

PHOTO  QUIP INDIA LTD.
ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

JAYANT P. SONI – Chairman & Managing Director
DHAVAL J. SONI
VIMAL J. SONI
MOHIB N. KHERICHA
MOHAN M. JAYAKAR
DR. VISHNU J. ACHARYA

REGISTERED OFFICE

A 33, Royal Industrial Estate
Naigaon Cross Road,
Wadala, Mumbai - 400 031

CORPORATE OFFICE

A-33, Royal Industrial Estate,
Naigaon Cross Road,
Wadala, Mumbai – 400 031

AUDITORS

M/s. MAYANK SHAH & ASSOCIATES
Chartered Accountants

BANKERS

BANK OF INDIA, Mumbai Overseas Branch
APNA SAHAKARI BANK LTD. Wadala Branch

SHARE TRANSFER AGENT

SHAREX DYNAMIC INDIA PVT. LTD
17/B, Dena Bank Building
2nd Floor, Homiman Circle
Fort, Mumbai – 400 001

DEPOSITORY NO.

ISIN – INE 813B01016

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of PHOTOQUIP INDIA LIMITED, will be held at A-33 Royal Industrial Estate, Naigaon Cross Road, Wadala (E), Mumbai 400 031 on Wednesday 30th September, 2009 at 10.30 a.m. to transact the following business

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Dr. Vishnu J. Acharya, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS BEHALF ON A POLL ONLY, A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
Proxy form in order to be effective should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before the Commencement of the meeting.
- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from 29th September, 2009 to 30th September, 2009 (both days inclusive).
- 3) Members / Proxies should bring the Attendance Slips duly completed for attending the Meeting.
- 4) Members should bring their copies of the Annual Report to the Annual General Meeting. No copies will be distributed at the Meeting as a measure of economy.

By Order of the Board of Directors

Place : Mumbai
Date : 31st August, 2009

Jayant P. Soni
Chairman & Managing Director

Registered Office:
A-33, Royal Industrial Estate,
Naigaon Cross Road,
Wadala, Mumbai – 400 031

DIRECTORS' REPORT

To,
The Members of
PHOTOQUIP INDIA LIMITED

Your Directors have pleasure in presenting the Seventeenth Annual Report of the Company and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Turnover & Other Receipts	3,662.36	2,747.12
Profit before Interest, Depreciation & Tax	806.53	287.51
Less :		
Interest	62.03	47.34
Depreciation	26.30	17.40
Deferred Development Exp written off	78.15	74.05
Preliminary Expenses written off	1.26	1.25
Profit before Tax	638.79	147.48
Provision for FRT	3.45	3.08
Deferred Tax Liability	14.57	3.69
Profit (Loss) after Tax	620.76	140.70

OPERATIONS

It gives us immense pleasure to share with you the phenomenal growth achieved by your Company during the financial year under review.

	2008-09	2007-08
Sales / Other Receipts	3,662.36	2,747.12
Expenses	2,790.50	2,640.82
Net Profits	620.76	140.70

DIVIDEND

Your Company is in the process of consolidating its financial position. With this view your Company has not declared dividend for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: [Information under Section 217 (1) (e)]

Information pursuant to the Companies (Disclosure of Particulars in the Report or Board of Directors) Rules, 1988

a) Conservation of Energy

The Company is not a major user of energy. However, the measures taken by the Company have resulted in savings in energy consumption.

- i) Energy Conservation measures taken in the recent past : No new energy conservation measures were undertaken during the year 2008-09
- ii) Additional investment and proposal for reduction of energy consumption being implemented : NIL
- iii) Impact of measure (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods : NIL

b) Technology Absorption

i) **Specific areas in which Research & Development carried out by the Company:**

The Company carries out R & D activities in the following areas

Product / Process improvement and development

Import Substitution of various components and sub-assemblies used in Cameras & Flash units and Photographic Labs

Product support by way of indigenising tooling and design support for vendor development

The Company has an ongoing R & D:

Improvement in existing product range / progressive indigenisation of new flash lights and components & accessories.

Absorption and adoption of technology for manufacture of photographic films

ii) **Benefits derived as a result of R & D :**

Considerable benefits have been derived by the Company from its Research & Development activities primarily by way of improvement in quality and time saving

c) Foreign Exchange Earnings and Outgo

	(Rs. In Lacs)	
	2008 – 2009	2007 – 2008
Foreign Exchange Earnings	2,790.50	2 040.82
Foreign Exchange Outgo	763.15	702.88

PARTICULARS OF EMPLOYEES

The Company has no employee under section 217(2A) of the Companies Act, 1956.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Dr. Vishnu J. Acharya retires by rotation and being eligible offer himself for re-appointment. Your Directors recommend his re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm:

- a) that in the preparation of the Annual Accounts the applicable accounting standards have been followed alongwith proper explanations relating to material departures,
- b) that the Directors have selected such accounting policies and 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 as on 31st March, 2009 and of the profit of the Company for the year ended on that date;
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) that the Directors have prepared the annual accounts on a going concern basis

SECRETARIAL AUDIT

As Directed by Security and Exchange Board of India (SEBI) secretarial audit is being carried out at the specific periodicity by a practicing Company Secretary. The findings of the secretarial audit were entirely satisfactory

CORPORATE GOVERNANCE

The report on corporate governance and the certificate on compliance with the conditions of corporate governance under Clause 49 of the Listing Agreement is annexed to this report.

The Company is listed on Mumbai Stock Exchange (BSE) & on Ahmedabad Stock Exchange (ASE). The Company has paid listing fees to both the stock exchanges on time.

AUDITORS

The Statutory Auditors, M/s. Mayank Shah & Associates, Chartered Accountants, Ahmedabad, retire at the conclusion of the forthcoming Annual General Meeting. The Company has received the requisite certificate pursuant to Section 224 (1-B) of the Companies Act, 1956, from them regarding their eligibility for re-appointment as the Auditors of the Company. The Board recommends their re-appointment.

COMPLIANCE WITH THE CODE OF CONDUCT

The Company has put in place a code of conduct for its Board of Directors and senior management personnel. Declarations of compliance with the code of conduct have been received from all Board members and senior management personnel. A certificate to this effect from Mr. Jayant P. Soni, Chairman & Managing Director forms part of this Report.

PERSONNEL

The Directors wish to place on record their sincere appreciation for the dedicated services of all employees of your Company.

APPRECIATION

The Directors wish to place on record their sincere appreciation for the contribution made by the employees at all levels and for their dedication and commitment to the Company throughout the year. The Directors would also like to record their thanks to the Company's Shareholders, bankers, customers, Suppliers and vendors for their valuable support and co-operation.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 31st August, 2009

Jayant P. Soni
Chairman and Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

Jayant P. Soni, Chairman & Managing Director of the Company, hereby declare that the Company has adopted a code of conduct for its Board Members and senior management, at a meeting of the Board of Directors held on 29th September, 2005 and the Board Members and senior management have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31st March 2009.

For PHOTOQUIP INDIA LTD.

Place : Mumbai
Date : 31st August 2009

Jayant P. Soni
Chairman and Managing Director

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company is committed to good Corporate Governance and transparency in all its dealings and places due emphasis on business ethics, responsible conduct, integrity and accountability in the functioning of the Company and the conduct of its business internally and externally. The Company strives to achieve business excellence, increasing long term shareholder value, keeping in view the needs and interests of all its stakeholders.

2. BOARD OF DIRECTORS :

The Board of Directors of the Company comprises of 6 Directors. The Company has Executive Chairman and the number of independent Directors is 50% of the total number of the Directors. The number of non executive Directors is 40% of the total number of Directors. None of the Directors on the Board is a Member on more than 10 committees and Chairman of more than 5 committees (as specified on Clause 49 of the Listing Agreement), across all the companies in which he is a Director. The necessary disclosure regarding committee positions have been made by all the Directors. The constitution of the Board is given below:

Name	Category / Designation	No. of outside Directorship and Committee membership / Chairmanship			
		Public Company	Private Company	Committee membership	Chairmanship
M. Jayant P. Soni	Chairman & Managing Director Promoter	Nil	Nil	Nil	Nil
Mr. Dhaval J. Soni	Whole time Director Promoter	Nil	Nil	Nil	Nil
Mr. Viraj J. Soni	Whole time Director Promoter	Nil	Nil	Nil	Nil
Mr. Mohib N. Khelona	Non Executive Independent Director	5	3	3	Nil
Mr. Manan M. Jayakar	Non Executive Independent Director	3	2	Nil	Nil
Dr. Vishnu J. Acharya	Non Executive Independent Director	Nil	Nil	Nil	Nil

Five (5) Board Meetings were held during the financial year ended 31st March 2009 i.e. 30th April 2008, 30th July 2008, 02nd August 2008, 25th October, 2008 and 2nd January 2009. The Company placed before the Board the annual operating plans, budgets and performance of various divisions from time to time. Information regarding recruitment of senior executives, show cause notices which are materially important, default if any, in financial obligations, details of joint ventures & collaborations, labour problems, signing of wage agreements, etc is also placed before the Board as and when the same takes place. The attendance of the Directors at the said Board Meetings and at the last Annual General Meeting is as under:

Director	No. of Meetings		Attendance at Last AGM
	Held	Attended	
M. Jayant P. Soni	5	5	Yes
M. Dhaval J. Soni	5	5	Yes
Mr. Viraj J. Soni	5	5	Yes
Mr. Mohib N. Khelona	5	5	Yes
Mr. Manan M. Jayakar	5	5	No
Dr. Vishnu J. Acharya	5	5	Yes

3 AUDIT COMMITTEE:

Brief description of terms of reference

The terms of reference of the Audit Committee as stipulated by the Board of Directors, in accordance with the terms listed in Clause 49 II D of the Listing Agreement are as follows:

- (a) Overview of the Company's Financial Reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Reviewing with the Management the quarterly, half-yearly and annual financial statements before submission to the Board for approval with particular reference to:
 - (i) Matters required being included in the Director's 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 any related party transactions.
 - (vii) Qualifications in the draft audit report.
- (c) Reviewing the adequacy of Internal Audit Function.
- (d) Reviewing with the Management, performance of Statutory & Internal Auditors, the adequacy of internal control systems & procedures.
- (e) Discussing with the Internal Auditors, any significant finding & follow-up on such issues.
- (f) Reviewing the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board.
- (g) Discussing with statutory auditors before the Audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.
- (h) Reviewing/recommending the appointment, re-appointment & replacement or removal of internal & statutory Auditors of the Company, fixation of remuneration/audit fees & also approval for payments for any other services rendered by them.
- (i) Reviewing substantial defaults in the payment to the depositors and shareholders (in case of non-payment of declared dividends) and creditors.
- (j) Reviewing the Management discussion and analysis of financial condition and results of operations.
- (k) Reviewing the Statement of significant related party transactions submitted by the management.
- (l) Reviewing the risk assessment and minimization procedures to ensure that executive management controls risk through means of a properly defined framework.

The Audit Committee has been granted powers as prescribed under clause 49 II C of the listing agreement.

Composition of Audit Committee

The audit committee of the company has been constituted with three Directors viz.,

1. Shri Mohib N. Khericha - Chairman
2. Shri Mohan M. Jayakar
3. Shri Vishnu J. Acharya

The Committee met 4 times during the year on 28th April 2008, 21st July, 2008, 5th October 2008 & 31st January, 2009 and the attendance of members of the committee was as follows

Director	No. of Meetings	
	Held	Attended
Shri Mohib N. Khericha	4	4
Shri Mohan M. Jayakar	4	4
Shri Vishnu J. Acharya	4	4

4. REMUNERATION COMMITTEE :

A remuneration committee has been constituted as a sub-committee of Board on 30th April, 2008 & 30th October, 2008. The Remuneration committee of the company has been constituted with three Directors viz

1. Shri Dhaval J. Soni, Chairman
2. Shri Mohib N. Khericha
3. Shri Mohan M. Jayakar

Non-executive directors have been paid Rs. 35,250/- by way of sitting fees for attending Board Meetings or meeting of committee thereof. The Managing Director's remuneration will also be in conformity with the existing laws and regulations and approved by the shareholders.

5. SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE :

As a measure of good Corporate Governance and to focus on the shareholders' grievances, if any, and towards strengthening investor relations, an Investors' Grievance Committee has been constituted as a committee of the Board, on 30th April, 2008 to redress / minimize the grievances, if any, of shareholders / investors.

The functions of the committee include

The committee specifically look into redressing investors' grievances pertaining to

- a) Transfer of shares
- b) Dividends
- c) Dematerialization of shares
- d) Replacement of lost / stolen / mutilated Share Certificates
- e) Any other related issues

The committee comprises of the following Directors:

- a. Shri Mohib N. Khericha - Chairman
- b. Shri Dhaval J. Soni
- c. Shri Mohan M. Jayakar

During the year the Company received three Communications pertaining to non-receipt of shares sent for transfer, non-receipt of Shares sent for transfer and non-receipt of credit or document sent for de-mat. All the Communications were satisfactorily settled. There are no shares pending for transfer for a period of transfer for a period of more than 21 days from the day of receipt so long as the documents are clear in all respects.

6. GENERAL BODY MEETING

The location and time of the Annual General Meeting held during the last three years is as follows

Date	Venue	Time
September 20, 2006	A-56 Royal Industrial Estate, Naigaon Cross Road, Wadala, Mumbai - 400 031	10:30 A.M.
September 29, 2007	10/118, Vajalankar College Road, Antop Hill, Wadala (E), Mumbai - 400 037	10:00 A.M.
September 22, 2008	A-56 Royal Industrial Estate, Naigaon Cross Road, Wadala, Mumbai - 400 031	10:30 A.M.

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Company has Strong Research & Development base and uses Cutting-edge Technology in development of Digital Flash Lights, Photographic Laps and other products. The Company enjoys Global presence for its Digital Flash Lights.

The Company has opportunity in increasing presence in the global arena and penetrate unexplored local market for the company's products especially Digital Flash Lights.

Since, presently the Company operates in only one segment of Photographic & allied equipments, the management discussion analysis is not material and accordingly the report on the same is not attached with the Directors report.

8. DISCLOSURES:

a. The independent directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its management, their relatives or the Company's subsidiaries, which in the judgement of the Board affect the independence of judgement of the Directors or which may have a potential conflict with interests of the Company. The register of contracts containing the transactions in which the directors are interested is placed before the Board regularly. Transactions with related parties are disclosed in the schedules to the Annual Accounts in the Annual Report.

b. The Company has continued to comply with the requirement of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years, no penalties or sanctions have been imposed on the Company either by SEBI or stock exchanges or other statutory authorities relating to above.

- c. The Company is reviewing the existing risk based control system. During the year an analysis of the Company's risks covering strategic (business), operational, financial and legal & compliance risks, as perceived by the Management had been made and control procedures and systems for mitigating these risks have also been identified.
- d. The Company has established procedures to enable its Board to periodically review compliances of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.
- e. The non-mandatory requirements of the Clause 49 of the listing agreement are neither necessary nor desirable and hence the Company does not consider the need to adopt them.

9. **MEANS OF COMMUNICATION.**

- a. The quarterly and half yearly results published in the proforma prescribed by the Listing Agreement are approved and taken on record by the Board of Directors of the company within one month of the close of the relevant quarter. The approved results are forthwith sent to the Stock Exchanges where the company's shares are listed. The results are also published within 48 hours in one English language and one Marathi language newspaper having wide circulation.
- b. The annual audited results are also communicated to the stock exchanges where the Company is listed, published in the newspapers.
- c. Presentation made to institutional investors → to Analyst: No.

General Information for Shareholders

- a) **AGM** - Date: 30th September, 2009
Time: 10.30 a.m.
Place: A-33, Hoval Industrial Estate
Nagzor Cross Road, Wadala (E)
Mumbai 400 031
- b. The financial year of the company is from 1st April 2008 to 31st March, 2009.
- c) **Dates of Book Closure:** From 29th September, 2009 to 30th September, 2009 (in connection with the Annual General Meeting).
- d) The shares of the company are listed on Ahmedabad Stock Exchange and Mumbai Stock Exchange. The listing fees for the year 2008-09 have been paid to all the stock exchanges where the shares of the company are listed.
- e) **Stock Code:** Bombay Stock Exchange is 526588 and Ahmedabad Stock Exchange is 44881.

f) De-mat ISIN Number for NSDL and CDSL : ISIN – INE 813B01016

g) **Market Price Data:** High-low during each month in last financial year i.e. 1st April 2008 to 31st March 2009 at Bombay Stock Exchange.

Month	Highest Rate (Rs.)	Lowest Rate (Rs.)	Month	Highest Rate (Rs.)	Lowest Rate (Rs.)
April 2008	13.79	8.52	October 2008	13.50	7.00
May 2008	14.82	12.35	November 2008	9.81	6.75
June 2008	14.00	12.50	December 2008	8.85	5.80
July 2008	12.10	10.00	January 2009	8.92	6.15
August 2008	13.75	10.25	February 2009	10.40	7.50
September 2008	6.05	12.05	March 2009	10.33	6.81

h) **Registrar and Transfer Agents for De-mat and Physical mode:** SHAREX DYNAMICS INDIA PVT LTD, 17 B, Cona Bank Building 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001

Share Transfer System: Transfers of shares are processed by the Share Transfer Agent and approved by the Share Transfer Committee (all regular investors). Shareholder's Grievance Committee, which meets at frequent intervals. Share transfers are registered and returned within 15 days from the date of receipt if the relevant documents are complete in all respects.

i) **Shareholders Holding More than 1% of the Share as at 31st March 2009**

Sr. No.	Name of the Holder	No. of Shares	% to Share Capital
1	Jayant H. Soni	695250	14.482
2	Dhaval J. Soni	441550	9.197
3	Vima J. Soni	432950	9.019
4	Tara J. Soni	134114	2.794
5	Ashok Kavdia	205345	4.277
6	Dharat J. Soni	60268	1.255
7	Hareesh Chankrelal Soni	19550	1.240
8	Javed S. Sayoc	129477	2.697
9	Mahendra Chandulal Shan	50000	1.041
10	Sanjay B. Shah	100000	2.083
11	Sudha Ashok Amora	60103	1.252
12	Sulaxmi Exports & Marketing P. Ltd.	200000	4.163
	Total Public [1% & Above]	2568605	53.503

k) **Distribution of Shareholding as on 31st March 2009**

Distribution of Shareholding as on 31 st March, 2009	No. of Shares	No. of Shareholders	% of Shareholders to No. of shares
1 To 5000	7794920	4669	87.01
5001 To 10000	3270540	373	6.95
10001 To 20000	2753580	175	3.26
20001 To 30000	1518270	50	0.93
30001 To 40000	915200	20	0.48
40001 To 50000	529620	--	0.20
50001 To 100000	2156710	31	0.56
100001 & Above	29236530	32	0.60
Total	48008000	5386	100.00

l) **Categorywise Shareholding Pattern As At March 31, 2009**

Sr. No.	Category	No. of Shares	Total Shares	% to Share Holdingpg
A	Based in India (Promoter)			
i.	Indian ind.HUF & Relatives	1717364	1842664	35.779
ii.	Persons acting in concert (also)	125000		2.904
B	Public Holding (Institutions)			
i.	Mutua Funds	5000	7300	0.104
ii.	Venture Cap Fund	1000		0.021
iii.	Foreign Ven. Cap Inv	1300		0.027
C	Non Institutions			
a.	Indian Corp Bodies / Trust / Partnership	325153	2914003	6.733
b.	Individual Holding			
i.	Upto Rs. 1/- lac	1371045		37.803
ii.	Above Rs. 1/- lac	817805	17.035	
D	Any Other Clearing Members	136833	136833	3.147
	TOTAL	4800800	4800800	100.00

m) Dematerialization of shares and liquidity **89.57%** of the paid up capital has been dematerialized as on 31st March, 2009 & **10.43%** of the paid up capital is in physical form.

ni) The company has not issued any GDRs / ADRs.

Address for correspondence.

Shareholders' correspondence should be addressed to Photocoup India Ltd., A-33, Poval Industrial Estate, Naigaon Cross Road, Wadala, Mumbai 400 031.

Investors Relations

All the Complaints received from shareholders have been cleared within the financial year. The Complaints are generally replied to within 10 days from the lodgment with the Company.

Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct.

The Board of Directors of the Company has adopted the Code of Conduct for the Directors and senior Management Personnel. They have affirmed their compliance with the respective codes.

CEO CERTIFICATE:

We hereby certify that for the financial year ending 31st March, 2009 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws/regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2008-09 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the directors and the Audit Committee those deficiencies of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that -
 - a) there have been no significant changes in internal control during this year.
 - b) there have been no significant changes in accounting policies during this year.
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein of management or an employee having a significant role in the Company's internal control systems.

By Order of the Board of Directors

Place: Mumbai
Date: 31st August, 2009

Jayant P. Soni
Chairman & Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
PHOTOQUIP INDIA LTD
Royal Industrial Estate,
Wadala, Mumbai

We have examined the compliance of conditions of corporate governance by Photoquip India Limited (the Company) for the year ended 31st March, 2009 as stipulated in clause 49 of the listing agreement of the Company with Stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, accepted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreements.

We state that no investor grievances were pending for a period exceeding one month against the Company as per records maintained by the Shareholders / Investors Grievance Committee.

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

For MAYANK SHAH & ASSOCIATES
Chartered Accountants

Place: Mumbai
Date: 31st August, 2009

M. S. SHAH
Partner
Mem. No. 44033

MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

706, Mahakant,
Opp. V. S. Hospital,
Ellisbridge,
Ahmedabad-380006

AUDITORS REPORT

To
The Members of
Photoquip India Ltd.

We have audited the attached Balance Sheet of **PHOTOQUIP INDIA LTD.** as at 31st March 2009 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by The Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section 3 (c) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors and taken on record by Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon give the information required by the Companies Act, 1956 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In case of Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - (ii) In case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) In case of Cash Flow Statement, of the cash flows for the period ended on that date.

FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

M.S. Shah
Partner
Mem. No. 44093

Place: Mumbai
Date: 31st August, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 2 of our Auditors Report of even date on financial statements of Photoquip India Limited for the year ended 31/03/2009)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

1. a) The Company has maintained proper records showing full particulars including quantitative details.
b) According to the information and explanation given to us, the Company has formulated a regular program of verification by which all the assets of the company shall be verified in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on the verification conducted during the year as compared with the book records.
c) There was no disposal of a substantial part of fixed assets.
 2. a) As explained to us, the inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
 3. a) According to the information and explanation given to us, the company had not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act during the current year. However in the previous financial years the Company had granted the interest free unsecured deposits of Rs. 68,71,156/- to concern in which Director is also interested for leased premises taken by company.
b) The Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of rates of interest and other terms & conditions is not applicable to the Company.
c) As the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, the clause of repayment of principal amount is not applicable to the Company.
d) The Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (c) of paragraph 4 of the order are not applicable to the company.
 4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventories and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
 5. a) On the basis of the audit procedures performed by us, and according to the information given to us, we are of the opinion that the transactions which were required to be entered in register maintained under Section 301 of Companies Act were entered.
b) In our opinion and according to the information and explanations given to us, the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant price.
 6. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
 7. In our opinion, the Company has an internal audit system commensurate with the size of business.
-
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- 8 We have been informed that the Central government has not prescribed maintenance of Cost records under Section 209 of Part of the Companies Act, 1956.
- 9 (a) According to the records of the company and information and explanations given to us, the company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Excise Duty, Custom Duty, Service Tax, VAT, Cess, Investor Education and Protection Fund and all other material statutory dues as applicable to it, with the appropriate authorities during the year.
- (b) The disputed dues that have not been deposited in respect of matters pending before respective authorities are as under:—
- 10 According to the records of the company and the information and explanations given to us, the details of Statutory dues which have not been deposited or account of dispute are given below:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
Remission Sales Tax Act, 1952	Sales Tax	78,157	2000-2001	Assistant Commissioner of Sales Tax, Mumbai
		1,77,138	2001-2002	
		3,49,000	2002-2003	

- 11 The company does not have any material losses more than 50% of its turnover at the end of the financial year and the company has not incurred financial losses during the current and immediately preceding financial year.
- 12 According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company had not transaction with financial institution and had no deposits or standing during the year.
- 13 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security or way of pledge or other collateral securities and other securities.
- 14 The provisions of the relevant application of contract law and other laws relating to securities are not applicable to the company.
- 15 In respect of dealing in derivatives, currencies and other investments in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and other securities have been held by the Company in its own name.
- 16 According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- 17 In our opinion, the term loan have been applied for the purpose for which they were raised.
- 18 On the basis of an overall examination of the Balance Sheet of the Company in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment.
- 19 The Company had not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 20 The Company has not issued any debentures during the year.
- 21 The Company has not raised any money by way of a public issue during the year.
- 22 During the course of our examination of the books of account and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company nor any irregularities during the year, nor have we been informed of such cases by the management.

FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

M.S. Shah
Partner

Mem. No. 44093

Place: Mumbai
Date: 31 August 2009

PHOTOQUIP INDIA LIMITED
Balance Sheet as at 31st March, 2009

	Particulars	Schedule	As At 31/3/09 Rupees	As At 31/3/08 Rupees
I.	SOURCES OF FUNDS			
1.	Shareholders' Funds			
	Share Capital	A	48,008,000	48,008,500
	Reserves & Surplus	B	142,827,120	80,898,125
			190,335,120	128,906,125
2.	Loan Funds			
	Secured Loans	C	37,325,890	53,067,351
	Deferred Tax Liability		2,884,599	1,427,682
			40,210,478	64,515,033
	Total Sources of Funds		230,545,599	193,421,158
II.	APPLICATION OF FUNDS			
3.	Fixed Assets	D		
	Gross Block		111,372,752	97,470,761
	Less: Depreciation		31,661,027	29,031,707
			79,711,725	68,439,024
	Capital WIP		-	6,842,040
	Net Block		79,711,725	75,281,064
4.	Investments	E	280,000	280,000
5.	Current Assets, Loans & Advances			
	Inventory	F	66,224,402	68,715,816
	Sundry Debtors	G	42,172,649	32,677,407
	Cash & Bank Balances	H	19,526,109	6,148,517
	Loans & Advances	I	52,129,061	52,453,074
			180,056,521	159,998,708
6.	Less: Current Liabilities & Provisions	J	44,743,589	44,138,992
	Net Current Assets		135,612,932	94,937,716
7.	Miscellaneous Expenditure	K	14,940,942	22,922,378
	To the extent not written off or adjusted			
	Notes forming part of the accounts	T		
	Total Application of Funds		230,545,599	193,421,158

As per our Report of even date attached

For Mayank Shah & Associates
Chartered Accountants

For and on behalf of the Board of Directors

M.S. Shah
Partner
Mem. No. 44093

Jayant P. Soni
Chairman & Managing Director

Dhaval J. Soni
Whole Time Director

Vimal J. Soni
Whole Time Director

Place: Mumbai
Date: 31st August, 2009

PHOTOQUIP INDIA LIMITED				
Profit and Loss Account for the year ended 31st March, 2009				
	Particulars	Schedule	As At 31/3/09 Rupees	As At 31/3/08 Rupees
I	Income			
	Sales	I	357,286,690	273,141,424
	Other Income	M	8,949,402	1,570,359
			366,236,392	274,711,783
II.	Expenditure			
	Materials Consumed and Stock variation	N	231,038,540	188,332,626
	Manufacturing Expenses	O	9,931,721	10,976,869
	Administrative & Other Expenses	P	25,465,731	18,798,786
	Personnel Expenses	C	8,942,940	10,266,113
	Selling Expenses	R	9,364,200	7,593,293
	Financial Charges	S	6,200,296	4,733,705
			291,786,517	250,691,362
	Profit / (Loss) before Depreciation and Amortisation		74,449,874	24,020,421
	Depreciation		2,529,668	1,740,774
	Deferred Development Expenses written off		7,815,220	7,405,260
	Preliminary Expenses written off		129,210	126,213
	Profit / (Loss) before Tax		63,878,770	14,748,174
	Less: Deferred Tax Liability		(1,456,916)	368,859
	Less: Provision for FBT		745,591	308,860
	Profit after Tax		62,076,463	14,070,445
	Balance b/fd from Previous Year		44,502,663	30,553,668
	Prior Period and Extraordinary Items			
	Prior Period Income Expenses)		(615,897)	(121,451)
	Prior Period Taxation Expenses)		(31,573)	-
	Balance carried forward to Balance Sheet		105,931,658	44,502,663
	Notes forming part of the accounts	T		
	Earning per Equity Share (Face value of Rs. 10/- each)			
	Basic as well as diluted EPS		12.93	2.93

As per our Report of even date attached
For Mayank Shah & Associates
 Chartered Accountants

M.S. Shah
 Partner
 Mem No. 44693

Place: Mumbai
 Date: 31st August 2009

For and on behalf of the Board of Directors

Jayant P. Soni
 Chairman & Managing Director

Dhaval J. Soni
 Whole Time Director

Vimal J. Soni
 Whole Time Director

PHOTOQUIP INDIA LTD.
Cash Flow Statement - 2008-09

Particulars	31/03/2009 (Rupees)	31/03/2008 (Rupees)
Cash Flow from Operations		
Profit Before Tax and extra-ordinary items	86,678,770	14,746,174
Adjustment for:		
Depreciation	2,629,270	1,740,774
Loss on Sale of Asset	-	230,895
Profit on Sale of Investment	-	(140,770)
Interest and Dividend	(461,561)	(357,272)
Financial Charges	(6,203,296)	4,733,705
Deferred Development Exps written off	7,815,220	7,405,260
Miscellaneous Expenditure written off	123,210	126,213
Transfer to General Reserve	-	174,950
Operating Profit before Working Capital Changes	67,784,620	28,661,938
Adjustment :		
Trade and Other Receivables	(29,494,335)	(18,266,658)
Inventories	2,552,414	16,046,852
Trade Payables and other Payables	259,206	(9,330,296)
	(26,682,715)	(6,559,102)
Cash generated from Operations before extraordinary & prior period items	41,101,905	22,102,836
Prior period taxation expenses	(617,161)	(12,451)
Cash generated from Operations after extraordinary & prior period	40,484,744	21,990,385
Cash Flow from Investing Activities		
Investments	-	260,770
Purchase of Fixed Assets	(7,059,931)	(11,517,827)
Sale of Fixed Assets	10,000	180,000
Net Cash Generated from investing activities	(7,019,931)	(11,077,057)
Cash Flow from Financing Activities		
Increase in Term Loan	384,645	1,643,133
Increase (Decrease) in Working Capital Loan	(20,040,412)	(2,725,633)
Financial Charges	6,203,296	(4,733,705)
Increase (Decrease) in Other Borrowings	(5,106,704)	(4,369,658)
Interest and Dividend	461,561	357,272
Net Cash Flow from Financing Activities	(19,096,615)	(10,647,961)
Net Increase in Cash & Cash Equivalents	14,337,892	256,367
Cash & Cash Equivalents Opening Balance	5,198,517	4,942,150
Cash & Cash equivalents Closing Balance	19,536,409	5,198,517

As per our Report of even date attached,
For Mayank Shah & Associates
Chartered Accountants

M.S. Shah
Partner
Mem No 14093

Place: Mumbai
Date: 31st August, 2009

For and on behalf of the Board of Directors

Jayant P. Soni
Chairman & Managing Director

Dhaval J. Soni
Whole Time Director

Vimal J. Soni
Whole Time Director

PHOTOQUIP INDIA LIMITED		
Schedules forming part of Balance Sheet as at 31st March 2009		
PARTICULARS	31/03/2009 (Rupees)	31/03/2008 (Rupees)
Schedule A : Share Capital		
Authorised Capital		
1,50,00,000 (Equity Share of Rs. 10/-each)	150,000,000	150,000,000
Issued, Subscribed and Paid up Capital:		
4,800,800 Equity Shares of Rs. 10/- each fully paid up	48,008,000	48,008,000
	48,008,000	48,008,000
Schedule B : General Reserve		
Capital Reserve	23,000,000	23,000,000
General Reserve	13,395,462	13,220,503
Add: Adjustment of transitional liability for retirement benefits per AS16	-	174,959
	13,395,462	13,395,462
Profit & Loss Account:	105,931,658	44,502,663
	142,327,120	80,898,125
Schedule C : Secured Loans		
Term Loan from Apra Sahakar Bank Ltd.	25,550,219	31,218,219
Working Capital Loans from Bank of India		
Cash Credit	-	24,492,680
Export Packing Credit	9,985,157	5,603,189
Vehicle Finance		
From Axis Bank Ltd	684,545	-
From Citi Corp. Multi Finance Ltd	245,779	427,530
From ICICI Bank	1,159,780	1,416,503
	37,325,880	63,087,351
(1) Term Loan from Apra Sahakari Bank Ltd. is secured by way of Equitable Mortgage of property located at S No. 10/11b (Part) Salt Pan Division, Antop Hill, Wadala Mumbai - 400 037.		
(2) Working Capital Limits from Bank of India, are secured by way of		
a. Hypothecation of Dies & Moulds, Stock and Book Debts of the Company		
b. Pledge of Fixed Deposits		
c. Personal Guarantee of Promoter Directors and Partners/ up Firm in which the Promoter Director is interested		
d. Equitable Mortgage of five premises owned by Promoter Directors of the Company		
e. Factory Gate owned by a Partnership Concern in which a Promote Director is interested		
f. Pledge of shares of the Company held by the Directors and their relative		
(3) Vehicle Loans are secured by way of hypothecation of vehicles with the respective vehicle finance companies		

PHOTOQUIP INDIA LIMITED
Schedules forming part of Balance Sheet as at 31st March, 2009

Schedule D - Fixed Assets

Sl. No.	Particulars	Gross Block			Capital on			Net Block		
		As at 01.04.08	Addition	Deduction/ Adjustment	As at 31.03.09	Addition	Deduction/ Adjustment	As at 31.03.09	As on 31.03.2009	
1	Plant and machinery	2491758	206270	0	2759768	606947	121765	325687	1932086	708211
2	Lease Tools	219161	5722	0	294072	21310	2107	234924	59148	10341
3	Plant & Machine	2082583	2107808	0	2354489	1962861	182626	18736874	4777575	2890596
4	Educational Exp	342314	265033	0	608847	92381	0	223947	304905	141033
5	Office equipment	22892	64783	0	1303566	431678	29113	491791	812177	107532
6	Accumulated Depn	63070	107797	0	1125797	273227	8744	310967	814830	363771
7	Construction	5487634	431161	12000	5956798	417776	514	4308500	1488458	1300040
8	Travel	8000	0	0	8000	4411	362	5315	2085	5067
9	Sign Board	30297	0	0	932871	50420	410	443174	468087	534224
10	Plant & Furniture	111167	113240	0	5252722	2400294	29177	2745271	250745	608136
11	Motor Car	430367	61815	0	4668205	0145	37667	467218	3420365	329057
12	Factorial Exp	862226	1902315	0	16824731	123837	17162	371177	15653554	570163
13	Land	690850	0	0	6508930	0	0	0	4908930	1508530
14	Office Building	375000	0	0	3182000	64477	9015	1054392	212664	481457
	Total	97470781	14013331	112360	11372754	29031787	2629668	34661027	79711725	58435024
	Previous Years	61670902	455167	67000	67470791	21496800	771771	2661107	52485721	65916956

PHOTOQUIP INDIA LIMITED		
Schedules forming part of the Balance Sheet as at 31st March 2009		
PARTICULARS	31/03/2009 (Rupees)	31/03/2008 (Rupees)
Schedule E : Investments		
Quoted		
Investments in Equity Shares 2000 Equity Shares of Rs. 10 each fully paid up of Chartered Capital & Investment Ltd (Market Value as on 31.03.09 Rs. 4,14,000/-)	150,000	180,000
Unquoted		
Investments in Equity Shares 4000 Equity Shares of Rs. 25 each fully paid up of Apna Sahakari Bank Ltd	130,000	100,000
	280,000	280,000
Schedule F : Inventories		
Marked Valued and Certified by the Management		
Raw Material	45,903,563	32,511,351
Semi Finished Goods	2,036,807	2,234,382
Finished & Trading Goods	18,277,222	22,030,473
	66,217,592	56,776,206
Schedule G : Sundry Debtors		
Unsecured and considered good		
More than 6 months old	1,108,103	6,325,240
Less than 6 months old	37,074,542	26,272,161
	38,182,645	32,597,401
Schedule H : Cash and Bank Balances		
Cash on Hand (As certified by the Management)		
Balance with Scheduled Banks	464,393	425,793
in Current Accounts	2,432	000
in Deposit Accounts	4,820,633	4,562,378
Balance with Non Scheduled Banks	1,725,143	174,433
in Current Accounts	12,763,004	-
Debit balance in Cash Credit Account	-	-
	19,536,409	5,198,517
Schedule I : Loans and Advances		
Unsecured considered good or less otherwise stated		
Advances recoverable in cash in kind or for value to be received	12,333,405	3,082,277
Advance to Suppliers	6,10,540	768,176
Security Deposits	339,035	364,056
Advance Tax & TDE	24,489,612	1,594,758
Interest & Other Receivables	311,357	139,455
Prepaid Expenses	13,778,071	12,304,079
Other Advances	-	-
	52,123,051	32,453,874
Schedule J : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors for Goods	40,536,976	47,739,127
Sundry Creditors for Expenses	550,338	754,643
	41,257,468	41,123,766
Income Tax Provisions		
Provision for I.T. 2007-08	-	308,869
Provision for I.T. 2008-09	345,301	-
Duties & Taxes	2,503,784	2,221,271
Amusement Gratuity Liability	635,845	135,080
	3,486,121	3,015,226
	44,743,589	44,138,992
Schedule K : Miscellaneous Expenditure		
Deferred Development Expenditure		
Less : Expenses written off during the year	252,425	375,538
	125,217	120,213
	126,209	252,425
Deferred Development Expenses		
Less : Expenses written off during the year	22,669,553	30,075,213
Less : Scraped during the year	1,405,260	7,007,260
	429,060	-
	14,614,733	22,669,953
	14,940,942	22,922,378

PHOTOQUIP INDIA LIMITED

Schedules forming part of the Profit & Loss Account for the year ended 31st March 2009

PARTICULARS	31/03/2009 (Rupees)	31/03/2008 (Rupees)
<u>Schedule L : Sales</u>		
Export Sales	279,050,136	204,082,500
Local Sales	78,236,854	69,058,924
	357,286,990	273,141,424
<u>Schedule M : Other Income</u>		
Interest Received	161,661	357,272
Misc. Income	-	308,723
Service Charges	16,656	12,379
Foreign Exchange Fluctuations - Gain	8,471,185	753,215
Profit on Sale of Investments	-	140,770
	8,949,402	1,570,359
<u>Schedule N : Material Consumed & Stock Variation</u>		
Material Consumed and Trading Goods Purchased		
Opening Stock	38,511,954	39,124,616
Add: Purchases	229,336,26	182,265,774
	267,848,080	221,410,390
Less: Closing Stock	46,903,588	38,511,954
	221,944,492	182,898,436
Stock Variation		
Closing Stock of Semi-Finished Goods	2,036,607	8,234,389
Closing Stock of Finished and Trading Goods	13,281,212	22,030,473
	20,320,819	30,264,862
Less:		
Opening Stock of Semi-Finished Goods	8,234,389	21,956,811
Opening Stock of Finished and Trading Goods	22,030,473	23,742,241
	30,264,862	45,699,052
	9,944,043	15,434,190
	231,888,540	198,332,626
<u>Schedule O : Manufacturing Expenses</u>		
Labour Charges	2,012,322	3,233,984
Factory Staff Wages	5,697,940	6,059,695
Custom Over Time Expenses	667,644	542,072
Electricity Charges	640,320	478,440
Loading & Unloading Charges	244,141	74,097
Freight Charges	290,507	263,014
Godown Expenses	180,000	158,000
Design, Development & Testing Charges	159,818	27,337
	9,901,721	10,976,839

PHOTOQUIP INDIA LIMITED

Schedules forming part of the Profit & Loss Account for the year ended 31st March 2009

PARTICULARS	31/03/2009 (Rupees)	31/03/2008 (Rupees)
Schedule P : Administrative & Other Expenses		
Auditors Remuneration and Expenses	222,420	215,396
Bad Debts	4,553,354	2,322,722
Conveyance	252,167	137,237
Custodial Fees	17,162	20,040
Directors Remuneration	5,570,632	4,023,725
Directors Dining Fees & Meeting Expenses	29,000	41,250
Electricity Charges (Office)	-37,625	-73,258
Insurance Charges	100,388	106,290
Key Man Insurance Premium	1,100,000	1,200,000
Legal & Professional Charges	3,422,175	2,054,237
General and Other Administration Expenses	805,532	326,733
Postage & Courier	31,020	258,443
EOGCP Premium	50,870	37,753
Printing & Stationery	105,785	94,677
Research & Development Expenses	145,862	113,760
Rent, Rates & Taxes	1,309,222	1,315,654
Repair & Maintenance	1,163,973	336,319
Security Charges	353,105	329,132
Security Maintenance Charges	181,279	100,535
Telephone & Internet Charges	625,410	749,713
Traveling Expenses	3,375,049	3,044,675
Loss on Sale of Asset	—	230,935
Other Expenses	572,091	632,986
	25,485,731	18,798,786
Schedule Q : Personnel Expenses		
Salary and Allowances	6,532,697	6,575,658
Bonus	310,906	1,117,279
Employer's ESIC Contribution	109,642	105,425
Employer's PF Contribution	425,136	767,030
Employer's MLWF Contribution	4,284	4,824
Employer's LTA & Medical Expenses	924,435	1,234,243
Gratuitance, Uniform & Welfare Expenses	165,027	361,344
HR Administration Expenses	70,753	92,298
	8,942,940	10,256,113
Schedule R : Selling Expenses		
Advertisement	904,843	770,553
Sales Commission	161,541	179,727
Sales Promotion	1,091,373	1,422,932
Clearing & Forwarding Expenses	2,068,937	1,908,443
Exhibition Expenses	1,874,764	1,073,791
Sales Discount	3,242,332	2,237,937
	9,364,290	7,593,293
Schedule S : Financial Charges		
Bank Charges & Commission	599,053	917,150
Interest to Banks	5,363,298	3,551,538
Interest on Vehicle Loans	220,944	135,617
	6,203,296	4,733,705

NOTES TO ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1) **SIGNIFICANT ACCOUNTING POLICIES :**

ACCOUNTING CONVENTIONS.

The financial statements of the Company are prepared under the historical cost convention on accrual basis of accounting and in accordance with the mandatory Accounting Standards issued by the Institute of Chartered Accountant of India and referred to in Section 211 (3C) of the Companies Act, 1956 and generally accepted accounting principles in India. The accounting policies not referred to otherwise have been consistently applied by the Company during the year.

USE OF ESTIMATES:

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual receipts could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

FIXED ASSETS:

i) **Tangible**

Fixed Assets are stated at cost of acquisition (construction) less Accumulated Depreciations). Cost comprises the purchase price and other attributable costs.

ii) **Intangible**

Intangible Assets are recorded at the consideration paid for acquisition. Intangible assets are amortised over their estimated useful life on a straight-line basis.

DEPRECIATION:

Depreciation on Fixed Assets is provided on straight line method on pro rata basis at rates and in manner specified in Schedule XIV of the Companies Act, 1956, read with the relevant circulars issued by the Department of Company Affairs from time to time.

INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

INVENTORIES:

Inventories of raw materials, work in process, finished goods and trading goods are stated at cost or net realisable value, whichever is lower. Cost is computed on FIFO basis, in case of raw materials and work in process. Work in process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed by retail method in case of finished goods and trading goods.

FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated Current Assets and Liabilities are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All the exchange differences are dealt with in the statement of profit and loss.

PROVISION AND CONTINGENT LIABILITIES:

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

REVENUE RECOGNITION:

The Company recognises sale of goods when the significant risks and rewards of ownership are transferred to the buyer, which is usually when the goods are dispatched to customers.

RETIREMENT BENEFITS**1. Short Term Employees Benefit.**

Short Term Benefits are recognized as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related services are rendered.

2. Post Employment Benefit:

- a. **Defined Contribution Plans:** Monthly contributions to the Provident Fund and E.S.I. which are defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund and E.S.I. Authorities on monthly basis.
- b. **Defined Benefit Plans:** Gratuity to Employees are covered under the Employees Group Gratuity Policy of Life Insurance Corporation of India (LIC) and the premium is paid on the basis of the actuarial valuation using the Projected Unit Credit Method. Actuarial gain and losses arising on such valuation are recognized immediately in the Profit and Loss Account. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment. The amount funded by the trust administered by the Company under the aforesaid policy is reduced from the gross obligation under the defined benefit plan to recognize the obligation on net basis.

3. Termination Benefit:

Termination Benefits are charged to Profit & Loss Account in the year of accrual.

TAXES ON INCOME:

Tax expense comprises of current tax, deferred taxes and fringe benefit tax. Provision for current income taxes is made on the taxable income at the tax rate applicable to the relevant assessment year. Fringe benefit tax is measured at amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determinations of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

RESEARCH AND DEVELOPMENT EXPENDITURE:

Expenditure on Research and Development of revenue nature incurred by the Company are charged to Profit and Loss Account while those of capital nature are treated as Fixed Assets.

IMPAIRMENT OF ASSETS:

The Company assesses, at each Balance Sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at the Balance Sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

MISCELLANEOUS EXPENDITURE:

Deferred Revenue Expenditures are written off over a period of ten years. Deferred Development Expenditure is expenditure incurred for the development of new products and is written off over a period of 5 years from the year in which it is commercially developed.

2) CONTINGENT LIABILITY.

Contingent Liabilities not provided for in respect of:

- a) Sales Tax Liability in respect of disputed cases amounting to Rs. 22,09,943/- (Previous year Rs. 22,09,943/-)
- b) Bond for Rs. 2,50,00,000/- issued to The President of India on behalf of Assistant Commissioner of Customs, Central Excise at Mumbai towards obligation of exports from 100% EOU unit.
- c) Estimated amount of contracts remaining to be executed on capital account is Nil (PY Rs. 5,50,000/-)

3) Previous year's figures have been recast and regrouped wherever necessary to make them comparable with those of the current year.

4) According to the information available with the Company, no amount is overdue and outstanding at the close of the year (Previous year Rs. Nil) payable to Small Scale and Ancillary Industrial Undertakings as defined by the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993. Consequently, no provision (Previous year Rs. Nil) in respect of Interest Payable on Delayed payments as required by the said Act is necessary.

5) The company has not made provision for excise and customs duties, if any, on uncleared finished goods. This is not in conformity with the Accounting Standard-2 (AS 2) on 'Valuation of Inventories' issued by the Council of Institute of Chartered Accountants of India and also the Institute's recommendation in its Guidance Note on 'Accounting Treatment of Excise Duty'. However, this has no effect on profits for the year.

6) Balances of Debtors, Creditors and Loans & Advances are subject to confirmation.

7) (a) **Defined Benefit Plan:**

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summaries the components of net benefit expenses recognized in the Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet for gratuity benefits

1. Assumption	As on 31/03/2009
Discount Rate	8.00%
Salary Escalation	5.00%
Expected rate of return on plan assets	9.00%

2. **Table showing changes in present value of obligations** **As on 31/03/2009**

Present value of obligations as at beginning of year	1582069
Interest cost	118992
Current Service Cost	179722
Benefit Paid	(127495)
Actuarial (gain) / Loss on obligations	(13691)
Present value of obligations as at end of year	1739597

3 **Table showing changes in the fair value of plan assets**

Fair value of plan assets at beginning of year	1126983
Expected return on plan assets	95891
Contributions	7272
Benefits paid	(127495)
Actuarial Gain / (Loss) on plan assets	NIL
Fair value of plan assets at the end of year	1102651

4 **Table showing fair value of plan assets**

Fair value of plan assets at beginning of year	1126983
Actual return of plan assets	95891
Contribution	7272
Benefits Paid	(127495)
Fair value of plan assets at the end of year	1102651
Funded status	(636946)
Excess of Actual over estimated return on plan assets	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	

5 Actuarial Gain / Loss recognized

Actuarial (gain) / Loss for the year – Obligation	(13691)
Actuarial (gain) / Loss for the year – plan assets	NIL
Actuarial (gain) / Loss for the year	(13691)
Actuarial (gain) / Loss recognized in the year	(13691)

6 The amount to be recognized in the balance sheet and statement of Profit and Loss

Present value of obligations as at the end of year	1739597
Fair value of plan assets as at the end of the year	1102651
Funded status	(636946)
Net Asset / (Liability) recognized in balance sheet	635946

7 Expenses Recognized in statement of Profit and Loss

Current Service Cost	179722
Interest Cost	118992
Expected return on plan assets	(25891)
Net Actuarial (gain) / Loss recognized in the year	(13691)
Expenses recognized in statement of Profit and loss	283801

(b) Defined Contribution Plan:

The Company has recognized the following amount in Profit & Loss Account which is included under contribution to funds

Employer's contribution to Provident Fund	7,77,543
Employer's contribution to ESIC	1,65,857

Note:

The estimated future salary increases take account of inflation, seniority, promotion and other retirement factors such as supply and demand in the employment markets

- 8) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.
- 9) Loans and Advances includes Rs. 68,71,155.- (Previous Year Rs. 68,71,156.-) as interest – free rent deposits given to creditors in which Directors are interested. Unleased premises taken by the Company.
- 10) Provision for Fringe Benefit Tax has been made for Rs. 3,76,931/-. Provision for taxation has not been made for the current year since there is no taxable income.
- 11) During the year the company has undertaken a review of all fixed assets in line with the requirements of AS 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants issued by the

Institute of Chartered Accountants of India. Based on such review, no provision is required to be recognized for the year.

- 12) The effect on the profit for the year consequent to compliance with Accounting Standard 22 "Accounting for Taxes on Income" and the break up of the deferred tax liability are as under:

NATURE OF TIMING DIFFERENCE	DEFERRED TAX (LIABILITY) / ASSETS AS AT 31.03.2008	DEFERRED TAX (LIABILITY) / ASSETS FOR THE YEAR	DEFERRED TAX (LIABILITY) / ASSETS AS AT 31.03.2009
Depreciation	(14,27,082)	14,56,917	28,84,599
CIA	(14,27,682)	14,56,917	28,84,599

- 13) Segment Reporting - Amount: (Rs.)

a) Primary Segment	2008-2009	2007-2008
The company has only one segment i.e. "Photographic equipment"	-	-
b) Secondary Segment (By Geographical segment)		
Sales and Operating Income		
India	7,82,36,854	6,00,58,924
Outside India	27,90,50,136	20,40,82,500
TOTAL	35,72,86,990	27,31,41,424

In view of the interwoven / intermix nature of business and manufacturing facility, other segment information not ascertainable.

- 14) **Earning per Equity Shares:** Basic and Diluted earnings per equity share are recorded in accordance with Accounting Standard 20 "Earnings per Share". Earning per share is calculated by dividing the profit attributable to the Equity Shareholders (after adjustment for deferred taxes) by the weighted average number of Equity shares outstanding during the period. The numbers used in calculating basic and diluted Earnings per Equity Share are as stated below:

	31.03.2009	31.03.2008
Profit after tax	6,20,76,163	1,40,79,446
Weighted average number of equity shares	48,00,800	48,00,800
Basic & Diluted Earning per share Before	12.93	2.93
Nominal value per share	10	10

15) Micro, Small, Medium Enterprises Development Act, 2006

Under the Micro, Small, Medium Enterprises Development Act 2006 which came into force 2nd October 2006, certain disclosures are required to be made relating to Micro, Small, Medium Enterprises. The company is in process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant is not readily available, no disclosures have been made in the Accounts. However, in view of the management, the impact of interest if any that may be payable in accordance with the provision of this Act is not expected to be material.

16) Expenditure incurred on employees in receipt of remuneration of not less than Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month if employed for a part of the year

No. of Employees	Employed throughout the year		Employed for part of the year	
	2008-2009 NIL	2007-2008 NIL	2008-2009 NIL	2007-2008 NIL
	2008-2009	2007-2008		
17) Audit Fees	105,450	171,155		
Other Matters	—	28,525		
18) Directors' Remuneration	42,00,000	33,60,000		
Directors' Perquisites	10,10,532	6,68,725		
19) Licensed & installed Capacity				
	2008 - 2009		2007 - 2008	
	Licensed	Installed	Licensed	Installed
Photolabs	100 Nos.	100 Nos.	100 Nos.	100 Nos.
Other items				
a) Camera	10000 Nos.	10000 Nos.	10000 Nos.	10000 Nos.
b) Flash Lights				
c) Accessories / Components and Spare Parts	10000 Nos.	10000 Nos.	10000 Nos.	10000 Nos.
d) Umbrellas & Soft Boxes made from (Reflective Cloth -embossed Reflective and Diffuser Cloth	100000 Nos.	100000 Nos.	100000 Nos.	100000 Nos.
	50000 Mtrs	50000 Mtrs	50000 Mtrs.	50000 Mtrs

(As certified by the Management and relied upon by the Auditors being a technical matter.)

20) The company has paid Rs. 11.00 Lacs to LIC Prudential Insurance Company Limited towards premium of Key Man Insurance Policies taken for its directors Shri Dhaval J. Soni & Shri Vimal L. Soni. The amount of renewal premium Rs. 11.00 Lacs so paid has been debited to the Profit & Loss A/c under the head Key man Insurance Premium.

	2008-09	2007-08
21) EXPENDITURE ON RESEARCH AND DEVELOPMENT		
Capital Expenditure	NIL	NIL
Revenue Expenditure	1,15,882	7,13,750

The Company purchases numerous items of Components & Accessories which are used for production as

22. RELATED PARTY DISCLOSURE

a. Names of related parties and nature of relationship where control exists are as under	Enterprise under significant influence	Key Management Personnel	PT Systems Pvt. Ltd. Vijay Studio Photoquip
Key Management Personnel	Mr. Jayant P. Soni Mr. Draval J. Soni Mr. Vimal J. Soni Mrs. Tara J. Soni	Chairman & Managing Director Whole Time Director Whole Time Director	
Parties related to Management Personnel			

b. TRANSACTION WITH RELATED PARTIES

NATURE OF TRANSACTION	ENTERPRISE UNDER KEY MANAGEMENT PERSONNEL	KEY MANAGEMENT PERSONNEL	(Rs. in Lacs, RELATIVE OF KEY MANAGEMENT PERSONNEL)
a. Volume of Transaction			
Key Man Insurance		11.00	-
Services obtained	2.52	-	-
Remuneration	-	43.60	4.80
Perquisites	-	10.11	-
b. Closing Balances			
Payables at year end		7.28	0.40
Receivables at year end	68.89	-	-

NOTE : No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

23. Particulars in respect of production, sales & closing stocks (Figures / Amount stated in bracket/pertains to previous year).

	Opening Balance		Production/Purchase		Sales / Samples		Closing Balance	
	Qty.	Value (Rs.)	Qty	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
MANUFACTURED GOODS								
Studio Light	0 (0)	0 (0)	25388 (17883)	(-) (-)	25388 (17883)	160338522 (93786980)	0 (-)	0 (-)
Photographic Lab	3 (5)	345366 (575612)	0 (0)	0 (0)	0 (0)	0 (2842370)	3 (3)	345366 (345366)
Components & Accessories	0 (-)	38511954 (38549004)	0 (-)	117757877 (38140554)	0 (-)	110711614 (110295041)	0 (-)	45558218 (36511954)
Work in Progress	(-) (-)	7889023 (21956811)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	2036607 (7889023)

TRADING GOODS								
Studio Light	3393 (1864)	7762984 (3372152)	6527 (11106)	22584954 (21469238)	7202 (9077)	32721370 (26971481)	2718 (3393)	8550118 (7762984)
Camera	19895 (22338)	7940810 (12148650)	632 (1273)	90165 (-)	2140 (3716)	558727 (1110336)	18387 (19395)	0 (7940810)
Stand	836 (375)	290532 (107442)	10089 (7526)	3385975 (2236235)	10476 (7085)	4864454 (3401545)	449 (636)	269807 (290532)
Umbrella	203 (177)	21640 (16732)	376 (109)	25320 (49159)	365 (1115)	82221 (149711)	214 (171)	22812 (21640)
Photographic Lab	4 (21)	852260 (5113565)	0 (18)	0 (0)	4 (36)	2019255 (1237079)	0 (4)	0 (852260)
Digital Camera Back	0 (1)	0 (668052)	0 (0)	00 (271834)	0 (4)	0 (275500)	0 (0)	0 (0)
Components & Accessories	- (-)	5162247 (201406)	- (-)	35627841 (24431894)	- (-)	38190827 (19457025)	- (-)	9441474 (5162247)
TOTAL	24334	68776816 (84928068)	- (-)	- (-)	- (-)	357286990 (275741424)	21771	66224402 (58776816)

well as sale. It is not practical to bifurcate between components and accessories meant for production and sale at the time of purchase. Hence, it is not possible to give quantitative information as regards Components & Accessories.

	2008-2009 Lacs	2007-2008 Lacs
24) EXPENDITURE IN FOREIGN CURRENCY Foreign Traveling	10.59	10.81
25) EARNINGS IN FOREIGN CURRENCY Export of goods on FCB basis	2780.50	2040.82
26) VALUE OF IMPORTS CALCULATED ON CIF BASIS	(Rs. in lacs)	(Rs. in lacs)
Raw Materials	502.35	513.43
Capital Goods	-	-
Trading Goods	250.21	178.34

27) VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

	2008-09		2007-08	
	(Rs. in lacs)	%	(Rs. in lacs)	%
Raw Material				
Imported	775.44	35.43	676.85	37.07
Indigenous	1413.00	64.57	1152.13	62.99
	2219.44	100.00	1828.98	100.00

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration Code 11 – 67864
State Code 11
Balance Sheet Date 31st March 2009

CAPITAL RAISED DURING THE YEAR (Rs. in Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

II POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in Thousand)

Total Liabilities	230546	Total Assets	230546
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Sources of Funds

Paid-up Capital	48008
Secured Loans	37326
Reserve & Surplus	142327
Deferred Tax Liability	2885

Application of Funds

Net Fixed Assets	79712
Net Current Assets	135613
Investment	280
Miscellaneous Expenditure	14941

III PERFORMANCE OF THE COMPANY (Rs. in Thousand)

Total Turnover	366236	Total Expenditure	302358
Profit Before Tax	63879	Profit After Tax	62076
Earning Per Share in Rs.	12.93	Dividend Rate %	NIL

IV GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(as per monetary terms)

Product Description	FLASH LIGHT	CAMERAS
Item Code No. (ITC Code)	900661	900653

Signature to Schedules A to T.

As per our Report of even date attached
for MAYANK SHAH & ASSOCIATES
 Chartered Accountants

For and on behalf of the Board of Directors

M.S.Shah
 Partner

Jayant P. Soni
 Chairman & Managing Director

Dhaval J. Soni
 Whole Time Director

Place : Mumbai
 Date : 31ST August, 2009

Vimal J. Soni
 Whole Time Director