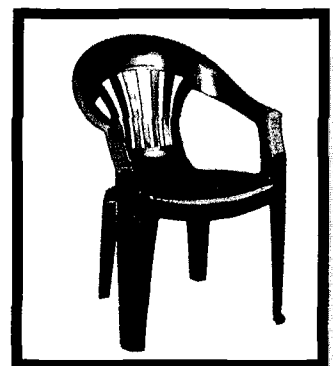


# **PRIMA PLASTICS LTD.**

*14th Annual Report 2007-08*





## 14th Annual Report 2007-2008

# PRIMA PLASTICS LIMITED

**BOARD OF DIRECTORS**

Shri Bhaskar M. Parekh (Executive Chairman)

Shri Mulchand S. Chheda

Shri Krishnakant V. Chitalia

Shri Rasiklal M. Doshi

Shri Dilip M. Parekh (Managing Director)

**14th ANNUAL GENERAL MEETING**

Date : September 20, 2008

Time : 10.30 a.m.

Venue : Hotel Sandy Resorts,  
Devka Beach,  
Nani Daman,  
Daman (U.T.), Pin - 396 210

**BANKER**

Corporation Bank

Bank of India

**AUDITORS**

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

Chartered Accountants

**REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Bigshare Services Pvt. Ltd.

E-2/3, Ansa Indl. Estate, Saki Vihar Road, Andheri (E),

Mumbai – 400 072.

**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:**

- 98/4, Prima House, Daman Industrial Estate,  
Kadaiya, Nani Daman, Daman (U.T.), Pin - 396 210.
- Door No.X/588-Q, Kinfra SIP, Survey No.508 (Part),  
Block No.32, Nellad P.O., Mazhuvannur Village,  
Ernakulam District, Kerala – 686 721.

**Aluminium Composite Panel Division:**

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

**MARKETING DEPOTS**

Jammu, Hyderabad, Rohtak, Kanpur & Trichy.

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**PRIMA PLASTICS LTD.****NOTICE**

Notice is hereby given that the 14th Annual General Meeting of the Members of **PRIMA PLASTICS LIMITED** will be held at Hotel Sandy Resorts, Devka Beach, Nani Daman, Daman (U.T.), Pin - 396 210 on September 20, 2008 at 10.30 a.m. to transact the following businesses:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2008, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the 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 M/s. G. P. Kapadia & Co., the retiring Auditors of the Company, as Statutory 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 reappoint Shri Bhaskar M. Parekh as Executive Chairman and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** in supersession of the earlier Resolution passed at the 11<sup>th</sup> Annual General Meeting of the Company and in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the reappointment of Shri Bhaskar M. Parekh, as Executive Chairman of the Company, for a period of 5 (five) years with effect from July 01, 2008, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

5. To reappoint Shri Dilip M. Parekh as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** in supersession of the earlier Resolution passed at the 11<sup>th</sup> Annual General Meeting of the Company and in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the reappointment of Shri Dilip M. Parekh, as Managing Director of the Company, for a period of 5 (five) years with effect from July 01, 2008, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors

Mumbai  
June 27, 2008

**Bhaskar M. Parekh**  
Chairman

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such 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 Saturday, September 13, 2008 to Saturday, September 20, 2008, both days inclusive.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item 4 & 5 of the Notice is annexed hereto.

4. The members are requested to:
  - (a) Bring their copy of Annual Report and the attendance slips at the Meeting.
  - (b) Members desiring any information as regards the accounts are requested to write to the Company at least 10 days prior to the date of meeting to enable the Management to keep the information ready at the meeting.
5. Members who are holding shares in physical form are requested to notify regarding change in address and request for making nomination, if any, to the Company's Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd., Unit: Prima Plastics Ltd., E-2/3, Ansa Industrial Estate, Saki- Vihar Road, Andheri (East), Mumbai – 400 072 quoting their folio number. Shareholders holding shares in dematerialized form should intimate change of their address and request for making nomination, if any, to their Depository Participant.

**ANNEXURE TO NOTICE:****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 4 .**

Shri Bhaskar M. Parekh was reappointed as the Executive Chairman of the Company since July 01, 2005 for a period of 5 years. The Board of Directors in their Meeting held on June 27, 2008 revised his terms of appointment and reappointed as Executive Chairman for a fresh term of 5 years with effect from July 01, 2008.

His reappointment and remuneration fixed in accordance with Schedule XIII to the Companies Act, 1956 is subject to the appointment by the shareholders.

Broad particulars of the terms of reappointment and remuneration payable to Shri Bhaskar M. Parekh are as under:

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 : Five years with effect from July 01, 2008.
4. Remuneration payable
  - (a) Salary: Rs.65,000/- per month.
  - (b) Perquisites & Allowance Rs.60,000/- per month.
    - (i) The Executive Chairman shall be entitled to perquisites & allowance including accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance and such other perquisites and / or allowances in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance.
    - (ii) The Executive Chairman shall be entitled to Company's contribution to Provident Fund up to the tax exemption limit, benefits of Gratuity and Pension Scheme, as per the rules of the Company.
    - (iii) Reimbursement of expenses incurred for traveling, boarding and lodging including for spouse and attendant(s) during business trip, Car for use on Company's business, telephone/cellular phones and other communication facilities at residence will not be considered as perquisites.
    - (iv) 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**

Shri Dilip M. Parekh was reappointed as Managing Director of the Company since July 01, 2005 for a period of 5 years. The Board of Directors in their Meeting held on June 27, 2008 revised his terms of appointment and reappointed as Managing Director for a fresh term of 5 years with effect from July 01, 2008.

His reappointment and remuneration fixed in accordance with Schedule XIII to the Companies Act, 1956 is subject to the appointment by the shareholders.

Broad particulars of the terms of reappointment and remuneration payable to Shri Dilip M. Parekh are as under:

1. The Managing Director shall, subject to the supervision and control of the Board of Directors, manage the business and affairs of the Company.
2. Mr. Dilip M. Parekh will be a permanent Director and not liable to retire by rotation.
3. Period of Agreement : Five years with effect from July 01, 2008.



**PRIMA PLASTICS LTD.**

## 4. Remuneration payable:

(a) Salary: Rs.60,000/- per month.

(b) Perquisites &amp; Allowance Rs.60,000/- per month.

(i) The Managing Director shall be entitled to perquisites & allowance including accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance and such other perquisites and / or allowances in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance.

(ii) The Managing Director shall be entitled to Company's contribution to Provident Fund up to the tax exemption limit, benefits of Gratuity and Pension Scheme, as per the rules of the Company.

(iii) Reimbursement of expenses incurred for traveling, boarding and lodging including for spouse and attendant(s) during business trip, Car for use on Company's business, telephone/cellular phone and other communication facilities at residence will not be considered as perquisites.

(iv) 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.

5. Apart from Mr. Dilip M. Parekh, Mr. Bhaskar M. Parekh may be considered interested in the above resolution as relative.

By Order of the Board of Directors

Mumbai  
June 27, 2008

**Bhaskar M. Parekh**  
Chairman

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

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE FORTHCOMING  
ANNUAL GENERAL MEETING**  
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri Rasiklal M. Doshi	Shri Bhaskar M. Parekh	Shri Dilip M. Parekh
Date of Birth	14-07-1929	05-02-1956	25-04-1968
Date of appointment	18-06-1996	17-11-1993	17-11-1993
Qualification	B.Com	B.Com	B.Com
Expertise in specific area	Vast experience in Finance & Manufacturing Industry	28 years experience in Plastic Industries.	18 years experience in Plastic Industries.
Directorship in other Public Limited Company	None	None	None
Membership of Committees in other Public Limited	None	None	None
Number of Shares held	Nil	2551610	2615420

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 14<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2008.

(Rs. In Lakhs)

<b>FINANCIAL RESULTS</b>	<b>2007-2008</b>	<b>2006-2007</b>
Gross Income	5,594.92	4,630.47
Profit before Interest, Depreciation and Tax	271.83	241.58
Less : Interest	57.48	42.74
Less : Depreciation	158.03	162.45
Profit before Taxation	56.32	36.39
Less: Prior Period Adjustment	NIL	16.83
Less : Provision for Tax – Current	3.57	2.06
Add: Provision for Deferred Tax	NIL	-6.02
Less: Fringe Benefit tax	4.30	3.34
Less: Prior Period Tax written off	4.13	NIL
Profit after Tax	44.32	8.14
Add : Balance b/f from previous year	1,674.13	1,900.55
Balance available for appropriation	1,718.45	1,908.69
<b>Appropriation :</b>		
Reversal of Deferred Tax Assets Reserve	—	(234.56)
Balance c/f to Balance Sheet	1,718.45	1,674.13

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

**OPERATIONAL PERFORMANCE**

The Company continued to improve its performance during the year and achieved a Gross Income of Rs.5,594.92 lacs as against Rs.4,630.47 lacs during the previous year. The Company ended the year with a profit after tax of Rs.44.32 lacs as against a profit of Rs.8.14 lacs during the previous year.

Moulded Furniture Industry continued to face fluctuation in Raw Material prices being a petro product, however your Company had achieved a turnover of Rs.4,539.32 lacs and earned a profit of Rs.83.08 lacs before tax from Moulded Furniture Division. The Exports of the Company were higher at Rs.567.36 lacs against Rs.550.85 lacs in the previous year.

Your Company has again nominated & won Top Export Award in Moulded furniture category from the Plex Council of India for the year 2006-07. This is Eight<sup>th</sup> Top Export Award apart from Three Top Export Award (Runner-up) in last 11 years.

Aluminium Composite Panel Division (ACP) have achieved sales of Rs.1,013.17 lacs during the year and executed orders for many builders / contractors of repute and in process of establishing its brand name in the market.

The Joint Venture at Cameroon has improved its performance for their financial year ended on December 2007 and achieved a turnover of Rs 980.20 lacs and profit before depreciation of Rs. 169.97 lacs and Net Profit of Rs.52.83 lacs before tax. It has not only captured local market but also making ways to Exports in neighbouring countries. The Joint Venture Company has earned cash profit from its very first year of operation and set to declare a dividend for calendar year 2007.

**MANAGEMENT'S DISCUSSION & ANALYSIS REPORT.**

As detailed review of the progress and the future outlook of the Company and its business, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

**DIRECTORS**

The Board of Directors at their meeting held on June 27, 2008 approved the revision in terms of Agreement and reappointed Shri Bhaskar M. Parekh as Executive Chairman and Shri Dilip M. Parekh as Managing Director for a period of 5 years with effect from July 01, 2008.

Shri Rasiklal M. Doshi retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. Brief resume of Shri Rasiklal M. Doshi, Shri Bhaskar M. Parekh and Shri Dilip M. Parekh, nature of their experience are given in the Section on Notice elsewhere in the Annual Report.

**PRIMA PLASTICS LTD.****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 & AUDITOR'S REPORT**

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 27, 2008 proposed their reappointment as Auditors for fiscal year 2008-2009. You are requested to consider their appointment.

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

**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.

**FIXED DEPOSITS**

The Company has not accepted any Fixed Deposit covered under Section 58A of the Companies Act, 1956 from the Members or the Public during the year.

**CORPORATE GOVERNANCE**

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.

**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.

For and on behalf of the Board

Mumbai  
June 27, 2008

**Bhaskar M. Parekh**  
Chairman



**ANNEXURE TO DIRECTORS' REPORT**

Additional information given as required under the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988.

**I. CONVERSION OF ENERGY.****a) Energy conversation measures taken:**

The Company has taken adequate measure to optimize utilization of energy at all its plants and energy saving devices are used to reduce the consumption.

**b) Additional investments and proposals if any being implemented for reduction of consumption of energy.**

Necessary investments are planned to cut down consumption of energy. New investments are made in latest more efficient and energy saving machines.

**c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The measure initiated by the Company will result in saving of energy per kg of production.

**d) Total energy consumption and consumption per unit of production as per Form A.**

The Company is not covered under Specified Industries.

**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.****1) Efforts in brief made towards technology absorption, adaptation and innovation.**

The Company adopts latest technology for contingent manufacturing operation. The new investments are made in new technology, upgraded machines & moulds.

**2) Benefits derived as a result of the above efforts.**

The Company able to offer new & innovative designed product and have strong demand of its products in export market.

**3) The Company has not imported any technology or process know how.****III. FOREIGN EXCHANGE EARNING AND OUTGO:****1) Activities relating to exports initiative taken to increase exports; development of new exports market for products & services; and export plans:-**

The Company's products are well established in the exports market and repeated orders are received year after years from its existing foreign clients. The Company has won 11 top export awards from Plexcouncil of India (8 first position & 3 second position) in last 11 years which itself speaks of its performance on export front.

**2) Total foreign exchange used and earned.****(Rs.)**

	<b>2007-2008</b>	<b>2006-2007</b>
Foreign Exchange earned (FOB) – (Finished Goods)	50,653,293	49,317,826
Foreign Exchange earned (Capital Goods)	NIL	3,476,127
Foreign Exchange used	22,706,519	25,644,522

For and on behalf of the Board

**PRIMA PLASTICS LTD.****MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE & DEVELOPMENT:**

The overall world economy is effected due to high oil prices and recession in United States. India is also facing high inflation but it is expected that Indian Industry is set to grow annually at 8.5% in the next 5 year.

The **moulded furniture industry** is currently facing high input cost due to unprecident increase in crude oil prices internationally and it has to live with such high cost and pass on the burden to end users. Baring this, the industry is set to grow with the India growth story and consumption of plastics will increase in years to come. To compete in the market, the Company need to take advantage of logistics and incentives announced by the Centre to State Governments.

Your Company will focused on taping new market within India & abroad and also on containment in cost of production & administration & other cost.

With Indian Government efforts to invite International business in India by promoting special economy zones, emphasis on creation of infrastructure and other measures will make a boom in construction & related Industry in next 10 years. **Aluminium Composite Panel** being used in all modern construction, interior furniture etc., it is set to grow in near future. The present demand gap is partially met with Imports from China.

Your Company is fully focused on Industrial segment and set to supply the products to all major developers in this segment.

The market for ACP Division is expected to improve with the growth of Infrastructure & Real Estate in Industry, which is expected to grow for atleast next 10 years. Your Company is focusing on brand with quality products and national level presence in the market.

**Opportunities, Threats, Risks and Concerns:****Moulded Furniture:**

The moulded furniture industry is characterized by intense competition, volatile input cost, substandard products with reprocessed material from unorganized sectors and regionalization of business.

However, consumption of Plastic is set to grow in India due to large population and majority belongs to low income or lower middle income group.

Creation of a strong brand is essential apart from setting up regional manufacturing facilities, introduction of innovative products and penetration in rural market and middle income group.

**Aluminium Composite Panel:**

At present, the demand set to rise with boom in construction & infrastructure sector in India for ACP. However, many new players are attracted to the business due to various tax and other incentives offered by few northern states of India and competition is inevitable.

The Company must develop its brand image and make ways insights in to the needs of their customers. This forms the basis of Industry strategy including design of the product, its delivery format, pricing and communication.

**Financial Performance:****(Rs. In Lakhs)**

Description	For the Year Ended 31-03-2008	For the Year Ended 31-03-2007
Gross Turnover	5,552.49	4,557.12
Profit before Interest, Depreciation & Tax	271.83	241.58
Interest	57.48	42.74
Depreciation	158.03	162.45
Profit before Taxation	56.32	36.39
Prior Period Adjustment	NIL	16.83
Provision for Taxation-Current Tax	3.57	2.06
Provision for Deferred Tax	NIL	-6.02
Fringe Benefit tax	4.30	3.34
Prior Period Tax	4.13	NIL
Profit after Tax	44.32	8.14
EPS (in Rs.)	0.40	0.07
Cash EPS (in Rs.)	1.84	1.55