

**PRIMA INDUSTRIES LIMITED**



**15th ANNUAL REPORT  
2008-2009**

## **BOARD OF DIRECTORS**

Shri Sanjay Gupta : Managing Director  
Shri Rajyawardhan Agarwal : Director  
Shri Charley Rodrigues : Director

### **AUDITORS**

M/s G. Joseph & Associates  
Chartered Accountants  
Ernakulam

### **BANKERS**

IDBI Bank Ltd.  
State Bank of India  
Bank of India

### **REGISTERED OFFICE**

"Prima House", 31/536  
N H 47, South Kalamassery  
Kochi – 682033

**NOTICE**

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of the Company will be held at Registered Office at PRIMA HOUSE, 31/536, N H 47, South Kalamassery, Kochi – 682 033 on Tuesday, the 29<sup>th</sup> September, 2009 at 4.00. p.m. for transacting the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended 31st March, 2009 together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Charley Rodrigues who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to authorise the Board of directors to fix their remuneration.

**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 OF THE COMPANY.
2. The duly filled up Proxy Form should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday 26<sup>th</sup> September, 2009 to Tuesday, 29<sup>th</sup> September, 2009 (both days inclusive).
4. Members/Proxies are requested to bring the Attendance Slip duly filled in for attending the Meeting. No duplicate will be issued at the venue of the Meeting.
5. Share Holders are requested to inform the Company any changes in their mailing address and also to quote folio number in all their correspondence with the Company.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

By Order of the Board

Place : Cochin  
Date : 30.06.2009

SANJAY GUPTA  
Managing Director

**DIRECTORS' REPORT**

To

The Members of Prima Industries Limited

Your Directors have pleasure in presenting the 15th Annual Report together with the Audited Balance Sheet and Profit and Loss Accounts for the year ended 31st March 2009.

**PERFORMANCE**

During the year, the Company achieved Turnover of Rs. 1508.25 Lacs and made a loss of Rs.-333.83 Lacs.

**Financial Results**

Particulars	Current Year	Previous Year
	<u>31/03/2009</u>	<u>31/03/2008</u>
	(Rs.Lacs)	(Rs.Lacs)
Turnover	1508.25	1958.38
Profit Before depreciation	- 229.39	- 81.08
Depreciation	104.44	103.96
Profit (Loss) after Depreciation & Taxes	-333.83	- 185.04

**FUTURE PROSPECTS**

The Demand for vegetable oils is on increase due to increase in both human and industrial consumption. Enhanced capacities are needed for processing oil cakes for oil extraction and refinery. Your directors are optimistic to cash on these demands. Your directors are optimistic to do better in the years to come.

**DIRECTORS**

Mr. Charley Rodrigues, Director retires by rotation at the forthcoming 15th Annual General Meeting of the Company.

Mr. Charley Rodrigues, Director, being eligible, offers himself for reappointment.

**AUDITORS**

M/s G. Joseph and Associates, Chartered Accountants, Cochin will retire at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment as also indicated their willingness to be reappointed.

**COMMENTS ON THE AUDITORS' REPORT**

Auditors Report point No: VI (I) Company has arrived at a One Time Settlement with Banks and Financial Institutions and the settlement amounts are being paid. Please refer Schedule -17, Notes on Accounts Point No.4.

The Company is hopeful to pay the OTS and when the Company become debt free, the Networth will become positive. Then the Company will approach BSE for revocation of suspension of Shares and the same will be expected to happen before March 2010

**PERSONNEL AND INDUSTRIAL RELATIONS**

Industrial relations of the Company continued to be cordial during the year. Your Directors take this opportunity to record their appreciation for the services rendered by the employees at all levels.

**STATUTORY DISCLOSURES**

The Company has not accepted any fixed deposits under the provisions of Companies (Acceptance of Deposits) Rules, 1975.

Your Company does not have any employee in respect of whom information under Section 217(2A) of the Companies Act, 1956 as amended, is required to be annexed.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Directors Particulars in the Report of Board of Directors) Rules 1988, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in Form No. A & B is required, which is annexed to this report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

The Directors confirm:

- a. that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of Annual Accounts.
- b. that the Company has adopted prudent accounting policies.
- c. that proper care has been taken for maintenance of accounting records in accordance with the provisions of the Act and
- d. that the Annual Accounts of the Company have been prepared on a going concern basis.

**REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

A Report on Corporate Governance and Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

**ACKNOWLEDGEMENT**

The Board of Directors wishes to place on record their sincere gratitude for the assistance extended by Industrial Development Bank of India (IDBI). The Directors also thank State Bank of India and Bank of India for their continued support to the company.

Your Directors thank all the employees and share holders for their active support and co-operation.

For and on behalf of the Board

Place: Cochin  
Date: 30.06.2009

Sanjay Gupta  
Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**INFORMATION AS PER SECTION 217(1)(e) AND FORMING PART OF  
THE DIRECTORS REPORT**ENERGY CONSERVATION**

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

Total energy consumption and energy consumption per unit of production as prescribed in "form A" is not applicable to the company.

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

Research and Development:

1. Specific areas in which R&D carried out by the Company : Nil
2. Benefits derived as a result of above R&D : NA
3. Future Plan of Action : To set up an R & D Department with a view to continuously upgrade the quality of final product through Research.
4. Expenditure on R&D
  - a. Capital : Nil
  - b. Recurring : Nil
  - c. Total : Nil
  - d. Total R&D expenditure as a percentage of total turnover : Nil

Technology, Absorption, Adaption and Innovation

1. Efforts, in brief, made towards absorption : Latest technology has been adapted and innovation fully implemented.
2. Benefits recorded as a result : Production of quality products acceptable to the user Industry.
3. Particulars of Technology imported during the last 5 years : Nil
  - a. Technology imported : NA
  - b. Year of import : NA
  - c. Has technology been fully absorbed : NA
  - d. If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action : NA

**III FOREIGN EXCHANGE EARNINGS AND OUTGO**

a. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan : The Company has not yet entered the export market. Marketing efforts are being strengthened to explore the possibility of exports.

**b. Total Foreign Exchange earned and used**

Expenses in Foreign Currency (Travelling)	:	Nil
Capital Goods Import	:	Nil
Raw materials Import	:	Nil
Trading Goods	:	Nil
Others	:	Nil

For and on behalf of the Board

Place : Cochin  
Date : 30.06.2009

Sanjay Gupta  
Managing Director

## Annexure

**CORPORATE GOVERNANCE REPORT**  
(Pursuant to Clause 49 of the Listing Agreement)

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The basic philosophy of Corporate Governance at "Prima" is to achieve business excellence and to create and enhance the value for its Stakeholders, Customers, Employees and Business Associates and thereby to make a significant contribution to the Economy. The Company endeavors to achieve the highest levels of transparency, accountability, integrity and responsibility by following the best practices in Corporate Governance.

**2. BOARD OF DIRECTORS**

The Board of Directors comprises 1 Executive and 3 Non-executive Independent Directors. Except for the Managing Director, all other directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

During the year ended 31<sup>st</sup> March 2009, 6 Board Meetings were held on 06th June, 2008, 30th June, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008, 31<sup>st</sup> January, 2009 and 11<sup>th</sup> February, 2009.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the number of other directorships and memberships of committees are given below:

Name of Director	Category	Number of shares held in the Company as on 31.03.2009	Attendance at		Directorships and Chairmanship / Membership of Board Committees in Other Companies as on 31.03.2009		
			Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
1. Shri. Sanjay Gupta	P, MD	1409866	6	Yes	3	None	None
2. Shri. Rajyawardhan Agarwal	NED & I	-	6	No	1	1	None
3. Shri Charley Rodrigues	NED & I	500	6	Yes	1	1	1
4. Shri Udayakumar	Nominee D	-	0	No	None	None	None

NED : Non-Executive Director; I : Independent Director; MD : Managing Director; ND : Nominee Director; P : Promoter

Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies which are neither a subsidiary nor a holding company of a Public Company, Companies under Section 25 of the Companies Act, 1956 and of companies incorporated outside India.

Chairmanship / Membership of Board Committees include Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee only as clarified by SEBI. The Membership / Chairmanship of Board Committees of Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the purpose.

Shri. Udayakumar ceased to be a Director w.e.f. 11th February, 2009, on withdrawal of Nomination by IDBI.

**Reappointment of Directors**

The Director, Mr. Charley Rodrigues retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The brief resumes and information relating to the director as required under clause 49 of listing agreement with the Stock Exchange is furnished below:



**Brief Note on Directors Seeking Appointment/ Reappointment during the year.**

Name of Director	Mr. Charley Rodrigues
Date of Birth	01.06.1937
Date of Appointment	30.10.2001
Qualification	Graduate
Expertise in specific Functional area	Animal Feed / Flour Milling & Solvent Extraction

Details of other Directorships:

Name of the Company	Position held	Committee type	Membership status
1. Prima Industries Limited	Director	Audit	

**3. AUDIT COMMITTEE**

The Company's Audit Committee consists of two Non-Executive and Independent Directors. The qualification of the members of the Committee, its composition and terms of reference are as per the requirements of Clause 49 of the Listing Agreement. The Chairman of the Audit Committee Shri Charley Rodrigues has expert knowledge of finance and accounting.

During the year ended 31<sup>st</sup> March 2009, the Committee met 4 times on 26.06.08, 27.09.08, 27.12.08 and 27.03.09.

The Audit Committee Meetings are attended by invitation by the Managing Director, Finance Manager and Representative of the Statutory Auditors.

Name of Members of Audit Committee	Designation	No. of meeting attended
Shri.Charley Rodrigues	Chairman, Non - Executive & Independent Director	4
Shri. Rajawardhan Agarwal	Member & Non - Executive Director	4

**4. REMUNERATION COMMITTEE**

a. Composition, name of Members, Chairperson and attendance

Name of the member	Category
1. Shri Charley Rodrigues 2. Shri Rajawardhan Agarwal	Chairman & Independent Director Independent Director

**b. Brief description of terms of reference**

To determine and recommend to the Board the remuneration including commission, perquisites and allowance payable to the whole time directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practise.

**c. Remuneration to Directors**

The Company pays remuneration to Managing Director by way of salary and perquisites (fixed components).

**d. Details of remuneration paid to Managing director for the year**

The aggregate of salary, perquisites and commission paid/payable for the year ended 31<sup>st</sup> March, 2009 to Managing Director, is as follows:

Shri Sanjay Gupta, Managing Director: Rs.2,40,0000

Besides this, Managing Director is also entitled to Company's contribution to Provident Fund, Superannuation or Annuity Fund and Gratuity and encashment of leave at the end of tenure, as per the Rules of the Company.

**e. Remuneration paid to Non-Executive Directors:**

No Remunerations is paid to Non-Executive Directors.

The details of sitting fees paid during the period are as follows:

Name of Director	Details of Sitting Fee paid		
	For Board Meeting	For Audit Committee Meeting	For Shareholders and Investors Grievance Committee Meeting
			NA
<b>Total</b>			

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Investors Grievance Committee reviews and redresses shareholder grievances / complaints. The Committee oversees the performance of the Registrars and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The members of the Committee are as under:

Name of the member	Category
1. Shri Charley Rodrigues	Chairman & Independent Director
2. Shri Rajyawardhan Agarwal	Independent Director

Given below is the position of investor queries / complaints and other correspondences received and attended to during 2008-09 :

Nature of complaint / queries	No. of complaints
For non-receipt of dividend, shares lodged for transfer, issue of duplicate share certificates.	Nil
Queries / Complaints redressed	Nil
Pending queries / complaints as on 31.03.2009	Nil
Other letters received from shareholders and replied	Nil

Every letter received from the investors is replied generally within two weeks of receipt unless the issues involved require investigation or looking into very old records to be retrieved from godowns or information is to be obtained from banks or others.

The shares of the Company are traded in physical form. A table showing the requests received for dematerialisation / transfer during 2008-09 is given below –

	Transfers	
	No. of requests	No. of shares
Lodged	9	45200
Processed	9	45200
Objections	Nil	Nil
Pending as on 31.03.2009	Nil	Nil

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time	No. of Special Resolutions approved at the AGM
2005-06	SAMSAR Conference Hall, Bharat Hotel, Cochin	30.09.2006	4.00 p.m.	None
2006-07	Prima House, 31/536, South Kalamassery	28.09.2007	4.00 p.m.	None
2007-08	Prima House, 31/536, South Kalamassery	27.09.2008	4.00 p.m.	None

No Extra- Ordinary General Meeting was held during the year 2008-09.

At the forthcoming Annual General Meeting there is no item on the agenda that needs approval by Postal Ballot, as required under the provisions of Section 192 A of the Companies Act, 1956.

## 7. DISCLOSURES

During the year there were no transactions of material nature with the Directors or the Managing Directors, relatives that had potential conflict with the interest of the Company.

No penalties or strictures were imposed by Stock Exchanges or SEBI or any other statutory authority on the company in any matter related to capital markets during the last three years. Shares have been suspended from Trading by Bombay Stock Exchange w.e.f. 13.03.2003 due to non-payment of listing fee. All pending amounts have been paid and the Company's shares are being admitted for trading.

Non-mandatory disclosures are not being complied with for the time being.

### Code of Conduct:

The Company has complied with the Code of Conduct for Directors and Senior Management approved by the Board.

### CEO / CFO Certification:

Mr. Sanjay Gupta, Managing Director and Ms. Anitha S Narayanan, Finance Manager have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO certificate, as per the format given under clause 49(v), at its meeting held on 30<sup>th</sup> June, 2009.

**8. MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual results are published in 'two news papers. Management Discussion and Analysis forms part of the Annual Report.

**9. GENERAL SHAREHOLDERS' INFORMATION****Annual General Meeting**

Date and time : 29<sup>th</sup> September 2009 – 4 p.m.  
 Venue : 31/536, Prima House,  
 South Kalamassery, Cochin - 682033.

**Financial Calendar 2008-09**

The company follows April – March as the Financial Year. The results of every quarter are declared in the month following the quarter.

**Code of Insider Trading**

The Company has adopted and implemented a Code of Conduct pursuant to SEBI (Prohibition of Insider Trading Regulations, 1992). The Code lays down the guidelines, which include procedures to be followed and disclosures to be made by the Insiders (Directors, Officers and Designated Employees) while dealing in shares of the Company.

Dates of book closure : 26<sup>th</sup> September 2009 to 29<sup>th</sup> September 2009  
 (Both days inclusive)  
 Dividend payment date : N.A.  
 Listing on Stock Exchange : Mumbai, Kochi and Ahmedabad -Listing fees paid only to Bombay Stock Exchange  
 Stock Code : 31246  
 Demat ISIN Number : N.A.  
 Market Price data : Company's shares are not traded during the period April, 2008 to March, 2009.

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
1.	Not quoted		Not quoted	

Registrar and transfer Agents:  
 (Share Transfer and  
 Communication regarding  
 Share Certificates, Dividends  
 And change of address)

Done in-house  
 Secretarial Department  
 Prima Industries Limited  
 Prima House, 31/536, N H 47,  
 South Kalamassery, Cochin -682033  
 Tel: 2551533/34  
 Fax: 2556060  
 E-mail: prima@vsnl.in

Share Transfer System:

Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the document being valid and complete in all respect.

Distribution of the shareholding on the basis of categories of shareholders as on 31.03.2009 is as under:

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	Percentage to total shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
(1)	<b>Indian</b>	7	1521972	11.88
(a)	Individuals	1	1100000	8.59
(b)	Bodies Corporate	9	4887528	38.16
	<b>Sub-Total (A)(1)</b>	<b>17</b>	<b>7509500</b>	<b>58.63</b>
(2)	<b>Foreign</b>			
(a)	Bodies Corporate			
(b)	Individuals (Non-Residents Individuals/ Foreign Individuals)	84	190500	1.49
	<b>Sub-Total (A)(2)</b>	<b>84</b>	<b>190500</b>	<b>1.49</b>
	<b>Total shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2)</b>	<b>101</b>	<b>7700000</b>	<b>60.12</b>
<b>(B)</b>	<b>Public Shareholding</b>			
(1)	<b>Institutions</b>			
(a)	Mutual Funds			
(b)	Foreign Institutional Investors			
	<b>Sub-Total (B)(1)</b>			
(2)	<b>Non-Institutions</b>			
(a)	Bodies Corporate	11	191700	1.50
(b)	Individuals			
	i. Individual shareholders holding nominal share capital upto Rs.1 Lakh.	1312	1593700	11.66
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakh.	35	3422600	26.72
(c)	Trust			
(d)	Directors & their relatives			
(e)	Non resident Indians			
(f)	Overseas Corporate Bodies			
(g)	Clearing members			
(h)	Hindu undivided families			
	<b>Sub-Total (B)(2)</b>	<b>1358</b>	<b>5108000</b>	<b>39.88</b>
	<b>Total Public Share holding (B)=(B)(1)+(B)(2)</b>	<b>1358</b>	<b>5108000</b>	<b>39.88</b>
	<b>TOTAL (A) +(B)</b>	<b>1459</b>	<b>12808000</b>	<b>100</b>

Distribution of shareholding as on 31.03.2009, pursuant to clause 35 of the Listing Agreement is as under :

Shareholding of nominal value of Rs.	No. of Shareholders	% of Shareholders	Amount of Share Capital in Rs.	% of Shareholding
Upto - 5,000	671	45.991	3204010	2.502
5,001 - 10,000	540	37.012	4909000	3.833
10,001 - 20,000	81	5.552	1624000	1.268
20,001 - 30,000	28	1.919	1016000	0.793
30,001 - 40,000	22	1.508	868000	0.678
40,001 - 50,000	34	2.330	1679000	1.311
50,001 - 1,00,000	36	2.467	3247010	2.535
1,00,001 and above	47	3.221	111532980	87.081
<b>Total</b>	<b>1459</b>	<b>100.00</b>	<b>128080000</b>	<b>100.000</b>

Dematerialisation of shares and Liquidity:

The company has not yet offered the facility of trading in Demat Form.

Liquidity of shares:

During the last year, trading did not take place in the company shares.

Plant Location : Prima Industries Limited  
New Industrial Development Area  
Menonpara Road, Kanjikode  
Palakkad - 678 621

Investor correspondence  
For transfer : Secretarial Dept.  
Prima House, 31/536,  
South Kalamassery,  
Cochin – 682 033

Any query on Annual Report : Secretarial Dept.  
Prima House, 31/536,  
South Kalamasery,  
Cochin – 682 033

#### DECLARATION ON CODE OF CONDUCT

As required by Clause 49 (ID) of the Listing Agreement, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

Place : Cochin  
Date : 30.06.2009

Sanjay Gupta  
Managing Director

**CEO/CFO Certificate under Clause 49 of the Listing Agreement**

We, Sanjay Gupta, Managing Director and Ms. Anitha S. Narayanan, Finance Manager of Prima Industries Limited ( the Company ) hereby certify to Board that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
  
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
  
- d) We have indicated to the Auditors and the Audit committee that:
  - (1) there are no significant changes in internal control over financial reporting during the year;
  - (2) there have been so significant changes in accounting policies during the year which are required to be disclosed in the notes to the financial statements; and
  - (3) there have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date : Cochin  
Place: 30-06-2009

Sanjay Gupta  
Managing Director

Anitha S. Narayanan  
Finance Manager

**AUDITORS' CERTIFICATE**

TO THE MEMBERS OF  
PRIMA INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by **Prima Industries Limited** for the year ended on 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us and the representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 has conducted the affairs of the Company.

For **G. Joseph & Associates**  
Chartered Accountants

**George Joseph**  
Partner  
Membership No.22062

Place : Cochin  
Date : 30.06.2009



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**MANAGEMENT DISCUSSION AND ANALYSIS****A) Industry Structure and Developments**

Vegetable oils and oilseed products are one of the largest agricultural Commodities traded internationally (International Trade Center, 1990). Though a variety of different oils are traded internationally including soybean, palm, coconut, rapeseed (canola), sunflower, and cottonseed, the trade patterns in the vegetable oil industry are primarily dominated by the global import and export of soybean oil and palm oil. The world vegetable oil industry is very large and it continues to grow as population increases around the world. Another factor that has contributed greatly to the rise in the vegetable oil trade is the growth in the food processing industry. Relatively low initial capital investment, and low maintenance cost are the reasons to attract developing countries to this industry. Some developing countries have already established themselves as major players within the industry. International trade has also been impacted by the changing trade policies of governments around the world and the formation of various international trade agreements. The vegetable Oil Industry operates in the agribusiness or food industry and therefore retains many traits and characteristics from these two industries.

**B) Opportunities, Threats, Risks and Concerns**

The vegetable oil industry has witnessed significant growth over the past few years on account of growing population as well as the rising demand for alternative energy sources. Per Capita Edible oil consumption in India is much below that of the developed countries. In India the per capita consumption is 11.2 Kg per annum whereas in developed countries the same is above 40 Kgs. The Indian edible oil market is the World's Fourth largest after the USA, China and Brazil. A growing population increasing rate of consumption and increasing per capita income are accelerating the demand for edible oil in India. Consumption of edible oil is likely to reach 13.95, 14.83, 16.17 kg by 2009-10 if per capita income grows by 4%, 5% and 6% respectively.

Solvent Extraction unit is the main Industry by extracting oil from oil bearing material and vegetable oil refinery is the important industry for refining oil and converting it into edible form. Production of Edible oil is not possible without these two industries. Also the by products obtained from this Industry are the main raw materials for soap industry. Since India is not able to produce the entire demand of the country, the domestic market is mainly dependant on Import of vegetable oil for Industrial as well as domestic consumption. India's vegetable oil imports grew more than two folds in April 2009, with shipments into the country are projected to reach the record level of 80 lakh Tonnes during the present oil year to October 2009. The imports of vegetable oil surged to 6.99 lakhs Tonnes in April 2009 from 3.47 lakhs Tonnes in April 2008. From this 6.59 lakh Tonnes was edible oil and the rest was non edible oil. Import of edible oil is next only to the import of petroleum products in value terms. If crude edible oil imports are encouraged by the Government by modernizing the policies, then the domestic industries can be benefitted by utilizing its full capacity.

**C) Outlook**

In 1998, the total production of edible oils in India was 67.9 lakh tonnes. This increased to 73.7 lakh tonnes during the season of 1999. There is a steady demand for both Solvent Extraction and Refinery capacities in view of the increasing trend of edible oil consumption. Especially the plant situated in Kerala, being the largest producer of copra in the country, (about 80% of it), the Company has a good potential for efficient capacity utilisation. Being committed to high standards of quality, the Company won customer confidence and also won national recognition as the second highest Processor's Award for processing coconut cake for 3 consecutive years. The Company aims to be the highest processor in India for Coconut cake in the coming years.

**D) Internal Control System and their Adequacy**

The Senior Management reviews periodically various issues that directly influence the business and take decisions to ensure that the Company's interest and that of the stake holders are protected. The Company's systems and internal controls monitor the following:

- i) Protection and conservation of resources of the Company.
- ii) Compliance with statutory requirements.
- iii) Maximum utilisation of resources.
- iv) The management structure is defined with adequate responsibility and authority to take decisions and implement the same.

The Audit Committee of Board of Directors takes the responsibility for review of the Internal Controls and the matters connected there with.

**E) Financial and Operational Performance**

During the year, the Company had a Turnover of Rs. 1508.25 Lacs and made a loss of Rs.-333.83 Lacs.

**Financial Results**

Particulars	Current Year	Previous Year
	<u>31/03/2009</u>	<u>31/03/2008</u>
	(Rs.Lacs)	(Rs.Lacs)
Turnover	1508.25	1958.38
Profit Before depreciation	-229.39	-81.08
Depreciation	104.44	103.96
Profit (Loss) after Depreciation & Taxes	-333.83	- 185.04

**F) Material Developments in Human Resources/Industrial Relations Front, including number of People employed.**

The Company gives utmost importance to the Human Resource Development and high priority is given to keep the individual relations healthy. The Industrial relations are cordial and satisfactory.

**CAUTIONARY STATEMENT**

Company's projections and estimates will vary from actual results, which depend on variety of factors like quality of raw material, price, changes in Government policies, economic conditions over which the company does not have control.

For and on behalf of the Board

Place: Cochin  
Date : 30.06.2009

Sanjay Gupta  
Managing Director

## AUDITORS' REPORT

To

Members  
Prima Industries Limited  
31/536, Prima House  
South Kalamassery  
Cochin - 682033

We have audited the attached Balance Sheet of M/s.Prima Industries Limited ("The company") as at 31st March, 2009 and the Profit & Loss Account of the company for the year ended 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 have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the Statement on the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Further we report 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 the audit.
- ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv. In our opinion, The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, subject to **the Accounting Standard - 15 on Employee Benefits, where the gratuity is provided on Company's own computation only.**
- v. On the basis of written representation received from directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information, and according to the explanation given to us, the said accounts; **subject to:**
  1. **As per the records available, the time granted by IDBI Bank, State Bank of India & Bank of India (hereinafter together referred to as "Banks") for settling the amounts due to them as per the One Time Settlement (hereinafter referred to as "OTS") Scheme recognised in the books in 2006-07 has expired. However the outstandings as shown in the Balance Sheet are as per the OTS only, whereby the liabilities to the Banks are understated by Rs. 228,053,150, the Loss by Rs 95,579,120 and Reserves overstated by Rs 13,24,74,030.**
  2. **No provision for interest has been made on the outstanding dues to the banks if the One Time Settlement amount is not in force, which works out to Rs. 33,129,494, whereby the loss has been understated by Rs. 33,129,494 and liabilities to Bank are understated by Rs. 165,603,524.**
  3. **The bank balances and Loan accounts with Banks are subject to Reconciliation and Confirmation;** give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
    - b) in the case of the Profit & Loss Account, of the Loss for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For G Joseph & Associates  
**Chartered Accountants**

**P Rajagopal**  
Partner

Place: Cochin  
Date: 30/06/2009

Membership No.202134

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**ANNEXURE TO THE AUDITORS REPORT**

Statement referred to in our report of even date to the members of Prima Industries Limited on the accounts for the year ended 31st March, 2009.

- (i) a) The company has maintained records showing particulars including quantitative details and situation of fixed assets, **but the same requires to be updated.**
  - b) As per the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The company has not disposed off substantial part of its fixed assets during the year.
- (ii) a) Physical verification of inventory has been conducted by the management, **but the frequency of such verification needs to be improved.**
  - b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventory are by and large reasonable and adequate in relation to the size of the company and the nature of its business. The company has taken necessary steps for strengthening the procedures.
  - c) On the basis of examination of the records of inventory, in our opinion, the company has generally maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to the book records.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the company.
  - a) The company has taken unsecured loans from 7 parties. At the year end, the outstanding balance of such loans taken aggregated to Rs.29705263 and the maximum amount involved during the year was Rs.29705263.
  - b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
  - c) The terms of repayment for the above loans have not been stipulated, but the same are stated to be repayable on demand. Since the company is stated to have received no demand for repayment of the above loans, there has been no default on the part of the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for the purchase of inventory and fixed assets and for sale of goods and services, **however the same is not commensurate with the size of the company and the nature of its business.**
- (v) a) As explained to us and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956 in respect of each party during the year have been entered in the register.
  - b) In our opinion and according to the information and explanations given to us, the aforesaid contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
- (vii) **The company does not have an internal audit system.**
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
- (ix) a) According to the information and explanations provided to us, the company was not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. The following were outstanding for a period of more than six months on the last day of the financial year:-

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
Income Tax	Fringe Benefit Tax	332,752	2005-06
Income Tax	Fringe Benefit Tax	90,997	2006-07
Income Tax	Fringe Benefit Tax	108,730	2007-08
EPF Dues	PF Contribution	53,715	2006-07

b) As per the information given to us, the following statutory dues have not been deposited on account of disputes:-

Nature of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
KGST Act	Sales Tax	429,795	2004-05	Deputy Commissioner (Appeals)
KGST Act	Sales Tax	9,007,329	2003-04	Deputy Commissioner (Appeals)
CST Act	Central Sales Tax	54,406	2003-04	Deputy Commissioner (Appeals)
KGST Act	Penalty	2,994,080	2007-08	Deputy Commissioner (Appeals)

- (x) **The accumulated losses of the company at the end of the financial year is more than fifty percent of the net worth and the company has incurred cash losses during the current financial year and in the immediately preceding financial year.**
- (xi) As per the information and explanations given to us, the company has not availed any loans from banks or financial institutions or through debentures during the year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) As explained to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, are prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) In our opinion, the company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the company has been noticed or reported.

For G Joseph & Associates  
**Chartered Accountants**

**P Rajagopal**  
Partner

Place: Cochin  
Date: 30/06/2009

Membership No.202134

## Prima Industries Limited

31/536, Prima House  
South Kalamassery  
Cochin - 682 033

## Balance Sheet as at March 31, 2009.

(Amount in Rupees.)

	Sch. No.	2009	2008
<b>I. SOURCES OF FUNDS</b>			
<b>(1) Shareholders Funds</b>			
(a) Share Capital	1	167,494,530	167,494,530
(b) Reserves & Surplus	2	133,974,030	133,974,030
<b>(2). Loan Funds</b>			
(a) Secured Loans	3	34,525,970	35,525,970
(b) Unsecured Loans	4	29,705,263	28,185,312
<b>TOTAL:</b>		<b>365,699,793</b>	<b>365,179,842</b>
<b>II. APPLICATIONS OF FUNDS</b>			
<b>(1). Fixed assets:</b>			
(a) Gross block	5	234,417,335	233,000,125
(b) Less: Depreciation		108,462,489	98,018,431
(c) Net block		<b>125,954,846</b>	<b>134,981,694</b>
<b>(2). Investments</b>			
		<b>100,000</b>	<b>100,000</b>
<b>(3). Current assets, loans and advances</b>			
(a) Inventories	6	8,743,163	18,187,727
(b) Sundry debtors		28,554,747	28,908,527
(c) Cash balance		7,119	37,265
(d) Other current assets		1,766,440	688,143
(e) Loans and advances		1,015,492	1,117,066
		<b>40,086,961</b>	<b>48,938,728</b>
Less: Current liabilities and provisions:	7		
(a) Liabilities		48,923,920	34,091,959
(b) Provisions		1,266,155	1,113,200
		<b>50,190,075</b>	<b>35,205,159</b>
<b>Net Current Assets</b>		<b>(10,103,114)</b>	<b>13,733,569</b>
<b>(4) Profit and loss account</b>			
<b>TOTAL:</b>	8	<b>249,748,061</b>	<b>216,364,579</b>
<b>TOTAL:</b>		<b>365,699,793</b>	<b>365,179,842</b>
Significant Accounting Policies and Notes to Accounts	17		

As per our report of even date attached

For G. Joseph &amp; Associates

Chartered Accountants

P.Rajagopal  
Partner  
Membership No.202134

Sanjay Gupta  
Managing Director

Charley Rodrigues  
Director

Cochin, 30th June, 2009

## Prima Industries Limited

31/536, Prima House

South Kalamassery

Cochin - 682 033

## Profit and Loss Account for the Year Ended March 31, 2009

(Amount in Rupees.)

	Sch. No.	2009	2008
<b>INCOME</b>			
Sales - Manufactured Goods		134,711,741	194,819,562
- Others		672,878	293,109
Less: Returns		(39,380)	(59,054)
		<b>135,345,239</b>	<b>195,053,617</b>
Processing Charges		15,479,455	784,581
Other Income	9	122,418	609,730
Stock Differential	10	(11,408,302)	9,564,182
<b>TOTAL:</b>		<b>139,538,810</b>	<b>206,012,110</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	11	118,387,253	175,262,586
Manufacturing Expenses	12	18,945,412	14,593,459
Employee Remuneration & Benefits	13	2,857,036	2,959,063
Administrative Expenses	14	6,406,096	5,508,899
Selling Expenses	15	4,014,481	4,697,823
Financial Charges	16	11,671,816	10,989,406
Depreciation	5	10,444,058	10,395,582
<b>TOTAL:</b>		<b>172,726,152</b>	<b>224,406,817</b>
<b>Net Loss for the year before tax</b>		<b>(33,187,342)</b>	<b>(18,394,708)</b>
<b>Provision for Taxation-</b>			
Fringe benefits tax		196,140	108,800
<b>Net Loss for the year carried to Schedule 8</b>		<b>(33,383,482)</b>	<b>(18,503,508)</b>
<b>Earnings Per Share</b>			
a. Basic		(2.89)	(1.60)
b. Diluted		(2.89)	(1.60)
<b>Significant Accounting Policies and Notes to Accounts</b>	17		

As per our report of even date attached

For G. Joseph &amp; Associates

Chartered Accountants

P. Rajagopal  
Partner  
Membership No. 202134

Sanjay Gupta  
Managing Director

Charley Rodrigues  
Director

Cochin, 30th June, 2009

## Schedules forming part of the Balance Sheet

SCHEDULE - 1	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>SHARE CAPITAL</b>		
<b>A. Authorised</b>		
13,500,000 equity Shares ( Previous year 13,500,000) of Rs.10.each.	<u>135,000,000</u>	<u>135,000,000</u>
Preference Shares 5,500,000 ( Previous Year - 5,500,000) of Rs. 10.each.	<u>55,000,000</u>	<u>55,000,000</u>
<b>B. Issued, Subscribed</b>		
12,808,000 Equity shares ( Previous year 12,808,000) of Rs.10 each fully subscribed	128,080,000	128,080,000
Less :- Calls in arrears - Directors : Nil		
- Others	(12,559,500)	(12,559,500)
<b>C. Paid Up Capital</b>		
12,808,000 Equity Shares (Previous Year 12,808,000) of Rs. 10 each, Rs. 9 each paid up.	<u>115,520,500</u>	<u>115,520,500</u>
5,197,403 Cumulative Redeemable Preference Shares ( Previous year 5,197,403 ) of Rs.10 each.	<u>51,974,030</u>	<u>51,974,030</u>
	<u>167,494,530</u>	<u>167,494,530</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS -</b>		
<b>Capital Reserve</b>		
-Investment subsidy from Government of Kerala	1,500,000	1,500,000
-Loan waiver on One Time Settlement	132,474,030	132,474,030
	<u>133,974,030</u>	<u>133,974,030</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
1. a) Term Loans from:		
Industrial Development Bank of India	3,025,970	3,025,970
Interest accrued and due		
b) Deferred Interest		
2. Working Capital Loan from :		
- State Bank of India	18,000,000	19,000,000
- Bank of India	13,500,000	13,500,000
	<u>34,525,970</u>	<u>35,525,970</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Loans from Directors	<u>29,705,263</u>	<u>28,185,312</u>
	<u>29,705,263</u>	<u>28,185,312</u>



SCHEDULE - 6	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. Current Assets</b>		
INVENTORIES :( as taken, valued and certified by the management)		
Raw Materials	3,491,288	983,665
Packing Materials	-	114,127
Consumables, Stocks & Spares	302,630	732,388
Finished Goods	4,949,245	16,357,547
	<b>8,743,163</b>	<b>18,187,727</b>
<b>SUNDRY DEBTORS</b>		
Debts considered good and in respect of which the company is fully secured.		
Debts considered good for which the company holds no security other than the personal security of the debtor		
- Exceeding Six Months	28,554,747	29,335,569
- Other Debts	-	-
(Refer Note)	<b>28,554,747</b>	<b>29,335,569</b>
<b>CASH BALANCE</b>		
Cash in Hand	7,119	37,265
	<b>7,119</b>	<b>37,265</b>
<b>Other Current Assets</b>		
Other Current Assets	1,766,440	688,143
	<b>1,766,440</b>	<b>688,143</b>
<b>B. Loans &amp; Advances</b>		
(Unsecured, considered good, holds no security other than the debtors personal security.)		
a) Advances recoverable in cash or kind.	450,560	393,614
b) Deposits	564,932	765,948
	<b>1,015,492</b>	<b>1,159,562</b>
<b>SCHEDULE - 7</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Current Liabilities</b>		
<u>Sundry Creditors</u>		
Total outstanding dues of Micro & Small Enterprises		
Total outstanding dues of creditors other than Micro & Small Enterprises:		
- for raw materials	2,061,220	1,828,955
- for others	4,866,523	4,505,371
- for expenses	3,065,656	2,987,973
Expenses payable	1,909,773	550,882
Bank Overdrafts	479,291	2,534,550
(Does not represent a sanctioned limit)		
Interest Payable on Loans	13,858,000	3,486,000
Other Current Liabilities	22,683,457	18,667,766
	<b>48,923,920</b>	<b>34,561,497</b>
(Amount in Rupees.)		
	<b>31.03.2009</b>	<b>31.03.2008</b>
<b>B. Provisions</b>		
Fringe benefits tax	728,689	532,549
Provision for Gratuity	537,466	580,651
	<b>1,266,155</b>	<b>1,113,200</b>

<b>SCHEDULE - 8</b>	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Loss brought forward from Previous Year	216,364,579	197,861,071
Less: Interest waiver obtained on One Time Settlement	-	-
Add: Loss for the year	33,383,482	18,503,508
	<b>249,748,061</b>	<b>216,364,579</b>
<b>SCHEDULE - 9</b>		
<b>OTHER INCOME</b>		
Lab Deduction	89,383	138,819
Rate Fluctuation	(7,750)	712
Interest Received.(KSEB)	-	62,400
Interest income (CAFCO FD)	8,575	-
Other Income	-	382,787
Miscellaneous	32,210	25,012
	<b>122,418</b>	<b>609,730</b>
<b>SCHEDULE - 10</b>		
<b>STOCK DIFFERENTIAL</b>		
Finished Goods		
a. Closing Stock	4,949,245	16,357,547
b. Opening Stock	16,357,547	6,793,365
Increase/(Decrease) in Stock	<b>(11,408,302)</b>	<b>9,564,182</b>
<b>SCHEDULE - 11</b>		
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	983,665	401,268
Add:- Purchases	120,894,876	175,844,983
Less : Closing Stock	3,491,288	983,665
	<b>118,387,253</b>	<b>175,262,586</b>
<b>SCHEDULE - 12</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumables	8,269,108	6,596,794
Gunny Marking & Stitching Expenses	209,805	74,418
Electricity Charges	6,171,654	3,610,974
Freight Inwards	334,032	725,103
Insurance Charges	860	10,106
Processing Loss	-	112,182
Lab Expenses	25,103	7,428
Loading & Unloading Charges	11,771	8,759
Machinery Maintenance	3,011,932	1,243,729
Production Expences	41,350	-
Packing Materials Consumed	869,797	2,203,966
	<b>18,945,412</b>	<b>14,593,459</b>

SCHEDULE - 13	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>EMPLOYEE REMUNERATION AND BENEFITS</b>		
Salaries & Allowances	1,829,997	2,115,613
Canteen Expenses	754,064	472,796
Contribution to EPF	83,791	74,882
Contribution to ESI	33,525	39,903
Ex - Gratia	-	60,494
Gratuity	49,385	106,037
Medical Expenses	60,695	49,443
Staff Welfare	45,579	39,895
	<b>2,857,036</b>	<b>2,959,063</b>

SCHEDULE - 14	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>ADMINISTRATIVE EXPENSES</b>		
Administration Expenses	9,535	7,598
Advertisement Expenses	55,541	53,000
Annual Maintenance Contract	-	10,000
Auditor's Remuneration	70,752	87,287
Sales / Business Promotion Expenses	382,740	363,487
Consultancy charges	-	15,956
Commission	22,470	-
ESI Damages	31,659	5,795
PF Damages	63,827	-
TDS Penalty	-	-
Travelling & Conveyance		
-Director's	284,580	191,136
- Others	2,635,552	2,464,485
Donation	5,831	40,227
Electrical Expenses	51,590	2,806
Fees & Taxes	327,778	173,940
Vehicle running expenses	286,040	295,502
General Office Expenses	654,218	375,712
Legal & Professional Charges	198,340	323,580
Miscellaneous Expense	11,014	68,826
Postage & Telegram	22,790	8,993
Printing & Stationery	40,494	72,899
Rent	7,646	48,500
Repairs & Maintenance - Others	513,977	145,473
Service and Calibration charges	-	13,461
Service Tax	-	12,501
Security Charges	282,653	351,944
Subscription & Periodicals	550	8,924
Telephone Charges	111,968	123,253
Transportation Charges	334,551	243,614
	<b>6,406,096</b>	<b>5,508,899</b>

SCHEDULE - 15	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>SELLING EXPENSES</b>		
Freight Outward & Marketing Expenses	1,818,030	3,680,998
Rebate & Discount	1,240,115	455,822
Trade Discount	365,955	288,271
Cash discount	577,161	272,732
Marketing Expenses	13,220	-
	<b>4,014,481</b>	<b>4,697,823</b>

SCHEDULE - 16	(Amount in Rupees.)	
	31.03.2009	31.03.2008
<b>FINANCIAL CHARGES</b>		
Interest Others	111,283	155,109
Interest on Working capital Loan	4,084,000	3,554,069
Interest on Term Loan	7,288,000	7,088,342
Bank Charges	188,533	191,886
	<b>11,671,816</b>	<b>10,989,406</b>

Schedule 5

## DEPRECIATION FOR THE YEAR 2008-2009

## FIXED ASSETS &amp; DEPRECIATION

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.08	ADDITIONS/ (DELETION)	AS AT 31.03.09	UPTO 01.04.08	FOR THE YEAR	UPTO 31.03.09	AS AT 31.03.09	AS AT 31.03.08
Land and Development	8,575,215	-	8,575,215	-	-	-	8,575,215	8,575,215
Building	52,444,897	-	52,444,897	18,822,225	1,751,660	20,573,885	31,871,012	33,622,672
Plant and Machinery	147,743,120	1,252,642	148,995,762	62,992,829	7,057,381	70,050,210	78,945,552	84,750,291
Electrical Installation	20,477,216	49,980	20,527,196	13,920,394	1,447,865	15,368,259	5,158,937	6,556,822
Office Equipments	947,438	28,365	975,803	478,700	46,194	524,894	450,909	468,738
Computers	383,243	24,139	407,382	360,420	7,765	368,185	39,197	22,823
Furniture and Fixtures	893,833	9,125	902,958	723,983	56,706	780,689	122,269	169,850
Lab Equipments	790,235	5,054	795,289	378,166	37,729	415,895	379,394	412,069
Vehicles	41,276	-	41,276	2,030	3,921	5,951	35,325	39,246
Weighing Machines	703,652	47,905	751,557	339,684	34,837	374,521	377,036	363,968
<b>TOTAL</b>	<b>233,000,125</b>	<b>1,417,210</b>	<b>234,417,335</b>	<b>98,018,431</b>	<b>10,444,058</b>	<b>108,462,489</b>	<b>125,954,846</b>	<b>134,981,694</b>
Previous Year	232,903,578	96,547	233,000,125	87,622,849	10,395,582	98,018,431	134,981,694	145,280,729

## NOTES ON ACCOUNTS

**1 Background**

Prima Industries Limited (the “Company”), Indian Company registered under the Indian Companies Act, 1956. The Company was promoted primarily to manufacture Cattle Feed and also for the refining of Oil.

**2 Significant Accounting Policies**

The Significant Accounting Policies followed by the company are as stated below:

**a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

**b) Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation.

**c) Depreciation**

Depreciation has been provided on fixed assets which were put to use under straight line method at the rates and in the manner given under Schedule XIV to the Companies Act, 1956.

**d) Revenue Recognition**

Revenue from sale of goods is recognised at the point of despatch to the customers, net of sales returns. Income from processing is recognised on accrual basis.

**e) Inventories**

Inventories are valued as under :

Raw Materials	-At Cost on Weighted Average Basis
Finished Goods	-At lower of Cost or net realizable value
Consumables, packing	
Materials and Stores & Spares	-At Cost on Fifo Basis

**f) Preliminary expenses** are written off over a period of 10 years.**g) Employee Benefits :**

Contribution to provident fund and employees welfare fund are charged to Profit & Loss Account on accrual basis. The liability on account of gratuity has been provided for on the basis of company’s own valuation as per AS - 15.

**h) Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the asset upto the date the asset is got ready for the intended use or sale. Other borrowing cost of the year are charged.

**i) Impairment Loss**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**j) Segment Reporting**

The company's primary segments (business segments) has been identified as (a) Cattle Feed Division, (b) Oil Cake Processing Division. There are no reportable geographical segments. Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable estimate. The expenses, which are not directly attributable to any of the business segment are shown as unallocated expenditure. Assets and liabilities that cannot be allocated between the segments are shown as part of unallocated assets and liabilities respectively. Please refer Annexure I

**k) Cash Flow Statement**

Cash Flow Statement has been prepared under the Indirect Method as per AS - 3. Cash & Cash Equivalents in the statement comprises of Cash in hand & balances with banks representing overdrafts.

3. a) The term loans from the Industrial Development Bank of India are secured by way of first charge on the movable and immovable properties of the company and further guaranteed by the Managing Director of the Company.
- b) The Working Capital Loans are secured by hypothecation of present and future goods, book debts and all other movable assets of the company and second charge on the fixed assets and further guaranteed by the Managing Director.
4. Company's offer for the settlement of dues to the Banks and Financial Institutions on One Time Settlement (OTS) have been approved by them.

**OTS of Working Capital Loan**

The Principal amount waiver obtained have been credited to the Capital Reserves and the Interest waiver obtained have been reduced from the brought forward losses.

The OTS amount for the Term Loan includes the value of Cumulative Redeemable Preference Shares allotted to the Bank, against overdue interest upto 31/03/2001 and converting the outstanding Principal amount and converting the present value of savings on account of reduction in rate on a restructuring. The OTS amount net of the value of the Cumulative Preference shares is considered to be principal amount waiver and the entire interest outstanding as per books is considered to be waived and has been reduced from the brought forward losses.

5. Investments Rs. 1,00,000.00 represents 20 "IDBI growing interest Bond , 1998" of face value Rs. 5000/- each.
6. In the opinion of the management, current assets, loans and advances will realise the values as stated in the Balance Sheet, if realised in the normal course of business.
7. All bank balances are subject to reconciliation and confirmation.
8. The amount of borrowing costs capitalized during the year is Rs. Nil
9. The term loans and working capital loans are subject to reconciliation and confirmation. Interest is provided on the outstanding loan amounts as per the OTS scheme.
10. As the company carries inventory of finished goods of various grade / quality, and the net realisable value of all such grade / quality are not available , the valuation is done based on the rates as certified by the Managing Director.

**11. Contingent liabilities not provided for**

	2008-09	2007-08
a) - Sales Tax disputed by the Company	9,007,329	429,795
- CST disputed by the company	54,406	-
- Penalty disputed by the company	2,994,080	-
b) Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

**12. Remuneration to Directors:**

Salaries	Nil	Nil
- Sitting fees	Nil	Nil

**13. Segment reporting**

The Company's primary segments (business segments) have been identified as (a) Animal Feed Division

- (b) Oil Cake Processing Division. There are no reportable geographical segments. Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable estimate. The expenses, which are not directly attributable to any of the business segment are shown as unallocated expenditure. Assets and liabilities that cannot be allocated between the segments are shown as part of unallocated assets and liabilities respectively. Please refer Annexure I

	<u>Current Year</u>	<u>Previous Year</u>
<b>14. Auditors Remuneration includes:</b>		
Statutory audit	50,000	50,000
Taxation matters	20,252	22,871
Others	-	14,416
	70,252	87,287

**15 Disclosure in respect of Related Parties pursuant to Accounting Standard 18**

- I List of Related Parties  
Parties where control exists - Nil
- II. Other Related parties with whom the Company has entered into transactions during the year
- i) Associates  
For details on the Related Party Transactions, Please Refer Annexure 2
- ii) Key Managerial Personnel and Enterprises having common Key Management Personnel or their relatives  
Key Managerial Personnel :  
Shri Sanjay Gupta - Managing Director  
Shri S K Gupta - Chairman

**16 Additional information pursuant to the provision of part II of schedule VI to the Companies Act,1956.**

- I Licensed and Installed Capacity and Production (Previous Years Figures are in brackets) (Installed capacity being a technical matter is as certified by the Managing Director and accepted by the auditors)

**Licensed** N.A.

**Installed**

Oil Extraction 500TPD  
(500TPD)  
Refining 50TPD  
(50TPD)  
CPD 5TPD  
(5TPD)

**Quantitative particulars of Finished Goods (Qty in Metric Tonnes)**

Item	Opening Stock	Purchase	Production	Issue to Production	Sales	Closing Stock	Rate	Value (In Rs.)
Crude Coconut Oil	227.75	1,969.87	-	2,115.76	-	81.86	42,653.15	3,491,288.00
Refined Coconut Oil	79.94	1,753.33	-	-	1,730.00	103.27	47,925.00	4,949,245.00
Acid Oil	-	19.55	-	-	19.55	-	-	-
Fatty Acid	-	64.04	-	-	64.04	-	-	-
Spent Earth	-	69.92	-	-	69.92	-	-	-
Sludge	-	4.75	-	-	4.75	-	-	-
Kerala Pellet	13.14	2,185.74	-	-	2,198.88	-	-	-
Total						185.13		8,440,533.00

17	CIF value of imports	Nil	Nil
		<u>Current Year</u>	<u>Previous Year</u>
18	<b>Earnings per Share</b>		
	Profit /Loss after Tax	(33,383,482)	(18,503,508)
	Number of Shares Outstanding (Adjusting Partly paid Shares)	11,552,050	11,552,050
	Earnings per Share		
	- Basic	-2.89	-1.60
	- Diluted	-2.89	-1.60
19	<b>Taxation</b>		
	1 Provision for Current Tax :		
	The company does not have any income tax liability during the year.		
	2 Deferred Taxation		
	The company has not recognised the Deferred Tax Asset as it is not anticipated to generate enough profits to set off the losses in the foreseeable future. Consequently, the deferred tax liability for the year has also not been considered in the accounts as it would only set off a part of the unrecognised deferred tax asset.		
20	Arrears of dividend on cumulative redeemable preference shares as on 31.03.2009.	26,337,840	21,140,437
21	<b>Disclosure requirement with reference to Micro, Small and Medium Enterprises Development Act, 2006.</b>		
		<u>31.03.2009</u>	<u>31.03.2008</u>
a.)	The principal and interest remaining unpaid to the specified units beyond specified period:	Nil	Nil
b.)	Amount of payment made to the supplier beyond the appointed day:	Nil	Nil
c.)	Amount of interest due and payable for the period of delay in making the payment:	Nil	Nil
d.)	The amount of interest accrued and remaining unpaid at the end of the accounting year:	Nil	Nil
e.)	The amount of further interest remaining due and payable even in the succeeding years:	Nil	Nil
22	<b>Applicability of Accounting Standards</b>		
	"The company is a Level 1 Enterprise as defined in the General instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly the company has complied with the Accounting Standards as applicable to a Level 1 Enterprise.		
23	Previous years figures have been re-grouped/recast wherever necessary to suit current year layout.		

For G.Joseph & Associates  
Chartered Accountants

P.Rajagopal  
Partner  
Membership.No.202134

Sanjay Gupta  
Managing Director

Charley Rodrigues  
Director

Cochin, 30th June, 2009



**SEGMENT REPORTING**

Annexure 1

PRIMA INDUSTRIES LIMITED

15th ANNUAL REPORT 2008-2009

Particulars	Animal Feed Division		Oil Cake Processing		Consolidated Total	
	Current Year	Prev Year	Current Year	Prev Year	Current Year	Prev Year
<b>A. Revenue</b>						
Total Segment Revenue	41,734,834	52,233,952	109,212,278	144,213,976	150,947,112	196,447,928
<b>B. Result</b>						
Allocated segment expenses	38,470,296	188,236,909	110,820,591	13,897,061	149,290,886	202,133,970
Un-allocated expenses					8,749,155	8,322,489
Operating Profit/(Loss)	3,156,790	(136,246,428)	(12,908,867)	1,401,24,568	(1,85,01,231)	(44,44,349)
Less: Interest Expense					11,372,000	10,642,411
Less: Fringe Benefit Tax					196,140	108,800.00
Profit from ordinary activities					(3,00,69,371)	(1,51,95,560)
Less : Extra-ordinary loss						
Net Profit/(Loss)					(3,00,69,371)	(1,51,95,560)
<b>OTHER INFORMATION:</b>						
<b>C. Assets</b>						
Segment Assets	3,494,362	4,181,456	87,843,920	104,106,150	91,338,282	108,287,606
Un-allocated assets					74,803,525	75,732,816
Total Assets	3,494,362	4,181,456	87,843,920	104,106,150	166,141,807	184,020,422
<b>D. Liabilities</b>						
Segment Liabilities	3,920,760	3,041,786	16,624,106	4,868,451	20,544,866	7,910,237
Un-allocated liabilities					29,645,209	27,294,922
Total Liabilities	3,920,760	3,041,786	16,624,106	4,868,451	50,190,075	35,205,159
<b>E. Depreciation</b>						
Segment Depreciation	122,590	83,543	7,007,357	7,004,091	7,129,947	7,087,634
Unallocated Depreciation					3,314,111	3,307,948
Total Depreciation	122,590	83,543	7,007,357	7,004,091	10,444,058	10,395,582

**Prima Industries Limited**  
**Cash Flow Statements for the Year Ended March 31, 2009**

(Amount in Rupees.)

	2008-2009	2007-2008
<b>Cash Flow From Operating Activities</b>		
<b>A. Net Profit Before Tax</b>	<b>(33,187,342)</b>	<b>(18,394,708)</b>
<u>Adjustment for :</u>		
Depreciation	10,444,058	10,395,582
Interest on Term Loan	7,288,000	7,088,342
Interest on Working Capital Loan	4,084,000	3,554,069
Provision for Gratuity	49,385	106,037
<b>Operating Loss Before Working Capital Changes</b>	<b>(11,321,899)</b>	<b>2,749,322</b>
<u>Movement in Working Capital :</u>		
(Increase)\Decrease in Trade and other receivables	780,822	6,808,283
(Increase)\Decrease in Other Current Assets	(1,078,297)	-
(Increase)\Decrease in Loans & Advances	144,070	-
(Increase)\Decrease in Inventories	9,444,564	(8,981,241)
Increase\Decrease in Payables	16,417,682	1,342,618
<b>Cash Generated from Operations</b>	<b>14,386,942</b>	<b>1,918,982</b>
Gratuity paid	(92,570)	(10,000)
<b>Net cash from Operating Activities</b>	<b>14,294,372</b>	<b>1,908,982</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(1,417,210)	(96,546)
<b>Net cash used in investing activities</b>	<b>(1,417,210)</b>	<b>(96,546)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Long Term borrowings	-	12,441,547
Repayment of Working Capital Loan	(1,000,000)	-
Unsecured Loans from Directors	1,519,951	-
Interest on Term Loan	(7,288,000)	(7,088,342)
Interest on Working Capital Loan	(4,084,000)	(3,554,069)
<b>Net cash outflow from financing activities</b>	<b>(10,852,049)</b>	<b>1,799,136</b>
<b>Increase\decrease in cash and cash equivalents</b>	<b>2,025,113</b>	<b>3,611,572</b>
Cash and cash equivalents at the beginning of the year	(2,497,286)	(6,108,858)
<b>Cash and cash equivalents at the end of the year</b>	<b>(472,172)</b>	<b>(2,497,286)</b>
<b>Notes:</b>		
1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.		
2 Previous year figures have been regrouped or reclassified to confirm to those of the current year.		

This is the Cash Flow Statement referred to in our report of even date.

**For G. Joseph & Associates**  
Chartered Accountants

**P. Rajagopal**  
Partner  
Membership No.202134  
Cochin, 30th June, 2009

**Sanjay Gupta**  
Managing Director

**Charley Rodrigues**  
Director

## Prima Industries Limited

**Part IV of Schedule VI to the Companies Act, 1956 in terms of Government notification**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## I. REGISTRATION DETAILS

Registration No.	09-08368
Balance sheet date	31.03.2009

II. Capital raised during the year  
(amount in Rs. thousands)

Public issue (Calls in Arrears)	Nil
Rights issue	Nil
Bonus issue	Nil
Private placement	-

III. Position of mobilisation and deployment of funds  
(amount in Rs. thousands)

Total liabilities	365700.00
Total assets	365700.00

## SOURCES OF FUNDS

Paid up capital	167495.00
Reserves & surplus	133974.00
Secured loans	34526.00
Unsecured loans	29705.00

## APPLICATION OF FUNDS

Net Fixed assets	125955.00
Investments	100.00
Net current assets	-10103.00
Miscellaneous expenditure	-
Accumulated losses	249748.00

IV. Performance of the company  
(amount in Rs. thousands)

Turn over	139539.00
Total expenditure	172726.00
Extraordinary items	-
Profit before tax	-33187.34
Profit after tax	-33383.48
Earnings per share	
Basic	-2.89
Diluted	-2.89

Item code No. (ITC Code) 23065002.00

Product description Oil and oil cake  
Meal solvent extracted variety

**Sanjay Gupta**  
Managing Director

**Charley Rodrigues**  
Director

Cochin, 30th June, 2009

**PRIMA INDUSTRIES LIMITED**

Regd.Office: 31/536, Prima House, South Kalamassery, Cochin – 682 033

**PROXY FORM**

I/We.....of.....in the district of..... being a Member(s) of above named Company, hereby appoint Shri..... of.....in the district of..... or failing him Shri.....of.....in the district of..... as my/our proxy to vote for me/us, on my/our behalf at the 15<sup>th</sup> Annual General Meeting of the members of the Company to be held on Tuesday, the 29<sup>th</sup> September, 2009 at 4.00. p.m. at its Regd.Office: 31/536, Prima House, South Kalamassery, Cochin – 682 033 on Kerala, India and at any adjournment thereof.

Signed at.....this.....day of.....2009

Affix  
Re.1/-  
Revenue  
Stamp

Signature of the Member

Regd. Folio No:  
No of shares held:

The Companies Act, 1956 lays down that an Instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

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**PRIMA INDUSTRIES LIMITED**

Regd.Office: 31/536, Prima House, South Kalamassery, Cochin – 682 033

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

Full name of the Member attending (IN BLOCK LETTERS).....

Full Name of the First Holder.....  
(To be filled in if First Holder does not attend Meeting)

Name of the Proxy.....  
(To be filled in if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 15<sup>th</sup> Annual General Meeting of the Members of the Company being held on Tuesday, the 29<sup>th</sup> September, 2009 at 4.00. p.m. at Regd.Office: 31/536, Prima House, South Kalamassery, Cochin – 682 033, Kerala, India

Regd. Folio No:  
No of shares held:

Member's/proxy's Signature  
(to be signed at the time of handing over this slip)

## PRINTED BOOK

If underlivered, please return to:  
PRIMA Industries Limited  
Corporate & Regd. Office  
31/536, Prima House  
South Kalamassery  
Kochi - 682 033

