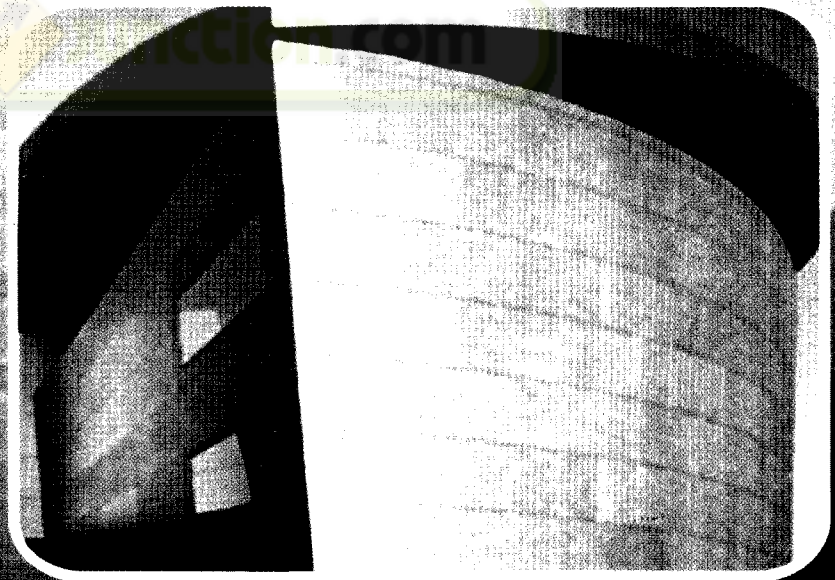


Prima Plastics Limited

12th ANNUAL REPORT
2005-06



MOULDED FURNITURE
www.primaplastics.com



www.aluma.co.in

12th Annual Report 2005-2006

PRIMA PLASTICS LIMITED

DIRECTORS

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

12th ANNUAL GENERAL MEETING

Date : September 25, 2006
 Time : 3.00 p.m.
 Venue : Hotel Sandy Resort,
 Devka Beach, Nani Daman,
 Daman (U.T.), Pin-396 210

BANKER

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.

CORPORATE OFFICE

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

WORKS**Moulded Furniture Division****At Daman**

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

At Kerala

Door No.X/588-Q, Kinfra SIP, Survey No.508 (Part),
 Block No.32, Nellad P.O., Mazhuvannur Village,
 Ernakulam District, Kerala - 686 721.

Aluminum Composite Panel Division:**At Daman:**

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

MARKETING DEPOTS

Jammu, Nagpur & Kanpur.

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of **PRIMA PLASTICS LIMITED** will be held at Hotel Sandy Resort, Devka Beach, Nani Daman, Daman (U.T.), Pin - 396 210 on September 25, 2006 at 3.00 p.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, 2006 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 Krishnakant V. Chitalia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. G. P. Kapadia & Co., the retiring Auditors of the Company, as Auditors, 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, as a Special Resolution, the following:

"RESOLVED THAT in accordance with the provisions of Section 314(1B) and all other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification(s) and re-enactments thereof, for the time being in force) and subject to the approval of Central Government and all other approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities, the consent be and is hereby accorded to the Board of Directors of the Company to appoint Shri Pratik B. Parekh to hold and continue to hold an office or place of profit under the Company as Chief Marketing Officer, he being a relative of Mr. Bhaskar M. Parekh, the Executive Chairman of the Company, for a period of three years with effect from October 01, 2006 on a monthly basic salary of Rs. 30,000/- in the scale of Rs. 30,000/- - Rs.10,000/- - Rs. 100,000/- together with other pay, usual allowances and benefits.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to sanction at its discretion one or more increments within the grade as it may deem fit and proper and to sanction at its discretion and in due course, promotion to Shri Pratik B. Parekh to the next higher grade or grades together with usual pay and allowances as applicable to that grade.

FURTHER RESOLVED THAT the Board of Directors or its Committee thereof is authorized to agree to any modifications or variations that may be suggested by the Central Government."

By Order of the Board of Directors

Mumbai
June 30, 2006.

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 instead of himself and the proxy need not be a member of the Company. 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. The Register of Members and the Share Transfer Book of the Company will remain closed from September 18, 2006 to September 25, 2006 (both days inclusive).
3. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item 4 as set out above is annexed hereto.
4. The members are requested to:
 - (a) Bring their copy of Annual Report at the Meeting.
 - (b) Notify immediately change in their address, if any, to the Share Transfer Agent of the Company quoting their Folio Number.
5. All documents referred to in the accompanying Notice 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 Sunday upto the date of the meeting.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, Final dividend for the financial year ended 31st March 1999 and thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to "The Investor Education and Protection Fund" (IEPF) pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividends due for transfer to the said fund is given below:

Financial year Ended	Date of Dividend Payment	Last date for claiming unclaimed dividend	Due date for transfer to IEPF
31/03/1999	05/11/1999	04/11/2006	04/12/2006
31/03/2000	08/07/2000	07/07/2007	07/08/2007

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar & Transfer Agents, Bigshare Services Pvt. Limited immediately.

7. Re-Appointment of Director:

Additional information as per Listing Agreement:

Shri Krishnakant V. Chitalia, Non-Executive Director retires by rotation at the forthcoming Annual General Meeting and offers himself for re-appointment. His candidature for election will be proposed to shareholders at the Annual General Meeting in accordance with the provisions of the Companies Act, 1956.

Mr. Krishnakant V. Chitalia (66) was appointed as Non-Executive Director on the Board from June 18, 1996. He is a graduate from Bombay University. Mr. Chitalia joined family business of Jewellery in the year 1962 and with his vision & business acumen, expanded his family business in to then non-traditional areas like Plastics, Electrical and Dairy products. In his mission to enlarge family business, he achieves newer peak and bagged 29 export awards for his Electrical & Plastics businesses. He is a committee member of Plastic & Linoleum Export Promotion Council (Sponsored by the Ministry of Commerce, New Delhi), Executive Committee member of the Organization of Plastic Processors of India (OPPI) Mumbai, former Executive Committee member of Electrical Merchant's Association - Mumbai & Former Secretary of India - USSR Chamber of Commerce (Western Region). Presently, he is the director of following Companies.

(1) M/s. Venlon Polyester Film Limited - Mysore.

ANNEXURE TO NOTICE:

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

ITEM NO.4

The Company seeks consents of the Members to hold office or place of profit under the Company and payment of Remuneration to Shri Pratik B. Parekh under the provisions of Section 314(1)(b) of the Companies Act, 1956.

In view of the Company's new diversified project of ACP, it seeks to engage Shri Pratik B. Parekh to share the burden of additional responsibilities to market the new product and establish the brand. The Board of Directors has at their meeting held on June 30, 2006 recommended remuneration payable to Shri Pratik B. Parekh on the following terms and conditions with effect from 1st October, 2006.

1. Basic Salary

Shri Pratik B. Parekh Rs.30,000/- per month in the scale Rs. 30,000/- - Rs.10,000/- - Rs. 100,000/-.

2. Perquisites and Benefits

In addition to the above, Shri Pratik B. Parekh shall be entitled individually to the following:

- Leave Travel Concession for self and family, medical re-imbursement as per the rules of the Company payable once in a year.
- Leave, Leave encashment, Superannuation Fund, Gratuity etc. as per the rule of the Company.

As the monthly remuneration so recommended shall exceed Rs. 20,000/- the provisions of Section 314(1B) of the Companies Act, 1956 would be attracted and accordingly the prior consent of the members and the approval of Central Government shall be required.

Considering the qualification and skill possessed by Shri Pratik B. Parekh, his appointment will be beneficial in the growth of the Company. Your Directors recommend the Special Resolutions for your approval.

Shri Bhaskar M. Parekh, Chairman of the Company is considered to be interested in this Resolution.

By Order of the Board of Directors

Mumbai
June 30, 2006.

Bhaskar M. Parekh
Chairman

Registered Office:

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 12th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2006. The Company's performance may be considered as reasonable considering volatile fluctuation in petro products.

(Rs. In Lakhs)

FINANCIAL RESULTS	2005-2006	2004-2005
Gross Income	3,578.98	4,527.25
Profit before Interest, Depreciation and Tax	197.24	294.06
Less : Interest	10.01	7.94
Less : Depreciation	181.88	254.70
Profit before Taxation	5.35	31.42
Less : Provision for Tax - Current	-	2.35
Add: Provision for Deferred Tax	6.02	-
Less : Fringe Benefit tax	3.77	-
Profit after Tax	7.60	29.07
Add : Balance b/f from previous year	1,658.39	1,629.32
Balance available for appropriation	1,665.99	1,658.39
Appropriation :		
Balance c/f to Balance Sheet	1,665.99	1,658.39
Add: Deferred Tax Assets	234.56	-
Balance c/f to Balance Sheet	1,900.55	1,658.39

In view of marginal profit for the year under review, your Board of Directors has decided to skip the dividend.

OPERATIONAL PERFORMANCE

Moulded Furniture:

During the year under review, the Company has consolidated its production facilities for plastics moulded furniture at Daman under one roof and partly shifted its excess production capacity from Daman to Cochin with a plan to cater Kerala and neighbouring states. The new unit at Kerala received reasonably good response from the local market and is expect to optimize the capacity utilization during current financial year. The unit has also received response from export market and executed few orders.

The performance of the Company during the year was suffered on account of hesitation over acceptance of VAT by business community at large during first quarter and production loss due to re-orientation of capacities within Daman and to Kerala. The management expects to achieve reasonable turnover with improved profitability during current financial year with diversified project and decentralization of production capacities.

Aluminium Composite Panel:

After exploring many products and business avenues, the management identified project for manufacturing of Aluminium Panel Sheet, a sophisticated and upcoming product used in Modern Construction Industry for Shopping Malls and Commercial Premises. Presently the demand for the product is on raise with boom in construction and retail business and met by import. The Company has launched the product initially with 17 eye-catching colours range with different thicknesses to offer choice to the customer and capture the market. The Company plans to add more varieties in colours and thickness. The management expects a decent turnover and profitability in the current and coming years.

Joint Venture

Prima Dee-Lite Plastics Pvt. Ltd. (PDPPL), a 50% Joint Venture promoted by Prima Plastics Ltd. India and Punjabi Brothers of Deelite group at Cameroon, PDPPL was incorporated in 2004 to manufacture and cater plastic moulded furniture items and other consumer durable items to the Western African countries. PDPPL commenced its commercial production in July 2005 and achieved sales turnover of INR 347 lacs (CFA 441 million) for the 9 months ended on March 31, 2006. It also earned net profit of around INR 7 lacs (CFA 9 million) for the same period. PDPPL has also started penetrating into Western and Middle African countries. The fruits of increased marketing presents will be visible in current and coming years.

CORPORATE GOVERNANCE

Your Company is fully committed to the good corporate governance practices. A separate report on Corporate Governance and a certificate from the Auditors regarding compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, form part of the Annual Report of the Company.

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 Krishnakant V. Chitalia retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. Brief resume of Shri Krishnakant V. Chitalia, nature of his experience and names of Companies in which he hold the Directorship etc. are given in the Section on Notice elsewhere in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act 1956, the Board of Directors of the Company confirms to the best of their knowledge that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- II. 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. 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. 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 30, 2006 proposed their re-appointment as Auditors for fiscal year 2006-07. 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 30, 2006

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, 2006.

I. CONVERSION OF ENERGY

Adequate measures have been taken for optimum utilization of energy. Necessary investments are also planned out to cut down consumption of energy per kg. of production.

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**(A) RESEARCH & DEVELOPMENT (R&D)****1. Specific areas in which R&D has been carried out by the Company:**

- a) Reduction in cost of production by
 - i) Developing and applying alternate raw material mix, pigments usage of fillers etc.
 - ii) Identify and produce item most suitable to specific machine.
- b) Development on new design & products.

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

- a) Innovative designs and colours introduced.
- b) Reduction in cost.
- c) Improvement in quality.
- d) Improvement in productivity.

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:

- (a) Not Substantial.

(B) TECHNICAL ABSORPTION, ADAPTATION & INNOVATION

The Company has not imported any technology or process knowhow.

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) – (Finished Goods)	29,940,127
Foreign Exchange earned (Capital Goods)	1,419,000
Foreign Exchange used	11,850,281

By Order of the Board of Directors

Report Junction.com

Bhaskar M Parekh
Chairman

Mumbai,
June 30, 2006

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT:

Business Outlook

Moulded Furniture:

The industry continued to be influenced by volatile raw materials prices and challenges from unorganized sector. The Company's effort to decentralized part of production capacity to South and integration at western region will help optimum utilization of resources with minimal cost.

Benefits from partly shifting of increased raw material price and effective inventory control were not good enough to serve the increased break-even point caused out of reduction in number of units sold. The management has decided to run its marketing depots only on cost centre concept and reduce the number in case sufficient business is not generated from the centre.

Your Company expects moderate growth in upper line and lower line from its manufacturing and marketing units from the financial year 2006-07 and onwards.

Aluminium Composite Panel:

There is an immense potential for Aluminum Composite Panel (ACP) for the reason of its number of applications in interiors and exteriors of all shopping malls, commercial & residential complexes, hotels and gas stations, convention centers etc. The present boom in retail industry, shopping malls, constructions and re-constructions of new residential & commercial complexes is one of the main causes of growth for ACP. More over besides shopping malls, departmental stores, super markets, retail chain shops and retail out fits have started changing their looks from traditional signboard to unique colour ACP signboard and hoardings. They also changed their interior from wood to ACP and glasses. Presently, ACP demand is met with domestic producers and imports mainly from China.

Internal Control System and their Adequacy

The Company has an internal control system commensurate with its size and the nature of the business and meeting the following objectives:

- ⇒ Efficient use and safeguarding of the assets
- ⇒ Compliance with the statutes, policies and procedures
- ⇒ Transactions being accurately recorded and promptly reported.

The internal audit reports along with the report of the status of the implementations of the recommendations contained therein are reviewed by the audit committee of the board on a regular basis.

Threats, Risks and Concerns:

Moulded Furniture:

The fluctuation in feed stock prices and demand – supply gap decides the international prices of polymers. Consolidation of inputs at reasonably low prices may give strengthen the Company's ability to offer competitive prices in domestic as well as export market. The market is regionalized with dominance of local players from unorganized sector. The Company needs to establish its brand image and distribution network to counter the above threats.

Aluminium Composite Panel:

Presently Company has to imports its core inputs i.e. aluminium coils, from international market which is highly influenced by global price of metals which is on a rising trend. Being import averse, fluctuation in forex market may also impact input prices. Though the present demand is mainly served by imports, more competition is perceived from new entrant from domestic front.

Outlook:

Moulded Furniture:

The Plastic furniture market is expected to grow steadily. Introduction of new innovative designed, light weighted steady models is expected to push up the upper and bottom line. Maintaining steady growth at existing export market and exploring new territory will add to the Company's performance and share in domestic and export market. Potential market is found in institutional segment and deep rural area.

Aluminium Composite Panel:

While the domestic market is growing by around 10% per annum, with the expected rise in construction activity and retail business, the Company expects the market to grow annually by over 8% in next few years.

Financial Highlights

The operational performance of the Company, during the year shows southward movement.

Description	For the Year Ended 31-03-06	For the Year Ended 31-03-05
Gross Turn Over	3,505.70	4,411.94
Profit before Interest, Depreciation and Tax	197.24	294.06
Less : Interest	10.01	7.94
Less : Depreciation	181.88	254.70
Profit before Taxation	5.35	31.42
Less : Provision for Taxation - Current	-	2.35
Add: Provision for Deferred Tax	6.02	-
Less: Fringe Benefit tax	3.77	-
Profit after Tax	7.60	29.07
EPS (in Rs.)	0.07	0.26
Cash EPS (in Rs.)	1.73	2.60

The reduction in Sales for moulded furniture, attributed by production loss on account of shifting of production capacity with in Daman and to Cochin (Kerala) and closure of the company's out-sourcing arrangement in eastern region of India for quality related issues. Moreover Kerala unit could commence production with time over-run of around two months with delayed release of power.

Human Resource:

With the competition in all spheres of industry reaching unprecedented levels, companies are continuously reinvesting themselves in a bid to gain competitive advantage. Your Company firmly believes that its competitive edge is derived from its people who have been consistently achieving high standards of performance. With rapidly changing business environment, the Company needs to upgrade existing skills set and meet new challenges.

Cautionary Statement:

The management discussion and analysis statement made above are based on certain assumptions and expectations of future events, economic conditions, factor affecting raw materials and sales prices etc. The Company can not guarantee that these assumptions will be realized. It is therefore cautioned that the actual result may be different than those expressed herein above.

For and on behalf of the Board

Mumbai,
June 30, 2006

Bhaskar M Parekh
Chairman

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 an Executive Chairman, a Managing Director, and 3 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 key decisions are taken only after detailed discussions by the Board. The Board acts with autonomy and independence in exercising strategic supervision, discharging its fiduciary responsibilities and in ensuring that the management observes high standards of ethics, transparency and disclosure.

6 Board Meetings were held on April 27, 2005, June 27, 2005, July 30, 2005, September 12, 2005, October 31, 2005 & January 31, 2006. The composition of directors and their attendance at the Board Meetings during the year and the last Annual General Meeting and 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 attended during the year	Attendance at last AGM	Directorships in other Companies incorporated in India
Shri Bhaskar M. Parekh	Executive Chairman	5	Absent	Nil
Shri Dilip M. Parekh	Managing Director	6	Present	Nil
Shri Mulchand S. Chheda	Independent Non-Executive Director	4	Present	4
Shri Rasiklal M. Doshi	Independent Non-Executive Director	4	Present	1
Shri Krishnakant V. Chitalia	Independent Non-Executive Director	6	Present	1

None of the Directors is either a member or chairman of any Board level committee of any other Company.

Code of Conduct

The Company has adopted the Code of Conduct for all the employees of the Company including the Wholtime Directors. During the year, the Board approved a Code of Conduct for Non-Executive Directors. The Code of Conduct for the employees as well as Non-Executive Directors is posted on the Company's website.

Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director (CEO) forms part of this report.

Shareholdings of Non-executive Directors as on March 31, 2006 are as under:

Name	No. of Ordinary shares held	% of Paid-up Capital
Mr. Krishnakant V. Chitalia	9295	0.08
Mr. Mulchand S. Chheda	0	0.00
Mr. Rasiklal M. Doshi	6000	0.05

(c) Audit Committee

Audit Committee is entrusted by the Board of Directors to review the internal control and financial reporting process. The Audit committee is also authorised to review and comment on the audited financial results in accordance with the generally accepted audit and accounting standards. The audit committee ensures the accuracy, transparency and quality of financial reportings. The terms of reference of the Audit Committee inter-alia includes:

- It shall have the authority to investigate into any matter relating to accounts as referred to it by the Board and for this purpose, shall have full access to information contained in 'Accounting records' of the Company.