



# PRIYA LIMITED



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

Day	:	Thursday
Date	:	23 <sup>rd</sup> August, 2012
Time	:	11.00 A.M
Place	:	"Hall of Quest", Nehru Planetarium, 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. Bhufania & Co.  
Chartered Accountants  
Mumbai.

### REGISTERED OFFICE

4<sup>th</sup> Floor, 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-Fifth** 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 Thursday, the 23<sup>rd</sup> Day of August, 2012 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, 2012 and Statement of Profit & Loss for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare dividend for the Financial Year 2011-2012.
3. To appoint a Director in place of Mr. A. K. Bhuwania who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anuj Bhargava, 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, 2013".

**SPECIAL BUSINESS:**

6. **Re-appointment of Mr. Ashish Bhuwania as Executive Director**

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

**"RESOLVED THAT** in accordance with the provisions 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 re-appointment of Mr. Ashish Bhuwania as a Whole time Director, designated as 'Executive Director' of the Company, for a period of 5 (five) years with effect from 13<sup>th</sup> May, 2012 on a remuneration of ₹ 1,25,000/- 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 including any statutory modification(s) or re-enactment thereof, for the time being in force 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. Ashish Bhuwania.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Mr. Ashish Bhuwania, the Company has no profits or its 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/any Director (s) of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient including but not limited to filing of e-form/form (s) with Registrar of Companies, Central Government or such other authorities as the case may be, to give effect to this resolution."

**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 17<sup>th</sup> August, 2012 to 23<sup>rd</sup> August, 2012 (both days inclusive).

4. Dividend recommended for the year ended 31<sup>st</sup> March, 2012 if approved by the members will be paid to those eligible members whose names appear:
  - I. As Beneficial Owners, as on 23<sup>rd</sup> August, 2012, 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 23<sup>rd</sup> August, 2012.
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.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) of COMPANIES ACT, 1956

##### Item No. 6

At the meeting of the members held on 21<sup>st</sup> Day of September, 2007, Mr. Ashish Bhuwania was appointed as Whole time Director designated as Executive Director of the Company for period of five years with effect from 13<sup>th</sup> May, 2007 which was approved by the central Government and the same expired on 12<sup>th</sup> May, 2012.

Mr. Ashish Bhuwania, aged 40 years is a graduate in Management Science from London School of Economics and has over 18 years of experience in the field of Management and computer hardware.

Mr. Ashish Bhuwania is based in London and has developed good contact with reputed multinational firms and organisation. He spearheads the international operations of the company and is shouldering major responsibilities of Electronics Division. His contacts and vast experience has helped the company to understand the international market trend and potential for company's products. He is also the Director of Halifax Properties Investments Private Limited.

The Remuneration Committee of the Board at its meeting held on 10<sup>th</sup> May, 2012 has recommended the re-appointment and payment of remuneration in compliance with Section 269 and 309 of the Act. The Board of Director vide their resolution dated 10<sup>th</sup> May 2012 re-appointed Mr. Ashish Bhuwania as the Whole Time Director, designated as Executive Director for the period of five years with effect from 13<sup>th</sup> May, 2012, subject to consent of members and approval of Central Government.

In view of the increased activities and contribution of Mr. Ashish Bhuwania to the Company, his re-appointment as Executive Director is considered

essential. Mr. Ashish Bhuvania 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 on the same terms & condition, if re-appointed. The Board of Directors has recommended his re-appointment as Executive Director for a further period of 5 years with effect from 13<sup>th</sup> May, 2012 (i.e. from 13.05.2012 to 12.05.2017). The re-appointment has to be approved by a resolution of the shareholders in forthcoming annual general meeting. The approval is being sought by proposing resolution in item no. 6.

In compliance of provisions contained in schedule XIII of the Companies Act, 1956, the resolution approving the appointment and payment of remuneration is placed before the ensuing annual general meeting of the shareholders for their approval.

This statement should be treated as an abstract of the terms & conditions of the contract with Mr. Ashish Bhuvania for the purpose of section 302 of the Companies Act, 1956.

Mr. Ashish Bhuvania, Mr. A. K. Bhuvania & Mr. Aditya Bhuvania, Directors of the Company are deemed to be concerned or interested in the resolution.

For and on behalf of the Board  
For Priya Limited

Sd/-

Place: Mumbai  
Date: 10<sup>th</sup> May, 2012

**Gaurav Munoli**  
Company Secretary

**Registered Office:**

4<sup>th</sup> Floor, Kimatrai Building, 77-79,  
Maharshi Karve Marg, Marine Lines (E),  
Mumbai-400002

Details of the Directors seeking appointment / re – appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. A. K. Bhuvania	Mr. Anuj Bhargava	Mr. Ashish Bhuvania
Date of Birth	30.08.1947	24.09.1962	14.10.1971
Age	64 years	49 years	40 years
Qualification	B.Sc in Maths	CMC, CWA.	Graduate in Management Science
Expertise	Hardware Industry	Management & IT Consultancy	Electronics & Chemical Industry

**DIRECTORS' REPORT**

To,  
Dear Members,  
**Priya Limited**

Your Directors are pleased to present the **25<sup>th</sup> Annual Report** and Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS**

The financial performance of the Company for the year ended March, 2012 in comparison to the previous financial year 2010-11 are summarised as below:

	(₹ in Lacs)	
	Year Ended 31/03/2012	Year Ended 31/03/2011
<b>Revenue from operation</b>	<b>19246.60</b>	<b>22059.70</b>
Other Income	157.75	220.81
	<b>19404.35</b>	<b>22280.51</b>
Profit/ (Loss) before Tax and Extra Ordinary Item	175.83	297.02
Extra ordinary item	----	----
Profit/ (Loss) before Tax and after Extra Ordinary Items	175.83	297.02
Provision for taxation		
Current Tax	54.19	106
Deferred Tax	(0.48)	(9.44)
(Add)/Less: Taxation of earlier years	40.49	----
Profit/(Loss) After Tax	81.63	200.46
Add: Balance brought forward	597.97	432.52
	<b>679.60</b>	<b>632.98</b>
Profit available for appropriation	679.60	632.98
Appropriations		
Proposed Dividend	30.02	30.02
Corporate Dividend Tax	4.87	4.99
Balance carried to Balance Sheet	644.70	597.97
	<b>679.60</b>	<b>632.98</b>
	=====	=====

**DIVIDEND**

Your Directors have recommended a dividend of Re. 1.00/- per equity share (i.e. @ 10%) on 30,02,300 fully paid equity shares of ₹ 10/- each for the financial year ended 31<sup>st</sup> March 2012, amounting to ₹ 30,02,300/- (exclusive of Tax of ₹ 4.87 Lac).

**OPERATIONS**

During the year under review the aggregate turnover of your Company was ₹ 19246.60 lac as compared to ₹ 22059.70 lac in the previous year. The Company has earned profit after tax and exceptional item of ₹ 81.63 lac in 2011-2012 as compared to ₹ 200.46 lac in the previous year.

Due to recessionary trends which continued globally,

your company's turnover decreased to ₹ 19246.60 lac in comparison to performance of previous year. The aforesaid decrease in turnover was a result of economic slowdown globally and not restricted to USA & European countries.

Your Company is focused to concentrate on the hardware business which has been major revenue earner, which mainly includes marketing of VXL thin clients and other computer peripherals such as Keyboard and Mouse. The financial year 2011-12 was a challenging year, as the company had to shrink its import activities in response to high volatility in foreign currency and devaluation of rupee. The chemical segment of the company has also witnessed fall in revenue, as a consequence of global economy being in throes of recession.

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 will lead to improved profitability in the long run.

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

**DIRECTORS**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. A. K. Bhuwania and Mr. Anuj Bhargava, 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.

The tenure of Mr. Ashish Bhuwania is due for re-appointment w.e.f. 13/05/2012 as Executive Director of the Company. Keeping in view his experiences and expertise, a resolution is proposed in the notice of Annual General Meeting for the aforesaid re-appointment of Mr. Ashish Bhuwania as per terms detailed in the resolution. The proposed tenure of appointment is for 5 years w.e.f. 13/05/2012.

**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 reports 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 ongoing 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 which form an integral part of this report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is set out in a separate section to this 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 2011-2012 and Profit of the Company for that the year ended on 31<sup>st</sup> March, 2012;
- 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/dematelized form. The shareholders' are advised to take benefits of dematerialization.

#### **LISTING OF SHARES**

The Company's equity shares continue to be 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 2011-2012 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, 2012.

##### **PARTICULARS OF EMPLOYEES:**

The Company is not required to make any disclosure under section 217(2A) of the Companies Act, 1956 as none of its employees is drawing remuneration in excess of ₹ 60 Lacs per annum or ₹ 5 Lacs per month.

#### **APPRECIATION & ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their sincere gratitude for assistance & 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      R. K. Saraswat  
Executive Director      Director

Place: Mumbai  
Date: 10<sup>th</sup> May, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMY AND INDUSTRY OVERVIEW

The year 2011-12 was marked by growing global uncertainties. Global recovery has stalled, growth prospects have dimmed and downside risks have escalated. Growth of Indian economy has slowed down and was recorded approximately near 6.9% in 2011-12 and is expected to be around 7% in the next fiscal year. This fiscal, IT Hardware companies were adversely affected due to devaluation of rupee against US dollar, depressed demand and supply chain disruption because of floods in Thailand. Despite several odds, production of computer hardware is estimated to increase by 10 per cent in 2011-12 to touch ₹ 16,500 Crore as against ₹ 14,970 Crore during 2010-11.

#### 1.1 INDUSTRY STRUCTURE AND DEVELOPMENTS

##### Electronics Division:

The Information, Communication Technology and Electronics (ICTE) have been contributing significantly to the economic growth of the country. Electronics is increasingly finding applications in all sectors of the economy and thus is accepted as a key enabler in development. Government of India recognizes that the development of domestic capabilities in Electronics System Design and Manufacturing (ESDM) is crucial for both economic and strategic reasons. The vision is to create a globally competitive ESDM sector to meet the country's needs and serve the international markets. It is with this vision that the Government has come out with the draft National Policy on Electronics, 2011.

The Electronics & IT-ITeS industry continued to exhibit remarkable resilience during the year 2011-12. The total production of Electronics & IT-ITeS Industry is estimated to grow by 19.2 per cent in 2011-12 as against 14.6 percent in 2010-11. This increase in growth is attributed mainly to the accelerated growth of software and services industry which is export driven and continues to dominate the electronics and IT industry.

##### Chemical Division:

Chemical Industry is an important constituent of the Indian economy. Its size is estimated at around US\$ 35 billion approx., which is equivalent to about 3% of India's GDP. The total investment in Indian Chemical Sector is approx. US\$ 60 billion and total employment generated is about 1 million. The Indian Chemical sector accounts for 13-14% of total exports and 8-9% of total imports of the country. In terms of volume, it is 12<sup>th</sup> largest in the world and 3<sup>rd</sup> largest in Asia. Currently, per capita consumption of products of chemical industry in India is about 1/10<sup>th</sup> of the world average.

#### 1.2 OPPORTUNITIES AND THREATS

##### Electronics Division:

IT hardware market in India continue to expand rapidly with the significant IT adoption plans by the key drivers, such as, Telecom, BFSI (Banking, Financial Services and Insurance), ITeS (Information Technology enabled Services), Education, Small

Office / Home Office (SOHO), manufacturing verticals, Small & Medium Enterprises (SMEs), e-Governance and households. Production of computer hardware is estimated to increase by 10 per cent in 2011-12 to touch ₹ 16,500 Crore as against ₹ 14,970 Crore during 2010-11. At a recent conference on IT SME's titled: "IndiaSoft 2012" held in Hyderabad, India's IT secretary Mr. J Satyanarayana informed that the electronic hardware industry had taken a backstage in the last one decade because an increased focus was given to the software industry. This trend will be reversed now and a greater importance will be given to the electronic hardware manufacturing segment of the country.

##### Chemical Division:

The Dyestuff sector is one of the important segments of the chemical industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, paper, plastics, printing inks and foodstuffs. The textile industry accounts for the largest consumption of dyestuffs at nearly 70 percent. From being importers and distributors in the 1950s, it has now emerged as a very strong industry and a major foreign exchange earner. India has emerged as a global supplier of dyestuffs and dye intermediates, particularly for reactive, acid, vat and direct dyes. India accounts for approximately 7 percent of the world production.

Developed countries are looking at outsourcing dye production to developing countries, as production facilities shift base to Asian countries like India and China.

China, with higher scale of production and lower power tariff has globally competitive production cost compared to India and poses threat to the Indian business. The industry needs to significantly strengthen its technical capabilities and marketing acumen to be globally competitive. Spending on research & development (R&D) is the lowest by India's colorant industry. For a nation aspiring to be a major manufacturing centre for colorants, there is an urgent need to increase R&D activities. Per capita consumption of colorants is only a meager 50 gm vis-à-vis the world average of 250 gm.

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

##### Electronics Division:

The performance of the company was relatively less satisfactory during the year in comparison to last year turnover. The segment result, before adjustment for unallocated expenses (net) and provisions for taxation, marginally decreased to ₹ 748.86 Lacs as compared to ₹ 789.73 Lacs in the previous year.

##### Chemical Division:

In spite of decrease in turnover in comparison to last year's turnover the company has managed to escalate the margin for the period under review. With Asia's growing contribution to the global chemical industry, India emerges as one of the focus destinations for chemical companies worldwide.



#### 1.4 FUTURE OUTLOOK

##### Electronics Division:

As per the Report issued by Department of Information Technology, the demand for electronics hardware in the country is projected to increase upto US\$ 400 billion by 2020. The concept of Thin Client computing is in vogue due to several advantages which interalia include significant decrease in IT cost of the Organisation. We have set up a strong technical support team to provide total network solutions which in the long run will enhance competitiveness and enable us to maintain profitability.

##### Chemical Division:

Dye has an inherent element of value addition to a wide variety of products like textiles, leather, paper, food products, cosmetics, plastics, paints, inks and high-tech applications like optical data storage (CDs, DVDs), solar cells, medical diagnostics (CT Scan, angiography), security inks, lasers, photo dynamics etc. The textile industry accounts for the largest consumption of dyestuffs at nearly 70 percent. From being importers and distributors in the 1950s, it has now emerged as a very strong industry and a major foreign exchange earner. Europe and USA, the two major economies for dyestuff are riding high on debt and fiscal unease. The chemical industry experts have also indicated that 2012 will be a litmus test for growth and sustainability.

#### 1.5 RISKS AND CONCERNS

##### Electronics Division:

General economic slowdown may compel our clients to postpone their decisions to acquire newer technology and reduce their IT operations cost. In turn such scenario may affect our revenue and profitability. The exchange rate between the Indian rupee and US dollar has fluctuated significantly in recent past and the same may continue fluctuating in future. Currency fluctuation some time may turn out highly unfavorable to us and may adversely affect our revenue and gross margins. Highly competitive scenario creates pricing pressure on the Company, which may affect its gross margin in the long run.

##### Chemical Division:

While chemical industry addresses growing need for materials required by different sectors, the industry employs highly complex manufacturing processes that involve handling of often toxic and hazardous chemicals. The process being energy intensive, the importance of safety, security and environmental protection can not be underestimated. Europe and other countries are making imports into their region stricter and that makes it tougher for Indians to export.

#### 1.6 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations ensure that all assets are protected against losses and unauthorised use.

It also has an adequate system, commensurate with its size and nature of operations. All operating parameters are complied with and controlled. Regular internal audits and checks ensure that responsibilities are executed efficiently. No significant internal control lapses were identified.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time. The Audit Committee of the Board met four times during the period under review.

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

The Company has achieved a sales turnover of ₹ 19246.60 Lacs in the year 2010-11 as compared to ₹ 22059.70 Lac in 2010-2011, depicting a fall in the electronic export business. The Company has earned a profit (before tax and extra ordinary items) of ₹ 175.83 Lac as compared to a profit (before tax and extra ordinary items) of ₹ 297.02 Lac 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 through out the year continued to remain very cordial and satisfactory.

##### Forward Looking Statement

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

Corporate Governance is the mechanism by which the values, principles, policies and procedures of companies are manifested. Effective Corporate Governance is indispensable to resilient and vibrant capital markets and investor protection rests on this foundation. The core value of corporate governance lies in the principles of the integrity, fairness, quality, transparency and accountability.

The Company's philosophy on corporate governance is to provide transparent disclosures in all its dealings with all the stakeholders, viz., customers, suppliers, lenders, employees etc. and to provide an environment friendly atmosphere. Priya Limited aims at enhancing the value of all its stakeholders and strives hard to achieve the same.

#### 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 2011-2012 on the following dates:

23<sup>rd</sup> April, 2011, 10<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 9<sup>th</sup> February, 2012

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 inter-se, number of shares held, attendance and other directorship, membership/chairmanship of the Board of Directors / Committees are furnished below:

Name of Director	Category	Relationship Inter-se	No. of Shares held	Attendance		No. of outside directorships and Committee membership / Chairmanship		
				BM	Last AGM*	Public Ltd Company Directorship	Committee membership **	Chairmanship **
Mr. A. K. Bhuwania	Promoter / Non-Executive Chairman	Father of Ashish Bhuwania and Aditya Bhuwania	751210	2	No	2	-	-
Mr. R. K. Saraswat	Independent / Non- Executive Director	--	NIL	4	Yes	3	3	2
Mr. M. K. Arora	Independent/Non-Executive Director	--	NIL	4	Yes	7	2	0
Mr. Anuj Bhargava	Independent/Non-Executive Director	--	NIL	4	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	210200	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.