



**PREMIER  
POLYFILM  
LIMITED  
ANNUAL REPORT 2005-2006**



**PREMIER POLYFILM LIMITED****BOARD OF DIRECTORS**

Shri Jaspal Singh Marwah  
 Shri Kamlesh Kumar Sinha  
 Shri Manoj Kumar Gupta  
 Shri S.P. Jain - *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,  
 2nd Floor, Room No. 1 & 18,  
 Kolkata - 700001

**BANKERS****Oriental Bank of Commerce**

Industrial Finance Branch,  
 H-15, Connaught Circus,  
 New Delhi - 110001

**Canara Bank**

S.D. Area,  
 New Delhi - 110016.

**UTI Bank Limited**

Statesman House,  
 Ground Floor,  
 148, Barakhamba Road,  
 New Delhi - 110001

**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.) 2010101

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**PREMIER POLYFILM LIMITED**

## NOTICE

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of **PREMIER POLYFILM LIMITED** will be held on **Wednesday, the 15<sup>th</sup> November, 2006 at 11.30 A.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, 2006, 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 reappointment.
3. To appoint a Director in place of Shri Manoj Kumar Gupta, who retires by rotation and being eligible, offers himself for reappointment.
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 Shri Amar Nath Goenka, Managing Director of the Company."

### SPECIAL BUSINESS:

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

"RESOLVED THAT remuneration including perquisites payable to Shri S.P. Jain, Executive Director, shall be revised as under :

#### (A) REMUNERATION

##### (i) Salary :

The Executive Director shall be paid Rs. 24,200/- (Rupees Twenty Four Thousand Two Hundred only) as basic salary per month with effect from 26.06.2004 instead of Rs. 6000/- p.m. (fixed). However, Basic salary will not exceed Rs. 30,000/- per month with effect from 01.08.2006.

##### (ii) Perquisites :

In addition to (i) above, the Executive Director shall be entitled to following perquisites :

- (a) **House Rent Allowance** : The Executive Director shall be paid House Rent Allowance @30% of basic salary per month with effect from 26.06.2004 instead of Rs. 6000/- p.m. (fixed).
- (b) **Payment against Employees Provident Fund contribution** : The Executive Director shall be paid @10% of basic salary in lieu of Employees provident Fund per month with effect from 26.06.2004 instead of Rs. 2000/- p.m. (fixed).
- (c) **Conveyance** : The Executive Director shall be provided with the facility of company car.
- (d) **Reimbursement of Medical Expenses** : The Executive Director shall be provided with the facility of reimbursement of actual medical expenses incurred by him & his family subject to a maximum of 8.33% of basic salary in a year and can be accumulated for a period of three years.
- (e) **Leave Travel Assistance** : The Executive Director shall be provided with the facility of reimbursement of actual fare but not hotel expenses incurred by him for himself and his wife and dependent children once in two years subject to a maximum of 8.33% of basic salary.
- (f) **Telephone Expenses** : The Executive Director shall be paid telephone expenses on actual basis against telephone connection installed at his residence.  
In addition to this he shall be provided with a cell phone on actual expenses basis.
- (g) In addition to above he is also entitled to Leave, Leave encashment and Gratuity as per rules of the Company.

#### (C) OVERALL REMUNERATION

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 & other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being be in force.





## PREMIER POLYFILM LIMITED

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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 Shri Amar Nath Goenka, Managing Director of the Company."

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

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## PREMIER POLYFILM LIMITED

### (D) MINIMUM REMUNERATION

In the event of loss or inadequacy of profits, the Executive Director shall be paid the same salary as mentioned in para (A) (i) above and he shall also continue to enjoy all the perquisites as mentioned in para (A)(ii) above.

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

Sd/-  
**N.K. BHANDARI**  
COMPANY SECRETARY

Place : New Delhi  
Date : 30.08.2006

### 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 01.11.2006 to 15.11.2006 (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 own 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 (seven) days before the Meeting.
5. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business in **item No. 5** is annexed.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 5

The Remuneration Committee has revised the remuneration of Executive Director in their Meeting held on 29.07.2006 as contained in the Notice convening the Fourteenth Annual General Meeting of the company. The revised remuneration has also been approved by the Board of the Company in their Meeting held on 30.08.2006 subject to shareholders approval. Shri S.P. Jain was drawing basic salary of Rs. 22,000/- (Rupees Twenty Two Thousand only) per month in the pay scale of Rs. 20,000-2,000-30,000 w.e.f. 1st August, 2005. Now it was been increased by 10%. The increment is normal increment which has also been given to other senior officers/staff of the company. Accordingly his house rent allowance and other allowances have also been increased in the same ratio as he was drawing earlier. Earlier House Rent payable to him was fixed @Rs. 6,000/- p.m. which henceforth will be 30% of his basic salary as is paid to other officers of the company w.e.f. 1st August, 2005. Similarly payment in lieu of Provident Fund which was fixed at Rs. 2,000/- per month is now proposed to be made 10% of basic salary i.e. at par with other officers of the company w.e.f. 1st August, 2005.

Other Terms & Conditions earlier approved by the shareholders in Annual General Meeting held on 20th August, 2004 remain unchanged. The present tenure of Shri S.P. Jain as Executive Director is upto 25th June, 2007.

Shri S.P. Jain's appointment and his terms of appointment i.e. salary and perks etc. were approved upto 25th June, 2007 by the Shareholders of the Company in the Annual General Meeting held on 20th August, 2004.

Your Board recommends the resolution to be passed as an Ordinary Resolution.

None of the Director is interested or concerned in this resolution except Shri S.P. Jain.

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

Sd/-  
**N.K. BHANDARI**  
COMPANY SECRETARY

Place : New Delhi  
Date : 30th August, 2006



**PREMIER POLYFILM LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the Fourteenth Annual Report together with Audited Account for the year ended on 31st March, 2006.

**FINANCIAL RESULTS**

(RS. IN LACS)

Particulars	For the year ended 31st March, 2006	For the year ended 31st March, 2005
Sales & Other Income	4398	4458
Operating profit before providing for interest, Depreciation & Misc. expenses		
Written off	117	131
Less:		
Interest	36	586
Depreciation	166	165
Misc. Expenses written off	7	12
Net profit / (Loss)	(92)	(632)
Add:		
Provision for taxation		
Fringe Benefit Tax	5	-
Balance brought forward from previous year	(7428)	(6796)
Balance carried to Balance sheet	(7525)	(7428)

**OPERATIONS**

During the period under review your company produced 9728 M.T. of PVC flooring, Sheetings, Films etc. as against 9945 M.T. produced during the previous year, achieving a capacity utilisation of 60.05% as compared to 61.39% in the previous year. The Company could achieve higher capacity utilisation but for non availability of Working Capital facility from Banks.

**QUALITY CONTROL**

Your Company continues being awarded prestigious ISO 9001:2000 certification of quality as manufacturer and exporter of PVC products namely Marbled (Contract), Printed and Technical Flooring, Leather Cloth, Sheeting, Humidity Barrier and Geo Membrane.

Bureau of Indian Standards has granted BIS certification Mark (ISI) for Unbacked Flexible PVC Flooring, Sheets or rolls and tiles for 1.5 mm and 2.00 mm thickness vide ISO No. 3462:1986.

**FUTURE PROSPECTS**

Despite facing tough competition from imported finished goods, the products of your company are well received in the market and as such market is not a constraint.

**DIVIDEND**

Due to Losses incurred by the company, the Directors of your company are unable to recommend any Dividend for the year 2005-2006.

**REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)**

The Rehabilitation Scheme of your company approved by The Hon'ble BIFR could not be implemented fully due to changed industrial and competitive market scenario and delay in approval of Scheme. Now proposal of One Time Settlement Scheme (OTS) has been approved by all the secured creditors at Rs. 900 Lacs. All other secured creditors except Canara Bank have given their approval. The approval of Canara Bank is likely to be received soon. Networth of the company will become positive after settlement of secured creditors.



**PREMIER POLYFILM LIMITED****DIRECTORS RESPONSIBILITY STATEMENT**

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) 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.
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (iv) That your Directors have prepared the annual accounts on a going concern basis.

**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 annexure 'I'.

**AUDITORS**

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

**REPLY OF THE BOARD TO AUDITOR'S REPORT**

<b>AUDITORS COMMENTS</b>	<b>REPLY OF THE BOARD</b>
9.a. There was an amount outstanding as on 31st March, 2006 undisputed in respect of Provident Fund, Employee's State Insurance-Employer's contribution which were due for more than 6 months from the date they become payable.	Because of the financial constraints, the company has not been able to deposit the amount with the appropriate authorities which has been disclosed in the Rehabilitation Scheme approved by the Hon'ble BIFR and is being paid in instalments as per provisions of the sanctioned Scheme of Rehabilitation.
Non-deposit of Fringe Benefit Tax	The Fringe Benefit Tax for the year 2005-06 would be deposited by 30th September, 2006.
11. Default in repayment of dues to financial institutions & banks.	The amount of instalments due under One Time Settlement has already been paid to the secured creditors who have given their approval to the OTS.

**DIRECTORS**

Shri Jaspal Singh Marwah and Shri Manoj Kumar Gupta Directors of your company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**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 your 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 Annual listing fee to the Stock Exchanges due to cash crunch resulting in suspension of trading of equity shares of your company. Your company has "IN-HOUSE" facility of shares transfer. Till date the shares of your company could not be converted into dematerialization form due to Negative Networth and for want of the consent of the Stock Exchanges and Depositories for the same.





## PREMIER POLYFILM LIMITED

### CORPORATE GOVERNANCE

The matters relating to Corporate Governance and Statutory Auditors' Certificate are as per details given in Annexure "III" and are forming part of Directors' Report to the Members.

### ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the whole hearted Co-operation received by the Company from The Hon'ble Board for Industrial and Financial Reconstruction (BIFR), Central and State Governments, Industrial Development Bank of India, Stressed Assets Stabilization Fund, Oriental Bank of Commerce, Canara Bank, UTI Bank Limited, Asian Finance and Investment Corporation Ltd., Manila, 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**

Sd/-

**(AMAR NATH GOENKA)**  
**CHAIRMAN**

Place : New Delhi

Date : 30.08.2006

### ANNEXURE - "I"

#### RESEARCH AND DEVELOPMENT (R & D) :

- |                                                            |                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Specific areas in which R&D carried out by the company  | The Company continuous to develop economical formulations for production. The Company has developed various attractive designs and colours of flooring, sheeting & Leather Cloth.                                                                                                               |
| 2. Benefits derived as a results of the above R&D          | Continuous development economical formulations has helped the Company to reduce cost of manufacturing.<br>By introducing new range of colour schemes and designs of finished products. The Company's products continue to be in demand.                                                         |
| 3. Future plan of action                                   | The company will make efforts to utilize machines including coating Line for manufacture foam leather (for sports shoes, luggage, upholstery), nylon coated material, tarpoline etc. These will replace the cotton tarpoline and are import substitution. This will boost production and sales. |
| 4. Expenditure on R&D                                      |                                                                                                                                                                                                                                                                                                 |
| a) Capital                                                 | Rs. NIL                                                                                                                                                                                                                                                                                         |
| b) Recurring                                               | Rs. 3 Lac approx.                                                                                                                                                                                                                                                                               |
| c) Total                                                   | Rs. 3 Lac approx.                                                                                                                                                                                                                                                                               |
| d) Total R&D expenditure as a percentage of total turnover | 0.07%                                                                                                                                                                                                                                                                                           |

#### 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 scale calendering line, first time in India, by which every material is tested on lab scale resulting in reduction of wastage at large scale and saving machine time. It gives extra benefits in developing economical formulations within the shortest span of time. |



**PREMIER POLYFILM LIMITED****FOREIGN EXCHANGE EARNINGS & OUTGO**

	(Rs. in lacs)
1. Earnings	1370.01
2. Outgo	310.40

**ANNEXURE - "II"****LIST OF STOCK EXCHANGES**

1. National Stock Exchange of India Limited, "Exchange Plaza", 5th Floor, Plot No. C/1, 'G' Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051. (Code No. PREMIERPOL)
2. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. (Code No. 14354)

**ANNEXURE - "III"****CORPORATE GOVERNANCE REPORT  
(ANNEXURE TO DIRECTORS' REPORT)****COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company has been practicing 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, customer satisfaction and efforts for maximization of Shareholders wealth.

**RESPONSIBILITIES**

The Board reserves for its consideration and decisions matters of policy, Capital expenditure, Corporate Governance and reporting to Shareholders. During the year under review, the Board met five times. These Board Meetings were held on 28th April, 2005, 18th June, 2005, 30th July, 2005, 29th October, 2005 and 30th January, 2006. The Directors ensure that their responsibility as directors of the company and their interest do not clash with the interest of the company.

**BOARD OF DIRECTORS**

Shri Amar Nath Goenka is the Managing Director of the company. The Board as on 31st March, 2006, consisted of 5 Directors out of which Shri Jaspal Singh Marwah, Shri Manoj Kumar Gupta and Shri Kamlesh Kumar Sinha are 3 independent Directors and out of remaining 2, Shri Amar Nath Goenka is promoter Director and Shri S P Jain is Executive Director.

During the financial year under review, five meetings of The Board of Directors were held on 28th April, 2005, 18th June, 2005, 30th July, 2005, 29th October, 2005 and 30th January, 2006.

The details of (i) Composition and Category of Directors; (ii) Attendance of each Director at the Board Meeting and Last Annual General Meeting; (iii) The other Directorship/Membership held by each Director; and (iv) The details of the Board Meetings are as follows:-

**1. COMPOSITION AND CATEGORY OF DIRECTORS AS ON 31-03-2006**

CATEGORY	NAME OF DIRECTOR	STATUS	DATE OF APPOINTMENT
PROMOTER	SHRI AMAR NATH GOENKA	EXECUTIVE	SINCE INCEPTION OF COMPANY I.E. 17-07-1992
EXECUTIVE DIRECTOR	SHRI S P JAIN	EXECUTIVE	26-06-2004
INDEPENDENT	SHRI JASPAL SINGH MARWAH	NON EXECUTIVE	02-09-1999
	SHRI MANOJ KUMAR GUPTA	NON EXECUTIVE	30-03-2001
	SHRI KAMLESH KUMAR SINHA	NON EXECUTIVE	19-08-2003



**PREMIER POLYFILM LIMITED**
**2. ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING (AGM) HELD ON AUGUST 02, 2005 AND NO. OF DIRECTORSHIP IN OTHER BOARDS AND CHAIRMANSHIP/MEMBERSHIP IN OTHER BOARD COMMITTEES.**

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorship in other Boards as on 31.03.2006*	No. of Membership in other Board Committees as on 31.03.2006*
SHRI A N GOENKA	5	5	Present	2	2
SHRI S P JAIN	4	4	Present	-	5
SHRI J S MARWAH**	5	5	Present	1	3
SHRI M K GUPTA	5	3	Absent	3	3
SHRI K K SINHA	5	4	Present	3	-

\* Directorship in Foreign Companies and Private Limited Companies & Partnership companies have not been included in the above table/details.

\*\* Chairman Audit Committee.

**DETAILS OF THE BOARD MEETINGS HELD DURING THE YEAR APRIL 1, 2005 TO MARCH 31, 2006**

DATE OF MEETING	BOARD STRENGTH	NUMBER OF DIRECTOR PRESENT
APRIL 28, 2005	5	5
JUNE 18, 2005	5	4
JULY 30, 2005	5	5
OCTOBER 29, 2005	5	4
JANUARY 30, 2006	5	4

**COMMITTEES OF BOARD**
**A) AUDIT COMMITTEE**

Audit Committee of the Board consist of three (3) Directors of the company, i.e. Shri Jaspal Singh Marwah, Chairman of Audit Committee, Shri Manoj Kumar Gupta and Shri S P Jain, Directors of the Company. The Company has been authorized to look after following major functions:

- (1) To ensure of internal control system.
- (2) To have discussions with the auditors periodically about the internal control system, the scope of audit including the observations of the auditors.
- (3) To review the quarterly and the annual financial statements before submission to the Board.
- (4) To investigate into any matter in relation to the items specified in Section 292 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and external professional advice, if necessary.
- (5) The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board.
- (6) If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the Shareholders.
- (7) The Chairman of the Audit Committee shall attend the Annual General Meetings of the company to provide any clarification(s) on the matters relating to audit.