

NOTICE

NOTICE is hereby given that the **Nineteenth 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 18th day of August, 2006 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, 2006 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. A. K. Bhuwania**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. M. K. Arora**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5) Appointment of Executive Director

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

"RESOLVED THAT in accordance with the provision of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government if applicable, the consent of the Company be and is hereby accorded to the reappointment of Mr. Aditya Bhuwania as a Whole time Director, designated as 'Executive Director' of the Company, for a period of 5 (five) years with effect from 1st September, 2005 on a remuneration of Rs. 50,000/- per month(all inclusive) with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments and/or modification(s) that may hereafter be made thereto by

the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Aditya Bhuwania."

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Aditya Bhuwania, the company has no profits or profits are inadequate, the company will pay minimum remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956".

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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 11th day of August 2006 to 18th 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 1998-99 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

A. K. Bhuwania
Chairman

Place : Mumbai
Dated : 29th June, 2006.

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

ANNEXURE TO NOTICE

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956. the following Explanatory Statement sets out all material facts in respect of Item Nos. 5 mentioned in the above Notice.

Mr. Aditya Bhuwania aged 33 years is a B.Sc. (Business Computer System) from Bradley University, Pearle, Lllinois (U.S.A) and has over 11 years experience in the field of computer hardware.

Mr. Aditya Bhuwania is also director of Priya International Ltd., Brent Properties Investments Private Ltd., Cheshire Properties Investments Private Ltd. Halifax Properties Investments Private Ltd. and Gaurav Chemicals Private Ltd.

The Board of Directors vide their resolution dated 13th August, 2005 re-appointed Mr. Aditya Bhuwania as the Whole Time Directors, designated as 'Executive Director' for a period of five years from 1st September, 2005, subject to the consent of the members of the Company.

In view of the increased activities and contribution to the Company of Mr. Aditya Bhuwania, his re-appointment as Executive Director is considered essential. Mr. Aditya Bhuwania is well aware of the intricacies of the company's business and is expected to duly discharge the functions of Executive Director. He is agreeable to continue to serve the Company at the terms, if re-appointed. Reappointment can be made at a time for a period not exceeding 5 years. The Board of Directors has recommended his reappointment as Executive Director for a further period of 5 years from 1.09.2005 to 31.08.2010. The reappointment has to be approved by the company in general meeting. The approval is being sought by proposing resolution item no. 5.

In compliance of clauses of schedule XIII the resolution approving the appointment and payment of remuneration is placed before the members for their approval.

This statement should be treated as an abstract of the terms of the contract with Mr. Aditya Bhuwania for the purpose of Section 302 of the Companies act, 1956.

Mr. Aditya Bhuwania, Mr. A. K. Bhuwania, Mr. Ashish Bhuwania, Directors are deemed to be concerned or interested in the resolution.

DIRECTORS' REPORT

To

The Members,

Your Directors hereby present the **19th Annual Report** along with the audited accounts for the financial year ended 31st March, 2006.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	Year Ended 31-03-2006	Year Ended 31-03-2005
Sales		
Export	3936.19	4618.26
Local	9158.77	10673.24
	13094.96	15291.50
Other Income	120.79	134.09
	13215.75	15425.59
Profit/ (Loss) before Tax and Extra Ordinary Item	83.08	89.48
Extra ordinary item	—	0.30
Profit/ (Loss) before Tax and after Extra Ordinary Items	83.08	89.18
Provision for taxation-Current Tax	17.54	6.88
Provision for Wealth Tax	5.00	4.70
Provision for taxation-Deferred Tax	12.72	37.47
Provision for taxation - Fringe Benefit Tax	7.25	—
	40.57	40.13
Profit / (Loss) after tax	—	(20.59)
Taxation of earlier years	(101.33)	(120.87)
Balance brought forward	(60.76)	(101.33)
Balance carried to Balance Sheet	(60.76)	(101.33)

DIVIDEND

In view of the inadequate profit for the year & carried forward losses, your directors regret their inability to recommend any dividend for the financial year 2005-06.

OPERATIONS

The aggregate turnover of your Company was Rs. 13,094.96 Lacs in the year 2005-06 as compared to Rs. 15,291.50 Lacs in the year 2004-05. The company has earned (profit before tax and after extra ordinary items) of Rs. 83.08 Lacs in 2005-06 as compared to Rs 89.18 Lacs in 2004-05.

The company has not been able to perform better during the year on account of Local sales and exports of Electronic products. The reduction is mainly due to heavy flood on 26th July 2005 wherein It took about 2-3 months to stabilize the operations of the company. However we have been able to cut down our costs and therefore the profitability of the company has improved as compared to previous year. Your Company's export business of dyestuffs, bulk pharmaceuticals and intermediates have shown reduction in turnover to Rs. 366 lacs in 2005-06 from Rs. 676 lacs in 2004-05. 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.

However your company has made remarkable progress in European market for export of computer products, which will show a major growth during the current financial year.

In order to increase the business activities, your company is proceeding towards capturing greater market share in the key areas of computer peripherals such as CPUs, Monitors, Mother Boards, while also starting sales of software for Networking.

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.

Although there was a theft during the year but the amount involved is not very high and not significant. The police is investigating the matter.

DIRECTORS

Mr. M.H. Dalal, Director of the company resigned from the Board with effect from 29th June 2006. The Board places on record its appreciation for services rendered by him during his association with the company.

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

The tenure for reappointment of Mr. Aditya Bhuwania is due for reappointment w.e.f 1/09/2005, as Executive Director of the Company. Keeping in view his experience and expertise and the increased activities of the company, a resolution is proposed in the notice of the Annual General Meeting for the reappointment of Mr. Aditya Bhuwania on terms detailed in the resolution. The proposed tenure of reappointment is for 5 years w.e.f. 1/09/2005.



AUDITORS

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

HUMAN RESOURCE

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.

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 2005-06 and of the Profit of the company for that the year ended on 31st March, 2006;
- 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 Bombay Stock Exchange Limited, (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 for the financial year 2006-2007 was duly paid to BSE.

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

CONSERVATION OF ENERGY :

The scope for conservation of energy is limited in the type of industry in which your company is engaged. However, the company continues to accord high priority to conservation of energy by opting for more power effective replacements of 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, 2006.

PARTICULARS OF EMPLOYEES :

During the year under review, none of the employees of the Company have drawn remuneration as specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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 : 29th June, 2006.

A. K. Bhuwania
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

1.1 Industry Structure and developments

Electronics Division: As per MAIT, total PC sales in India crossed 4.50 million in 2005-06. The Indian market acted steadily for whole year but the markets have shown positive signs once again after these uncertainties and as per MAIT, it expected to cross 6.00 million in 2006-07. We are hopeful to improve our market share together with increased market volumes. However, share of assembler segment is declining for last two years and has come down from 60% to almost 35-38%.

Chemical Division: Due to the sustained high in oil prices, all raw material prices have gone up significantly, while finished goods prices have remain subdued due to slower markets. Besides, due to the abolition of textile quotas under the WTO agreements, there is substantial increase in 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 :

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. We have been trying to reduce our distribution time cycle to reduce our cost further.

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

We are also moving toward becoming a solution company instead of selling only components and have added Software in our range. In the current year, we have tied up with Ericom for distribution of their enterprise level software in the Indian market. We can add up similar complimentary products within this range.

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 Speciality Chemicals, pharmaceutical intermediates and Bulk Pharmaceuticals.

1.3 Segment-wise or product-wise Performance

Electronics Division: There was a lower 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. 407.31 Lacs as compared to Rs. 344.14 lakhs in the previous year.

Chemical Division: There is severe drop in the turnover by 45%, 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 2006-07 by 30% to 40% in India. We are also aiming to capture the major share of this growth for all the product ranges. However, branded systems are gaining a bigger share in the market due to their much better financial and marketing muscle.

We would be concentrating more on thin clients , network software (viz Ericom) . We are also building a very strong support group so that we can provide technical supports for all kind of networking solutions.

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. A good pick-up is seen in the Stains and Indicators range and we hope to have some better volumes in the coming years.

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.

For solution business, we have to build up very strong support system to the enterprise segment.

Chemical Division :

Due to unstable and high oil prices, all raw materials costs are still increasing 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 13,094.96 Lacs in the year 2005-06 as compared to Rs. 15,291.50 Lacs in 2004-2005, reflecting stagnancy. The company has earned a profit (before tax and extra ordinary items) of Rs 83.08 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 89.48 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, objectives and assessments etc. may be forward looking within the meaning of applicable laws and regulation. Actual results may differ from the statements expressed therein. Important factors that could influence the Company's operations include demand and supply conditions affecting selling prices of finished goods, availability of inputs and their prices, change in Government policy, legislation and tax rates; political defense and economic development within and outside the country and other factors such as litigation and industrial relations.



**CORPORATE GOVERNANCE REPORT
FOR THE YEAR 2005-2006**

The detailed Report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

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. The Company continues to give high priority to the principles and practices of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of Corporate Governance as laid down in the Listing Agreement.

Code of Conduct

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

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY :

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board with a good combination of Executive and non-executive Directors.

The Board of Directors as at 31st March, 2006, comprises of 6 Directors and of which 2 are Executive Directors and 4 are Non-Executive Directors. All the members of the Board are persons with considerable experience and expertise in industry, finance, technology, marketing and law.

The Board's composition is in accordance with the requirements of Clause 49 of the Listing Agreement.

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

The Composition of the Board of Directors during the year as well as details of outside directorships and other board committees of which the Company's Directors or members is as under :

Name of the Director	Category of Directorship	No. of other Directorships*	No. of membership of other Board Committees	No. of other Board Committees for which Chair person
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	2	—	—
Mr. R. K. Saraswat	Independent /Non-executive Director	3	2	2
Mr. M. K. Arora	Independent/ Non-Executive Director	5	—	—
Mr. M. H. Dalal	Independent/Non-Executive Director	—	—	—
Mr. Ashish Bhuwania	Promoter/Executive Director	—	—	—
Mr. Aditya Bhuwania	Promoter/Executive Director	—	—	—

* Number of Directorships/Memberships held in other Companies excludes Directorship/Member in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

An independent Director is a Director who :

- Apart from receiving director's remuneration does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may effect independence of the director
- Is not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Has not been an executive of the company in the immediately three preceding financial years
- Is not a partner or an executive or was not partner or an executive during three preceding years of any of the following: Statutory audit firm or the internal audit firm i.e. associated with the company, and
- The legal firm(s) and consulting firm(s) that have a material association of the company
- Is not a material supplier, service provider or customer or a lessor or lessee of the company which may effect the independence of the Director.
- Is not a substantial shareholder of the company i.e. owning 2% or more of the block of voting shares

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS
Mr. A. K. Bhuwania

Mr. A. K. Bhuwania aged 58 years is a B.Sc (Maths) and has over 35 years experience in the field of Dyes, Chemicals and computer hardware, in India and abroad. A. K. Bhuwania is the Chairman of Priya Ltd., Priya International Ltd. and VXL Instruments Ltd. Pursuant to provisions of Articles of Association of the Company, Mr. A. K. Bhuwania, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Approval of the shareholders is sought at the ensuing Annual General Meeting for his re-appointment as the Director of the company. Mr. A.K. Bhuwania is not member of any Committee in any other public limited Company.

Mr. M. K. Arora

Mr. M. K. Arora, aged 62 years is a Company Secretary by Profession. Mr. M. K. Arora has rich knowledge and wide range of experience in the areas of Corporate Laws, Finance and General Management. At present Mr. M. K. Arora is a Director of Alcon Finance & Investment Ltd., Vibhuti Investments Co. Pvt. Ltd., DGP Capital Management Ltd., DGP Enterprises Management Ltd., Smart Manager Media Pvt. Ltd., Trimurti Glass Containers Ltd., Universal Luggage Manufacturing Co. Ltd. and Unimin India Limited. Proficiency of Mr. M. K. Arora, in the filed of general management coupled with financial and corporate laws has helped the company in managing its affairs to it's mark. It will be advantageous for the Company to continue to avail expertise guidance and director of Mr. M.K. Arora.

Pursuant to provisions of Articles of Association of the Company, Mr. M.K. Arora, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Approval of the shareholders is sought at the ensuing Annual General Meeting for his re-appointment as the Director of the company. Mr. M.K. Arora is not member of any Committee in any other public limited Company.

Mr. Aditya Bhuwania

Mr. Aditya Bhuwania aged 33 years is a B.Sc. (Business Computer System) from Bradley University, Pearle, Lllinois (U.S.A) and has over 11 years experience in the field of computer hardware.

Mr. Aditya Bhuwania is also director of Priya International Ltd., Brent Properties Investments Private Ltd., Cheshire Properties Investments Private Ltd. Halifax Properties Investments Private Ltd. and Gaurav Chemicals Private Ltd.

The Board of Directors vide their resolution dated 13th August, 2005 re-appointed Mr. Aditya Bhuwania as the Whole Time Directors, designated as 'Executive Director' for a period of five years from 1st September, 2005, subject to the consent of the members of the Company at ensuing Annual General Meeting. Mr. Aditya Bhuwania is not member of any Committee in any other public limited Company. The Board of Directors has recommended his reappointment as Executive Director for a further period of 5 years from 1.09.2005 to 31.08.2010. The reappointment has to be approved by the company in general meeting. The approval is being sought by proposing resolution item no. 5 as set out in notice.

BOARD MEETINGS AND ANNUAL GENERAL MEETINGS :

The meetings of the Board of Directors are held in Mumbai at the registered office of the Company. The Board meets at least once in a quarter, inter-alia to review the quarterly performance and financial results. The Board meets atleast 4 times in a year and the gap between two Board Meetings is not more than 4 months as per the revised clause 49 of the Listing Agreement.

The Board is apprised and informed of all the important matters relating to the business of the Company including those information as prescribed in Annexure 1A of the revised Clause 49 of the Listing Agreement. The Chairman of the Board, the Managing Director and the Company Secretary finalise the items to be included in the agenda of the meeting and the same is sent to the members of the Board in advance along with the relevant details and explanatory notes wherever required.

Five Board Meetings were held during the financial year 2005-06 at the Registered Office of the company on the following dates: 18th May, 2005, 15th June, 2005, 30th July, 2005, 29th October, 2005, 31st January, 2006.

Annual General Meeting (AGM) was held on 12th August 2005.

ATTENDANCE :

Details of attendance of each Director at the Board Meetings and at the Annual General Meeting are given below :-

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM held on 12/08/2005
Mr. A. K. Bhuwania	4	Yes
Mr. R. K. Saraswat	5	Yes
Mr. M. K. Arora	5	No
Mr. M. H. Dalal	4	No
Mr. Ashish Bhuwania	0	Yes
Mr. Aditya Bhuwania	5	Yes

Leave of absence was granted to the Directors for the Board Meeting on receipt of prior information.

3. BOARD COMMITTEES :

The Board had constituted the following Committees of Directors :

Audit Committee

Shareholder's Grievance Committee.

Remuneration Committee.

A) AUDIT COMMITTEE

(A) COMPOSITION

The Audit Committee comprises three Directors, and all of them are independent Directors including the Chairman of the Audit Committee. The details of the members are as under :

Name of the Director / Member	Category
Mr. R. K. Saraswat - Chairman	Independent /Non-Executive Director
Mr. M. K. Arora	Independent/Non-Executive Director
Mr. M. H. Dalal	Independent/Non-Executive Director

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

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

The Chairman of the Audit committee was present in the last Annual General Meeting.

(B) TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee include the matters specified under sub clause (ii) and described under sub clause iv of the clause 49 of the Listing Agreement.

(C) POWER OF AUDIT COMMITTEE

The Audit committee has the following powers :

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

(D) ROLE OF AUDIT COMMITTEE

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory auditor, and fixation of audit fees.
- (iii) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (iv) Reviewing with management the annual financial statements before submission to the board, for approval, with particular reference to :
 - Matters required to be included in Directors' responsibility statement to be included in the Board's report terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes if any in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statement arising out of audit findings.
 - Compliance with Listing and other legal requirements relating to financial statements.
 - Disclosures of related party transactions.
 - Qualifications in draft Audit Report.
- (v) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (vi) Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control systems.
- (vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and the seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (viii) Discussion with internal auditors any significant findings and follow up there on.
- (ix) 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.

- (x) Discussion with the statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xi) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (xii) To review the functioning of Whistle Blower Mechanism.
- (xiii) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

(E) REVIEW OF INFORMATION BY AUDIT COMMITTEE :

The Audit committees review the following information :

- (i) The management discussion and analysis of financial condition and results of operations
- (ii) The statement of significant related party transactions (as defined by the Audit Committee) submitted by the management.
- (iii) Management letters / letters of internal control weaknesses issued by statutory auditors.
- (iv) Internal audit reports relating to internal control weaknesses.
- (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by Audit Committee.

(F) AUDIT COMMITTEE MEETINGS AND ATTENDANCE :

The committee meetings were attended by members of the Audit Committee , the statutory Auditors, the Internal Auditors of the Company.

Four Meetings of the Committee were held during the year on 15th June, 2005, 30th July, 2005, 29th October, 2005 and 31st January, 2006 and the gap between two meetings was less than four months.

Details of attendance of each Director at the Audit Committee Meetings are given below :-

Name of the Director Member	No. of Meetings Attended
Mr. R. K. Saraswat - Chairman	4
Mr. M. K. Arora	4
Mr. M. H. Dalal	3

B) SHAREHOLDERS GRIEVANCE COMMITTEE :-

(A) TERMS OF REFERENCE :

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

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

(B) COMPOSITION OF SHARE HOLDERS GRIEVANCE COMMITTEE :

The Composition of the Shareholders Grievance Committee is detailed below :-

Name of the Director / Member	Executive/ Non-Executive
Mr. M. K. Arora - Chairman	Independent/Non-Executive Director
Mr. R. K. Saraswat	Independent/Non-Executive Director
Mr. M. H. Dalal	Independent/Non-Executive Director
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman

The Committee meeting was held on 29th June, 2006 in which the details of complaints received from investors was discussed. During the year under review, 19 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 2006.

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

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

C) REMUNERATION COMMITTEE :

(A) COMPOSITION OF THE COMMITTEE

The remuneration Committee duly comprised of the following Non-Executive Directors namely :

- Mr. M. H. Dalal - Chairman
- Mr. R. K. Saraswat
- Mr. M. K. Arora

(B) 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.

(C) MEETINGS AND ATTENDANCE DURING THE YEAR

The Committee meeting was held on 29th June, 2006 in which the details of the remuneration/sitting fees paid to all directors during the year 2005-2006 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) REMUNERATION OF DIRECTORS, SITTING FEES, SALARY, PERQUISITE**Executive Directors**

The Whole Time Director (Executive Director) is being paid remuneration in accordance with and subject to the limits laid down in Schedule XIII to the Companies Act, 1956. The Remuneration to the Whole Time Director is approved by the Board of Directors and subsequently ratified by the Shareholders in their meeting.

- (i) The Remuneration (including perquisites and benefits) paid to the Whole Time Director (Executive Director) during the year ended 31st March, 2006 is as follows :

Name of Director	(Amount in Rs.)
Mr. Aditya Bhuwania	Rs. 4,50,000/-
Mr. Ashish Bhuwania	Rs. 15,00,000/-
TOTAL	Rs. 19,50,000/-

The appointment of the Whole Time Director (s) [Executive Director] is governed by the Articles of Association of the Company and the resolutions passed by the members of the Company. These cover the terms and conditions of such appointment. No separate service contract is entered into by the Company with the Whole Time Director [Executive Director(s)].

The appointment of Mr. Ashish Bhuwania, Executive Director is for a period of 5 years from 13/05/2002 to 12/04/2007 & the re-appointment of Mr. Aditya Bhuwania, Executive Director is for a period of 5 years from 01/09/2005 to 30/08/2010

There is no provision for separate payment of severance fees, under the resolution appointing the Whole Time Director/ Executive Director

- (ii) Performance linked Incentive criteria :
No such performance linked Incentive are given to the appointees.
- (iii) Employee Stock Option Scheme :
The Company does not have any stock option scheme.

Non Executive Directors

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

Details of Sitting Fees paid to Non Executive Directors for attending Board and Committee Meetings during the year 2005-2006 are given below :-

Name of Director	(Amount in Rs.)
Mr. A. K. Bhuwania	Rs. 1,000/-
Mr. R. K. Saraswat	Rs. 15,000/-
Mr. M. K. Arora	Rs. 15,000/-
Mr. M. H. Dalal	Rs. 1,000/-

Note: 1. The Shareholding of Non Executive Directors is as under :

Name of Director	No of Shares
Mr. R. K. Saraswat	NIL
Mr. M. K. Arora	NIL
Mr. M. H. Dalal	700

4. GENERAL BODY MEETINGS :

(i) Details of Previous three Annual General Meetings are as below :

Year	Location	Date & Year	Time
2004-05	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018.	August 12, 2005	11:00 a.m.
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.

(ii) Whether special resolutions were put through postal ballot last year? NO

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

5. OTHER DISCLOSURES :

(i) There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, the Directors or the Management etc. that may have potential conflict with the interests of the Company at large: Related party transactions are disclosed in Note No (14) of Schedule 'T' to the financial statement in the Annual report. The Audit Committee had reviewed the related party transactions as mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant.

(ii) The Company had complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary structures have been imposed on the Company by any of the above mentioned authorities.

(iii) The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.

(iv) The Company has complied with all the mandatory requirements and has disclosed information relating to compliance with non mandatory requirements.

6. MEANS OF COMMUNICATION :

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

As the Company's 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.

7. GENERAL SHAREHOLDER INFORMATION :
19th Annual General Meeting

Date : 18th day of August, 2006.

Time : 11 A.M.

Place : "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400018.

Book Closure date : 11th day of August, 2006 to 18th day of August, 2006 (Both days inclusive).

Financial Calendar (Provisional)

(April 1, 2006-March 31, 2007) : 1st Quarterly Result- Last week of July, 2006.

2nd Quarterly Result- Last week of October, 2006.

3rd Quarterly Result- Last week of January, 2007.

Annual Results - Last week of June, 2007.

8. COMPLIANCE WITH MANDATORY REQUIREMENTS :

The Company has complied with the mandatory requirements of the Code of corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. The Company has also complied with the requirements of amended clause 49 after it came into force.



9. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS :

□ Shareholder Rights :

The Company's annual, half yearly and quarterly results are published in English in newspapers with wide circulation in Maharashtra. The same are also made available on the website of the Company and stock exchanges. Besides, it is also available on www.sebiedifar.nic. A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders.

□ Compliance Certificate by Auditors :

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

□ Audit qualifications :

During the period under review, there is no adverse audit qualification in its financial statement. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

□ Training of Board Members :

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

□ Mechanism for evaluating non-executive Board Members :

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

□ Whistle Blower Policy

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

□ Other Non-Mandatory requirements

The Company is in the process of implementation of other non mandatory requirements.

10. DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT /ETHICS :

All the Directors and senior management personnel have affirmed compliance with the Code of Conduct /Ethics as approved and adopted by the Board of Directors.

Listing on Stock Exchanges : Equity Shares are listed on the Bombay Stock Exchange Limited (BSE) and the Calcutta Stock Exchange Association Limited
(Application for delisting of equity shares of the Company from Calcutta Stock Exchange Association Ltd. has made long back but said exchange has not granted in-principle permission of de-listing till date.)

ISIN No. : INE686C01014 (For dematerialization of shares)

Market Price Data : The monthly high and low prices of Equity Shares of the Company on The Bombay Stock Exchange Limited (BSE) and BSE Sensex during the year 2005-2006 are as under :

MONTH	RATES (Rs.)		BSE SENSEX	
	HIGHEST	LOWEST	HIGHEST	LOWEST
APRIL	22.35	17.80	6649	6118
MAY	27.90	18.50	6772	6141
JUNE	49.55	21.00	7228	6647
JULY	33.75	27.55	7708	7123
AUGUST	41.80	27.75	7921	7537
SEPTEMBER	46.50	28.85	8722	7818
OCTOBER	32.90	21.80	8821	7656
NOVEMBER	26.85	21.80	9033	7891
DECEMBER	27.30	21.15	9442	8769
JANUARY	26.75	22.25	9945	9158
FEBRUARY	24.90	18.85	10422	9713
MARCH	25.40	18.00	11356	10344

Registrar and Transfer Agents : Bigshare Services Pvt. Ltd.
 (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, 2006.

No. of Equity Shares Held	No of Shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 5000	2,590	94.63	3,34,991	11.15
5001 to 10000	72	2.63	59,645	1.99
10001 to 20000	32	1.17	47,766	1.60
20001 to 30000	12	0.44	31,171	1.03
30001 to 40000	3	0.11	11,792	0.40
40001 to 50000	4	0.15	18,972	0.63
50001 to 100000	5	0.18	39,203	1.30
100001 and above	19	0.69	24,58,760	81.90
Total	2,737	100.00	30,02,300	100.00

CATEGORIES OF SHAREHOLDING AS ON 31-03-2006

	Category	No. of shares held	Percentage of shareholding
A	Promoters' Holding		
1	Indian Promoters	935210	31.15
2	Persons acting in Concert:		
a	Relatives	1027150	34.21
b	Associate companies	275800	9.19
	Sub-total (a)	2238160	74.55
B	Non-promoters' Holding		
3	Institutional/Investors:		
a	Mutual Funds & UTI	100	0.00
b	Banks, FIs, Govt., others	Nil	0.00
c	FIs	Nil	Nil
	Sub- Total (b)	100	0.00
	4 Private Corporate Bodies	35794	1.19
	5 Indian Public	552903	18.42
	6 NRIs/ OCBs	161788	5.39
	7 Others	13555	0.45
	Sub-total (c)	764040	25.45
	TOTAL (a+b+c)	3002300	100.00



Dematerialization of shares	:	As on March 31, 2006 - 20,36,972 equity shares with NSDL and 73,943 equity shares with CDSL which comes to a total of 70.31% 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		2) With the Registrar and Transfer Agent
Krishna House, Ground Floor, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013. Tel No.: 022- 66663100		(For Demat purpose and Share Transfer) : Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072. Tel : 022-2847 3474, 2847 0652

CERTIFICATION BY CFO FOR COMPLIANCE WITH CODE OF CONDUCT

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

Place : Mumbai

Date : 29th June, 2006

Rakesh Jain

Chief Financial Officer

CERTIFICATE

To the Members of
Priya Limited

We have examined the compliance of conditions of Corporate Governance by Priya Limited, for the year ended on 31st March, 2006, 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 for a period exceeding one month against the Company 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. Bhuwania & Co.**
Chartered Accountants

J. P. Bairagra
Membership No.12839
Partner

Place : Mumbai

Date : 29th June, 2006

CERTIFICATION BY CHIEF FINANCIAL OFFICER

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

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

Place : Mumbai

Date : 29th June, 2006

Rakesh Jain
Chief Financial Officer

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 2006, 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 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2006 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 2006;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

M. L. Bhwania & Co.
Chartered Accountants

J. P. Bairagra
Partner
Membership No: 12839

Place : Mumbai
Date : 29th June, 2006

Annexure referred to in paragraph 3 of Auditor's report to the members of Priya Limited for the year ended 31st March 2006.

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. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.

There was no substantial disposal of fixed assets during the year, so as to affect the company to continue as a going concern.

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. The discrepancies noticed on verification of inventories were not material and have been properly dealt with in the books of accounts.
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. There are no stipulations with respect to the repayment of the loan and the interest thereon. The details of loan transactions are as under :

No. of parties	Amount of loan taken Rs..	Maximum amount of loan outstanding during the year Rs.	Amount outstanding at the end of the year Rs.
3	5,54,56,766	4,98,10,067	3,81,69,205

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 particulars of contracts or arrangement 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 the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
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 Customs Duty, Wealth Tax, Service Tax, Excise Duty or Cess which have not been deposited on account of any dispute. The following are the disputed amounts in respect of Income Tax, Sales Tax.

Name of Statute	Nature of Dues	Financial Year	Amount (Rs.)	Forum where dispute is pending
Income Tax Act	Demand for tax liability	1998-99 to 2000-01	1,95,10,175	Income Tax Appellate Tribunal
Income Tax Act	Demand for tax liability	2001-02	1,481,46	Rectification u/s 154 pending with Assessing Officer.
Sales Tax Act	Demand for Sales tax	1999-00	1,50,389	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	1,51,738	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2001-02	7,42,271	Sales Tax Appellate Tribunal
Sales Tax Act	Demand for Sales tax	2001-02	27,70,009	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2002-03	49,15,855	Deputy Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2002-03	39,83,519	Assistant Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2002-03	54,869	Deputy Commissioner (Appeal) of Commercial Tax
Sales Tax Act	Demand for Sales tax	2003-04	2,24,199	Additional Commissioner of Sales Tax
Sales Tax Act	Demand for Sales tax	2003-04	78,592	Deputy Commissioner (Appeal) of Commercial Tax
Sales Tax Act	Demand for Sales tax	2004-05	2,14,767	Additional Commissioner of Sales Tax

10. The accumulated losses of the Company at the end of the financial year on 31/03/2006 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 Credits (LC's), where in 60 cases a total amount of Rs.18,01,93,017 was repaid after the due date of L.C. The period of delay ranges between 1 to 57 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.
20. The Company has not raised any money through a public issue during the year.
21. We have been informed that cash of Rs. 54,823/- and gold coins valuing Rs.1,22,225/- of the company were stolen during the year. On detection of the same, an FIR was lodged with the police. Investigations are still in process. The management has taken initiative to strengthen the internal controls in the company to avoid such happenings in future.

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

J. P. Bairagra
Partner
Membership No: 12839

Place : Mumbai
Date : 29th June, 2006

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	A	30,023,000	30,023,000
RESERVES & SURPLUS	B	190,983,773	186,926,902
		<u>221,006,773</u>	<u>216,949,902</u>
LOAN FUNDS			
SECURED LOANS	C	126,806,595	124,697,117
UNSECURED LOANS	D	38,169,205	40,806,160
		<u>164,975,800</u>	<u>165,503,277</u>
TOTAL		<u><u>385,982,573</u></u>	<u><u>382,453,179</u></u>
II. APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	E	61,927,519	67,951,128
LESS: ACCUMULATED DEPRECIATION		<u>25,900,069</u>	<u>27,809,603</u>
NET BLOCK		36,027,450	40,141,525
INVESTMENTS	F	35,200,000	35,200,000
DEFERRED TAX ASSETS (NET) (REFER NOTE NO 16 OF SCHEDULE T)		12,754,980	14,027,666
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	G	143,637,852	169,423,709
SUNDRY DEBTORS	H	278,251,132	275,118,551
CASH & BANK BALANCES	I	19,307,135	17,922,362
OTHER CURRENT ASSETS	J	10,681,777	21,771,463
LOANS & ADVANCES	K	45,883,323	36,695,619
		<u>497,761,219</u>	<u>520,931,704</u>
LESS : CURRENT LIABILITIES & PROVISION			
CURRENT LIABILITIES	L	185,431,700	220,502,235
PROVISIONS	M	10,343,198	7,373,125
		<u>195,774,898</u>	<u>227,875,360</u>
NET CURRENT ASSETS		301,986,321	293,056,344
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
PRILIMINARY EXPENSES		13,822	27,644
TOTAL		<u><u>385,982,573</u></u>	<u><u>382,453,179</u></u>

NOTES ON ACCOUNTS

T

The schedules referred above forms integral part of the Balance Sheet.

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

R. K. SARASWAT DIRECTOR

PLACE : MUMBAI
DATED : 29TH JUNE, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	SCHEDULE	2005-2006 Rs.	2004-2005 Rs.
INCOME			
SALES	N	1,309,496,227	1,529,150,241
OTHER INCOME	O	12,078,552	13,409,181
		<u>1,321,574,779</u>	<u>1,542,559,422</u>
EXPENDITURE			
COST OF MATERIAL	P	1,223,488,031	1,444,155,818
PAYMENTS TO & PROVISION FOR EMPLOYEES	Q	22,447,588	25,332,778
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	R	51,977,022	55,403,895
INTEREST (NET)	S	11,659,749	4,170,231
DEPRECIATION		3,693,762	4,548,982
		<u>1,313,266,152</u>	<u>1,533,611,704</u>
PROFIT / (-) LOSS BEFORE EXTRAORDINARY ITEM		8,308,627	8,947,718
EXTRAORDINARY ITEM			
INVESTMENTS WRITTEN OFF		—	30,000
PROFIT BEFORE TAXATION		8,308,627	8,917,718
LESS : PROVISION FOR TAXATION - CURRENT TAX		1,754,000	688,000
- WEALTH TAX		500,000	470,000
- DEFERRED TAX		1,272,686	3,746,741
- FRINGE BENEFIT TAX		725,070	—
PROFIT / (-)LOSS AFTER TAX		4,056,871	4,012,977
TAXATION FOR EARLIER YEARS		—	(2,059,161)
BALANCE BROUGHT FORWARD		(10,133,276)	(12,087,092)
		<u>(6,076,405)</u>	<u>(10,133,276)</u>
APROPRIATIONS :			
BALANCE CARRIED TO BALANCE SHEET		(6,076,405)	(10,133,276)
		<u>(6,076,405)</u>	<u>(10,133,276)</u>
BASIC & DILUTED EARNING PER SHARE EXCLUDING EXTRA ORDINARY ITEMS (Net of tax)		1.35	1.35
BASIC & DILUTED EARNING PER SHARE INCLUDING EXTRA ORDINARY ITEMS		1.35	1.34

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

NOTES ON ACCOUNTS
T

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

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
R. K. SARASWAT

CHAIRMAN
DIRECTOR

PLACE : MUMBAI
DATED : 29TH JUNE, 2006



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	2005 - 06		2004 - 05	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & AND AFTER EXTRA ORDINARY ITEMS		8,308,627		8,917,718
ADJUSTED FOR:				
DEPRECIATION	3,693,762		4,548,982	
INTEREST CHARGED (NET)	11,659,749		4,170,231	
LOSS BY THEFT	122,225		—	
(PROFIT) / LOSS ON SALE / OBSOLESCENCE OF FIXED ASSETS (NET)	542,158		(11,897)	
PROVISION FOR DOUBTFUL DEBTS	—		1,054,097	
PROVISION FOR WARRANTIES	(20,582)		1,010,378	
INVESTMENTS WRITTEN OFF	—		30,000	
EXCHANGE RATE DIFFERENCE	(37,938)		(840,247)	
MISC EXPENSES WRITTEN OFF	13,822		13,822	
		<u>15,973,196</u>		<u>9,975,366</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		24,281,823		18,893,084
CHANGES IN				
TRADE RECEIVABLES	(3,034,156)		(80,303,863)	
LOANS AND ADVANCES	(1,820,248)		2,176,313	
OTHER CURRENT ASSETS	11,022,607		2,017,792	
INVENTORIES	25,785,857		77,398,150	
TRADE PAYABLES/PROVISIONS	(34,613,380)	(2,659,320)	(41,591,805)	(40,303,413)
CASH GENERATED FROM OPERATIONS		21,622,503		(21,410,329)
DIRECT TAXES REFUND (NET) INCLUDING FRINGE BENEFIT TAX	(7,367,456)	(7,367,456)	(2,417,020)	(2,417,020)
NET CASH FROM OPERATING ACTIVITIES (A)		14,255,047		(23,827,349)
B. CASH FLOW FROM INVESTING ACTIVITIES				
PURCHASE OF FIXED ASSETS	(321,845)		(1,865,051)	
INTEREST RECEIVED	1,014,216		708,940	
PURCHASE OF INVESTMENTS	—		(35,100,000)	
SALE OF FIXED ASSETS	200,000		19,750	
NET CASH USED IN INVESTING ACTIVITIES (B)		892,371		(36,236,361)
C. CASH FLOW FROM FINANCING ACTIVITIES				
PROCEEDS FROM BORROWINGS (NET)	(1,589,056)		52,573,944	
INTEREST PAID	(12,170,989)		(4,423,057)	
DIVIDEND PAID	(2,600)		(9,280)	
NET CASH USED IN FINANCING ACTIVITIES (C)		(13,762,645)		48,141,607
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS (A+B+C)		1,384,773		(11,922,103)
CASH AND CASH EQUIVALENTS OPENING BALANCE		<u>17,922,362</u>		<u>29,844,465</u>
CASH AND CASH EQUIVALENTS CLOSING BALANCE		<u>19,307,135</u>		<u>17,922,362</u>
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS AS DISCLOSED ABOVE		1,384,773		(11,922,103)
Note : a) Cash and cash equivalents includes:				
Cash in Hand	123,886		252,271	
Balance With Scheduled Banks				
In Current Accounts	3746359		395,4857	
In Foreign Currency Account	236380		260,606	
In Dividend Account	93036		95,770	
In Margin Money Account	15105698		13,381,308	
Gain / (Loss) on Exchange rate fluctuation	1776		-22,450	
	<u>19,307,135</u>		<u>17,922,362</u>	

b) Previous year's figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of the Current year.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

(J. P. BAIRAGRA)
PARTNER
MEMBERSHIP NO. 12839
PLACE : MUMBAI
DATED : 29TH JUNE, 2006

A. K. BHUWANIA CHAIRMAN
R. K. SARASWAT DIRECTOR

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 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)	30,023,000	30,023,000
	<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>(6,076,405)</u>	<u>(10,133,276)</u>
	<u>190,983,773</u>	<u>186,926,902</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.)		
	126,303,493	123,894,277
VEHICLE LOAN FROM FINANCE COMPANIES (SECURED BY HYPOTHECATION OF VEHICLE)	503,102	802,840
	<u>126,806,595</u>	<u>124,697,117</u>
SCHEDULE - D		
UNSECURED LOANS		
INTER CORPORATE DEPOSITS	20,410,101	23,006,160
LOANS FROM DIRECTORS	17,759,104	17,800,000
	<u>38,169,205</u>	<u>40,806,160</u>
SCHEDULE - E		
FIXED ASSETS		

(Figure In Rupees)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 1/04/2005	Additions	Deductions	As At 31/03/2006	As At 1/04/2005	For The Year	Deductions	As At 31/03/2006	As At 31/03/2006	As At 31/03/2005
1	Office Premises	35,697,605	0	0	35,697,605	6,082,845	1,478,748	0	7,601,383	28,096,222	29,614,760
2	Flats	977,020	0	0	977,020	221,022	39,790	0	221,022	755,998	755,998
3	Plant & Machinery	437,975	0	437,975	0	355,773	11,434	367,207	0	0	82,202
4	Laboratory Equipment	1,140,620	0	0	1,140,620	943,516	27,417	0	970,933	169,687	197,104
5	Office & Other Equipment	4,773,036	0	176,590	4,596,446	2,598,104	302,120	93,263	2,806,961	1,789,485	2,174,932
6	Furniture & Fixture	7,759,024	0	750,172	7,008,852	4,464,128	391,876	595,798	4,260,207	2,748,647	3,294,897
7	Computer	14,344,488	321,845	4,147,179	10,519,154	11,883,599	1,051,464	3,968,917	8,966,144	1,553,008	2,460,888
8	Vehicles	2,821,360	0	833,538	1,987,822	1,260,616	390,913	578,110	1,073,419	914,403	1,560,744
	Total (Rs.)	67,951,128	321,845	6,345,454	61,927,519	27,809,603	3,693,762	5,603,295	25,900,069	36,027,450	40,141,525
	Previous Year (Rs.)	66,175,205	1,865,051	89,128	67,951,128	23,341,897	4,548,982	81,275	27,809,603	40,141,525	

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - F

INVESTMENTS

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

PARTICULARS	FACE VALUE		AS AT 31.03.2006		AS AT 31.03.2005	
	Rs.	NOS.	Rs.	NOS.	Rs.	NOS.
UNQUOTED						
EQUITY SHARES						
GAURAV CHEMICALS PRIVATE LTD.	100	500	100,000		500	100,000
VXL INSTRUMENTS LTD (REFER NOTE BELOW)	10	900,000	35,100,000		900,000	35,100,000
TOTAL UNQUOTED			35,200,000			35,200,000
TOTAL (RS.)			35,200,000			35,200,000

NOTE: SHARES OF VXL INSTRUMENTS ARE IN THE PROCESS OF LISTING.

AS AT 31.03.2006	AS AT 31.03.2005
Rs.	Rs.

SCHEDULE - G

INVENTORIES

(As valued and certified by the management)

ELECTRONICS	141,195,352	162,268,286
CHEMICALS	2,442,500	2,735,000
SPARE PARTS	—	1,113,523
STOCK IN TRANSIT	—	3,306,900
	143,637,852	169,423,709

SCHEDULE - H

SUNDRY DEBTORS

(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED)

OUTSTANDING FOR MORE THAN 6 MONTHS		
CONSIDERED DOUBTFUL	6,676,220	6,676,220
LESS : PROVISION FOR DOUBTFUL DEBTS	6,676,220	6,676,220
	—	—
OTHERS	29,019,777	29,019,777
OTHER DEBTS	249,231,355	246,847,039
	278,251,132	275,118,551

SCHEDULE - I

CASH & BANK BALANCES

CASH IN HAND (INCLUDING STAMPS)	123,886	252,271
BALANCE WITH SCHEDULED BANKS		
IN CURRENT ACCOUNT	3,746,359	3,954,857
IN FOREIGN CURRENCY ACCOUNT	238,156	238,156
IN UNCLAIMED DIVIDEND ACCOUNT	93,036	95,770
IN MARGIN MONEY ACCOUNT	15,105,698	13,381,308
	19,183,249	17,670,091
	19,307,135	17,922,362

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
SCHEDULE - J		
OTHER CURRENT ASSETS		
EXPORT INCENTIVES RECEIVABLE	1,239,913	3,134,540
INSURANCE CLAIM RECEIVABLE	28,683	625,633
INCENTIVE / CLAIM RECEIVABLE FROM SUPPLIERS	8,816,878	15,396,555
SHARE APPLICATION MONEY	114,000	114,000
RENT RECEIVABLE	—	1,281,290
INTEREST RECEIVABLE	110,573	179,720
OTHER CURRENT ASSETS	371,730	1,039,725
	<u>10,681,777</u>	<u>21,771,463</u>
SCHEDULE - K		
LOANS & ADVANCES		
(UNSECURED, CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	3,888,663	1,987,618
LOANS TO EMPLOYEES	1,514,807	1,440,008
ADVANCE TAX & TAX DEDUCTED AT SOURCE	13,897,969	7,191,949
ADVANCE FRINGE BENEFIT TAX	661,436	—
DEPOSITS OTHERS	23,289,094	23,417,036
ADVANCES TO SUPPLIERS	214,303	241,957
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>45,883,323</u>	<u>36,695,619</u>
SCHEDULE - L		
CURRENT LIABILITIES		
SUNDRY CREDITORS (REFER NOTE 12 OF SCHEDULE "T")	148,966,636	172,492,561
INVESTOR EDUCATION & PROTECTION FUND : **		
UNCLAIMED DIVIDEND	77,559	80,159
COMMISSION EXPORT	12,127,739	9,276,760
BANK BALANCES (TEMPORARY OVERDRAFT)	5,352,135	6,413,714
ADVANCE FROM CUSTOMERS	2,546,021	16,366,492
RENT DEPOSIT	2,538,360	3,856,458
INTEREST ACCRUED BUT NOT DUE ON LOANS	1,802,076	1,368,247
OTHER LIABILITIES	12,021,174	10,647,844
	<u>185,431,700</u>	<u>220,502,235</u>
** Amounts due and outstanding to be credited to Investor Education and Protection Fund Rs. NIL (Previous year Rs. NIL)		
SCHEDULE - M		
PROVISIONS		
PROVISION FOR TAXATION	4,830,202	2,576,202
PROVISION FOR FRINGE BENEFIT TAX	725,070	—
PROVISION FOR GRATUITY	3,798,130	3,786,545
PROVISION FOR WARRANTY (REFER NOTE 18 OF SCHEDULE "T")	989,796	1,010,378
	<u>10,343,198</u>	<u>7,373,125</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	2005-2006 Rs.	2004-2005 Rs.
SCHEDULE - N		
SALES		
LOCAL	915,876,972	1,067,323,767
EXPORTS	393,619,255	461,826,474
	<u>1,309,496,227</u>	<u>1,529,150,241</u>
SCHEDULE - O		
OTHER INCOME		
PROFIT ON SALE OF FIXED ASSETS (NET)	—	11,897
EXPORT INCENTIVES	723,858	2,327,647
RENT INCOME (GROSS, TDS RS.20,71,037/-, PREVIOUS YEAR RS.18,77,178/-)	9,331,958	8,967,937
MISCELLANEOUS INCOME	2,022,736	2,101,700
	<u>12,078,552</u>	<u>13,409,181</u>
SCHEDULE - P		
COST OF MATERIAL		
<u>RAW MATERIAL CONSUMED</u>		
OPENING STOCK	—	—
ADD : RECEIVED FOR MANUFACTURING SYSTEMS	5,808,712	7,203,120
ADD : PURCHASE OF OF SOFTWARE LICENCES	50,789,018	—
LESS : CLOSING STOCK	—	—
	<u>56,597,730</u>	<u>7,203,120</u>
TRADED GOODS		
OPENING STOCK	158,946,701	202,768,384
LESS : VAT SET OFF ON OPENING STOCK	56,019	—
	<u>158,890,682</u>	<u>202,768,384</u>
ADD : PURCHASES	1,170,209,027	1,398,028,200
LESS: INSURANCE CLAIM RECEIVED	19,967,989	—
LESS : ISSUED FOR MANUFACTURING SYSTEMS	5,808,712	7,203,120
LESS : CLOSING STOCK	143,023,254	158,946,701
	<u>1,160,299,754</u>	<u>1,434,646,763</u>
PACKING MATERIAL CONSUMED	35,037	64,117
(INCREASE) / DECREASE IN FINISHED GOODS		
OPENING STOCK	7,170,108	9,411,926
CLOSING STOCK	614,598	7,170,108
	<u>6,555,510</u>	<u>2,241,818</u>
	<u>1,223,488,031</u>	<u>1,444,155,818</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	2005-2006	2004-2005
	Rs.	Rs.
SCHEDULE - Q		
PAYMENTS TO & PROVISION FOR EMPLOYEES		
SALARIES, BONUS, ALLOWANCES ETC.	19,891,124	22,313,699
CONTRIBUTION TO P F AND OTHER FUNDS	1,534,016	1,838,909
WELFARE EXPENSES	1,022,448	1,180,170
	<u>22,447,588</u>	<u>25,332,778</u>
SCHEDULE - R		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
FREIGHT OUTWARD	7,014,837	9,693,621
INSURANCE AND ECGC PREMIUM	2,921,767	2,343,011
ELECTRICITY	829,032	1,034,060
BANK CHARGES	7,891,615	4,708,636
TRAVELLING & CONVEYANCE	4,024,158	4,768,677
ADVERTISEMENT, PUBLICITY & SALES PROMOTION	2,711,846	959,025
WAREHOUSING / DEMMURAGE CHARGES	1,105,761	315,555
REPAIRS & MAINTENANCE :- BUILDING	735,421	629,828
OTHERS	663,924	1,009,458
DIRECTORS FEES	32,000	35,500
DIRECTORS REMUNERATION	1,950,000	2,100,000
RENTPAID	6,278,488	6,704,945
RATES AND TAXES	369,230	185,636
COMMISSION & BROKERAGE	3,230,196	6,693,457
PRELIMINARY EXPENSES WRITTEN OFF	13,822	13,822
PROVISION FOR DOUBTFUL DEBTS	—	1,054,097
LOSS ON EXCHANGE RATE FLUCTUATION (NET)	1,369,708	3,896,977
LOSS BY THEFT	177,048	—
LOSS ON SALE / OBSOLESCENCE OF FIXED ASSETS	542,158	—
MISCELLANEOUS EXPENSES	10,116,011	9,257,590
	<u>51,977,022</u>	<u>55,403,895</u>
SCHEDULE - S		
INTEREST (NET)		
INTEREST ON FIXED LOANS	64,397	32,732
INTEREST ON OTHER LOANS	12,540,421	4,887,913
	<u>12,604,818</u>	<u>4,920,645</u>
LESS : INTEREST RECEIVED (REFER NOTE 17 OF SCHEDULE T) (Gross, TDS Rs.138,133/- Previous year Rs. 105,305/-)	<u>945,069</u>	<u>750,414</u>
	<u>11,659,749</u>	<u>4,170,231</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 immoveable 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.
- (c) Provision for Fringe benefit tax is determined at current applicable rates on expenses fallen within the ambit of Fringe benefit as defined under the Income Tax act, 1961.

J. LEASE

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

K. IMPAIRMENT OF ASSETS :

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

L. PROVISIONS AND CONTINGENT LIABILITIES :

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

2. Contingent Liabilities :

	2005-2006 Rs.	2004-2005 Rs.
i) Disputed Income tax liability	19,658,321	16,229,499
ii) Disputed Sales tax liability	14,770,645	10,374,926
iii) Disputed Cess liability	313,314	—
iv) Claims against the Company not acknowledged as debts.	48,314	48,314
v) Counter Guarantee given to bankers in respect of guarantee given by them.	550,000	716,145

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. 163,463/- (Previous year Rs. 8,238/-)

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)	828 (835)
Software Manufacturing *		—	32,100
* Installed capacity cannot be determined		(—)	(—)

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

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

Product	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Chemical	Kg.	16,500 (9,200)	2,735,000 (1,904,500)	176,329 (175,675)	30,468,996 (57,191,675)	178,329 (168,375)	37,334,048 (67,655,833)	14,500 (16,500)	2,442,500 (2,735,000)
Computer Sub systems Parts Peripherals &	Nos	262,136 (253,203)	155,098,178 (199,348,432)	1,052,674 (3,204,641)	1,133,931,319 (1,333,633,405)	1,117,492 (3,195,981)	1,204,669,774 (1,447,124,826)	197,318 (262,136)	140,580,754 (155,098,178)
Mother Boards	Nos.	— (—)	— (—)	— (—)	— (—)	32,100 (—)	61,454,251 (—)	— (—)	— (—)
Software manufactured Computer systems	Nos.	225 (836)	7,170,108 (9,411,926)	— (—)	— (—)	896 (1,173)	6,038,154 (14,369,582)	157 (225)	614,598 (7,170,108)
TOTAL:		278,861 (263,239)	165,003,286 (210,664,858)	1,229,003 (3,380,316)	1,164,400,315 (1,390,825,080)	1,296,717 (3,365,529)	1,309,496,227 (1,529,150,241)	211,975 (278,861)	143,637,852 (165,003,286)



			2005-2006	2004-2005
Notes				
a) (i) Sales of Computer parts, peripherals etc. includes				
- Used for Self consumption			228	414
- Used for Manufacturing system.			4,061	6,816
- Issues as free Distribution/Schemes (net of free receipts)			18,274	71,059
(ii) Sales of Computer system includes				
- Used for Self consumption			—	1
b) Purchases of Computer parts and peripherals includes				
- Received for replacement			18,446	29,850
- Issued as replacement			17,330	29,479
c) Figures in bracket are in respect of Previous Year.				
5. Consumption of raw materials and bought-out components :				
	Quantity	Value	Quantity	Value
Computer Parts	4,061	5,808,712	6,816	7,203,120
Software Licences	32,100	50,789,018	—	—
		<u>56,597,730</u>		<u>7,203,120</u>
Break-up of Imported / Indigineous	% of total Consumption		% of total Consumption	
Imported	96.27	54,483,851	72.95	5,254,454
Indigineous	3.73	2,113,879	27.05	1,948,666
	<u>100.00</u>	<u>56,597,730</u>	<u>100.00</u>	<u>7,203,120</u>
			Rs.	Rs.
6 VALUE OF IMPORTS ON CIF BASIS				
Traded goods			641,550,576	745,161,403
Material Purchased			50,789,018	—
			<u>692,339,594</u>	<u>745,161,403</u>
7. EXPENDITURE IN FOREIGN CURRENCY				
Commission on Exports			3,035,397	5,938,668
Remuneration to Executive Director			1,500,000	1,500,000
Travelling expenses			67,350	306,850
Warranty extention charges			1,587,702	670,628
			<u>6,190,449</u>	<u>8,416,146</u>
8. EARNINGS IN FOREIGN CURRENCY				
Export [On FOB Basis]			392,075,770	456,312,418
9. MANAGERIAL REMUNERATION				
Remuneration to Executive Directors			1,950,000	2,100,000
10. PAYMENT TO AUDITORS.				
a) Audit Fees (Including Limited Review)			280,000	280,000
b) Tax Audit Fees			60,000	60,000
c) Tax Matters			65,000	20,000
d) Other Matters			55,500	10,000
e) Company Law Matters			—	—
f) Towards Service Tax			43,401	36,800
			<u>503,901</u>	<u>406,800</u>

11. Lease Disclosures for Operating Leases :

Assets taken on Lease	2005-2006 Rs.	2004-2005 Rs.
a) The total of Future minimum Lease payments under Non-cancelable operating leases for :		
(i) Not later than one year	—	701,250
(ii) Later than one year and not later than five years	—	—
b) Lease payment recognized in the statement of Profit & Loss for the period under the schedule " Other Expenses"	6,278,488	6,704,945
c) Sub lease income recognized in the statement of Profit and Loss for the period	4,260,000	4,336,818
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 :	2005-2006	2004-2005
	Rs.	Rs.
Original Cost	34,869,404	34,869,404
Accumulated Depreciation	7,003,209	5,536,567
Written Down Value	27,866,195	29,332,837
Depreciation for the period recognized in the statement of Profit and Loss	1,466,642	1,543,833
2. Future minimum lease rentals receivables as on 31.03.2006 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.50,71,958/- (Previous Year Rs.46,31,119/-) 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.36,90,650 (Previous year Rs.27,96,450/-) and due to other than Small Scale Industrial Undertakings of Rs.14,58,01,619 (Previous year Rs.16,56,59,079/-). 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, 2006.

- A. Information about Primary Business Segments

(Rupees in Lakhs)

Product	Electronics		Chemicals		Unallocated		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Revenue								
External Customers	12,721.62	14,614.94	373.34	676.56	—	—	13,094.96	15,291.50
Inter-segment	—	—	—	—	—	—	—	—
Total Revenue	12,721.62	14,614.94	373.34	676.56	—	—	13,094.96	15,291.50
Result								
Segment Result	407.31	344.14	(1.91)	19.96	—	—	405.40	364.11
Unallocated expenditure net of unallocated income					(205.72)	(232.93)	(205.72)	(232.93)
Interest Expense (net)					116.60	41.70	116.60	41.70
Dividend Income					—	—	—	—
Profit before taxation and exceptional items	407.31	344.14	(1.91)	19.96	(322.31)	(274.63)	83.09	89.48
Exceptional items							—	0.30
Provision for taxation								
Current Tax							17.54	6.88
Wealth Tax							5.00	4.70
Deffered Tax							12.73	37.47
Fringe Benefit Tax							7.25	—
Profit ater taxation and exceptional items	407.31	344.14	(1.91)	19.96	(322.31)	(274.63)	40.57	40.13
Excess/(Short) Provision for Income tax							—	(20.59)
Net Profit	407.31	344.14	(1.91)	19.96	(322.31)	(274.63)	40.57	19.54
Other Information								
Segment Assets	4,441.13	4,702.93	106.51	182.78	1,276.01	1,222.57	5,823.64	6,108.28
Segment Liabilities	2,726.56	3,040.68	201.54	205.54	685.48	692.58	3,613.58	3,938.80
Capital expenditure	0.04	1.04	—	—	3.18	17.61	3.22	18.65

B. Information about Secondary Business Segments

(Rs. In Lakhs)

	Within India		Outside India		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Revenue by geographical market	9,765.99	10,673.24	3,328.97	4,618.26	13,094.96	15,291.50
Total	9,765.99	10,673.24	3,328.97	4,618.26	13,094.96	15,291.50
Carrying amount of segment assets	4,001.85	4,729.97	1,821.80	1,378.31	5,823.64	6,108.28
Additions to fixed assets	3.22	18.65	—	—	3.22	18.65

Notes :-

(i) The company is into two main business segments, namely; Electronics - Computer peripherals and systems
Chemicals - Export of Textile Dyes and Intermediates Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

(ii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

14. Related parties disclosure in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

(Amount in Rs.)

Transactions during the year.	Parties where control exists		Directors of the company		Relative of Director		TOTAL	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Remuneration			1,950,000	2,100,000	38,400	38,400	1,988,400	2,138,400
Services Rendered to M/s. Priya International Ltd.	1,569,145	1,557,576					1,569,145	1,557,576
Receiving of services	2,550,969	2,550,612					2,550,969	2,550,612
Inter corporate deposits repaid to Priya International Ltd.	57,443,720	66,161,007					57,443,720	66,161,007
Interest paid on Loans to Mr.Ashish Bhawania			588,388	232,985			588,388	232,985
Inter corporate deposits taken from M/s.Priya International Ltd.	54,847,661	69,108,838					54,847,661	69,108,838
Interest expense on Intercorporate deposits received from M/s. Priya International Ltd.	1,542,099	1,465,600					1,542,099	1,465,600
Loans received from Directors			609,104	17,800,000			609,104	17,800,000
Loans repaid to Director							650,000	—
Balances at the year end.								
Deposit against receiving of services	18,000,000	18,000,000					18,000,000	18,000,000
Outstanding against Loans received from Directors			17,759,104	17,800,000			17,759,104	17,800,000
Outstanding against receiving of services	3,346,462	2,542,851					3,346,462	2,542,851
Outstanding on Inter corporate deposits	20,410,101	23,006,160					20,410,101	23,006,160
Interest Payable	1,196,052	1,159,143	528,372	209,104			1,724,424	1,368,247

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

(Amount in Rs.)

Nature of transaction	Name of the related party	2005-2006	2004-2005
Transactions during the year.			
Remuneration to Directors	Mr. Ashish Bhawania	1,500,000	1,500,000
Receiving of Services	M/s.Brent Properties & Investment P.Ltd	1,200,000	1,200,000
	M/s.Cheshire Properties & Investment P.Ltd	1,200,000	1,200,000
Loans received from Directors	Mr.Ashish Bhawania	209,104	8,900,000
	Mr.A.K. Bhawania	400,000	8,900,000
Loans repaid to Directors	Mr.Ashish Bhawania	1,00,000	—
	Mr.A.K. Bhawania	5,50,000	—

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. Bhawania |
| (b) Priya Chemicals | (b) Mr. Ashish Bhawania |
| (c) Gaurav Chemicals P.Ltd. | (c) Mr. Aditya Bhawania |
| (d) Brent Properties & Investment P.Ltd. | |
| (e) Cheshire Properties & Investment P. Ltd. | 3. Relative of Director |
| (f) Halifax Properties & Investment P.Ltd. | (a) Mrs. Saroj Bhawania, wife of Mr.A.K.Bhawania |

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:

	2005 - 06	2004 - 05
Profit before extra ordinary items and Taxation (Rs.)	8,308,627	8,947,718
Less : Provision for tax (Net of extra ordinary items) (Rs.)	1,754,000	688,000
Less : Provision for Wealth Tax (Net of extra ordinary items) (Rs.)	5,00,000	4,70,000
Less : Provision for Deferred tax (Net of extra ordinary items) (Rs.)	1,272,686	3,746,741
Less : Provision for Fringe benefit tax (Net of extra ordinary items) (Rs.)	<u>725,070</u>	<u>—</u>
Profit and loss after taxation and before Extraordinary items (net of tax) (Rs.)	4,056,871	4,042,977
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	1.35
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:

	2005 - 06	2004 - 05
Profit attributable to the Equity Shareholder (Rs.)	4,056,871	4,012,977
Weighted average number of Equity Share outstanding during the year (Nos)	3,002,300	3,002,300
Basic & Diluted earning per share (Rs.)	1.35	1.34
Face value of each share (Rs.)	10	10

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

	2005 - 06	2004 - 05
Deferred tax Assets		
- On account of Expenses allowable under income tax when paid	1,276,664	1,274,551
- On account of provision for doubtful debts	2,247,216	2,247,216
- On account of provision for Warranty	333,165	340,093
- On account of Carry forward losses	<u>9,005,618</u>	<u>10,665,138</u>
Rs.	12,862,663	14,526,998
Less: Deferred tax Liabilities		
- On account of difference in depreciation as per books and Income Tax Act, 1961	<u>107,683</u>	<u>499,332</u>
Rs.	<u>12,754,980</u>	<u>14,027,666</u>

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	838,329	656,341
Interest received on Staff Loans	<u>106,740</u>	<u>94,073</u>
	<u>945,069</u>	<u>750,414</u>

18. Disclosure relating to provisions

Provision related to	Opening Balance	Additions	Utilisation	Reversal	Closing Balance	Brief Description of Provision made.
Warranty	1,010,378	529,949	550,531	—	989,796	The company gives Warranties at the time of Sales of Main Products to the customers. Under the terms of Contract of Sales. The company undertakes to make good by replacement or repairs, Manufacturing defects that has arise within 1-3 years from the date of sale. A provision has been recognised for the expected Warranty claims on products sold based on past experience.

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

20. 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.

21. 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
PLACE : MUMBAI
DATED : 29TH JUNE, 2006

A. K. BHUWANIA CHAIRMAN
R. K. SARASWAT DIRECTOR

Additional information pursuant to Part IV of Schedule VI to the companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	40713	State Code	11
Balance Sheet Date	31 03 2006		
	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	581,757	Total Assets	581,757
		(Net of current liabilities & provisions)	

Sources of Funds

Paid up Capital	30,023	Reserves and Surplus	190,984
Secured Loans	126,807	Unsecured Loans	38,169

Application of Funds

Net Fixed Assets and W.I.P.	36,027	Investments	35,200
Net Current Assets	301,986	Net Deferred Tax Assets	12,755
Misc. Expenditure	14	Accumulated Losses	NIL

IV Performance of Company (Amount in Rs. thousands)

Turnover	1,321,575	Total Expenditure	1,313,265
Profit/Loss Before Tax (+) (-)	8,309	Profit/Loss after Tax (+) (-)	4,057
Earning per share in Rs.	1.35	Dividend Rate %	NIL

V Generic Name of Three Principal Products / Services of Company

i. Item Code No (ITC Code)	903289.90
Product description	Thin Client Itona
ii. Item Code No (ITC Code)	847330.20
Product description	Computer Mother Boards
iii. Item Code No (ITC Code)	847330.10
Product description	CPU

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

A. K. BHUWANIA CHAIRMAN

R. K. SARASWAT DIRECTOR

PLACE : MUMBAI
DATED : 29TH JUNE, 2006



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 19th 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 18th day of August, 2006 at 11.00 A.M. and at any adjournment(s) thereof.

Signed this day of 2006.

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 19th ANNUAL GENERAL MEETING of the Company at "Hall of Quest", Nehru
Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai -400018 on Friday, the 18th day of August, 2006 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.

**19th ANNUAL GENERAL MEETING**

Date : 18th August, 2006
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 R. K. SARASWAT *Director*
SHRI M. H. DALAL *Director (till 29th June, 2006)*
SHRI M. K. ARORA *Director*
SHRI ASHISH BHUWANIA *Executive Director*
SHRI ADITYA BHUWANIA *Executive Director*

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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