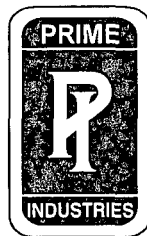


**14th**  
**Annual Report**  
**2005 - 2006**



**Prime Industries Limited**



# PRIME INDUSTRIES LIMITED

## BOARD OF DIRECTORS

### MANAGING DIRECTOR

Mr. R. K. Singhania

### DIRECTORS

Mr. Harjeet S. Arora

Mr. Ashwani Kumar

Mr. Opinder Singh, Nominee PSIDC

Mr. R. K. Kohli, Director

Mr. Amarjit Singh, Executive Director

Mr. V. P. Chhabra

### BANKERS

State Bank of India  
Specialised Commercial Branch,  
Miller Ganj, Ludhiana.

### AUDITORS

Manjeet Singh & Co.  
Chartered Accountants  
1773, Phase-II, Urban Estate  
Dugri, Ludhiana.

### REGISTERED OFFICE AND WORKS

Village Gobindgarh, Malout Road  
Abohar (Punjab)

### HEAD OFFICE

Master Chambers, 19 Feroze Gandhi Market  
Ludhiana - 141 001.

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# PRIME INDUSTRIES LIMITED

## DIRECTORS' REPORT

To

The Members

The Directors of your Company have pleasure in presenting the 14th Annual Report on the affairs of the Company together with the audited Accounts of the Company for the year ended 31st March 2006.

### 1. FINANCIAL RESULTS :

The Financial Results for the year April, 2005 to March, 2006 are as under:

Particulars	2005-06	2004-05 (Rupees in lacs)
Operating & Other Income	2119.04	2,650.76
Profit before Tax (PBT)	7.10	10.12
Provision for Tax		
- Current	0.70	0.80
- Deferred	(23.21)	7.11
- FBT	0.63	0.00
Profit after Tax(PAT)	28.98	2.21

### 2. MANAGEMENT DISCUSSION AND ANALYSIS

#### PRODUCTION AND SALES REVIEW

During the year under review, your Company has registered gross sale of Rs. 2,119.04 lacs as compared to Rs. 2650.76 lacs in the previous year.

#### PROFITABILITY

The Company earned profit before tax Rs.28.98 lacs as compared to Rs.2.21 lacs of the previous year.

#### INTERNAL CONTROL SYSTEMS

The Company has well defined internal control systems. The Management takes abundant care in designing, review and monitoring the working of internal control systems and all significant issues are brought to the attention of Audit Committee and Board of Directors.

#### MANAGEMENT PERCEPTION OF RISKS AND CONCERNS

The industry is passing through a difficult phase. The performance of this year has been affected adversely.

#### HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Your Company enjoys excellent relationship with its personnel and considers them as an essential part of the organization. Development and well-being of people working for the company has been a corner stone of management policy. The company is committed to building up the skills and capabilities of all its employees and to providing them with a challenging and rewarding work environment.

### 3. DIVIDEND

In view of insufficiency of the profits, your Directors are unable to recommend dividend for the year under review.

### 4. DIRECTORS

Mr. Harjeet Singh Arora, Director retires by rotation and being eligible offers himself for re-appointment.

Mr. Darshanjit Singh Minocha was appointed as Additional Director of the Company w.e.f. 30.12.2005. To regularize his directorship an item to the above affect has been included in the Notice of Annual General Meeting.

### 5. CORPORATE GOVERNANCE

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 2000, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently and have made judgements and



# PRIME INDUSTRIES LIMITED

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profits of the Company for the period from April, 2005 to 31st March, 2006;

- 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.

## 7. FIXED DEPOSITS

During the period under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

## 8. AUDITORS

M/s Manjeet Singh & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

## 9. AUDITORS' REPORT

The Auditors' Report on the Accounts of the Company for the period under review is self - explanatory and requires no comments

## 10. COST AUDITORS :

The Board of Directors have re-appointed M/s. Khushwinder Kumar & Company, Cost Accountants as Cost Auditor of the Company U/S 233-B of the Companies Act, 1956 subject to the approval of Central Government for the year 2005-06. The Cost Auditors' report will be forwarded to the Central Government as required under law.

## 11. PARTICULARS OF EMPLOYEES

During the year under review, no employee received salary more than Rs. 24 lacs per annum or Rs. 2.00 lacs per month. Accordingly no particulars of employees are being given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

## 13. ACKNOWLEDGEMENT

Your Directors are pleased to place on record their sincere gratitude to the Government, Punjab State Industrial Development Corporation Limited, Bankers and business constituents for their continued and valuable co-operation and support to the Company. The Board also takes this opportunity to express their appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

For and on Behalf of the Board

Place : Ludhiana  
Date : 04-09-2006

Sd/-  
(R.K. Singhania)  
Managing Director

Sd/-  
(H.S. Arora)  
Director



# PRIME INDUSTRIES LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (I) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2006.

### 1. CONSERVATION OF ENERGY

- Instructions have been given to the staff to exercise great control over energy consumption.
- Additional investment & proposal under implementation for reduction of consumption of energy : No
- Impact of measure consequent to (a) (b) above : Positive
- Total energy consumption and energy consumption per unit of production as per Form-A.

#### FORM - A

	(Rupees in Lacs)	
	Current year 01.04.2005 to 31.03.2006	Previous Year 01.04.2004 to 31.03.2005
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a) Purchased Unit (KWH)	4.55	6.54
Total Amount	20.94	24.21
Rate per Unit (In Rs.)	4.60	3.70
b) Own Generation		
Through Diesel Generator		
Units Produced (KWH)	---	---
Total Amount	---	---
Cost per Unit (In Rs.)	---	---
<b>2. Rice Husk/Baggase etc.</b>		
Quantity (In Mts.)	1798.50	1693.11
Total Cost	13.49	11.83
Average Rate (Rs./pmt)	750.11	699.00
<b>3. Furnace Oil</b>	---	---
<b>4. Diesel</b>		
Total Quantity (In Ltrs.)	0.10	0.42
Total Cost (Rs.)	2.72	7.91
Average (Rs./Ltrs)	28.29	18.83
<b>5. Other/Internal Generation</b>	---	---
<b>B. CONSUMPTION PER M.T. OF PRODUCTION</b>		
<b>1. PRODUCT</b>		
Electricity Consumed per Unit		
Electricity Unit/Pmt	198.29	224.86
Rice Husk Tones/Pmt	0.78	0.58
Others	---	---
<b>2. TECHNOLOGY ABSORPTION</b>		
Technology Absorption, Adoption and Innovation :	---	---
<b>3. FOREIGN EXCHANGE EARNINGS &amp; OUTGO :</b>		
a) Foreign Exchange Earned (Rs.)	---	---
b) Foreign Exchange Used (Rs. in Lacs)	---	---



# PRIME INDUSTRIES LIMITED

## CORPORATE GOVERNANCE REPORT

In compliance of the Listing Agreement the Board of Directors furnishes its report on Corporate Governance as under:

### 1. COMPANY'S PHILOSOPHY

Your Company is committed to ensure transparency, integrity, accountability and equity in its dealings with shareholders, employees, Government and other business constituents. Our focus will remain on growth, productivity, improvements, commitment to quality, total customer satisfaction and faith in individual potential and respect for human values.

### 2. BOARD OF DIRECTORS

The composition, attendance and other memberships of Committees of the Board of Directors of the Company is given below :

Name of the Director	Designation	Category	Attendance at last AGM	No. of Board meetings attended	No. of Directorship in other companies
Sh. R..K.Singhania	Managing Director	Executive Director	Present	9	10
Sh. H.S.Arora	Director	Non Executive	Present	9	9
Sh. R.K.Kohli	Director	Non Executive Director	Present	6	-
Sh. Amarjit Singh	Executive Director	Executive Director	Present	5	-
Sh. Ashwani Kumar	Director	Non Executive	Absent	7	7
Sh.Opinder Singh	Nominee Director	Non Executive Director	Absent	-	-
Sh. V.P. Chhabra	Director	Non Executive	—	5	1
Sh. Darshanjit Singh Minocha	Director	Non Executive Director	Absent	1	-

- Sh. V.P. Chhabra has resigned from the Directorship w.e.f. 30.12.2005 and Mr. Darshanjit Singh has appointed as Additional Director of the Company w.e.f. 30.12.2005
- During the financial year ended eleven Board Meetings were held on 29.04.05, 10.05.05, 20.07.05, 29.07.05, 01.09.05, 03.09.05, 30.09.05, 30.10.05, 08.12.05, 30.01.06 & 07.03.06

### 3. AUDIT COMMITTEE :

The ensure the independence of the Committee the three members Audit Committee was composed of non-executive and independent directors viz. Sh. Harjeet Singh Arora, Sh. V.P. Chhabra and Sh. Ashwani Kumar. Mr. Darshan jit Singh has been appointed as member w.e.f. 30.12.2005 in place of Sh. V.P. Chhabra who resigned from the Directorship w.e.f. 30.12.2005.

Sh. Harjeet Singh Arora is the chairman of the Committee. Statutory Auditors, Head of Account Department are permanent invitees to the Committee meetings. The Terms of Reference of the Audit Committee are as contained in Section 292A of the Companies Act, 1956 and also as contained in Corporate Governance clause of the Listing Agreement.

The Audit Committee met three times during the year on 21.06.2005, 17.08.2005 and 14.02.2006. The attendance of the members of the Committee is given below:

Name of Committee Directors	Category	No. of Meetings Attended
Sh. Harjeet Singh Arora	Non Executive Director	3
Sh. Ashwani Kumar	---do---	2
Sh. V.P. Chhabra	---do---	2
Darshan Jit Singh	---do---	1



# PRIME INDUSTRIES LIMITED

## 4. DIRECTORS' REMUNERATION :

### (a) Managing/ Whole Time Directors

The Company has not constituted the Remuneration Committee. The Company has paid the remuneration to the Managing Director as well as Executive Directors as approved by the members of the Company in the General Meeting. Detail of remuneration paid to the Managing Director/ Executive Directors during the Financial Year 2005-06 is given below:

Name	Position	Salary	Other Perquisites	Total
Sh. R.K.Singhania	Managing Director	1,80,000	60,000	2,40,000
Sh. R.K.Kohli	Executive Director	55,403	33,242	88,645
Sh. Amarjit Singh	Executive Director	90,000	54,000	1,44,000

### (b) Non Executive Directors :

Non Executive Directors have not been paid any remuneration during the financial year.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders'/Investors' Grievance Committee was constituted to look into the redressal of investors' complaints on various issues. The Members of the Committee are Sh. Harjeet Singh Arora and Sh. Ashwani Kumar. The chairman of the committee is Sh. Harjeet Singh Arora. No complaint of any shareholder is pending with the company.

## 6. GENERAL BODY MEETINGS:

The detail of last three Annual General Meetings is given below :

Financial Year	General Meeting	Location	Date	Time
2005	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar.	30.09.2005	10.30 A.M.
2004	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar.	30.09.2004	10.30 A.M.
2003	Annual General Meeting	Village Gobindgarh, Malout Road, Abohar.	31.12.2003	12.30 P.M.

All the resolutions set out in the respective notice of the above mentioned meetings were passed by the members as ordinary resolutions except one special resolution concerning voluntary delisting of equity shares from Delhi Stock Exchange which was passed on show of hands in the Annual General Meeting held on 30.09.2005. There is no special resolution passed by the Company through postal ballot in any of the above meetings.

In the ensuing Annual General Meeting no resolution is proposed for approval by postal ballot.

## 7. DISCLOSURE

1. During the year , there was no materially significant transaction with the Directors, management, their relatives etc. that have any potential conflict with the interest of the Company at large.
2. There has been no instance of the non-compliance by the Company on any matter related to capital market during the last three years.
3. No treatment different from accounting standards prescribed by the Institute of Chartered Accountants of India, has been followed while preparing the financial statements.
4. The Company has complied with the mandatory requirements of clause 49 of the Listing Agreement and has not followed the non mandatory requirements.

During the year under review, there was no materially significant transaction with the Directors, management, their relatives etc. that have any potential conflict with the interest of the Company at large.

## 8. MEANS OF COMMUNICATION

The Company communicates with the shareholders at large through its Annual Report, publication of financial results and by filing of various reports and returns with the statutory bodies like Stock Exchanges and Registrar of Companies. The quarterly results are published in newspapers.

## 9. GENERAL INFORMATION FOR SHAREHOLDERS :

### i) 13th Annual General Meeting :

Date	:	30.09.2006
Time	:	4.00 P.M.
Venue	:	Regd. Office : Village Gobindgarh, Malout Road, Abohar.



# PRIME INDUSTRIES LIMITED

**ii) Financial Calender 2005-06 :**

First Quarterly Results	:	July , 2005
Second Quarterly Results	:	October , 2005
Third Quarterly Results	:	January, 2007
Annual Results	:	April, 2007

**iii) Dates of Book Closure :** : 27.09.2006 to 30.09.2006  
(both days inclusive)

**iv) Listing :**

The securities of the Company are listed on the following Stock Exchanges :

1. The Delhi Stock Exchange Association Ltd., DSE House, 3/1,Asaf Ali Road, New Delhi.
2. The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta.
3. The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

- The Company had obtained the approval of shareholders in the Annual General Meeting held on 30.09.2005 to get the share of the Company de-listed from the Delhi Stock Exchange Association Ltd., Ludhiana Stock Exchange Association Limited and Calcutta Stock Exchange Association Limited.

- **The shares of the Company have been got delisted from the Ludhiana Stock Exchange vide their letter No. Listing/2006/1823 dated July 10, 2006. The company has also filed an application with Delhi Stock Ex change for delisting of its shares and the same is pending for approval.**

**v) Stock Code :**

1	The Calcutta Stock Exchange Association Ltd.	:	26155
2	The Bombay Stock Exchange Ltd.	:	519299
3	The Delhi Stock Exchange Association Ltd.	:	16167

**vi) Stock Market Data :**

The month-wise highest, lowest and closing stock prices vis a vis BSE sensex during the Financial Year 2005-06 are given below:

Share Price of the Company					BSE Sensex			
Month	Highest (In Rs.)	Lowest (In Rs.)	Closing (In Rs.)	% of (In Rs.)	Highest Change	Lowest	Closing	% of Change
April	-	-	-	-	6649.42	6118.42	6154.44	-5.21
May	2.58	2.58	2.58	-	6772.74	6140.97	6715.11	9.11
June	14.75	3.09	14.75	471.71	7228.21	6647.36	7193.85	7.13
July	17.65	14.60	14.90	1.01	7708.59	7123.11	7635.42	6.14
August	14.16	13.46	14.13	-5.17	7921.39	7537.50	7805.43	2.23
September	-	-	-	-	8722.17	7818.90	8634.48	10.62
October	-	-	-	-	8821.84	7656.15	7892.32	-8.60
November	-	-	-	-	9033.99	7891.23	8788.81	11.36
December	13.43	13.43	13.43	-	9442.98	8769.56	9397.93	6.93
January	12.76	12.76	12.76	-4.99	9945.19	9158.44	9919.89	5.55
February	12.13	12.13	12.13	-4.94	10422.65	9713.51	10370.24	4.54
March	12.73	11.50	11.50	-5.19	11356.95	10344.26	11279.96	8.77

**vii) Registrar and Share Transfer Agent :**

The work relating to Share Transfer Registry in terms of both physical and electronic mode is being dealt at single point with M/s Skyline Financial Services(P) Ltd.as per address given below:

Skyline Financial Services (P)Ltd.  
123, Vinobha Puri, Lajpat Nagar-II, New Delhi.  
Phone No.: 011-26833777, Fax No. 011-26918352  
E-Mail : skyline\_fspl@rediffmail.com





# PRIME INDUSTRIES LIMITED

**ix) Share Transfer System :**

Applications for transfer of shares in physical form are received and processed by the Company's Registrar and Share Transfer Agent i.e Skyline Financial Services (P) Ltd.. The Company has constituted a Share Transfer Committee of its Directors. The Share Transfer Committee meets once in a fortnight to consider transfer/transmission cases and other allied matters.

**x). Distribution of Shareholding Pattern of The Company :**

Sr. No.	Category	No. of Shares	% of Shares
1.	Promoters/person acting in concert	3641307	46.09
2.	Corporated Bodies	1545893	19.57
3.	General Public	1562400	19.78
4.	NRI	263500	3.35
5.	Bank/ FII's	886900	11.22

**xi) Dematerialization of Shares :**

As on 31st March 2006	% of the Share Capital dematerialized.
1722100	21.80

**xii) Plant Location:**

Village Gobindgarh,  
Malout Road, Abohar.

**xiii) Address for Correspondence :**

Head Office : Master Chambers,  
19, Feroze Gandhi Market, Ludhiana.  
Tel. No. : 0161-2410557-58, Fax No. : 0161-2402963  
E-mail : primeindustries@alibaba.com

Shareholders holding shares in electronic mode should address all their correspondence to their Depository Participant.

### DECLARATION UNDER CLAUSE 49

All Board Members and senior management have affirmed compliance to the code of conduct for financial year 2005-06

Date : 04.09.2006  
Place : Ludhiana

Sd/  
(R.K. Singhania)  
Managing Director

**Auditor's Certificate to the members of Prime Industries Limited on compliance of the conditions of Corporate Governance for the year ended 31st March, 2006 under Clause 49 of the Listing Agreement**

To

The Shareholders  
Prime Industries Limited  
Ludhiana.

I/We have examined the compliance of conditions of Corporate Governance by Prime Industries Limited for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges (hereinafter referred to as clause 49).

The compliance of conditions of corporate governance is the responsibility of the management. My/our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my/our opinion and to the best of our information and according to the explanations given to me/us and the representations made by the directors and the management, I/We certify that the company has upto 31st March, 2006, complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49.

Further I/We state that no investor grievances are pending for a period of more than one month against the company as per the records maintained by the Investor Grievance Committee.

I/We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management had conducted the affairs of the company.

For Manjeet Singh & Co.  
Chartered Accountants

Sd/  
Manjeet Singh  
Partner

Date : 04.09.2006  
Place : Ludhiana



# PRIME INDUSTRIES LIMITED

## AUDITORS REPORT

To  
The Members of  
**Prime Industries Limited**  
Abohar.

We have audited the attached Balance Sheet of Prime Industries Limited, Malout Road, Abohar as at 31st March 2006 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above we state that :
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books.
  - iii) The Balance Sheet and Profit & Loss Account, dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion the Balance Sheet and Profit and Loss account comply with the accounting standards referred to in Sub Section (3C) of Section 211 of Companies Act, 1956, in so far as they apply to company.
  - v) Based on the representation made by the directors and taken on record by the Board, we report that none of the directors is disqualified as on 31.3.2006 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read with notes thereon

give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- 1) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2006, and
- 2) In the case of Profit and Loss Account of the profit for the year ended on that date.
- 3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Manjeet Singh & Co.**  
**Chartered Accountants**

Place : Ludhiana  
Dated : 04.09.2006

Sd/-  
(Manjeet Singh)  
Partner

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the management has informed that physical verification of all the major items of fixed assets has been carried out during the year and no material discrepancy were noticed on such verification.
  - c) No substantial part of the fixed assets have been disposed off during the year.
2. a) The inventory have been physically verified during the year by the management and in our opinion the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the company are reasonable and adequate commensurate with the size of company and the nature of its business.
  - c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical inventory and book records were not material and the same have been properly dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - a) The Company has not granted any loans and has taken loan amounting to Rs. 3.51 lacs at the end of the year.
  - b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.



# PRIME INDUSTRIES LIMITED

- c) In respect of loans taken / given by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and explanation given to us, during the course of audit, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of books and records of the company and with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Act, have been so entered.
- b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The company has not accepted any deposits from public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.
7. In our opinion, the company has an adequate system of internal audit which is commensurate with the size and nature of its business.
8. The Central Government has prescribed the maintenance of cost records under section 209 (I) (d) of the Companies Act, 1956 and in our opinion the prescribed records are maintained by the company. However, we have not made a detailed examination of records with a view to determine whether they are accurate or complete.
9. The Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities as applicable. No amount was outstanding for more than six months as on the date of Balance Sheet from the date they become payable.
10. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the current and immediately preceding financial year.
11. According to the information and explanations given to us and as per books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit Fund/Nidhi/Mutual Benefit Fund/Society and hence the related reporting requirements are not applicable.
14. In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. The company has given corporate guarantee to the bank for the bank guarantee facility taken by its Associate company which is not prima facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us, the company has not raised any term loans during the year hence the related reporting requirements are not applicable.
17. According to the information and explanations given to us, and as per the books and records examined by us, as on the date of balance sheet, the fund raised by the company on short term basis have not been applied for long term investments. Long term funds have been partly applied for financing core working capital in consonance with the principles of sound financial management.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue(s) during the year.
21. During the course of our examination of books and records of the company carried out in accordance with the generally accepted auditing practices in India we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have been informed of such case by the management.

**For Manjeet Singh & Co.**  
Chartered Accountants

Place : Ludhiana  
Dated : 04.09.2006

Sd/-  
**(Manjeet Singh)**  
Partner



# PRIME INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2006

PARTICULARS	ANNEXURE	AS AT 31.03.2006 (Rs.)	AS AT 31.03.2005 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	A	78633500.00	70633500.00
Reserves & Surplus	B	52580491	49682584.00
	<b>TOTAL</b>	<b>131213991.00</b>	<b>120316084.00</b>
<b>LOAN FUNDS</b>			
Secured Loan	C	15727637.00	29818364.00
Unsecured Loan	D	0.00	11000000.00
		<b>15727637.00</b>	<b>30818364.00</b>
Deferred Tax Liability(Net)		7001982.00	9323061.00
	<b>TOTAL</b>	<b>153943610.00</b>	<b>160457509.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	133585005.00	132337957.00
Less : Depreciation		42459864.00	40203893.00
Net Block	<b>TOTAL</b>	<b>91125141.00</b>	<b>92134064.00</b>
<b>INVESTMENTS</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	G	15689373.00	18051173.00
Sundry Debtors	H	20336185.00	32455199.00
Cash & Bank Balances	I	195653.00	835565.00
Loans & Advances	J	49707551.00	20937691.00
	<b>TOTAL</b>	<b>85928762.00</b>	<b>72279628.00</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	K	23967793.00	4813683.00
		<b>23967793.00</b>	<b>4813683.00</b>
<b>NET CURRENT ASSETS</b>			
		<b>61960969.00</b>	<b>67465945.00</b>
	<b>TOTAL</b>	<b>153943610.00</b>	<b>160457509.00</b>
<b>NOTES ON ACCOUNTS</b>			
	S		

This is the Balance Sheet referred to in our report of even date-

For **Manjeet Singh & Co.**  
Chartered Accountants

For and on behalf of the Board

Sd/  
**(Manjeet Singh)**  
Partner

Sd/-  
**(R.K. Singhania)**  
Managing Director

Sd/-  
**(Harjeet S. Arora)**  
Director

Place : Ludhiana  
Date : 04.09.2006



# PRIME INDUSTRIES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

PARTICULARS	ANNEXURE	FOR THE YEAR ENDED 31.03.2006 (Rs.)	FOR THE YEAR ENDED 31.03.2005 (Rs.)
<b>INCOME</b>			
Operating & Other Income	L	211903961.00	265075946.00
	TOTAL	211903961.00	265075946.00
<b>EXPENDITURE</b>			
Cost of Material	M	187415160.00	239598635.00
Mfg. Expenses	N	14043519.00	14047417.00
Employees Cost	O	1932698.00	2409496.00
Admn. & Other Expenses	P	1972214.00	1663237.00
Financial Expenses	Q	2508859.00	2857868.00
Selling Expenses	R	1065712.00	1181333.00
Depreciation		2255971.00	2306353.00
	TOTAL	211194133.00	264064339.00
Profit/Loss(-) for the Year		709828.00	1011607.00
Provision for Taxation			
-Current		70000.00	80000.00
-Deferred		-2321079.00	710879.00
-FBT		63000.00	-
Profit after tax		2897907.00	220728.00
Less Previous Year Adjustments		-	-
Add Previous Year Balance		33456488.00	33235760.00
Balance carried over to Balance Sheet		36354395.00	33456488.00
<b>NOTES ON ACCOUNTS</b>	S		

This is the Balance Sheet referred to in our report of even date-

For **Manjeet Singh & Co.**

Chartered Accountants

For and on behalf of the Board

Sd/  
**(Manjeet Singh)**  
Partner

Sd/-  
**(R.K. Singhania)**  
Managing Director

Sd/-  
**(Harjeet S. Arora)**  
Director

Place : Ludhiana  
Date : 04.09.2006



# PRIME INDUSTRIES LIMITED

## ANNEXURES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

PARTICULARS	AS AT 31.03.2006 (Rs.)	AS AT 31.03.2005 (Rs.)
<b>ANNEXURE-A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
80,00,000 (Previous Year 80,00,000) Equity Shares of Rs. 10/-	80000000.00	80000000.00
<b>ISSUED SUBSCRIBED AND PAID-UP</b>		
79,00,000 (Previous Year 59,00,000) Equity Shares of Rs.10/- each Fully paid	79000000.00	59000000.00
NIL (Previous Year 20,00,000) Equity Shares of Rs.10/- each called & paid up Rs.6/- (Previous Year Rs. 6/-)	0.00	12000000.00
Less: Calls unpaid (Due from other than Directors)	366500.00	366500.00
TOTAL	78633500.00	70633500.00
<b>ANNEXURE-B</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserves	9249500.00	9249500.00
Revaluation Reserves	6976596.00	6976596.00
Profit and Loss Account	36354395.00	33456488.00
TOTAL	52580491.00	49682584.00
<b>ANNEXURE-C</b>		
<b>SECURED LOANS</b>		
<b>A) WORKING CAPITAL</b>		
From Bank		
i. Against hypothecation of stock	2692137.00	5821864.00
ii. Against FCNRB Demand Loan secured by hypothecation of stock of raw material, work in process, finished goods, goods in transit, stores & spares, book debts & equitable mortgage of Land & Building, Plant & Machinery & also guaranteed by two Directors of the company	13035500.00	23996500.00
TOTAL	15727637.00	29818364.00
<b>ANNEXURE-D</b>		
<b>UNSECURED LOANS</b>		
Inter-corporate Loans	0.00	1000000.00
Others	0.00	—
TOTAL	0.00	1000000.00



# PRIME INDUSTRIES LIMITED

## ANNEXURE-E FIXED ASSETS

Particulars	GROSS BLOCK			As at 31.03.2006	DEPRECIATION			As at 31.03.2006	NET BLOCK	
	As at 01.04.2005	Additions During the Year	Sale/Adjust- ments for the Year		As at 01.04.2005	For the year	Adjust- ments for the Year		As at 31.03.2006	As at 31.03.2006
Land	9676000.00	0.00	0.00	9676000.00	0.00	0.00	0.00	0.00	9676000.00	9676000.00
Building	15151706.00	0.00	0.00	15151706.00	4391026.00	506067.00	0.00	4897093.00	10254613.00	10760680.00
Plant & Machinery	101791100.00	0.00	0.00	101791100.00	33434352.00	1421610.00	0.00	34855962.00	66935138.00	68356748.00
Furniture & Fixture	583548.00	0.00	0.00	583548.00	277520.00	36939.00	0.00	314459.00	269089.00	306028.00
Lab Equipments	127512.00	0.00	0.00	127512.00	68536.00	6733.00	0.00	75269.00	52243.00	58976.00
Vehicles	3436039.00	1247049.00	0.00	4683088.00	1052064.00	186464.00	0.00	1238528.00	3444560.00	2383975.00
Office Equipments	1443276.00	0.00	0.00	1443276.00	913216.00	91359.00	0.00	1004575.00	438701.00	530060.00
Weight & Measurement	128776.00	0.00	0.00	128776.00	67179.00	6799.00	0.00	73978.00	54798.00	61597.00
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>132337957.00</b>	<b>1247049.00</b>	<b>0.00</b>	<b>133585006.00</b>	<b>40203893.00</b>	<b>2255971.00</b>	<b>0.00</b>	<b>42459864.00</b>	<b>91125142.00</b>	<b>92134064.00</b>
Previous Period	131788659.00	761351.00	212053.00	132337957.00	37924593.00	2306353.00	27053.00	40203893.00	92134064.00	

PARTICULARS	AS AT 31.03.2006 (Rs.)	AS AT 31.03.2005 (Rs.)
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## ANNEXURE-F

### INVESTMENT

#### QUOTED

63,500 (Prev. Year 63,500)  
Equity Shares of Rs. 10/- each of Master Trust Ltd. **657500.00** 657500.00

#### UNQUOTED

20,000 Shares of Master Portfolio Services Ltd.  
(Previous Year 20,000) of Rs. 10/- each **200000.00** 2,00,000  
Market value of quoted shares is Rs. 12.41 lacs  
(Previous Year Rs. 3.83 lacs)

**TOTAL** **857500.00** **857500**

## ANNEXURE - G

### INVENTORIES

(As taken valued and certified by the Management)

Raw Material (At cost) **4918197.00** 867004.00

Finished Goods (At cost price) **16782.00** 742089.00

Work in Progress (at estimated cost) **7317548.00** 12398620.00

Stores & spares (At cost or realisable value whichever is less) **3436846.00** 4043460.00

**TOTAL** **15689373.00** **18051173.00**



# PRIME INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2006 (Rs.)	AS AT 31.03.2005 (Rs.)
<b>ANNEXURE - H</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Considered good		
Over six months old	1641029.00	1720984.00
Others	18695156.00	30734215.00
TOTAL	<u>20336185.00</u>	<u>32455199.00</u>
<b>ANNEXURE-I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	92525.00	669433.00
Balance with Scheduled Banks in - Current Accounts	103128.00	166132.00
TOTAL	<u>195653.00</u>	<u>835565.00</u>
<b>ANNEXURE-J</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received)	42367585.00	16852054.00
Security Deposits	355000.00	355000.00
Advances to suppliers	6719918.00	3589798.00
Tax Deducted at Source	265048.00	140839.00
TOTAL	<u>49707551.00</u>	<u>20937691.00</u>
<b>ANNEXURE-K</b>		
<b>CURRENT LIABILITES AND PROVISIONS</b>		
<b>CURRENT LIABILITES</b>		
Sundry Creditors	4720633.00	1067146.00
Advance from Customers	20864.00	31816.00
Other Liabilities	19093296.00	3634721.00
Provision for FBT	63000.00	
Provision for Tax	70000.00	80000.00
TOTAL	<u>23967793.00</u>	<u>4813683.00</u>





# PRIME INDUSTRIES LIMITED

## ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	FOR THE YEAR ENDED 31.03.2006 (Rs.)	FOR THE YEAR ENDED 31.03.2005 (Rs.)
<b>ANNEXURE-L OPERATING &amp; OTHER INCOME</b>		
Sale , Services & Others	211816349.00	264956917.00
Interest Income	87612.00	119029.00
TOTAL	<u>211903961.00</u>	<u>265075946.00</u>
<b>ANNEXURE-M COST OF MATERIAL</b>		
OPENING STOCK		
Raw Material	867004.00	10849351.00
Oil in Process	12398620.00	11953072.00
Finished Goods	742089.00	1060377.00
	<u>14007713.00</u>	<u>23862800.00</u>
Add : PURCHASES	185659974.00	229743548.00
LESS CLOSING STOCK		
Raw Material	4918197.00	867004.00
Oil in process	7317548.00	12398620.00
Finished Goods	16782.00	742089.00
TOTAL	<u>12252527.00</u>	<u>14007713.00</u>
NET COST	<u>187415160.00</u>	<u>239598635.00</u>
<b>ANNEXURE-N MANUFACTURING EXPENSES</b>		
Power and Fuel	3715717.00	4395458.00
Store consumed	9625208.00	8759595.00
Repair & Maintenance	151937.00	284925.00
Labour charges	550657.00	607439.00
TOTAL	<u>14043519.00</u>	<u>14047417.00</u>
<b>ANNEXURE-O EMPLOYEE COST</b>		
Salary, Wages, L.W.W. & Other Allowances (Including Directors Remuneration Rs. 472645/- Previous Year Rs. 528000/-)	1827823.00	2300298.00
Staff Welfare Expenses	104875.00	109198.00
TOTAL	<u>1932698.00</u>	<u>2409496.00</u>



# PRIME INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2006 (Rs.)	FOR THE YEAR ENDED 31.03.2005 (Rs.)
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## ANNEXURE-P

### ADMINISTRATIVE AND OTHER EXPENSES

Rent, Rate and Taxes	90432.00	42861.00
Printing and Stationery	73592.00	60561.00
Travelling and Conveyance (Including Directors Travelling Rs. 231415/- Previous Year Rs. 75407/-)	283222.00	251842.00
Legal & Professional charges	173987.00	44826.00
Postage, Telegram, Telephone & Telex	326402.00	273256.00
Insurance charges	347059.00	554903.00
Charity and Donation	2200.00	22200.00
Vehicle Maintenance	127458.00	107354.00
Office Maintenance		5358.00
Other General Expenses (Including AGM Expenses etc.)	536842.00	289056.00
Audit fee	11020.00	11020.00
<b>TOTAL</b>	<b>1972214.00</b>	<b>1663237.00</b>

## ANNEXURE-Q

### FINANCIAL EXPENSES

INTEREST		
- On Working Capital	2123019.00	2332775.00
- Others	121343.00	356301.00
Bank Charges	264497.00	168792.00
<b>TOTAL</b>	<b>2508859.00</b>	<b>2857868.00</b>

## ANNEXURE-R

### SELLING EXPENSES

Brokerage & commission	113931.00	49534.00
Rebate & Discount	640299.00	510945.00
Advertisement Expenses		20526.00
Freight Outward & Other Selling Expenses	311482.00	600328.00
<b>TOTAL</b>	<b>1065712.00</b>	<b>1181333.00</b>



# PRIME INDUSTRIES LIMITED

## ANNEXURE - S

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### a) BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention with applicable accounting standards and relevant presentation requirement of the Companies Act, 1956 and on the basis of going concern.

##### b) FIXED ASSETS

i) Fixed assets are stated at cost of acquisition or construction including taxes, duties and other direct and indirect expenses incidental to acquisition and installation/construction and net of Modvat Credit and adjusted by revaluation of land at current market value as certified by the approved valuer as on 31.03.2003.

ii) The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indications of impairment thereof, based on external/internal factors. An impairment loss is recognised, wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the "net selling price" of asset and their "value in use".

##### c) INVENTORIES

The basis of determining cost of inventories

Raw Material	:	At Cost Price
Work-in-process	:	At Estimated cost
Finished Goods	:	At Cost Price
Stores & Spares	:	At cost or realisable value whichever is lower

##### d) INVESTMENTS

Investments are stated at the cost of acquisition.

e) Depreciation on fixed assets is provided on straight line method in the manner and at the rates specified in Schedule XIV / No. GSR/756(E) Dated 16 Dec., 1992 calculated on the basis of number of days plant has worked during the year. Previously the same was being provided for the whole year. Depreciation on Oxygen Plant (being not put into use throughout the year) has not been provided amounting to Rs.178279/- (Previous year Rs.178279/-).

##### f) EXCISE DUTY

Excise duty payable on finished goods is accounted for on clearance from the factory premises.

CENVAT credit, wherever entitled on duty paid goods is accounted for by reducing the amount of duty from purchase cost of related goods.

##### g) PROVIDENT FUND

The company's contribution to the fund is charged to Profit & Loss Account as revenue as required under the statute/rules.

##### h) GRATUITY

Provision of Gratuity is made & charged to Profit & Loss account.

##### i) REVENUE RECOGNITION

The company follows the mercantile system of accounting and recognised Profit and Loss Account on that basis.

##### j) FRINGE BENEFIT TAX

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the income tax Act, 1961 and the guidance note on Accounting for fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

##### k) BORROWING COST

All borrowing costs are charged to revenue.

#### 2) CONTINGENT LIABILITIES

a) The company has given corporate guarantee to the bank for the Bank Guarantee facility taken by its associate company amounting to Rs. 500 lacs (Previous year Rs. 500 lacs).



# PRIME INDUSTRIES LIMITED

- 3) Balances of sundry debtors and creditors are subject to confirmation and reconciliation if any.
- 4) In the opinion of the Board, all the current assets, Loans & Advances have the value on realisation in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.
- 5) Share allotment money is under reconciliation.
- 6) Other General Expenses include expenses/(Incomes) related to earlier year Rs. 240257/- (Previous period Rs. 151701/-).
- 7) The previous period figure have been regrouped and reclassified wherever necessary.
- 8) Sales, Services & Other Income include Miscellaneous income Rs.Nil (Previous year Rs.3725/- ), Insurance Claim Received Rs.22523/- (Previous Year Rs. 22016/-). Profit on sale of shares on F&O Basis Rs. 3148355/- (Previous year Rs.327786/-), Dividend received Rs. 78000/- (Previous year Rs. Nil)
- 9) Segment Reporting : During the year the company had operated only in one business segment viz. manufacturing of vanaspati & refined oils. Hence in the opinion of the management there is no separate reportable segment as required under Accounting Standard 17 segment reporting issued by Institute of Chartered Accountants of India.
- 10) Deferred Tax Liability as on 31.03.2005 is as follows

Particulars	Amount
Deferred Tax Liability as on 31.03.2005	9323061
- For the year ended 31.03.2006	(2321079)
	<hr/>
Deferred Tax Liability as on 31.03.2006	7001982
	<hr/>

## 11) Related Party Disclosures

Related Party Disclosures as required by AS-18. Related Party Disclosures are given below :

### Associates / Enterprises Owned or significantly influenced by Key Management Persons or their Relatives

Master Trust Ltd.  
Master Capital Services Ltd.  
Master Shares & Stock Brokers Ltd.  
MTL Shares & Stock Brokers Ltd.

### Transactions with related parties

### Key Management Personnel

Mr. R.K. Singhania, Managing Director  
Mr. Harjeet Singh Arora, Director  
Mr. Amarjeet Singh, Executive Director  
Mr. R.K. Kohli, Executive Director

Personnel	Key Management Associates / Enterprises owned or significantly influenced by Key Management Persons or their Relatives
Sale of Goods	13037999
Purchase of Goods	15607883
Interest Income	87612
Remuneration & perquisites	472645/- 3148355

## OTHER ADDITIONAL INFORMATION

### A) PARTICULARS OF LICENSED/REGISTERED/INSTALLED ANNUAL CAPACITIES/PRODUCTION

Class of Goods	Unit	Licensed / Regd. Capacity		Installed Capacity		Production	
		As At 31.03.2006	As At 31.03.2005	As At 31.03.2006	As At 31.03.2005	For the Year ended 31.03.2006	For the Year ended 31.03.2005
Processed Oil/ Vanaspati	Mts.	16500	16500	14500	14500	2294.626*	2908.391*
Oxygen Gas	Cu. Mtr.	570000	570000	350000	350000	Nil	Nil



# PRIME INDUSTRIES LIMITED

The installed capacities have been taken as certified by the management and not verified by the auditors being a technical matter.

\* Production includes goods produced and used for captive consumption.

## B) PARTICULARS OF SALES

Class of Goods	Unit	For the Year Ended 31.03.2006		For the Year Ended 31.03.2005	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Processed Oil / Oils Vanaspati	Mts.	2672.317	111160327	6607.772	26,32,55,785
Sale of Securities	Nos	1961165	96725384	--	--
Others		--	681760	--	13,55,055

## C) OPENING AND CLOSING STOCKS OF GOODS PRODUCED AND TRADED IN

Class of goods	Unit	As at 31.03.2006		As at 31.03.2005		As at 31.03.2004	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Processed Oil/ Vanaspati	Mts.	0.379	16782	13.521	684059	13.962	601126
Others		---	---	---	58030	---	459251

## D) TRADING GOODS PURCHASED

Class of Goods	Unit	For the Year Ended 31.03.2006		For the Year Ended 31.03.2005	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Vanaspati	Mts.	22.500	765000	---	---
Others	Mts.	1961165	96688926	---	---

## E) RAW MATERIAL CONSUMED

Class of Goods	Unit	For the Year Ended 31.03.2006		For the Year Ended 31.03.2005	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Oil	Mts.	2769.756	89235927	6681.548	239280347*



# PRIME INDUSTRIES LIMITED

## F) OTHER ADDITIONAL INFORMATION

Remuneration of Managing Director and Executive Directors

(Rupees)

Name	Position	Salary	Other Perquisites	Total
Sh. R.K.Singhania	Managing Director	180000	60000	240000
Sh. R.K.Kohli	Executive Director	55403	33242	88645
Sh. Amarjit Singh	Executive Director	90000	54000	144000

## G) VALUE OF IMPORTED/ INDIGENOUS RAW MATERIAL, SPARES

COMPONENTS AND STORES CONSUMED

Class of Goods	For the Year Ended 31.03.2006		For the Year Ended 31.03.2005	
	Value (Rs.)	%	Value (Rs.)	%
i) Raw Material				
- Indigenous	89235927	100	239280347	100
- Imported				
ii) Stores ,Spare				
- Indigenous	9625208	100	8759595	100
- Imported	---	Nil	---	Nil

For **Manjeet Singh & Co.**  
Chartered Accountants

Sd/  
**(Manjeet Singh)**  
Partner.

Sd/-  
**(R.K. Singhania)**  
Managing Director

For and on behalf of the Board

Sd/-  
**(Harjeet S. Arora)**  
Director

Place : Ludhiana  
Date : 04.09.2006



# PRIME INDUSTRIES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956

I.	Registration Details																			
	Registration No.										State Code		1	6						
	Balance Sheet Date										3	1	-	0	3	-	2	0	0	6
	Date					Month			Year											
II.	Capital Raised during the year (Amount in Rs. Thousand)																			
	Public Issue			Right Issue			Bonus Issue			Private Placement										
	N	I	L	N	I	L	N	I	L	N	I	L								
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)																			
	Total Liabilities						Total Assets													
							1	7	7	9	1	1	1	7	7	9	1	1		
	SOURCE OF FUNDS																			
	Paid-up-Capital			Reserves & Surplus			Secured Loans			Unsecured Loans										
	7	8	6	3	3	5	2	5	8	0	1	5	7	2	8					
							Deferred Liability													
							7	0	0	1										
	APPLICATION OF FUNDS																			
	Net Fixed Assets			Investments			Net Current Assets			Misc. Expenditure										
	9	1	1	2	5	8	5	7	6	1	9	6	1	N	I	L				
							Accumulated Losses													
							N	I	L											
IV.	Performance of Company (Amount in Rs. Thousand)																			
	Turnover			Total Expenditure			Profit / Loss Before Tax			Profit / Loss After Tax										
	2	1	1	9	0	4	2	1	1	1	9	4	7	1	0	2	8	9	8	
							Earning Per Share in Rs.			Dividend Rate %										
							0	0	4	N	I	L								
V.	Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)																			
	Item Code No.																			
	1	5	1	6	2	0														
	Product Description																			
	V	A	N	A	S	P	A	T	I											
	Item Code No.																			
	1	5	1	4																
	Product Description																			
	R	E	F	I	N	E	D	O	I	L										
	Item Code No.																			
	2	8	0	4	4	0	0	0												
	Product Description																			
	O	X	Y	G	E	N														



# PRIME INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	<u>31.03.2006</u>	<u>31.03.2005</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	7.10	10.12
<b>Adjustments for</b>		
Depreciation	22.56	23.06
Interest/Dividends	---	---
Misc. Exp. Written off	---	---
Profit on Sale of Fixed Assets	---	---
<b>Operating profit before Working Capital changes</b>	<b>29.66</b>	<b>33.18</b>
Adjustment for		
Trade And other Receivables	(166.51)	3.97
Inventories	23.62	99.14
Trade Payables	191.54	(117.85)
Cash Generated from operation	78.31	18.44
Interest paid	---	---
Direct Tax Paid		
- Current	1.33	0.80
Cash flow before Extraordinary items	76.98	17.64
Extra ordinary items	---	(1.33)
Net cash from operating activities	76.98	16.31
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase/Sale of fixed Assets	(12.47)	(5.49)
Purchase of Investments	---	---
Sale of Investments	---	2.00
Interest received	---	---
Dividend received	---	---
Net Cash Used in Investing Activities	(12.47)	(3.49)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share Capital ( Call money)	80.00	---
Proceeds from short term borrowing	---	---
Repayments of short term borrowing	(10.00)	(40.00)
Dividend paid	---	---
Working capital loans	(140.90)	18.91
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(70.90)</b>	<b>(21.09)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6.40</b>	<b>(8.27)</b>
Cash and Cash Equivalents as at 31.03.05 (Opening Balance)	8.36	16.63
Cash and Cash Equivalents as at 31.03.06 (Closing Balance )	1.96	8.36

NOTE : Figures in Brackets represent deduction and outflows

For and on behalf of the Board

Sd/-  
(R.K. Singhania)                      Sd/-  
Managing Director                      (Harjeet S. Arora)  
Director

Place : Ludhiana  
Date : 04.09.2006

### AUDITORS CERTIFICATE

We have verified the attached cash flow statement of **PRIME INDUSTRIES LIMITED** derived from the audited financial statements and the books and records maintained by the company for the year ended 31st March, 2005 and found the same to be drawn in accordance therewith and requirements of Clause 32 of the Listing Agreements with stock exchanges.

For **Manjeet Singh & Co.**  
Chartered Accountants

Date : 31.03.2006  
Place : LUDHIANA

Sd/-  
(Manjeet Singh)  
Partner





# PRIME INDUSTRIES LIMITED

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the District \_\_\_\_\_  
being a Member/Members of PRIME INDUSTRIES LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
as my/our Proxy to attend and vote for me/us, and on my/our behalf at the 14th Annual General Meeting of the Company to be held on Saturday, the 30th September, 2006 at 4.00 P.M. at the registered office of the Company.

Signed by the said on this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

### FOR OFFICE USE ONLY

Proxy No. \_\_\_\_\_

Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_ Signature \_\_\_\_\_

Affix  
Revenue Stamp of  
Re. 1/-

### Notes :

- a) The Proxy must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.
- b) A Proxy need not be a member of the Company.

## PRIME INDUSTRIES LIMITED

Regd. Office : Village Gobindgarh, Malout Road, Abohar (PB)

(ATTENDANCE SLIP to be filled in and handed over at the entrance of the meeting hall)

I hereby record my presence at the 14th Annual General Meeting held on Saturday, 30th September, 2006 at 4.00 P.M. at the Registered Office of the Company.

Full Name of the Shareholder \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Full name of Proxy (in BLOCK LETTERS) \_\_\_\_\_

SIGNATURE OF THE MEMBER(S) OR PROXY/PROXIES PRESENT \_\_\_\_\_

**BOOK POST**  
(PRINTED MATTER)

*If undelivered please return to :*

**PRIME INDUSTRIES LTD.**

Regd. Office : Village Gobindgarh,  
Malout Road, Abohar  
(PUNJAB)

Printed at : **MACRO PRINTERS**  
Ph. :- 161-6571749