



**PREMIER
POLYFILM
LIMITED**

ANNUAL REPORT 2006-2007



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.) 201010

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NOTICE

Notice is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of **PREMIER POLYFILM LIMITED** will be held on **Monday, the 10th September, 2007 at 2.30 P.M. at SHAH AUDITORIUM, 2, RAJ NIWAS MARG, CIVIL LINES, DELHI - 110054** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet of the Company as at 31st March, 2007, 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 Kamlesh Kumar Sinha, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri S.P. Jain, 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 with or without modification, the following resolutions as an **ORDINARY RESOLUTION**:

"RESOLVED that in accordance with the provisions of Article 116 of the Articles of Association of the Company & Section 269, 198 & 309 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits specified in Schedule XIII to the said Act the Company hereby reappoints Shri S.P. Jain as Executive Director for a period of 3 (three) years with effect from 26.06.2007.

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

(A) REMUNERATION

(i) Salary :

The Executive Director shall be paid Rs. 27,500/- (Rupees Twenty Seven Thousand Five Hundred Only) as basic salary per month in pay scale of Rs. 27,500 - 36,000 with annual increment as may be decided by the Remuneration Committee and the Board of the Directors of the Company.

(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.

(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.

(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



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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 one months 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.

(B) 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.

(C) 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.

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

"RESOLVED that in accordance with the provisions of Article 116 of the Articles of Association of the Company & Section 269, 198 & 309 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits specified in Schedule XIII to the said Act the Company hereby reappoints Shri Amar Nath Goenka as Managing Director for a period of 5 (five) years with effect from 18/2/2008.

"RESOLVED THAT remuneration including perquisites payable to Shri Amar Nath Goenka, Managing Director shall be as under :

(A) REMUNERATION

(i) Salary :

The Managing Director shall be paid Rs. 40,000/- (Rupees Forty thousand only) as basic salary per month.

(ii) PERQUISITES

(a) Housing :

The Managing Director shall be provided unfurnished accommodation at Delhi. The expenditure by the Company on hiring of unfurnished accommodation for the Managing Director will not be over 60 per cent of the salary over and above 10 per cent payable by the Managing Director and in case no accommodation is provided by the company, the Managing Director shall be paid House Rent Allowance @60% of his salary.

(b) Medical Reimbursement :

Expenses incurred by the Managing Director for himself and the family will be reimbursable to him subject to ceiling of one month's salary in a year or three month's salary over a period of three years.

(c) Leave Travel Assistance :

For self and family, once in a year to and fro from any place in India by air/train/road as per the rules of the company.



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(d) Leave :

The Managing Director shall be entitled to 30 days' leave on full salary for every eleven months of service and leave can be accumulated. However, the unavailed Privilege Leave may be encashed by the Managing Director at the termination of his tenure as Managing Director.

The Managing Director shall be entitled to contribution to Provident fund, Superannuation Fund or Annuity as applicable to the senior officers of the Company. He shall also be entitled to Gratuity which shall not exceed half a month's salary for each completed year of service.

The Managing Director shall be provided with Company's car for company's business and telephone at his residence, Personal long distance calls on telephone and use of car for private purpose by the Managing Director shall be billed by the company to the Managing Director.

In addition to this the Managing Director shall be provided with a cell phone on actual expenses basis.

(B) 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.

(C) MINIMUM REMUNERATION

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

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION :**

"Resolved that the Object Clause III (C) "The Other Objects" of the Memorandum of Association of the company be and is hereby altered in the following manner :

"RESOLVED THAT a new following clause be and is hereby inserted as sub clause III, (C) 70 immediately after existing sub Clause III, (C) 69 :

"70. To promote any firm, body corporate, company or undertaking in India or abroad and to take control of Management, Supervision or control of the business or Operations or Projects or to acquire assets of or merge or amalgamate with any firm, Company, body corporate, undertaking, person, institution, association in India and/or abroad."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION :**

"Resolved that pursuant to Section 149 (2A) (I) and/or any other provisions of the Act approval be and is hereby accorded to the company to take up and commence business as defined in Clause 28 of clause III (C) of the Memorandum of Association of the company listed under the heading "The other objects" relating to the business as Stockists, Importers and Exporters of general goods, Suppliers, Commission Agents and clearing and forwarding Agents."

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION :**

"Resolved that subject to confirmation of Company Law Board, a new clause number 76. (c) be and is hereby inserted immediately after the existing Clause number 76. (b) of the Articles of Association of the company by altering the Articles of Association.

76. (c) A Member shall be entitled to cast his/her vote through Postal Ballot in terms of Section 192 of the Companies Act, 1956."



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10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION** :

"Resolved that the existing Clause 87 (1) of the Articles of association of the company be and is hereby deleted and substituted in the following manner :

87. (1) Subject to the provisions of the Companies Act, 1956 and Rules formed thereunder from time to time, each Director excluding Managing Director/Executive Director/Whole Time Director shall be paid sitting fees for attending Meetings of the Board or a Committee thereof attended by him a such sum of rupees but not exceeding the maximum sitting fee provided under the Companies Act, 1956 and Notification(s) issued by the Government of India in this regard from time to time to be decided by the Remuneration Committee and the Board of Directors of the company."

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

Sd/-

N.K. BHANDARI
COMPANY SECRETARY

Place : New Delhi
Date : 30.07.2007

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 01/09/2007 to 10/09/2007 (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 to 10 is annexed.

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

ITEM NO. 5

Shri S.P. Jain was appointed Additional Director, subject to retirement by rotation, as well as Executive Director of the company for 3 (Three) years with effect from 26.06.2004. His appointment as Executive Director was approved by the Shareholders in their Meeting held on 20.08.2004. Shri S.P. Jain vacated his office as Executive Director on 25.06.2007 but was reappointed as Executive Director of the company by the Board of Directors of the company in their Meeting held on 28.04.2007 for another three years i.e. upto 25.06.2010 on the recommendation of the Remuneration Committee.

Remuneration of Shri S.P. Jain has been revised on reappointment as per break up and details of remuneration of Shri S.P. Jain given in the Notice convening the Fifteenth Annual General Meeting of the company. The remuneration and perks given in the Notice for Annual General Meeting is within the prescribed limits of Schedule XIII of the Companies Act, 1956. Shri S.P. Jain's reappointment as Executive Director and his terms of reappointment are subject to approval of the shareholders.



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

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

ITEM NO. 6

Shri Amar Nath Goenka, the present Managing Director of the company, holds office of Managing Director of the company till 17.02.2008. Earlier Shri Amar Nath Goenka was reappointed as Managing Director of the Company at a remuneration of Rs. 15000/- per month plus perquisites under Schedule XIII to the Companies Act, 1956 for a period of five years with effect from 18.02.2003. His reappointment as Managing Director was approved by the Shareholders of the company in the 12th Annual General Meeting held on 20.08.2004.

Now, it is proposed to reappoint him as Managing Director for a period of Five years w.e.f. 18.02.2008 at remuneration of Rs. 40,000/- per month plus perquisites. As per provisions of the Companies Act, 1956 appointment or reappointment of Managing Director requires approval of Shareholders in their General Meeting. Further the company is to hold Fifteenth Annual General Meeting by 30.09.2007 and next Annual General Meeting of the company will be held after April, 2008 so it proposed to reappoint Managing Director in the Fifteenth Annual General Meeting i.e prior to his retirement as Managing Director. The Board of Directors approved the reappointment of Shri Amar Nath Goenka in their Meeting held on 30.07.2007 subject to approval of Shareholders. Therefore, it is proposed to reappoint Shri Amar Nath Goenka as Managing Director for a period of 5 years with effect from 18.02.2008 for a period of 5 years on the terms detailed in the notice for the Fifteenth Annual General Meeting.

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 Amar Nath Goenka.

ITEM NO. 7

The Board of Directors of the company in their Meeting held on 28.04.2007 approved insertion of a new clause as number 70 after the existing clause number 69 under the heading III (C) "The other Objects" in the main object clause of the company so as to be ready to face any changed market scenario. As per provisions of the Companies Act, 1956 such changes requires approval of Shareholders in their General Meeting.

Your Board recommends the resolution to be passed as Special Resolution.

None of the Director is interested or concerned in this resolution.

ITEM NO.8

At the time of incorporation of the company the other objects of the company were detailed in Clause III (C) of the Memorandum of Association of the company. Now the company proposes to take up business of Stockists, Importers and Exporters of General goods, Suppliers, Commission Agents and clearing and forwarding Agent to earn additional income for the company. Presently Clause 28 of the object clause III (C) of the Memorandum of Association of the Company provides to take up such business. For adoption of New Business the approval of Shareholders is required under Section 149 (2A) (I) of the Companies Act, 1956. The Board of Directors in their Meeting held on 28.04.2007 approved the item subject to approval of the same by the Shareholders of the Company in their ensuing Annual General Meeting.

Your Board recommends the resolution to be passed as Special Resolution.

None of the Director is interested or concerned in this resolution.

ITEM NO. 9

At the time of incorporation of the company there was no provision under the Companies Act, 1956 for Voting through Postal Ballot. Now, after amendment of the Companies Act, 1956, the Members of the company could cast their vote through Postal Ballot to approve or disapprove any Item of the Notice of the Annual/Extra Ordinary General Meeting. Therefore, as per existing Articles of Association of the Company there is no provision of casting vote through Postal Ballot. The Board of Directors in their Meeting held on 28.04.2007 approved the item subject to approval of the same



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by the Shareholders of the Company in their ensuing Annual General Meeting. Since this provision amounts to alteration of the Articles of Association of the Company, it requires approval of the Shareholders.

Your Board recommends the resolution to be passed as Special Resolution.

None of the Director is interested or concerned in this resolution.

ITEM NO. 10

At present as per provisions of the Articles of Association of the company Directors are being paid a sum of Rupees 250/- (Rupees Two Hundred and Fifty only) as *Directors Sitting Fee for attending Board Meeting or Committee* thereof. This amount was fixed at the time of incorporation of the company when limit was very low. But now, as per latest amendments in The Companies Act, 1956, the Directors Sitting Fee can be paid a sum not exceeding Rs. 10,000/- for attending each Meeting of Board or Committee thereof. It is proposed that the Board may be authorised to take steps for modification and fixing of amount of Directors sitting fee. The Board of Directors of the company approved the revised Directors sitting fee in their Meeting held on 28.04.2007 subject to the approval by the Shareholders of the company in the ensuing General Meeting. The sitting fee as may be fixed by the Remuneration Committee and the Board of Directors of the Company from time to time provided the such sitting fee will not exceed the fee provided for in the notification(s) of the Government in this regard. The increase is necessary because the existing Directors sitting fee is very meagre and even conveyance expenses of Directors are not covered. It is only just and fair thing that the Directors be paid sitting fee commensurate with the time and effort spent made by them for attending and making contribution in decision making.

Your Board recommends the resolution to be passed as Special Resolution.

Shri Jaspal Singh Marwah, Shri Manoj Kumar Gupta and Shri Kamlesh Kumar Sinha, Directors of the company, are interested/concerned in this resolution.

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

Place : New Delhi
Date : 30th July, 2007

Sd/-
N.K. BHANDARI
COMPANY SECRETARY

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

Your Directors present the Fifteenth Annual Report together with Audited Account for the year ended on 31st March, 2007.

FINANCIAL RESULTS

(RS. IN LACS)

Particulars	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Sales & Other Income	5038	4398
Operating profit before providing for interest, Depreciation & Misc. expenses		
Written off	267	117
Less:		
Interest	77	36
Depreciation	167	166
Misc. Expenses written off	-	7
Net profit / (Loss)	23	(92)
Less:		
Provision for taxation		
Fringe Benefit Tax	4	5
Balance brought forward from previous year	(7525)	(7428)
Balance carried to Balance sheet	(7506)	(7525)
Basic and diluted earning per share	0.06	(0.35)

OPERATIONS

During the period under review your company produced 10648 M.T. of PVC flooring, Sheetings, Films etc. as against 9728 M.T. produced during the previous year, achieving a capacity utilisation of around 66 % as compared to around 60% 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 to hold 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 2006-2007.

REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

The proposal of One Time Settlement scheme (OTS) has been approved by all the secured creditors at Rs.900 Lacs. The company is making payment as per repayment schedule. The full settlement is payable by the company to all the Secured creditors by 31/03/2008 except UTI Bank Limited whose last installment is payable by 15th May, 2008. The Net Worth of the company will become positive once final payment of OTS is made to the Secured creditors. Modified Draft Rehabilitation Scheme has been submitted to the Hon'ble BIFR for approval.

DIRECTORS RESPONSIBILITY STATEMENT

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



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- (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

AUDITORS COMMENTS

REPLY OF THE BOARD

- | | |
|--|--|
| 9.a. There was amount outstanding as at 31st March, 2007 in respect of undisputed amount of Provident Fund Employer's Contribution and 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 installments as per provisions of the sanctioned Scheme of Rehabilitation in the year 2003. This relates to the period prior to the company become sick under the provisions of SICA. |
| 9.b. The disputed Statutory dues of Sales Tax as at 31st March, 2007 have not been deposited on account of matters pending before appropriate authority. | The company will make payments once the matter is decided by the appropriate authorities and as per sanctioned Scheme of Rehabilitation. |

DIRECTORS

Shri Kamlesh Kumar Sinha and Shri S.P. Jain Directors of your company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

It is proposed to appoint Shri S.P. Jain as Executive Director for 3 (Three) years with effect from 26/06/2007 with a increase in his remuneration as stated in detail in the Notice for the Annual General Meeting. Shri S.P. Jain was reappointed by the Board of Directors in their Meeting held on 28.04.2007.

Shri Amar Nath Goenka, Managing Director of the company will retire on 17/02/2008. The Board of Directors in their meeting held on 30/07/2007 has reappointed him for another term of 5 (Five) years at a remuneration as stated in detail in the Notice of the Annual General Meeting.

Shri Arvind Goenka was appointed as Additional Director of the company twice during the year. Once he was appointed on 09/09/2006 but he ceased to be Director of the company on conclusion of the Fourteenth Annual General Meeting held on 15.11.2006. Second time he was again appointed as an Additional Director of the company on 15/11/2006 and he resigned with effect from 01/01/2007.

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