



# ANNUAL REPORT

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## 2010-2011



# PRIYA LIMITED



## 24<sup>th</sup> ANNUAL GENERAL MEETING

Date : 18<sup>th</sup> August 2011.  
 Time : 11.00 A.M  
 Place : "Hall of Harmony", Nehru Centre, Dr. Annie Besant Road,  
 Worli, Mumbai-400 018.

### BOARD OF DIRECTORS

<b>SHRI A. K. BHUWANIA</b>	Chairman
<b>SHRI R. K. SARASWAT</b>	Director
<b>SHRI M. K. ARORA</b>	Director
<b>SHRI ASHISH BHUWANIA</b>	Executive Director
<b>SHRI ADITYA BHUWANIA</b>	Executive Director
<b>SHRI ANUJ BHARGAVA</b>	Director
<b>SHRI P. V. HARIHARAN</b>	Director
<b>SHRI GAURAV MUNOLI</b>	Company Secretary
<b>SHRI RAKESH JAIN</b>	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

2<sup>nd</sup> Floor 209-210 Kimatrai Building 77-79  
 Maharshi Karve Marg, Marine Lines (E),  
 Mumbai 400002.

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

Bigshare Services Pvt. Ltd.,  
 E-2/3, Ansa Industrial Estate, Sakivihar Road,  
 Saki Naka, Andheri (East), Mumbai-400 072.  
 Tel: 022-4043 0200, 2847 0652

### EQUITY SHARES ARE LISTED AT:

The Bombay Stock Exchange Ltd (BSE)

### WEBSITE

www.priyagroup.com

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**NOTICE**

NOTICE is hereby given that the **Twenty-Fourth Annual General Meeting** of the members of **PRIYA LIMITED** will be held at "Hall of Harmony", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Thursday, the 18<sup>th</sup> Day of August, 2011 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, 2011 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon
2. To declare dividend for the Financial Year 2010-2011
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 a Director in place of Mr. R. K. Saraswat, who retires by rotation and being eligible, offers himself for re-appointment
5. To consider & if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

**"RESOLVED THAT** pursuant to the provisions of Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. M. L. Bhuwania & Co., Chartered Accountants having Registration No. 101484W issued by the Institute of Chartered Accountants of India, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2012"

**NOTES:**

1. **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 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 commencement of the Meeting.
3. The register of members and the share transfer books of the Company will remain closed from 12<sup>th</sup> August, 2011 to 18<sup>th</sup> August, 2011 (both days inclusive).
4. Dividend recommended for the year ended 31<sup>st</sup> March, 2011 if approved by the members will be paid to those eligible members whose names appear:
  - I. As Beneficial Owners, as on 18<sup>th</sup> August, 2011, as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., in respect of shares held in electronic form; and
  - II. As Members in the Register of Members of the Company as on 18<sup>th</sup> August, 2011.
5. Members, who have not given the Bank Account Details earlier, are requested to send the same immediately to enable the Company to pay dividend accordingly.
6. Members are requested to bring their copy of the Annual Report to the Meeting.

7. Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
8. (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their folio number(s) to the Registrar & Share Transfer Agent of the Company.  
(b) Members holding shares in the electronic form are requested to advise immediately change in their address, if any, quoting their Client ID no., to their respective Depository Participants.
9. Members are hereby informed that Dividends which remain unclaimed/unpaid over a period of 7 years from the date of transfer to the Unpaid Dividend Account have been 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. 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.
10. Members may avail dematerialisation facility 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**.
11. Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to the Company at its registered office atleast 7 days before the date of the meeting, so that the required information can be made available at the meeting.
12. Members, who have not registered their e-mail addresses, are requested to register their e-mail address in respect of electronic holdings with the depository through their concerned Depository Participants and members who hold shares in physical form are requested to send their details to Bigshare Services Pvt. Ltd (Registrar & Transfer agent) in order to enable the company to serve the notice/Documents including Annual Report through e-mail as an initiative in consonance with circular issued by Ministry of Corporate Affairs allowing paperless compliances by the companies. Upon Registration of the email address(es) the Company proposes to send notices, Annual Report and such other documents to those members via electronic mode/e-mail.
13. Details of the Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. R. K. Saraswat	Mr. M. K. Arora
Date of Birth	17.04.1938	05.04.1941
Age	73 years	67 years
Qualification	Chartered Accountant	Company Secretary
Expertise	Finance & Accounts	Secretarial & Legal

For and on behalf of the Board  
For Priya Limited

Place : Mumbai  
Dated : 23<sup>rd</sup> April, 2011

**Registered Office:**

2nd Floor, 209-210 Kimatrai Building, 77-79,  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai-400002

**Gaurav Munoli**  
Company Secretary

**DIRECTORS' REPORT**

To,  
Dear Members,  
**Priya Limited**

Your Directors have immense pleasure in presenting the **24<sup>th</sup> Annual Report** and Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

The brief highlights of financial results of the Company for the Financial Year 2010-11 as compared to the previous financial year 2009-10 are as under:

	(Rs. in Lacs)	
	Year Ended 31/03/2011	Year Ended 31/03/2010
<b>Sales</b>		
Export	11873.60	11252.08
Local	10181.32	7963.84
	22054.92	19215.92
Other Income	105.76	149.47
	22160.68	19365.39
Profit/ (Loss) before Tax and Extra Ordinary Item	297.02	187.44
Extra ordinary item	—	—
Profit/ (Loss) before Tax and after Extra Ordinary Items	297.02	187.44
Provision for taxation-Current Tax	106	67.70
Provision for taxation-Deferred Tax	(9.44)	(1.17)
	200.46	120.91
(Add)/Less: Taxation of earlier years	—	9.13
Profit/(Loss) After Tax	200.46	111.78
Add: Balance brought forward	432.52	338.24
	632.98	450.02
Profit available for appropriation	632.98	450.02
Appropriations		
Proposed Dividend	30.02	15.01
Corporate Dividend Tax	4.99	2.49
Balance carried to Balance Sheet	597.97	432.52
	632.98	450.02

**DIVIDEND**

Your Directors are pleased to recommend a dividend of Re. 1.00/- per equity share (i.e. @ 10%) on 30,02,300 fully paid equity shares of Rs. 10/- each for the financial year ended 31<sup>st</sup> March 2011. The said dividend will absorb a sum of Rs. 30,02,300/-

**OPERATIONS**

During the year under review your Company has achieved aggregate turnover of Rs. 22160.68 lacs as compared to Rs. 19365.39 lacs in the previous year. The Company has earned profit after tax and exceptional item of Rs. 200.46 lacs in 2010-2011 as compared to Rs. 111.78 lacs in the previous year.

Despite of recessionary trends which continued globally, your company achieved better results in comparison to performance of previous year. Although the Company had a slow start,

momentum was picked up progressively which can be experienced from the performance of last three quarters. There is marginal increase in turnover, inspite of economic slowdown in USA & in European countries.

Your Company continued to focus on the hardware business which has been major revenue earner, which mainly includes marketing of VXL thin clients and other computer peripherals such as Notebooks from MSI and Computer peripherals (Keyboard/Mouse, Gaming Cabinets and SMPS), networking products from SMC. The chemical division of the company has also experienced a increase in turnover as compared to the performance of previous year.

As regards to infrastructure, your Company's head office and all the branches are adequately equipped to provide complete support to the customers. Internal control systems have been well established and cost consciousness in branch operations has also led to improved profitability.

Your Directors are confident that the company will strive hard to maintain the performance and improve the same in the current year.

**DIRECTORS**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. M. K. Arora and Mr. R.K. Saraswat, Directors of the Company shall be liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITORS**

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

**AUDITORS REPORT**

The observations of the Auditors in their report read together with the Notes to Accounts are self explanatory and therefore, in the opinion of the Directors, do not call for any further explanation. The auditor's report do not contain any reservation, qualification & adverse remark for the financial year under review.

**HUMAN RESOURCE**

Maintenance of a cordial and supportive environment is a pre-requisite for the smooth functioning of any organization. This requires the management and the employees to fully understand and respect each other. On an on-going basis the management identifies and implements necessary measures to maintain a positive climate and improve performance levels.

Your Directors also wishes to place on record their appreciation for the dedication and commitment displayed by all executives, officers and staff at all levels of the company.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Directors' Report.

**CORPORATE GOVERNANCE**

The Company is committed to uphold the highest standards of Corporate Governance and adhere to the requirements set out by Clause 49 of the Listing Agreement with Stock Exchange.

Report on Corporate Governance along with the 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 for the support from Company's bankers namely Indian Bank, Bank of India and Union Bank of India.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- 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 2010-2011 and Profit of the Company for that the year ended on 31<sup>st</sup> March, 2011;
- 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/dematerialized form. The shareholders' are advised to take benefits of dematerialization.

**LISTING OF SHARES**

Your Company's shares have been listed on The Bombay Stock Exchange Limited (BSE). The Company had applied for de-listing of equity shares from The Calcutta Stock Exchange Ltd. (CSE) and the 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 2010-2011 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 equipments 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:**

Every effort is made by the company to update the technological skills of its technical staff in order to ensure that they possess adequate skills to enable them to serve the Company's clients.

**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 on 31<sup>st</sup> March, 2011.

**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. 60,00,000/- or more per annum during the year ended 31<sup>st</sup> March, 2011 or Rs. 5,00,000/- or more per month during any part of the said year.

**ACKNOWLEDGEMENTS**

Your Directors place on record their sincere appreciation for the co-operation and assistance received from the Customers, Bankers, Regulatory bodies, Stakeholders including financial Institutions and other business associates who have extended their valuable sustained support and encouragement during the year under review.

For and on behalf of the Board  
For Priya Limited

**Aditya Bhuwania**  
Executive Director

**R. K. Saraswat**  
Director

Place : Mumbai  
Date : 23<sup>rd</sup> April, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company is engaged in the business of international trade of electronic products and export of dyestuffs, bulk pharmaceuticals and intermediates.

### ECONOMY AND INDUSTRY OVERVIEW

The Indian economy has emerged with remarkable rapidity from the slowdown caused by the Global Financial crisis of 2007-09. The growth rate has been 8.6% in 2010-11 and is expected to be around 9% in the next fiscal year. India is a large, vibrant and one of the fastest growing economies in the world. As a result of impressive growth of the economy, steadily increasing buying power of the people and aspirations of the young, the consumption of electronics gadgets in the country is growing fast.

The impact of the global economic recession is now well behind us and the IT hardware industry in India is once again on a revival path. The year 2010-11 has indeed witnessed an excellent comeback by the Indian IT hardware market. Easing of the Economic slowdown and improved sentiments among both the consumer & business segment are the reasons behind the impressive growth of the PC market, especially during the second half of the year 2010- 11. Almost all segments of the IT hardware registered a healthy growth.

### 1.1 INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Electronics Division:

The Information, Communication Technology and Electronics (ICTE) is the world's largest and fastest growing industry. ICTE is increasingly finding applications in all sectors of the economy and thus is accepted as a key enabler in development. The Government has identified growth of electronics hardware manufacturing sector as a thrust area and has taken a number of steps on an ongoing basis for promotion of this industry in the country. Setting up of a Mission to implement schemes and policies in a focused and targeted manner, incentivization, eco-system development and attracting investment in electronics hardware manufacturing sector are amongst the major initiatives which are under consideration of the Government to take advantage of this opportunity.

PC sales are expected to record a growth of 12 per cent in 2010-11 to touch 9.7 million. The Notebook sales are estimated to be 3.5 million in 2010-11 against 2.5 million in 2009-10, a growth of 40 per cent. This shows that Notebooks have caught the fancy of the consumers. Desktop sales are expected to reach 6.2 million in 2010-11 against 5.5 million in 2009-10, a growth of 12.7 per cent.

India is one of the fastest-growing IT systems and hardware market in the Asia-Pacific region. Most of the prominent global vendors and some locals have strong presence in the Indian market. Most MNC's have their assembly units in India.

#### Chemical Division:

Chemical Industry is one of the oldest industries in India, which contributes significantly towards industrial and economic growth of the nation. The Indian Chemical Industry is an integral component of the country's economy contributing a little under 7 per cent of the Indian GDP. It has developed well over the years in terms of technical capability and capacity. India will become an important source for Chemicals/ Dyestuff/ Pharmaceuticals and pose a strong alternative to China.

### 1.2 OPPORTUNITIES AND THREATS

#### Electronics Division:

India is one of the World's fastest growing electronics

hardware markets. The domestic demand of electronics hardware is estimated at US\$ 400 billion by 2020. This provides a huge opportunity for India to become an electronics hardware manufacturing hub to meet its domestic requirements as well as the global requirements. The Government has accorded high priority to this sector and in order to promote the industry, action has been taken on a continuing basis to rationalize the tariff structure by making suitable changes in fiscal policy as part of annual budgetary exercise. We are constantly improving our distribution network to meet the opportunities created by the dynamic Global Market, especially thin client market which constitutes significant part of the Company's turnover.

The concept of Thin Client Computing has gained a vital importance because it saves approximately 30 -70% of IT cost of any Company.

#### Chemical Division:

During the current year, the global export market particularly Dyes and Chemicals sectors were on the path of revival and is expected to grow even bigger. The Chinese products are getting more expensive due to the strict pollution control measures being implemented. Also the Chinese currency yuan is becoming stronger which can influence the exports from that country.

The quality products with quick and efficient response by your Company have received good recognition in the overseas market. The thrust on newer product development and consolidation of customer relationship will result into a bright future for the Company. The availability of local raw materials will definitely be challenged owing to overall price increase.

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

#### Electronics Division:

The performance of the company was satisfactory during the year in comparison with last year turnover. The segment result, before adjustment for unallocated expenses (net) and provisions for taxation, marginally decreased to Rs. 789.73 Lacs as compared to Rs. 883.56 Lacs in the previous year.

#### Chemical Division:

There is increase in the turnover in comparison to last year's turnover and the margin too has increased in the same period.

Indian dyestuff industry continues to face strong Chinese competition. Judicious mix of product range has enabled us to select and grow business in various markets

### 1.4 FUTURE OUTLOOK

#### Electronics Division:

As per the Report of the Task Force, constituted by Department of Information Technology, the demand for electronics hardware in the country is projected to increase from the present US\$ 45 billion in 2009 to US\$ 400 billion by 2020. As against this demand projection, electronics hardware production (supply) is projected to grow from US\$ 20 billion in 2009 to US\$ 400 billion by 2020, including exports of US\$ 80 billion.

We are hopeful to tap the increased market share by improving the distribution network and providing strong technical support team. With the advent of Thin Client computing Big corporate houses, banks, educational and healthcare segments are increasingly opting the same in comparison to P.C - Server technology which decreases the IT costs of the Organization significantly.



**Chemical Division:**

New product range coupled with success in newer markets are contributing to our growth. Latin American countries like Brazil and Argentina have shown signs of surge in demand. We are cautiously trying to explore 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 depreciation 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:**

As usual there is acute shortage of raw material and price hikes owing to the crude oil price rise. Suppliers are unable to produce dyes within a given time framework. This has resulted in buyers looking for sourcing products from elsewhere.

**1.6 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company is equipped with adequate internal control systems for its business processes which determine the efficiency of its operations, strengthens financial reporting and ensures compliance with applicable laws and regulations.

The internal control systems are supplemented by extensive audits conducted by internal auditors. Moreover, regular internal audit and checks ensure that responsibilities are executed effectively across the organization. The audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and also suggest improvements for strengthening the same.

The Internal control systems/procedures 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 Rs. 22054.92 Lacs in the year 2010-11 as compared to Rs. 19,215.92 Lacs in 2009-2010, depicting a strong growth in the electronic local business. The Company has earned a profit (before tax and extra ordinary items) of Rs 297.02 Lacs as compared to a profit (before tax and extra ordinary items) of Rs. 187.44 Lacs in the previous year.

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

**Human Resources:** Employees are our most important assets. At **PRIYA LIMITED**, we value our employees as our "Greatest Assets". The Company therefore strives for continuous learning and development for each and every employee to align the same with the business objective. The Company has initiated various HR strategies to attract, motivate, develop and retain staff in order to make it a productive workplace. Employee training and development, Employee Selection and Recruitment, Employee Engagement and rewards, Performance Appraisal and communication are the critical issues HR targets to accomplish

**Industrial Relations:** Industrial Relations throughout 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

### 1. COMPANY'S PHILOSOPHY

Good Corporate Governance practices stem from the culture and mindset of the organization. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Your company continues to focus on good Corporate Governance in line with local and global standards. Its primary objective is to observe the highest level of ethics in all its dealings, create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards its shareholders and other stakeholders.

### 2. BOARD OF DIRECTORS

#### **Composition of the Board:**

The Board of Directors of the Company has an optimum combination of Executive and Non – Executive Directors. The number of Non – Executive Directors is not less than 50% of the Board of the Directors.

The Chairman of Board of Directors is Non – Executive Promoter and more than ½ of the Board consists of Independent Directors.

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 of listing agreement across all Companies in which they are Directors.

Four Board Meetings were held during the financial year 2010-2011 on the following dates:

27<sup>th</sup> May, 2010, 11<sup>th</sup> August, 2010, 11<sup>th</sup> November, 2010 & 08<sup>th</sup> February, 2011

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

The particulars of Directors, their category, relationship interse, number of shares held, attendance and other directorship, membership/chairmanship of the Board of Directors / Committees are furnished below:

Name of Director	Category	Relationship Interse	Attendance			No. of outside directorships and Committee membership / Chairmanship		
			No. of Shares Held	Board Meeting	Last AGM*	Public Limited Company Directorship	Committee membership **	Chairmanship **
Mr. A. K. Bhuwania	Promoter / Non-Executive Chairman	Father of Ashish Bhuwania and Aditya Bhuwania	569710	2	Yes	2	-	-
Mr. R. K. Saraswat	Independent / Non-Executive Director	—	NIL	4	Yes	3	-	2
Mr. M. K. Arora	Independent / Non-Executive Director	—	NIL	4	No	6	2	0
Mr. Anuj Bhargava	Independent / Non-Executive Director	—	NIL	2	Yes	-	-	-
Mr. P. V. Hariharan	Independent/ Non-Executive Director	—	500	3	Yes	1	-	-
Mr. Ashish Bhuwania	Promoter / Executive Director	Son of A. K. Bhuwania and Brother of Aditya Bhuwania	225200	1	Yes	-	-	-
Mr. Aditya Bhuwania	Promoter / Executive Director	Son of A. K. Bhuwania and Brother of Ashish Bhuwania	140300	4	Yes	1	-	-

#### **NOTE:**

The above Directorship excludes Directorship in Indian Private Limited Companies, Foreign Companies, Companies under section 25 of the Companies Act, 1956 and membership of Managing Committees of various bodies.

\* Annual General Meeting (AGM) for the financial year 2009-10 was held on 24<sup>th</sup> August, 2010.

\*\*Only Chairmanship / Membership of Audit Committee and Share Holders Grievance Committee have been considered, excluding in Priya Limited.

#### **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 directors of the Company. 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 various laws applicable to the Company.

#### **Appointment and re-appointment of directors**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. M. K. Arora and R. K. Saraswat, Non Executive Directors of the Company shall be liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.



Details of the same are given in the Notice convening the ensuing Annual General Meeting.

### **3. BOARD AND OTHER COMMITTEES:**

The Board of Directors had constituted the following committees:

- I. Audit Committee
- II. Remuneration and Compensation Committee
- III. Share holders Grievance Committee
- IV. Share Transfer Committee.

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

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

The Audit Committee of the Board of Directors of the Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

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

The audit committee shall have powers, which should include the following:

- 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:**

The role of the audit committee shall include the following:

- a) 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.
- b) Recommending to the board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the 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 for approval, with particular reference to:
  - i) Matter required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv) Significant adjustments made in the financial statements arising out of audit findings.
  - v) Compliance with listing and other legal requirements relating to financial statements.
  - vi) Disclosure of related party transactions.
  - vii) Qualifications in draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the board for approval
- f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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 any 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 the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- l) To review the functioning of the Whistle Blower Mechanism,
- m) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- n) Carrying out any other function(s) as is mentioned in the terms of reference of the audit committee.

##### **iv. Review of information by Audit Committee:**

The audit committee shall mandatorily review the following information:

- 1) Management discussion and analysis of financial condition and results of operation.
- 2) Statement of significant related party transaction (as defined by audit committee) submitted by the management.
- 3) Management letters/letters of internal control weaknesses issued by the statutory auditors.
- 4) Internal audit reports relating to internal control weaknesses and

- 5) The appointment, removal and terms of remuneration of the internal auditors shall be subject to review by the audit committee.

**v. Composition and Attendance at Meeting**

The Audit Committee has three members, all of whom are Non-Executive Directors and financially literate as prescribed in the Listing Agreement. 2/3<sup>rd</sup> of the said members of the Committee are Independent Directors.

The chairman of the committee is an independent director.

The Statutory Auditors & Chief Financial Officer of the Company were invitees to each meeting of the Audit Committee.

The quorum for the Audit Committee meetings is two members, with atleast two Independent Directors to be present at the meeting.

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

The Internal Auditor of the Company reports to the Audit Committee with regards to the audit programme, observations and recommendations in respect of different areas of operations of the Company.

The Audit Committee generally meets once in a quarter to inter-alia, to review the quarterly performance and the financial results.

The Audit Committee met four times during the year.

NAME	CATEGORY	Audit committee meeting held during 2010-2011			
		27.05.10	11.08.10	11.11.10	08.02.11
Mr. R.K. Saraswat	Chairman	Present	Present	Present	Present
Mr. M.K. Arora	Member	Present	Present	Present	Present
Mr. A.K. Bhawania	Member	Absent	Present	Absent	Present

The Chairman of the Audit Committee was present in the last Annual General Meeting, and replied to the queries of shareholders of the Company

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.

**II) REMUNERATION COMMITTEE**

**i) Terms of Reference**

The Remuneration and Compensation Committee of the Company, reviews, assesses and recommends the performance of managerial personnel on a periodical basis and also reviews their remuneration package and recommends suitable revision to the Board.

**ii) Composition and Attendance at Meeting**

The Remuneration and Compensation Committee comprises of Four Non-Executive Members out of which Three (3) are Independent Directors.

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

The details of the composition, categories and attendance during the year are as under.

Name of Director/ Member	Designation	Category	Committee Meeting held on 27 <sup>th</sup> May, 2010
Mr. M.K. Arora	Chairman	Independent / Non- Executive Director	Present
Mr. R.K. Saraswat	Member	Independent / Non-Executive Director	Present
Mr. A.K. Bhawania	Member	Non Executive Chairman	Absent
Mr. Anuj Bhargava	Member	Independent / Non- Executive Director	Absent

**iii) Remuneration Policy**

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The remuneration policy is in consonance with the existing practice in the Industry.

**A. Non Executive Director's Remuneration**

The Non Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Audit Committee Meeting. The Company paid sitting fees of Rs. 7500/- per meeting for attending meeting of the Audit Committee and Rs. 7500/- per meeting for attending meeting of the Board of Directors to Mr. R. K. Saraswat, Mr. M. K. Arora and Mr. Anuj Bhargava (Only Board Meeting). The Company also paid Rs. 250 to Mr. A. K. Bhawania and Mr. P. V. Hariharan for attending Board Meeting.

The payment of remuneration by way of sitting fees is as under.

Name of Director	Category	Sitting Fees (Rs.)
Mr. A. K. Bhawania	Promoter/Non-Executive Chairman	500
Mr. R K Saraswat	Independent/ Non Executive Director	60,000
Mr. M K Arora	Independent/ Non Executive director	60,000
Mr. Anuj Bhargava	Independent/ Non Executive director	15000
Mr. P. V. Hariharan	Independent /Non Executive Director	750
Total		1,36,250