

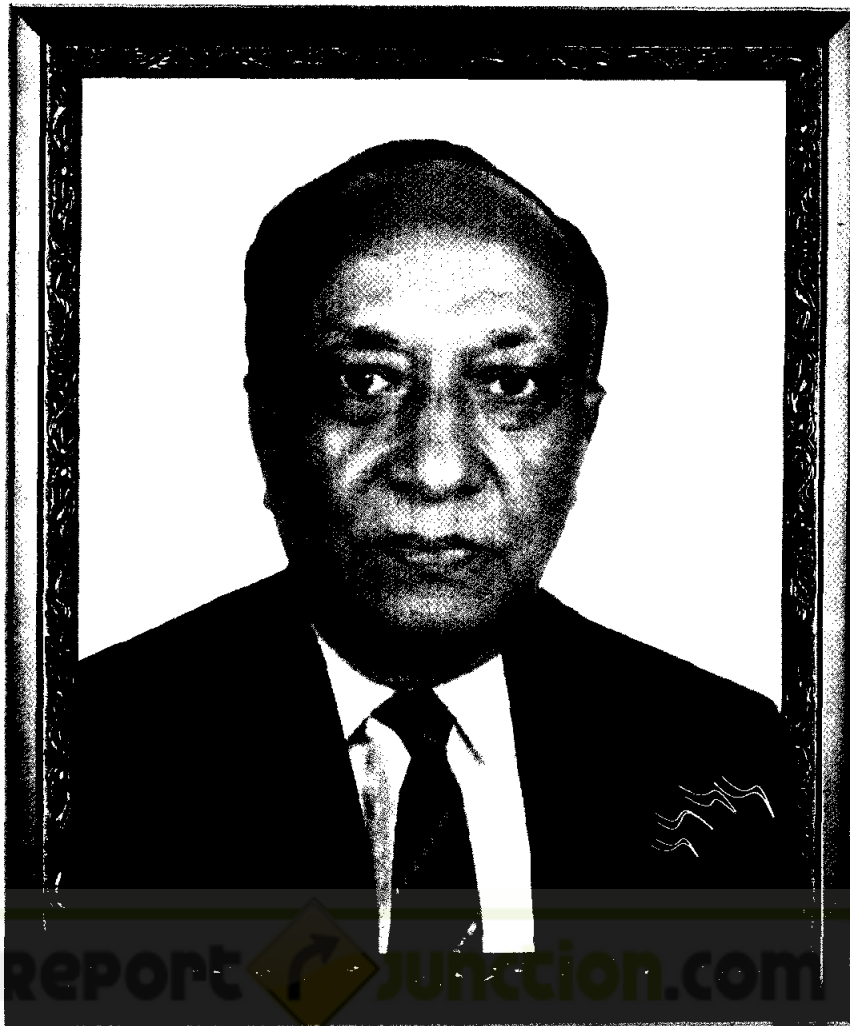
8<sup>th</sup>

# ANNUAL REPORT

2001-02

Report  junction.com

 **PRIMA**



Late Shri Manharlal V. Parekh  
(CMD)  
Jan. 4, 1934 - May 31, 2002

*Whatever a great man does; people also try to do the same,  
The standards he creates; others follow.*

## 8th Annual Report 2001-2002

# PRIMA PLASTICS LIMITED

### 8th ANNUAL GENERAL MEETING

Date : August 31, 2002  
 Time : 11: 30 A.M.  
 Venue : Hotel Sandy Resort,  
 Devka Beach, Nani Daman,  
 Daman (U.T), Pin-396 210

### DIRECTORS

Shri Bhaskar M. Parekh ( Chairman )  
 Shri Dilip M. Parekh (Managing Director)  
 Shri Mulchand S. Chheda  
 Shri Krishnakant V. Chitalia  
 Shri Rasiklal M. Doshi  
 Shri Kirit N. Mehta

### BANKERS

Oman International Bank. s.a.o.g.  
 Corporation Bank.

### AUDITORS

M/s. G. P. Kapadia & Co.  
 Chartered Accountants.

### REGISTERED OFFICE

98/4 Prima House, Daman Industrial Estate,  
 Kadaiya, Nani Daman, Daman (U.T), Pin 396 210.

### WORKS

98/4, Prima House, Daman Industrial Estate,  
 Kadaiya, Nani Daman, Daman (U.T), Pin 396 210.

Unit II, 85/1, Prima House, Daman Industrial Estate,  
 Kadaiya, Nani Daman, Daman (U.T), Pin 396 210.

### MARKETING DEPOTS

Ahmedabad, Ghaziabad, Hyderabad, Jammu, Kolkata

### CORPORATE OFFICE

41, National House, Saki-Vihar Road,  
 Andheri (E), Mumbai - 400 072.

### LISTED ON

Mumbai Stock Exchange.  
 Ahmedabad Stock Exchange.  
 Delhi Stock Exchange.

### SHARE TRANSFER AGENT

Big Share Services Private Limited  
 E-2, Ansa Industrial Estate,  
 Saki-Vihar Road, Andheri (East),  
 Mumbai - 400 072.

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## NOTICE

Notice is hereby given that the 8th Annual General Meeting of the Members of PRIMA PLASTICS LIMITED will be held at Hotel Sandy Resort, Devka Beach, Nani Daman, Daman (UT), Pin 396 210 on Saturday August 31, 2002 at 11.30 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri Rasiklal M. Doshi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors, M/s. G. P. Kapadia & Co., who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be decided by the Board of Directors.

## SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution which will be proposed as an Ordinary Resolution :-

" RESOLVED THAT pursuant to the provision of Sections 269, 309, 314 and other applicable provisions if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Bhaskar M. Parekh as 'Executive Chairman' of the Company for a period of three years with effect from July 1, 2002 on the terms and conditions including remuneration as are set out in the Agreement dated June 29, 2002 entered into by the Company with him, submitted to the Meeting."

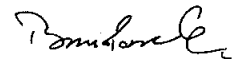
5. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

" RESOLVED THAT pursuant to the provisions of Sections 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr. Dilip M. Parekh as 'Managing Director' for a period of three years with effect from July 1, 2002 on the terms and conditions including remuneration as set out in the Agreement dated June 29, 2002 entered into by the Company with him, submitted to the Meeting."

Mumbai  
June 29, 2002

Registered Office :  
98/4, Prima House, Daman Industrial Estate,  
Kadaiya, Nani Daman, Daman (U.T.), Pin 396 210.

By Order of the Board of Directors



Bhaskar M. Parekh  
Chairman

## NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to Attend and vote on a poll instead of himself and the proxy need not be a member. The Instrument appointing a proxy to be valid must be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item No. 4 & 5 of the Notice set out above, is annexed hereto.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from August 26, 2002 to August 31, 2002 (both days inclusive).
4. The members are requested to:
  - (a) Bring their copy of Annual Report at the Annual General Meeting.
  - (b) Notify immediately change in their address, if any, to the Share Transfer Agent of the Company quoting their Folio Numbers.
5. All the documents referred to in this Notice and the explanatory statement will be available for inspection by the members at the Registered Office of the Company between 10.30 a.m. to 1.00 p.m. on all working days except Thursday and holidays from the date hereto unto the date of the meeting.

Additional Information as per listing agreement:

**Disclosures regarding appointment and re-appointment of Directors**

Mr. Rasiklal M. Doshi, Non-Executive Director retires by rotation at the forthcoming AGM and offers himself for re-appointment. At the Board Meeting held on June 29, 2002 Mr. Bhaskar M. Parekh and Mr. Dilip M. Parekh were elevated to the post of Executive Chairman and Managing Director respectively, to hold the office until the conclusion of the forthcoming Annual General Meeting. Their candidature for election will be proposed to shareholders at the Annual General Meeting in accordance with the provisions of the Companies Act, 1956.

Mr. Rasiklal M. Doshi (73) was appointed as non-executive director on the Board from June 18, 1996. He has vast experience in manufacturing of insulations products and constructions related chemicals. He has expertise in business administration and future vision. He is Managing Director of Inmarco Industrial Maintenance Pvt. Ltd.

Mr. Bhaskar M. Parekh (47) joined the Company's Board since incorporation and is presently holding position of Whole-time Director. He has experience of more than twenty five years in plastic injection moulding, blow moulding and extrusion industry. He introduced numbers of innovative furniture items in attractive colours. He is taking care of production and general administration.

Mr. Dilip M. Parekh (34) joined the Company's Board since inception as a Director and looking after marketing and administration of the Company. His strong management skill, marketing ability as previous experience in moulded furniture industry has benefited the Company. He is also on the Board of Fine Plast Industries Pvt. Ltd.

**ANNEXURE TO NOTICE:**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO 4.**

The Board of Directors of the Company at its meeting held on June 29, 2002 appointed Mr. Bhaskar M. Parekh as a Executive Chairman for a period of three years, subject to the approval of the Shareholders at the ensuing Annual General Meeting. The terms and conditions of appointment are set out in the Agreement dated June 29, 2002 entered into by the Company with him, which inter alia contains the following :

1. The Executive Chairman shall, subject to the supervision and control of the Board of Directors, manage the business and affairs of the Company.
2. Mr. Bhaskar M. Parekh will be a permanent Director and not liable to retire by rotation.
3. Period of Agreement :  
Three years with effect from July 1, 2002.

4. Remuneration payable:
- (a) Salary:  
Rs. 40,000/- per month with an annual Increment of Rs. 10,000/-
- (b) Perquisites:
- The Executive Chairman shall be entitled to perquisites including furnishing, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. In accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance.
  - The Executive Chairman shall be entitled to Company's contribution to Provident Fund up to the tax exemption limit, benefits of Leave Salary, Gratuity and Pension Scheme, as per the rules of the Company.
  - Car for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.
  - In the event of loss or inadequacy of profits, in any financial year, the Executive Chairman shall be paid remuneration by way of salary and perquisites as specified above.
5. Apart from Mr. Bhaskar M. Parekh, Mr. Dilip M. Parekh may be considered interested in the above resolution as relative.

## ITEM NO 5.

The Board of Directors of the Company at its meeting held on June 29, 2002 appointed Mr. Dilip M. Parekh as Managing Director for a period of three years, subject to the approval of the Shareholders at the ensuing Annual General Meeting. The terms and conditions of appointment are set out in the Agreement dated June 29, 2002 entered into by the Company with him, which inter alia contains the following :

- The Managing Director shall, subject to the supervision and control of the Board of Directors, manage the business and affairs of the Company.
- Mr. Dilip M. Parekh will be a permanent Director and not liable to retire by rotation.
- Period of Agreement :  
Three years with effect from July 1, 2002.
- Remuneration payable:
 

(a) Salary:  
Rs. 35,000/- per month with an annual Increment of Rs. 10,000/-


(b) Perquisites:

  - The Managing Director shall be entitled to perquisites including furnishing, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance.
  - The Managing Director shall be entitled to Company's contribution to Provident Fund up to the tax exemption limit, benefits of Leave Salary, Gratuity and Pension Scheme, as per the rules of the Company.
  - Car for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.
  - In the event of loss or inadequacy of profits, in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
- Apart from Mr. Dilip M. Parekh, Mr. Bhaskar M. Parekh may be considered interested in the above resolution as relative.

Mumbai  
June 29, 2002

Registered Office :  
98/4, Prima House, Daman Industrial Estate,  
Kadaia, Nani Daman, Daman (U.T.), Pin 396 210.

By Order of the Board of Directors



Bhaskar M. Parekh  
Chairman



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the Eight Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2002. Despite tremendous constraints faced by the moulded furniture industry, your Company's overall performance has been reasonably fair.

FINANCIAL RESULTS	2001-2002 (Rs. In lakhs)	2000-2001 (Rs. In lakhs)
Gross Income:	4819.21	5575.32
Profit before Interest, Depreciation and Tax	627.49	774.52
Less : Interest	130.71	218.08
Less : Depreciation	377.25	445.63
Profit before Taxation	119.53	110.81
Less : Provision for Tax	9.14	9.72
Net Profit after Tax	110.39	101.09
Add : Balance b/f from previous year	1414.17	1338.08
Balance available for appropriation	1524.56	1439.17
Appropriation :		
Transfer to General Reserve	00.00	25.00
Balance c/f to Balance Sheet	1499.56	1414.17

In view of insufficient profitability during the year under review, your Board of Directors have not recommended any dividend.

**OPERATIONAL PERFORMANCE**

The year in retrospect was a tough one for the Indian Industry in general. The moulded furniture industry was not an exception to it. The fluctuating level of input prices and intense competition from small local producers have contributed to the flat top-line growth and lower margins. The price realisation had also been steadily dropping for the products during the year. Consequently, the operations of plants could not work to the optimum level.

Your Company has always focused on enhancing its competitive edges in cost reduction, brand strength and innovative product development, which has a favourable impact on the working of the Company and in spite of reduction in gross turnover by 13.67% at Rs. 47.90 Crores (Rs 55.48 Crores.), The Company had achieved a net profit of Rs 119.53 lakhs. (Rs. 110.81 lakhs).

## EXPORTS

During the year under review the Company achieved an export of Rs. 215 lakh as against Rs. 295 lakh in the immediate preceding year. The Company has also bagged export awards for its performance in the year 1999-2000 from Plexconcil.

## CORPORATE GOVERNANCE

Your Company is fully committed to the good corporate governance practices and adheres to all major stipulations laid down in the SEBI Corporate Governance Practices. A separate report on Corporate Governance form part of the Annual Report of the Company.

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the listing agreement, is annexed to the report on Corporate Governance.

## PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The Company does not have any employee drawing remuneration as stipulated under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Additional Information regarding the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement attached to this report and forms part of it.

## DIRECTORS

Shri Manharlal V. Parekh, a doyen of the plastic industry, passed away on May 31, 2002. Shri M. V. Parekh had laid the foundation of this very successful Company. He has made an enormous contribution to the Company during his tenure of eight years. Single handedly and with unparalleled hard work he has raised this Company to be a pioneer in the plastics moulded furniture industry. Shri M. V. Parekh leaves behind him a legacy of dedication, work ethics and culture. The best tribute to him would be our endeavour to further increase the capital of this bank of ethics and excellence. I request you to join us in recording our deep appreciation of the contribution of the Shri M. V. Parekh.

The Board has, subject to the approval of the members in the forthcoming Annual General Meeting, filled up the vacancy by elevating Shri Bhaskar M. Parekh to the post of Executive Chairman and Shri Dilip M. Parekh to the post of Managing Director. They have the breadth of vision, wisdom and the character to further enrich the Company by their contributions.

Shri Rasiklal M. Doshi retire from the Board by rotation and being eligible offer himself for reappointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- I. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- II. That the selected accounting policies were applied consistently and the directors made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on that date;
- III. That proper and sufficient care has been taken 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;



IV. That the annual accounts have been prepared on a going concern basis.


#### AUDITORS

The Auditors M/s. G. P. Kapadia & Co., Chartered Accountants Mumbai, will retire at the forthcoming Annual General Meeting. As recommended by the Audit Committee, the Board at its meeting held on June 29, 2002, proposed their re-appointment as Auditors for fiscal 2002-03. You are requested to consider their appointment.

#### APPRECIATION

The Board takes this opportunity to express its sense of gratitude to all the customers, shareholders, government departments, financial institutions, bankers & suppliers of the Company. The Board also wishes to record its appreciation to all the employees of the Company for their Commitment and dedication.

By Order of the Board of Directors



Bhaskar M. Parekh  
Chairman

Mumbai

June 29, 2002

#### ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2002.

##### 1. CONVERSION OF ENERGY.

The Company continues its endeavour to improve energy conservation and utilisation.

##### II RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION.

###### A. RESEARCH & DEVELOPMENT (R&D)

###### 1. Specific areas in which R&D carried out by the Company:

- Development of new products to expand market and increased consumption.
- All aspects of supply chain and reduce the cost of materials.
- Quality improvements of raw materials, packing suppliers etc.

###### 2. Benefits derived as a result of R&D.

A) Development of high quality consumer preferred products.

B) Penetration in the rural market

###### 3. Further Plan of action:

- a) To improve further on raw material mix / compounding process / parameters to get benefit of higher productivity at lower cost of conversion.
- b) To develop and introduce new range of products.

###### 4. Expenditure on R&D: Not Substantial.

###### B. TECHNICAL ABSORPTION, ADAPTATION & INNOVATION.

The Company is using fully computer controlled manufacturing techniques. Virgin compounds are used for consistent high quality products.

#### III FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs.)

Foreign Exchange earned (FOB)

187,94,367

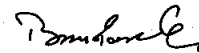
Foreign Exchange used

141,14,002

Foreign Exchange earned (SALE OF ASSETS)

59,90,871

By Order of the Board of Directors



Bhaskar M. Parekh  
Chairman

Mumbai

June 29, 2002

## CORPORATE GOVERNANCE

## (a) Company's philosophy

The Company firmly believes in and has consistently practiced good Corporate Governance. The primary objective is to create and adhere to a corporate culture of accountability, professionalism, transparency and openness. The Company will endeavor to improve on these aspects on ongoing basis.

## (b) Board of Directors

During the year under review, the Board consists of a Managing Director, 2 Executive Directors and 4 Independent Non-Executive Directors.

The Board members in consultation with the Chairman may bring any matter to the notice and discuss in the Board. All major issues including quarterly results, minutes of committee meetings, important policy matters and compliance of various statutory regulations are discussed with background information to enable the Board to take final decision. Agenda papers are generally circulated at least six days in advance.

4 Board Meetings were held on June 30, 2001; July 31, 2001; October 31, 2001 & January 30, 2002. The composition of directors and their attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other directorships / membership of committees are as follows:

## Details about Prima Plastics Limited Board of Directors

Name of Director	Position	Board Meetings During the year		Whether attended last AGM	Directorships in other companies incorporated in India
		Held	Attended		
Manharlal V. Parekh	Chairman & Managing Director	4	4	YES	NA
Bhaskar M. Parekh	Wholtime Director	4	2*	YES	NA
Dilip M. Parekh	Executive Director	4	3*	YES	1
Mulchand S. Chheda	Director	4	2	YES	2
Rasiklal M. Doshi	Director	4	3	NO	1
Krishnakant V. Chitalia	Director	4	3	YES	2
Kirit N. Mehta	Director	4	4	YES	6

\* Rest of meetings could not be attended as being outstation on Company's job.

None of the Directors is a member of more than 10 Board level committee, or a Chairman of more than five such committees.

## (c) Audit Committee

Audit committee consists of Mr. Kirit N. Mehta, Chartered Accountant, as a Chairman and Mr. Mulchand S. Chheda, Mr. Rasiklal M. Doshi and Mr. Krishnakant V. Chitalia as members, all being Non-executive Directors.

The brief description of the terms of reference of the Audit Committee is:

To review financial statements before submission to Board, periodical review of internal control system and establish sound accounting policies, to review internal and statutory report and interact with the Auditors, besides other terms as may be referred by the Board of Directors.

During the year under review, four meetings of the audit committee were held on June 16, 2001; July 25, 2001; October 27, 2001 and November 29, 2001.