

NOTICE

NOTICE is hereby given that the **Eighteenth Annual General Meeting** of the members of **PRIYA LIMITED** will be held at "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 on Friday, the 12th day of August, 2005 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- 2) To appoint a Director in place of **Mr. R. K. Saraswat**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. Aditya Bhuwania**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

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

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

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

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

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

Directors' fees remuneration and expenses.

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

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

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

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The proxy form, in order to be effective, must be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 5th day of August 2005 to 12th day of August 2005 (both days inclusive).
- 4) Members are requested to **bring their copies of the Annual Report to the Meeting.**
- 5) Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
- 6) (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their Folio number(s) to the company.
(b) Members holding shares in the electronic form are requested to advise immediately change in address, if any, quoting their Client ID no., to their respective Depository Participants.
- 7) Members are hereby informed that Dividends which remain unclaimed/unpaid over a period of 7 years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company, pursuant to sub-section (5) of Section 205A of the Companies Act, 1956, to a fund called the Investor Education & Protection Fund established by the Central Government under sub-section (1) of Section 205C of the Companies Act, 1956. Accordingly, the unpaid/unclaimed dividend for the year 1997-98 will become transferable at the end of seventh year to the said Investor Education & Protection Fund. Please note that no claim shall lie against the Fund or the Company in respect of the dividend amount so transferred to the Investor Education & Protection Fund. The shareholders are, therefore, advised to send their request for issue of Duplicate Dividend Warrants/revalidation of unencashed Dividend Warrants to the company before the amount becomes due for transfer to the above Fund.
- 8) Members may avail of the facility of dematerialisation by opening Demat Accounts with the Depository Participants

of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised. The ISIN No. of the company is **INE686C01014**.

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

For and on behalf of the Board

Place : Mumbai

A. K. Bhuwania

Dated : 15th June, 2005.

Chairman

Registered Office :

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

ANNEXURE TO NOTICE

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

Item No. 5

The Members are aware that the Company had appointed **M/s. Bighare Services Pvt. Ltd.** as Registrar & Transfer Agents (RTA), for both the purposes of Physical and Electronic Transfer/ Dematerialisation 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 Bighare Services Pvt. Ltd. is also acting as 'Common Agency' for both physical and electronic transfer/ dematerialisation of shares of the Company.

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

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

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

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

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

Item No. 6 :

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

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

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

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

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

Item No. 7

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

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

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

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

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

Information pursuant to clause 49 of the listing agreement.

Mr. R.K. Saraswat, born on 17/04/1938, is a Chartered Accountant having rich knowledge and experience in the profession and is an expert in Financial Matters. At present he is a Director in Datamatics Technology Ltd., Datamatics Direct Marketing Pvt. Ltd., Zedtech Software Designs (India) Limited and Datamatics Infotech Inc. Mr. R.K. Saraswat, is Chairman of Audit Committee and Shareholder Grievance committee of the Datamatics Technologies Ltd.

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

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

DIRECTORS' REPORT

To

The Members,

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

FINANCIAL RESULTS

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

DIVIDEND

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

OPERATIONS

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

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

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

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

In order to increase the business activities, your company has planned to capture greater market share in the key areas of Computer peripherals such as CPUs, Mother Boards, Hard Disk Drives and monitors. We are also now getting into direct marketing to corporate sector.

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

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

DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956, Mr. R. K. Saraswat and Mr. Aditya Bhuwania, Directors will retire by rotation at the ensuing Annual General Meeting and they, being eligible, offer themselves for re-appointment.

AUDITORS

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

INVESTMENT IN M/S. VXL INSTRUMENTS LTD.

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

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

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

HUMAN RESOURCE

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

REPORT ON CORPORATE GOVERNANCE

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

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

INSURANCE

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

BANKS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2004-05 and of the Profit of the company for that the year ended on 31st March, 2005;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

DEMATERIALIZATION

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

LISTING OF SHARES

Your company's shares have been listed with The Stock Exchange, Mumbai (BSE). The company had applied for de-listing of equity shares from Kolkata Stock Exchange Association Ltd. (CSE) and said de-listing permission is in process. The listing fee to BSE for the financial year 2005-2006 was duly paid.

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

CONSERVATION OF ENERGY:

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

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

TECHNOLOGY ABSORPTION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

PARTICULARS OF EMPLOYEES:

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

APPRECIATION

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

For and on behalf of the Board

Place : Mumbai
Date : 15th June, 2005.

A. K. Bhuwania
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

1.1 Industry Structure and developments

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

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

1.2 Opportunities and Threats
Electronics Division :

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

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

Chemical Division :

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

1.3 Segment-wise or product-wise Performance

Electronics Division: There was a steady turn over this year as compared to last year with Segment Result, before adjustment for unallocated expenses (net) and provisions for taxation, increasing to profit Rs. 344.14 Lacs from previous year's corresponding profit of Rs.285.08 Lacs.

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

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

1.4 Future Outlook

Electronics Division : The future trend, in the IT industry is looking brighter. As per Manufacturers' Association for Information Technology (MAIT) / International Data Corporation (IDC), IT industry will grow in the Year 2005-06 by 30% to 40% in India. We are also aiming to capture the major share of this growth for all the product ranges.

Chemical Division :

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

Risk and concerns
Electronics Division :

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

Chemical Division :

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

1.5 Internal control systems and their adequacy

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

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

1.6 Discussion on financial performance with respect to operational performance

The company has achieved a sales turnover of Rs 15,453 Lacs in the year 2004-05 as compared to Rs. 13,618 Lacs in 2003-2004, reflecting a steady growth. The company has earned a profit (before tax and extra ordinary items) of Rs 89.48 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 45.36 Lacs in the previous year.

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

Human Resources: Human Resources Development activities predominantly comprised of training and development of employees. Apart from the normal training programs for the employees, the Company has carried out various organizational development processes, primarily to bring about transformation process within the organization.

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

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

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

CORPORATE GOVERNANCE
1. COMPANY'S PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

The Board of Directors consists of 6 Directors as on March 31st, 2005. The Board of Directors has an optimum combination of executive and non-executive Directors with 70% of the directors, being non-executive. The particulars of Directors, their category, attendance and other directorship, membership/chairmanship of the Committees are as under :

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

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

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

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

3. AUDIT COMMITTEE
A) Terms of Reference :

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

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

The Role of Audit Committee includes the following :

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

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

B) Composition of Audit Committee

The committee duly comprised the following Non-Executive Directors :

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

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

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

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

C) Meeting and Attendance during the year

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

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

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

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

4. REMUNERATION COMMITTEE

A) Terms of Reference

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

B) Composition of the Committee

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

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

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

C) Meetings and Attendance during the year

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

D) Remuneration Policy

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

E) Director's Interest in the Company

Name of Director	Category	Salary (in Rs.)	Sitting Fees (in Rs.)
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	NIL	1,250/-
Mr. R K Saraswat	Independent/ Non Executive Director	NIL	18,000/-
Mr. .M K Arora	Independent/ Non Executive director	NIL	15,000/-
Mr. D. J. Kakalia**	Independent/Non-Executive Director	NIL	NIL
Mr. M. H. Dalal	Independent/Non-Executive Director	NIL	1,250/-
Mr. Aditya Bhuwania	Promoter/Executive Director	6,00,000/-	NIL
Mr. Ashish Bhuwania	Promoter/Executive Director	15,00,000/-	NIL
TOTAL		21,00,000/-	35,500/-

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

Notes : (a) The company does not have policy of paying commission on profits to any of the Directors of the company.

(b) Presently, the company does not have a scheme for grant of stock options either to the whole-time Directors or employees.

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

The Company has formed an Investor's / Shareholder's Grievance Committee with the following terms of reference:

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

B) Composition of the Committee

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

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

Ms. Susan Rao, Company Secretary was the Compliance Officer for handling Share Holders' Grievances during her tenure from 8th July, 2004 to 29th December, 2004. Mr. Sanjay Parab was appointed as Company Secretary and Compliance Officer in her place after his induction w.e.f 18th March, 2005. Mr. E. Isaac, DGM Finance & Accounts, has acted as Compliance Officer of the Company, during period when the Office of Company Secretary was vacant.

C) Attendance during the year

The Committee meeting was held on 15th June, 2005 in which the details of complaints received from investors were discussed. During the year under review, 24 complaints regarding change of address, non-receipt of shares after transfer, non-receipt of demat credit etc. were received and all were resolved. No investor complaints were pending as on 31st March 2005.

6. GENERAL BODY MEETING

Details on Annual General Meetings

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

Year	Location	Date & Year	Time
2003-04	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	September 22, 2004	11:00 a.m.
2002-03	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018	August 30, 2003	11:00 a.m.
2001-02	Bombay YMCA Seminar Room, Central Branch, 12, N. Parekh Marg, Colaba, Mumbai-400 039	September 25, 2002	3:00 p.m.

6.2 Whether special resolutions were put through postal ballot last year? NO

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

7. Disclosures :

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

8. Means of communication

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

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

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

9. GENERAL SHAREHOLDERS INFORMATION

18th Annual General Meeting

- Date : 12th day of August, 2005.
 Time : 11.00 A. M.
 Place : "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400018.
 Book Closure date : 5th day of August, 2005 to 12th day of August, 2005 (Both days inclusive).

Financial Calendar (Provisional)

- (April 1, 2005-March 31, 2006) : 1st Quarterly Result- Last week of July, 2005.
 2nd Quarterly Result- Last week of October, 2005.
 3rd Quarterly Result- Last week of January, 2006.
 Annual Results - Last week of June, 2006.

- Listing on Stock Exchanges : Equity Shares are listed on the
 The Stock Exchange, Mumbai and The Calcutta Stock Exchange Association,
 (Application for delisting of equity shares of the Company from Calcutta Stock Exchange
 Association Ltd. has already been made and the same is in process)

- ISIN No. : INE686C01014(For dematerialization of shares)

- Market Price Data : The monthly high and low prices of Equity Shares of the Company on The Stock Exchange,
 Mumbai and BSE Sensex during the year 2004-2005 are as under :

MONTH	RATES (Rs.)		BSE SENSEX (Rs.)	
	HIGHEST	LOWEST	HIGHEST	LOWEST
APRIL	8.95	7.00	5979.25	5599.12
MAY	8.61	7.10	5772.64	4227.50
JUNE	8.40	6.90	5012.52	4613.94
JULY	8.25	6.25	5200.85	4723.04
AUGUST	8.00	6.00	5269.22	5022.29
SEPTEMBER	11.30	7.00	5638.79	5178.57
OCTOBER	17.40	9.02	5803.82	5558.14
NOVEMBER	18.70	13.70	6248.43	5649.03
DECEMBER	19.50	15.00	6617.15	6176.09
JANUARY	29.20	16.05	6696.31	6069.33
FEBRUARY	28.85	19.20	6721.08	6208.33
MARCH	21.10	19.25	6954.86	6321.31

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

Share Transfer System

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

Distribution of shareholding: as on 31st March, 2005.

No. of Equity Shares Held	No of Shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 5000	2,804	95.41	3,51,482	11.71
5001 to 10000	59	2.01	46,359	1.54
10001 to 20000	29	0.99	44,042	1.47
20001 to 30000	16	0.54	40,795	1.36
30001 to 40000	3	0.10	10,450	0.35
40001 to 50000	4	0.14	18,200	0.61
50001 to 100000	5	0.17	32,212	1.07
100001 and above	19	0.65	24,58,760	81.90
Total	2,939	100.00	30,02,300	100.00

CATEGORIES OF SHAREHOLDING AS ON 31-03-2005

	Category	No. of shares held	Percentage of shareholding
A	Promoters' Holding		
1	Indian Promoters	9,35,210	31.15
2	Persons acting in Concert:		
a	Relatives	10,27,150	34.21
b	Associate companies	2,75,800	9.19
	Sub-total (a)	22,38,160	74.55
B	Non-promoters' Holding		
3	Institutional/Investors:		
a	Mutual Funds & UTI	NIL	NIL
b	Banks, FIs, Govt., others	700	0.02
c	FIs	NIL	NIL
	Sub- Total (b)	700	0.02
4	Private Corporate Bodies	27,177	0.91
5	Indian Public	5,61,607	18.71
6	NRIs/OCBs	1,61,000	5.36
7	Others	13,656	0.45
	Sub-total (c)	7,63,440	25.43
	TOTAL (a+b+c)	30,02,300	100.00

Dematerialization of shares : As on March 31, 2005 - 19,53,119 equity shares with NSDL and 45,986 equity shares with CDSL which comes to a total of 66.58% of the paid-up capital of the Company have been dematerialized.

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

Address for correspondence :

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

CERTIFICATE

To the Shareholders of

Priya Limited

We have examined the compliance of conditions of Corporate Governance by Priya Limited, for the year ended on 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance is pending against the Company for a period exceeding one month as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

(J. P. Bairagra)
Partner

Place : Mumbai
Date : 15th June, 2005.

Membership No. 12839

AUDITOR'S REPORT

To the Members of **PRIYA LIMITED**

1. We have audited the attached Balance Sheet of **PRIYA LIMITED**, Mumbai as at 31st March 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. Bhunia & Co.**
Chartered Accountants

(J. P. Bairagra)
Partner

Place : Mumbai
Date : 15th June, 2005

Membership No: 12839

**Annexure referred to in Paragraph 3 of Auditor's report to the members
of Priya 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 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. The company is regular in payment of interest. There are no stipulations with respect to the repayment of the loan. The details of loan transactions are as under :

No. of parties	Amount of loan taken Rs..	Maximum amount of loan outstanding during the year Rs.	Amount outstanding at the end of the year Rs.
3	8,69,08,838	4,87,44,572	4,08,06,160

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no weakness has been noticed in the internal controls.

5. Based on the audit procedures applied by us and according to the information and explanations provided by the management we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

As per the information and explanation given to us no transactions in pursuance of contracts or arrangements for purchase and sales of goods & 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 has an internal audit system, which in our opinion is commensurate with the size and nature of its business.

8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.

9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, 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	Demand for tax liability	1998-99	63,02,717	Commissioner of Income Tax (Appeals)
Income Tax Act	Demand for tax liability	1999-00	97,78,636	Commissioner of Income Tax (Appeals)
Income Tax Act	Demand for tax liability	2001-02	1,48,146	Assessing Officer
Sales Tax Act	Demand for Sales tax	1999-00	2,16,537	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2000-01	1,45,252	Sales Tax Appellate Tribunal
Sales Tax Act	Demand for Sales tax	2000-01	8,37,298	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2001-02	15,000	Deputy Commissioner (Appeal), Commercial Tax
Sales Tax Act	Demand for Sales tax	2001-02	27,29,291	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2002-03	24,600	Deputy Commissioner (Appeal), Commercial Tax
Sales Tax Act	Demand for Sales tax	2002-03	4,595	Joint Commissioner (Appeal)
Sales Tax Act	Demand for Sales tax	2002-03	49,15,855	Deputy Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2003-04	2,21,505	Additional Commissioner of Sales Tax

10. The accumulated losses of the Company at the end of the financial year on 31/03/2005 are less than fifty per cent of its net worth and the Company has not incurred any cash losses during the financial year and in the immediately preceding financial year.
11. As per the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks, except in the case of retirement of Letter of Credit's (LC's), where in 48 cases a total amount of Rs. 20.02 crores was repaid after the due date L.C. The period of delay ranges between 1 to 21 days. The Company has not borrowed from the financial institutions and does not have any borrowings by way of debentures.
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 and an overall examination of the Balance Sheet of the Company, we report that term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company.
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. Accordingly, clause 4 of (xiv) of the order is not applicable to the Company.
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. Bhuwania & Co.**
Chartered Accountants

(J. P. Bairagra)
Partner

Place : Mumbai
Date : 15th June, 2005

Membership No: 12839

BALANCE SHEET AS AT 31ST MARCH, 2005

	SCHEDULE	AS AT 31.03.2005 Rs.	AS AT 31.3.2004 Rs.
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	A	30,023,000	30,023,000
RESERVES & SURPLUS	B	186,926,902	184,973,086
		<u>216,949,902</u>	<u>214,996,086</u>
LOAN FUNDS			
SECURED LOANS	C	124,697,117	67,522,401
UNSECURED LOANS	D	40,806,160	19,187,670
		<u>165,503,277</u>	<u>86,710,071</u>
TOTAL		<u><u>382,453,179</u></u>	<u><u>301,706,157</u></u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	E	67,951,128	66,175,205
LESS: ACCUMULATED DEPRECIATION		27,809,603	23,341,897
NET BLOCK		<u>40,141,525</u>	<u>42,833,308</u>
INVESTMENTS			
DEFERRED TAX ASSETS (NET)	F	35,200,000	130,000
(REFER NOTE NO 16 OF SCHEDULE T)		14,027,666	17,774,406
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	G	169,423,709	246,821,859
SUNDRY DEBTORS	H	275,118,551	195,408,826
CASH & BANK BALANCES	I	17,922,362	29,844,465
OTHER CURRENT ASSETS	J	21,771,463	23,639,420
LOANS & ADVANCES	K	36,695,619	38,862,073
		<u>520,931,704</u>	<u>534,576,643</u>
LESS : CURRENT LIABILITIES & PROVISION			
CURRENT LIABILITIES	L	220,502,235	288,400,570
PROVISIONS	M	7,373,125	5,249,096
		<u>227,875,360</u>	<u>293,649,666</u>
NET CURRENT ASSETS		<u>293,056,344</u>	<u>240,926,977</u>
MISCELLANEOUS EXPENDITURE		<u>27,644</u>	<u>41,466</u>
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
TOTAL		<u><u>382,453,179</u></u>	<u><u>301,706,157</u></u>
NOTES ON ACCOUNTS	T		

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS(J. P. BAIRAGRA)
PARTNER
MEMBERSHIP NO. 12839
PLACE : MUMBAI
DATED : 15TH JUNE, 2005A. K. BHUWANIA CHAIRMAN
ADITYA BHUWANIA EXECUTIVE DIRECTOR

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

	SCHEDULE	2004-2005 Rs.	2003-2004 Rs.
INCOME			
SALES	N	1,545,333,077	1,361,789,552
OTHER INCOME	O	13,409,181	25,257,685
		<u>1,558,742,258</u>	<u>1,387,047,237</u>
EXPENDITURE			
COST OF MATERIAL	P	1,444,155,818	1,244,427,503
PAYMENTS TO & PROVISION FOR EMPLOYEES	Q	25,332,778	26,146,389
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	R	71,586,731	101,924,678
INTEREST (NET)	S	4,170,231	4,819,385
DEPRECIATION		4,548,982	5,193,343
		<u>1,549,794,540</u>	<u>1,382,511,298</u>
PROFIT / (-) LOSS BEFORE EXTRAORDINARY ITEM		8,947,718	4,535,939
<u>EXTRAORDINARY ITEM</u>			
INVESTMENTS WRITTEN OFF		30,000	0
		<u>8,917,718</u>	<u>4,535,939</u>
PROFIT BEFORE TAXATION		8,917,718	4,535,939
LESS: PROVISION FOR TAXATION - CURRENT TAX		1,158,000	818,000
(Includes Rs. 500000 towards Wealth Tax, Previous year Rs.470000)			
- DEFERRED TAX		3,746,741	1,819,142
		<u>4,012,977</u>	<u>1,898,797</u>
PROFIT / (-)LOSS AFTER TAX		4,012,977	1,898,797
EXCESS / (SHORT) PROVISION FOR TAXATION IN EARLIER YEARS		(2,059,161)	97,968
BALANCE BROUGHT FORWARD		(12,087,092)	(14,083,857)
		<u>(10,133,276)</u>	<u>(12,087,092)</u>
APROPRIATIONS :			
BALANCE CARRIED TO BALANCE SHEET		(10,133,276)	(12,087,092)
		<u>(10,133,276)</u>	<u>(12,087,092)</u>
BASIC & DILUTED EARNING PER SHARE EXCLUDING EXTRA ORDINARY ITEMS (Net of tax)		1.35	0.63
BASIC & DILUTED EARNING PER SHARE INCLUDING EXTRA ORDINARY ITEMS		1.34	0.63

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

NOTES ON ACCOUNTS
T

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

(J. P. BAIRAGRA)
PARTNER
MEMBERSHIP NO. 12839
PLACE : MUMBAI
DATED : 15TH JUNE, 2005

A. K. BHUWANIA CHAIRMAN
ADITYA BHUWANIA EXECUTIVE DIRECTOR

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2005 Rs.	AS AT 31.3.2004 Rs.
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED		
6500000 EQUITY SHARES OF RS. 10/- EACH.	65,000,000	65,000,000
1000000 UNCLASSIFIED SHARES OF RS 10/- EACH	10,000,000	10,000,000
	<u>75,000,000</u>	<u>75,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
3002300 EQUITY SHARES OF RS 10/- EACH FULLY PAID (OF THE ABOVE SHARES, 1800000 SHARES ARE ALLOTTED AS FULLY PAID -UP BONUS SHARES BY CAPITALISATION OF GENERAL RESERVES)	<u>30,023,000</u>	<u>30,023,000</u>
SCHEDULE - B		
RESERVES & SURPLUS		
SECURITIES PREMIUM ACCOUNT AS PER LAST BALANCE SHEET	40,092,000	40,092,000
GENERAL RESERVE AS PER LAST BALANCE SHEET	156,968,178	156,968,178
LESS: DEBIT BALANCE IN PROFIT & LOSS ACCOUNT	<u>(10,133,276)</u>	<u>(12,087,092)</u>
	<u>186,926,902</u>	<u>184,973,086</u>
SCHEDULE - C		
SECURED LOANS		
WORKING CAPITAL FACILITIES FROM COMPANY'S BANKERS. (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.)		
	123,894,277	67,308,351
VEHICLE LOAN FROM FINANCE COMPANIES (SECURED BY HYPOTHECATION OF VEHICLE)	802,840	214,050
	<u>124,697,117</u>	<u>67,522,401</u>
SCHEDULE - D		
UNSECURED LOANS		
INTER CORPORATE DEPOSITS	23,006,160	19,187,670
LOANS FROM DIRECTORS	17,800,000	—
	<u>40,806,160</u>	<u>19,187,670</u>

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

FIGURE IN RUPEES

SR. NO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		AS AT 1/4/2004	ADDITIONS	DEDUCTIONS	AS AT 31/3/2005	FOR THE YEAR	DEDUCTIONS	AS AT 31/3/2005	AS AT 31/3/2004	
1	OFFICE PREMISES	3,56,97,605	0	0	3,56,97,605	15,58,671	0	60,82,845	2,96,14,760	31,173,431
2	FLATS	9,77,020	0	0	9,77,020	39,790	0	2,21,022	7,55,998	795,788
3	PLANT & MACHINERY	4,37,975	0	0	4,37,975	13,282	0	3,55,773	82,202	95,484
4	LABORATORY EQUIPMENT	11,40,620	0	0	11,40,620	31,847	0	9,43,516	1,97,104	228,951
5	OFFICE & OTHER EQUIPMENT	46,42,736	1,32,600	2,300	47,73,036	3,51,891	2,300	25,98,104	21,74,932	2,394,223
6	FURNITURE & FIXTURE	77,35,952	81,900	58,828	77,59,024	8,67,202	58,828	44,64,129	32,94,897	4,080,199
7	COMPUTER	1,37,69,053	6,03,435	28,000	1,43,44,488	13,22,460	20,147	1,18,83,598	24,60,888	3,187,766
8	VEHICLES	17,74,244	10,47,116	0	28,21,360	3,638,39	0	12,60,616	15,60,744	877,467
	TOTAL	6,61,75,205	18,65,051	89,128	6,79,51,128	45,48,982	81,275	2,78,09,603	4,01,41,525	4,28,33,309
	PREVIOUS YEAR	6,17,17,342	55,35,765	10,77,902	6,61,75,205	51,93,344	7,61,631	2,33,41,897	4,28,33,308	

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - F
INVESTMENTS

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

PARTICULARS	FACE VALUE		AS AT 31.3.2005		AS AT 31.3.2004	
	Rs.	NOS.	Rs.	NOS.	Rs.	NOS.
QUOTED :						
DEBENTURES						
VIA MEDIA IND	40	—	—	—	750	30,000
(WRITTEN OFF DURING THE YEAR)						
TOTAL QUOTED						30,000
UNQUOTED						
EQUITY SHARES						
GAURAV CHEMICALS PRIVATE LTD.	100	500	100,000	—	500	100,000
VXL INSTRUMENTS LTD (REFER NOTE 'b' BELOW)	10	900,000	35,100,000	—	—	—
(900000 SHARES PURCHASED DURING THE YEAR)						
TOTAL UNQUOTED			35,200,000			100,000
TOTAL (RS.)			35,200,000			130,000

NOTE : a) AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS Rs.NIL (PREVIOUS YEAR - Rs.NIL)
b) SHARES OF VXL INSTRUMENTS ARE IN THE PROCESS OF LISTING.

	AS AT 31.03.2005	AS AT 31.3.2004
	Rs.	Rs.
SCHEDULE - G		
INVENTORIES		
(As valued and certified by the management)		
ELECTRONICS	162,268,286	208,760,358
CHEMICALS	2,735,000	1,904,500
SPARE PARTS	1,113,523	1,515,452
STOCK IN TRANSIT	3,306,900	34,641,549
	169,423,709	246,821,859

SCHEDULE - H

SUNDRY DEBTORS

(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED)

OUTSTANDING FOR MORE THAN 6 MONTHS	6,676,220	5,622,123
CONSIDERED DOUBTFUL	6,676,220	5,622,123
LESS : PROVISION FOR DOUBTFUL DEBTS	—	—

OTHERS

28,271,512 28,271,512 24,763,430

OTHER DEBTS

246,847,039 170,645,396

275,118,551 195,408,826

SCHEDULE - I

CASH & BANK BALANCES

CASH IN HAND

252,271 650,449

BALANCE WITH SCHEDULED BANKS

IN CURRENT ACCOUNT

3,954,857 15,588,481

IN FOREIGN CURRENCY ACCOUNT

238,156 129,702

IN UNCLAIMED DIVIDEND ACCOUNT

95,770 105,220

IN MARGIN MONEY ACCOUNT

13,381,308 13,370,613

17,670,091 29,194,016

17,922,362 29,844,465

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2005 Rs.	AS AT 31.3.2004 Rs.
SCHEDULE - J		
OTHER CURRENT ASSETS		
EXPORT INCENTIVES RECEIVABLE	3,134,540	8,013,937
INSURANCE CLAIM RECEIVABLE	625,633	592,899
INCENTIVE / CLAIM RECEIVABLE FROM SUPPLIERS	15,396,555	13,394,231
SHARE APPLICATION MONEY	114,000	—
RENT RECEIVABLE	1,281,290	1,377,882
INTEREST RECEIVABLE	179,720	138,246
OTHER CURRENT ASSETS	1,039,725	122,225
	<u>21,771,463</u>	<u>23,639,420</u>
SCHEDULE - K		
LOANS & ADVANCES		
(UNSECURED, CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND		
OR FOR VALUE TO BE RECEIVED	1,987,618	2,809,383
LOANS TO EMPLOYEES	1,440,008	1,400,374
ADVANCE TAX & TAX DEDUCTED AT SOURCE	7,191,949	7,182,090
DEPOSITS OTHERS	23,417,036	24,072,747
ADVANCES TO SUPPLIERS	241,957	980,428
DEPOSITS WITH CORPORATE BODIES	7,439,501	7,439,501
LESS : PROVISION FOR DOUBTFUL DEPOSITS	5,022,450	5,022,450
	<u>2,417,051</u>	<u>2,417,051</u>
	<u>36,695,619</u>	<u>38,862,073</u>
SCHEDULE - L		
CURRENT LIABILITIES		
SUNDRY CREDITORS (REFER NOTE 12 OF SCHEDULE "T")	168,455,529	214,073,138
INVESTOR EDUCATION & PROTECTION FUND : **		
ON ACCOUNT OF UNPAID APPLICATION MONEY	—	5,000
UNCLAIMED DIVIDEND	80,159	89,439
COMMISSION EXPORT	9,276,760	10,614,553
BANK BALANCES (TEMPORARY OVERDRAFT)	6,413,714	32,632,976
ADVANCE FROM CUSTOMERS	16,366,492	14,146,715
RENT DEPOSIT	3,856,458	4,725,860
INTEREST ACCRUED BUT NOT DUE ON LOANS	1,368,247	870,659
OTHER LIABILITIES	14,684,876	11,242,230
	<u>220,502,235</u>	<u>288,400,570</u>
** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31/03/2005.		
SCHEDULE - M		
PROVISIONS		
PROVISION FOR TAXATION	2,576,202	1,766,202
PROVISION FOR GRATUITY	3,786,545	3,482,894
PROVISION FOR WARRANTY	1,010,378	—
	<u>7,373,125</u>	<u>5,249,096</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	2004-2005 Rs.	2003-2004 Rs.
SCHEDULE - N		
SALES		
LOCAL	1,083,506,603	1,160,647,559
EXPORTS	461,826,474	201,141,993
	<u>1,545,333,077</u>	<u>1,361,789,552</u>
SCHEDULE - O		
OTHER INCOME		
PROFIT ON SALE OF FIXED ASSETS (NET)	11,897	20,376
EXPORT INCENTIVES	2,327,647	5,986,842
RENT INCOME (GROSS, TDS RS.18,77,178/-, PREVIOUS YEAR RS.18,07,632/-)	8,967,937	8,698,420
GAIN ON EXCHANGE RATE DIFFERENCE (NET)	—	9,729,782
MISCELLANEOUS INCOME	2,101,700	822,265
	<u>13,409,181</u>	<u>25,257,685</u>
SCHEDULE - P		
COST OF MATERIAL		
<u>RAW MATERIAL CONSUMED</u>		
OPENING STOCK	—	—
ADD : RECEIVED FOR MANUFACTURING SYSTEMS	7,203,120	10,329,814
LESS : CLOSING STOCK	—	—
	<u>7,203,120</u>	<u>10,329,814</u>
<u>TRADED GOODS</u>		
OPENING STOCK	202,768,384	148,251,782
ADD : PURCHASES	1,398,028,200	1,321,952,706
LESS : ISSUED FOR MANUFACTURING SYSTEMS	7,203,120	10,329,814
LESS : ISSUED FOR SALES PROMOTION	—	14,013,066
LESS : CLOSING STOCK	158,946,701	202,768,384
	<u>1,434,646,763</u>	<u>1,243,093,224</u>
PACKING MATERIAL CONSUMED	64,117	416,391
<u>(INCREASE) / DECREASE IN FINISHED GOODS</u>		
OPENING STOCK	9,411,926	—
CLOSING STOCK	7,170,108	9,411,926
	<u>2,241,818</u>	<u>(9,411,926)</u>
	<u>1,444,155,818</u>	<u>1,244,427,503</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	2004-2005 Rs.	2003-2004 Rs.
SCHEDULE - Q		
PAYMENTS TO & PROVISION FOR EMPLOYEES		
SALARIES, BONUS, ALLOWANCES ETC.	22,313,699	22,847,032
CONTRIBUTION TO P F AND OTHER FUNDS	1,838,909	1,755,316
WELFARE EXPENSES	1,180,170	1,544,041
	<u>25,332,778</u>	<u>26,146,389</u>
SCHEDULE - R		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
FREIGHT OUTWARD	9,693,621	9,571,248
INCENTIVES AND DISCOUNT ON SALES	16,182,836	24,601,352
INSURANCE AND ECGC PREMIUM	2,343,011	1,650,539
BANK CHARGES	4,708,636	6,266,643
TRAVELLING & CONVEYANCE	4,768,677	4,309,399
ADVERTISEMENT, PUBLICITY & SALES PROMOTION	959,025	18,296,055
WAREHOUSING / DEMMURAGE CHARGES	315,555	253,850
REPAIRS & MAINTENANCE - BUILDING	629,828	651,438
- OTHERS	1,009,458	795,629
DIRECTORS FEES	35,500	25,750
DIRECTORS REMUNERATION	2,100,000	2,101,000
RENT, RATES AND TAXES	6,890,581	7,177,907
COMMISSION & BROKERAGE	6,693,457	9,935,369
PRELIMINARY EXPENSES WRITTEN OFF	13,822	13,822
PUBLIC ISSUE EXPENSES WRITTEN OFF	—	469,277
SUNDRY BALANCES W/OFF / W/BACK (NET) / BAD DEBTS	—	2,150,088
PROVISION FOR DOUBTFUL DEBTS	1,054,097	450,313
LOSS ON EXCHANGE RATE FLUCTUATION	3,896,977	—
LOSS ON SALE OF INVESTMENT (NET)	—	260,269
MISCELLANEOUS EXPENSES	10,291,650	12,944,730
	<u>71,586,731</u>	<u>101,924,678</u>
SCHEDULE - S		
INTEREST (NET)		
INTEREST TO BANKS	2,925,341	4,379,972
INTEREST TO OTHERS	1,995,304	2,060,840
	<u>4,920,645</u>	<u>6,440,812</u>
LESS : INTEREST RECEIVED (REFER NOTE 17 OF SCHEDULE T) (Gross,TDS Rs.105,305/- Previous year Rs. 130,722/-)	<u>750,414</u>	<u>1,621,427</u>
	<u>4,170,231</u>	<u>4,819,385</u>

SCHEDULE - T**NOTES ON ACCOUNTS****SIGNIFICANT ACCOUNTING POLICY****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 TRANSACTION :

- i) Foreign exchange transactions are accounted at the rate of exchange prevailing at the date of transaction.
- ii) All Foreign currency assets and liabilities other than for financing fixed assets at the end of the year are recorded at the exchange rate prevailing on that date and those covered by foreign exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract. At the year-end, monetary items denominated in foreign currencies remaining unsettled are converted into rupee equivalents at the year-end exchange rates and exchange rate difference on account of such conversion is recognised in the profit and 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. RETIREMENT BENEFITS :

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

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 not provided for :

	2004-2005 Rs.	2003-2004 Rs.
i) Disputed Income tax liability	16,229,499	-
ii) Disputed Sales tax liability	10,374,926	7,224,435
iii) Claims against the Company not accounted as debts.	48,314	48,314
iv) Counter Guarantee given to bankers in respect of guarantee given by them.	716,145	711,145

3. The amount of exchange difference in respect of forward exchange contracts to be recognised in the Profit & Loss account of next year is Rs. 8,238/- (Previous year Rs. 1,87,342/-)

4. i) Particulars of Licenced Capacity, Installed Capacity and Actual Production

Class of Goods	Licenced Capacity	Installed Capacity (Nos.)	Actual Production (Nos.)
Computer Systems	N.A.	2,000 (2,000)	835 (907)

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	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Chemical	Kg.	9,200 (20,000)	1,904,500 (3,005,500)	175,675 (637,480)	57,191,675 (101,502,555)	168,375 (648,280)	67,655,833 (113,516,601)	16,500 (9,200)	2,735,000 (1,904,500)
Computer Sub systems Parts Peripherals & Mother Boards	Nos	253,203 (222,583)	199,348,432 (143,740,813)	3,204,641 (1,596,715)	1,348,039,645 (1,206,437,085)	3,195,981 (1,566,095)	1,463,307,662 (1,247,526,028)	261,863 (253,203)	155,098,178 (199,348,432)
Computer systems	Nos.	836 (-)	9,411,926 (-)	- (-)	- (-)	1,173 (71)	14,369,582 (746,923)	(337) (836)	71,70,108 (9,411,926)
TOTAL:		263,239 (242,583)	210,664,858 (146,746,313)	3,380,316 (2,234,195)	1,405,231,320 (1,307,939,640)	3,365,529 (2,214,446)	1,545,333,077 (1,361,789,552)	278,026 (263,239)	165,003,286 (210,664,858)

11. Lease Disclosures for Operating Leases :

Assets taken on Lease	2004-2005 Rs.	2003-2004 Rs.
a) The total of Future minimum Lease payments under Non-cancelable operating leases for :		
(i) Not later than one year	701,250	1,335,872
(ii) Later than one year and not later than five years	—	701,250
b) Lease payment recognized in the statement of Profit & Loss for the period under the schedule " Other Expenses"	6,890,581	7,177,907
c) Sub lease income recognized in the statement of Profit and Loss for the period	4,336,818	4,212,194
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 month 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 :	2004-2005 Rs.	2003-2004 Rs.
Original Cost	34,869,404	34,869,404
Accumulated Depreciation	5,536,567	3,868,755
Written Down Value	29,332,837	31,344,674
Depreciation for the period recognized in the statement of Profit and Loss	1,543,833	1,625,088
2. Future minimum lease rentals receivables as on 31.03.2005 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. 46,31,119/- (Previous Year Rs.44,86,226/-) has been recognized as income in the Profit and Loss for the period under the schedule " Other Income".		

12. Sundry creditors includes outstanding due to Small Scale Industrial Undertakings of Rs.27,96,450/- (Previous year Rs.25,82,250/-) and due to other than Small Scale Industrial Undertakings of Rs.16,56,59,079/- (Previous year Rs.21,14,90,888/-).

Small Scale Industrial Undertaking to whom the amount are due from more than 30 days are as follows; M/s. Ravi Dyeware Co. Note: The Small Scale Industrial Undertakings have been determined based on the information available with the company and the same has been relied upon by the auditors.

13. Segment Information For The Year Ended 31st March, 2005.
A. Information about Primary Business Segments

Rupees in Lakhs

Product	Electronics		Chemicals		Unallocated		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Revenue								
External Customers	14,776.77	12,482.73	676.56	1,135.17	-	-	15,453.33	13,617.90
Inter-segment	-	-	-	-	-	-	-	-
Total Revenue	14,776.77	12,482.73	676.56	1,135.17	-	-	15,453.33	13,617.90
Result								
Segment Result	344.14	285.08	19.96	59.23	-	-	364.11	344.31
Unallocated expenditure net of unallocated income					(232.93)	(250.91)	(232.93)	(250.91)
Interest Expense (net)					41.70	48.19	41.70	48.19
Dividend Income					-	0.15	-	0.15
Profit before taxation and exceptional items	344.14	285.08	19.96	59.23	(274.63)	(298.95)	89.48	45.36
Exceptional items							0.30	-
Provision for taxation Current Tax							11.58	8.18
Deffered Tax							37.47	18.19
Profit ater taxation and exceptional items	344.14	285.08	19.96	59.23	(274.63)	(298.95)	40.13	18.99
Excess/(Short) Provision for Income tax							(20.59)	0.98
Net Profit	344.14	285.08	19.96	59.23	(274.63)	(298.95)	19.54	19.97
Other Information								
Segment Assets	4,702.93	4,503.66	182.78	396.57	1,222.57	1,057.16	6,108.28	5,957.39
Segment Liabilities	3,040.68	2,685.92	205.54	445.15	692.58	676.36	3,938.78	3,807.43
Capital expenditure	1.04	0.54	-	-	17.61	54.82	18.65	55.36

B. Information about Secondary Business Segments

	Rs. In Lakhs					
	Within India		Outside India		Total	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Revenue by geographical market	10,835.07	11,606.48	4,618.26	2,011.42	15,453.33	13,617.90
Total	10,835.07	11,606.48	4,618.26	2,011.42	15,453.33	13,617.90
Carrying amount of segment assets	4,729.97	5,008.54	1,378.31	948.85	6,108.28	5,957.39
Additions to fixed assets	18.65	55.36	—	—	18.65	55.36

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.)

	Parties where control exists		Directors of the company		Relative of Director		TOTAL	
	2004-2005 Rs.	2003-2004 Rs.	2004-2005 Rs.	2003-2004 Rs.	2004-2005 Rs.	2003-2004 Rs.	2004-2005 Rs.	2003-2004 Rs.
Transactions during the year.								
Remuneration			2,100,000	2,101,000	38,400	38,400	2,138,400	2,139,400
Services Rendered	1,557,576	719,632					1,557,576	719,632
Receiving of services	2,550,612	2,290,439					2,550,612	2,290,439
Inter corporate deposits repaid during the year	66,161,007	16,133,402					66,161,007	16,133,402
Interest paid on Loans			232,985	—			232,985	—
Inter corporate deposits taken during the year	69,108,838	24,180,090					69,108,838	24,180,090
Interest expense on Intercompany deposits	1,465,600	1,103,583					1,465,600	1,103,583
Purchase of goods	—	17,402,500					—	17,402,500
Loans received from Directors			17,800,000	—			17,800,000	—
Balances as on 31-03-2005.								
Deposit against receiving of services	14,000,000	14,000,000					14,000,000	14,000,000
Outstanding against Loans received from Directors			17,800,000	—			17,800,000	—
Outstanding against receiving of services	2,542,851	742,311					2,542,851	742,311
Outstanding on Inter corporate deposits	23,006,160	19,187,670					23,006,160	19,187,670
Interest Payable	1,159,143	870,659	209,104	—			1,368,247	870,659

Note :

Names of related parties and description of relationship :

- | | |
|--|--|
| 1. Parties where control exists | 2. Directors of the Company |
| (a) Priya International Ltd. | (a) Mr. A. K. Bhuwania |
| (b) Priya Chemicals | (b) Mr. Ashish Bhuwania |
| (c) Gaurav Chemicals P.Ltd. | (c) Mr. Aditya Bhuwania |
| (d) Brent Properties & Investment P.Ltd. | |
| (e) Chesire Properties & Investment P.Ltd. | 3. Relative of Director |
| (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 :

	2004 - 05	2003 - 04
Profit before extra ordinary items and Taxation (Rs.)	8,947,718	4,535,939
Less : Provision for tax (Net of extra ordinary items) (Rs.)	1,158,000	818,000
Less : Provision for Deferred tax (Net of extra ordinary items) (Rs.)	3,746,741	1,819,142
Profit and loss after taxation and before Extraordinary items(net of tax) (Rs.)	4,042,978	1,898,797
Weighted average number of Equity Share (Nos)	3,002,300	3,002,300
Basic & Diluted earning per share excluding extra ordinary items (Rs.)	1.35	0.63
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:

	2004 - 05	2003 - 04
Profit attributable to the Equity Shareholder (Rs.)	4,012,977	1,898,797
Weighted average number of Equity Share outstanding during the year (Nos)	3,002,300	3,002,300
Basic & Diluted earning per share (Rs.)	1.34	0.63
Face value of each share (Rs.)	10	10

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

	2004 - 05	2003 - 04
Deferred tax Assets		
- On account of Expenses allowable under income tax when paid	1,274,551	1,249,488
- On account of provision for doubtful debts	2,247,216	2,016,937
- On account of provision for Warranty	340,093	—
- On account of Carry forward losses	10,665,138	13,778,294
- On account of Unabsorbed depreciation	—	1,113,224
Rs.	14,526,998	18,157,943
Less: Deferred tax Liabilities		
- On account of difference in depreciation as per books and Income Tax Act, 1961	499,332	383,537
Rs.	14,027,666	17,774,406

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

17. Break-up of Interest received

Interest received on Fixed Deposits with Banks	656,341	565,035
Interest received on Staff Loans	94,073	137,977
Interest received on Income Tax refunds	—	862,110
Overdue Interest recovered from parties	—	56,305
	750,414	1,621,427

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

19. 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.

20. 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 AND ON BEHALF OF THE BOARD

 FOR M. L. BHUWANIA & CO.
 CHARTERED ACCOUNTANTS

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

 A. K. BHUWANIA CHAIRMAN
 ADITYA BHUWANIA EXECUTIVE 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.	40713	State Code	11
Balance Sheet Date	31 03 2005	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	610,329	Total Assets	610,329
		(Net of current liabilities & provisions)	

Sources of Funds

Paid up Capital	30,023	Reserves and Surplus	186,927
Secured Loans	124,697	Unsecured Loans	40,806

Application of Funds

Net Fixed Assets and W.I.P.	40,142	Investments	35,200
Net Current Assets	293,056	Net Deferred Tax Assets	14,028
Misc. Expenditure	28	Accumulated Losses	NIL

IV Performance of Company (Amount in Rs. thousands)

Turnover	1,558,742	Total Expenditure	1,549,824
Profit/Loss Before Tax (+) (-)	8,918	Profit/Loss after Tax (+) (-)	4,013
Earning per share in Rs.	1.34	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)	847160.30
Product description	Monitors
iii. Item Code No (ITC Code)	847330.10
Product description	Computer Mother Boards

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA CHAIRMAN

ADITYA BHUWANIA EXECUTIVE DIRECTOR

PLACE : MUMBAI
 DATED : 15TH JUNE, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

	Rs.	2004 - 05 Rs.	2003 - 04 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX & AND AFTER EXTRA ORDINARY ITEMS		8,917,718	4,535,939
ADJUSTED FOR:			
DEPRECIATION	4,548,982		5,193,343
DIVIDEND INCOME	—		(14,543)
INTEREST CHARGED (NET)	4,170,231		4,819,385
PROFIT ON SALES OF ASSETS (NET)	(11,897)		(20,376)
LOSS ON SALES OF INVESTMENTS (NET)	—		260,269
PROVISION FOR DOUBTFUL DEBTS	1,054,097		450,313
PROVISION FOR WARRANTIES	1,010,378		—
INVESTMENTS WRITTEN OFF	30,000		—
EXCHANGE RATE DIFFERENCE	(840,247)		(3,146,260)
MISC EXPENSES WRITTEN OFF	13,822		483,099
		<u>9,975,366</u>	<u>8,025,230</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		18,893,084	12,561,169
CHANGES IN			
TRADE RECEIVABLES	(80,303,863)		(93,055,374)
LOANS AND ADVANCES	2,176,313		8,868,651
OTHER CURRENT ASSETS	2,017,792		(6,087,795)
INVENTORIES	77,398,150		(98,570,077)
TRADE PAYABLES/PROVISIONS	(67,811,067)	(66,522,675)	147,214,260 (41,630,335)
CASH GENERATED FROM OPERATIONS		(47,629,591)	(29,069,166)
DIRECT TAXES REFUND (NET)	(2,417,020)	(2,417,020)	2,804,159 2,804,159
NET CASH FROM OPERATING ACTIVITIES (A)		(50,046,611)	(26,265,007)
B. CASH FLOW FROM INVESTING ACTIVITIES			
PURCHASE OF FIXED ASSETS	(1,865,051)		(5,535,765)
INTEREST RECEIVED	708,940		1,504,241
DIVIDEND RECEIVED	—		14,543
PURCHASE (-) / SALE OF INVESTMENTS	(35,100,000)		247,531
SALE OF FIXED ASSETS	19,750		336,647
NET CASH USED IN INVESTING ACTIVITIES (B)		(36,236,361)	(3,432,803)
C. CASH FLOW FROM FINANCING ACTIVITIES			
PROCEEDS FROM BORROWINGS (NET)	78,793,206		39,116,723
INTEREST PAID	(4,423,057)		(5,868,669)
DIVIDEND PAID	(9,280)		(8,650)
NET CASH USED IN FINANCING ACTIVITIES (C)		74,360,869	33,239,404
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS (A+B+C)		(11,922,103)	3,541,594
CASH AND CASH EQUIVALENTS OPENING BALANCE	29,844,465		26,313,338
CASH AND CASH EQUIVALENTS CLOSING BALANCE	17,922,362		29,854,932
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS AS DISCLOSED ABOVE		(11,922,103)	3,541,594

Note :

- Closing cash and bank balance excludes effect of loss on exchange rate difference of Rs.22,450/- (Previous year loss of Rs.10,467/-)
- 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 AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
 CHARTERED ACCOUNTANTS

(J. P. BAIRAGRA)
 PARTNER
 MEMBERSHIP NO. 12839
 PLACE : MUMBAI
 DATED : 15TH JUNE, 2005

A. K. BHUWANIA CHAIRMAN
ADITYA BHUWANIA EXECUTIVE DIRECTOR



PRIYA LIMITED

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

PROXY FORM

Reg. Folio No. /Client ID No. _____

DP ID No. _____

I/We..... of
..... being a member/members of the above named Company hereby
appoint
of.....or failing him of
..... as my/our proxy to vote for me/us on my/our behalf at the 18th 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 12th day of August, 2005 at 11.00 A.M. 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 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 18th ANNUAL GENERAL MEETING of the Company at "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai -400018 on Friday, the 12th day of August, 2005 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 copies of the Annual Report to the meeting.

18TH ANNUAL GENERAL MEETING

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

BOARD OF DIRECTORS

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

SHRI. SANJAY PARAB *Company Secretary*

BANKERS

Indian Bank
Bank of India
Union Bank of India

AUDITORS

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

REGISTERED OFFICE

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

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

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

EQUITY SHARES ARE LISTED AT :
Mumbai

WEBSITE

www.priyagroup.com

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