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**PREMIER
POLYFILM
LIMITED**

ANNUAL REPORT 2000-2001



PREMIER POLYFILM LIMITED

BOARD OF DIRECTORS

Shri Ashok Kumar Sureka
 Shri Jaspal Singh Marwah
 Shri Sant Ram Gupta
 Shri Manoj Kumar Gupta
 Shri Shri Gopal Gupta – *Executive Director*
 Shri Amar Nath Goenka – *Managing Director*

COMPANY SECRETARY

Shri N. K. Bhandari

AUDITORS

De & Bose
 Chartered Accountants
 8/2, Kiran Sankar Roy Road,
 Calcutta - 700001

BANKERS

Oriental Bank of Commerce
 Industrial Finance Branch,
 H-15, Connaught Circus,
 New Delhi - 110 001

Canara Bank

S. D. Area,
 New Delhi - 110 016.

UTI Bank Ltd.

Kanchenjunga Building,
 Upper Ground floor,
 18, Barakhamba Road,
 New Delhi - 110 001

REGISTERED OFFICE

Flat No. 305, III Floor,
 'Elite House'
 36, Community Centre,
 Kailash Colony Extension (Zamroodpur),
 New Delhi - 110 048

FACTORY

40/1A, Site IV,
 Sahibabad Industrial Area,
 Sahibabad, Ghaziabad - (U.P.)

CONTENTS

	Page No.
Notice.....	3
Directors' Report.....	4
Auditors' Report.....	6
Balance Sheet.....	8
Profit & Loss Account.....	9
Schedules to the Accounts.....	10
Balance Sheet Abstract & Company's Business Profile.....	17
Cash Flow Statement	18
Proxy Form	19



PREMIER POLYFILM LIMITED

NOTICE

Notice is hereby given that the **NINTH ANNUAL GENERAL MEETING** of **PREMIER POLYFILM LIMITED** will be held on **WEDNESDAY, the 26th September, 2001** at **3.30 P.M.** at **SHAH AUDITORIUM, 2, RAJ NIWAS MARG, CIVIL LINES, DELHI-110 054** to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet of the Company as at 31st March, 2001, the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jaspal Singh Marwah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sant Ram Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution with or without modification(s), as an **ORDINARY RESOLUTION**.

"RESOLVED THAT M/s. De & Bose, Chartered Accountants, the retiring Auditors of the Company be and are hereby reappointed to hold such office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Managing Director of the Company."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Shri Manoj Kumar Gupta, be and is hereby appointed as a Director liable to retire by rotation."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2001 to 30.09.2001 (both days inclusive).
3. As a measure of economy copies of Annual Reports will not be distributed at the meeting. Members may please bring their copies of the Annual Report to the Meeting.
4. If a Member desires information on accounts, such request may please be made in writing so as to reach the company at least 7 days before the meeting.
5. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business in items No. 5 is annexed.
6. The Registered Office of the Company has been shifted to the new address as given below. The Members are requested to make all correspondence at the new address.

Flat No. 305, III Floor,
'Elite House'
36, Community Centre,
Kailash Colony Extension (Zamroodpur),
New Delhi - 110 048

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956. ITEM NO. 5

The Company has received a notice in writing together with a sum Rs. 500/- under Section 257 of The Companies Act, 1956 from a Member signifying his intention to propose the candidature of Shri Manoj Kumar Gupta for the office of Director. Shri Manoj Kumar Gupta has given his consent to hold the office of Director, if appointed.

None of the Directors except Shri Manoj Kumar Gupta is interested in this resolution.

By order of the Board
for **PREMIER POLYFILM LIMITED**

Place : New Delhi
Date : 18.08.2001

(AMAR NATH GOENKA)
MANAGING DIRECTOR

By order of the Board
for **PREMIER POLYFILM LIMITED**

Place : New Delhi
Date : 18.08.2001

(AMAR NATH GOENKA)
MANAGING DIRECTOR



PREMIER POLYFILM LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Ninth Annual Report together with Audited Accounts for the year ended on 31st March, 2001.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	For the year ended on 31st March 2001	For the year ended on 31st March, 2000
Sales & Other Income	2570.00	2036.87
Operating profit before providing for interest, Depreciation and Misc. Expenses Written Off	85.02	(231.30)
Less:		
Interest	1394.43	1015.39
Depreciation	174.82	174.64
Misc. Expenses Written Off	73.30	77.02
Net profit/(Loss)	1642.55	1267.05
Export Incentive Written Off	(1557.53)	(1498.35)
Sales Tax liability relating to previous year	—	172.01
Balance brought forward from previous year	75.29	96.73
Balance carried to Balance Sheet	(5881.24)	(4114.15)
	(7514.06)	(5881.24)

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions 217 (2AA) of the Companies Act, 1956, your Directors state :

- That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- That your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- That your Directors have prepared the annual accounts on a going concern basis.

DIVIDEND

Due to losses incurred by the company, the Directors of your company are unable to recommend any Dividend for the year 2000-2001.

REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

Industrial Development Bank of India (IDBI) as operating agency have formulated and submitted a Draft Rehabilitation Scheme to the hon'ble Board for industrial and financial reconstruction (BIFR) and the same is under consideration of BIFR.

OPERATIONS

During the period under review the company produced 5,607 MT of PVC flooring, sheetings, films etc. achieving a capacity utilization of 35% as compared to 28% in the previous year.

The Company could achieve much higher capacity utilization but for non-availability of working capital facility from Banks. Products of the company are well received in the market and as such market is not a constraint. Inspite of this major constraint the company has achieved capacity utilization of 44% during the first quarter of the current financial year.

The Company has been facing tough competition from imported finished goods which manage to get into Indian Market at prices lower than domestic products cost prices from countries like Korea, Thailand and Taiwan. Though Indian product is superior in quality as they fetch marginally higher price in international market but due to domestic buyers fancy for imported goods the company has to face market resistance particularly on price. The company has made representations to Government for creating level playing field which is under their consideration.

QUALITY CONTROL

Your Company has been awarded ISO 9002 : 1994 certification of quality as manufacturer and exporter of PVC products namely Marbled (Contract), Printed and Technical Leather Cloth, Sheetting, Humidity Barrier and Geo Membrane.

Bureau of Indian Standards has granted BIS certification Marks (ISI) for Unbacked Flexible PVC Flooring Sheets or Rolls and Tiles for 1.5 mm and 2.0 mm thickness vide IS No. IS 3462:86.

FUTURE PROSPECTS

Future plans of the company largely depend upon the approval of the Rehabilitation Scheme by the Board for Industrial and Financial Reconstruction (BIFR).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, as prescribed Under Section 217(1)(e) of the Companies Act, 1956, are annexed as annexeure I.

AUDITORS

The Auditors of the Company M/s. De & Bose, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

REPLY OF THE BOARD TO AUDITORS' REPORT

Auditors' Comments	Reply of the Board
5(xi) The Internal Audit System of the Company is yet to be implemented	The Company has introduced the Internal Audit System in the Company w.e.f. April, 2001.
5(xii) The Company has not deposited Provident Fund dues (employers' Share) and Employees State Insurance dues (Employers' Share) to the appropriate authorities.	Because of constraint of funds, the Company has not been able to deposit the arrears of Provident fund dues of Employers's Share amounting to Rs. 35,71,086 and Employees State Insurance dues (Employers's Share) amounting to Rs. 17,19,234 with the appropriate authorities which has been disclosed in the Rehabilitation Scheme submitted to BIFR and will be paid to the appropriate authorities in terms of the Rehabilitation Scheme as may be approved by BIFR.

DIRECTORS

A notice Under Section 257 of the Companies Act, 1956 has been received from a Member of your company signifying his intention to propose for consideration the appointment of Shri Manoj Kumar Gupta as a Director. Shri Manoj Kumar Gupta was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 30th March, 2001. Shri Manoj Kumar Gupta vacates office of director at the ensuing Annual General Meeting and is proposed to be appointed a director subject to retirement by rotation. In the 8th Annual General Meeting held on 20th November, 2000, Shri Ram Bagal Chokani was appointed as a Director of the Company but Shri chokhani did not join the Board of Directors of your Company.

Shri Jaspal Singh Marwah and Shri Sant Ram Gupta Directors of your Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**PREMIER POLYFILM LIMITED****PERSONNEL**

None of the employees of your company is covered Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975 as amended.

STOCK EXCHANGES

The Equity Shares of the Company are listed at the Stock Exchanges as per details given in the Annexure II and forming part of Directors' report to the Members. The Company could not pay listing fees to the stock exchanges due to cash crunch. The Shares of your Company are not being traded at Stock Exchanges due to non-payment of Annual Listing Fees.

CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability, integrity and customer satisfaction.

Composition of Board of Directors

The existing Board has a mix of two full time and four non-full time independent directors who bring a wide range of skills and experience to the Board.

Responsibilities

The Board reserves for its consideration and decision on matters of policy, capital expenditure, corporate governance and reporting to shareholders. During the year under review, the Board met four times. The four Board Meetings during the year were held on 29th June, 2000, 29th September, 2000, 29th December, 2000 and 30th March,

2001. The Directors ensure that their other responsibilities do not materially impact their responsibility as directors of the Company and their interest do not clash with the interest of the company.

Board Committees

The Board has presently constituted an Audit Committee comprising of Shri Manoj Kumar Gupta and Shri Jaspal Singh Marwah, independent directors with Shri S.G. Gupta as whole time director. The terms of reference and authority and powers are in conformity with the requirements of Companies Act, 1956.

The Company will commence reporting of compliance with clause 49 of the Listing Agreement with Stock Exchanges which has been made mandatory with effect from April 1, 2002, for the accounting year ending 31.3.2002.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the whole hearted Co-operation received by the Company from Central and State Governments, Industrial Development Bank of India, Asian Finance and Investment Corporation Ltd., Manila, Oriental Bank of Commerce, Canara Bank, UTI Bank Ltd., PICUP and other Government Agencies and look forward to their continuing support. The Directors also record their appreciation for the sincere efforts put in by the employees of the Company at all levels.

For & on Behalf of the
BOARD OF DIRECTORS

(AMAR NATH GOENKA)
CHAIRMAN

Place : New Delhi
Date : 18.08.2001

ANNEXURE-I**RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R&D carried out by the Company : The Company has developed various attractive designs and colours of flooring, sheeting and leather cloth.
The Company has also developed economical formulations for production.
2. Benefits derived as a result of the above R & D : Due to economical formulations, company has been able to reduce cost of raw material bringing down the cost of manufacturing.
After introducing new designs and colour scheme of flooring, sheeting and leather cloth, company was able to increase its sales volume & production.
3. Future plan of action : The company has plans to develop calendered foam material which will give better & stronger quality of leather cloth for automobile and traveller goods segments etc.
The company plans to achieve saving by replacing optimum energy consumption capacity motors by very high current carrying capacity motors.
4. Expenditure on R & D
 - a) Capital (Deferred Revenue) : Rs. —
 - b) Recurring : Rs. 1.45 lacs
 - c) Total : Rs. 1.45 lacs
 - d) Total R & D expenditure as a percentage of total turnover : 0.06 %

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. Efforts, in brief made towards technology absorption, adaptation and innovation. : No technology has been imported and the company has adopted the indigenous technology.
2. Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc. : The company has installed Laboratory calendering line for the first time in the country by which every material is tested on lab scale resulting in reduction of wastage at larger scale. It gives extra benefits in developing economical formulations within the shortest span of time.