



PRIMA

Moulded Furniture



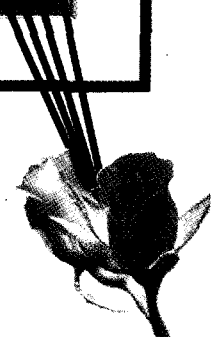
10th

Annual Report 2003 - 04

www.primaplastics.com



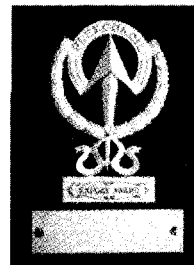
Late Shri Manharlal V. Parekh
(CMD)
1934 - 2002



TOP EXPORT AWARD 2002



ISO 9001:2000



TOP EXPORT AWARD 2003

10th Annual Report 2003-2004

PRIMA PLASTICS LIMITED

DIRECTORS

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

10th ANNUAL GENERAL MEETING

Date : September 04, 2004
 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 (East), Mumbai - 400 072.

WORKS

Unit-I :- 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

Jammu, Kolkata, Ludhiana, Nagpur & Kanpur.

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NOTICE

Notice is hereby given that the 10th 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, September 04, 2004 at 11.30a.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, 2004 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 Mulchand S. Chheda, 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 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.

By Order of the Board of Directors

Mumbai
June 26, 2004.

Bhaskar M. Parekh
Chairman

NOTES:

1. A member entitled to attend and vote 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 01, 2004 to September 04, 2004 (both days inclusive)**.
3. The members are requested to:
Bring their copy of Annual Report at the Meeting.
Notify immediately change in their address, if any, to the Share Transfer Agent of the Company quoting their Folio Number.
4. 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 Thursday upto the date of the meeting.
5. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, Interim dividend for the financial year ended 31st March 1998 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
31/03/1998 (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 Informations:

Re-Appointment of Director:

Shri Mulchand S. Chheda (65) was appointed as a professional director on the Board. He is having vast experience of more than 35 years in Plastic Industry. At a young age, he ventured into business of Plastic Moulded Articles specially household, storage crates and other industrial items. With his business vision and acumen, he established well-known brand name of "PRINCE" in all segment of Plastic Articles which crossed international territory too. He is a managing member of Organisation of Plastic Processors of India. Presently, he is a director on the board of following companies:

- (1) M/s. Prince Multiplast Pvt. Ltd.
- (2) M/s. Prince Containers Pvt. Ltd.
- (3) M/s. Raj Software Technology (I) Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 10th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2004. The Company's performance may be considered as reasonable considering volatile fluctuation in raw material prices and moderate growth in plastic moulded furniture Industry.

(Rs. In Lakhs)

FINANCIAL RESULTS	2003-2004	2002-2003
Gross Income	4,624.90	4,956.27
Profit before Interest, Depreciation and Tax	379.03	405.30
Less : Interest	4.75	25.48
Less : Depreciation	310.19	329.92
Profit before Taxation	64.09	49.90
Less : Provision for Tax	4.87	3.93
Profit after Tax	59.22	45.97
Less: Short provision of Income Tax	NIL	00.42
Net Profit	59.22	45.55
Add : Balance b/f from previous year	1,570.10	1,524.55
Balance available for appropriation	1,629.32	1,570.10
Appropriation :		
Balance c/f to Balance Sheet	1,629.32	1570.10

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

OPERATIONAL PERFORMANCE

During the year under review, the Plastic moulded furniture industry has seen a moderate growth. The market is temporarily driven by stiff competition from local players with reprocessed materials. In spite of adverse market conditions, your company has retained its position as leader in quality product and concentrated on exploring international markets. The gross turnover is lower by 7% in comparison with previous year.

The Company has also decentralized its manufacturing set up with tie-ups in different parts of the country to take logistic advantages. The few of its tie-ups are performing to the expectation of management and better advantages in coming years. The management is taking corrective actions for other tie-ups, to make them more competitive. The Company's efforts are on to further explore new territories for local tie-ups. This will increase the Company's share in local market. During the year, your company is awarded with ISO 9001-2000 certification by **DNV, Netherlands** a quality certification firm of international repute, for its both the manufacturing Units at Daman. The Company is bent on to provide high quality furniture items of international standard.

EXPORTS

During the year under review the Company achieved an export of Rs.458 lakhs as against Rs.288 lakhs, an **increase of 59%** compared to immediate preceding year. The Company explored new export markets to many new countries of Africa, Gulf and American sub-continent.

The Plexconcil, the Export Promotion Council sponsored by the Government of India, declared Top Export Award for the Financial Year 2001-02 and 2002-03. We are happy to inform you that with these awards, your Company has bagged six top export awards in last seven years.

OVERSEAS JOINT VENTURES / SUBSIDIARIES

The Company's continuous efforts to explore and develop export destinations have started paying now. While exploring and studying the couple of export destinations, it is observed that plastic moulded furniture items has good potential at Global Market. Mr. Dilip M. Parekh, Managing Director and Mr. Kirit Mehta an independent and professional director of the Company visited Cameroon, a West African country and Nepal in January 2004 to study the feasibility of the mid size project for manufacturing plastic moulded furniture items. They are quiet satisfied with industrial, political and business environment at both these countries. Study in respect of other export destinations is also on.

On careful scrutiny of all investment aspect, your Company decided to set up Joint Venture at Cameroon. As on March 31, 2004, the Company has invested Rs.21,16,280/- towards, share application money for Cameroon. The project is likely to start Commercial Production from October 2004.

SALE OF UNIT- I (POSTAL BALLOT)

Since last couple of years, the plastic moulded furniture industry in India, particularly in western region is burdened with excessive installed capacity mainly due to de-centralization of manufacturing capacity in outsourcing arrangement, logistical non-viability and competition from unorganized sector. This is evident from the negative growth in the Company's turnover and profitability.

The Company has two manufacturing units at Daman of which Unit-I is adversely affected with excess installed capacity. The Company intent to sale, dispose off factory premises of Unit-I situated at Plot # 98/4, 6 & 7 along with plant and machinery, moulds, furniture and fixtures etc. Moulds & Machines of this Unit-I will be better utilized by making sale arrangements with tie-up/joint venture parties in India / Abroad. The Company also intent to shift couple of machines presently lying at Unit-I to Unit-II of the Company at Daman for better co-ordination of manufacturing capacities and administrative convenience. The sale of aforesaid unit would reduce non-productive expenses like maintenance, depreciation, insurance, interest etc. This will also help the Company to improve profitability. The proceeds from the sale of machines will be utilised for acquiring new moulds to produce innovative items and building the company's brand name to gain more sales and profit.

The Company had obtained approval for sale / disposal of fixed assets of Unit-I from the shareholders of the Company through Postal Ballot vide its notice dated January 31, 2004 and result of Postal Ballot was declared on March 27, 2004. The Company received 99.87% of the responses in favour and 0.13% of the responses against the resolution. The Postal Ballot procedure was conducted and the result of it was declared under the close and direct supervision of Mr. Atul Desai, Partner of M/s. G.P. Kapadia & Co., the Statutory Auditor of the Company.

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 Mulchand S. Chheda retire by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. Brief resume of Shri Mulchand S. Chheda, 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 :

- 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 26, 2004, proposed their re-appointment as Auditors for fiscal year 2004-05. 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 26, 2004.

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, 2004.

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.

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)	41,626,355
Foreign Exchange used	5,460,211

By Order of the Board of Directors

Mumbai
June 26, 2004.

Bhaskar M. Parekh
Chairman

Management Discussion and Analysis Report

Industry Structure & Development:

The Company has concentrated on quality of the product to make it more acceptable internationally which can be seen from 59% of growth in exports. The Company received couple of enquiries from under-developed countries, for setting-up of a joint venture / subsidiary establishment in their country.

During the year, Indian plastic furniture market has seen moderate growth. Despite, increased presence of un-organised sectors in their respective local territory, the major players with established brand name could sustain their positions nationally. This phase of market, as influenced by un-organised small-local players with reprocessed materials, will not stay for a longer period. The industry otherwise is poised to grow steadily.

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.

Opportunities and Threats:

At one place, local market has become more competitive, in terms of end price at the cost of quality standard from un-organised sector, where as the global market has experienced relatively lesser competition for the manufacturers of quality products with timely delivery schedule. Global opportunities lies if one meets the customers' quality expectations, shorten response time at fair prices. During the year under review, your Company grabbed many such opportunities which are evident from the sharp rise in export turnover from Rs.288 lacs to Rs.458 lacs.

Any increase in the price of basic inputs, being a major cost of product, affects the bottom line of the Company. Being avert to the crude prices and exchange rate of local currency, input prices during 2003-04 were fluctuated upto 20% during the year. Though the first quarter of the year 2004-05 has felt increased input prices, the continuous effort of the Company to reduce all possible overheads and interest burden are likely to save the bottom line from erosion in margin.

Outlook:

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.

Segmentwise Performance:

Your Company deals in only one segment i.e. plastic moulded furniture. The Company's name is recognised as one of the leading brand in the moulded furniture market. The Company has periodically introduced various innovative products in wide varieties of colour.

Financial Performance vis-à-vis Operational Performance:

The performance of the Company during the year under review was satisfactory.

1. Financial Highlight:

Rs. in lacs

Sr. No.	Description	For the Year Ended 31-03-04	For the Year Ended 31-03-03
1	Turnover (Gross)	4,593.75	4,947.69
2	Quantity Sold (Pcs)	2,923,965	3,039,711
3	Quantity Manufactured / Purchases (Pcs)	2,841,620	2,981,699
4	Profit before Interest, Depreciation & Tax	379.03	405.30
5	Interest	4.75	25.48
6	Depreciation	310.19	329.92
7	Profit before Tax	64.09	49.48
8	Provision for Tax	4.87	3.93
9	Profit after Tax	59.22	45.55
10	EPS (Rs.)	0.54	0.41
11	Cash EPS (Rs.)	3.39	3.45
12	Repayment of Loans	158.37	491.35

2. Other Income:

During the year, the Company streamlined production & dispatch arrangement and in this process, spared a Storage Building & a Plant & Machinery and certain other assets from manufacturing process. These spared machines are no more essential for the manufacturing activities of the Company and were sold, to generate additional cash flow for the Company, thereby reduced interest & loan burden.

The surplus funds, which is not required immediately for the business of the Company were invested in Inter-Corporate Loan and Portfolio Management and earned a decent income from such efforts of the Management.

3. Trend in Raw Material:

During the year under review, the prices of raw material fluctuated throughout the year and the Company had to bear the extra cost due to increased cost of raw material in comparison with immediate previous year.

4. Power & Fuel:

The Management has utilized the surplus plant capacity for taking up labour job work from other Companies to earn marginal income for the Company. The increased cost of power & fuel is due to such manufacturing activity on labour jobs.

5. Sales Promotion Comparison:

During the year under review, the emphasis was on promotional activities at local level of dealers and distributors.

6. Interest:

There was considerable reduction in interest burden. As compared to Rs.25.48 lacs paid during the previous year, the interest payment for the year was mere Rs.4.75 lacs.

This was possible due to continuous efforts of the Management to make the Company a debt free Company and sale of surplus assets of the Company.

7. Reserve & Surplus:

The Company has free reserve & surplus of Rs.2485.12 lacs as on the date of Balance Sheet as against equity of Rs.1100.05 lacs.

8. Loans:

During the year under review, the Company has repaid Rs. 293.45 lacs of unsecured Loans. The Company is a debt free Company as on the date of Balance Sheet. The Working Capital loans referred on the date of Balance Sheet are temporary overdrawn.

9. Fixed Assets:

The Company's manufacturing facilities are concentrated at Daman namely Unit-I & II. Due to decentralization of plastic moulded furniture business, the fixed assets at these plants are partially underutilized. The Management has proposed to tie-ups / joint ventures in different parts of Country as well as abroad. The Company has identified certain plant & machineries which can be fruitfully deployed under local tie-ups or abroad ventures. Other assets of Unit-I will be disposed off at reasonable prices.

10. Investments:

The Company has partly used the idle funds in the investment of portfolio / shares of blue chip companies and looking to the appreciation in value, certain investments were disposed off during the year.

11. Sundry Debtors:

The sundry debtors position of the Company is comfortable and works out to 64 days of sales. The Company has made adequate provision towards debts outstanding over six months.

12. Loans & Advances:

The Company has not given any loans to the Company under the same Management except deposit against office premises on rental basis. The advances to outside parties are for the purposes of business. The Company has also given Inter-Corporate deposit of Rs.210 lacs on interest from surplus funds available.

13. Taxes:

The Company has made a provision of taxation of Rs.4.87 lacs on account of minimum alternate tax. The Company has deferred tax assets as on the Balance Sheet date and the Management of the Company considered it prudent not to recognize any deferred tax assets.

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. Prima Plastics Ltd. 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 realised. It is therefore cautioned that the actual result may be different than those expressed herein above.

By for and on behalf of the Board

Mumbai
June 26, 2004.

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 May 03, 2003, June 20, 2003, July 30, 2003, October 30, 2003 & January 31, 2004. 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	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	3	Present	4
Shri Rasiklal M. Doshi	Independent Non-Executive Director	4	Absent	1
Shri Krishnakant V. Chitalia	Independent Non-Executive Director	5	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 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.
- Recommending the appointment and removal of Statutory Auditors, fixation of audit fees and also approval for payment for any other services relating thereto.
- Reviewing the Company's financial and risk management policies.
- And such other matters incidental or as may be delegated by the Board of Directors to the Committee from time to time.

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, four meetings of the audit committee were held on June 20, 2003, July 30, 2003, October 30, 2003 & January 31, 2004. The composition and attendance details are given below:

Name of Directors	No. of Meetings	
	Held	Attended
Shri Kirit N. Mehta	4	4
Shri Mulchand S. Chheda	4	2
Shri Rasiklal M. Doshi	4	3
Shri Krishnakant V. Chitalia	4	4