

# PRIYA LIMITED

REPORT



ANNUAL REPORT



## ANNUAL REPORT 2005-2006

**19<sup>th</sup> ANNUAL GENERAL MEETING**

Date : 18<sup>th</sup> August, 2006  
 Time : 11. A. M.  
 Place : "Hall of Quest", Nehru Planetarium, Nehru Centre,  
 Dr. Annie Besant Road, Worli, Mumbai -400 018.

**BOARD OF DIRECTORS**

**SHRI A. K. BHUWANIA** *Chairman*  
**SHRI R. K. SARASWAT** *Director*  
**SHRI M. H. DALAL** *Director (till 29<sup>th</sup> June, 2006)*  
**SHRI M. K. ARORA** *Director*  
**SHRI ASHISH BHUWANIA** *Executive Director*  
**SHRI ADITYA BHUWANIA** *Executive Director*

**BANKERS**

Indian Bank  
 Bank of India  
 Union Bank of India


**Report Junction.com**
**AUDITORS**

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

**REGISTERED OFFICE**

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

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

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

**EQUITY SHARES ARE LISTED AT :**  
 Mumbai

**WEBSITE**

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

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**NOTICE**

NOTICE is hereby given that the **Nineteenth Annual General Meeting** of the members of **PRIYA LIMITED** will be held at "Hall of Quest", Nehru Planetarium, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 on **Friday, the 18<sup>th</sup> day of August, 2006 at 11.00 A.M.** to transact the following business :

**ORDINARY BUSINESS :**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- 2) To appoint a Director in place of **Mr. A. K. Bhuwania**, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of **Mr. M. K. Arora**, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Statutory Auditors and to fix their remuneration.

**SPECIAL BUSINESS :****5) Appointment of Executive Director**

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

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

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

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

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

**NOTES :**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The proxy form, in order to be effective, must be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 11<sup>th</sup> day of August 2006 to 18<sup>th</sup> day of August 2005 (both days inclusive).
- 4) Members are requested to bring their copies of the Annual Report to the Meeting.
- 5) Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
- 6) (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their Folio number(s) to the company.  
(b) Members holding shares in the electronic form are requested to advise immediately change in address, if any, quoting their Client ID no., to their respective Depository Participants.
- 7) Members are hereby informed that Dividends which remain unclaimed/unpaid over a period of 7 years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company, pursuant to sub-section (5) of Section 205A of the Companies Act, 1956, to a fund called the Investor Education & Protection Fund

established by the Central Government under sub-section (1) of Section 205C of the Companies Act, 1956. Accordingly, the unpaid/unclaimed dividend for the year 1998-99 will become transferable at the end of seventh year to the said Investor Education & Protection Fund. Please note that no claim shall lie against the Fund or the Company in respect of the dividend amount so transferred to the Investor Education & Protection Fund. The shareholders are, therefore, advised to send their request for issue of Duplicate Dividend Warrants/ revalidation of unencashed Dividend Warrants to the company before the amount becomes due for transfer to the above Fund.

- 8) Members may avail of the facility of dematerialisation by opening Demat Accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised. The ISIN No. of the company is **INE686C01014**.
- 9) Members desirous of getting any information in respect of accounts of the company and proposed resolutions, are requested to send their queries in writing to the company at its registered office atleast 7 days before the date of the meeting, so that the required information can be made available at the meeting.

For and on behalf of the Board

**A. K. Bhuwania**  
Chairman

Place : Mumbai

Dated : 29<sup>th</sup> June, 2006.

**Registered Office :**

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

**ANNEXURE TO NOTICE**

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

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

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

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

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

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

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

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

**DIRECTORS' REPORT**

To

The Members,

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

**FINANCIAL RESULTS**

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

**DIVIDEND**

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

**OPERATIONS**

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

The company has not been able to perform better during the year on account of Local sales and exports of Electronic products. The reduction is mainly due to heavy flood on 26<sup>th</sup> July 2005 wherein it took about 2-3 months to stabilize the operations of the company. However we have been able to cut down our costs and therefore the profitability of the company has improved as compared to previous year. Your Company's export business of dyestuffs, bulk pharmaceuticals and intermediates have shown reduction in turnover to Rs. 366 lacs in 2005-06 from Rs. 676 lacs in 2004-05. The reduction is mainly on account of sharp increase in raw material prices, which was caused by the oil and petrochemical price surge. We are exploring the possibility of exporting to other European countries.

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

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

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

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

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

**DIRECTORS**

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

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

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

## AUDITORS

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

## HUMAN RESOURCE

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

## REPORT ON CORPORATE GOVERNANCE

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

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

## INSURANCE

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

## BANKS

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2005-06 and of the Profit of the company for that the year ended on 31st March, 2006;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

## DEMATERIALIZATION

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

## LISTING OF SHARES

Your company's shares have been listed with Bombay Stock Exchange Limited, (BSE). The company had applied for de-listing of equity shares from Kolkata Stock Exchange Association Ltd. (CSE) and said de-listing permission is in process. The listing fee for the financial year 2006-2007 was duly paid to BSE.

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

### CONSERVATION OF ENERGY :

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

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

### TECHNOLOGY ABSORPTION :

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

### FOREIGN EXCHANGE EARNINGS AND OUTGO :

The relevant information in respect of the foreign exchange earnings and outgo has been given in the Notes forming part of the Accounts for the year ended March 31st, 2006.

### PARTICULARS OF EMPLOYEES :

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

### APPRECIATION :

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

For and on behalf of the Board

Place : Mumbai  
Date : 29th June, 2006.

A. K. Bhuwania  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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

### 1.1 Industry Structure and developments

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

**Chemical Division:** Due to the sustained high in oil prices, all raw material prices have gone up significantly, while finished goods prices have remain subdued due to slower markets. Besides, due to the abolition of textile quotas under the WTO agreements, there is substantial increase in export of textiles from India and dyeing houses in Europe are facing difficulties. It would take some time before the situation stabilizes in all the markets.

### 1.2 Opportunities and Threats

#### Electronics Division :

We have started pushing for a bigger share in the monitor market with Viewsonic who are one of the leading monitor brands in the world. We have been trying to reduce our distribution time cycle to reduce our cost further.

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

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

#### Chemical Division :

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

### 1.3 Segment-wise or product-wise Performance

**Electronics Division:** There was a lower turn over this year as compared to last year with Segment Result, before adjustment for unallocated expenses (net) and provisions for taxation, increasing to profit Rs. 407.31 Lacs as compared to Rs. 344.14 lakhs in the previous year.

**Chemical Division:** There is severe drop in the turnover by 45%, and the margin too has to be squeezed due to tough competition from china. The heavy slashing of incentives by our Government too has forced us to work on very lower margin in order to sustain in the international market.

### 1.4 Future Outlook

**Electronics Division:** The future trend, in the IT industry is looking brighter. As per Manufacturers' Association for Information Technology (MAIT) / International Data Corporation (IDC), IT industry will grow in the Year 2006-07 by 30% to 40% in India. We are also aiming to capture the major share of this growth for all the product ranges. However, branded systems are gaining a bigger share in the market due to their much better financial and marketing muscle.

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

### Chemical Division :

Though the newer product ranges introduced by us, have received good response, they are unlikely to contribute significantly to our sales in the current year. The users are limited and it takes considerable time for them to change from their existing long term suppliers. A good pick-up is seen in the Stains and Indicators range and we hope to have some better volumes in the coming years.

### Risk and concerns

#### Electronics Division :

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

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

#### Chemical Division :

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

### 1.5 Internal control systems and their adequacy

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

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

### 1.6 Discussion on financial performance with respect to operational performance

The company has achieved a sales turnover of Rs 13,094.96 Lacs in the year 2005-06 as compared to Rs. 15,291.50 Lacs in 2004-2005, reflecting stagnancy. The company has earned a profit (before tax and extra ordinary items) of Rs 83.08 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 89.48 Lacs in the previous year.

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

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

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

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

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

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2005-2006

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

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

Corporate Governance is increasingly being stressed in today's competitive business scenario. The Company's Corporate Governance philosophy ensure that it would 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. The Company continues to give high priority to the principles and practices of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of Corporate Governance as laid down in the Listing Agreement.

#### Code of Conduct

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

### 2. BOARD OF DIRECTORS :

#### COMPOSITION AND CATEGORY :

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

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

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

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

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

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

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

#### An independent Director is a Director who :

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



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

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

**Mr. M. K. Arora**

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

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

**Mr. Aditya Bhuwania**

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

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

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

**BOARD MEETINGS AND ANNUAL GENERAL MEETINGS :**

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

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

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

Annual General Meeting (AGM) was held on 12<sup>th</sup> August 2005.

**ATTENDANCE :**

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

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

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

**3. BOARD COMMITTEES :**

The Board had constituted the following Committees of Directors :

Audit Committee

Shareholder's Grievance Committee.

Remuneration Committee.

**A) AUDIT COMMITTEE****(A) COMPOSITION**

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

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

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

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

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

**(B) TERMS OF REFERENCE OF AUDIT COMMITTEE**

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

**(C) POWER OF AUDIT COMMITTEE**

The Audit committee has the following powers :

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

**(D) ROLE OF AUDIT COMMITTEE**

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