

**NOTICE**

NOTICE is hereby given that the **Twenty-First Annual General Meeting** of the members of **PRIYA LIMITED** will be held at "Hall of Quest" Worli Mumbai-400 018 on Thursday, the 25<sup>th</sup> day of September, 2008 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 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. M. K. Arora**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration.

**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 19<sup>th</sup> day of September 2008 to 25<sup>th</sup> day of September 2008 (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 2001-02 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

**Mayank Bhargava**  
Company Secretary

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2008.

**Registered Office:**

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

**DIRECTORS' REPORT**

To

The Members,

Your Directors hereby present the 21<sup>st</sup> **Annual Report** along with the audited accounts for the financial year ended 31<sup>st</sup> March, 2008.

**FINANCIAL RESULTS**

	(Rs. in Lakhs)	
	<u>Year Ended</u> <u>31/03/2008</u>	<u>Year Ended</u> <u>31/03/2007</u>
<b>Sales</b>		
Export	<b>8806.71</b>	8332.21
Local	<b>9114.50</b>	8298.61
	<b>17921.21</b>	16630.82
Other Income	<b>167.72</b>	126.18
	<b>18088.93</b>	16757.00
Profit/ (Loss) before Tax and Extra Ordinary Item	<b>154.22</b>	114.71
Extra ordinary item		
Profit/ (Loss) before Tax and after Extra Ordinary Items	<b>154.22</b>	114.71
Provision for taxation-Current Tax	<b>19.25</b>	19.25
Provision for taxation-Wealth Tax	<b>5.44</b>	5.47
Provision for taxation-Deferred Tax	<b>42.65</b>	18.45
Provision for taxation-Fringe Benefit Tax	<b>3.98</b>	4.18
Profit / (Loss) after tax	<b>82.90</b>	67.36
Taxation of earlier years	<b>(0.92)</b>	(0.04)
Balance brought forward	<b>6.56</b>	(60.76)
Balance carried to Balance Sheet	<b>88.45</b>	6.56

**DIVIDEND**

In view of the insufficient profit by the company during the year, your directors do not recommend any dividend for the financial year 2007-08.

**OPERATIONS**

Your company has experienced growth in revenue and profit in the year under review. During the year, your company's total income grew to Rs. 18088.93 Lacs from Rs. 16757.00 Lacs in the previous year. The profit after tax and exceptional item increased to Rs. 82.90 Lacs from Rs. 67.36 Lacs

Keeping change with the changing dynamics of the industry your company has been able to perform better during the year. In export of electronic products company has registered significant growth. There was a reduction in the export turnover of Dyestuff, Bulk Pharmaceuticals and intermediaries to Rs. 201.62 Lacs as compared to Rs. 332.60 Lacs during the previous year. The reduction is mainly on account of sharp increase in the raw material prices which were caused by

increased international price of Petroleum products. We are exploring the possibility of exporting to other emerging economies and European countries.

The strong growth in electronic export indicates the remarkable progress your company has made in capturing the ever expanding European electronic market. We expect to maintain the same performance in the years to come.

Your company is concentrating in the marketing of VXL thin clients and other computer peripherals such as monitors, CPU & Mother Boards and is proceeding to capture greater market share in these key areas. Your company is also thriving to build an image of a complete system solution provider by marketing enterprise level software in the Indian Market.

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

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

**DIRECTORS**

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

**AUDITORS**

M/s. M. L. Bhuwania & Co., Chartered Accountants who are to retire at the conclusion of the forthcoming Annual General meeting, have offered themselves for re-appointment as Auditors of the Company. A written certificate to the effect that their appointment, if made, would be within the prescribed limits under Section-224(1B) of the Companies Act, 1956, has been obtained by the Company from them. The members are requested to consider their reappointment and fix 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 2007-08 and of the Profit of the company for that the year ended on 31<sup>st</sup> March, 2008;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

#### DEMATERIALIZATION

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

#### LISTING OF SHARES

Your company's shares have been listed with The 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 and the company is constantly following up with the Exchange for completion of the process. The listing fee for the financial year 2008-2009 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 31<sup>st</sup>, 2008.

#### PARTICULARS OF EMPLOYEES:

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the company has no employees who were in receipt of the remuneration of Rs.24,00,000/- or more per annum during the year ended 31<sup>st</sup> March, 2008 or Rs.2,00,000/- or more per month during any part of the said year.

#### APPRECIATION

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

For and on behalf of the Board

**Aditya Bhuwania**  
Executive Director

**R.K. Saraswat**  
Director

Place : Mumbai

Dated : 30<sup>th</sup> June, 2008.

#### 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:

Electronics and Information Technology is the fastest growing segment of Indian industry both in terms of production and exports. In a year that witnessed all-round economic growth, according to International Data Corporation's India Quarterly PC Tracker, the Indian personal computer market witnessed a considerable year-on-year growth in unit shipments.. The virtual decline in computer prices in the past few years, during which period there has been an improvement in the disposable income of the people, together have considerably increased the affordability of computers. Also, easy finance schemes, SOHO and SME segments, remarkable rise in IT and IT enabled service markets, e-governance initiatives by Central and state governments and various government departments apart from demand from households, together have bolstered the pace of growth. In 2008, IDC feels that the IT market will continue to be driven mainly by hardware spending across consumer and enterprise segments. India should remain the fastest growing country by hardware spending in the world in 2008.

#### Chemical Division:

The market failed to improve last year and we are still unclear about its direction this year. Due to the sudden increase in the oil prices, all raw material prices have gone up, while finished goods prices have remain subdued due to slower markets.

### 1.2 OPPORTUNITIES AND THREATS

#### Electronics Division:

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

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

#### Chemical Division:

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

intermediates and also Bulk Pharmaceuticals.

### 1.3 SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

#### Electronics Division:

The overall performance during the year was satisfactory in comparison with the last year, the segment result, before adjustment for unallocated expenses (net) and provisions for taxation, increased to Rs. 598.71 Lakhs as compared to Rs. 488.74 Lakhs in the previous year.

#### Chemical Division:

There is drop in the turnover 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 electronic industry shows no sign of recession, or even slowing down much. The growing Indian market for electronic products is over US\$25 bn and is growing at about 30% per annum. At this rate it is projected to exceed US\$ 70 bn by 2010 and US\$158 Bn by 2015.

Big corporate houses, banks, educational and healthcare segments increasingly opt the thin client technology in comparison to P.C - Server technology which offers bright future to our Electronic division.

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

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

#### Chemical Division:

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

### 1.5 RISKS AND CONCERNS

#### Electronics Division:

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

The competition between multinationals to capture the market has resulted in the reduction in margins. The talent crunch in research and development affects the introduction of novel products. Quickly vanishing dealers are adding to the bad debt pile for the industry as a whole and is another area of concern.

**Chemical Division:**

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

**1.6 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

**1.7 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The company has achieved a sales turnover of 17921.21 Lacs in the year 2007-08 as compared to Rs. 16630.82 Lacs in 2006-2007, reflecting a strong growth in the electronic export business. The company has earned a profit (before tax and extra ordinary items) of Rs 154.72 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 114.71 Lacs in the previous year.

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

**Human Resources:** The company and its management value the dedication of its employees and acknowledge their contribution in achieving the long term and short term goals of the company. Human Resources Development activities predominantly comprised of training and development of employees. Apart from the normal training programs for the employees, the Company has carried out various organizational development processes, primarily to bring about transformation process within the organization.

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

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

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

**AUDITOR'S REPORT TO THE MEMBERS OF PRIYA LIMITED**

1. We have audited the attached Balance Sheet of **Priya Limited**, Mumbai as at 31st March 2008, 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 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 2008;
    - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

M. L. Bhuwania & Co.  
Chartered Accountants

J. P. Bairagra  
Partner

Membership No: 12839

Place : Mumbai

Dated : 30<sup>th</sup> June, 2008.

**Annexure referred to in paragraph 3 of Auditor's report to the members of Priya Limited for the year ended 31<sup>st</sup> March 2008.**

On the Basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

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

During the year, the Company has taken loan from companies and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company. There are no stipulations with respect to the repayment of the loan and the interest thereon. The details of loan transactions are as under:

No. of parties	Total amount of loan taken	Maximum balance outstanding during the year.	Amount outstanding at the end of the year.
4	10,02,55,945	6,28,10,824	4,30,78,909

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year covered by the audit. Accordingly, clause 4 (vi) of the Order is not applicable to the Company.
- (vii) The Company does not have a formal internal audit system.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable except Wealth Tax of Rs. 5,46,740, ESIC dues of Rs. 2,366 and Sales Tax of RS. 1,06,558.

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	85,37,135	Income Tax Appellate Tribunal
Income Tax Act	Demand for tax liability	2001-02	1,48,146	Rectification u/s 154 pending with Assessing Officer.
Uttar Pradesh Trade Tax Act, 1948	Demand for Sales tax	2005-06	94045	Assistant Commissioner Trade Tax, Lucknow
State Development Tax Act, 2005	Demand for Sales tax	2005-06	25,968	Assistant Commissioner Trade Tax, Lucknow
Central Sales Tax Act, 1956	Demand for Sales tax	2001-02 to 2002-03	2,649	Sales Tax Appellate Tribunal
Kerala General Sales Tax Act, 1963	Demand for Sales tax	2002-03	53672	Sales Tax Appellate Tribunal
Bihar Finance Act, 1981	Demand for Sales tax	2003-04 to 2005-06	2,45,182	Deputy Commissioner of Sales Tax
Central Sales Tax Act, 1956	Demand for Sales tax	2001-02 to 2004-05	1,36,05,605	Deputy Commissioner of Sales Tax
West Bengal Sales Tax Act, 1994	Demand for Sales tax	2002-03 to 2004-05	1,21,840	Deputy Commissioner of Sales Tax

- (x) The accumulated losses of the Company at the end of the financial year on 31/03/2008 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.
- (xi) As per the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks, except in the case of retirement of Letter of Credits (LC's), where in 12 cases a total amount of Rs.7,89,95,525 was repaid after the due date of L.C. The period of delay ranges between 1 to 9 days. The Company has not borrowed from the financial institutions and does not have any borrowings by way of debentures.
- (xii) Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute application to chit fund and nidhi/mutual benefit fund/societies. Accordingly, clause 4 (xiii) of the order is not applicable to the Company.
- (xiv) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion, the Company is not dealing / trading in shares, securities, debentures and other investment. Accordingly, clause 4 (xiv) of the order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2008.

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

J. P. Bairagra  
Partner  
Membership No: 12839

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2008.

**CORPORATE GOVERNANCE REPORT**

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

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

**1. PHILOSOPHY ON CORPORATE GOVERNANCE.**

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

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

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

**Code of conduct**

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

**2. BOARD OF DIRECTORS**

The Board of Directors ("the Board") as at 31<sup>st</sup> March, 2008 comprises of 5(five) directors of which 2 are Executive Directors and 3 are non-executive Directors. All the members of Board are persons with vast experience, expertise and knowledge in the industry, technology, finance, law and marketing.

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

Seven Board Meetings were held during the financial year 2007-08 at the Registered Office of the company on the following dates:

7<sup>th</sup> May 2007; 30<sup>th</sup> June 2007; 31<sup>st</sup> July 2007; 6<sup>th</sup> September 2007; 31<sup>st</sup> October 2007; 28<sup>th</sup> January 2008; 28<sup>th</sup> February 2008.

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

Name of Director	Category	Attendance		No. of outside directorships and Committee membership / Chairmanship		
		Board Meeting	Last AGM*	Public Limited Company Directorship	Committee membership **	Chairmanship **
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	5	Yes	2	-	-
Mr. R. K. Saraswat	Independent /Non- executive Director	7	No	2	1	1
Mr. M. K. Arora	Independent/Non-Executive Director	7	No	5	2	1
Mr. Ashish Bhuwania	Promoter/Executive Director	0	No	-	-	-
Mr. Aditya Bhuwania	Promoter/Executive Director	7	Yes	1	-	-

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

\* Annual General Meeting (AGM) for the financial year 2006-07 was held on 21<sup>st</sup> September 2007.

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

An Independent Director is a Director who:

- a. apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies;
- b. is not related to promoters or management at the board level or at one level below the board;
- c. has not been an executive of the company in the immediately preceding three financial years;
- d. is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the company, and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal

firm(s) and consulting firm(s) that have a material association with the entity.

- e. is not a supplier, service provider or customer of the company. This should include lessor-lessee type relationships also; and
- f. is not a substantial shareholder of the company, i.e. owning two percent or more of the block of voting shares.
- g. Is not less than 21 years of age.

#### **BOARD PROCEDURE**

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

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

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

#### **APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

The details of appointment and reappointment of Directors are provided in the notice to the Annual General meeting.

#### **3. BOARD COMMITTEES:**

The Board had constituted the following committees of Directors:

- 1. Audit Committee
- 2. Remuneration and Compensation Committee
- 3. Share holders Grievance Committee

##### **I) AUDIT COMMITTEE**

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

##### **i. Terms of Reference:**

The terms of reference of the audit committee include the matter specified under sub clause (ii) & (iv) of clause 49 of the listing agreement.

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

The following power are vested with the Audit Committee:

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

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

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the board, the appointment, reappointment and removal of external auditor, fixation of audit fee.
- c) Approval of payment to statutory Auditors for any other services rendered by the statutory auditors.
- d) Reviewing with management the annual financial statements before submission to the board focusing primarily on;
  - i) Matter required to be included in the Directors Responsibility statement to be included in the Board Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - ii) Any changes in accounting policies and practices with reasons for the same.
  - iii) Major accounting entries involving estimates based on exercise of judgment by management.
  - iv) Significant adjustments arising out of audit findings.
  - v) Compliance with listing legal and other statutory requirement relating to financial statements.
  - vi) Compliance with accounting standards.

- vii) Disclosure of related party transactions.
- viii) Qualification in draft audit report.
- e) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- f) Reviewing with the management the quarterly financial statement, before submission to the Board for approval.
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- h) Discussion with internal auditors on significant findings and follow up thereon.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j) Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) Reviewing the functioning of Company's Whistle Blower Mechanism.
- l) Carry out such other function as is mention in the terms of reference of the audit committee.

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

As per the requirement of clause 49 of the listing agreement the audit committee responsible for reviewing the following information:

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

**v. Composition of Audit Committee**

The committee duly comprised of following Non-Executive Directors:

NAME	CATEGORY	Audit committee meeting held on			
		30.6.07	31.7.07	31.10.07	28.01.08
Mr. R.K. Saraswat	Chairman	Present	Present	Present	Present
Mr. M.K Arora	Member	Present	Present	Present	Present
Mr. A.K Bhuwania	Member	Absent	Present	Absent	Present

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

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

The Chairman of the Audit committee was not present in the last Annual General Meeting.

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

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

All the Suggestions/Recommendations made by the Audit Committee during the financial year 2007-2008 were considered and accepted by the Board.

**II) REMUNERATION COMMITTEE**

**i) Terms of Reference**

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

**ii) Composition of the Committee**

The remuneration Committee has three non-Executive Members out of which Two (2) are Independent. The Remuneration Committee was being reconstituted on 7<sup>th</sup> May 2007. The details of the members are as under:

Name of Director/ Member	Designation	Category	Committee Meeting held on 30 <sup>th</sup> June, 07
Mr. M.K Arora	Chairman	Independent /Non- executive Director	Present
Mr. R.K. Saraswat	Member	Independent/Non-Executive Director	Present
Mr. A.K. Bhuwania	Member	Non Executive Chairman	Absent

**iii) Remuneration Policy**

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

**A. Non Executive Directors**

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

Name of Director	Category	Salary (Rs.)	Sitting Fees (Rs.)
Mr. A. K. Bhuwania	Promoter/Non-Executive Chairman	NIL	1,000
Mr. R K Saraswat	Independent/ Non Executive Director	NIL	18,000
Mr. .M K Arora	Independent/ Non Executive director	NIL	21,000
Total		NIL	40,000

**Executive Directors**

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

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

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

\*The salary for the year 2007-08 is due but not paid since the approval from Central government is still pending.

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

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

Name of Director	No of Shares
Mr. A.K Bhuwania	669,710
Mr. R K Saraswat	NIL
Mr. .M K Arora	NIL

**III) SHAREHOLDER'S / INVESTOR GRIEVANCE COMMITTEE**

The Board of Directors had constituted the Shareholders Grievance Committee.

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

**COMPOSITION OF THE COMMITTEE**

Mr. M.K. Arora, Non- Executive and Independent Director is the Chairman of the Shareholders Grievance Committee.

The Composition of the Shareholders Grievance Committee is as under:

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

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

During the year under review, no complaint regarding change of address, non-receipt of shares after transfer, non-receipt of demat credit etc. were received. No investor complaints were pending as on 31<sup>st</sup> March 2008.

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.

**4. GENERAL BODY MEETING**

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

AGM reference	Location	Date	Time	No. of Special Resolutions passed
2006-07 20 <sup>th</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	September 21, 2007	11.00 A.M	1
2005-06 19 <sup>th</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	August 18, 2006	11:00 A.M.	1
2004-05 18 <sup>th</sup> AGM	"Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400018	August 12,2005	11:00 A.M.	2

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

**20<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September 2007:**

- To re-appoint Mr. Ashish Bhuwania as a Whole Time Director designated as Executive Director for the period of 5 (five) years with effect from 13<sup>th</sup> May 2007 on a remuneration of Rs. 1,25,000/- per month (all inclusive).

The resolution was passed unanimously.

**19<sup>th</sup> Annual General Meeting held on 18<sup>th</sup> August, 2006:**

- To re-appoint Mr. Aditya Bhuwania as Executive Director for the period of five years with retrospective effect from 1<sup>st</sup> September, 2005 to 31<sup>st</sup> August, 2010 for a total remuneration of Rs. 50,000 Per month (all inclusive).

The resolution was passed unanimously.

**18<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> August, 2005:**

- Approval to keep Register of Members, the Index of Members and copies of Annual Return prepared under Section 159 of the Companies Act, 1956, at the office of the Registrar and Transfer Agents (RTA) namely M/s. Bigshare Services Pvt. Ltd. situated at B—2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E)- Mumbai –400 072, instead of being kept at the Registered Office of the Company.

The resolution was passed unanimously.

- Alteration of Articles of Association, to facilitate increase in sitting fees payable to Directors other than executive director / Managing Directors or Whole time Directors of the Company. Existing Article 93 was amended to include provision to pay the non-executive directors a sum not exceeding Rs. 20,000 as sitting fees for attending each Board or Committee Meeting.

The resolution was passed unanimously.

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

**5. OTHER DISCLOSURES:**

- There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, the Directors or the Management etc. that may have potential conflict with the interests of the Company at large:

- The Audit Committee had reviewed the related party transactions as mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant. Related party transactions are disclosed in Note No (14) of Schedule 'T' to the financial statement in the Annual report.
- The Company had complied with the 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.
- The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.
- In the preparation of financial statements, The company follows Accounting standards issued by Institute of Chartered Accountants of India (ICAI).
- The Company has complied with all the mandatory requirements and has disclosed information relating to the extend of compliance with non mandatory requirements.
- During the year under review, the company did not raise any proceeds through a public issue, right issue and / or preferential issue.

**6. MEANS OF COMMUNICATION**

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

As the Company's 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](http://www.priyagroup.com). In the same manner the Audited Financial Results of the Company were also published. Management Discussion and Analysis Report forms part of the Annual Report.

**7. GENERAL SHAREHOLDERS INFORMATION**

- |  |   |   |
|--|---|---|
| a. Date and Time of AGM  | : | Thursday, 25 <sup>th</sup> September 08, 11.00 A.M  |
| b. Venue   | : | Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.    |
| c. Financial Year  | : | 1 <sup>st</sup> April 2007 to 31 <sup>st</sup> March 2008   |
| d. Book Closure dates  | : | 19 <sup>th</sup> Sep 08 to 25 <sup>th</sup> Sep 08(both days inclusive)                           |
| e. FINANCIAL CALENDAR (Provisional) for April 1, 2008 – March 31, 2009 |   |   |
| 1 <sup>st</sup> Quarterly Result                                       | : | Last week of July, 2008.  |
| 2 <sup>nd</sup> Quarterly Result                                       | : | Last week of October, 2008.   |
| 3 <sup>rd</sup> Quarterly Result                                       | : | Last week of January, 2009.   |
| Annual Results   | : | Last week of June, 2009.  |
| f. Registered Office   | : | Krishna House, Raghuvanshi Mill Compound Senapati Bapat Marg, Lower Parel, Mumbai-13              |
| g. Dividend Payment date   | : | Not Applicable  |
| h. ISIN No.  | : | INE686C01014(For dematerialization of shares)   |
| i. Listing Fees  | : | i. Listing fees of BSE have been paid<br>ii. Fees of CSE have been not paid*                      |
| j. Listing on Stock Exchanges:   |   | 1. The Bombay Stock Exchange Limited (BSE)<br>2. The Calcutta Stock Exchange Association Limited* |
| k. Stock Code (BSE)  | : | 524580  |

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

I. Market Price Data:

The monthly high and low prices of Equity Shares of the Company on The Stock Exchange, Mumbai and BSE Sensex during the year 2007-2008 are as under:

MONTH	RATES (Rs.)		BSE SENSEX (Rs.)	
	HIGH	LOW	HIGH	LOW
APRIL, 07	16.94	13.85	14383.72	12425.52
MAY,07	16.95	13.75	14576.37	13554.34
JUNE,07	19.60	14.50	14683.36	13946.99
JULY,07	20.90	15.45	15868.85	14638.88
AUGUST,07	17.75	16.00	15542.40	13779.88
SEPTEMBER,07	19.30	16.05	17361.47	15323.05
OCTOBER,07	20.00	16.25	20238.16	17144.58
NOVEMBER,07	21.30	18.75	20204.21	18182.83
DECEMBER,07	28.90	18.00	20498.11	18886.40
JANUARY,08	34.00	21.75	21206.77	15332.42
FEBRUARY,08	22.05	19.25	18895.34	16457.74
MARCH,08	24.80	15.45	17227.56	14677.24

m. Distribution of shareholding: as on 31<sup>st</sup> March, 2008.

No. of Equity Shares Held	No of Shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 5000	2,456	98.91	4,78,186	15.92
5001 to 10000	4	0.16	25,300	0.84
10001 to 20000	3	0.12	35,784	1.19
20001 to 30000	3	0.12	73,554	2.45
30001 to 40000	2	0.08	70,216	2.34
40001 to 50000	1	0.04	40,800	1.36
50001 to 100000	4	0.17	3,69,050	12.29
100001 and above	10	0.40	19,09,410	63.61
Total	2483	100.00	3,002,300	100.00

n. Categories of Shareholding as on 31<sup>st</sup> March, 2008

Category	No. of shares held	Percentage of shareholding
<b>a) Promoters' Holding</b>		
1 Indian Promoters	669710	22.31
2 Persons acting in Concert:		
A Relatives	1287650	42.89
B Associate companies	275800	9.19
<b>Sub-total (a)</b>	<b>2233160</b>	<b>74.38</b>
<b>b) Non-promoters' Holding</b>		
3 Institutional/Investors:		
A Mutual Funds & UTI	100	0.00
B Banks, FIs, Govt., others	Nil	Nil
C FIIs	Nil	Nil
<b>Sub- Total (b)</b>	<b>100</b>	<b>0.00</b>
4 Private Corporate Bodies	36410	1.21
5 Indian Public	580318	19.34
6 NRIs/OCBs	150162	5.00
7 Others	2150	0.07
<b>Sub-total (c)</b>	<b>769040</b>	<b>25.62</b>
<b>TOTAL (A+B+C)</b>	<b>3002300</b>	<b>100.00</b>

**o. 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).

**p. Registrar and Transfer**

: Bigshare Services Pvt. Ltd.

**Agents** (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

**q. Dematerialisation of Equity shares**

The companies shares are under compulsory dematerialisation list and can be transferred through depository system. The company has entered into a tripartite agreement with National Depository Limited(NSDL) and central Depository Services (India) Limited(CDSL). As on March 31, 2008 – 2,182,321 equity shares with NSDL and 81,191 equity shares with CDSL which comes to a total of 75.39% of the paid-up capital of the Company have been dematerialized.

**r. Plant Location**

: Not applicable as the Company has no Plant.

**s. Out-standing GDRs/ADRs/  
Warrants or any Convertible instruments**

: NIL

**t. Address for correspondence:****i) With the Company**

Krishna House, Ground Floor,  
Raghuvanshi Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai-400013  
Tel : 022-2847 3474, 2847 0652

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

(For Demat purpose and Share Dept):  
**Bigshare Services Pvt. Ltd.**  
E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai-400 072.  
Tel No.: 022- 6666 3100

**u. Designated E-mail ID for Registering  
complaints by the investor.**: [mayank.bhargava@priyagroup.com](mailto:mayank.bhargava@priyagroup.com)**8. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:**

The extend of compliance with non mandatory requirements as are under

**(1) Shareholder Rights**

The Company's annual, half yearly and quarterly results are published in English and Marathi newspapers 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.sebiedifiaf.nic](http://www.sebiedifiaf.nic). A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders.

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

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

**(3) Audit qualifications**

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

**(4) Training of Board Members**

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

**i) Mechanism for evaluating non-executive Board Members**

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

**ii) Whistle Blower Policy**

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

**COMPLIANCE WITH CODE OF CONDUCT**

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

Place : Mumbai  
Date : June 30, 2008

**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 31<sup>st</sup> March, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2008.

**CERTIFICATION BY CHIEF FINANCIAL OFFICER**

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

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

Place : Mumbai  
Date : June 30, 2008

**Rakesh Jain**  
Chief Financial Officer

**BALANCE SHEET AS AT 31ST MARCH, 2008**

		AS AT 31.03.2008	AS AT 31.3.2007
	SCHEDULE	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	A	30,023,000	30,023,000
RESERVES & SURPLUS	B	205,959,446	197,092,398
		<u>235,982,446</u>	<u>227,115,398</u>
<b>LOAN FUNDS</b>			
SECURED LOANS	C	192,436,631	163,888,943
UNSECURED LOANS	D	44,560,789	26,905,353
		<u>236,997,420</u>	<u>190,794,296</u>
<b>TOTAL</b>		<u><u>472,979,866</u></u>	<u><u>417,909,694</u></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	E	62,684,309	62,486,872
LESS: ACCUMULATED DEPRECIATION		<u>31,325,277</u>	<u>28,816,408</u>
NET BLOCK		31,359,032	33,670,464
<b>INVESTMENTS</b>			
DEFERRED TAX ASSETS (NET)	F	35,200,000	35,200,000
(REFER NOTE NO 16 OF SCHEDULE "T")		6,611,240	11,226,548
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES	G	72,060,116	91,308,372
SUNDRY DEBTORS	H	521,962,951	393,283,408
CASH & BANK BALANCES	I	45,894,974	17,191,085
OTHER CURRENT ASSETS	J	2,854,183	9,079,031
LOANS & ADVANCES	K	73,051,369	49,592,419
		<u>715,823,593</u>	<u>560,454,315</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISION</b>			
CURRENT LIABILITIES	L	302,343,765	210,815,392
PROVISIONS	M	13,670,233	11,826,242
		<u>316,013,998</u>	<u>222,641,634</u>
<b>NET CURRENT ASSETS</b>		<u><u>399,809,595</u></u>	<u><u>337,812,681</u></u>
<b>TOTAL</b>		<u><u>472,979,866</u></u>	<u><u>417,909,694</u></u>
<b>NOTES ON ACCOUNTS</b>			
	T		

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

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M.L.BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

J. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839

PLACE : MUMBAI

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR  
R.K. SARASWAT DIRECTOR

DATED : 30TH JUNE, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULE	2007-2008 Rs.	2006-2007 Rs.
<b>INCOME</b>			
SALES	N	1,792,072,023	1,663,082,127
OTHER INCOME	O	16,772,471	12,617,997
		<u>1,808,844,494</u>	<u>1,675,700,124</u>
<b>EXPENDITURE</b>			
COST OF MATERIAL	P	1,700,224,839	1,582,389,228
PAYMENTS TO & PROVISION FOR EMPLOYEES	Q	20,897,707	17,180,692
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	R	41,783,546	41,168,634
INTEREST (NET)	S	27,043,996	19,535,712
DEPRECIATION		3,472,215	3,955,116
		<u>1,793,422,303</u>	<u>1,664,229,382</u>
PROFIT BEFORE TAXATION		<b>15,422,191</b>	<b>11,470,742</b>
LESS: PROVISION FOR TAXATION			
- CURRENT TAX		1,935,000	1,925,000
- WEALTH TAX		544,190	546,740
- DEFERRED TAX		4,265,737	1,845,071
- FRINGE BENEFIT TAX		397,000	417,620
		<u>8,280,264</u>	<u>6,736,311</u>
PROFIT / (LOSS) AFTER TAX		<b>8,280,264</b>	<b>6,736,311</b>
(ADD)/LESS: TAXATION FOR EARLIER YEARS		92,099	3,627
BALANCE BROUGHT FORWARD		656,279	(6,076,405)
		<u>8,844,444</u>	<u>656,279</u>
<b>APROPRIATIONS :</b>			
BALANCE CARRIED TO BALANCE SHEET		8,844,444	656,279
		<u>8,844,444</u>	<u>656,279</u>
BASIC & DILUTED EARNING PER SHARE		2.76	2.24

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

**NOTES ON ACCOUNTS**

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

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M.L.BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

J. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839

ADITYA BHUWANIA EXECUTIVE DIRECTOR  
R.K. SARASWAT DIRECTOR

PLACE : MUMBAI  
DATED : 30TH JUNE, 2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	2007 - 08		2006 - 07	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX & AND AFTER EXTRA ORDINARY ITEMS		15,422,191		11,470,742
ADJUSTED FOR:				
DEPRECIATION	3,472,215		3,955,116	
INTEREST CHARGED (NET)	27,043,996		19,535,712	
(PROFIT) / LOSS ON SALE / OBSOLESCENCE OF FIXED ASSETS (NET)	(793,664)		104,446	
PROVISION FOR DOUBTFUL DEBTS	-		142,119	
PROVISION FOR WARRANTIES	(218,653)		(620,715)	
EXCHANGE RATE DIFFERENCE	(1,425,944)		(531,448)	
SUNDRY BALANCES WRITTEN OFF / (BACK)	(483,178)			
MISC EXPENSES WRITTEN OFF	-	27,594,772	13,822	22,599,052
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>43,016,963</b>		<b>34,069,794</b>
CHANGES IN				
TRADE RECEIVABLES	(127,666,768)		(116,970,281)	
LOANS AND ADVANCES	(20,037,962)		(617,252)	
OTHER CURRENT ASSETS	6,167,042		1,536,174	
INVENTORIES	19,248,256		52,329,480	
TRADE PAYABLES/PROVISIONS	93,117,623	(29,171,809)	27,366,043	(36,355,836)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>13,845,154</b>		<b>(2,286,042)</b>
DIRECT TAXES REFUND (NET) INCLUDING FRINGE BENEFIT TAX		(4,009,548)		(4,513,803)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>9,835,606</b>		<b>(6,799,845)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE OF FIXED ASSETS	(1,563,005)		(1,888,280)	
INTEREST RECEIVED	980,863		700,169	
SALE OF FIXED ASSETS	1,195,887		185,704	
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>613,745</b>		<b>(1,002,407)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
PROCEEDS FROM BORROWINGS (NET)	46,203,124		25,818,496	
INTEREST PAID	(27,939,186)		(20,122,604)	
DIVIDEND PAID	(9,400)		(9,690)	
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>		<b>18,254,538</b>		<b>5,686,202</b>
<b>NET CHANGES IN CASH AND CHEQUE EQUIVALENTS (A+B+C)</b>		<b>28,703,889</b>		<b>(2,116,050)</b>
CASH AND CASH EQUIVALENTS OPENING BALANCE		17,191,085		19,307,135
CASH AND CASH EQUIVALENTS CLOSING BALANCE		45,894,974		17,191,085
NET CHANGES IN CASH AND CHEQUE EQUIVALENTS AS DISCLOSED ABOVE		<b>28,703,889</b>		<b>(2,116,050)</b>
Note: a) Cash and cash equivalents includes:				
Cash in Hand	214410		126154	
Balance With Scheduled Banks				
In Current Accounts	26743619		3347344	
In Foreign Currency Account	108274		126786	
In Dividend Account	73800		83318	
In Margin Money Account	18763782		13522543	
Gain / (Loss) on Exchange rate fluctuation	(8911)		(15060)	
	<b>45894974</b>		<b>17191085</b>	

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

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M.L.BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

J. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839

PLACE : MUMBAI  
DATED : 30TH JUNE, 2008

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR  
R.K. SARASWAT DIRECTOR

SCHEDULES FORMING INTEGRAL PART OF THE BALANCE SHEET

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
6,500,000 EQUITY SHARES OF RS. 10/- EACH.	65,000,000	65,000,000
1,000,000 UNCLASSIFIED SHARES OF RS 10/- EACH	10,000,000	10,000,000
	<u>75,000,000</u>	<u>75,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
3,002,300 EQUITY SHARES OF RS 10/- EACH FULLY PAID	30,023,000	30,023,000
( OF THE ABOVE SHARES, 1,800,000 SHARES ARE ALLOTTED AS FULLY PAID -UP BONUS SHARES BY CAPITALISATION OF GENERAL RESERVES)		
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>SECURITIES PREMIUM ACCOUNT</b>		
AS PER LAST BALANCE SHEET	40,092,000	40,092,000
<b>GENERAL RESERVE</b>		
AS PER LAST BALANCE SHEET	156,344,119	156,968,178
ADD: ADJUSTMENT ON ACCOUNT OF AS-15 ON "EMPLOYEE BENEFITS" (NET OF DEFERRED TAX)	<u>678,883</u>	<u>624,059</u>
	157,023,002	156,344,119
<b>BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>	8,844,444	656,279
	<u>205,959,446</u>	<u>197,092,398</u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
<b>WORKING CAPITAL FACILITIES FROM COMPANY'S BANKERS. (SECURED AGAINST HYPOTHECATION OF GOODS &amp; BOOK DEBTS, EQUITABLE MORTGAGE ON SPECIFIC IMMOVABLE PROPERTIES OF THE COMPANY &amp; 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.)</b>		
	191,227,790	162,616,561
<b>VEHICLE LOAN FROM FINANCE COMPANIES</b> (SECURED BY HYPOTHECATION OF VEHICLE)	1,208,841	1,272,382
	<u>192,436,631</u>	<u>163,888,943</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
INTER CORPORATE DEPOSITS	33,742,075	12,137,877
LOANS FROM DIRECTORS	9,336,834	14,767,476
LOAN FROM BANK (REFER NOTE BELOW)	1,481,880	-
(LOAN PAYABLE WITHIN ONE YEAR RS.1481880/-)	<u>44,560,789</u>	<u>26,905,353</u>

**SCHEDULE - E**

**FIXED ASSETS**

(Figure in Rupees)

SR.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 1/4/2007 (Rs.)	Addi- tions (Rs.)	Dedu- ctions (Rs.)	AS AT 31/3/2008 (Rs.)	AS AT 4/1/2007 (Rs.)	For the Year (Rs.)	Dedu- ctions (Rs.)	AS AT 31/3/2008 (Rs.)	AS AT 31/3/2008 (Rs.)	AS AT 31/3/2007 (Rs.)
1	OFFICE PREMISES	35,697,605	-	-	35,697,605	8,970,285	1,336,366	-	10,306,651	25,390,954	26,727,320
2	FLATS	977,020	-	488,510	488,510	294,732	32,669	162,978	164,423	324,087	682,288
3	LABORATORY EQUIPMENT	1,140,620	-	-	1,140,620	994,537	20,321	-	1,014,858	125,762	146,083
4	OFFICE & OTHER EQUIPMENT	4,494,763	129,792	16,340	4,608,215	2,995,999	221,154	16,340	3,200,813	1,407,402	1,498,764
5	FURNITURE & FIXTURE	6,977,186	52,800	90,919	6,939,069	5,296,507	744,441	90,919	5,950,028	989,040	1,680,679
6	COMPUTER	10,353,444	616,896	346,568	10,623,772	9,189,742	581,217	317,607	9,453,353	1,170,419	1,163,702
7	VEHICLES	2,846,234	763,517	423,232	3,186,519	1,074,606	536,047	375,502	1,235,151	1,951,368	1,771,628
	<b>TOTAL (Rs.)</b>	<b>62,486,872</b>	<b>1,563,005</b>	<b>1,365,569</b>	<b>62,684,310</b>	<b>28,816,408</b>	<b>3,472,215</b>	<b>963,346</b>	<b>31,325,277</b>	<b>31,359,032</b>	<b>33,670,464</b>
	<b>PREVIOUS YEAR (Rs.)</b>	<b>61,927,519</b>	<b>1,888,280</b>	<b>1,328,927</b>	<b>62,486,872</b>	<b>25,900,069</b>	<b>3,955,115</b>	<b>1,038,777</b>	<b>28,816,408</b>	<b>33,670,464</b>	

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - F**

**INVESTMENTS**

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

PARTICULARS	Face Value (Rs.)	As At 31.03.2008		As At 31.03.2007	
		Nos.	(Rs.)	Nos.	(Rs.)
<b>QUOTED:</b>					
VXL INSTRUMENTS LTD (REFER NOTE BELOW)	10	900,000	35,100,000	900,000	35,100,000
<b>TOTAL QUOTED</b>		<u>35,100,000</u>		<u>35,100,000</u>	
<b>UNQUOTED</b>					
<b>EQUITY SHARES</b>					
GAURAV CHEMICALS PRIVATE LTD.	100	500	100,000	500	100,000
<b>TOTAL UNQUOTED</b>			<u>100,000</u>		<u>100,000</u>
<b>TOTAL (RS.)</b>			<u><u>35,200,000</u></u>		<u><u>35,200,000</u></u>

**NOTE:**

- 1] MARKET VALUE OF QUOTED INVESTMENT RS.20025000/- (PREVIOUS YEAR RS.21060000/-)
- 2] THE SHARES HELD BY THE COMPANY WERE NOT LISTED AS ON 31ST MARCH,2008. HOWEVER, THE STOCK EXCHANGE,MUMBAI HAS GIVEN LISTING PERMISSION ON 19TH JUNE, 2008.

	AS AT 31.03.2008	AS AT 31.03.2007
	Rs.	Rs.
<b>SCHEDULE - G</b>		
<b>INVENTORIES</b>		
(As valued and certified by the management)		
FINISHED GOODS - ELECTRONICS	71,479,116	89,590,747
FINISHED GOODS - CHEMICALS	581,000	1,717,625
	<u>72,060,116</u>	<u>91,308,372</u>

**SCHEDULE - H**

**SUNDRY DEBTORS**

(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED OTHERWISE)

OUTSTANDING FOR MORE THAN 6 MONTHS

CONSIDERED DOUBTFUL	6,818,339	6,818,339
LESS : PROVISION FOR DOUBTFUL DEBTS	<u>6,818,339</u>	<u>6,818,339</u>
OTHERS	44,688,728	264,484,745
	44,688,728	264,484,745
OTHER DEBTS	477,274,223	128,798,663
	<u>521,962,951</u>	<u>393,283,408</u>

**SCHEDULE - I**

**CASH & BANK BALANCES**

CASH IN HAND (INCLUDING STAMPS)

BALANCE WITH SCHEDULED BANKS		214,410	126,154
IN CURRENT ACCOUNT	26,743,619		3,347,344
IN FOREIGN CURRENCY ACCOUNT	99,363		111,726
IN UNCLAIMED DIVIDEND ACCOUNT	73,800		83,318
IN MARGIN MONEY ACCOUNT	<u>18,763,782</u>		<u>13,522,543</u>
		45,680,564	17,064,931
		<u>45,894,974</u>	<u>17,191,085</u>

**SCHEDULE - J**

**OTHER CURRENT ASSETS**

EXPORT INCENTIVES RECEIVABLE		2,063,945	1,634,060
INCENTIVE / CLAIM RECEIVABLE FROM SUPPLIERS		696,114	6,967,040
INTEREST RECEIVABLE		24,375	44,001
OTHER ASSETS		69,749	433,930
		<u>2,854,183</u>	<u>9,079,031</u>

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
<b>SCHEDULE - K</b>		
<b>LOANS &amp; ADVANCES</b>		
(UNSECURED, CONSIDERED GOOD, UNLESS SPECIFIED OTHERWISE)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	5,956,201	5,243,824
LOANS TO EMPLOYEES	1,444,468	1,006,260
ADVANCE TAX & TAX DEDUCTED AT SOURCE	19,460,433	16,589,035
ADVANCE FRINGE BENEFIT TAX	1,611,934	1,062,344
DEPOSITS OTHERS	41,963,474	23,226,533
ADVANCES TO SUPPLIERS	197,808	47,372
DEPOSITS WITH CORPORATE BODIES	7,439,501	
LESS : PROVISION FOR DOUBTFUL DEPOSITS	5,022,450	
	<u>2,417,051</u>	<u>2,417,051</u>
	<u><b>73,051,369</b></u>	<u><b>49,592,419</b></u>
<b>SCHEDULE - L</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS (REFER NOTE 11 OF SCHEDULE "T")	258,544,728	161,707,982
INVESTOR EDUCATION & PROTECTION FUND : **		
- UNCLAIMED DIVIDEND	58,469	67,869
COMMISSION ON EXPORTS	11,116,062	11,967,525
BANK BALANCES (TEMPORARY OVERDRAFT)	14,388,784	18,974,996
ADVANCE FROM CUSTOMERS	2,917,645	2,844,369
RENT DEPOSIT	3,113,389	2,808,360
INTEREST ACCRUED BUT NOT DUE ON LOANS	1,914,829	1,848,782
OTHER LIABILITIES	10,289,859	10,595,509
	<u>302,343,765</u>	<u>210,815,392</u>
** Amounts due and outstanding to be credited to Investor Education and Protection Fund Rs. NIL (Previous year Rs. NIL)		
<b>SCHEDULE - M</b>		
<b>PROVISIONS</b>		
PROVISION FOR TAXATION	7,862,285	5,883,740
PROVISION FOR FRINGE BENEFIT TAX	1,543,874	1,142,690
PROVISION FOR GRATUITY	3,304,930	3,556,485
PROVISION FOR LEAVE SALARY	808,716	874,246
PROVISION FOR WARRANTY (REFER NOTE 18 OF SCHEDULE "T")	150,428	369,081
	<u>13,670,233</u>	<u>11,826,242</u>
<b>SCHEDULE - N</b>		
<b>SALES</b>		
LOCAL	911,450,313	829,861,317
EXPORTS	880,621,710	833,220,810
	<u>1,792,072,023</u>	<u>1,663,082,127</u>
<b>SCHEDULE - O</b>		
<b>OTHER INCOME</b>		
EXPORT INCENTIVES	544,667	618,083
RENT INCOME (GROSS TDS RS.2,474,506/-, PREVIOUS YEAR RS.2,249,490/-)	10,126,647	9,915,000
GAIN ON EXCHANGE RATE DIFFERENCE (NET)	2,933,619	1,931,668
PROFIT ON SALE OF FIXED ASSETS (NET)	793,664	-
JOB CHARGES RECEIVED	1,006,000	-
MISCELLANEOUS INCOME	1,367,874	153,246
	<u>16,772,471</u>	<u>12,617,997</u>

	2007-2008 Rs.	2006-2007 Rs.
<b>SCHEDULE - P</b>		
<b>COST OF MATERIAL</b>		
<b>RAW MATERIAL CONSUMED</b>		
OPENING STOCK	-	-
ADD : PURCHASE	20,878,244	153,355,750
LESS : CLOSING STOCK	-	-
	<u>20,878,244</u>	<u>153,355,750</u>
PURCHASE FOR RESALE	1,659,991,732	1,376,703,998
PACKING MATERIAL CONSUMED	106,607	-
<b>(INCREASE) / DECREASE IN FINISHED GOODS</b>		
OPENING STOCK	91,308,372	143,637,852
CLOSING STOCK	<u>72,060,116</u>	<u>91,308,372</u>
	<u>19,248,256</u>	<u>52,329,480</u>
	<u><b>1,700,224,839</b></u>	<u><b>1,582,389,228</b></u>
<b>SCHEDULE - Q</b>		
<b>PAYMENTS TO &amp; PROVISION FOR EMPLOYEES</b>		
SALARIES, BONUS, ALLOWANCES ETC.	18,805,914	15,206,558
CONTRIBUTION TO P F AND OTHER FUNDS	1,465,449	1,204,828
WELFARE EXPENSES	626,344	769,306
	<u>20897707</u>	<u>17180692</u>
<b>SCHEDULE - R</b>		
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
FREIGHT OUTWARD	2,299,281	5,630,306
INSURANCE AND ECGC PREMIUM	5,211,019	3,913,890
ELECTRICITY	473,144	689,910
BANK CHARGES	11,250,408	7,295,919
TRAVELLING & CONVEYANCE	3,597,462	3,655,095
ADVERTISEMENT, PUBLICITY & SALES PROMOTION	1,116,247	512,459
WAREHOUSING / DEMMURAGE CHARGES	120,000	287,820
REPAIRS & MAINTENANCE :- BUILDING	638,370	622,000
Others	576,906	909,954
DIRECTORS FEES	40,000	37,500
DIRECTORS REMUNERATION	2,100,000	2,100,000
RENT PAID	5,822,564	6,331,422
RATES AND TAXES	288,497	96,535
COMMISSION & BROKERAGE	814,799	859,646
PRELIMINARY EXPENSES WRITTEN OFF	-	13,822
PROVISION FOR DOUBTFUL DEBTS (NET)	-	142,119
LOSS ON SALE / OBSOLESCENCE OF FIXED ASSETS	-	104,446
MISCELLANEOUS EXPENSES	7,434,849	7,965,791
	<u>41,783,546</u>	<u>41,168,634</u>
<b>SCHEDULE - S</b>		
<b>INTEREST (NET)</b>		
INTEREST ON FIXED LOANS	213,643	72,476
INTEREST ON OTHER LOANS	27,791,590	20,096,833
	<u>28,005,233</u>	<u>20,169,309</u>
LESS : INTEREST RECEIVED (Refer Note 17 of Schedule T)	961,237	633,597
(Gross, TDS Rs. 223,183/- Previous year Rs. 121,992/-)	<u>27,043,996</u>	<u>19,535,712</u>
	<u><b>27,043,996</b></u>	<u><b>19,535,712</b></u>

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

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

**B. FIXED ASSETS**

All Fixed Assets are stated at Cost (including all expenses incurred to bring the assets to their present location and conditions) less Accumulated Depreciation.

**C. DEPRECIATION:**

Depreciation on Fixed Assets are provided on the Written Down Value basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on immovable Furniture & Fixtures affixed in the leasehold premises are depreciated over the period of the lease.

**D. FOREIGN EXCHANGE TRANSACTIONS:**

i) Foreign exchange transactions are accounted at the rate of exchange prevailing at the date of transaction. Resulted exchange differences arising on payment or conversion of liabilities are recognised as income or expenses in the year in which they arise.

(ii) At the year end all Foreign Currency assets and liabilities are recorded at the exchange rate prevailing on that date. All such exchange rate difference on account of such conversion is recognised in the Profit & Loss account.

**E. INVESTMENTS:**

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

**F. INVENTORIES:**

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

**G. EMPLOYEE BENEFITS :**

(i) Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related service is rendered.

(ii) Contribution payable to the recommended Provident Fund and Superannuation Scheme which is Defined Contribution Scheme is charged to Profit and Loss account.

(iii) Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the Profit and Loss account.

**H. REVENUE RECOGNITION :**

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

**I. TAXATION**

(i) 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.

(ii) 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.

(iii) Provision for Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefits" as defined under the Income Tax Act, 1961.

**J. LEASE**

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

**K. IMPAIRMENT OF ASSETS:**

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

**L. PROVISIONS AND CONTINGENT LIABILITIES:**

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

**2. Contingent Liabilities:**

	2007-2008 Rs.	2006-2007 Rs.
i) Disputed Income Tax liability	19,213,840	19,065,694
ii) Disputed Sales tax liability	14,695,194	10,918,306
iii) Disputed Cess liability	313,314	313,314
iv) Claims against the Company not acknowledged as debts.	-	48,314
v) Counter Guarantee given to bankers in respect of guarantee given by them.	109,683	405,000

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

Class of Goods	Licensed Capacity	Installed Capacity (Nos.)	Actual Production (Nos.)
Computer Systems	N.A.	2,000 (2,000)	- (21)
Software Manufacturing *		- (-)	9,000 (58,000)

\* Installed capacity cannot be determined

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

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

Product	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Chemical	Kg.	7,250 (14,500)	1,717,625 (2,442,500)	92,825 (142,403)	16,853,125 (27,984,225)	98,075 (149,653)	20,162,028 (33,260,175)	2,000 (7,250)	581,000 (1,717,625)
Computer Sub systems Parts Peripherals & Mother Boards	Nos	162,803 (197,318)	89,415,656 (140,580,754)	1,002,379 (1,097,992)	1,643,138,607 (1,348,719,773)	985,416 (1,074,507)	1,749,001,510 (1,463,535,903)	179,766 (162,803)	71,314,098 (89,415,656)
Software manufactured	Nos.	-	-	-	-	9,000 (58,000)	22,388,220 (165,785,252)	-	-
Computer systems	Nos.	90 (157)	175,091 (614,598)	-	-	75 (88)	520,265 (500,797)	15 (90)	165,018 (175,091)
<b>TOTAL:</b>		170,143 (211,975)	91,308,372 (143,637,852)	1,095,204 (1,240,395)	1,659,991,732 (1,376,703,998)	1,092,566 (1,224,248)	1,792,072,023 (1,663,082,127)	181,781 (170,143)	72,060,116 (91,308,372)

Notes	2007-2008	2006-2007		
a) (i) Sales of Computer parts, peripherals etc. includes				
Used for Self consumption	281	161		
Used for Manufacturing system.	-	162		
Issues as free Distribution/Schemes (net of free receipts)	3,461	3,003		
(ii) Sales of Computer system includes				
Used for Self consumption	8	2		
b) Purchases of Computer parts and peripherals includes				
Received for replacement	6,083	9,045		
Issued as replacement	5,308	8,934		
c) Sale of Computer Systems include 39 systems deassembled during the year and accordingly 477 components have been added in purchases of computer peripherals and parts.				
d) Figures in bracket are in respect of Previous Year.				
<b>4. Consumption of raw materials and bought-out components:</b>				
	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
Computer Parts	-	-	162	274,682
Software Licences	9,000	20,878,244	58,000	153,081,068
		<b>20,878,244</b>		<b>153,355,750</b>
<b>Break-up of Imported / Indigineous</b>	<b>% of total Consumption</b>		<b>% of total Consumption</b>	
Imported	100.00	20,878,244	99.88	153,176,428
Indigineous	-	-	0.12	179,322
	<b>100.00</b>	<b>20,878,244</b>	<b>100.00</b>	<b>153,355,750</b>
		<b>2007-2008</b>		<b>2006-2007</b>
		<b>Rs.</b>		<b>Rs.</b>
<b>5. VALUE OF IMPORTS ON CIF BASIS</b>				
Traded goods	765,510,777		587,843,393	
Material Purchased	20,895,555		153,208,425	
	<b>786,406,332</b>		<b>741,051,818</b>	
<b>6. EXPENDITURE IN FOREIGN CURRENCY</b>				
Commission on Exports	386,835		548,219	
Remuneration to Executive Director	1,500,000		1,500,000	
Travelling expenses	81,800		314,165	
	<b>1,968,635</b>		<b>2,362,384</b>	
<b>7. EARNINGS IN FOREIGN CURRENCY</b>				
Export [On FOB Basis]	862,008,423		820,811,475	
Insurance	673,509		600,370	
Freight	17,939,778		7,710,743	
<b>8. MANAGERIAL REMUNERATION</b>				
Remuneration to Executive Directors	2,100,000		2,100,000	
<b>9. PAYMENT TO AUDITORS.</b>				
a) Audit Fees (Including Limited Review)	308,000		302,000	
b) Tax Audit Fees	66,000		66,000	
c) Tax Matters	32,500		62,500	
d) Vat Audit Fees	25,000		50,000	
e) Others Matters	13,500		10,000	
f) Towards Service Tax	55,002		56,183	
	<b>500,002</b>		<b>546,683</b>	

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

<b>Assets taken on Lease</b>	<b>2007-2008 Rs.</b>	<b>2006-2007 Rs.</b>
a) The total of Future minimum Lease payments under Non-cancelable operating leases for:		
(i) Not later than one year	-	-
(ii) Later than one year and not later than five years	-	-
b) Lease payment recognized in the statement of Profit & Loss for the period under the schedule " Other Expenses"	5,822,564	6,331,422
c) Sub lease income recognized in the statement of Profit and Loss for the period	4,620,000	4,620,000
d) There is no Contingent Rent.		
e) The Company's major leasing arrangements are in respect of godowns/office premises (including furniture & fittings therein wherever applicable taken on leave and licence basis). These leasing arrangements, which are mostly cancelable, range between 11 months to 5 years and are usually renewable by mutual consent at mutually agreed terms and conditions.		

**Assets given on Lease**

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

	<b>2007-2008 Rs.</b>	<b>2006-2007 Rs.</b>
Original Cost	35,697,605	35,697,605
Accumulated Depreciation	10,306,651	8,970,285
Written Down Value	25,390,954	26,727,320
Depreciation for the period recognized in the statement of Profit and Loss	1,336,366	1,406,702

2. Future minimum lease rentals receivables as on 31.03.2008 is NIL. (Previous Year NIL )

3. There is no Contingent Rent.

4. The company has given office premises on lease for a period ranging between 11 months to 7 years. The aggregate lease rent income of Rs.5,506,647/- (Previous Year Rs.5,295,000/-) has been recognized as income in the Profit and Loss for the period under the schedule " Other Income".

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

**12. Employee Benefits :**

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

<b>A. Defined Contribution Plan</b>	<b>Rs.</b>	
(i) Provident Fund	1,101,565	
(ii) Contribution to Superannuation Fund	39,840	
<b>B. Defined Benefit Plans</b>	<b>Gratuity</b>	<b>Leave Encashment Benefit</b>
(i) <b>Assumptions</b>		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount Rate	8.00%	8.00%
Rate of increase in compensation	5.00%	5.00%
Rate of return (expected) on plan assets		
Withdrawal rates	Up to Age 30 : 10%	Up to Age 30 : 10%
	31 to 40 : 5%	31 to 40 : 5%
	41 to 58 : 2%	41 to 58 : 2%

<b>(ii) Changes in present value of obligations</b>		
PVO at beginning of period	2,770,200	632,077
Interest cost	217,267	27,062
Current Service Cost	466,153	315,465
Benefits Paid	(108,722)	(587,614)
Actuarial (gain) / loss on obligation	(39,968)	421,724
PVO at end of period	3,304,930	808,714
<b>(iii) Changes in fair value of Plan Assets</b>		
Fair Value of Plan assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	108,722	587,614
Benefit Paid	(108,722)	(587,614)
Actuarial gain / (loss) on plan assets	-	-
Fair Value of Plan assets at end of period	-	-
<b>(iv) Fair value of Plan Assets</b>		
Fair Value of Plan assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	108,722	587,614
Benefit Paid	(108,722)	(587,614)
Fair Value of Plan assets at end of period	-	-
Funded Status	(3,304,930)	(808,714)
Excess of actual over estimated return on Plan Assets	-	-
<b>(v) Actuarial Gain / (Loss) Recognized</b>		
Actuarial Gain / (Loss) for the period (Obligation)	39,968	(421,724)
Actuarial Gain / (Loss) for the period (Plan Assets)	-	-
Total Gain / (Loss) for the period	39,968	(421,724)
Actuarial Gain / (Loss) recognized for the period	39,968	(421,724)
Unrecognized Actuarial Gain / (Loss) at end of period	-	-
<b>(vi) Amounts to be recognized in the Balance Sheet and statement of Profit &amp; Loss Account</b>		
PVO at end of period	3,304,930	808,714
Fair Value of Plan assets at end of period	-	-
Funded Status	(3,304,930)	(808,714)
Unrecognized Actuarial Gain / (Loss)	-	-
Net Asset / (Liability) recognized in the Balance Sheet	(3,304,930)	(808,714)
<b>(vii) Expenses recognized the the statement of P &amp; L A/c.</b>		
Current Service Cost	466,153	315,465
Interest Cost	217,267	27,062
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognized for the period	(39,968)	421,724
Expense recognized in the statement of P & L A/C.	643,452	764,251
<b>(viii) Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	2,770,200	632,077
Expenses as above	643,452	764,251
Contribution paid	(108,722)	(587,614)
Closing Net Liability	3,304,930	808,714

**Note:**

During the year the Company has adopted Accounting Standard 15 (AS 15) (Revised 2005) for "Employees Benefits" issued by the Institute of Chartered Accountants of India. Accordingly, the Company has adjusted Rs.6,78,883 (Net of Deferred Tax of Rs.3,49,571) in respect of additional liability pertaining to Employee benefits upto 31/03/2007 against the opening balance of General reserve in accordance with the transitional provision referred to in the said standard.

**13. Segment Information For The Year Ended 31st March, 2008**

A. Information about Primary Business Segments

(Rupees in Lakhs)

	Electronics		Chemicals		Unallocated		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
<b>Revenue</b>								
External Customers	17,719.10	16,298.22	201.62	332.60	-	-	17,920.72	16,630.82
Inter-segment	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>17,719.10</b>	<b>16,298.22</b>	<b>201.62</b>	<b>332.60</b>	<b>-</b>	<b>-</b>	<b>17,920.72</b>	<b>16,630.82</b>
<b>Result</b>								
Segment Result	598.71	488.74	5.81	19.14	-	-	604.53	507.88
Unallocated expenditure net of unallocated income					(179.87)	197.82	(179.87)	(197.82)
Interest Expense (net)					270.44	195.36	270.44	195.35
Dividend Income					-	-	-	-
<b>Profit before taxation and exceptional items</b>	<b>598.71</b>	<b>488.74</b>	<b>5.81</b>	<b>19.14</b>	<b>(450.31)</b>	<b>2.47</b>	<b>154.22</b>	<b>114.71</b>
Exceptional items							-	-
Provision for taxation							19.35	19.25
Current Tax							5.44	5.47
Wealth Tax							42.66	18.45
Deferred Tax							3.97	4.18
Fringe Benefit Tax							82.80	67.36
<b>Profit after taxation and exceptional items</b>	<b>598.71</b>	<b>488.74</b>	<b>5.81</b>	<b>19.14</b>	<b>(450.31)</b>	<b>2.47</b>	<b>82.80</b>	<b>67.36</b>
Excess/(Short) Provision for income tax							(0.92)	-
<b>Net Profit</b>	<b>598.71</b>	<b>488.74</b>	<b>5.81</b>	<b>19.14</b>	<b>(450.31)</b>	<b>2.47</b>	<b>81.88</b>	<b>67.36</b>
<b>Other Information</b>								
Segment Assets	6,387.20	5,058.58	78.95	87.27	1,542.20	1,275.02	8,008.35	6,420.87
Segment Liabilities	4,785.79	3,255.18	159.27	181.79	703.47	712.74	5,648.52	4,149.71
Capital expenditure	-	-	-	-	15.63	18.88	15.63	18.88

B. Information about Secondary Business Segments

Rs. In Lakhs

	Within India		Outside India		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
<b>Revenue by geographical market</b>	9,114.50	8,298.61	8,806.22	8,332.21	17,920.72	16,630.82
Total	9,114.50	8,298.61	8,806.22	8,332.21	17,920.72	16,630.82
Carrying amount of segment assets	4,834.87	3,400.87	3,173.48	3,020.01	8,008.35	6,420.87
Additions to fixed assets	15.63	18.88	-	-	15.63	18.88

Notes:-

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

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

(Amount in Rs.)

Parties where control exists	Key Management Personnel		Relative of Key		Management Personnel		TOTAL	
	2007-2008 Rs.	2006-2007 Rs.	2007-2008 Rs.	2006-2007 Rs.	2007-2008 Rs.	2006-2007 Rs.	2007-2008 Rs.	2006-2007 Rs.
<b>Transactions during the year.</b>								
Remuneration	-	-	2,100,000	2,100,000	38,400	38,400	2,138,400	2,138,400
Services Rendered to M/s. Priya International Ltd.	400,000	336,463	-	-	-	-	400,000	336,463
Receiving of services	2,550,109	2,566,707	-	-	-	-	2,550,109	2,566,707
Inter corporate deposits repaid to Priya International Ltd.	70,852,388	92,684,819	-	-	-	-	70,852,388	92,684,819
Interest paid on Loans to Mr. Ashish Bhuwania	-	-	435,841	544,874	-	-	435,841	544,874
Interest paid on Loans to Mr. Aditya Bhuwania - Interest paid on Loans to	-	-	55,562	23,406	-	-	55,562	23,406

Mr.A.K.Bhuwania	-	-	528,412	527,229	-	-	528,412	527,229
Inter corporate deposits taken from M/s.Brent Properties Investments Pvt Ltd.	9,000,000	-	-	-	-	-	9,000,000	-
Inter corporate deposits taken from M/s.Cheshire Properties Investments Pvt Ltd.	9,500,000	-	-	-	-	-	9,500,000	-
Inter corporate deposits taken from M/s.Priya International Ltd.	73,956,586	84,412,595	-	-	-	-	73,956,586	84,412,595
Interest expense on Inter corporate deposits received from M/s. Priya International Ltd.	1,213,408	1,095,183	-	-	-	-	1,213,408	1,095,183
Loans received from Directors	-	-	7,799,359	8,723,372	-	-	7,799,359	8,723,372
Loans repaid to Directors	-	-	13,230,000	11,715,000	-	-	13,230,000	11,715,000
<b>Balances at the year end.</b>								
Deposit against receiving of services	37,000,000	18,000,000	-	-	-	-	37,000,000	18,000,000
Outstanding against Loans received from Directors	-	-	9,336,834	14,767,476	-	-	9,336,834	14,767,476
Outstanding against receiving of services	1,267,184	3,720,330	-	-	-	-	1,267,184	3,720,330
Outstanding on Inter corporate deposits	33,742,075	12,137,877	-	-	-	-	33,742,075	12,137,877
Interest Payable	938,450	849,424	904,270	999,358	-	-	1,842,720	1,848,782

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	2007-2008	2006-2007
		Rs.	Rs.
<b>Transactions during the year.</b>			
Remuneration to Directors	Mr. Ashish Bhuwania	1,500,000	1,500,000
	Mr. Aditya Bhuwania	600,000	600,000
Receiving of Services	M/s.Brent Properties Investment 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 Bhuwania	489,297	528,372
	Mr.A.K. Bhuwania	1,973,453	3,650,000
	Mr. Aditya Bhuwania	5,336,609	4,545,000
Loans repaid to Directors	Mr.Ashish Bhuwania	675,000	3,150,000
	Mr.A.K. Bhuwania	6,425,000	5,070,000
	Mr. Aditya Bhuwania	6,130,000	3,495,000

Note:

Names of related parties and description of relationship:

- |   |  |
|---|--|
| 1. Parties where control exists           | 2. Key Management Personnel                      |
| (a) Priya International Ltd.              | (a) Mr. A. K. Bhuwania                           |
| (b) Priya Chemicals                       | (b) Mr. Ashish Bhuwania                          |
| (c) Gaurav Electrochem P.Ltd.             | (c) Mr. Aditya Bhuwania                          |
| (d) Brent Properties Investment P.Ltd.    |  |
| (e) Cheshire Properties Investment P.Ltd. | 3. Relative of Key Management Personnel          |
| (f) Halifax Properties Investment P.Ltd.  | (a) Mrs. Saroj Bhuwania, wife of Mr.A.K.Bhuwania |

15. Earning Per Share (EPS)

	2007 - 08	2006 - 07
Profit attributable to the Equity Shareholder (Rs.)	8,280,264	6,736,311
Weighted average number of Equity Share outstanding during the year (Nos)	3,002,300	3,002,300
Basic & Diluted earning per share (Rs.)	2.76	2.24
Face value of each share (Rs.)	10	10

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

	2007 - 08	2006 - 07
<b>Deferred tax Assets</b>		
- On account of Expenses allowable under income tax on payment basis	1,271,116	1,506,005
- On account of provision for doubtful debts	2,106,867	2,317,553
- On account of provision for Warranty	46,482	125,451
- On account of Carry forward losses	2,654,821	6,896,410
- On account of difference in depreciation as per books and Income Tax Act, 1961	531,954	381,129
	<u>Rs. 6,611,240</u>	<u>11,226,548</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	873,708	553,852
Interest received on Staff Loans	87,529	74,776
Overdue Interest recovered from parties	-	4,969
	961,237	633,597

**18. Disclosure relating to provisions**

Provision related to	Opening Balance	Closing Additions	Utilisation	Reversal	Balance	Brief Description of Provision made.
Warranty	369,081	53,066	271,719	-	150,428	The company gives Warranties at the time of Sales of Main Products to the customers. Under the terms of Contract of Sales. The company undertakes to make good by replacement or repairs, Manufacturing defects that arise within 1-3 years from the date of sale. A provision has been recognised for the expected Warranty claims on products sold based on past experience.

**19. Derivatives:**

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

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

Particulars	As on 31.03.2008 Rs.	Amount in Foreign Currency	As on 31.03.2007 Rs.	Amount in Foreign Currency	Foreign Currency
Exports Receivables	317,347,745	7949593	302,000,786	6,881,982	USD
Other Receivables	2,503,551	62,714	10,010,205	230,120	USD

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

Particulars	As on 31.03.2008 Rs.	Amount in Foreign Currency	As on 31.03.2007 Rs.	Amount in Foreign Currency	Foreign Currency
Creditors for Goods	201,605,169	504019	145,609,068	3,341,190	USD
Other Payables	11,116,062	277,902	11,967,526	274,611	USD

20. Balances of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.
21. In the opinion of the Board, Current Assets, Loans and Advances have value in the ordinary course of business at least equal to the amount at which they are stated.
22. Sundry Debtors includes Rs.1,22,89,030/- in respect of which legal cases are pending and Rs.37,25,285/- outstanding since long, which are considered good and the management is hopeful of recovery and accordingly no provision has been made in the accounts.
23. The company has made provision of Rs.1500000/- towards remuneration payable to Director, Mr. Ashish Bhuwania pending approval from the Central Government.
24. Figures in brackets relates to previous year. Previous year's figures have been regrouped/ rearranged wherever necessary to make them comparable with those of the Current year.

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR M.L.BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

J. P. BAIRAGRA  
PARTNER  
MEMBERSHIP NO. 12839

PLACE : MUMBAI  
DATED : 30TH JUNE, 2008

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA      EXECUTIVE DIRECTOR  
R.K. SARASWAT      DIRECTOR

Additional information pursuant to Part IV of Schedule VI to the companies Act, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No. : 40713 State Code : 11  
Balance Sheet Date : 31 03 2008  
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 788,994 Total Assets 788,994  
(Net of current liabilities & provisions)

**Sources of Funds**

Paid up Capital 30,023 Reserves and Surplus 205,959  
Secured Loans 192,437 Unsecured Loans 44,561

**Application of Funds**

Net Fixed Assets & W.I.P. 31,359 Investments 35,200  
Net Current Assets 399,810 Net Deferred Tax Assets 6,611  
Misc. Expenditure - Accumulated Losses NIL

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

Turnover 1,808,844 Total Expenditure 1,793,421  
Profit/Loss Before Tax (+) (-) 15,422 Profit/Loss after Tax (+) (-) 8,280  
Earning per share in Rs. 2.76 Dividend Rate % NIL

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

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

AS PER OUR REPORT ATTACHED OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

ADITYA BHUWANIA EXECUTIVE DIRECTOR

R.K. SARASWAT DIRECTOR

PLACE : MUMBAI  
DATED : 30TH JUNE, 2008



## PRIYA LIMITED

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

### ATTENDANCE SLIP

(To be presented at the entrance)

Regd. Folio No./Client ID No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

DP ID No. \_\_\_\_\_

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

I hereby record my presence at the 21st 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 Thursday, the  
25th day of September, 2008 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.

----- \$ ----- Tear Here ----- ₹ -----



## 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 21st ANNUAL GENERAL MEETING of the Company to be held on  
Thursday,the 25th day of September, 2008 at 11.00 A.M. and at any adjournment(s) thereof.

Signed this ..... day of ..... 2008.

Signature.....

Affix 30  
Paise  
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.

## 21<sup>st</sup> ANNUAL GENERAL MEETING

Date : 25<sup>th</sup> September 2008.  
 Time : 11.00 A.M  
 Place : "Hall of Quest", Nehru Planetarium, Nehru Centre,  
 Dr. Annie Besant Road, Worli, Mumbai-400 018.

### BOARD OF DIRECTORS

**SHRI A. K. BHUWANIA** Chairman  
**SHRI R. K. SARASWAT** Director  
**SHRI M. K. ARORA** Director  
**SHRI ASHISH BHUWANIA** Executive Director  
**SHRI ADITYA BHUWANIA** Executive Director  
**SHRI MAYANK BHARGAVA** Company Secretary  
**SHRI RAKESH JAIN** Chief Financial Officer

### 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:

The Bombay Stock Exchange Ltd (BSE)

### WEBSITE

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

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