

41st

ANNUAL REPORT

2011-2012



BOARD OF DIRECTORS

Mr. Chand Seth	-	Chairman & Managing Director
Mr. Varun Seth	-	Whole-Time Director
Dr. Sai Ramachandran	-	Director
Mr. Ramesh Mehra	-	Director
Mr. Mahavir Singh	-	Nominee Director (HSIIDC)

COMPANY SECRETARY**Ms. Chandni Gupta****AUDITORS****J.C Bhalla & Co.**
Chartered Accountants
B-5, Sector-6, Noida-201301(U.P.)**BANKERS**Bank of Baroda
Allahabad Bank
IDBI Bank**REGISTERED OFFICE**204, Rohit House 3, Tolstoy Marg
New Delhi-110 001**SHARE DEPARTMENT**504, Rohit House 3, Tolstoy Marg
New Delhi-110 001
Ph. : 43517917-21, Fax : 43517596**REGISTRAR & SHARE TRANSFER
AGENT****MAS Services Ltd.**
T-34, IInd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020
Ph : 011-26387281/82/83
Fax:011-26387384
E-mail:mas_serv@yahoo.com**WORKS:****Mahad**
B-3/2, MIDC Distt. Raigad, Mahad,
Maharashtra - 403302**Jigani**
13-A, Part-I Jigani Industrial Area
Distt. Anekal Bangalore, Karnataka**Gurgaon**
2-A, Sector-18, HSIIDC, Near Bijlee Board,
Gurgaon-122001, Haryana**Baddi**
Khasra No. 512-513, Village-Sandholi (Baddi),
Tehsil-Nalagarh Distt- Solan (H.P)**Pant Nagar**
Plot No. 45, Sector-3, Village Kalyanpur, Tehsil Kichha,
Distt. U.S. Nagar, IIE, Pantnagar, Uttaranchal.

NOTICE

NOTICE is hereby given that the **41st Annual General Meeting** of the members of **Pearl Polymers Limited** will be held on **Thursday, the 20th day of September, 2012 at 11:30 A.M at PHD Chamber of Commerce & Industry (Modi Hall), PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31st, 2012, the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To confirm payment of Dividend on Preference Shares.
3. To appoint a Director in place of Dr. Sai Ramachandran, who retires by rotation and being eligible, offers himself for reappointment.
4. To consider the appointment of Statutory Auditors, fix their remuneration and if thought fit, pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 224(2) and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sehgal Mehta & Co., Chartered Accountants (Firm Registration No. 03330N), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s J. C. Bhalla & Co., Chartered Accountants, who have expressed their unwillingness for re-appointment, to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration (including terms of payment) to be fixed by the Board of Directors based on recommendations of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out of pocket expenses, if any, incurred in connection with Company's audit for the financial year 2012-13.”

5. To consider the appointment of Branch Auditors and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of

Directors be and is hereby authorised to appoint any person(s) qualified to act as Branch Auditors within the provisions of the said Act, as the Branch Auditors of any Branch of the Company, whether existing or which may be opened/ acquired hereafter, in consultation with the Statutory Auditors of the Company, and to fix their remuneration for the financial year 2012-13.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof) and subject to necessary approvals as may be required under the aforesaid Act or rules made thereunder, approval of the members be and is hereby accorded to the re-appointment of Mr. Varun Seth as Whole-Time Director of the Company for a further period of three years w.e.f. 1st July, 2012 on the terms and conditions including remuneration as set out in the Explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the appointment of Mr. Varun Seth, the terms and conditions of the agreements and all actions taken by the Board of Directors (including a committee thereof) of the Company and all the incidental and ancillary things done pursuant to the said appointment, remuneration and agreement are hereby specifically approved and ratified.

RESOLVED FURTHER THAT the Board of Directors (including a committee thereof), be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to giving authority to the Board of Directors (including a committee thereof), the power to grant increments and to alter / revise the terms of appointment, remuneration, from time to time within the limits provided for in the Companies Act, 1956.

By Order of the Board of Directors
For **PEARL POLYMERS LIMITED**

Place: New Delhi
Date: 14th August, 2012

CHANDNI GUPTA
Manager (Accounts) &
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing the proxy should be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Dr. Sai Ramachandran, Director retire by rotation at the ensuing Meeting and being eligible, offers himself for reappointment. The Board of Directors of the Company commends his re-appointment.
4. Brief resume of all Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 15th September, 2012 to Thursday, 20th September, 2012** (both days inclusive).
6. Members are requested to bring their attendance slips along with their copy of Annual Report to the Meeting. As a measure of economy, copies of Annual Report will not be distributed at the Meeting.
7. Members holding shares in electronic form are requested to intimate any change in their address to Depository Participants with whom they are maintaining their Demat Accounts immediately.
8. Members holding shares in physical form either in multiple folios with identical names or joint holdings in the same order are requested to send their Share Certificates to the Company or M/s MAS Services Limited, Registrar and Share Transfer Agent for consolidation into a single folio.
9. The Company's shares are admitted in both the

Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and dematerialization of securities. Members can avail of the depository facilities by approaching any of the Depository Participants (DPs) of NSDL or CDSL or by approaching the RTA of the Company.

10. Securities and Exchange Board of India (SEBI) has made the submission of Permanent Account Number (PAN) card copy mandatory in the following cases:

- a) By all transferees for effecting transfer of shares (in physical form) in their names.
- b) By legal heirs for effecting name deletion, transmission of shares and name transposition.

Accordingly, members are requested to submit a self attested copy of their PAN card alongwith other necessary documents for timely processing of the said requests.

11. **Members desirous of seeking any information from the Company are requested to send their queries at the Company's registered office well in advance so that the same may reach at least ten days before the date of the meeting to enable the Company to keep the information readily available at the Meeting.**
12. Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliance by Companies in electronic mode. The shareholders can now receive various notices and documents through electronic mode by registering their email addresses with the Company. Members holding shares in demat mode are requested to register their email addresses with their depository participant only. Members holding shares in physical form may send such requests for registration by e-mail at investor_helpdesk@pearlpets.net or to the Company's Registrar and Share Transfer Agent (RTA) at mas_serv@yahoo.com. The registration form is annexed to this Annual report.
13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
15. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.



PEARL Polymers Limited

Pursuant to Section 173(2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to Item No. 6 of the Notice.

Item No. 6

Mr. Varun Seth was last re-appointed as the Whole-Time Director of the Company w.e.f. 1st July, 2009 for a period of three years and accordingly, the tenure of his office expired on 30th June, 2012. In terms of circular resolution of remuneration committee and subject to the approval of the Members at the ensuing Annual General Meeting, the Board of Directors at its meeting held on 30th May, 2012 re-appointed Mr. Varun Seth as Whole-Time Director of the Company w.e.f 1st July, 2012 for a further period of three years, on the terms and conditions as set out hereunder:

A. Basic Salary : ₹125000/- per month (in the scale of ₹ 125000-25000- ₹ 225000)

B. PERQUISITES IN ADDITION TO THE ABOVE:

(a) Housing: Expenditure by the Company on hiring furnished accommodation subject to lease rent not exceeding one month basic salary.

Provided further that not more than 25% of the accommodation provided to the appointee shall be used and maintained for office purpose the lease rent shall be apportioned between the company and the appointee in the ratio of 25:75.

(b) Medical Reimbursement: Medical expense incurred by the appointee for treatment of self and family subject to ceiling of one month basic salary in a year or three months' salary over a period of three years.

(c) Provident Fund: Company's contribution to Provident fund as per the rules of the Company will be subject to a ceiling of 12% of the salary as laid down under the Income Tax Rules, 1962.

(d) Superannuation Fund: Company's contribution to the Superannuation Fund together with the contribution to the Provident Fund shall not exceed 27% of the salary as laid down under the Income Tax Rules, 1962.

(e) Leave Travel Concession: For appointee and family, once in a year incurred in accordance with the Company's rules.

(f) Personal Accident Insurance: As Per Company Policy.

(g) Gratuity: Gratuity payable shall not exceed one half month's salary for each completed year of service, subject to a ceiling of ₹10,00,000/- or as such other amount as may be prescribed under the provisions of Payment of Gratuity Act, 1972.

(h) Free use of the Company's car with driver for the business of the Company.

(i) Free telephone facility at residence at the Company's cost. However, personal long distance calls shall be billed to the Appointee.

(j) Special Allowance: As per Company Policy but not exceeding half month's basic Salary.

Notwithstanding the above terms and conditions, the appointee shall not withdraw remuneration exceeding the limit as specified in schedule XIII and/or other applicable provisions of the Companies Act, 1956.

In the event of no profits or inadequacy of profits in any financial year, remuneration payable to Mr. Varun Seth, shall be regulated in accordance with the applicable parts/sections to the schedule XIII and/or other applicable provisions to the Companies Act, 1956 as amended from time to time.

INFORMATION REQUIRED PURSUANT TO THE PROVISIONS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 AND CLAUSE 49 OF THE LISTING AGREEMENT IS FURNISHED AS UNDER:

I) GENERAL INFORMATION:

(i) Nature of Industry: The Company is a leading Manufacturer of PET Jars and Bottles.

(ii) Expected date of commencement of commercial production: Not Applicable.

(iii) In case of new companies, expected date of commencement of activities as per the Project approved by financial institutions appearing in the prospectus: Not Applicable.

(iv) Financial Performance based on given indicators: The relevant financial figures (Audited) as at year ended 31st March, 2012 are as under:

(₹. in '000')

Revenue	Expenses	Net Profits/ (Loss)
2,165,861	*2,172,523	(6,662)

*This amount includes Finance Cost and Depreciation.

(v) Export performance and net foreign exchange contributions: Total foreign exchange earned was ₹ 65.35 Lacs against an outgo of ₹ 17.43 Lacs on import of Raw Materials.

(vi) Foreign Investments or collaborators, if any: Not Applicable.

II) INFORMATION ABOUT THE APPOINTEE:

a) Background Details

Mr. Varun Seth, aged 39 years holds bachelor's degree in Engineering in Industrial Production. He is a Production Engineer and has undergone

training in Japan during his initial assignment. He has an experience of nearly 16 years in handling production, marketing and overall business operations of the company.

b) Past Remuneration

A sum of ₹ 31.34 Lacs has been paid to Mr. Varun Seth, being the remuneration and allowable perks as per schedule XIII to the Companies Act, 1956 for the year ended 31st March, 2012.

c) Recognition or Awards

The Company won **Johnson & Johnson Worldwide Sustainability Award, Plastics Award** under his leadership.

d) Job Profile and his suitability

As stated above, Mr. Varun Seth is a Production Engineer and has undergone training in Japan during his initial assignment and has been associated with the Company for a period of 16 years now. He has vast experience in manufacturing, marketing, administration and involved in day to day affairs of the Company. He has been instrumental in setting up of the Gurgaon plant of the Company and is actively involved in various activities at other plants of the Company. He has also been involved in planning and framing of business strategy for introduction of new products and clients for the Company.

e) Remuneration Proposed

As mentioned above.

f) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person

The prevalent levels of remuneration in the industry in general, and plastic manufacturing industry in particular, are higher. In view of his strategic role in turning around the Company from difficult times and placing it in such a pre-eminent position in the industry while also considering his academic background and vast experience, the proposed remuneration to the appointee is reasonable and is in fact on lower side compared to the remuneration packages for such levels paid in the Industry.

g) Pecuniary relationship directly or indirectly with the Company or relationship with the management personnel, if any.

Mr. Varun Seth is the son of Mr. Chand Seth, Promoter and Chairman of the Company.

III) OTHER INFORMATION:**(a) Reasons of Inadequate Profits**

With significant increase in cost of raw material prices and other related expenses, the manufacturing costs have gone up which has resulted in lower margin of profits since the rise in raw material prices could not be passed on to customers due to cut throat competition in Pet Bottles & Jar market.

(b) Steps taken or proposed to be taken for Improvement

The Company is striving towards achieving full capacity utilization levels at all its plants. Continuous efforts are being made towards exploring new markets in other countries. Options for new segments are also being explored simultaneously. The Company is also taking efforts in cutting down its undesirable costs to the extent.

(c) Expected increase in Productivity and Profits in measurable terms

The Company will strive to widen its customer base, increase market share, develop new products and enter new segments to achieve an overall growth in the domestic top line. Company is entering into long-term contracts with the raw material suppliers to avoid unexpected price variation/ shortages.

The aforesaid measures are expected to substantially increase the productivity and profits of the Company.

IV) DISCLOSURE:**The Proposed Remuneration Package of the Managerial Personnel.**

As mentioned above.

Mr. Varun Seth upon re-appointment as the Whole Time Director of the Company shall be subject to retirement by rotation during his tenure of appointment in the Company.

Mr. Varun Seth and Mr. Chand Seth being related to each other, may be deemed to be interested in this resolution. None of the other Directors is in any way concerned or interested in this resolution.

The Directors recommend the resolution for approval of the members.

IN RESPECT OF ITEM NO. 6 OF THE NOTICE, THE ABOVE MAY BE TREATED AS AN ABSTRACT OF TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

Pursuant to Clause 49 of the Listing Agreement the information relevant to appointment/re-appointment of a director as are under:-

NAME	:	Dr. Sai Ramachandran
AGE	:	66 years
NO. OF SHARES HELD IN COMPANY	:	Nil
QUALIFICATION	:	Master of Science in chemistry from Madras University, MBA in Marketing from University of Minnesota, PHD from M.D University, Rohtak.
EXPERIENCE IN SPECIFIC FUNCTIONAL AREA	:	Dr. Sai Ramachandran has an experience of more than 39 years and has held Sr. Sales & Marketing positions in Companies like DCM, Amul, Ranbaxy and Procter & Gamble. He joined as the Marketing manager in Dabur Group and reach at the position of General Manager (Marketing). During this period he was credited with a growth of sales in Dabur from 27 Crore to 175 Crores. In his capacity as a director, he has made significant contributions to the Board & the management. His independent views on the industry & economic growth scenario's provide value addition to the Board discussions & deliberations. He is also the Chairman of the Audit committee constituted by M/s. Pearl Polymers Limited.
OUTSIDE DIRECTORSHIPS	:	Eon Electrical Ltd. (Indo Asian Fusegear Ltd.)

By Order of the Board of Directors
For **PEARL POLYMERS LIMITED**

Place: New Delhi
Date: 14th August, 2012

CHANDNI GUPTA
Manager (Accounts) &
Company Secretary

Registered Office
204, Rohit House,
3, Tolstoy Marg,
New Delhi-110001

DIRECTORS' REPORT**AND MANAGEMENT & DISCUSSION ANALYSIS**

Dear Members,

Your Directors have pleasure in presenting their 41st Report on the Business and operations of your company together with Audited Accounts for the Financial Year ended 31st March, 2012.

FINANCIAL PERFORMANCE**(₹ in Lacs)**

Particulars	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
Gross Sales	22624.60	20024.54
Less: Excise Duty	1178.29	1095.15
Net Sales	21446.31	18929.39
Other Income	212.30	153.00
Total Income	21658.61	19082.39
Total Expenditure (excl. Depreciation & Interest)	19974.00	17338.95
Profit before Depreciation, Interest & Tax (PBDIT)	1684.61	1743.44
Less : Interest	910.28	887.17
Depreciation	840.95	790.59
Profit before Tax & prior period Adjustment (PBT)	(66.62)	65.70
Provision for Taxes	29.92	1.46
Profit after Tax (PAT)	(36.70)	67.16
Surplus brought forward	394.49	697.40
Balance available for appropriation	357.79	764.56
Appropriations:-		
Proposed Dividend (incl. tax)	0.01	0.07
Transfer to Capital Redemption Reserve	175.00	420.00
Transfer from Debenture Redemption Reserve	-	(50.00)
Balance carried to Balance Sheet	182.78	394.49

DIVIDEND

In the absence of profits in the current Financial Year the Directors of the Company regret their inability to recommend dividend on Equity Shares of the Company for the Financial Year ended 31st March, 2012.

The Company has paid dividend at the rate of 0.01% p.a on the Redeemable Cumulative Preference Shares of the Company in accordance with terms of issue of the said shares.

CHANGE IN CAPITAL STRUCTURE

During the year under review, the Company redeemed 1,75,000 (One Lac Seventy Five Thousand) 0.01% Redeemable Cumulative Preference Shares. Further,

the Company has issued 10,33,000 5% Non-Cumulative Redeemable Preference Shares on private placement basis to various entities, consequent to which the Share Capital of the Company is now ₹ 27,16,49,320/- comprising of 1,68,34,932 Equity Shares of ₹ 10/- each and 10,33,000 5% Non Cumulative Redeemable Preference Shares of ₹ 100/- each.

MANAGEMENT DISCUSSION AND ANALYSIS**(a) Industry Structure and Development**

The plastic industry of India has a big market potentiality and is gradually prospering. This potentiality of the market will surely actuate the entrepreneurs to invest in this industry. Entrepreneurs are trying to provide high quality

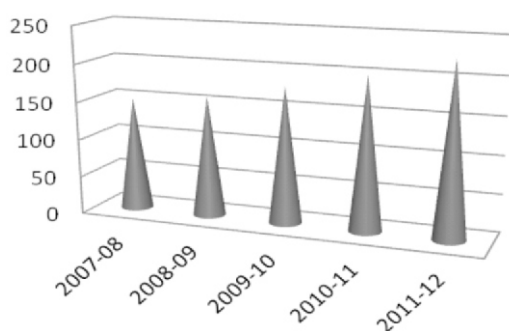
plastic products; it is amongst the booming industries at the global level. The plastic Industry chain can be classified into two primary segments, viz. the Upstream which is the manufacturing of polymers and the Downstream which is the conversion of polymers into plastic articles. It has become the key drivers of innovations & application development. The rising general demand for plastics as a substitute for other materials mutes the cyclical effects. The potentiality of plastic industry India propels other associated industries to grow side by side.

Your Company is one of the leading manufacturers and exporters of PET bottles and containers representing the Indian Plastic Industry under the brand name “**PEARLPET**” with dominance in both institutional and retail segment. Its production facilities, most strategically placed at 5 locations namely: Baddi, Gurgaon, Pant Nagar, Mahad and Jigani, in close proximity to our diversified customer base, involved in manufacturing of blow-moulded PET bottles & containers and other injection-moulded plastic products.

(b) Financial performance with respect to operational performance

During the year under review, your Company registered a turnover of ₹ 226.25 crores, thereby reporting a growth of 13% over the previous year's turnover of ₹ 200.24 crores. The Gross sales have improved tremendously over a period of last five years by approx 50% since the Financial Year 2007-2008.

Turnover in last 5 years (₹ in crores)



However, on account of significant increase in raw material prices, and change in inventories, the Company incurred a loss of ₹ 36.70 Lacs. However, your Company is forward looking about improving and expanding its operations to capture the market potential to its advantage.

(c) Economic Scenario and Industry Outlook

Last few years have been tumultuous for plastics and petrochemicals sector due to steep rise in oil prices, which has adversely affected the global economies. However, worldwide plastics Industry witnessed a steady growth rate this year which is reflected in the increased consumption figures of all types of plastic materials. On the purchase power parity basis, it is one of the top five global industries and is expected to be the third largest by the turn of this decade.

World-wide, the plastics and polymer consumption will have an average growth rate of 5% and it will touch a figure of 227 million tons by 2015. Globally, it is projected that PET (Bottle grade) will have the highest growth rate of about 11% Annual Average Growth Rate (AAGR) amongst all polymers.

The Indian plastic industry has a Demand Potential of 12.5 MMT, and Investment Potential of ₹ 84000 crores in 2011-12. According to vision 2015, the consumption of Polymers will increase upto 15% CAGR i.e. 18.9 million tones and the turnover of plastic Industry is expected to increase up to ₹ 1,33,245. The number of processing units from the current 30,000 is expected to increase to 40,000, a 33% growth which will in-turn also increase the employment potential of the sector. The per capita consumption of plastic products in India is growing and is moving towards 8% GDP Growth in near future.

(d) Opportunities and Challenges

The plastic Industry in India symbolizes a promising Industry and is creating new employment opportunities for the people of India. This potentiality of the market will surely actuate the entrepreneurs to invest in this industry. Besides this, India has the advantage of high population and is expected to maintain high economic growth. This should propel India's plastic consumption to new levels in coming year. The world trade in plastics is expected to reach 140 MMT in 2012 and provides a lucrative growth opportunity for the Indian Plastic Industry. Apart from it, various sectors relating to automobiles, electronics, telecommunications, food processing, packing, healthcare have set up large manufacturing bases in India thus providing a boost in demand of Indian plastic Industry and soon India will emerge as one of the fastest growing markets in the world.

However, with the macroeconomic slowdown, the pace of development of the domestic plastic

industry has come down significantly, the entire industry is experiencing unprecedented challenges, extensive model of development, unreasonable product structure, uneven regional development, industry concentration is low other issues still not been effectively resolved. Industrial development suffered serious resistance, due to the low awareness about the energy saving of plastics. Common perception of being non environment friendly product is the critical factor that plagues the Indian plastic industry.

While facing the above challenges, we continue to strengthen our Research and Development team which is responsible for providing new and innovative packaging solutions.

(e) Risk Management

As every other business, your Company also has significant exposure to different types and levels of risk. However, the Company has a well structured risk assessment and minimization mechanism, which is reviewed by the Board of Directors periodically. With thorough market understanding, strong marketing network, diverse and flexible manufacturing and technical expertise, your company has been able to manage and withstand risks and concerns faced by the industry.

(f) Internal Control System

The Company has adequate internal audit and internal control systems to ensure that all transactions adhere to procedure and meet statutory requirements. An extensive program of internal audit and management review supplements the process of internal control. M/s Sanjeev Khanna & Associates, Chartered Accountants, the Company's Internal Auditors periodically conducts audit to evaluate performance and reports the effectiveness and adequacy of internal control system.

Further the CEO/ CFO certification also confirms adequacy of internal control system and procedures in the Company.

(g) Human Resource and Industrial Relations

It is your Company's belief that people are at the heart of corporate purpose and constitute the primary source of sustainable competitive advantage. The thrust of your Company's human resource development efforts therefore is to create a responsive and market-driven organization. In addition, staffing is boosted at all levels of the group. The company continued with

its initiatives to foster people development, harness their creativity and ensure a motivated and contended work team. Your Company is privileged to have the right blend of professionals and executives in the organization and makes sincere efforts to ensure numerous opportunities for their growth in the organization. The Industrial relations at all levels of the Company remained cordial during the year.

CAUTIONARY STATEMENT

The business review and certain other sections of the Annual Report contain forward-looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

LISTING OF EQUITY SHARES

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd (NSE).

PUBLIC DEPOSITS

As on 31st March, 2012, a sum of ₹ 35.65 Lacs relating to 154 depositors remained unclaimed. Since then, deposits amounting to ₹ 23.01 Lacs in respect of 77 depositors have been repaid/ renewed. In accordance with provisions of the Companies Act, 1956, the Company has deposited the unclaimed deposits alongwith interest thereon into the Investor Education and Protection Fund (IEPF) established under the Act.

DIRECTORS

The composition of the Board of Directors of the Company is in accordance with the provisions of the Companies Act, 1956, the Articles of Association of the Company and satisfies the requirements envisaged in the Listing Agreement entered into with the Stock Exchanges.

Pursuant to Section 255 and 256 of the Companies Act, 1956 read with Clause 110 of the Articles of Association of the Company, Dr. Sai Ramachandran, Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-election. A brief resume of Dr. Sai Ramachandran is included in the Notice for the ensuing Annual General Meeting.

During the year under review, Mr. Harish Seth, Vice Chairman and Managing Director and Mr. Naresh Khanna, Non Executive & Independent Director, resigned from the Board w.e.f 11th July, 2012 and 1st August, 2012 respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, pertaining to the Directors' Responsibility Statement your Directors state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) The accounting policies are selected and applied consistently and are reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts for the financial year ending 31st March, 2012 on a 'going concern basis'.

CASH FLOW STATEMENT

Cash Flow Statement in accordance with Accounting Standards (AS-3) issued by ICAI (Institute of Chartered Accountants of India) also forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

The term of appointment of M/s. J.C Bhalla & Co., Statutory Auditors of Company will expire at the ensuing Annual General Meeting. However they have expressed their unwillingness to continue as the statutory Auditors of the Company.

Accordingly, the Board of Directors of the Company on the basis of recommendation received from the Audit Committee recommend the appointment of M/s. Sehgal Mehta & Co., Chartered Accountants (Firm Registration No. 03330N), as Statutory Auditor of the Company at the ensuing Annual General Meeting to hold office until the conclusion of next Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as Statutory Auditors as per Section 224(1B) of the Companies Act, 1956. And that they are not disqualified for such

appointment within the meaning of the section 226 of the said Act.

The notes to accounts referred to in the Auditors' Report, are self-explanatory and therefore do not require any further comments.

CORPORATE SOCIAL RESPONSIBILITY

Your Company strongly believes that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large. The Company's initiatives in the community aim to create impact through empowerment so that the people in the community can make a better living and lead a better quality of life. The Company continues to make focused efforts for fulfilling its CSR with the thrust areas being education, health & sanitation and public awareness. During the year, the Company was involved in the following CSR activities.

Environmental Initiatives: While respecting and upholding our responsibility towards the environment and to further create and promote awareness amongst our workers, extensive plantation and gardening was carried out inside and outside the premises of the work. Conscious efforts were made towards proper treatment and handling of scrap by facilitating reuse, recycle and safe disposal of waste, already accredited with ISO 22000-2005, most of the units are demonstrating best practices in Industry in the directions of food safety, and energy optimization. Further your Company is been Categorized as 'Zero Pollution Industry' and is "Green Categorized". All environmental norms were duly complied with at the manufacturing locations.

Social & Health Initiatives: Your Company always come forward and makes contributions in times of natural calamities like Earth Quake, Tsunami, and Floods etc. Our employees also voluntarily come forward in contributing in all possible ways to rehabilitate effected families in case of any God Forbidden unnatural happening. Our Units at various locations organize Blood donation camps in coordination with local blood banks. We also participate in various activities through subscription & Contributions towards our local Industrial welfare Associations. Senior Management is actively involved in Free Treatments for Eyes/other Medical problems, arranging operations where necessary, providing aids to physically challenged etc through various Service Foundations.

Educational & Training Initiatives: During the year, various training programs were organized for the workers at the plant. Special training on First Aid was imparted besides the periodical training on Fire and



General Safety given to the employees. New entrants were provided with training before being allowed to handle machines. Amongst other efforts, various presentations were organized at the Corporate Office to apprise the employees of the updates and constant changes occurring in the corporate world. Vocational plant training was also imparted to students from Engineering and Diploma Institutes as part of their curriculum.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement on details pertaining to Energy Conservation, Technology absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988, forms part of this Directors' Report as **Annexure-I**

PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration exceeding the limit fixed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

Accordingly, no disclosure is required to be made in pursuance with the above provisions.

CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better Corporate Governance in fair and transparent practices, many of which have already been in place even before they were mandated by the law. The Company complies with clause 49 of the Listing Agreement. The Board of Directors of the Company had also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company www.pearlpet.com.

The certificate certifying due diligence from the Statutory Auditors of the Company pertaining to practices of corporate governance adopted in the company forms the part of this report.

ACKNOWLEDGEMENT & APPRECIATION

The Board of Directors thank the Company customers, shareholders, investors, vendors and bankers for their support to the company during the year and place on

record their gratitude and co-operation received from financial institutions, Banks and Governmental & Non-Governmental authorities.

Your directors also wish to place on records their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Dealers, Business Associates and Employees in ensuring an excellent all around operational performance.

On behalf of the Board
PEARL POLYMERS LIMITED

Chand Seth
Chairman & Managing Director

Place: New Delhi
Date: 14th August, 2012

ANNEXURE- I**DISCLOSURE OF PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A CONSERVATION OF ENERGY****(I) ENERGY CONSERVATION MEASURES TAKEN:**

1. We continue to introduce new energy efficient equipment in our plants. Recently we have purchased two new energy efficient air compressors which forms an important integral part of our Production activity. One of the compressors is integrated with a close-loop type cooling tower which in turn also helps in conserving ground water.
2. All our Units now procure only three / five star rated energy efficient Appliances.
3. We have provided new generation, high efficiency, low power consuming water pump in one of our water chilling units with encouraging results. The plan to provide more such pumps is underway.
4. A water chilling unit recently purchased for one of our plants is equipped with modern energy efficient Scroll Compressor in place of conventional reciprocating compressor. The unit consumes 20% less power than the conventional one.
5. Replacement of CRT computer monitors with LCD monitor is been carried out at number of locations. Proposal of replacing CFL lamps with LED bulbs is now in a continuous endeavour and the hardwares are also now available at a more economical cost.

(II) ADDITIONAL INVESTMENTS/PROPOSALS BEING IMPLEMENTED FOR REDUCTION IN CONSUMPTION OF ENERGY

All our additional investments are now firmed up to revolve around our Team's Techno Commercial experiences gained through Practical experimenting and speculations forseen by our team expertise and viable suggestions.

(III) IMPACT OF MEASURES AT (I) AND (II) ABOVE FOR REDUCTION IN CONSUMPTION OF ENERGY AND ON THE COST OF PRODUCTION OF GOODS

With the above measures we successfully reduced the consumption of energy and running our machines more efficiently as far as things in our technical controls are concerned.

The measures undertaken are monitored and continuously viewed in light of their impact. The original modifications are made to suit the need and to improve performance and profit margins.

B EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER PRESCRIBED "FORM B"**I. RESEARCH AND DEVELOPMENT (R & D)****a) Specific areas in which the Research and Development (R&D) is being carried out.**

Our primary focus is on improving customer satisfaction levels having paid back in terms of improving our share in market. We have invested in new machines, moulds & other utility equipments to continuously grow in this endeavour.

b) Benefits derived as a result of R & D efforts

Improved growth options and incepting of more zeals to keep adapting newer improved reduced pay back cycle not in financial terms alone but in mental satisfaction levels too.

c) Future plan of action

To continue taking actions which keep us above by more than an edge over similar industries.

d) Expenditure on R & D: Nil

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts made, in brief, towards technological absorption, adaptation and innovation

The new processes and technologies developed through R & D have been adapted and absorbed in manufacturing techniques. Continuous efforts are being made to reduce cost, improve product quality and promote usage of PET packaging into new areas where others modes of packaging are being used.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

By Virtue of the measures adopted, the Company has benefited from reduction in cost due to import substitution and increased revenue through higher exports, reduced machine time, and above all customer satisfaction.

c) Information regarding importing technology: N.A

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

During the year, ₹ 65.35 Lacs of our revenues were derived from exports. Further the Company is exploring the possibility of exporting PET Products to various countries.

b) Total Foreign Exchange earnings and outgo

(₹ in lacs)

Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
Foreign Exchange Earnings (FOB Basis)	65.35	24.09
Foreign Exchange Outgo (On CIF Basis)		
(i) On Imports		
(a) Raw Material	17.43	89.67
(b) Capital Goods	NIL	NIL
(c) Traded Goods	NIL	57.02
(ii) Travelling & Others	20.77	31.43

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT
PERSONNEL WITH COMPANY'S CODE OF CONDUCT**

This is to confirm that all the Members of the Board of the Company and the Senior Management have affirmed their compliance with the Code of Conduct laid down for the Directors and Senior Management of the Company for the Financial Year ended 31st March, 2012.

This certificate is being given in compliance with the requirements of Clause 49 I (D) (ii) of the Listing Agreement entered in to with the Stock Exchanges.

For and on behalf of the Board of Directors

PLACE : NEW DELHI
DATED : 30th April, 2012

CHAND SETH
CHAIRMAN & MANAGING DIRECTOR

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT****To The Members of Pearl Polymers Limited**

We have examined the compliance of conditions of corporate governance by Pearl Polymers Limited for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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.

Place : New Delhi
Date : 1st August, 2012

For J.C.Bhalla & Co.
Chartered Accountants
(FRN : 001111N)
Akhil Bhalla
Partner
Membership No. 505002

CORPORATE GOVERNANCE REPORT**I. COMPANY'S PHILOSOPHY**

Good governance practices stem from the culture and mindset of the organisation. The governance is about out-performing sustainable organisations. These are the organisations that succeed consistently in the market place, gain a greater share of market opportunities and sustainably drive their top and bottom lines.

At Pearl, we continue to make unswerving and conscious efforts towards improving our standard of governance in every aspect of our business and reassess our practices while setting even higher benchmark of performance to achieve business excellence and meet our fiduciary role in the corporate world. We believe that a true governance system and mechanism can be achieved only where there is intention to implement them. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives. The importance of Corporate Governance has always been recognized and is manifested in the Company's vision. A report on compliance with the requirements of Corporate Governance laid down in the Listing Agreement is enumerated herein below:

II. BOARD OF DIRECTORS

The Board of Directors plays a crucial role in ensuring good governance, in the organization, through its progressive thinking and professionally qualified members, having multidisciplinary knowledge and experience which is further complemented by Independent Directors adding creative solutions/ideas to the Board discussions and deliberations.

i) Composition

The present strength of the Board is Seven (7) Directors. The Board comprises of three (3) Executive and Four (4) Non-Executive Directors representing the optimum combination of professionalism, knowledge and business experience. The members of the Board are acknowledged as leading industrialist and professionals in their respective fields. The Board is headed by Mr. Chand Seth- Executive Chairman & Managing Director of the Company.

The Non-Executive Directors, bring independent judgment in the Board's deliberations/decisions and, constitute more than half of the total strength of Board.

All the relevant information including the information specified in Annexure IA to Clause 49 of the Listing Agreement was made available to the Board members.

The composition of the Board of Directors, Number of Shares held, alongwith the number of Directorships and Committee positions (Chairmanships/ Memberships) held by them in other companies as on 31st March, 2012 are given herein below:

Name of Directors	Position on the Board	No. of Shares Held	Number of outside Directorships@	Number of Committee positions held in other Public companies	
				Chairmanship*	Membership* (inclusive of chairmanship)
Executive Directors					
Mr. Chand Seth	Chairman & Managing Director	315635	4	0	1
Mr. Harish Seth	Vice- Chairman & Managing Director	574840	1	0	2
Mr. Varun Seth	Whole Time Director	253597	2	0	0
Non Executive and Independent Directors					
Dr. Sai Ramachandran	Director	0	1	2	2
Mr. Naresh Khanna	Director	100	3	0	1
Mr. Ramesh Mehra	Director	0	0	0	2
Mr. Rakesh Kumar Gupta©	Director- Nominee- HSIIDC	0	0	0	0
Mr. Mahavir Singh©	Director- Nominee- HSIIDC	0	5	2	3

Notes:

- \$ None of the Directors is a member of more than ten committees or Chairman of more than five committees in compliance with the provisions of clause 49 of the Listing Agreement.
- @ It Excludes Alternate Directorship, Directorship in Private Companies, Foreign Companies and Companies registered under section 25 of the Companies Act, 1956.
- * It exclude committees other than the Audit Committee and Shareholders'/ Investors' Grievances Committee of all Public Limited Companies.
- © Mr. Mahavir Singh was nominated on the Board in place of Mr. Rakesh Kumar Gupta by HSIIDC w.e.f 7th October, 2011. Accordingly the details of Directorship and Committee position of Mr. Rakesh Kumar Gupta is as on 31st March, 2011
- # Mr. Chand Seth, Chairman & Managing Director and Mr. Harish Seth, Vice Chairman & Managing Director are related to each other, being brothers. Mr. Varun Seth, Whole Time Director is related to Mr. Chand Seth.

ii) Board and Annual General Meeting

During the period under review seven (7) Board meetings were held i.e 30th May, 2011, 11th August, 2011, 22nd September, 2011, 14th November, 2011, 13th February, 2012, 21st February, 2012 and 31st March, 2012.

The last Annual General Meeting was held on 22nd September, 2011

The Details of Attendance of each Director at Board Meetings and Annual General Meeting is given below:

S.No	Name of Directors	Attendance in Board Meeting	Attendance at Annual General Meeting
Executive Directors			
1	Mr. Chand Seth	6/7	Present
2	Mr. Harish Seth	4/7	Absent
3	Mr. Varun Seth	2/7	Present
Non Executive and Independent Directors			
4	Dr. Sai Ramachandran	7/7	Present
5	Mr. Naresh Khanna	7/7	Present
6	Mr. Ramesh Mehra	4/7	Absent
7	Mr. Rakesh Kumar Gupta	0/3	Absent
8	Mr. Mahavir Singh	0/4	N.A

iii) Information provided to the Board

- Annual operating plans and budgets including capital budgets and any updates thereof.
- Quarterly results for the Company and its business segments.
- Minutes of meetings of Audit Committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development on human resources front.
- Sale of material nature, of investments, subsidiaries and assets, which is not in normal course of business.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer, etc.

III. BOARD COMMITTEES

To focus effectively on different business & operational efficiencies the Board has constituted several committees with specific responsibilities/scope. These Committees operate as empowered agents of the Board as per their charter. The details of the Board committees are given as under:

i) Audit Committee

The Company has constituted a qualified and Independent Audit Committee in accordance with the provisions of section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement which act as a link between the Management, Statutory Auditors and Internal Auditors of the Company.

a) Composition, Meetings and Attendance

The Audit Committee comprises of three Non Executive and Independent Directors as members, all of whom are financially literate and have relevant financial and accounting expertise.

During the period under review four (4) Audit Committee meetings were held i.e on May 30, 2011, August 11, 2011, November 14, 2011 and February 13, 2012.

The details of composition of Independent Audit Committee, Designation and Attendance of the members at the Committee Meetings held during the year are given below:

S.No.	Name of Members	Designation	Meetings Attended
1	Dr. Sai Ramachandran	Chairman	4/4
2	Mr. Naresh Khanna	Member	4/4
3	Mr. Ramesh Mehra	Member	2/4

Cs. Pallavi Vardhan, Asst. Company Secretary acted as the Secretary to the Audit Committee.

Dr. Sai Ramachandran, Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 22nd September, 2011.

b) Key Responsibilities:

The responsibilities and powers of the Audit Committee is as set out in the Listing Agreement read with Section 292A of the Companies Act, 1956 are as under:

- To review financial reporting process and disclosure of its financial information to ensure that the financial statements reflect the true and fair position and that sufficient and credible information is disclosed.
- To recommend appointment, re-appointment, replacement/ removal of the Statutory Auditor and internal Auditors, fixing of Audit fee and payment of any other services and review their performance.
- To review with internal and external auditor, the adequacy of internal control systems.
- To approve appointment of CFO of the Company.
- To obtain outside legal or other professional advice.
- Reviewing the financial statements and draft audit report, including the quarterly/half yearly financial information.

The recommendation of the Audit Committee on any matter relating to financial management including the audit report is binding on the Board.

ii) Remuneration Committee

The board has constituted a Remuneration Committee in compliance with the provisions of schedule XIII of the Companies Act, 1956 and Non- mandatory recommendation of Clause 49 of the Listing Agreement.

a) Composition

The Remuneration Committee comprises of three (3) Non Executive and Independent Directors as members. The details of composition of remuneration committee and designation of the members are given below:

S.No.	Name of Members	Designation
1	Dr. Sai Ramachandran	Chairman
2	Mr. Ramesh Mehra	Member
3	Mr. Rakesh Kumar Gupta®	Member
4	Mr. Mahavir Singh®	Member

® Consequent to nomination of Mr. Mahavir Singh in place of Mr. Rakesh Kumar Gupta by HSIIDC on the Board of the Company, Remuneration Committee was reconstituted by the Board in its meeting held on 14th November, 2011.

b) Key Responsibilities:

The remuneration Committee is empowered to review and recommend the remuneration packages of the Executive Directors including pension rights and compensation. The recommendations of the Remuneration Committee are based on the following:

- ❖ Overall financial performance and profitability of the Company.
- ❖ Appointee's qualification, experience, past remuneration and performance.
- ❖ Prevailing general economic conditions and emoluments being offered by other Companies in the industry.

c) Meetings and Attendance

During the year under review no meeting of Remuneration Committee was held. However, a circular resolution was passed by the members of the Remuneration Committee on 25th October, 2011 to recommend to the Board of Directors, an enhancement in the remuneration payable to Mr. Varun Seth, Whole -Time Director of the Company.

d) Remuneration Policy

The remuneration policy is driven by the success and performance of an individual employee and the Company. The remuneration policy is in consonance with the existing industry practice.

The Company pays remuneration by way of salary, perquisites and allowances to its Managing Directors and Executive Directors as recommended by the Committee and approved by the shareholders of the Company.

The details of the remuneration/Sitting fees paid to the Executive Director and Non Executive Directors in respect of the Financial Year 2011-12, are given herein below:

(₹. in 'Lacs)

Name & Designation	Salary	Allowances	Perquisites	P.F Contribution & Superannuation	Total
Mr. Chand Seth®	24	18	-	6.48	48.48
Mr. Harish Seth	24	13.96	-	6.48	44.44
Mr. Varun Seth®	18	8.48	-	4.86	31.34

The details of sitting fees paid to the non-executive directors for the year ended 31st March, 2012 is as follows:

(₹. in 'Lacs)

Name of Director	Sitting Fees (@ ₹ 1000/- per meeting)
Dr. Sai Ramachandran	0.07
Mr. Naresh Khanna	0.07
Mr. Ramesh Mehra	0.04
Mr. R.K Gupta (Nominee Director- HSIIDC)	-
Mr. Mahavir Singh (Nominee Director - HSIIDC)	-

@ Mr. Udit Seth, Vice President (Sales & Marketing) is related to Mr. Chand Seth and Mr. Varun Seth. None of the employees, apart from Mr. Udit Seth is related to any of the Directors.

iii) Shareholders' / Investors' Grievances Committee (SIGC)

a) Composition, Meetings and Attendance

In compliance with the requirements of Clause 49 of the Listing Agreement, the Company has constituted a Shareholders' and Investors' Grievances Committee (SIGC). The Committee has three members i.e. Dr. Sai Ramachandran, Non Executive & Independent Director is the Chairman of the Committee.

During the period under review four (4) meetings of Shareholders' Investor' Grievances committee (SIGC) were held i.e on May 30, 2011, August 11, 2011, November 14, 2011 and February 13, 2012.

The details of composition of Shareholders' and Investors' Grievances Committee (SIGC), designation of members and attendance at SIGC meetings are given below

S. No.	Name of Members	Designation	Meetings Attended
1.	Dr. Sai Ramachandran	Chairman	4/4
2.	Mr. Chand Seth	Member	3/4
3.	Mr. Ramesh Mehra	Member	2/4

CS. Pallavi Vardhan, Asst. Company Secretary acted as the Secretary to the Shareholders'/Investors' Grievances Committee (SIGC).

b) Key Responsibilities:

The Shareholders'/Investors' Grievance Committee, inter alia reviews and ensures redressal of all Investors' complaints pertaining to transfer of shares, non receipt of Balance Sheet, non-receipt of dividend, issue of duplicate share certificates, transmission of shares and other miscellaneous queries/ complaints. The Committee oversees performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

c) Details of Queries/Complaints received and resolved during the year under review:

In order to provide an appropriate disclosure of the investor complaint the company has formed and adopted a policy of classification of investor communication. The policy endeavors to differentiate between the general shareholders communication and complaints and has been duly approved by SIGC. The details of such classification and query or Complaints received by the Company and its RTA are given below: :

S. No.	Nature of Query/Complaint	Received (Nos)	Resolved (Nos)	Pending (Nos)
1.	Request for change of address	9	9	Nil
2.	Request for duplicate shares/ splitting/ consolidation of share certificates	2	2	Nil
3.	Request for dematerialization/ (rematerialization) of shares	100	100	Nil
4.	Request for share transfer/ share transmission	35	35	Nil
5.	Complaints from Stock Exchanges/ SEBI/ Depositories	1	1	Nil
6.	Misc. requests including redemption of debentures, unclaimed dividend, annual reports etc.	40	40	Nil

The Company addresses all the complaints, suggestions and grievances expeditiously and replies are sent/issues are resolved within 15 days of their receipt except in case of dispute over facts or other legal constraints. The Company ensures timely and prompt submission of its response to the queries / clarifications sought by the Stock Exchanges, Investors and the Securities and Exchange Board of India (SEBI).

(iv) Finance Committee of Directors

a) Composition and Meetings

In addition to above Committees the Company has also formed a functional committee known as the Finance Committee of Directors. This Committee has been constituted to cater to the various day-to-day requirements and to facilitate the seamless operations of the Company. The Committee meets generally on a fortnightly basis or as per the operational needs.

The Finance Committee of Directors comprises four Directors as its members the details of the Composition of the committee are given below:

S. No.	Name of Members	Designation
Executive Directors		
1.	Mr. Chand Seth	Chairman
2.	Mr. Harish Seth	Member
Non Executive and Independent Directors		
3.	Mr. Ramesh Mehra	Member
4.	Mr. Naresh Khanna	Member

b) Key Responsibilities:

- To borrow from any Financial Institution(s), Bank(s), or other persons etc., for long term as well as short term loans by way of ICD/Bill discounting/credit facilities etc. and to raise loans or opening of letter(s) of Credit subject to a maximum limit of ₹ 100 Crores.
- To authorize execution of all documents as may be required by way of security, thereby creating encumbrances on the properties of the Company and binding the Company, including charging/mortgaging the movable/immovable properties of the Company in favour of such Financial Institutions, Banks and other lenders, from time to time and to authorize affixing of Common Seal, wherever necessary, to all documents related to any business transacted by the Finance Committee.
- To approve/reject transfer/transmission of shares or splitting/ consolidation / issue of duplicate share certificates or finalizing/fixing the dates of Book Closure, Record Dates or any other related matter, except for allotment of new shares.
- To make allotment of shares of the Company to Financial Institutions and Promoters etc. on preferential basis and redemption of preference shares issued.
- To open accounts with banks and to authorize various persons to operate the said accounts including authorization for net banking and also closure of bank accounts.
- To authorize any Director or other official of the Company to represent the Company before any Government/Semi-Government Authority, including Authorities of the Customs, Excise, Sales Tax Departments, Import/Export, Income-Tax Departments etc.
- To take on lease or hire purchase basis, any vehicle or other machinery/equipment or other asset for the purpose of the Company.
- To authorize execution of Power of Attorney in favour of any official in connection with the business of the Company.
- To invest/lend the funds of the Company in any shares/debentures/bonds/other securities issued by any Company/ Body Corporate, Financial Institution etc., in accordance with the provisions of Section 372 A of the Companies Act, 1956, and subject to a maximum limit of ₹ 25 Crores.

IV GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years and the special resolutions passed thereat are as follows:

Financial Year	Date & Time	Special Resolution(s)	Venue
2008-09 (38 th AGM)	25 th September, 2009 11:15 A.M	1. Reappointment of Mr. Varun Seth as the Whole Time Director and the remuneration payable to him.	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi-54
2009-10 (39 th AGM)	28 th September, 2010 11:15 A.M	No Special Resolutions	
2010-11 (40 th AGM)	22 nd September, 2011 11:30 A.M	1. Reappointment of Mr. Chand Seth as Chairman & Managing Director and the remuneration payable to him. 2. Reappointment of Mr. Harish Seth as Managing Director and the remuneration payable to him. 3. Appointment of Mr. Amit Seth as Officer in place of profit. 4. Appointment of Mr. Udit Seth as Officer in place of profit.	

V POSTAL BALLOT:

During the period under review the Company has successfully completed the process of obtaining the

approval of its Members by postal ballot on the following resolutions:

- Reclassification of Authorised Share Capital of the Company under section 94 of the Companies Act, 1956.
- Alteration in capital clause of the Memorandum of Association of the Company pursuant to section 16 of the Companies Act, 1956.
- Alteration in Articles of Association of the Company pursuant to section 31 of the Companies Act, 1956.
- Issuance of Preference Shares to the Companies Promoters and its Associates under section 81(1A) of the Companies Act, 1956.

Mr. V.P Kapoor, AICWA, LLB, FCS & Practicing Company Secretary was appointed as the Scrutinizer by the Company in its meeting held on 21st February, 2012 for conducting the Postal Ballot process in a fair and transparent manner. The results were announced by the Chairman & Managing Director of the Company on 28th March, 2012.

Voting Pattern of Postal Ballot

Number of valid postal ballot forms received			44
Number of invalid postal ballot forms received			1
1.	Special Resolution	No. of Shares	Percentage
	Votes in favour of the Resolution	9066124	99.99
	Votes against the Resolution	3	0.01(Negligible)
	Result in favour	By more than 3/4 th majority	
2.	Ordinary Resolution	No. of Shares	Percentage
	Votes in favour of the Resolution	9066124	99.99
	Votes against the Resolution	3	0.01(Negligible)
	Result in favour	By more than 3/4 th majority	
3.	Special Resolution	No. of Shares	Percentage
	Votes in favour of the Resolution	9066124	99.99
	Votes against the Resolution	3	0.01(Negligible)
	Result in favour	By more than 3/4 th majority	
4.	Special Resolution	No. of Shares	Percentage
	Votes in favour of the Resolution	9066124	99.99
	Votes against the Resolution	3	0.01(Negligible)
	Result in favour	By more than 3/4 th majority	

Accordingly, the Resolutions set out in the Notice dated 21st February, 2012 were duly passed by the requisite majority of the shareholders.

VI. CODE OF CONDUCT

The Board has approved and adopted a "Code of Conduct" for Board Members and Senior Management Personnel. The said code aims at ensuring that the business of the Company is conducted in accordance with the appropriate laws, rules & regulations and with the highest standards of ethics and values.

The said Code has been circulated to all members of the Board and Senior Management Personnel and compliance with the Code of Conduct affirmed by them annually.

A declaration to this effect, duly signed by Mr. Chand Seth, Chairman and Managing Director of the Company is provided as an annexure to this report.

The said "Code of Conduct" has also been posted on the website of the Company at www.pearlpel.net.

VII. STATUTORY COMPLIANCE

The compliance with the applicable laws, rules and regulations at the departmental and organizational level were periodically reviewed by the Board during the period under review.

VIII. DISCLOSURES

a) Materially Significant Related Party Transactions

During the period under review no materially significant transactions were held with related parties. However the transactions held with related parties have been disclosed in Note No. 41 of the Notes to Accounts forming part of the financial statements in the Annual Report.

All related party transactions are negotiated at arms' length basis and are only intended to further the interest of the Company.

b) Compliance

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

c) Accounting Standards

The financial statements have been prepared following the prescribed Accounting standards and amended schedule VI of the Companies Act, 1956. In case of an deviation with the prescribed Accounting Standards, the same are mentioned in the attached Audit Report.

d) Risk Management

In compliance with clause 49 of the listing agreement the Company has established a wide Risk Management Framework to optimally identify and manage risks as well as to address operational, strategic and regulatory risk. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organized approach for evaluating and managing risks.

The Company periodically places before the Board for evaluation and review of the risk assessment and minimization procedures being followed by the Company.

e) CEO/CFO Certification

Mr. Chand Seth, Chairman & Managing Director and Mr. Rajesh Mehra, Chief Financial Officer (CFO) have furnished the Annual Certificate to the Board of Directors confirming that the financial statements present the true and fair view of Company's affair and are in compliance with existing accounting standards, amended schedule VI of the Companies Act, 1956 and applicable laws and regulations in terms of Clause 49(V) of the Listing Agreement. A copy of the said certificate forms part of this Annual Report.

f) Compliance with Mandatory Requirements

We have complied with all the mandatory requirements of the code of corporate governance as stipulated under the listing agreement. We have obtained a certificate affirming the compliances from M/s. J.C Bhalla & Co. Chartered Accountants, Statutory Auditors of the Company and the same is attached to the Directors' Report.

IX) ADOPTION OF NON-MANDATORY REQUIREMENTS

(a) The Board

The Chairman of the Board is an Executive Director and accordingly no separate Chairman's office has been maintained. Further, the Company ensures that, Independent Directors of the Company have requisite qualifications and experience that may prove advantageous to the Company. No maximum tenure for the Independent Directors has been specifically determined by the Board. However, the Independent Directors are liable to retire by rotation and may offer themselves for re-appointment. Further, the tenure of the Nominee Director is regulated by the financial institution which nominates the Director.

(b) Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee, the details of which have been provided under the section 'Board Committees'.

(c) Shareholders' Rights

The quarterly, half yearly and annual financial results of the Company are published in the newspapers as per clause 41 of the Listing Agreement and are also posted on the Company's website www.pearlpet.net. The shareholders are kept informed about all the events in the Company. The same are also readily available on the website of the Stock Exchanges where the Equity Shares of the Company are listed i.e, at www.bseindia.com. and www.nseindia.com.

(d) Audit Qualifications

It is always the Company's endeavor to present unqualified financial statements. During the period under review, there were no audit qualifications in the financial statements. The company continues to adopt best accounting practices and has complied with the Accounting Standards and there is no difference in the treatment.

(e) Training of Board Members

No specific training programme was arranged for Board members during the period under review. However, the Board members are continuously briefed by the Chairman and Managing Director on the developments and performance of the Company to facilitate them to appraise the performance at regular intervals and give suggestions for improvements.

(f) Mechanism for evaluation of Non-Executive Directors

Presently, there is no prescribed mechanism for performance evaluation of the Non-Executive Directors. The Board has so far evaluated the performance of the Directors collectively to reinforce the principle of collective accountability.

(g) Whistle Blower Policy

The Company promotes ethical business behavior in all its business activities. Though the Company has not adopted any 'Whistle Blower Policy', but it encourages friendly atmosphere where employees can forward any instance of unethical behavior to the attention of the immediate reporting authority, who is required to report the same to the head of the Human Resource Department.

X. MEANS OF COMMUNICATION

Communication is a key element of the overall Corporate Governance framework and therefore Pearl emphasizes on and ensures prompt, continuous, efficient and relevant communication to all external constituencies. The company regularly intimates its financial results and other necessary event based information to all its stakeholders in the following manner:

Event based:	
Publication	Important Notices and financial results are regularly informed through publication in the newspapers immediately after these are approved by the Board. The publication is normally made in the editions of Business Standard & Financial Express (English) and Jansatta & Haribhumi (Hindi).
Website	All the relevant information for the stakeholders of the Company is made available on the Company's website at www.pearlpet.net and the website of the Stock Exchanges where the shares of the Company are listed i.e, www.nseindia.com (NSE) and www.bseindia.com (BSE).
Designated Exclusive email ID:	An email id investor_helpdesk@pearlpet.net has been designated exclusively for investor servicing.
Annual	
Annual Report	Annual Report of the Company containing, inter-alia, Audited Accounts, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to the members and others entitled thereto for each financial year. The Management Discussion and Analysis Report forms part of the said report.
Communication Address for Investors	
Secretarial Department	Chandni Gupta # Compliance Officer Manager (Accounts) & Company Secretary 504, Rohit House, 3, Tolstoy Marg, New Delhi-110001 Phone Nos.: 011- 43567922 Fax No. : 011 -43517596 Email: chandnigupta@pearlpet.net
Registrar & Share Transfer Agent	M/S. MAS SERVICES LIMITED T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi -110020 Ph: 011-26387281/82/83 Fax: 011-26387384 Email: mas_serv@yahoo.com

#Consequent to resignation of CS. Pallavi Vardhan, Asst. Company Secretary of the Company w.e.f 10th July, 2012, Ms. Chandni Gupta was appointed as Company Secretary and Compliance Officer w.e.f 11th July, 2012.

XI GENERAL SHAREHOLDERS' INFORMATION

i) Annual General Meeting

AGM	YEAR	DATE, DAY & TIME	VENUE
41 st	2011-12	20th September, 2012 11.30 A.M Thursday	PHD Chamber of Commerce & Industry (Modi Nagar), PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016

ii) Financial Calendar

Financial Year	Ending March 31
Date of Book Closure	15.09.2012 – 20.09.2012(Both Days Inclusive)
Dividend Payment Date	N.A.

iii) Financial Reporting Calendar in respect of unaudited Quarterly results (2012-13)

Unaudited quarterly results for the quarters	Tentative date of reporting
April -June 2012	Upto Second week of August, 2012
July- September 2012	Upto Second week of November, 2012
October-December 2012	Upto Second week of February, 2013
*January-March 2013	Upto Last week of May, 2013

*Instead of publishing the un-audited financial results for the last quarter ending 31st March, 2013, the Company may opt to publish audited annual results by 30th May, 2013.

iv) Listing on Stock Exchanges and Stock Code

S. No.	Stock Exchanges	Stock Code	Equity ISIN
1.	Bombay Stock Exchange Ltd. (BSE)	523260	INE844A01013
2.	National Stock Exchange of India Ltd. (NSE)	PEARLPOLY	

v) Payment of Listing Fees and Custodial Charges

Annual Listing fee for the financial year 2012-13 has been paid to the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE).

Custodial Charges have been paid to NSDL and CDSL for the financial year 2012-13 on the basis of the beneficial records maintained with them as on March 31, 2012.

vi) Market Information

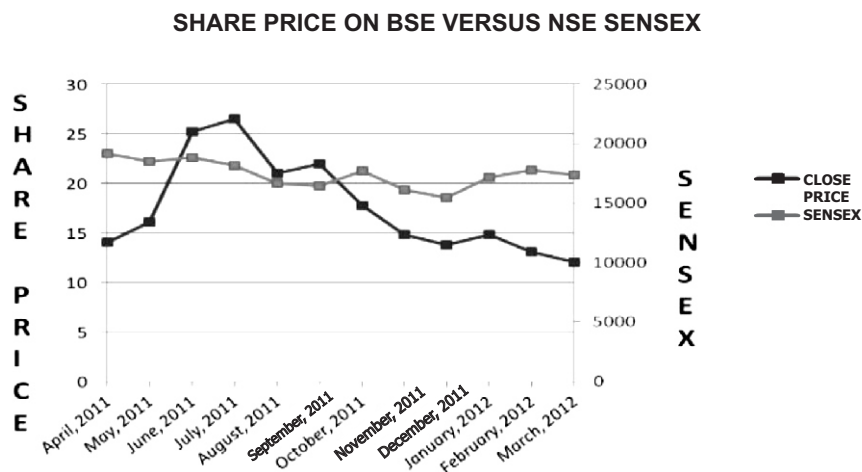
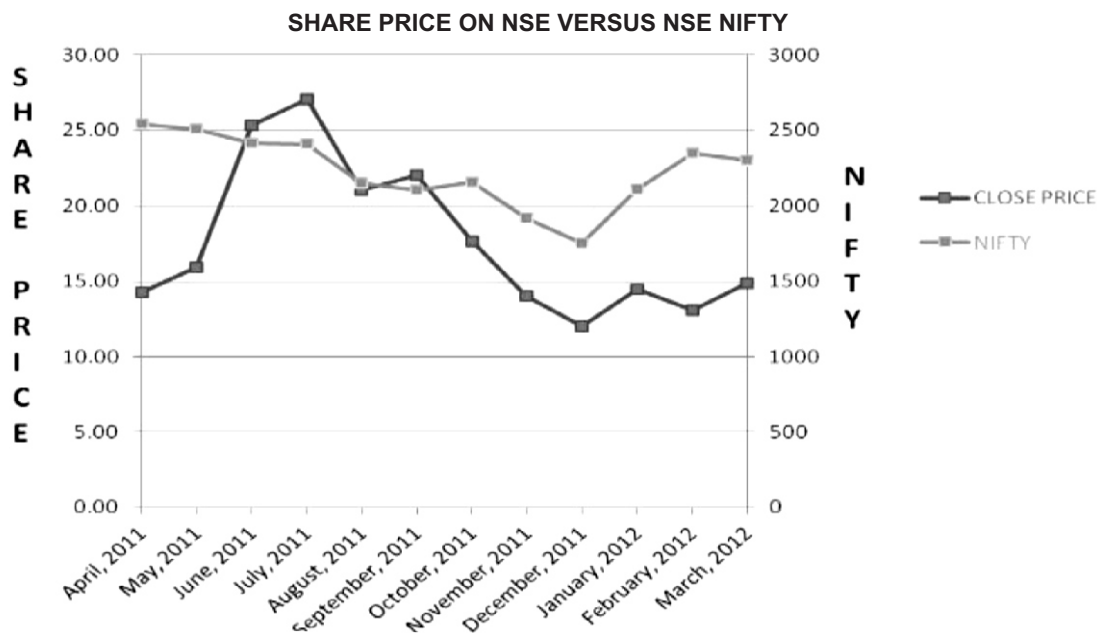
Market Price Data: Monthly high, low and close price of shares traded at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE) for the financial year 2011-12 are as follows:

(in ₹)

Month/Year	NSE				BSE			
	High Price	Low Price	Close Price	Nifty Midcap 50	High Price	Low Price	Close Price	Sensex
April, 2011	14.80	11.95	14.25	2545.05	14.99	11.25	14.00	19135.96
May, 2011	17.00	12.15	15.90	2509.00	18.95	13.00	16.07	18503.28
June, 2011	26.35	14.60	25.35	2419.05	26.30	14.70	25.20	18845.87
July, 2011	31.45	25.50	27.05	2409.65	31.35	25.75	26.50	18197.20
August, 2011	27.95	19.00	21.05	2151.90	27.80	19.05	21.00	16676.75
September, 2011	24.45	19.75	22.05	2102.40	24.30	20.00	21.95	16453.76
October, 2011	21.25	16.95	17.65	2159.75	21.20	17.25	17.75	17705.01
November, 2011	18.50	13.10	14.00	1916.60	17.90	13.15	14.85	16123.46
December, 2011	15.65	12.00	12.05	1753.40	16.00	13.00	13.80	15454.92
January, 2012	17.80	11.45	14.50	2109.65	16.90	12.60	14.83	17193.55
February, 2012	14.90	13.00	13.10	2347.40	15.30	12.92	13.10	17752.68
March, 2012	14.75	11.55	12.90	2301.00	14.50	11.55	12.01	17404.20

SHARE PERFORMANCE IN COMPARISON TO INDICES

The charts given hereunder plot the movement of the Company's share price on BSE and NSE versus BSE Sensex and NSE Nifty Midcap 50 respectively for the year 2011-2012.



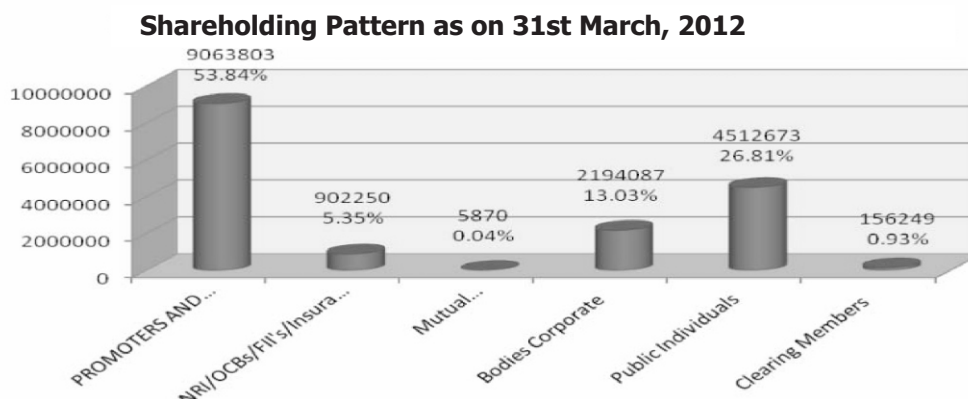
vii) Share Transfer System:

As on March 31, 2012, 92.79% of the equity shares of the Company were held in dematerialized form. Transfer of these shares is done through the depositories with no involvement of the Company and as far as transfer/ transmission of shares held in physical mode are concerned. M/s MAS Services Limited, RTA of the Company, processes the share transfer/ transmission requests on a fortnightly basis and share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Finance Committee of Directors and Company Secretary of the Company. The minutes of such committee meetings, are placed before the Board at every Board Meeting.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

viii) Shareholding Pattern as on 31st March, 2012:

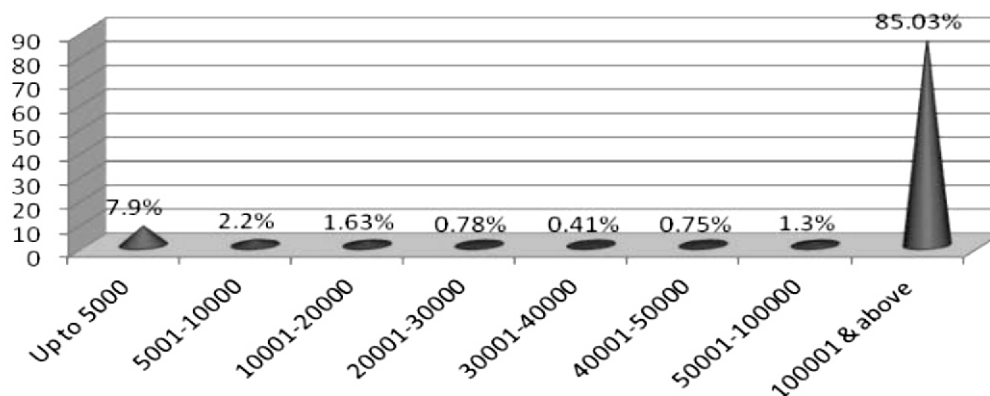
Particulars	No. of Shares	% of Shareholding
PROMOTERS AND PROMOTER GROUP (A)	9063803	53.84
PUBLIC SHAREHOLDING (B)		
NRI/OCBs/FII's/Insurance Companies	902250	05.35
Mutual Funds/Banks/Financial Institutions	5870	00.04
Bodies Corporate	2194087	13.03
Public Individuals	4512673	26.81
Clearing Members	156249	00.93
Total (A) + (B)	16834932	100.00



ix) Distribution of shareholding as on 31st March, 2012

Shareholding of Nominal Value (in ₹)	No. of Shareholders	% to total Shareholders	No. of Shares	Share Amount (in ₹)	% of Shareholding
Up to 5000	9718	92.23	1328803	13288030	7.90
5001-10000	445	4.22	371035	3710350	2.20
10001-20000	178	1.69	274998	2749980	1.63
20001-30000	50	0.48	130531	1305310	0.77
30001-40000	20	0.19	69318	693180	0.41
40001-50000	27	0.26	126756	1267560	0.75
50001-100000	28	0.27	219575	2195750	1.30
100001 & above	70	0.66	14313916	143139160	85.03
Total	10536	100.00	16834932	168349320	100.00

Distribution of Shareholding as on 31st March, 2012

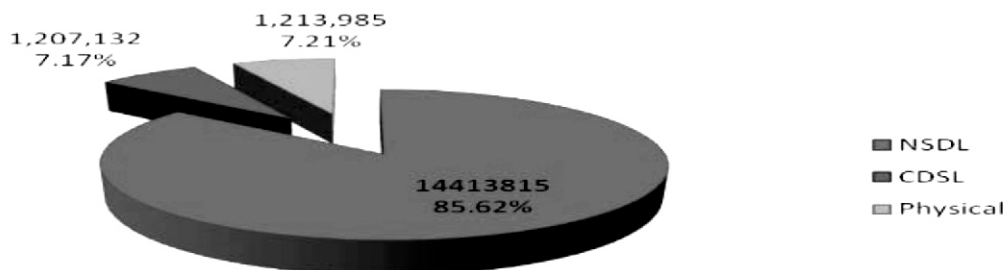


x) Dematerialization of Shares:

The Equity Shares of the Company are in compulsory demat segment and are available for trading in both the depositories: NSDL & CDSL. As on 31st March, 2012, 92.79% of the Equity Share Capital of the Company stands dematerialized.

The comparative holding of shares in dematerialized mode admitted with NSDL and CDSL and Physical mode is as follows:

As on 31st March, 2012



xi) Outstanding GDRS/ADRS/Warrants or Any Convertible Instruments, Conversion Date and likely impact on Equity:

The Company has not issued any GDRs/ ADRs/ Warrants or any other instruments which are pending for conversion, likely to have impact on Equity.

xii) Plant Location:

S. NO	LOCATION	ADDRESS
1.	Mahad	B-3/2, MIDC, Indl Estate, Mahad, Distt. Raigad, Maharashtra – 403302.
2.	Jigani	13-A, Part-I Jigani Industrial Area, Distt. Anekal, Bangalore, Karnataka.
3.	Baddi	Khasra No. 512-513, Village – Sandholi (Baddi), Tehsil- Nalagarh Distt. Solan (H.P)
4.	Gurgaon	2-A, Sector-18, HSIIDC, Near Bijlee Board, Gurgaon – 122001, Haryana.
5.	Pant Nagar	Plot No 45, Sector 3, Village Kalyanpur Tehsil Kichha, Distt. U.S Nagar, IIE, Pant Nagar, Uttaranchal

xiii) Other Material Information:

In an effort to improve our services and to minimize investor grievances, we seek cooperation of our esteemed shareholders/members in the following matters:

a) Mandatory PAN Card

- The Securities and Exchange Board of India (SEBI) vide its circular dated 20th May, 2009 has made it mandatory for Transferees requesting for transfer of shares of listed companies held in physical form in their names, to furnish a self attested copy of their PAN card to the Company/ RTA whilst lodgement of such shares.
- The Securities and Exchange Board of India (SEBI) vide its circular dated 7th January, 2010 has made it mandatory for the legal heirs to furnish a duly self attested copy of their PAN card to the Company/RTA for effecting Transmission, Transposition and Name deletion of the deceased holder from the share certificate (in case of joint holding), in respect of the shares held in physical form whilst lodgement of such requests.

b) Compulsory Dematerialization: Pursuant to the SEBI Circular dated 29th May, 2000, all the shares of the Company have to be converted into the demat mode. For the shareholders' convenience, the process for getting shares dematerialized is as follows:

- ❖ Shareholder shall submit original share certificate along with De- materialization Request Form (DRF) to the Depository Participant (DP).
- ❖ DP shall process the DRF, generate a Unique De-materialization Request No. and forward the DRF alongwith the share certificate to the Registrar and Share Transfer Agent (RTA).
- ❖ RTA after processing the DRF will confirm/ reject the request to depositories.
- ❖ If confirmed by RTA, depositories will credit shareholder's account maintained with DP.

The entire process shall take approximately 10-15 days from the date of receipt of DRF. All shareholders who hold shares of the Company in physical form may get their shares dematerialized to enjoy paperless and easy trading of shares.

- c) Change of address:** In case of change in the postal address, or if incorrect address has been mentioned in any of the correspondence, the correct and complete postal address (including PIN Code) may kindly be intimated to the company. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA. Such intimation should bear the signature of the shareholder and in case of joint holding - signature of the first holder.
- d) Consolidation of holdings:** Members having multiple shareholding/ folios in identical names or joint accounts in the same order are requested to send their share certificate (s) to the Company for consolidation of all such shareholdings into one folio /account to facilitate better service.
- e) Registration of Email Id's:** Shareholders may register their Email IDs with the Company/ RTA to access reports and updates relating to the Company on their respective Email ID's. The members may send a request to the Company and its RTA at addresses and email ids given for Communication to get future annual reports and other updates through electronic mode on their registered Email IDs.

**CEO AND CFO CERTIFICATION IN TERMS OF CLAUSE 49(V)
OF THE LISTING AGREEMENT**

To,
The Board of Directors,
Pearl Polymers Limited
204, Rohit House, 3, Tolstoy Marg,
New Delhi – 110001

Dear Sirs,

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2012 and certify that to the best of our knowledge and belief :
 - a) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;
 - b) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with the Accounting Standards, as amended, Indian generally accepted accounting principle (GAAP) and the revised Schedule VI of the Companies Act, and other applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within the Company, particularly during the period in which this report is being prepared:
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principle:
 - c) evaluated the effectiveness of the Company's disclosure, controls and procedures:
 - d) disclosed in the report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
4. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions).
 - a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - b) Significant changes in internal controls during the year covered by this report.
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d) Instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.

Place: **New Delhi**
Dated: 30th May, 2012

RAJESH MEHRA
Chief Financial Officer

CHAND SETH
Chairman and Managing Director

AUDITORS' REPORT

TO THE MEMBERS OF PEARL POLYMERS LIMITED

We have audited the attached Balance Sheet of **Pearl Polymers Limited** as at 31st March 2012 and also the Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (the Order), issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.

Further to our comments in the Annexure referred to in above paragraph, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of the books.
- c) The audit reports of Mahad, Jigani and Lucknow branches conducted by the branch auditors have been forwarded to us and have been considered in preparing our report.
- d) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- e) Read with Note No. 40 to 43 regarding related party disclosures being identified and certified by the management, in our opinion, the Balance Sheet, Statement of Profit and Loss 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 Act.
- f) On the basis of the written representations received from the Directors as on 31st March 2012 and taken on record by the company, we report that none of the Director is disqualified as on 31st March 2012 from being appointed as a Director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- g) Without qualifying our opinion, we invite attention to Note No. 49 stating that the Company has investments of ₹ 545.40 Lacs in equity shares of Pearl Engineering Polymers Limited, a company under the same management u/s 370 (IB) of Companies Act, 1956, which is temporarily shut down since March, 2011. No provision has been made for diminution of the value of the said investment as in the opinion of the management, the enterprise value is much higher, and the going concern of the company is not impacted at this stage.
- h) In our opinion and to the best of our information and according to the explanations given to us, subject to the above paragraph, the said accounts 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:
- i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
- ii) In the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For J.C.Bhalla & Co
Chartered Accountants
(FRN. 001111N)
AKHIL BHALLA
Partner
Membership No. 505002

Place: New Delhi
Dated: 30th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT ON THE ACCOUNTS OF PEARL POLYMERS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012 AS REFERRED TO IN OUR REPORT OF EVEN DATE.

- (i) (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year as per a phased programme which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies between the book records and physical verification were noticed.
- (c) The Company has not disposed off substantial part of fixed assets during the year and hence the going concern status of the company is not affected.
- (ii) (a) The inventories other than in transit and lying with third parties have been physically verified by the management at reasonable intervals

during the year. In respect of inventories lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.

- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) In our opinion and according to information given to us, the company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly provisions of paragraphs 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) In our opinion and according to information given to us, the Company has taken interest free unsecured loan from one party covered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to ₹. 25 Lacs. The Fixed Deposit along with interest free loan have been fully repaid during the year to the parties covered u/s 301 of the Companies Act, 1956. The maximum amount of fixed deposit and loan outstanding during the year was ₹. 98 Lacs and ₹.50.87 Lacs respectively. The year end balance was ₹ NIL both in respect of fixed deposits and loans.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which fixed deposit and loan have been taken from the parties covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (d) In respect of the fixed deposit and loan taken, the company is repaying the principal amount and paying the interest as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lakhs or more in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for transactions of purchase of goods where in the absence of similar contract with other parties, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of deposits accepted.
- (vii) In our opinion, the company has an internal audit system which is commensurate with the size and nature of its business.
- (viii) We have been informed by the management that maintenance of cost record is applicable as per Cost Accounting Records Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956. The management has also informed that the maintenance of such cost record is in process.
- (ix) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities as per its records. There were no undisputed dues that were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- (b) As per the information and explanations given to us, there is no case where Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and Cess have not been deposited on account of dispute except as stated hereunder:



PEARL Polymers Limited

Name of the Statute	Nature of the Dues	Amount (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Assessment u/s 143(3)	16.76	Assessment year 2009-10	CIT(A)-Delhi Circle 14 (1)
The Central Excise Act, 1944	Producing and clearing dutiable and non-dutiable product under Notification No.4/97	360.59	March 1997 to June 1997	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty on freight	72.72	March 1997 to December 2001	Supreme Court of India
The Central Excise Act, 1944	Interest on differential duty paid in respect of supplementary invoices	0.40	January 2001 to April 2003	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films	72.65	August 2001 to February 2006	Commissioner of Central Excise, Raigad
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films	9.11	March 2006 to February 2007	Assistant Commissioner of Central Excise, CBD Belapur
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films/Shrink Sleeves	4.35	March 2007 to January 2008	Assistant Commissioner of Central Excise, CBD Belapur
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films/Shrink Sleeves	4.27	February 2008 to December 2008	Assistant Commissioner of Central Excise, CBD Belapur
The Central Excise Act, 1944	Penalty	7.50	2004-05	CESTAT Delhi.
The Central Excise Act, 1944	Excise Duty Penalty Interest	61.95 61.95 73.42	2002-03	CESTAT Delhi.
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films/Shrink Sleeves	0.42	February 2009 to December 2009	Assistant Commissioner of Central Excise, CBD Belapur
The Central Excise Act, 1944	Disallowance of Cenvat Credit on the supply of pet chips	5.00	July 2004 to August 2004	Commissioner of Customs & Central Excise (Appeals), Mumbai III
The Central Excise Act, 1944	Service Tax demand on transportation – Abatement not allowed	0.04	January 2005 to March 2005	Assistant Commissioner of Central Excise, CBD Belapur
The Sales Tax Act	Sales tax in respect of exempted sales	41.37	2002-03 & 2003-04	Sales tax Appellate Tribunal, Haryana.
The Central Excise Act, 1944	Disallowance of CENVAT Credit on Shrink Films/Shrink Sleeves	0.10	January 2010 to December 2010	Assistant Commissioner of Central Excise, CBD Belapur
The Central Excise Act, 1944	Disallowance of CENVAT Credit on Shrink Films/Shrink Sleeves	0.33	January 2011 to October 2011	Assistant Commissioner of Central Excise, CBD Belapur
	Total	792.93		

- (x) According to the records of the Company, the company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year under report and the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund, societies are not applicable to the company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of the Balance Sheet of the company we are of the opinion that no funds raised on short term basis have been used for long term investment.

- (xviii) During the year, the company has made preferential allotment of shares by way of allotment of Preference Shares to a party covered in the register maintained under section 301 of the Companies Act, 1956 aggregating to ₹963 Lakhs. The price at which the shares have been issued is not prejudicial to the interest of the Company..
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and accordingly to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year nor we have been informed of any such case by the management.

Place : New Delhi
Dated : 30th May, 2012

For J.C.Bhalla & Co
Chartered Accountants
(FRN. 001111N)
AKHIL BHALLA
Partner
Membership No. 505002

BALANCE SHEET AS AT MARCH 31, 2012

PARTICULARS	Note No.	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
I EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	2,715.68	1,857.68
(b) Reserve and Surplus	3	3,043.19	3,049.90
Non-current liabilities		5,758.87	4,907.58
(a) Long-term borrowings	4	1,060.25	1,724.15
(b) Deferred tax liabilities (Net)	5	942.04	971.96
(c) Other Long-term liabilities	6	128.40	133.68
(d) Long-term provisions	7	294.06	252.56
		2,424.75	3,082.35
Current liabilities			
(a) Short-term borrowings	8	3,114.57	4,193.09
(b) Trade payables	9	2,278.01	2,481.21
(c) Other current liabilities	10	1,455.94	1,622.90
(d) Short-term provisions	11	59.52	83.32
		6,908.04	8,380.52
TOTAL		15,091.66	16,370.45
II ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(i)	7,615.05	7,710.42
(ii) Intangible assets	12(ii)	7.20	9.56
(iii) Capital work-in-progress	12(iii)	0.57	-
		7,622.82	7,719.98
(b) Non-current investments	13	666.53	867.87
(c) Long-term loans and advances	14	306.69	909.41
(d) Other non-current assets	15	161.33	176.84
		1,134.55	1,954.12
Current assets			
(a) Inventories	16	2,354.12	2,171.30
(b) Trade receivables	17	3,351.70	3,198.99
(c) Cash and bank balances	18	404.87	327.81
(d) Short-term loans and advances	19	104.38	913.46
(e) Other current assets	20	119.22	84.79
		6,334.29	6,696.35
TOTAL		15,091.66	16,370.45

Significant Accounting Policies 1
The accompanying notes are an integral part of the financial statements 2-51
As per our report of even date

On Behalf of the Board

For J.C.Bhalla & Co
Chartered Accountants
(FRN. 001111N)
AKHIL BHALLA
Partner
Membership No. 505002
Place: New Delhi
Date : May 30, 2012

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

CS. PALLAVI VARDHAN
Asstt Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Note No.	For the year ended March 31, 2012 (₹ in lakhs)	For the year ended March 31, 2011 (₹ in lakhs)
Income			
Revenue from operations (gross)		22,624.60	20,024.54
Less: Excise duty		1,178.29	1,095.15
Revenue from operations (net)	21	21,446.31	18,929.39
Other income	22	212.30	153.00
Total Revenue (I)		21,658.61	19,082.39
Expenses			
Cost of materials consumed	23	13,626.93	11,087.13
Purchase of traded goods	24	-	74.98
Changes in inventories of finished goods, Stock in Process and Stock in Trade	25	(263.64)	(251.20)
Employees benefits expense	26	1,820.34	1,706.77
Other expenses	27	4,789.77	4,725.36
Prior period adjustments	28	0.60	(4.09)
Total Expenses (II)		19,974.00	17,338.95
Earnings before interest, tax, depreciation and amortization (EBITDA) [I-II]		1,684.61	1,743.44
Depreciation and amortization expense	29	840.95	790.59
Finance costs	30	910.28	887.15
Profit/(Loss) before tax		(66.62)	65.70
Tax Expenses:			
(1) Current tax		-	(13.50)
(2) Dererred tax		29.92	15.38
(3) Tax adjustment for earlier year		-	(0.42)
Total tax expense		29.92	1.46
Profit/(loss) for the year		(36.70)	67.16
Earning per equity share of face value of ₹10 each:	31		
Basic		(0.22)	0.40
Diluted		(0.22)	0.40
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2-51		
As per our report of even date			

On Behalf of the Board

For J.C.Bhalla & Co
Chartered Accountants
(FRN. 001111N)
AKHIL BHALLA
Partner
Membership No. 505002
Place: New Delhi
Date : May 30, 2012

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

CS. PALLAVI VARDHAN
Asstt Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	For the year Ended March 31, 2012 (₹ in lakhs)	For the year Ended March 31, 2011 (₹ in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET (LOSS)/PROFIT BEFORE TAX	(66.62)	65.70
ADJUSTMENTS FOR :		
DEPRECIATION/AMORTISATION	841.35	790.59
INTEREST EXPENSE	910.28	887.15
INTEREST INCOME	(43.10)	(38.34)
DIVIDEND INCOME	(0.06)	(0.02)
(PROFIT)/LOSS ON SALE OF ASSETS	0.88	4.19
(PROFIT)/LOSS ON SALE OF SHARES	-	(2.97)
PROVISION FOR DIMINUTION IN INVESTMENT WRITTEN BACK	(111.88)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,530.85	1,706.30
ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL :		
-(INCREASE)/DECREASE IN SUNDRY DEBTORS	(196.84)	(42.73)
-(INCREASE)/DECREASE IN OTHER RECEIVABLES	1,373.08	(734.29)
-(INCREASE)/DECREASE IN INVENTORIES	(182.82)	(341.22)
-(INCREASE)/(DECREASE) IN TRADE AND OTHER PAYABLES	(433.09)	1,056.75
CASH GENERATED FROM OPERATIONS	2,091.18	1,644.81
TAXES (PAID) / RECEIVED	(11.08)	(48.08)
NET CASH FROM OPERATING ACTIVITIES (A)	2,080.10	1,596.73
B. CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS		
ADDITIONS DURING THE PERIOD	(747.82)	(857.06)
PROCEEDS FROM SALE OF FIXED ASSETS	2.75	30.68
(PURCHASE)/ SALE OF INVESTMENT	313.22	2.98
INTEREST RECEIVED (REVENUE)	22.35	42.46
DIVIDEND RECEIVED (REVENUE)	0.06	0.02
NET CASH USED IN INVESTING ACTIVITIES (B)	(409.44)	(780.92)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
SHARE CAPITAL ISSUED	1033.00	-
SHARE CAPITAL REDEEMED	(175.00)	(420.00)
PROCEEDS FROM LONG TERM BORROWINGS(NET)	(1,405.13)	(175.72)
PROCEEDS FROM SHORT TERM BORROWING	(236.15)	576.90
CAPITAL SUBSIDY RECEIVED	30.00	-
INTEREST PAID	(936.00)	(903.19)
DIVIDEND PAID (INCLUDING DIVIDEND TAX)	(0.08)	(0.08)
NET CASH USED IN FINANCING ACTIVITIES (C)	(1,689.36)	(922.09)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(18.70)	(106.28)
CASH AND CASH EQUIVALENTS AS AT 01.04.2011	246.54	352.82
CASH AND CASH EQUIVALENTS AS AT 31.03.2012	227.84	246.54
CASH AND CASH EQUIVALENTS COMPRISE		
CASH IN HAND	5.05	18.84
CHEQUES IN HAND	52.08	12.04
BALANCE WITH SCHEDULED BANKS	170.71	215.66
	227.84	246.54

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 notified in the Companies (Accounting Standard) Rules, 2006.
 - Figures in brackets indicate cash outgo.
 - Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
- This is the Cash Flow Statement referred to in our report of even date

For J.C.Bhalla & Co
Chartered Accountants
(FRN. 001111N)
AKHIL BHALLA
Partner
Membership No. 505002
Place: New Delhi
Date : May 30, 2012

On Behalf of the Board

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

CS. PALLAVI VARDHAN
Asstt Company Secretary

Notes to financial statements for the year ended March 31, 2012**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the accrual basis under the historical cost convention and in compliance with the applicable Accounting Standards referred in section 211 (3C) and other requirements of the Companies Act, 1956.

B) PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared and presented for the year ended March 31, 2012, as per the format prescribed under the revised Schedule VI notified under the Companies Act, 1956. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for the preparation of the financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

C) FIXED ASSETS:

Fixed assets are stated at cost of acquisition (less accumulated depreciation). Cost includes freight, duties, taxes & other incidental expenses related to acquisition and installation of fixed assets.

D) DEPRECIATION:

Depreciation on fixed assets is provided on straight-line method at rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except for lease hold land, which is amortized over the period of the lease. The depreciation on assets acquired/sold/discarded during the year is provided from/up to the period the assets is acquired/sold or discarded.

E) INTANGIBLES:**COMPUTER SOFTWARE**

Software which is not an integral part of the related hardware is classified as an intangible asset and is being amortized over a period of five years, being the estimated useful life.

F) INVESTMENTS:

Long term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary, in the opinion of the management. Current investments are valued at lower of cost or fair value.

G) INVENTORIES:

Raw materials, packing Materials and stores & spares are valued at lower of cost determined on FIFO basis & net realizable value. Semi finished goods (Pet Performs) and finished goods & accessories are valued at lower of weighted average cost including applicable manufacturing overheads and net realizable value.

H) INCOME:

Sales of goods are recognized at the point of dispatch to the customer, except in the case of export sales, which are recognized as per the terms of the contract. Sales are inclusive of Excise Duty and net of trade discounts.

I) EMPLOYEES BENEFITS:**(a) Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. and the expected cost of bonus, ex-gratia is recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits

(i) Defined Contribution Plans: The Company's managed Provident Fund scheme, state governed pension fund scheme, employee state insurance scheme and superannuation scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) Defined Benefit Plans: The employees' gratuity fund scheme is a Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(c) Other Long-term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date. Contribution to Provident Fund is charged to Profit & Loss Account as incurred. Gratuity and Leave encashment benefits are charged to Profit & Loss Account on the basis of amount determined actuarially at the year end. Superannuation is provided on the basis of amount paid/payable under the insurance scheme, taken from Life Insurance Corporation of India.

J) RESEARCH AND DEVELOPMENT EXPENSES:

Expenditure relating to capital items is debited to Fixed Assets and depreciated at applicable rates. Revenue Expenditure is charged to Profit & Loss Account of the year in which they are incurred.

K) LEASE ASSETS

- i. For assets acquired on lease prior to 31.3.2001, the lease rentals are charged to Profit and Loss Account.
- ii. For assets acquired on lease after 01.04.2001, in terms of Accounting Standard (AS-19) issued by the Institute of Chartered Accountants of India, lease of assets under which all the risks and benefits of ownership is effectively retained by the lessor are classified as operating lease. Payment made under operating lease is charged to profit and loss account on a straight-line basis over the period of lease.

L) BORROWING COST

Borrowing cost that are attributable to the acquisition of qualifying assets are capitalized up to the period such assets are ready for their intended use. All other borrowing costs are charged to Profit & Loss Account.

M) GOVERNMENT GRANTS

- i. Government grants relating to specific fixed assets are adjusted with the value of fixed assets
- ii. Government grants in the nature of promoters' contribution. i.e., which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii. Government grants related to revenue items are either adjusted with the related expenditure or shown under the schedule "Other Income", in case direct linkage with the cost is not determinable.

N) TAXES ON INCOME

- i. Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet Date.
- iii. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under tax laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

O) FOREIGN CURRENCY TRANSACTIONS

- i. Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the date of transaction.
- ii. Foreign currency monetary items are translated at year-end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise
- iii. The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purpose is amortized as an expense or income over the life of the contract.

P) IMPAIRMENT OF ASSETS

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) are identified using external and internal sources of information and impairment loss if any, is determined and recognized in accordance with the Accounting Standard (AS) 28 issued in this regard by The Institute of Chartered Accountants of India.

Q) PROVISIONS AND CONTINGENCIES

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.



PEARL Polymers Limited

Notes to financial statements for the year ended March 31, 2012

Note-2

SHARE CAPITAL

AUTHORISED

3,00,00,000(Previous Year-4,00,00,000) Equity shares of Rs.10/- each

Nil (Previous Year-10,00,000) Cumulative

Redeemable Preference Shares of Rs.100/- each

20,00,000(Previous Year-Nil) Non Cumulative

Redeemable Preference Shares of Rs.100/- each

ISSUED, SUBSCRIBED & FULLY PAID UP

168,34,932(Previous Year 168,34,932) Equity shares of Rs.10/-each.

Less : Calls in Arrears

Nil (Previous Year 1,75,000)-0.01% Redeemable Cumulative Preference Shares of ₹100/- each.

Redeemed during the year

10,33,000 (Previous Year Nil) -5% Non Cumulative

Redeemable Preference Shares of ₹100/- each

Redeemable on such date as approved by the Board but not later than 31.3.2032

Total issued, subscribed and fully paid-up capital

As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
3000.00	4,000.00
-	1,000.00
2000.00	-
<u>5,000.00</u>	<u>5,000.00</u>
1683.49 (0.81)	1,683.49 (0.81)
1682.68	1682.68
-	175.00
1033.00	-
<u>2,715.68</u>	<u>1,857.68</u>

Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a face value of ₹10/- per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the Company, the holder's of equity shares would be entitled to receive remaining assets of the Company, after distribution of all Preferential amount. The distribution will be in proportion to the number of equity shares held

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the period

Outstanding at the end of the period

No.(lakhs)	₹ in lakhs	No.(lakhs)	₹ in lakhs
168.35	1683.49	168.35	1683.49
168.35	1683.49	168.35	1683.49

No.(lakhs)	₹ in lakhs	No.(lakhs)	₹ in lakhs
1.75	175.00	5.95	595.00
(1.75)	(175.00)	(4.20)	(420.00)
-	-	1.75	175.00

No.(lakhs)	₹ in lakhs	No.(lakhs)	₹ in lakhs
10.33	1,033.00	-	-
10.33	1033.00	-	-

No. of Shares (in lakhs)	% holding in class	No. of Shares (in lakhs)	% holding in class
16.18	9.61	16.18	9.61
13.25	7.87	13.25	7.87
15.87	9.43	15.87	9.43

0.01% Redeemable Cumulative Preference Shares

At the beginning of the period

Less : Redeemed during the period

Outstanding at the end of the period

5% Redeemable Non Cumulative Preference Shares

Issued during the period

Outstanding at the end of the period

Details of shareholders holding more than 5% shares of the company

Name of Share Holder- Equity

Pearl Telefonics Ltd (formerly Sinclair Exports Ltd)

Beta Finance & Trading P Ltd

Theta Investments Pvt Ltd

	No. of Shares (in lakhs)	% holding in class	No. of Shares (in lakhs)	% holding in class
Name of Share Holder- 0.01% Redeemable Cumulative Preference Shares				
Pearl Engineering Polymers Ltd	-	-	1.75	100.00
Name of Share Holder- 5% Redeemable Non Cumulative Preference Shares				
Pearl Apartments Ltd	3.58	34.66	-	-
Emperor Travels & Tours Private Limited	3.05	29.53	-	-
Amit Apartments Limited	1.85	17.91	-	-
Pearl Flats (India) Ltd	1.15	11.13	-	-
	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
Note-3				
RESERVE AND SURPLUS				
CAPITAL RESERVE				
At the beginning of the period	114.72		114.72	
Add: Addition during the year	30.00	144.72	-	114.72
CAPITAL REDEMPTION RESERVE				
At the beginning of the period	525.00		105.00	
Add: Transfer from surplus balances in the statement of Profit and Loss	175.00	700.00	420.00	525.00
SECURITIES PREMIUM ACCOUNT				
At the beginning of the period	1870.03		1,870.03	
Less: Calls in Arrears	(1.76)	1868.27	(1.76)	1,868.27
DEBENTURE REDEMPTION RESERVE				
At the beginning of the period	-		50.00	
Less: Transfer to surplus balances in the statement of Profit and Loss	-	-	(50.00)	-
GENERAL RESERVE				
At the beginning of the period		147.42		147.42
SURPLUS /DEFICIT IN THE STATEMENT OF PROFIT & LOSS				
Balance as per last financial statements	394.49		697.40	
Profit/(Loss) for the year	(36.70)		67.16	
	357.79		764.56	
Less: Appropriations				
Proposed Dividend (₹ 01 per Preference Share (Previous year ₹ 01) including Tax thereon	(0.01)		(0.07)	
Transferred to Capital Redemption Reserve	(175.00)		(420.00)	
Transferred from Debenture Redemption Reserve	-		50.00	
Total Appropriations	(175.01)		(370.07)	
Net Surplus/(Deficit) in the statement of Profit & Loss		182.78		394.49
Total Reserve and Surplus		3,043.19		3,049.90

Note-4**NON-CURRENT LIABILITIES****Long Term Borrowings**

	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
I (a) Term Loans from banks (secured)	250.00	410.00
(b) Term Loans from Other Parties (secured)	716.22	706.98
II Vehicle Loans from Banks (secured)	67.75	93.74
III Deferred Sales Tax (unsecured)	-	29.63
IV Deposits (unsecured) from Others	26.28	25.41
Other loans and advances (unsecured) from Banks	-	458.39
Total Long Term Borrowings	1,060.25	1,724.15

I. Term Loans

- a) Term Loan of ₹410.00 (₹ in lakhs) (previous year ₹570.00 (₹ in lakhs) is secured by a first mortgage/charge on immovable properties situated at company's unit at Pantnagar (Uttarakhand). The above said loan is further secured by personal guarantee of Mr.Chand Seth and Mr.Harish Seth, Directors of the Company. Repayments - in quarterly installments till 1.7.2014. Current Rate of Interest @ 14.50% p.a.
- b) i Term Loan of ₹101.36 (₹ in lakhs) (previous Year-₹180.36 (₹ in lakhs) is secured by first charge on the assets situated at the Company's unit situated at Gurgaon (Haryana). The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company. Repayments - in installments till 31.7.2013. Current Rate of Interest @ 12.50% p.a.
- ii Term Loan of ₹36.00 (₹ in lakhs) (Previous Year ₹60.00 (₹ in lakhs) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr.Harish Seth, Directors of the Company. Repayments - in equal quarterly installments till 1.9.2013. Current Rate of Interest @9.75% p.a.
- iii Term Loan of ₹199.02 (₹ in lakhs) (Previous Year ₹302.74 (₹ in lakhs) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr.Harish Seth, Directors of the Company. Repayments - in quarterly installments till 10.07.2014. Current Rate of Interest on ₹ 126.00 lakhs @ 9.75% p.a., on ₹ 29.00 lakhs @13% p.a. and on ₹44.02 lakhs @ 12% p.a.
- iv Term Loan of ₹803.69 (₹ in lakhs) (Previous Year ₹474.02 (₹ in lakhs)) is secured by way of exclusive charges on machines installed at Company's all units. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr.Harish Seth, Directors of the Company. Repayments - in quarterly installments till 10.3.2016. Current Rate of Interest @ 13.50% p.a.

Repayments of above Term Loans are as follows:

- a) From 1 to 2 years - ₹ 320.00 lakhs, From 2 to 3 years - ₹ 90.00 lakhs
- b) i From 1 to 2 years - ₹ 101.36 lakhs
- ii From 1 to 2 years - ₹ 36.00 lakhs
- iii From 1 to 2 years - ₹ 189.64 lakhs, From 2 to 3 years ₹9.38 lakhs
- iv From 1 to 2 years - ₹ 434.26 lakhs, From 2 to 3 years ₹217.17 lakhs, From 3 to 4 years ₹152.26 lakhs

II. Vehicles Loans

Vehicle loans are secured against hypothecation of respective vehicles. Repayments - in monthly installments till 15.12.2015

III. Deferred Sales Tax

Deferred sales tax is in respect of company's unit at Mahad. The repayment is in annual installments till 30.09.2012.

IV. Deposits

Deposits repayable in more than one year are considered above. Public deposits period is from six months to three years..Current Rate of Interest @ 10% p.a. for six months & more than one year period and 11% p.a. for one year period .

PEARL Polymers Limited
Note-5
Deferred Tax Liability (Net)
Deferred Tax
Assets

Provision for Doubtful Debt and Advances

Provision for Leave Encashment

Gratuity

Bonus

Liabilities

Depreciation

Total Deferred Tax Liability (Net)
**As at
March 31, 2012
(₹ in lakhs)**
**As at
March 31, 2011
(₹ in lakhs)**
96.59
43.93
70.79
1.62
212.93

89.25

40.43

68.53

1.62

199.83

1,154.97
942.04
1,171.79
971.96
Note-6
Other Long Term Liabilities

Trade Payables

Others

Total Other Long Term Liabilities
6.10
122.30
128.40

6.24

127.44

133.68

Note-7
Long Term Provisions
Provision for Employees Benefits

Gratuity

Leave Encashment

(Refer: Note No.44)

Total Long Term Provisions
198.01
96.05
294.06
294.06

162.97

89.59

252.56

252.56

Note-8
Current Liabilities
Short Term Borrowings
Loan Repayable on demand from Banks (secured)
Loan and Advances from Related parties (unsecured)

Chand Seth

Pearl International Tours & Travels Ltd

Deposits (unsecured)

from Related parties

from Others

Other loans and advances (unsecured)

Inter Corporate Deposits

2,265.63

2,276.78

-

-

25.87

25.00

50.87

-

-

98.00

1,467.44

1565.44

100.00

300.00

3,114.57
4,193.09
Total Short Term Borrowings
Loan Repayable on demand from Banks (secured)

Working Capital Loans from Banks are secured by hypothecation of inventories and Book Debts and are further secured by first charge on Company's immovable property at Okhla and second charge on Company's property at Gurgaon. The above said loans are further secured by personal guarantees of Mr.Chand Seth, Mr. Harish Seth, Directors of the Company, and Mr.Krishen Seth.

PEARL Polymers Limited
Note-9
Trade Payables

Creditors for Raw materials *

Creditors for Other Service *

Related Party -Pearl International Tours & Travels Ltd

* (Refer Note No. 45 for details of dues to Micro & Small Enterprises)

	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
	1,574.55		1,891.95	
	699.16		585.41	
	4.30	2,278.01	3.85	2,481.21
		<u>2,278.01</u>		<u>2,481.21</u>
Note-10				
Other Current Liabilities				
Current maturity of long term loans from banks (Refer Note I(a) of 4)		160.00		160.00
Current maturity of long term loans from other parties (Refer Note I(b) of 4)		423.85		310.14
Current maturity of Vehicle Loans		44.60		35.10
Current maturity of other Loan from bank (unsecured)		-		22.07
Interest Accrued but not due		62.93		88.65
Current maturity of Deferred Sales Tax (unsecured)		29.63		29.63
Advance Received from Customers		64.79		79.87
Unclaimed Matured Deposits		42.32		40.18
Other Payables				
Security Deposits Received	-		11.80	
Due to Related Party	-		154.98	
Directors Remuneration Payable	1.55		1.92	
Employees dues Payable	83.05		66.09	
Statutory dues Payable	228.09		111.13	
Expenses Payable	297.65		413.26	
Creditors for Capital Goods	5.94		75.38	
Others	11.54	627.82	22.70	857.26
Total Other Current Liabilities		<u>1,455.94</u>		<u>1,622.90</u>
Note-11				
Short Term Provisions				
Provision for Employees Benefits				
Leave Encashment payable		39.33		35.02
Gratuity Payable (Refer Note 44)		20.19		48.23
Others				
Proposed Dividend including Tax		-		0.07
Total Short Term Provisions		<u>59.52</u>		<u>83.32</u>



PEARL Polymers Limited

Note-12

Non-Current Assets

(a) Fixed Assets

- (i) Tangible Assets (Refer details below)
- (ii) Intangible Assets (Refer details below)
- (iii) Capital Work-in-Progress

Total Non Current Assets

As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
7,615.05		7,710.42	
7.20		9.56	
0.57	7,622.82	-	7,719.98
	<u>7,622.82</u>		<u>7,719.98</u>

Tangible Assets

(₹ in lakhs)

	Land Freehold	Land Leasehold	Building	Plant & Machinery	Moulds	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total
Cost or Valuation										
As at 1.4.2011	104.36	122.31	2,445.98	10,958.44	3,197.60	126.69	99.60	397.61	104.07	17,556.65
Additions	-	-	2.55	505.42	188.81	2.60	4.22	36.83	6.72	747.16
Disposals	-	-	-	(36.31)	-	(0.21)	(0.19)	(7.04)	(0.77)	(44.52)
As at 31.3.2012	104.36	122.31	2,448.53	11,427.55	3,386.41	129.08	103.63	427.40	110.02	18,259.28
Depreciation										
As at 1.4.2011	0.62	6.57	768.49	6,040.56	2,606.82	93.91	50.38	198.51	80.37	9,846.22
Charges for the year	-	1.35	78.03	548.53	153.84	8.21	5.10	37.81	6.04	838.90
Disposals	-	-	-	(33.07)	-	(0.15)	(0.09)	(6.85)	(0.73)	(40.89)
As at 31.3.2012	0.62	7.92	846.51	6,556.02	2,760.65	101.98	55.39	229.47	85.67	10,644.24
Net Block										
As at 31.3.2012	103.74	114.39	1,602.02	4,871.52	625.76	27.10	48.24	197.93	24.34	7,615.05
As at 31.3.2011	103.74	115.73	1,677.49	4,917.88	590.78	32.78	49.22	199.10	23.70	7,710.42

Intangible Assets	Computer software	Total
Gross Block		
As at 1.4.2011	15.85	15.85
Purchase	0.09	0.09
Internal Development	-	-
As at 31.3.2012	15.94	15.94
Amortization		
As at 1.4.2011	6.29	6.29
Charges for the year	2.45	2.45
As at 31.3.2012	8.74	8.74
Net Block		
As at 31.3.2012	7.20	7.20
As at 31.3.2011	9.56	9.56

Note-13
Non Current Investments
Other Investments -Fully paid up
Investment in Equity Shares-Unquoted
Investment in Associates

Nil (Previous Year-24,11,250) Equity Shares of ₹10/- each in Pacific Pearl Finance & Leasing Ltd (Net of provision for diminution in the value of investment Nil (Previous Year ₹192.90 (₹ in lakhs)

Investment in Equity Shares-Quoted
Investment in Associates

i) 54,92,960 Equity Shares (Previous Year - 54,92,960) Equity Shares of ₹10/- each in Pearl Engineering Polymers Ltd.

ii) 27,450 (Previous Year 27,450) Equity Shares of ₹10/- each in Pearl Apartments Ltd.

Others

iii) 17,350 (Previous Year 17,350) Equity Shares of ₹10/- each in Mazda Industries Leasing Ltd.

iv) 21,300 (Previous Year 21,300) Equity Shares of ₹10/- each in Pretto Leather Ltd.

v) 1,100 (Previous Year 1,100) Equity Shares of ₹10/- each in Kongrar Integrated Fibre Ltd.

vi) 2,000 (Previous Year 2,000) Equity shares of ₹10/- each in Valliant Communications Ltd.

vii) 1,000 (Previous Year 1,000) Equity shares of ₹10/- each of B.K.Duplex Boards Ltd

viii) 11,700 (Previous Year 11,700) Equity shares of ₹10/- each of Rams Transformers Ltd.

ix) 3,300 (Previous Year 3,300) Equity shares of ₹10/- each of Pasupati Fincap Ltd.

x) 100 (Previous Year 100) Equity shares of ₹10/- each of Prism Cement Ltd.

xi) 5,000 (Previous Year 5,000) Equity shares of ₹10/- each of Master Trust Ltd.

xii) 600 (Previous Year 600) Equity shares of ₹10/- each of Dion Global Solutions Ltd

xiii) 5,900 (Previous Year 5,900) Equity shares of ₹10/- each of Market Creator Ltd.

* Net of Provision for Diminution in Investment ₹16.89 lakhs (Previous Year ₹16.89 lakhs)

Investment in Preference Shares-Unquoted
Investment in Associates

i) Nil (previous Year- 1,00,000) 1% Redeemable Cumulative Preference Shares of ₹100/-each of Pearl International Tours & Travels Ltd (Net of provision for diminution in the value of investment Nil (Previous Year ₹ 50 lakhs)

**As at
March 31, 2012
(₹ in lakhs)**

**As at
March 31, 2011
(₹ in lakhs)**

-

48.23

545.40

545.40

0.87

0.87

8.79

8.79

0.26

0.26

0.04

0.04

0.20

0.20

0.04

0.04

0.35

0.35

0.21

0.21

0.004

0.004

0.57

0.57

0.02

0.02

0.27

0.27

-

50.00

	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
ii) 1,09,500 (Previous Year -1,09,500) 6% Redeemable Non-Cumulative Preference Shares of ₹ 100/- each of Pacific Pearl Finance & Leasing Ltd	109.50	109.50
Investment in Debentures-Unquoted		
Investment in Associates		
Nil (previous Year 165,000) 0% Unsecured Debentures of ₹100/- each in Pacific Pearl Finance & Leasing Ltd (Net of provision for the diminution in the value of investment Nil (Previous Year ₹ 61.87 lakhs)	-	103.12
Total Non Current Investments	666.53	867.87
Aggregate market value of Quoted Investments	114.68	178.38
Aggregate amount of Quoted Investments	557.03	557.03
Aggregate amount of Unquoted Investments	109.50	310.85
Aggregate provision for diminishing value of investments	16.89	321.66
Note-14		
Long Term Loans and advances		
Capital Advances -unsecured- considered good	62.36	204.27
Security Deposits-unsecured considered good		
-from related parties	-	529.60
-from others	226.92	164.82
-considered doubtful	4.69	4.69
Less: Provision for Doubtful Advances	(4.69)	(4.69)
Other Loans and advances	226.92	694.42
Prepaid Expenses-unsecured considered good	6.42	-
Excise Duty-under protest	2.50	2.50
Other Unsecured-Considered good	8.49	8.22
-considered doubtful	4.96	4.96
Less: Provision for doubtful advances	(4.96)	(4.96)
Total Long Term Loans and advances	306.69	909.41
Note-15		
Other Non-current Assets		
Long term Trade Receivables -Unsecured		
-considered Good	114.69	70.56
-considered Doubtful	225.97	226.53
Less: Provisions for Doubtful debts	(225.97)	(226.53)
Other Bank Balances (more than 12 months)	114.69	70.56
-Deposits	-	100.01
-Margin Money	40.00	-
Others	40.00	100.01
Vat input recoverable	0.37	-
Excise Duty Recoverable	6.27	6.27
Total Other Non-current Assets	6.64	6.27
	161.33	176.84

	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Note-16		
Inventories		
(As verified & certified by Management)		
Raw Materials	402.83	526.13
Raw Materials in transit	19.72	-
Finished Goods and Accessories	1,406.58	1,149.68
Stock in Trade	47.50	56.29
Semi-finished Goods	100.81	85.28
Packing Materials	180.84	179.48
Packing Materials in transit	2.42	-
Stores & Spares	193.42	174.44
Total Inventories	2,354.12	2,171.30
Note-17		
Trade Receivables (Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment		
-Considered Good	65.54	119.89
-Considered Doubtful	31.75	34.03
Less: Provision for Doubtful Debts	(31.75)	(34.03)
Other Debtors-Considered Goods	3,286.16	3,079.10
-Considered Doubtful	30.30	-
Less: Provision for Doubtful Debts	(30.30)	-
Total Trade Receivables	3,351.70	3,198.99
Note-18		
Cash and Bank Balances		
Balance with Banks		
-Current Accounts	69.77	73.49
Other Bank Balances		
FDR Deposits with Original Maturity for more than 3 months but less than 12 months	100.01	42.16
Margin Money	177.03	181.28
Deposits Matured but receivable	0.93	-
Cheques in hand	52.08	12.04
Cash in hand	5.05	18.84
Total Cash and Cash Equivalents	404.87	327.81
Note-19		
Short Term Loan and Advances		
Advances to Related Parties-		
Unsecured-considered good		
Pearl Engineering Polymers Ltd	-	530.24
Others -Unsecured considered good		
Security Deposits	16.91	76.60
Balance with Government Authorities	11.09	-
Prepaid Expenses	27.60	28.74
Others	48.78	277.88
Total Short Term Loan and Advances	104.38	913.46

	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
Note-20				
Other current Assets				
Interest Accrued on Deposits and Advances	24.07		3.32	
Balances with Excise and Customs Authorities	32.73		43.30	
Advance Tax /Tax Deducted at Source	34.30		23.22	
(Net of provision for tax ₹116.68 lakhs, previous year ₹116.68 lakhs)				
Others	28.12	119.22	14.95	84.79
Total Other non current Assets		<u>119.22</u>		<u>84.79</u>
Current Assets, Loans and advances : In the opinion of the Board, the Current Assets, Loans and advances have a value on realization in the ordinary course of business, at least equal to the amount stated in the Balance Sheet Balances of Sundry Debtors, Loans & advances and Sundry Creditors are subject to confirmation by the parties				
Note-21				
Revenue from Operations				
Sale of products	22,576.36		19,977.00	
Other operating revenues				
Scrap Sales	46.94		47.40	
Job Work	0.15		0.14	
Others	1.15	48.24	-	47.54
		<u>22624.60</u>		<u>20024.54</u>
Less: Excise Duty		1178.29		1095.15
Excise duty on sales amounting to ₹1,178.29 (Previous year ₹1,095.15 lakhs) have been reduced from sales in profit & loss statement of account and excise duty on increase/decrease in stock amounting to ₹43.43 lakhs (previous year ₹15.33 lakhs and Branch Transfer ₹45.43 lakhs (previous year ₹ 37.05 lakhs) have been considered as expenses in note 27 of financial statement				
		<u>21,446.31</u>		<u>18,929.39</u>
Note-22				
Other Income				
Interest income on				
Bank Deposits	30.27		30.08	
Security Deposits	12.75		7.32	
Others	0.08		0.94	
Exchange Rate Difference	4.00		1.54	
Dividend income	0.06		0.02	
Net gain/loss on sale of investments	-		2.97	
Balances written back	28.01		36.65	
Provision for Bad and Doubtful Debts/Advances written back	2.47		35.99	
Profit on sale of Fixed Assets	1.59		0.30	
Provision for Diminishing Value of Investment written back	111.88		-	
Provision No Longer Required written back	5.60		13.83	
Misc Income	15.59	212.30	23.36	153.00
		<u>212.30</u>		<u>153.00</u>

Note-23**Cost of Raw Materials Consumed****Raw Materials**

Inventory at the beginning of the year

Add: Purchase

Less: Inventory at the end of the year

Packing Materials

Inventory at the beginning of the year

Add: Purchase

Less: Inventory at the end of the year

Direct Purchase

Pet Preforms

Caps/Wads

	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
	526.13		498.26	
	12,144.22		9,715.48	
	422.55	12,247.80	526.13	9,687.61
	179.48		144.68	
	1,178.46		1,270.60	
	183.26	1,174.68	179.48	1,235.80
	122.06		31.75	
	82.39	204.45	131.97	163.72
		13,626.93		11,087.13
Particulars of Raw Materials consumed	Value ₹ in lakhs March 31, 2012		Value ₹ in lakhs March 31, 2011	
Pet Chips	9,828.82		7,551.49	
Polypropylene	2,335.53		1,957.26	
Other	83.45		178.86	
	12,247.80		9,687.61	
Note-24				
Purchase of Traded goods				
Fresh & Seal Boxes	-		74.98	
	-		74.98	
Note-25				
Changes in inventories of finished goods, Stock in Process and Stock in Trade				
Inventory at the beginning of the year	1,149.68		918.33	
Finished goods and Accessories	56.29		-	
Stock in Trade	85.28	1,291.25	121.72	1,040.05
Semifinished goods				
Inventory at the end of the year	(1,406.58)		(1,149.68)	
Finished goods and Accessories	(47.50)		(56.29)	
Stock in Trade	(100.81)	(1,554.89)	(85.28)	(1,291.25)
Semifinished goods				
		(263.64)		(251.20)
Note-26				
Employee benefits Expenses				
Salary, Wages, Bonus & Other Allowance	1,517.58		1,442.50	
Contribution to P.F,ESI & other Funds	207.66		183.01	
Staff Welfare expenses	95.10	1,820.34	81.26	1,706.77
		1,820.34		1,706.77

Note-27**Other Expenses**

	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
Consumption of Stores & Spares	233.60		259.25	
Freight, Octroi & Cartage	472.91		527.93	
Power and Fuel	2,025.62		1,939.29	
Electricity & Water Charges	24.74		29.90	
Advertisement, Publicity & Selling expenses	108.49		215.87	
Printing, Stationery, Postage, Telephone & Telex	101.36		117.01	
Rent	124.23		87.42	
Lease Rent	95.19	219.42	95.19	182.61
Repairs & Maintenance				
- Building	50.14		20.66	
- Machinery	140.85		119.93	
- Others	82.57	273.56	95.91	236.50
Insurance	23.20		22.99	
Rates & Taxes	18.74		11.65	
Commission	14.67		28.36	
Rebate & Discount	43.42		23.76	
Conveyance & Travelling expenses	228.10		248.61	
Legal & Professional Fees	107.96		65.77	
Payment to Auditors (Refer details below)	10.96		9.20	
Exchange Rate Fluctuation	0.63		2.12	
Donations	0.23		0.14	
Loss on Sale/Write off Fixed Assets	2.47		4.49	
Director's Sitting fees	0.18		0.10	
Sales Tax Additional Demand	0.78		1.39	
Provision for doubtful debts /Advances	29.94		11.13	
Bad debts/ Advances written off	24.01		13.81	
Wages Contractors	339.45		338.04	
Miscellaneous expenses	396.47		383.06	
Excise duty on Branch Transfer	45.43		37.05	
Excise duty on Increase/Decrease of Inventory	43.43		15.33	
	4,789.77		4,725.36	

Payment to Auditors

	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
Audit Fees				
Statutory Audit Fees	2.59	1.26	2.26	1.42
Limited Review Fee	2.73	0.71	2.37	0.60
for Taxation matters	1.69	0.54	1.54	0.54
Management & Other Services	1.16	-	0.36	-
Reimbursement of expenses	-	0.28	0.05	0.06
(includes Service Tax except Gurgaon & Jigani Unit)	8.17	2.79	6.58	2.62
Total Payment to Auditors		10.96		9.20

Note-28**Prior period adjustments
Expenditure/(Income)**

Depreciation	0.40		-	
Incentive Income	-		(6.43)	
Service Tax	-		2.34	
Sales Promotion	0.20	0.60	-	(4.09)
		0.60		(4.09)



PEARL Polymers Limited

Note-29 Depreciation and Amortization

Depreciation
Amortization

As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
838.50	788.37
2.45	2.22
840.95	790.59
840.95	790.59

Note-30 Finance Costs Interest Expenses Other Borrowing Cost

820.36	825.78
89.92	61.37
910.28	887.15

Note-31 Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations :

Total operations for the year

Profit/(Loss) after tax
Less : Dividends on Preference Shares and tax thereon
Net Profit/(Loss) for allocation of basic EPS

(₹ in lakhs)	(₹ in lakhs)
(36.70)	67.16
(0.01)	(0.07)
(36.71)	67.09

Weighted average number of equity shares in calculating basic EPS

Basic Earning per share (₹)

Total No of weighted average Equity Shares including diluted potential

Equity Shares outstanding during the year.

Diluted Earning per share (₹)

(No. in lakhs)	(No. in lakhs)
168.35	168.35
(0.22)	0.40
168.35	168.35
(0.22)	0.40

Note-32

Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)

43.05	480.18
-------	--------

Note-33

Contingent Liabilities

In respect of guarantees executed by Banks against lodgment of counter guarantees of the Company
Provided by way of Margin Money ₹ 8.58 lakhs
(Previous Year Nil)

34.33	-
-------	---

In respect of Service Tax

In respect of demands for Excise Duty *

* includes:

0.04	0.04
737.25	728.87

-The Company had received for its unit at Mahad show cause notice from Excise Department of ₹ 360.00 lakhs for producing and clearing dutiable and non-dutiable products under notification 4/97 dated 1.03.97. The Company has preferred an appeal against the same. Similar case for a different period had been adjudicated in Company's favour by CESTAT, DELHI

-At its unit at Mahad the Excise Department has filed an appeal against a demand of ₹72.72 lakhs which had been dropped by the Commissioner, Central Excise. (The original show cause notice was received on 17.2.2002 and related to imposition of Excise Duty on recovery of freight charges, detention charges etc., separately by the company and non-inclusion of the same).

-The Company had received for its unit at Gurgaon Demand Notice from Excise Department of ₹10.00 lakhs for penalty and deposited ₹2.50 lakhs under protest.

In respect of Demand for Income Tax pertaining to Assessment Year 2009-10 for Assessment under section 143(3)

16.76

Note-34
Value of imports calculated on CIF basis

Raw Materials
Traded goods

**As at
March 31, 2012
(₹ in lakhs)**

17.43
-

**As at
March 31, 2011
(₹ in lakhs)**

89.67
57.02

Note-35
Expenditure in foreign currency (accrual basis)

Travelling and conveyance
Others

20.75
0.02

31.38
0.05

Note-36
Earnings in foreign currency (accrual basis)

Exports at F.O.B Value

65.35

24.09

Note-37

The Foreign Currency exposure that are not hedged by derivative instruments or otherwise are as under:

Particulars	2011-2012		2010-2011	
	Foreign Currency (in lakhs)	(₹ in lakhs)	Foreign Currency(in lakhs)	(₹ in lakhs)
Trade Receivable				
USD	0.82	41.95	0.10	4.49
Total	0.82	41.95	0.10	4.49
Trade Payable				
Japanese Yen	-	-	9.85	5.95
Total	-	-	9.85	5.95

Note-38
Imported and Indigenous Raw Materials, Components and Spare parts Consumed

Raw Materials
Imported
Indigenously obtained

Spare parts & Components
Imported -
Indigenously obtained

% of Total Consumption 31-03-12	Value 31-03-12 (₹ in lakhs)	% of Total Consumption 31-03-11	Value 31-03-11 (₹ in lakhs)
0.14	17.43	1.00	96.43
99.86	12,230.37	99.00	9,591.18
100.00	12,247.80	100.00	9,687.61
-	-	-	-
100.00	233.60	100.00	259.25
100.00	233.60	100.00	259.25

Note-39

Purchases are net of incentives received during the year from the suppliers.

PEARL Polymers Limited
Note-40
Related party disclosures

Name of relative parties and related party relationship

Key Management Personnel

Mr.Chand Seth - Chairman & Managing Director

Mr.Harish Seth - Vice-Chairman & Managing Director

Mr.Varun Seth - Whole Time Director

Relatives of Key Management personnel and their enterprises where transactions have taken place

Mrs Suneeta Seth

Mrs Madhu Seth

Mrs Rupali Seth

Mr Udit Seth

Mr Adhar Seth

Mrs Ashna Chopra

Related parties where control exists

Amit Apartments Ltd

Beta Finance & Trading Pvt Ltd

Emperor Travels & Tours Pvt Ltd

Gama Investments Pvt Ltd

Pearl Apartments Ltd

Pacific Pearl Finance and Leasing Ltd

Pearl Engineering Polymers Ltd

Pearl International Tours & Travels Ltd

Theta Investments Pvt Ltd

Pearl Telefonics Ltd

Note-41
Related party transactions
Key Management Personnel
Remuneration paid

Mr Chand Seth

48.32

5.24

Mr Harish Seth

44.38

43.01

Mr Varun Seth

31.34

25.96

Interest paid (on FD)

Mr Chand Seth

-

7.48

Mr Harish Seth

2.06

4.11

Mr Varun Seth

-

1.59

Loan taken

Mr Chand Seth

25.00

70.00

FD taken

Mr Varun Seth

-

25.00

Advance against Equity and outstanding payable

Mr Chand Seth

-

27.87

Mr Varun Seth

-

26.43

Outstanding Payable

Mr Chand Seth

-

25.87

Mr Harish Seth

1.54

39.92

Mr Varun Seth

1.31

0.49


PEARL Polymers Limited

	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Note-42		
Relatives of Key Management Personnel		
Remuneration paid		
Mr Udit Seth	21.84	5.76
Rent paid		
Mrs Suneeta Seth	12.00	-
Mrs Madhu Seth	6.00	12.00
Interest paid (on FD)		
Mrs Suneeta Seth	-	6.53
Mrs Rupali Seth	-	2.94
Mrs Madhu Seth	2.24	0.23
Mr Adhar Seth	0.56	0.06
Mrs Ashna Chopra	0.56	0.06
FD taken		
Mrs Madhu Seth	-	40.00
Mrs Rupali Seth	-	50.00
Mr Adhar Seth	-	10.00
Mrs Ashna Chopra	-	10.00
Advance against Equity and outstanding payable		
Mrs Suneeta Seth	-	36.11
Mrs Rupali Seth	-	52.65
Outstanding Payable		
Mrs Madhu Seth	-	40.00
Mr Udit Seth	-	0.36
Mr Adhar Seth	-	10.00
Mrs Ashna Chopra	-	10.00
Note-43		
Related parties where control exists		
Purchase		
Pearl Engineering Polymers Ltd-Raw materials	10.25	3731.07
Pearl International Tours & Travels Ltd-Tickets	32.40	45.59
Rent paid		
Pearl Apartments Ltd	-	0.60
Dividend paid		
Pearl Engineering Polymers Ltd	0.01	0.07
ICD taken		
Pearl International Tours & Travels Ltd	-	185.00
Preference Shares Issued/(Redeemed)		
Pearl Engineering Polymers Ltd (Redeemed)	(175.00)	(420.00)
Amit Apartments Ltd (Issued)	185.00	-
Emperor Travels & Tours Pvt Ltd (Issued)	305.00	-
Gama Investments P Ltd (Issued)	34.50	-
Pacific Pearl Finance & Leasing Ltd(Issued)	14.50	-
Pearl Apartments Ltd (Issued)	358.00	-
Pearl Flats (India) Ltd (Issued)	115.00	-
Pearl Telefonics Ltd (Issued)	21.00	-
Outstanding Payable		
Pearl International Tours & Travels Ltd	4.30	3.85
Outstanding Receivable		
Amit Apartments Ltd	-	129.60
Beta Finance & Trading Pvt Ltd	-	200.00
Pearl Engineering Polymers Ltd	-	530.24
Theta Investments Pvt Ltd	-	200.00

Note-44**Gratuity and other post employment benefit plans****Employees Benefits**

The Company has adopted Accounting Standard (AS)-15, "Employees Benefits" notified in the Companies (Accounting Standards) Rules 2006.

The Company has classified various employees benefits as under:

Defined Contribution Plans

The Company has recognized the following amounts in the Profit & Loss Accounts for the year

	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
I. Employer's Contribution to Provident Fund	61.74	54.54
II. Employer's Contribution to Superannuation Fund	26.75	19.74
III. Employer's Contribution to Employees' Pension Scheme	21.05	32.86
IV. Employer's Contribution to Employees' State Insurance Scheme	20.08	20.37

Defined Benefit Plans

Valuations in respect of Gratuity, Leave Encashment and Compensated Absences have been carried out by independent actuary, as at the Balance Sheet date based on the following assumptions.

a) Discount Rate (per annum)	8.60%	8.00%
b) Rate of increase in compensation levels/escalation in salary	5.00%	5.00%
c) Expected rate of Return on Plan Assets	9.25%	9.25%
d) Expected Average remaining working lives of employees in number of years	22 yrs	22 yrs

Changes in the Present Value of Obligation

Present value of Obligation as at 1st April, 2011

Interest Cost

Past Service Cost

Current Service Cost

Curtailement Cost (Credit)

Impact due to settlement

Settlement Cost (Credit)

Benefits Paid

Actuarial Loss/(Gain)

Foreign Currency exchange rate different from the enterprises reporting currency

Present value of Obligation as at 31st March, 2012

Changes in the Fair Value of Plan Assets

Fair Value of Plan Assets as at 1st April, 2011

Expected Return on Plan Assets

Actuarial Loss/(Gain)

As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
Gratuity (Funded)	Leave Encashment	Gratuity (Funded)	Leave Encashment
253.83	114.56	210.03	94.16
20.31	9.17	16.59	7.44
-	-	-	-
22.77	15.00	22.68	20.51
-	-	-	-
-	-	-	-
-	-	-	-
(46.30)	(12.90)	(11.59)	(11.70)
7.92	(3.34)	16.12	4.15
-	-	-	-
-	-	-	-
258.53	122.49	253.83	114.56
42.63	-	32.96	-
4.40	-	3.26	-

	As at March 31, 2012 (₹ in lakhs)		As at March 31, 2011 (₹ in lakhs)	
	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)	Leave Encashment
Employers' Contribution	35.00	-	18.00	-
Contribution transferred from Group Companies	4.60	-	-	-
Benefits Paid	(46.30)	-	(11.59)	-
Contributions by Plan				
Fair Value of Plan Assets as at 31 st March, 2012	40.33	-	42.63	-
Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2012				
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-
State Government Securities	-	-	-	-
Insurance Policies	40.33	-	42.63	-
Other (including Bank Balances)	-	-	-	-
Reconciliation of Present Value of Define Benefit Obligation and the fair value of Assets				
Present value of funded Obligation as at 31 st March, 2012	258.53	122.49	253.83	114.56
Fair Value of Plan Assets as at 31st March, 2012	40.33	-	42.63	-
Funded (Assets)/Liability recognized in the Balance Sheet	-	-	-	-
Present value of Unfunded Obligation as at 31st March, 2012	218.20	122.49	211.20	114.56
Unrecognized past service cost	-	-	-	-
Unrecognized actuarial (Gain)/Losses	-	-	-	-
Unfunded Net Liability recognized in the Balance Sheet	218.20	122.49	211.20	114.56
Amount recognized in the Balance Sheet				
Present value of Obligation as at 31 st March ,2012	258.53	122.49	253.83	114.56
Fair Value of Plan Assets as at 31 st March ,2012	40.33	-	42.63	-
Assets/Liability recognized in the Balance Sheet(Net)	218.20	122.49	211.20	114.56
Expenses recognized in the Profit & Loss Account				
Current Service Cost	22.77	15.00	22.68	20.51
Past service Cost	-	-	-	-
Interest Cost	20.31	9.17	16.59	7.44
Expected Return on Plan Assets	(4.40)	-	(3.36)	-
Curtailment Cost (Credit)	-	-	-	-
Settlement Cost (Credit)	-	-	-	-
Net actuarial (Gain)/Loss	7.92	(3.34)	16.12	4.15
Contribution transferred from Group Companies	(4.60)	-	-	-
Total Expenses recognized in the Profit & Loss Account	42.00	20.83	52.13	32.10

PEARL Polymers Limited
Note-45

Disclosure in accordance with Part I of Schedule VI of Companies Act, 1956 in respect of "Micro, Small and Medium Enterprises"

Particulars

- a) Principal amount remaining unpaid
- b) Interest due thereon
- c) Interest paid by the company in term of Section 16 of Micro, Small and Medium Enterprises Development Act.
- d) Interest due and payable for the period of delay in payment
- e) Interest accrued and remaining unpaid
- f) Interest remaining due and payable even in succeeding years

**As at
March 31, 2012
(₹ in lakhs)**

**As at
March 31, 2011
(₹ in lakhs)**

Nil

Nil

Nil

Nil

Nil

Nil

Nil

Nil

Nil

Nil

Nil

Nil

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company during the year

Note-46

The Company is engaged in the manufacture of PET bottles & jars and there is no separate reportable segment as per the Accounting Standard 17 on 'Segment Reporting' notified in the Companies (Accounting Standard) Rules. 2006

Note-47

In view of loss, MAT is not applicable. Moreover, deduction is available u/s 80(IC) of the Income Tax Act, against taxable income of the Company. Hence, no provision for Income Tax has been made during the year.

Note-48

In accordance with the Central Capital Investments Subsidy Scheme 2003, the Company has received a Capital Subsidy of ₹ 30.00 lakhs during the year, in respect of its Pant Nagar Unit. The same has been credited to Capital Reserve Account

Note-49

As on 31st March, 2012, the Company has Investments of 5492960 equity shares (amounting to ₹ 545.40 lakhs) of Pearl Engineering Polymers Ltd, a Company under the same management, which is temporarily shut down since March 2011. No provision has been made for diminution of the value of the said investment since, in the opinion of the management, the enterprise value is much higher, and the going concern of the Company is not impacted at this stage.

Note-50

- a) Disclosure for operating leases under Accounting Standard 19 "Lease". The Company has taken various residential flats/godowns/office premises (including furniture and fittings, there in as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months and 3 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. No contingent rents are recognized in the P&L Account.
- b) The Company has leased facilities under the non-cancellable operation lease. Lease rent amounting to ₹ 95.19 lakhs (Previous year ₹ 95.19 lakhs) has been charged to Profit & Loss Account

The future lease payments and payment profile of non conciliable operating leases are as under:

Particulars	Year ended March 31, 2012 (₹ in lakhs)	Year ended March 31, 2011 (₹ in lakhs)
Not later than one year	102.67	102.39
Later than one year but not later than five years	148.07	250.11
Later than five years	-	-

Note-51**Prior Year Comparatives**

Till the year ended March 31, 2012, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year's figures to confirm to this year classifications.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholders,

In case you have not registered your e-mail address for receiving communication from the Company in electronic mode, you may send us the registration form below:

E-Communication Registration Form

(In terms of circular No. 17/2011 dated 21.04.2011 and circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs)

Folio No./ DP ID & Client ID : _____

Name of 1st Registered Holder : _____

Name of Joint Holder : _____

Registered Address : _____

Email ID to be registered : _____

I/We shareholder(s) of M/s Pearl Polymers Ltd. agree to receive communication from the Company in electronic mode. Please register my/our above email id in your records for sending communication through email

Date:

Signature:

Note:

1. Shareholders are requested to keep the Company/ Depository Participant informed as and when there is any change in the email address.
2. Members holding shares in dematerialised form may kindly update their email addresses with their respective Depository Participant (DP) only.



PEARL Polymers Limited

Registered Office :

204, Rohit House, 3, Tolstoy Marg,
New Delhi - 110 001

ATTENDANCE SLIP

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

I hereby record my presence at the **41st ANNUAL GENERAL MEETING** at PHD Chambers of Commerce & Industry, (Modi Hall), 4/2, Siri Institutional Area, August Karanti Marg, New Delhi 110 016 on Thursday, the **20th September, 2012**, at 11:30 A.M.

Name of the Member(s)/Proxy attending the Meeting	
Folio No./Client ID No. & DP ID No.	
No. of Shares Held	
Signature of the Member/Proxy	

- PLEASE NOTE THAT AS PER AUDITORIUM DIRECTIVES, NO EATABLES, HELMETS, BRIEF CASES, HANDBAGS, CELLULAR PHONES ETC., WILL BE ALLOWED INSIDE THE HALL.
- NO GIFTS/SNACKS WILL BE GIVEN AT THE ANNUAL GENERAL MEETING.



PEARL Polymers Limited

Registered Office :

204, Rohit House, 3, Tolstoy Marg,
New Delhi - 110 001

PROXY FORM

I/We
of
being a Member/Members of Pearl Polymers Limited, hereby appoint.....
of
or failing him
of

as my/our Proxy to attend and vote for me/us and on my/our behalf at the **41st ANNUAL GENERAL MEETING** of the said Company to be held at 11:30 A.M. on Thursday, the **20th September, 2012**, or at any adjournment thereof.

Signed this day of 2012

Signature of
The Member(s)
Folio No./Client ID No. & DP ID No

Affix
15 Paise
Revenue
Stamp

N.B. (i) The Proxy, In order to be effective, must be deposited at the Registered Office of the Company, not later than 48 hours before the time of the Meeting.

(ii) A Proxy need not be a Member.

BOOK - POST

If undelivered please return to :
PEARL Polymers Limited
504, Rohit House, 3, Tolstoy Marg,
New Delhi - 110 001
Phone Nos : 011-43517917-21
Fax No : 011-43517596