



MOULDED FURNITURE

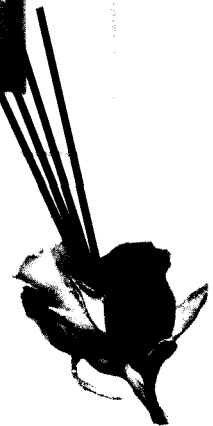
9th Annual Report
2002-2003

primaplastics.com

1st Death Anniversary



Late Shri Manharlal V. Parekh
(CMD)
1934 - 2002



*Aman with vision & perseverance, you had the mark of greatness.
We are truly blessed to have known you, a great leader & first among equals.
We miss your presence but pray that you will continue to be with us, in our hearts and minds,
forever guiding us.*

9th Annual Report 2002-2003
PRIMA PLASTICS LIMITED

DIRECTORS

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

9th ANNUAL GENERAL MEETING

Date : September 06, 2003
Time : 11: 30 A.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 (E), Mumbai - 400 072.

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

Aligarh, Jammu, Kolkata & Nagpur.

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NOTICE

Notice is hereby given that the 9th 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 Saturday, September 06, 2003 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, 2003 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 Chitalia, 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 as a **Special Resolution**.

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactments thereof for the time being in force], the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable guidelines and subject to the approval of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, as may be necessary and subject to such conditions and modifications, as may be prescribed by any authority while granting such approval, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from Ahmedabad and Delhi Stock Exchanges".

Mumbai
June 20, 2003

By Order of the Board of Directors

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

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 of the Notice as set out above, is annexed hereto.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from September 01, 2003 to September 06, 2003 (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 Number.
5. The Company has transferred unclaimed share application money to the government designated account. The share applicants who have not claimed or collected their share application money, are requested to claim the same from "The Registrar of Companies - Goa".
6. 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.
7. Pursuant to the provisions of the Companies Act, 1956, Interim dividend for the financial year ended 31st March 1998 and dividends declared 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
31/03/1998 (Interim)	03/06/1998	02/06/2005	02/07/2005
31/03/1998 (Final)	05/11/1998	04/11/2005	04/12/2005
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.

Additional Information :

Shri Krishnakant V. Chitalia (63) was appointed as a professional director on the Board from 18/06/1996. He is a graduate from Bombay University. Shri Chitalia joined family business of Jewellery in 1962. With his business acumen and vision, he expanded his family business and ventured in many new areas like plastic, electrical and dairy products and bagged 29 export awards for export of electrical and plastic products. He is a Member of Plastic & Linoleum Export Promotion Council (Sponsored by Ministry of Commerce - New Delhi), Executive Committee Member of Organisation 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.
- (2) M/s. R.H.K. Duro Plast Containers Pvt. Ltd.- Mumbai.

ANNEXURE TO NOTICE:**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO 4.**

The Securities and Exchange Board of India (SEBI) has issued Delisting of Securities Guidelines, 2003 incorporating, among others, provisions for delisting of securities of a body corporate voluntarily by a promoter from the Stock Exchanges.

Presently, the Company's equity shares are listed on the following three Stock Exchanges:

- 1.The Stock Exchange, Ahmedabad.
- 2.The Delhi Stock Exchange Association Limited, Delhi.
- 3.The Stock Exchange, Mumbai (the Regional Stock Exchange)

With the extensive networking of The Stock Exchange, Mumbai and extension of the BSE terminals to other cities as well investors have access to online dealings in the Company's equity shares across the country. Further trading in the Company's equity shares on Delhi & Ahmedabad Stock Exchanges were negligible ever since listing of shares in the year 1995 onwards.

The Company's equity shares are one of the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since April 02, 2001. The Company has proposed this resolution, which will enable it to delist its equity shares at any time in future from all or any of the following Stock Exchanges:

- 1.The Stock Exchange, Ahmedabad.
- 2.The Delhi Stock Exchange Association Limited, Delhi.

The Company's equity shares will continue to be listed on The Stock Exchange, Mumbai after the proposed delisting.

Your Directors recommend the Special Resolution for members' approval. None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Mumbai

June 20, 2003

By Order of the Board of Directors

Registered Office :

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

Bhaskar M. Parekh
Chairman

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2003. The Company's performance may be considered as reasonable, looking to the dull market conditions of the moulded furniture Industry.

FINANCIAL RESULTS	2002-2003 (Rs. In lakhs)	2001-2002 (Rs. In lakhs)
Gross Income:	4956.27	4819.21
Profit before Interest, Depreciation and Tax	417.93	627.49
Less : Interest	38.11	130.71
Less : Depreciation	329.92	377.25
Profit before Taxation	49.90	119.53
Less : Provision for Tax	3.93	9.14
Profit after Tax	45.97	110.39
Less: Short Income Tax considered	00.42	00.00
Net Profit	45.55	110.39
Add : Balance b/f from previous year	1524.55	1414.16
Balance available for appropriation	1570.10	1524.55
Appropriation :		
Balance c/f to Balance Sheet	1570.10	1524.55

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

OPERATIONAL PERFORMANCE

Series of drought in many part of the Country left the impact on the economy & growth of Indian Industry. The moulded furniture industry is undergoing a conceptual changes and becoming more regionalised. A shadow of Middle East crises, began from the third quarter of the year, finally resulted into the Gulf war. This had negative impact on the input prices of the Company, being a petro product. During this period the prices of polypropylene, a core input of the Company, shot up by more than 30%. The intense competition in the moulded furniture market made it extremely difficult for the Company to pass on the part of the rise in input prices to the end user and eroded margin.

The Company has hired manufacturing facilities in different parts of the country to take the logistic advantage.

The Company put its best efforts to reduce other operational and selling cost. With the entire repayment of term loan liabilities and proper utilisation of economic resources the Company could save a lot on the interest expenses. The management is determined to take your Company to a **Debt Free Zone** in near future. The management has also put efforts to reduce the undesired assets thereby, increasing the Cash Flow and minimizing depreciation and maintenance cost.

Your Company is focusing on brand strength, development and introduction of new innovative products and expecting the benefits in near future. Inspite of adverse market conditions, the Company could manage to achieve marginal increase in gross turnover by 3.21% at Rs.49.48Crores (Rs 47.90Crores) and achieved a net profit of Rs 45.55 lakhs. (Rs.110.39 lakhs).

EXPORTS

During the year under review the Company achieved an export of Rs.288 lakhs as against Rs.215 lakhs, an increase of **34%** compared to immediate preceding year. During the year under review, the Company explored new export markets to many new countries of Europe and American sub-continent.

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 Chitalia retire by rotation and being eligible, offers himself for reappointment at the ensuring Annual General Meeting.

Brief resume of Shri. Krishnakant 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 that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
2. 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;
3. 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;
4. 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 20, 2003, proposed their re-appointment as Auditors for fiscal year 2003-04. 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

Mumbai
June 20, 2003

Bhaskar M. Parekh
Chairman

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, 2003.

1. CONSERVATION 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 has been carried out by the Company:

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

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

- Innovative designs and colours introduced.
- Penetration in the rural market.

3. Further Plan of action:

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

4. Expenditure on R&D:

- 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)	250,04,123
Foreign Exchange used	106,11,650

By Order of the Board of Directors

Mumbai
June 20, 2003

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 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 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.

5 board Meetings were held on April 19, 2002; June 29, 2002; July 27, 2002, October 26, 2002 & January 22, 2003. 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 and sitting fees paid are as follows:

Details about Prima Plastics Limited Board of Directors

Name of Director	Position	Board Meetings attended during the year	Whether attended last AGM	Directorships in other companies incorporated in India
Shri. Bhaskar M. Parekh	Executive Chairman	5	Present	Nil
Shri. Dilip M. Parekh	Managing Director	5	Present	1
Shri. Mulchand S. Chheda	Independent Non-Executive Director	4	Present	3
Shri. Rasiklal M. Doshi	Independent Non-Executive Director	4	Present	1
Shri. Krishnakant V. Chitalia	Independent Non-Executive Director	4	Present	2
Shri. Kirit N. Mehta	Independent Non-Executive Director	5	Present	4

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 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 Committee consists of four non-executive directors, namely Shri Kirit N. Mehta, Chartered Accountant, as a Chairman and Shri Mulchand S. Chheda, Shri Rasiklal M. Doshi and Shri Krishnakant V. Chitalia as members, all being Non-executive Directors.

During the year under review, three meetings of the audit committee were held on June 29, 2002, July 27, 2002 and November 28, 2002. The composition and attendance details are given below:

Name of Directors	No. of Meetings held & attended
Shri Kirit N. Mehta	3
Shri Mulchand S. Chheda	3
Shri Rasiklal M. Doshi	3
Shri Krishnakant V. Chitalia	3