
| UNSECURED LOANS | | |
| LOAN FROM DIRECTOR | | |
| | <u>7,200,000</u> | <u>—</u> |
| | <u>7,200,000</u> | <u>—</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS
**SCHEDULE 'E'
FIXED ASSETS**

(FIGURES IN RUPEES)

| SL NO | PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|-------|----------------------|--------------------|-----------|------------|--------------------|------------------|-----------------|------------|------------------|------------------|
| | | AS AT 1/4/2004 | ADDITIONS | DEDUCTIONS | AS AT 31/3/2005 | AS AT 1/4/2004 | FOR THE YEAR | DEDUCTIONS | AS AT 31/3/2005 | AS AT 31/3/2004 |
| 1 | OFFICE PREMISES | 10,36,034 | — | — | 10,36,034 | 4,85,252 | 27,539 | — | 5,12,791 | 5,23,243 |
| 2 | FURNITURE & FIXTURES | 18,38,663 | — | — | 18,38,663 | 15,33,225 | 55,284 | — | 15,88,509 | 2,50,154 |
| 3 | OFFICE EQUIPMENT | 14,60,736 | — | — | 14,60,736 | 9,68,388 | 68,487 | — | 10,36,875 | 4,23,861 |
| 4 | VEHICLES | 11,92,904 | — | — | 11,92,904 | 5,29,282 | 1,71,812 | — | 7,01,094 | 4,91,810 |
| 5 | COMPUTERS | 47,66,721 | — | — | 47,66,721 | 46,98,403 | 27,326 | — | 47,25,729 | 40,992 |
| | TOTALS (Rs.) | 1,02,95,058 | — | — | 1,02,95,058 | 82,14,550 | 3,50,448 | — | 85,64,998 | 17,30,060 |
| | PREVIOUS YEAR (Rs.) | 96,79,433 | 7,01,585 | 85,960 | 1,02,95,058 | 78,67,490 | 3,61,738 | 14,678 | 82,14,550 | 20,80,508 |

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE - F : INVESTMENTS (AT COST) (LONG TERM)
(OTHER THAN TRADE)

| SL. NO. | PARTICULARS | FACE VALUE | CURRENT YEAR | | PREVIOUS YEAR | |
|-----------|---|------------|--------------|------------------|---------------|------------------|
| | | | NOS. | RS. | NOS. | RS. |
| | QUOTED | | | | | |
| A. | EQUITY SHARES (FULLY PAID UP) | | | | | |
| 1 | GEOSERVICES (INDIA) LTD. | 10 | 5,800 | 58,000 | 5,800 | 58,000 |
| 2 | ORIENT ORGANICS LTD. | 10 | 4,000 | 28,006 | 4,000 | 28,006 |
| 3 | DHANUKA PESTICIDES LTD. | 10 | 2,000 | 20,000 | 2,000 | 20,000 |
| 4 | ALPS EXPORT LTD. | 10 | 9,000 | 180,000 | 9,000 | 180,000 |
| 5 | PRIYA LTD. | 10 | 275,800 | 4,481,500 | 275,800 | 4,481,500 |
| 6 | AKAI IMPEX LTD. | 10 | 5,100 | 43,437 | 5,100 | 43,437 |
| 7 | ALL METAL PROCESS INDUS. LTD. | 10 | 16,200 | 162,324 | 16,200 | 162,324 |
| 8 | ASAHI FIBERS LTD. | 10 | 6,000 | 18,036 | 6,000 | 18,036 |
| 9 | BAGRI MINERALS & CHEM. LTD. | 10 | 10,300 | 28,382 | 10,300 | 28,382 |
| 10 | BITS LTD. | 10 | 400 | 2,305 | 400 | 2,305 |
| 11 | J. K. PHARMA CHEM LTD. (20900 SHARES SOLD DURING THE YEAR) | 10 | — | — | 20,900 | 141,357 |
| 12 | K. J. INTERNATIONAL LTD. | 10 | 2,000 | 25,551 | 2,000 | 25,551 |
| 13 | KARISHMA FLORICULTURE LTD. | 10 | 400 | 1,202 | 400 | 1,202 |
| 14 | ORIND EXPORTS LTD. (12200 SHARES SOLD DURING THE YEAR) | 10 | — | — | 12,200 | 61,122 |
| 15 | RAJINDER PIPES LTD. | 10 | 6,200 | 55,912 | 6,200 | 55,912 |
| 16 | SAMRAT ASHOKA EXPORTS LTD. | 10 | 600 | 10,822 | 600 | 10,822 |
| 17 | STRELING GUARANTY & FINANCE LTD. | 10 | 15,100 | 52,956 | 15,100 | 52,956 |
| 18 | VIA MEDIA INDIA LTD. | 10 | 7,500 | 22,545 | 7,500 | 22,545 |
| B. | DEBENTURES | | | | | |
| 1 | BALAJI HOTELS & ENTERPRISES LTD. | 1,350 | 10 | 13,500 | 10 | 13,500 |
| | TOTAL QUOTED (A) | | | 5,204,478 | | 5,406,957 |
| | UNQUOTED | | | | | |
| A | EQUITY SHARES (FULLY PAID UP) | | | | | |
| 1 | GAURAV CHEMICALS PVT LTD. | 10 | 500 | 100,000 | 500 | 100,000 |
| | TOTAL UNQUOTED (B) | | | 100,000 | | 100,000 |
| | TOTAL INVESTMENTS (A) + (B) | | | 5,304,478 | | 5,506,957 |
| | LESS: PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS | | | 650,023 | | 354,200 |
| | NET VALUE OF INVESTMENTS | | | 4,654,455 | | 5,152,757 |

NOTE: AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS RS.59,31,920/- (PREVIOUS YEAR RS.45,16,135/-)



SCHEDULES FORMING PART OF THE ACCOUNTS

| | AS AT 31.03.2005 Rs. | AS AT 31.03.2004 Rs. |
|--|-------------------------|-------------------------|
| SCHEDULE - G | | |
| INVENTORIES | | |
| (As valued and certified by the Management) | | |
| FINISHED GOODS - CHEMICALS | 10,886,169 | 7,712,765 |
| STOCK-IN-TRANSIT | 1,021,066 | — |
| | <u>11,907,235</u> | <u>7,712,765</u> |
| SCHEDULE - H | | |
| SUNDRY DEBTORS | | |
| (UNSECURED, CONSIDERED GOOD) | | |
| OUTSTANDING FOR MORE THAN 6 MONTHS | 511,697 | 312,959 |
| OTHER DEBTS | 5,263,607 | 4,195,521 |
| | <u>5,775,304</u> | <u>4,508,480</u> |
| SCHEDULE - I | | |
| CASH & BANK BALANCES | | |
| CASH IN HAND | 53,793 | 57,911 |
| BALANCE WITH SCHEDULE BANK | | |
| IN CURRENT & OTHER ACCOUNTS | 672,824 | 533,018 |
| IN U.S. DOLLAR ACCOUNT | 51,390 | 51,484 |
| IN MARGIN MONEY ACCOUNT | 1,583,644 | 1,473,466 |
| IN DIVIDEND ACCOUNT | 37,122 | 39,641 |
| | <u>2,398,773</u> | <u>2,155,520</u> |
| SCHEDULE - J | | |
| OTHER CURRENT ASSETS | | |
| PREPAID EXPENSES | 264,195 | 188,439 |
| INTEREST RECEIVABLE | 1,181,216 | 892,058 |
| OCTROI REFUND RECEIVABLE | 19,000 | — |
| | <u>1,464,411</u> | <u>1,080,497</u> |
| SCHEDULE - K | | |
| LOANS & ADVANCES | | |
| (UNSECURED, CONSIDERED GOOD) | | |
| INTER CORPORATE LOANS GIVEN | 23,006,160 | 18,937,671 |
| ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED | 1,464,219 | 406,474 |
| ADVANCE INCOME TAX | 5,240,549 | 2,935,605 |
| DEPOSITS | 279,170 | 357,670 |
| | <u>29,990,098</u> | <u>22,637,420</u> |
| SCHEDULE - L | | |
| CURRENT LIABILITIES | | |
| SUNDRY CREDITORS | 6,361,145 | 4,532,945 |
| (REFER NOTE NO 8 OF SCHEDULE R) | | |
| ADVANCE FROM CUSTOMERS | 117,487 | 226,099 |
| INVESTOR EDUCATION AND PROTECTION FUND: ** | | |
| - UNCLAIMED DIVIDEND | 63,600 | 53,200 |
| INTEREST ACCRUED BUT NOT DUE ON LOANS | 167,114 | — |
| OTHER LIABILITIES | 1,894,819 | 1,288,039 |
| | <u>8,604,165</u> | <u>6,100,283</u> |
| SCHEDULE - M | | |
| PROVISIONS | | |
| PROVISION FOR TAXATION | 4,098,574 | 2,609,000 |
| PROVISION FOR GRATUITY | 3,940,248 | 3,321,140 |
| PROPOSED DIVIDEND | 1,494,000 | 1,494,000 |
| CORPORATE DIVIDEND TAX | 209,534 | 191,419 |
| | <u>9,742,356</u> | <u>7,615,559</u> |

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31/03/2005.

SCHEDULES FORMING PART OF THE ACCOUNTS

| | 2004 - 2005 Rs. | 2003 - 2004 Rs. |
|--|--------------------|--------------------|
| SCHEDULE - N | | |
| MISCELLANEOUS INCOME | | |
| PROFIT ON SALE OF INVESTMENTS (NET) | 127,370 | 2,266,273 |
| INTEREST RECEIVED (AS PER NOTE 13 OF SCHEDULE R) (TDS Rs.328280, Previous year Rs.261048) | 1,652,600 | 1,375,911 |
| LESS: INTEREST PAID | 465,379 | 191,252 |
| | <u>1,187,221</u> | <u>1,184,659</u> |
| (TDS Rs.18982, Previous year Rs.NIL) | — | 128,890 |
| DIVIDEND RECEIVED | — | 130,305 |
| GAIN ON EXCHANGE RATE DIFFERENCE (NET) | 123,017 | 41,764 |
| OTHER INCOME | <u>1,437,608</u> | <u>3,751,891</u> |
| SCHEDULE - O | | |
| COST OF MATERIAL | | |
| OPENING STOCK | 7,712,765 | 6,235,582 |
| ADD: PURCHASE OF GOODS | 29,972,758 | 36,613,052 |
| | <u>37,685,523</u> | <u>42,848,634</u> |
| LESS: CLOSING STOCK | 10,886,169 | 7,712,765 |
| PACKING MATERIAL CONSUMED | 48,624 | 143,863 |
| | <u>26,847,978</u> | <u>35,279,732</u> |
| SCHEDULE - P | | |
| PAYMENTS TO & PROVISION FOR EMPLOYEES | | |
| SALARIES, BONUS, ALLOWANCES ETC. | 4,980,431 | 4,471,294 |
| CONTRIBUTION TO P F AND OTHER FUNDS | 342,179 | 327,557 |
| WELFARE EXPENSES | 458,593 | 598,401 |
| | <u>5,781,203</u> | <u>5,397,252</u> |
| SCHEDULE - Q | | |
| OTHER EXPENSES | | |
| RENT, SERVICE & WAREHOUSING CHGS | 2,039,819 | 1,783,379 |
| RATES AND TAXES | 179,782 | 36,356 |
| POSTAGE, TELEPHONE, TELEX & FAX CHGS | 1,534,413 | 1,157,437 |
| BANK CHARGES | 263,666 | 169,575 |
| SALES PROMOTION EXPENSES | 302,154 | 212,803 |
| FREIGHT, CLEARING & FORWARDING | 660,535 | 446,105 |
| SELLING & ADVERTISEMENT EXPENSES | 99,700 | 100,382 |
| COMMISSION ON SALES | 211,444 | 169,696 |
| LEGAL & PROFESSIONAL EXPENSES | 390,365 | 422,597 |
| ELECTRICITY CHARGES | 407,747 | 527,663 |
| SERVICE CHARGES PAID | 1,557,576 | 719,632 |
| TRAVELLING & CONVEYANCE | 3,327,920 | 3,417,408 |
| REPAIRS & MAINTENANCE - OTHERS | 240,437 | 268,418 |
| INSURANCE CHARGES | 74,713 | 12,610 |
| DIRECTORS REMUNERATION | 120,000 | 120,000 |
| AUDITORS REMUNERATION | | |
| AUDIT FEES (INCLUDING LIMITED REVIEW) | 78,000 | 50,000 |
| TAX AUDIT FEES | 22,000 | 15,000 |
| CERTIFICATION & OTHER SERVICES | 1,000 | 1,000 |
| TAXATION MATTERS | 27,500 | 56,000 |
| SERVICE TAX | 10,632 | 5,280 |
| | <u>139,132</u> | <u>5,280</u> |
| LOSS ON EXCHANGE RATE DIFFERENCE (NET) | 124,328 | — |
| LOSS ON SALE OF FIXED ASSET | — | 31,282 |
| SUNDRY BALANCES WRITTEN OFF (NET) | — | 1,144,380 |
| MISCELLANEOUS EXPENSES | 1,551,529 | 1,181,711 |
| | <u>13,225,260</u> | <u>12,048,714</u> |

SCHEDULE R : NOTES ON ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention on an 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.

D. INVENTORIES

Inventories are valued at lower of cost and Net Realisable Value. Cost is arrived on First In First Out (FIFO) basis.

E. INVESTMENTS

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

F. RETIREMENT BENEFITS :

- (i) Gratuity is accounted as per the provisions of the payment of Gratuity Act, 1972 on the assumption that gratuity is payable to employees at the end of the accounting year.
- (ii) As per the policy of the Company, leave encashment is not a retirement benefit and hence not provided for.
- (iii) Regular payments are made to Provident Fund and charged to the Profit & Loss Account.

G. FOREIGN EXCHANGE TRANSACTION :

- (i) Foreign Exchange transactions are accounted at the rate of exchange prevailing on the date of transaction.
- (ii) At the year end all Foreign Currency assets and liabilities other than for financing fixed assets 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. Exchange rate difference on account of changes in liability relating to Fixed assets is adjusted in the cost of the Fixed assets.

H. 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.

I. 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 and exclusive of sales tax collected. Commission is accounted as and when it becomes due.

J. 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 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.

K. 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. Disclosure of 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 not provided for in respect of :

| | 2004-2005 | 2003-2004 |
|---|------------------|-----------|
| | Rs. | Rs. |
| i) Disputed Income tax liability | 219,454 | 246,204 |
| ii) Counter Guarantee given to bankers in respect of guarantee given by them. | 5,000 | — |

3. QUANTITATIVE DETAILS OF OPENING STOCK, PURCHASES, SALES & CLOSING STOCK.

| PRODUCT | OPENING STOCK | | PURCHASES | | SALES | | CLOSING STOCK | |
|---|---------------------------|---------------------------------|---------------------------|-----------------------------------|---------------------------|-----------------------------------|---------------------------|----------------------------------|
| | QUANTITY UNITS | VALUE RUPEES | QUANTITY UNITS | VALUE RUPEES | QUANTITY UNITS | VALUE RUPEES | QUANTITY UNITS | VALUE RUPEES |
| Chemicals (KGS) | 21,972 (12,529) | 7,712,765 (6,235,582) | 94,858 (61,443) | 29,972,758 (19,280,552) | 89,057 (52,000) | 34,300,886 (24,553,627) | 27,773 (21,972) | 10,886,169 (7,712,765) |
| Computer system, Sub-system, parts, peripherals (NOS) | — (—) | — (—) | — (7,000) | — (17,332,500) | — (7,000) | — (17,402,500) | — (—) | — (—) |
| TOTAL (RS.) | 21,972 (12,529) | 7,712,765 (6,235,582) | 94,858 (68,443) | 29,972,758 (36,613,052) | 89,057 (59,000) | 34,300,886 (41,956,127) | 27,773 (21,972) | 10,886,169 (7,712,765) |

Note :-

- Chemical sales include free samples NIL Kg. (Previous Year 100 kgs) and old non-saleable stock NIL Kg. (Previous Year 165) which has been written off during the year.
- Purchase include chemical 25 kgs (Previous Year 200) of free samples received.
- Figures in brackets relate to previous year.

| | 2004-2005 | 2003-2004 |
|--|------------------|------------|
| | Rs. | Rs. |
| 4. Earning in foreign exchange by way of commission | 14,851,678 | 12,879,117 |
| 5. Value of Import on CIF Basis | | |
| Traded goods | 21,205,074 | 12,786,041 |
| 6. Expenditure in foreign currency | | |
| Travelling | 477,036 | 634,891 |
| 7. Managerial Remuneration | | |
| Remuneration to Whole time Directors. | 120,000 | 120,000 |
| 8. There were no amounts due to Small Scale and/or Ancillary industrial suppliers on account of principal and/or interest as at the close of the year. This disclosure is based on the information available with the Company regarding the status of the suppliers as defined under the Interest on Delayed Payments of Small Scale And Ancillary Industrial Undertaking Act,1993, and relied upon by the Auditors. | | |
| 9. Segment Information For The Year Ended 31st March, 2005 | | |

A. Information about Primary Business Segments

(Rupees in Lakhs)

| | Indenting | | Trading Chemicals | | Trading Electronics | | Unallocated | | Total | |
|--|---------------|---------|-------------------|---------|---------------------|---------|-----------------|----------------|----------------|----------------|
| | 2004-05 | 2003-04 | 2004-05 | 2003-04 | 2004-05 | 2003-04 | 2004-05 | 2003-04 | 2004-05 | 2003-04 |
| Revenue | | | | | | | | | | |
| External Customers | 148.88 | 129.59 | 343.01 | 245.54 | - | 174.03 | - | - | 491.90 | 549.16 |
| Inter-segment | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | 148.88 | 129.59 | 343.01 | 245.54 | - | 174.03 | - | - | 491.90 | 549.16 |
| Result | | | | | | | | | | |
| Segment Result | 87.75 | 71.37 | 41.05 | 50.66 | - | 0.70 | - | - | 128.80 | 122.73 |
| Unallocated expenditure net of unallocated income- | - | - | - | - | - | - | (96.45) | (80.08) | (96.45) | (80.08) |
| Interest Income (net) | - | - | 1.01 | 2.45 | - | - | 10.86 | 9.40 | 11.87 | 11.85 |
| Dividend Income | - | - | - | - | - | - | - | 1.29 | - | 1.29 |
| Profit before taxation and exceptional items | 87.75 | 71.37 | 42.06 | 53.11 | - | 0.70 | (85.59) | (69.39) | 44.22 | 55.79 |
| Provision for taxation | | | | | | | | | | |
| - Current Tax | - | - | - | - | - | - | 18.64 | 14.61 | 18.64 | 14.61 |
| - Deferred Tax | - | - | - | - | - | - | (1.25) | (1.25) | (1.25) | (1.25) |
| Profit after taxation and before exceptional items | 87.75 | 71.37 | 42.06 | 53.11 | - | 0.70 | (102.97) | (82.75) | 26.83 | 42.43 |
| Exceptional items (Provision for Diminution in Shares) | - | - | - | - | - | - | (3.26) | (3.95) | (3.26) | (3.95) |
| Excess/(Short) Provision of Taxation in earlier years. | - | - | - | - | - | - | 3.74 | - | 3.74 | - |
| Net Profit | 87.75 | 71.37 | 42.06 | 53.11 | - | 0.70 | (102.49) | (86.70) | 27.31 | 38.48 |
| Other Information | | | | | | | | | | |
| Segment Assets | 19.32 | 12.29 | 185.44 | 127.34 | - | - | 387.71 | 325.56 | 592.47 | 465.19 |
| Segment Liabilities | 26.18 | 1.68 | 70.20 | 50.25 | - | - | 161.92 | 89.34 | 258.30 | 141.27 |
| Capital expenditure | - | - | - | - | - | - | - | 7.02 | - | 7.02 |

B. Information about Secondary Business Segments

(Rupees In Lakhs)

| | Within India | | Outside India | | Total | |
|---------------------------------------|---------------|-----------|---------------|-----------|---------------|-----------|
| | 2004 - 05 | 2003 - 04 | 2004 - 05 | 2003 - 04 | 2004 - 05 | 2003 - 04 |
| Revenue by geographical market | 343.38 | 420.37 | 148.52 | 128.79 | 491.90 | 549.16 |
| Total | 343.38 | 420.37 | 148.52 | 128.79 | 491.90 | 549.16 |
| Carrying amount of segment assets | 578.27 | 454.04 | 14.20 | 11.15 | 592.47 | 465.19 |
| Additions to fixed assets | — | 7.02 | — | — | — | 7.02 |

Notes:-

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

- (a) Indenting Business
- (b) Trading Business - Chemicals
- (c) Trading Business - Electronics

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.

10. Related parties disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India and effective from April, 1, 2001.

(Amount in Rs.)

| | Parties where control exists | | Directors of the Company | | Total | |
|--|------------------------------|------------|--------------------------|---------|------------|------------|
| | 2004-05 | 2003-04 | 2004-05 | 2003-04 | 2004-05 | 2003-04 |
| Transactions during the year. | | | | | | |
| Remuneration | — | — | 120,000 | 120,000 | 120,000 | 120,000 |
| Rent Paid | — | — | — | 150,000 | — | 150,000 |
| Sales of goods | — | 17,402,500 | — | — | — | 17,402,500 |
| Rendering of services | 30,612 | 40,439 | — | — | 30,612 | 40,439 |
| Receiving of services | 1,737,576 | 899,632 | — | — | 1,737,576 | 899,632 |
| Interest paid on Loans | — | — | 186,096 | — | 186,096 | — |
| Interest Received on Inter corporate deposits | 1,465,600 | 1,095,169 | — | — | 1,465,600 | 1,095,169 |
| Loans received from Directors | — | — | 9,700,000 | — | 9,700,000 | — |
| Inter corporate deposits given during the year | 69,108,838 | 23,930,090 | — | — | 69,108,838 | 23,930,090 |
| Inter corporate deposits received back during the year | 65,911,007 | 16,133,402 | — | — | 65,911,007 | 16,133,402 |
| Balance as on 31-03-2005. | | | | | | |
| Loans outstanding from Directors | — | — | 7,200,000 | — | 7,200,000 | — |
| Inter corporate deposits at the year end | 23,006,160 | 18,937,671 | — | — | 23,006,160 | 18,937,671 |
| Interest Receivable | 1,181,216 | 870,659 | — | — | 1,181,216 | 870,659 |
| Outstanding service charges | 357,480 | 215,100 | — | — | 357,480 | 215,100 |

Note :

Names of related parties and description of relationship is as identified by the management and relied upon by the auditors.

- | | |
|---|---|
| 1. Parties Where control exists (a) Priya Limited (b) Priya Chemicals (c) Gaurav Chemicals Private Ltd. (d) Brent Properties and Investment P. Ltd. (e) Chesire Properties and Investment P. Ltd. (f) Halifax Properties and Investment P. Ltd. | 2. Directors of the Company (a) Mrs. Saroj Bhuwania (b) Mr. A. K. Bhuwania (c) Mr. Aditya Bhuwania |
|---|---|

11. Earning Per Share (EPS)

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

| | <u>2004-2005</u> | <u>2003-2004</u> |
|---|------------------|------------------|
| Profit before extra ordinary items and Taxation (Rs.) | 4,421,740 | 5,579,941 |
| Less : Provision for tax (Net of extra ordinary items) (Rs.) | 1,864,000 | 1,461,000 |
| Add : Provision for Deferred tax (Net of extra ordinary items) (Rs.) | <u>(125,398)</u> | <u>(124,993)</u> |
| Profit and loss after taxation and before Extraordinary items(net of tax) (Rs.) | 2,683,138 | 4,243,934 |
| Weighted average number of Equity Share outstanding during the year. | 996,000 | 996,000 |
| Basic & Diluted earning per share before extra ordinary items (Rs.) | 2.69 | 4.26 |
| Face value of each share (Rs.) | 10 | 10 |

(B) Earning Per Share (EPS) including extraordinary items. The numerator and denominator used to calculate Basic and Diluted Earnings per Share :

| | <u>2004-2005</u> | <u>2003-2004</u> |
|---|------------------|------------------|
| Profit attributable to the shareholders (Rs.) | 2,356,974 | 3,848,914 |
| Weighted average number of Equity Share outstanding during the year | 996,000 | 996,000 |
| Basic & Diluted earning per share (Rs.) | 2.37 | 3.86 |
| Face value of each share (Rs.) | 10 | 10 |

12. Break-up of Deferred Tax Assets (Net)

Deferred tax Assets

- On account of Provision for Gratuity allowable on payment basis under Income Tax Act, 1961. Rs. 1,326,287 1,191,459

Less: Deferred tax Liability

- On account of difference in depreciation as per books and Income Tax Act, 1961 Rs. 66,721 57,291

1,259,566 1,134,168

13. Break-up of Interest received

| | | |
|---|------------------|------------------|
| Interest received on Inter Corporate Deposits Given | 1,465,600 | 1,095,169 |
| Interest received on Fixed Deposits with Banks | 101,041 | 247,506 |
| Interest received on NSC matured | 28,900 | — |
| Interest received on Staff Loans | 56,953 | 33,236 |
| Overdue Interest recovered from parties | <u>106</u> | <u>—</u> |
| | <u>1,652,600</u> | <u>1,375,911</u> |

14. Balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.

15. In the opinion of Board of Directors, Current Assets, Loans and advances have value in the ordinary course of business atleast equal to the amount at which they are stated.

16. Previous year figures have been regrouped and/or rearranged wherever considered necessary to make them comparable with those of the current year.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

ASHISH BAIRAGRA
PARTNER
MEMBERSHIP NO. 109931

A. K. BHUWANIA Chairman

G. D. BHUWANIA Director

PLACE : MUMBAI
DATED : 15th JUNE, 2005

**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. | 86840 | State Code | 11 |
| Balance Sheet Date | 31 03 05 | 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 | 59,180 | Total Assets | 59,180 |
|-------------------|--------|--------------|--------|

Sources of Funds

| | | | |
|-----------------|-------|----------------------|--------|
| Paid up Capital | 9,960 | Reserves and Surplus | 23,456 |
| Secured Loans | 217 | Unsecured Loans | NIL |

Application of Funds

| | | | |
|--------------------|--------|------------------------|-------|
| Net Fixed Assets | 1,730 | Investments | 4,654 |
| Net Current Assets | 33,189 | Net Deferred Tax Asset | 1,260 |
| Misc. Expenditure | — | | |

IV Performance of Company (Amount in Rs. thousands)

| | | | |
|--------------------------|--------|-------------------|--------|
| Turnover | 50,627 | Total Expenditure | 46,205 |
| Profit Before Tax | 4,422 | Profit after Tax | 2,357 |
| Earning per share in Rs. | 2.37 | Dividend Rate % | 15 |

V Generic Name of Three Principal Products/Services of Company

| | |
|-----------------------------|-----------|
| I Item Code No (ITC Code) | 380890.90 |
| Product description | Kathon |
| II Item Code No (ITC Code) | 390440.00 |
| Product description | Vinnapas |
| III Item Code No (ITC Code) | 340490.90 |
| Product description | Lanco |

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA Chairman**G. D. BHUWANIA** DirectorPLACE : MUMBAI
DATED : 15th JUNE, 2005

CASH FLOW STATEMENT

| | | 2004 - 2005 | | 2003 - 2004 |
|-----------|--|--------------------|-------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | |
| | NET PROFIT BEFORE TAX & BEFORE EXTRAORDINARY ITEMS | 4,421,740 | | 5,579,941 |
| | ADJUSTED FOR | | | |
| | DEPRECIATION | 350,448 | 361,738 | |
| | DIVIDEND RECEIVED | — | (128,890) | |
| | EXCHANGE RATE DIFFERENCE | 1,478 | (120,036) | |
| | INTEREST PAID | 465,379 | 191,252 | |
| | INTEREST RECEIVED | (1,652,600) | (1,375,911) | |
| | LOSS ON SALE OF FIXED ASSETS | — | 31,282 | |
| | SUNDRY BALANCES WRITTEN BACK | (92,405) | 1,144,380 | |
| | PROFIT ON SALE OF INVESTMENT | (127,370) | (2,266,273) | (2,162,458) |
| | OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 3,366,670 | | 3,417,483 |
| | WORKING CAPITAL CHANGES | | | |
| | TRADE AND OTHER RECEIVABLES | (1,201,063) | (824,494) | |
| | INVENTORIES | (4,194,470) | (1,477,183) | |
| | TRADE PAYABLES / OTHER LIABILITIES | 2,970,642 | 1,716,395 | |
| | LOANS AND ADVANCES AND OTHER CURRENT ASSETS | (1,074,001) | 1,067,701 | 482,419 |
| | CASH GENERATED FROM OPERATIONS | (132,222) | | 3,899,902 |
| | DIRECT TAXES PAID (NET OF REFUND) | 2,304,944 | | 315,666 |
| | CASH FLOW BEFORE EXTRA ORDINARY ITEMS | (2,437,166) | | 3,584,236 |
| | EXTRA ORDINARY ITEMS | — | | — |
| | NET CASH FROM OPERATION ACTIVITIES (A) | (2,437,166) | | 3,584,236 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | | |
| | INTEREST RECEIVED | 1,363,442 | 782,397 | |
| | INTER CORPORATE DEPOSITS | (4,068,489) | (7,979,837) | |
| | PURCHASE OF FIXED ASSETS | — | (701,585) | |
| | SALE OF FIXED ASSETS | — | 40,000 | |
| | INVESTMENTS (NET) | 299,288 | 4,046,101 | |
| | DIVIDEND RECEIVED | — | 128,890 | |
| | NET CASH USED IN INVESTING ACTIVITIES (B) | (2,405,759) | | (3,684,034) |
| C. | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | INTEREST PAID | (298,265) | (191,252) | |
| | DIVIDEND PAID (INCLUDING DIVIDEND TAX) | (1,678,847) | (1,657,094) | |
| | PROCEEDS FROM BORROWINGS | 7,063,290 | 337,797 | |
| | NET CASH USED IN FINANCING ACTIVITIES (C) | 5,086,178 | | (1,510,549) |
| | NET CHANGES IN CASH AND BANK EQUIVALENTS (A)+(B)-(C) | 243,253 | | (1,610,347) |
| | CASH AND BANK EQUIVALENTS OPENING BALANCE | 2,155,520 | 3,770,187 | |
| | CASH AND BANK EQUIVALENTS CLOSING BALANCE | 2,398,773 | 2,159,840 | |
| | NET CHANGES IN CASH AND BANK EQUIVALENTS AS DISCLOSED ABOVE | 243,253 | | (1,610,347) |

Note: a) Closing cash and bank balance includes effect of loss on exchange rate difference of Rs.94/- (Previous year loss of Rs.4320/-)

b) Previous year figures have been regrouped and/or 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 ACCOUNTANTS

(ASHISH BAIRAGRA)
PARTNER
MEMBERSHIP NO. 109931
PLACE : MUMBAI
DATED : 15th JUNE, 2005

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA Chairman
G. D. BHUWANIA Director



PRIYA INTERNATIONAL LIMITED

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

PROXY FORM

Reg. Folio No. /Client ID No. _____

DP ID No. _____

I/We..... of
..... being a member/members of the above named
Company hereby appointof.....or
failing him of as my/our
proxy to vote for me/us on my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held
on Friday, August 12, 2005 at 12.00 noon and at any adjournment(s) thereof.

Signed this day of 2005.

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

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

Tear Here



PRIYA INTERNATIONAL LIMITED

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

ATTENDANCE SLIP

Regd. Folio No./Client ID No. _____

No. of shares held _____

DP ID No. _____

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

I hereby record my presence at the TWENTY SECOND 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 Friday, the 12nd day of
August, 2005 at 12.00 noon.

Member's/ Proxy's name in BLOCK Letters

Signature of Member/Proxy

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

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