

# PEARL POLYMERS LIMITED



## 42ND ANNUAL REPORT 2012-2013

**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY****Ms. Chandni Gupta****AUDITORS**

**Sehgal Mehta & Co.**  
**Chartered Accountants**  
10173/2, Block No. 15,  
Abdul Aziz Road,  
W.E.A., Karol Bagh,  
New Delhi-110005

**BANKERS**

Bank of Baroda  
Allahabad Bank  
IDBI Bank

**REGISTERED OFFICE**

A-97/II, Okhla Industrial Area Phase-II,  
New Delhi-110 020

**SHARE DEPARTMENT**

A-97/II, Okhla Industrial Area Phase-II,  
New Delhi-110 020  
Ph. : 47385300, Fax : 47480746

**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

**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 OF ANNUAL GENERAL MEETING OF PEARL POLYMERS LIMITED

NOTICE is hereby given that the **Forty Second** Annual General Meeting of the members of **Pearl Polymers Limited** will be held on **Monday, the 23<sup>rd</sup> day of September, 2013 at 11:30 A.M at A-97/2, Okhla Industrial Area, Phase-II, New Delhi-110 020** to transact the following business:-

### ORDINARY BUSINESS:

1. To consider and adopt the Financial Statements of the Company for the Financial Year ended March 31<sup>st</sup>, 2013, the Statement of Profit and Loss Account and Balance Sheet for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To elect Directors in place of those retiring by rotation.
3. 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 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sehgal Mehta & Co., Chartered Accountants (Firm Registration No. **003330N**), be and are hereby re-appointed as the Statutory Auditors of the Company 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 2013-14.”
4. 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 2013-14.

### SPECIAL BUSINESS:

5. **Alteration in the Articles of Association of the Company**

To Consider and if thought fit, to pass, with or without modification the following Resolution as **Special Resolution** :

**RESOLVED THAT** pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto and re-enactment thereof) , the existing Article 138 of Articles of Association of the Company be and is hereby altered by substituting in its place the following as Article 138 :-

Article 138 :- The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or other instrument to which the Seal of the Company is required to be affixed shall, be affixed in the presence of atleast one Director or the Manager or the Secretary or such other person as the Board/Committee of the Board may appoint for the purpose, who shall sign every instrument to which the Seal is so affixed in his presence;

**RESOLVED FURTHER THAT** the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificate) Rules, 1960 or any statutory modification thereof for the time being in force.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be considered expedient to give effect to this resolution.

By Order of the Board of Directors  
**Pearl Polymers Limited**

Dated: 13<sup>th</sup> Aug, 2013  
Registered Office:  
A-97/2, Okhla Indl. Area,  
Phase-II,  
New Delhi-110 020 India

Sd/-  
**Chandni Gupta**  
**Manager (Accounts)**  
**& Company Secretary**

**NOTES:**

1. **A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on a poll instead on his/her behalf. A proxy need not be a Member of the Company.**

Proxies in order to be effective, must be received at the Investor Service Centre of the Company ('ISC'), A-97/2, Okhla Industrial Area, Phase-II, New Delhi 110 020, not less than forty eight hours before the commencement of the AGM i.e. by 11:30 A.M.

2. Corporate members are required to send to ISC a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956 ('the Act'), authorizing their representative to attend and vote at the AGM.
3. In accordance with the provisions of Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Ramesh Mehra, Director is liable to retire by rotation at the ensuing Meeting and being eligible offers himself for re-appointment. The Board of Directors of the Company commends his re-appointment. Mr. Ramesh Mehra, do not hold any shares in the Company.
4. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/re-appointment at this AGM is appearing in the Report and Accounts.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 18, 2013 to Monday, September 23, 2013 (both days inclusive), in terms of the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges where the shares of the Company are listed for the purpose of Annual General Meeting.
6. As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs vide its Circular No. 17/2011 and 18/2011

dated April 21, 2011 and April 29, 2011 respectively, has allowed the Companies to send official communication and documents to its shareholders through E-mail accordingly. Members, who are yet to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc, in electronic mode, are requested to register the same in support of the Green Initiative in Corporate Governance. The form for such registration is once again being sent to the Members. Members holding shares in physical form may send such requests for registration by e-mail at investor\_helpdesk@pearlpvt.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.

7. Members/Proxies are requested to bring duly filled admission/attendance slips sent herewith along with the copies of Annual Report to the Meeting. Duplicate admission/attendance slips and/ or copies of the Report and Accounts will not be provided at the AGM venue.
8. Shareholders, whose shareholding is in electronic format are requested to direct change of address, notification, registration of e-mail address and updation of bank account detail to their respective depository participants.
9. 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 of the Company for consolidation into a single folio.
10. Shareholders who hold shares in the physical form and wish to make any nomination/change nomination made earlier in respect of their shareholding in the Company, should submit to ISC the prescribed Form 2B. The Form can be furnished by ISC on request.
11. 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 at its registered office at-

**MAS SERVICES LIMITED****T-34, Okhla Industrial Area,****Phase-II, New Delhi: 110 020****Phone No. : 011-26387281-83****Fax : 011-26387384****E-mail : mas\_serv@yahoo.com**

12. The Statement of Profit and Loss for the Financial Year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet ('the Accounts'), are available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day preceding the date of this AGM. Shareholders having any question on Financial Statements or any agenda item proposed in the notice of Annual General Meeting are requested to send their queries at least ten days prior to the Annual General Meeting of the Company at its registered office address to enable the Company to collect the relevant information.
13. For the security and safety of the shareholders, no article/baggage including water bottles and tiffin boxes will be allowed at the venue of the meeting. The shareholders/attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting
14. 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.
15. Securities and Exchange Board of India (SEBI) has made the submission of

Permanent Account Number (PAN) card copy mandatory in the following cases:

- i) Transferees' PAN Cards for transfer of shares;
- ii) Legal heirs' PAN Cards for transmission of shares;
- iii) Surviving joint holders' PAN Cards for deletion of name of deceased Shareholder; and
- iv) Joint holders' PAN Cards for transposition of shares.

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

**Pursuant to Section 173(2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to Item No. 5 of the Notice.**

**Item No. 5**

The Board of Directors of the Company in its meeting held on May 30, 2013 have hereby decided to alter the provisions of affixing Common Seal mentioned in the Articles of Association (Article 138) of the Company for better Convenience, Delegation of signing authority of the Board and also for the Speedy and smooth functioning of the Company, since the availability of the Directors is not possible at all the time for the purpose of Issue of Share Certificates, Deeds, Documents etc of the company and signing the same.

The Board of Directors with the view of abovesaid reasons, and situations have decided to alter the Provisions of the Common Seal and give their consent to alter the Same but limited and subject to the consent of the Shareholders of the Company.

None of the Director is deemed to be interested in the above said Resolution.

**PEARL Polymers Limited**

Pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director or Re-appointment of Director

<b>Name</b>	<b>Mr. Ramesh Mehra</b>
<b>Age</b>	63 years
<b>No. of Shares held in Company</b>	Nil
<b>Qualification</b>	Bachelors in Engineering (Industrial Production). Underwent onsite training in Japan during initial assignments.
<b>Experience in specific functional area</b>	He has over 35 years of rich experience in Commercial Production, Sales Administration, Account and Personnel in Industrial and Manufacturing concerns. His knowledge and expertise in various fields will benefit the Company in an indispensable manner. He has been on the Board of the Company as Non-Executive and Independent Director since 31 <sup>st</sup> October, 2000 and is a member of the Audit Committee and Shareholders / Investor' Grievances Committee of the Company.
<b>Outside Directorship</b>	M/s Speed Shore Trading Company Pvt. Ltd Pearl Engineering Polymers Limited Amit Apartments Limited

Dated: 13<sup>th</sup> Aug, 2013

By Order of the Board of Directors  
**Pearl Polymers Limited**

Registered Office:  
A-97/2, Okhla Industrial Area,  
Phase-II, New Delhi-110 020  
India

Sd/-  
**Chandni Gupta**  
**Manager (Accounts)**  
**& Company Secretary**

## DIRECTORS' REPORT

### AND MANAGEMENT & DISCUSSION ANALYSIS

To,  
The Members,

The Directors have pleasure in presenting the Forty Second Report on the business and operations of the Company together with audited accounts for the Financial Year ended 31<sup>st</sup> March, 2013.

### FINANCIAL PERFORMANCE

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2013 as compared with the previous year's performance is envisaged below:

(Amount in ₹ Lacs)

Particulars	For the year ended 31 <sup>st</sup> March, 2013	For the year ended 31 <sup>st</sup> March, 2012
<b>Gross Sales</b>	<b>23110.96</b>	22624.60
Less : Excise Duty	<b>1261.62</b>	1178.29
<b>Net Sales</b>	<b>21849.34</b>	21446.31
Other Income	<b>273.32</b>	99.79
<b>Total Income</b>	<b>22122.65</b>	21546.10
<b>Total Expenditure (excl. Depreciation &amp; Interest)</b>	<b>21174.93</b>	19973.37
<b>Profit before Depreciation, Interest &amp; Tax (PBDIT)</b>	<b>947.72</b>	1572.73
<b>Less : Interest</b>	<b>843.70</b>	910.28
Depreciation	<b>883.86</b>	840.95
Exceptional Items	<b>(2427.89)</b>	(111.88)
Profit before Tax & prior period Adjustment (PBT)	<b>1648.04</b>	(66.62)
Provision for Taxes	<b>227.45</b>	29.92
<b>Profit after Tax (PAT)</b>	<b>1420.59</b>	<b>(36.7)</b>
<b>Surplus brought forward</b>	<b>182.78</b>	394.49
<b>Balance available for appropriation</b>	<b>1603.37</b>	357.79
<b>Appropriations:-</b>		
Proposed Dividend (incl. tax)	-	0.01
Transfer to Capital Redemption Reserve	<b>(1033.00)</b>	(175.00)
<b>Balance carried to Balance Sheet</b>	<b>570.37</b>	182.78

### DIRECTORS

The Board of Directors of the Company is composed 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, Mr. Ramesh Mehra, Director, is liable to retire by rotation at the ensuing

Annual General Meeting and being eligible has offered himself for re-election.

The brief resume/details relating to directors who are to be appointed/reappointed are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

### 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 confirms that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the period;
- they have taken proper and sufficient care 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; and
- the Directors have prepared the Annual Accounts for the Financial Year ending 31<sup>st</sup> March, 2013 on a 'going concern basis'.

#### **AUDITORS AND AUDITORS' REPORT**

M/s Sehgal Mehta & Co., Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to continue as the Statutory Auditors, if re-appointed at the Annual General Meeting to hold office until the conclusion of the next Annual General Meeting. The Company has received from the auditors, a certificate stating that their appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956 and they are not disqualified for such re-appointment within the meaning of section 226 of the said Act.

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

#### **Internal Control System and their Adequacy**

The Company's internal control system comprises audit and compliance procedures commensurate to the nature and size of business. The internal auditors appointed by the Board M/s Sanjeev Khanna & Associates, Chartered Accountants, assist the Board in supplementary internal audit check.

The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. An extensive program of internal audit and management review supplements the process of internal control.

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

#### **LISTING OF EQUITY SHARES**

The Company's share continues to remain listed with National Stock Exchange and The Stock Exchange, Mumbai, India.

During the year under review, the Company has redeemed 10,33,000 (One Lac Thirty Three Thousand) 5% Redeemable Non Cumulative Preference Shares (unlisted). Consequent to which the share capital of the Company is now comprising of ₹ 1, 68, 34,932 Equity Shares of ₹ 10/- each.

#### **PUBLIC DEPOSITS**

As on 31<sup>st</sup> March, 2013, a sum of ₹ 16.02 Lacs relating to 87 depositors remained unclaimed. Since then, deposits amounting to ₹ 6.55 Lacs in respect of 30 depositors have been repaid/ renewed. In accordance with provisions of the Companies Act, 1956, the Company has deposited the unclaimed deposits along with interest thereon into the Investor Education and Protection Fund (IEPF) established under the Act.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

#### **CASH FLOW STATEMENT**

Cash Flow Statement in accordance with Accounting Standards (AS-3) issued by Ministry of Corporate Affairs also forms part of this Annual Report.

#### **CHANGE OF THE REGISTERED OFFICE/ CORPORATE OFFICE**

The Board of Directors at their meeting held on 14<sup>th</sup> February, 2013, approved the change of Registered Office of the Company to A-97/2, Okhla Industrial Area, Phase-II, New Delhi-110 020 from the earlier office at 204, Rohit House, 3, Tolstoy Marg, New Delhi-110 001, with immediate effect.

Corporate office of the Company (Mumbai) w.e.f 14<sup>th</sup> February, 2013 has been shifted from II Floor, Kamanwala Chambers, New Udyog Mandir, Mughal Lane, Mahim, Mumbai-400016 to Pearl Polymers Limited, 410-411, 4<sup>th</sup> Floor, New Udyog Mandir No.2, Mogul Lane, Mahim West, Mumbai 400016.

#### **POSTAL BALLOT**

During the year under review the Company has obtained the approval of its Members under Section 293 (1) (a) of the Companies Act, 1956, by passing the resolution through postal ballot as provides by postal ballot rules pertaining to:

Ordinary Resolution under Section 293(1)(a) of the Companies act, 1956 for sale/ disposal of whole or substantially the whole of one of the Company's manufacturing unit situated at 2-A, Sector-18, HSIIDC, Gurgaon, Haryana. The Company was facing many operational and technical difficulties in carrying on the manufacturing facilities at its unit located at Gurgaon (Haryana). There is uncertainty foreseen in the operation of the aforementioned unit as the Company is unable to obtain fire NOC from Municipal Corporation of Gurgaon since the location of plant is in dispute. The unit is situated within the purview of **900 mtr from Ammunition Depot of Air Force** in Gurgaon. A Petition in public interest has been filed by certain residents of Gurgaon that the construction of residential and industrial/commercial establishments located within 900 mtr from Ammunition Depot of Air Force in Gurgaon is illegal. It has been confirmed by the Estate Officer-1, HUDA, Gurgaon, to the Company that the site of its Gurgaon unit falls within 900 mtrs of the ammunition Depot; hence this has made any further operations in the Companies Gurgaon Unit very uncertain.

Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company had, at its meeting held on 31.07.2012, appointed Mr. V. P. Kapoor, Practising Company Secretary as the Scrutinizer for conducting the postal ballot process.
2. The Postal Ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
3. All postal ballot forms received up to the close of working hours on the last date and time fixed by the Company for receipt of the forms, had been considered.
4. The results of the Postal Ballot were announced on 07.09.2012 at the registered office of the Company.

The Register and Postal Ballot Papers have been preserved by the Company as per the Companies (Passing of Resolution by Postal Ballot) rules, 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Industry Structure and Development

The Indian plastic industry clearly has the potential to continue its fast growth. However, over the next few years, the per capita consumption of plastics in India is well below the world average. However

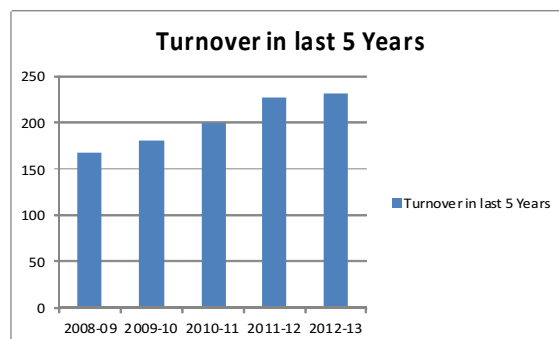
it also reflects the many years of growth ahead, as the country's economy continues to grow and upgrade the usage of products. Translating the expected growth rate into incremental demand, it is obvious that the country will remain one of the largest sources of additional demand for almost all kinds of plastics.

Hence, it is clear that plastics will continue to be a growth industry, with boosting prospects for fresh investments in polymerization and downstream processing capacity. This is in contrast to the situation in various other countries, where growth prospects are limited, either because of stagnant demand or due to the historical over building. In such countries, the overall outlook would be far less promising, with the key imperatives being cost cutting and capacity rationalization. Plastic industry in India symbolizing a promising industry and at the same time creating new employment opportunities for the people of the India. The per capita consumption of plastic products in India is growing and is moving towards 8% GDP growth.

The plastic processing Industry consist of over 30,000 units which are producing a wide range of plastic products through the process of injection moulding, then blow moulding, extrusion, and finally calendaring.

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 4 locations namely: Baddi, Pant Nagar, Mahad and Jigani, in close proximity to our diversified customer base are 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 ₹ 231.11 crores, thereby reporting a growth of 2.15% over the previous year's turnover of ₹ 226.25 crores.

The Gross sales have improved tremendously over a period of last five years by approx 50% since the Financial Year 2007-2008. However, on account of significant increase in raw material prices, and change in inventories, further affected the margins, the operating loss of the Company stands increased to ₹ 779.84 lakhs as compared to ₹ 178.50 lakhs in the previous year. However, your Company is forward looking about improving and expanding its operations to capture the market potential to its advantage. The Company is striving to achieve a balance in operations so that it can bear the changes in economic trends.

### **(C) Economic Scenario and Industry Outlook**

India has witnessed a substantial growth in the consumption of plastics and an increased production of plastic waste. Polyolefins account for the major share of 60% in the total plastics consumption in India. Packaging is the major plastics consuming sector, with 42% of the total consumption, followed by consumer products and the construction industry. The relationship observed between plastic consumption and the gross domestic product for several countries was used to estimate future plastics consumption (master curve). Elasticities of the individual material growth with respect to GDP were established for the past and for the next three decades estimated for India thereby assuming a development comparable with that of Western Europe. On this basis, the total plastics consumption is projected to grow by a factor of six between 2000 and 2030.

The Indian Plastic industry is facing severe demand crunch in the domestic industry for quite some time. Demand for major polymers was 10% lower in Q2 this Financial Year as compared to the same period last year. The slowdown demand is adversely affecting the industry comprising of 15 raw material producers and there are about 26,000 processing units in the country with adverse impact on the employment of 3.3 million people associated with this industry. The contribution of the plastic industry in the economic growth of countries the world has been great.

In the year 2006, the value of world plastic export was US \$ 375 billion and the share of India was less than 1% with exports of worth US\$ 3.187

billion. During this same period the percentage of growth in export was 21%. During this trend of growth in exports, the exports of plastic raw material increased from 55% to 60% of the total export of plastic goods, while the export of processed plastic goods was a negative growth from 45% to 9%. According to recent reports of analysts, the industry is said to be losing an opportunity of USD 300 million through value addition on the raw materials that are exported. Indian Plastic Industry today is symbolizing a promising industry and at the same time creating new employment opportunities for people in the country. The per capita consumption of plastic products in India is growing and is moving towards 8% GDP growth.

### **(d) Opportunities and Threats**

The Indian plastic industry has taken great strides. In the last few decades, the industry has grown to the status of a leading sector in the country with a sizable base. The material is gaining notable importance in different spheres of activity and the per capita consumption is increasing at a fast pace. Continuous advancements and developments in polymer technology, processing machineries, expertise, and cost effective manufacturing is fast replacing the typical materials in different segments with plastics.

With a population over one billion where 40% are under age 15, opportunities for plastics producers in India include near-term rapid growth in the nation's internal consumption of plastic products and the Indian middle class is 300 million and rising, and the annual GDP growth rate is 8%. Typically, in an emerging market, demand growth for plastics is 2 to 2.5 times the GDP growth.

The Indian plastic industry followed the global trend, experiencing a slowdown over the last two years. Last year was marked by the unprecedented depreciation of the Indian rupee vs. the US dollar, and almost 13 consecutive interest rates hikes since the start of the Financial Year, which translated into a failed opportunity for the Indian plastic industry to transform the lower international commodity prices into lower prices in rupee terms.

However, since the start of 2012, the rupee-US dollar exchange rate has stabilized and the consumer sectors are witnessing heightened demand, which is expected to accelerate the growth of the plastic industry in India. Moreover,

the Indian market players are convinced that India has robust long-term growth prospects. The consumption of petrochemicals is projected to hit 53.2m TPA by 2016-2017, up from 31.9m TPA in 2011-2012. It should be noted that crude oil and naphtha prices have been a cause of concern for Companies as imports tend to become more expensive, nonetheless India is set to become more self-reliant and grow enough to suffice its domestic demand for polymers.

Strong demand from sectors such as automobiles and irrigations is benefiting the Indian Plastic sector immensely and aiding its growth. The Indian Plastic Industry is booming, not only on the domestic front but also on the global front. The increasing domestic demand and rising export are leading towards making the Industry a key sector.

The Indian Plastic Industry is expanding at phenomenal pace and expected to open unprecedented opportunities in the global market place. By changing attitude towards the technology and customers management, the industry is preparing itself to embrace global challenges and thus the need of support of competent human resources with creative capabilities, research and development temper, efficiency and effectiveness becomes inevitable to surge ahead in the global market.

The Indian Plastics Industry faced intense competition from the Companies that were globally consolidated. Indian Plastic Industry needed technological advancement to compete the existing players.

In the present context, we all are deeply concerned with the often price hikes in polymers, making the plastic products more prohibitive losing its competitive edge over other counterparts. The hike in polymers prices along with the rising crude oil prices is the phenomenon of the world market.

#### **(e) Risk and Internal Adequacy**

Risk management and internal control system are processes that are influenced by the Board, the Audit Committee, the CEO, the group management and other employees and which are designed with the aim of providing a reasonable assurance that Company's goals are achieved in respect of appropriate, reliable reporting and compliance with applicable laws and regulations. The process is based on the control environment which creates discipline and structure for the other four components in the process – risk

management, control structure, information and communication as well as follow up.

The Board's risk management and internal control report in connection with the financial reporting which has been prepared in accordance with Annual Accounts and the Code as part of the Corporate Governance Report.

#### **(g) Human Resource Development**

Your Company's Human Resource agenda for the year was focused on strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organizational capabilities for future readiness, driving greater employee engagement and strengthening employee relations further through progressive people practices at the shop floor.

People development continues to be a key focus area at your Company. Your Company's employer brand has been built with high levels of rigor and thoroughness that has gone into making its consumer brands and reaching out to its customers. Your Company is widely acclaimed for its people development practices. This, coupled with its ability to attract the best talent, gives a competitive edge to the organization.

Your Company has been investing in progressive employee relations practices to ensure that it invests in capability at the gross root level. 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 contented work team.

#### **(h) Industrial Relations**

The industrial relations in all the units of the Company remained cordial and peaceful throughout the year. Minor issues faced in the operations were solved with peaceful and co-operative attitude adopted by both the Management as well as the workforce. The Company tries its best to keep cordial relations with its workers, trade unions etc.

#### **Corporate Social Responsibility**

Your Company believes that Corporate Social Responsibility delivered in the context of its business makes it more effective, impactful, scalable and sustainable. Your Company's overarching aspiration to create meaningful societal value is manifest in your Company's strategy to enhance the competitiveness of value chains of which it is a part. It is therefore a

conscious strategy to design and implement Social Investment/CSR programmes in the context of your Company's businesses, by enriching value chains that encompass the most disadvantaged section of the society, especially those residing in rural India, through economic empowerment based on grass-roots capacity building.

During the year, the Company was involved in the following CSR activities.

#### **Environmental, Health & Safety**

To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world-class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time. 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 are "Green Categorized". All environmental norms were duly complied with at the manufacturing locations.

Your Company's Human Resource agenda for the year was focus on the vision on of being an "Injury Free" and 'Zero Environment Incident' organization. The behavioral safety programme is in place for many years.

In line with targets of the Company's vision is to double the size of its business while reducing the overall impact on environment. Your Company has also increased the use of renewable resources. Rain Water Harvesting has been implemented in more than 50% of the manufacturing units. Your Company has created the Rain Water Harvesting potential to return more water to the ground than their water consumption.

Your Company pursues a three pronged approach in waste management; Reduce, Reuse and Recycle.

#### **Educational & Training Initiatives:**

The education & stationery products industry is poised for exponential growth driven by large investments in the education sector, growing literacy and increasing

scale of government initiatives in education. The Company encourages the development of human capital of the Nation by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields. The Company organizes regular Management Development Programmers in the form of workshop and training session for both the senior and junior management. The Company has chosen areas to focus its energies on namely Education and Skill Development, Health, Environment and Affirmative Action.

Your Company also supports a number of initiatives for vocational training within the catchment areas of its operational that have proven to be effective in empowering youth with requisite skills to increase their employability in the market.

#### **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**

There was no employee of the Company who received remuneration in excess of the limits prescribed 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.

#### **LEGAL, COMPLIANCE AND BRAND PROTECTION**

Your Company continued to focus on the key areas and projects within the legal and compliance functions, which include transiting to a workflow based Self-Compliance initiative. This enables compliances to be made and tracked by factories and offices of your Company across the country. In the area of Brand Protection, your Company has taken significant actions against counterfeits, fakes and other forms of unfair competition, during the year, under the Company's initiative to Combating Unfair Competition.

#### **CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and

transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior. As a global organization, the Corporate Governance practices followed by the Company, through the Governance mechanism in the Company, the Board along with its committee undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair-play and independence in its decision making.

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. Its directors and employees supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Code is available on the website of the Company [www.pearlpet.com](http://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.

#### **CAUTIONARY STATEMENT**

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations.

Actual results may differ substantially or materially from those expressed or implied. Important development that could affect the Company's operations include a downward trend in the domestic industry, monsoon, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labour relations.

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.

#### **ACKNOWLEDGMENT & APPRECIATION**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry.

Your Directors would also like to acknowledge the excellent contribution to your Company in providing with the latest innovations, technological improvements and marketing inputs across almost all categories in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products and introduction of new products.

The Board places on record their appreciation for the support and co-operation your Company has been receiving from its suppliers, redistribution stockists, retailers, business partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be Company's endeavor to build and nurture strong links with the trade based on mutuality of benefits, respect to and co-operation with each other, consistent with consumer interests.

The Directors also take this opportunity to thank all investors, clients, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support.

On Behalf of the Board  
**PEARL POLYMERS LTD**

**CHAND SETH**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : New Delhi  
Date : 13<sup>th</sup> August, 2013

**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****1 ENERGY CONSERVATION MEASURES TAKEN:**

- a) We continue to introduce new energy efficient equipment in our plants. Recently we have trying to the new energy efficient air compressors which forms an important integral part of our Production activity. The compressors are integrated with a close-loop type cooling tower which in turn also helps in conserving ground water.
- b) All our Units now procure only three / five star rated energy efficient Appliances.
- c) 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.
- d) A water chilling unit used in 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.

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

All our Additional Investments are now firmed up to revolve around out Team's Techno Commercial experiences gained through Practical experimenting and speculations forseen by our on the floor team's 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.

**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, ₹ 29.85 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**

(Amount in ₹ Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
<b>Foreign Exchange Earnings (FOB Basis)</b>		
(i) Export of finished goods	8.49	65.35
(ii) Export of capital goods	21.36	—
<b>Foreign Exchange Outgo (On FOB Basis)</b>		
(a) Raw Material	—	17.43
(b) Capital Goods	4.66	NIL
(c) Travelling & Others	7.71	20.77

**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 31<sup>st</sup> March, 2013.

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 : **April 30, 2013**

**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, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 best of our information and according to the explanation 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.

For and on behalf of

**Sehgal Mehta & Co.**

Chartered Accountants  
(Firm Regn. No. 003330N)

**Naresh Khanna**

Partner

Place : **New Delhi**

Date : **August 7, 2013**

Membership No. 081482

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

The philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with the laws and regulations of the country in order to promote ethical conduct and practices throughout the organization for enhancing stakeholders value.

Corporate Governance at Pearl is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible Corporation, we use this framework to maintain accountability in all our affairs, and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our Corporate Governance philosophy is based on the following principles :

- Satisfy the spirit of the law and not just the letter of the law;
- Be transparent and maintain a high degree of disclosure levels - when in doubt, disclose;
- Make a clear distinction between personal conveniences and Corporate Resources;
- Communicate externally, in a truthful manner, about how the Company is run internally;
- Have a simple and transparent corporate structure driven solely by business needs; and
- The Management is the trustee of the Shareholders' Fund and not the owner.

**II. BOARD OF DIRECTORS**

The Board is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance.

The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably increasing the Company's value. The Board has Constituted various Committees viz- a- viz Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievances Committee and Finance Committee. The Company has defined guidelines and established framework for the meetings of the Board and Board Committees. These guidelines seek to systematise the decision-making process at the meeting of the Board and Board Committees in an informed and efficient manner. The Board critically evaluates strategic direction of the Company, management policies and their effectiveness.

**i) Composition**

The present strength of the Board is Five (5) Directors. The Board comprises of Two (2) Executive and Three (3) 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.

The composition of the Board of Directors, Number of Shares held , Attendance in the last AGM, alongwith the number of Directorships and Committee positions (Chairmanships/ Memberships) held by them in other companies as on 31<sup>st</sup> March, 2013 are given herein below:

Name of Directors	No. of Shares Held	Present at the Last AGM held on 20.09.2012	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©	890475	YES	4	0	1
Mr. Harish Seth Vice – chairman & Managing Director ®	0	NA	2	—	—
Mr. Varun Seth Whole Time Director©	597778	YES	2	0	1
Non Executive and Independent Directors					
Dr.Sai Ramachandran Director	0	YES	2	2	2
Mr. Naresh Khanna Director ®	0	NA	2	—	—
Mr. Ramesh Mehra Director	0	NO	2	0	2
Mr. Mahavir Singh Nominee Director- HSIIDC	0	NO	3	0	2

**Notes:**

- § None of the Director was a member of more than ten committees or Chairman of more than five committees across all the companies in which he is a Director. Necessary disclosures with respect to Committee Positions held as on 31<sup>st</sup> March, 2013 have been received from all the Directors.
- # It excludes Alternate Directorship, Directorship in Private Companies, Foreign Companies and Companies registered under section 25 of the Companies Act, 1956.
- @ It excludes committees other than the Audit Committee and Shareholders'/ Investors' Grievances Committee of all Public Limited Companies (including Pearl Polymers Limited) as per the provisions of clause 49 of the Listing Agreement.
- ® During the year under review, Mr. Harish Seth, Vice Chairman & Managing Director and Mr. Naresh Khanna, Non Executive & Independent Director of the Company, resigned from the Board w.e.f 11<sup>th</sup> July, 2012 and 1<sup>st</sup> August, 2012 respectively. The Chairmanship & Membership in Committees for them are not considered since their office got vacated before 31<sup>st</sup> March, 2013.
- © Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director are related to each other.

**ii) Board Meetings**

During the year under review Seven (7) Board Meetings were held i.e May 30<sup>th</sup>, 2012, July 31<sup>st</sup>, 2012, August 14<sup>th</sup>, 2012, September 7<sup>th</sup>, 2012, September 20<sup>th</sup>, 2012, November 10<sup>th</sup>, 2012, and February 14<sup>th</sup>, 2013.

The maximum time gap between any two consecutive meetings did not exceed four months as stipulated under clause 49 of the Listing Agreement.

The Details of Attendance of each Director at Board Meetings is given below:

S.No.	Name of Directors	Attendance in Board Meeting
1	Mr. Chand Seth	7
2	Mr. Varun Seth	4
3	Mr. Harish Seth	1
4	Dr. Sai Ramachandran	7
5	Mr. Naresh Khanna	2
6	Mr. Ramesh Mehra	4
7	Mr. Mahavir Singh*	0

\* Mr. Mahavir Singh was granted leave of absence by the Board as per Section 283(1)(g) of the Companies Act, 1956 for not able to attend the Board Meetings.

**III. BOARD COMMITTEES**

The Board has constituted a set of below mentioned Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The details of the Board committees are given as under:

**i) Audit Committee**

The Company had constituted an Qualified and Independent Audit Committee for good audit compliances. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

**a) Composition, Meetings and Attendance**

The Audit Committee comprises of three Non Executive and Independent Directors as members, all of whom are versed in finance and possess adequate knowledge in the area of accounts.

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®	Director	1/4
3	Mr. Varun Seth*	Member	3/4
4	Mr. Ramesh Mehra	Member	3/4

®\* There was a change in the constitution of Audit Committee. Mr. Varun Seth was introduced as member to the Committee due to resignation of Mr. Naresh Khanna from the Board, which automatically vacates his office as member of Audit Committee.

Ms. Chandni Gupta, Manager (Accounts) & 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 20<sup>th</sup> September, 2012.

**b) Terms of Reference:**

Primarily, the Audit Committee is responsible for:

- ❖ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
- ❖ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- ❖ Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- ❖ Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement forming part of Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Compliance with listing and other legal requirements relating to Financial Statements; and
  - e. Qualifications in the draft Audit Report.
- ❖ Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.
- ❖ Reviewing with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- ❖ Discussion with Internal Auditors on any significant findings and follow up there on.
- ❖ Discussion with Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Further, the Committee also discharges such other role/functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company.

**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. Mahavir Singh	Member

**b) Terms of Reference:**

The broad terms of reference of the Remuneration Committee are as follows:

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; and
- Prevailing general economic condition and emoluments being offered by other Companies in the industry.

The aim of remuneration policy is to ensure that Executive Directors of the Company are rewarded in fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance.

**c) Meetings and Attendance**

No meeting of Remuneration Committee was held during the Financial Year 2012-13.

**d) Remuneration Policy**

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing Industry Practice.

The details of the Remuneration/Sitting fees, Allowances and Perquisites paid to the Executive Directors and Non Executive Directors in respect of the Financial Year 2012-13, are given herein below:

(₹ in 'Lacs)

Name & Designation	Salary	Allowances & Perquisites	P.F Contribution & Superannuation	Sitting Fees*	Total
<b>Executive Directors</b>					
Mr. Chand Seth	24	18	2.88	-	44.88
Mr. Harish Seth®	6.70	3.95	2.71	-	13.36
Mr. Varun Seth	18	10.82	4.86	-	33.68
<b>Non- Executive &amp; Independent Directors</b>					
Dr.Sai Ramachandran	-	-	-	0.07	0.07
Mr. Ramesh Mehra	-	-	-	0.04	0.04
Mr. Naresh Khanna®	-	-	-	0.02	0.02
Mr. Mahavir Singh	-	-	-	-	-

\* Sitting fees @ Rs. 1000 per meeting paid to the Non- Executive Directors for attending the meetings of the Board of Directors during the year under review.

**iii) Shareholders' / Investors' Grievances Committee (SIGC)**
**a) Composition, Meetings and Attendance**

The composition, designation and attendance of the members of Shareholders' and Investors' Grievance Committee of the Board as at March 31, 2013 is as under

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

**b) Key Responsibilities:**

The Shareholders' / Investors' Grievance Committee, inter alia, approves issue of duplicate certificates and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non receipt of Annual Reports, non-receipt of declared dividend, etc. The Committee also 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:**

The status on the total number of investors' complaints during Financial Year 2012-13 is as follows:

S. No.	Nature of Query/Complaint	Received (Nos)	Resolved (Nos)	Pending (Nos)
1.	Request for change of address	02	02	NIL
2.	Request for duplicate shares/ splitting/ consolidation of share certificates	NIL	NIL	NIL
3.	Request for dematerialization/ rematerialization of shares	87	87	NIL
4.	Request for share transfer/ share transmission	18	18	NIL
5.	Complaints from Stock Exchanges/ SEBI/ Depositories	NIL	NIL	NIL
6.	Misc. requests including redemption of debentures, unclaimed dividend, Annual Reports etc.	05	05	NIL

The Company addresses all complaints, suggestions, and grievances expeditiously and replies have been sent/ issues resolved usually within 15 days from the date of receipt.

**(iv) Finance Committee of Directors**
**a) Composition and Meetings**

In addition to above Committees, The Board of Directors of the Company has constituted the "Finance Committee" for taking decisions on matters which includes:

- Review the Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;
- Review banking arrangements and cash management;

- Giving of guarantees/issuing letters of comfort/providing securities within the limits approved by the Board;
- To arrange on lease or hire purchase any asset for the purpose of the Company;
- To approve transfers/transmission of shares, allotment of shares and other financial transactions;
- Regularly review and make recommendations about changes to the charter of the Committee;
- Delegate authorities from time to time to the executives/authorised persons to implement the decisions of the Committee;
- To make allotments of shares of the Company to Financial Institutions and Promoters of the Company on preferential basis and redemption of preference shares issued; and
- To deal with any other matter as may be delegated to the committee by the Board from time to time.

The Finance Committee of Directors comprises four (4) Directors as its members, the details of the composition of the Committee are given below:

S. No.	Name of Members	Designation
<b>Executive Directors</b>		
1	Mr. Chand Seth	Chairman
2	Mr. Harish Seth®	Member
<b>Non Executive and Independent Directors</b>		
3	Dr. Sai Ramachandran*	Member
4	Mr. Varun Seth*	Member
5	Mr. Naresh Khanna ®	Member
6	Mr. Ramesh Mehra	Member

®\* There was a change in the constitution of Finance Committee. Mr. Varun Seth & Dr. Sai Ramachandran were introduced as members to the Committee due to resignation of Mr. Naresh Khanna & Mr. Harish Seth from the Board, which automatically vacates their office as member of Finance Committee.

#### 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
2009-10 (39 <sup>th</sup> AGM)	28 <sup>th</sup> September, 2010 11.15 A.M	No Special Resolution was Passed.	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi- 110054
2010-11 (40 <sup>th</sup> AGM)	22 <sup>nd</sup> September, 2011 11:30 A.M	Four Special Resolutions were Passed. #	
2011-12 (41 <sup>st</sup> AGM)	20 <sup>th</sup> September, 2012 11:30 A.M	One Special Resolution was Passed.##	PHD Chamber of Commerce & Industry (Modi Hall), PHD House, 4/2, Siri Institutional Area , August Kranti Marg, New Delhi - 110016

**# Resolutions pertaining to the following matters were passed as Special Resolutions in 40<sup>th</sup> Annual General Meeting held on 22.09.2011**

1. Re-appointment of Mr. Chand Seth as Chairman & Managing Director and the Remuneration payable to him.

2. Re-appointment 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.

The above Resolutions were passed with requisite majority.

**## Resolution pertaining to the following matter was passed as Special Resolution in 41<sup>st</sup> Annual General Meeting held on 20.09.2012**

1. Re-appointment of Mr. Varun Seth as Whole Time Director and the Remuneration payable to him.

The above Resolution was passed with requisite majority.

**EXTRA ORDINARY MEETING: NIL**

**POSTAL BALLOT:**

During the year under review, the Company has successfully completed the process of obtaining the approval of its Members by Postal Ballot on the following Resolution:

- (i) Sale/ Disposal of whole or substantially the whole of a unit of the company.

The above Resolution was passed with unanimous consent of all the Shareholders.

Voting Pattern of the above Resolution passed through Postal Ballot is as follows:

Number of valid Postal Ballot Forms Received		34
Number of invalid Postal Ballot Forms Received		0
<b>Ordinary Resolution</b>	<b>No. of Shares</b>	<b>Percentage</b>
Votes cast in favour of the Resolution	9158041	100%
Votes cast against the Resolution	Nil	-
Result in favour	By more than 50% of the total No. of Shares cast	Resolution passed

Mr. V.P Kapoor, AICWA, LLB, FCS & Practising Company Secretary was appointed as the Scrutinizer by the Company in its meeting held on 31<sup>st</sup> July, 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 7<sup>th</sup> September, 2012.

**V. CODE OF CONDUCT**

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct. This code is applicable to the Members of the Board, the Executive Directors and all employees & Senior Financial Officers of the Company. The Code of Conduct is available on our website, [www.pearlpoly.net](http://www.pearlpoly.net).

All the members of the Board and the Executive Directors and Senior Financial Officers have affirmed compliance to the Code of Conduct, as at March 31, 2013. A declaration to this effect, signed by Mr. Chand Seth, the Chairman & Managing Director, is provided as Annexure in this Report.

**VI. 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.

**VII. DISCLOSURES**

**a) Materially Significant Related Party Transactions**

Details of Related Party Transactions entered into by the Company are included in the **Note No. 40 & 41** of the Notes to Accounts to the Financial Statements in the Annual Report. Material individual transactions

with Related Parties are in the normal course of business on an arm's length basis and do not have potential conflict with the interests of the Company at large. Transactions with Related Parties entered into by the Company in the normal course of business are placed before the Audit Committee in its meetings held on time to time.

**b) Compliance**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities relating to the above.

**c) Accounting Standards**

The Financial Statements have been prepared following the prescribed Accounting standards and amended schedule VI of the Companies Act, 1956. Further the Company has also followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements. In case of deviation with the prescribed Accounting Standards, reasons for such deviation are mentioned in the Notes to Accounts forming integral part of the Financial Statements.

**d) Risk Management**

The Company has a well defined Risk Management Framework in place, which helps the management to identify and monitor the business risks on a continuous basis and initiate appropriate risk mitigation steps as and when deemed necessary. The Company periodically places before the board for review, the risk assessment and minimization procedures being followed by the Company.

**e) Details of Compliance with Mandatory Requirements/Adoption of Non Mandatory Requirements of Clause 49**

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchanges relating to Corporate Governance. A certificate in that respect affirming the compliances from M/s. Sehgal Mehta & Co., Chartered Accountants, Statutory Auditors of the Company and the same is attached to the Directors' Report. Although not mandatory, Remuneration Committee of the Board has been constituted. Details of the said Committee have been provided under the section 'Remuneration Committee' of the Annual Report.

**f) 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.

**VIII. ADOPTION OF NON-MANDATORY REQUIREMENTS**

**(i) Non Executive Chairman Office**

The Chairman of the Board is an Executive Director and hence this provision is not applicable. 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.

**(ii) 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'.

**(iii) 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 Corporate website [www.pearlpoly.net](http://www.pearlpoly.net). The Company also informed the Significant events to its Shareholders. The complete Annual Report is sent to every Shareholder of the Company.

**(iv) Audit Qualifications**

During the year under review, there was no audit qualification in the Auditors' Report on the Company's Financial Statements. The Company continues to adopt best practices to ensure a regime of unqualified Financial Statements.

**(v) Training of Board Members**

The Board's policy is to have separate meetings regularly with Independent Directors to update them on all business-related issues and new initiatives. In such meetings, the Executive Directors and other members of the senior management share point of views and leadership thoughts on relevant issues.

The Company also facilitate the continual education requirements of its Directors. 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.

**(vi) Mechanism for evaluation of Non-Executive Directors**

Presently, there is no formal 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.

**(vii) Whistle Blower Policy**

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of its code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Company further affirm that no employee has been denied access to the audit committee.

**IX. MEANS OF COMMUNICATION**

The Company regularly intimates its Financial Results and other necessary event based information to all its stakeholders in the following manner:

Event based:	
<b>Publication</b>	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).
<b>News Releases, Presentations, etc.</b>	Official news releases and Official Media Releases ,if any, are sent to the Stock Exchanges.
<b>Website</b>	All the relevant information for the stakeholders of the Company is made available on the Company's website at <a href="http://www.pearlpoly.net">www.pearlpoly.net</a> and the website of the Stock Exchanges where the shares of the Company are listed i.e, <a href="http://www.nseindia.com">www.nseindia.com</a> (NSE) and <a href="http://www.bseindia.com">www.bseindia.com</a> (BSE).

<b>Designated Exclusive Email ID:</b>	An email id investor_helpdesk@pearlpet.net has been designated exclusively for investor servicing.
<b>NSE Electronic Application Processing System (NEAPS)</b>	The NEAPS is a web based application designed by NSE for corporates. The Company files electronically Shareholding Pattern and Corporate Governance Report on NEAPS at every quarter.
<b>SEBI Complaints Redress System (SCORES)</b>	The Company also processed investor complaints in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Companies and online viewing by investors of actions taken on the complaint and its current status.
<b>Annual Report</b>	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.
<b>Secretarial Department</b>	<b>Chandni Gupta</b> Compliance Officer (Manager (Accounts) & Company Secretary) A-97/2, Okhla Industrial Area, Phase-II, New Delhi-110020 Phone Nos.: 011- 47385300 Fax No. : 011 -47480746 Email: chandnigupta@pearlpet.net
<b>Registrar &amp; Share Transfer Agent</b>	<b>M/S. MAS SERVICES LIMITED</b> 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

## **X. GENERAL SHAREHOLDERS' INFORMATION**

### **i) Annual General Meeting**

<b>AGM</b>	<b>YEAR</b>	<b>DATE, DAY &amp; TIME</b>	<b>VENUE</b>
42 <sup>nd</sup>	2012-13	23 <sup>rd</sup> September, 2013 11.30 A.M., Monday	A-97/2, Okhla Industrial Area, Phase – II, New Delhi – 110020.

### **ii) Financial Calendar**

Financial Year	Ending March 31
Date of Book Closure	18.09.2013 – 23.09.2013 ( Both Days Inclusive)
Dividend Payment Date	N.A.


**iii) Financial Reporting Calendar in respect of Unaudited Quarterly Results (2013-14)**

Unaudited quarterly results for the quarters	Tentative date of reporting
April -June 2013	Upto Second week of August, 2013
July- September 2013	Upto Second week of November, 2013
October-December 2013	Upto Second week of February, 2014
*January-March 2014	Upto Last week of May, 2014

\*Instead of publishing the Un-Audited Financial Results for the last quarter ending 31<sup>st</sup> March, 2014, the Company may opt to publish Audited Annual Results by 30<sup>th</sup> May, 2014.

**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) Compliance Officer**

Consequent to the resignation of Mrs. Pallavi Vardhan, Asst. Company Secretary & Compliance Officer of the Company w.e.f. July 10, 2012, Ms. Chandni Gupta has been appointed as Manager (Accounts) & Company Secretary & Compliance Officer of the Company w.e.f. July 11, 2012.

**vi) 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, 2013.

**vii) 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 2012-13 are as follows:

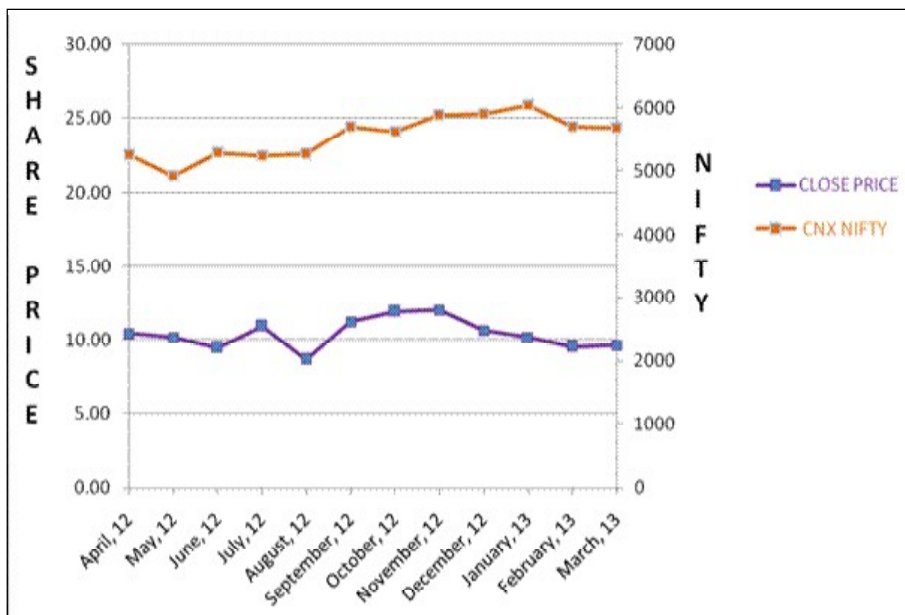
(in ₹)

Month/Year	NSE				BSE			
	High Price	Low Price	Close Price	CNX Nifty	High Price	Low Price	Close Price	Sensex
April, 2012	12.85	9.65	10.40	5248.15	13.00	9.02	10.00	17318.81
May, 2012	10.90	9.00	10.15	4924.25	11.00	9.02	9.79	16218.53
June, 2012	10.90	9.00	9.45	5278.90	10.49	9.00	9.60	17429.98
July, 2012	15.45	9.25	10.90	5229.00	16.83	9.16	11.00	17236.18
August, 2012	10.95	8.65	8.65	5258.50	11.29	9.50	9.50	17429.56
September, 2012	11.50	8.55	11.20	5703.30	11.20	8.55	11.10	18762.74
October, 2012	14.10	10.45	11.90	5619.70	13.81	10.26	12.68	18505.38
November, 2012	13.80	11.55	12.00	5879.85	13.80	11.56	12.70	19339.90
December, 2012	12.60	10.10	10.60	5905.10	12.90	10.50	10.90	19426.71
January, 2013	11.65	9.40	10.15	6034.75	11.46	9.52	11.22	19894.98
February, 2013	10.40	9.00	9.50	5693.05	10.79	9.45	9.45	18861.54
March, 2013	9.65	8.65	9.60	5682.55	10.68	9.00	10.50	18835.77

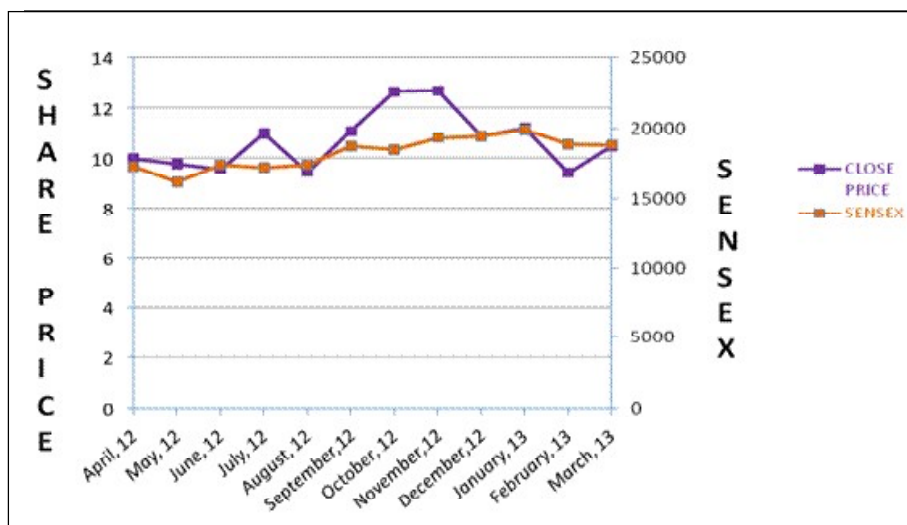
### SHARE PERFORMANCE IN COMPARISON TO INDICES

The charts given hereunder plot the movement of the Company's share price on BSE and NSE versus BSE Sensex and NSE CNX Nifty respectively for the year 2012-2013.

#### SHARE PRICE ON NSE VERSUS NSE CNX NIFTY



#### SHARE PRICE ON BSE VERSUS BSE SENSEX



#### viii) Share Transfer System:

The Board has constituted a Committee of Directors to approve the share transfers. The Committee meets fortnightly to approve the share transfer/transmission requests. The minutes of such committee meetings, are placed before the Board at every Board Meeting.

## PEARL Polymers Limited

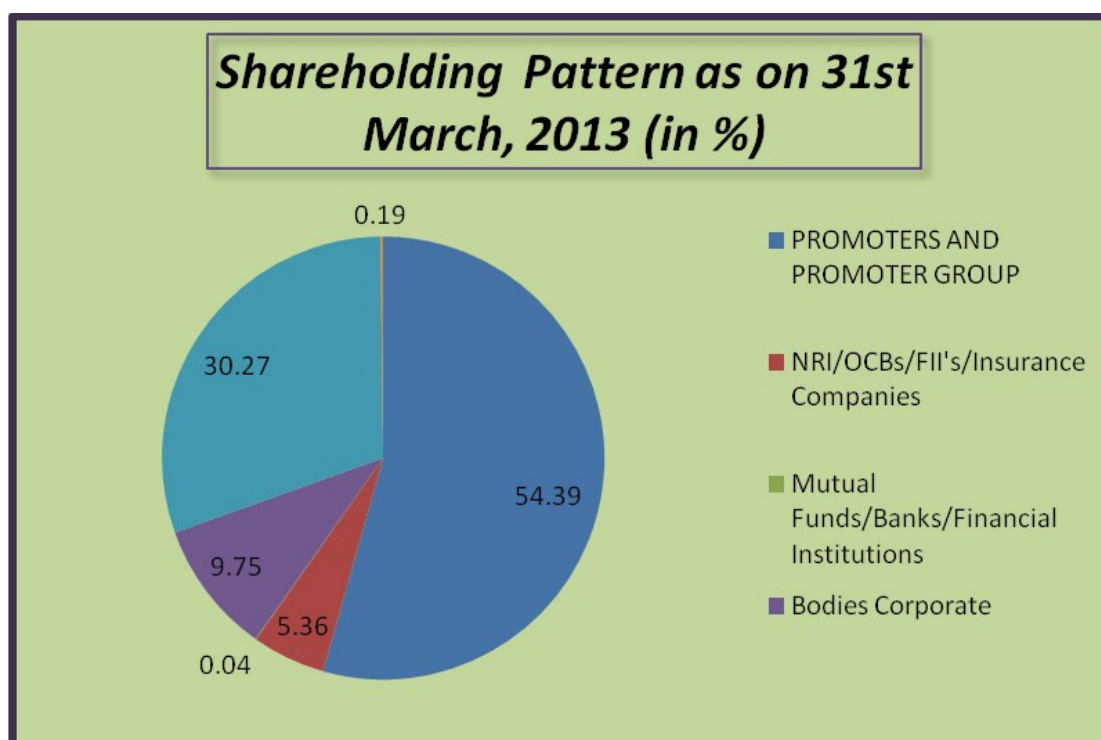
As on March 31, 2013, 92.92% of the equity shares of the Company were held in dematerialized form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, transfer requests are normally processed by MAS Services Limited, our Registrar & Share Transfer Agent, within 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

For matters regarding share transferred in physical form, share certificates, change of address, shareholders should communicate with our Registrar & Share Transfer Agent, at the address mentioned above in this report.

Further, Pursuant to Clause 47(c) of the Listing Agreement, half yearly certificate from a Practising Company Secretary, confirming due compliance of share transfer formalities has been obtained by the Company and the same has also been submitted to the Stock Exchanges within the stipulated time.

### ix) Shareholding Pattern as on 31<sup>st</sup> March, 2013:

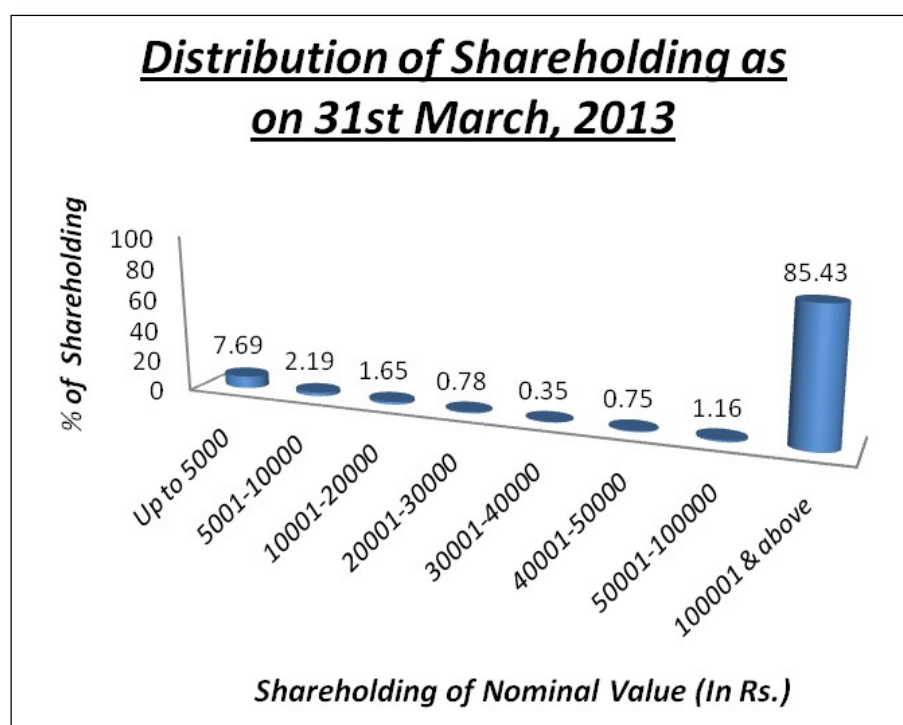
Particulars	No. of Shares	% of shareholding
<b>PROMOTERS AND PROMOTER GROUP (A)</b>	9155803	54.39
<b>PUBLIC SHAREHOLDING (B)</b>		
NRI/OCBs/FII's/Insurance Companies	903750	5.36
Mutual Funds/Banks/Financial Institutions	5870	0.04
Bodies Corporate	1641265	9.75
Public Individuals	5096179	30.27
Clearing Members	32065	0.19
<b>Total (A) + (B)</b>	<b>16834932</b>	<b>100.00</b>



**x) Distribution of shareholding as on 31<sup>st</sup> March, 2013**

Shareholding of Nominal Value (in Rs.)	No. of Shareholders	% to total Shareholders	No. of Shares	Share Amount (in Rs.)	% of Shareholding
Up to 5000	9544	92.25	1295466	12954660	7.69
5001-10000	442	4.28	367920	3679200	2.19
10001-20000	179	1.73	277121	2771210	1.65
20001-30000	51	0.49	132146	1321460	0.78
30001-40000	17	0.16	59549	595490	0.35
40001-50000	27	0.26	126074	1260740	0.75
50001-100000	25	0.24	194574	1945740	1.16
100001 & above	61	0.59	14382082	143820820	85.43
<b>Total</b>	<b>10346</b>	<b>100.00</b>	<b>16834932</b>	<b>168349320</b>	<b>100.00</b>

A graphical representation of the same has been mentioned below:


**xi) 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 31<sup>st</sup> March, 2013, 92.92% 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:

Holding	No. of Shares	% with respect to total numbers of shares
NSDL	14517866	86.24
CDSL	1124777	6.68
PHYSICAL	1192289	7.08
<b>TOTAL</b>	<b>16834932</b>	<b>100</b>

**xii) 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 as on date.

**xiii) Plant Location:**

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

**XI. OTHER MATERIAL INFORMATION:**

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

- a) Implementing Green Initiative:** The company is in the process of implementing Green Initiative introduced by Ministry of Corporate Affairs (MCA) vide its circular no. 18/2011 dated 29<sup>th</sup> April, 2011 whereby the Companies have been permitted to send Notices, Balance sheets etc. to all its members by electronic mode. Accordingly, members may register their Email IDs by sending request to the Company/RTA/ Concerned DPS (in case of demat holding) to facilitate a speedy and smooth interaction between the Company and the members.
- b) Mandatory PAN Card**
- The Securities and Exchange Board of India (SEBI) vide its circular dated 20<sup>th</sup> 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 7<sup>th</sup> 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.
- c) Compulsory Dematerialization**
- Pursuant to the SEBI Circular dated 29<sup>th</sup> May, 2000, all the shares of the Company have to be converted into the demat mode. For the shareholder's convenience, the process for getting shares dematerialized is as follows:

- Shareholders shall submit original share certificate along with De-materialization Request Form (DRF) to the Depository Participants (DP).
- DP shall process the DRF, generate a unique De-materialization request number and forward the DRF along with 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 shareholders 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.

- d) Change of address:** In case of change in postal address or any incompleteness/ incorrectness in address mentioned in any correspondence by the Company, the shareholders are requested to intimate the correct/ complete postal address (including PIN Code) to the Company or to the RTA at the earliest to ensure proper delivery of documents. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA.
- e) 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.
- f) 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.
- g) Corporate Governance Voluntary Guidelines 2009**
- The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines in 2009. These guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of Corporate Governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial in ensuring the long-term sustainability and value generation by businesses. The guidelines broadly focus on areas such as Board of Directors, responsibilities of the Board, Audit Committee functions, roles and responsibilities, appointment of auditors, compliance with secretarial standards and a mechanism for whistleblower support. The Company substantially comply with the Corporate Governance Voluntary Guidelines.
- h) Revised Clause 49 of the Listing Agreement**

In order to maintain higher standards of Corporate Governance and to enhance the transparency and integrity of the market, the Company fully complies with the revised clause 49 of the Listing Agreement and the recommendations made by Narayan Murthy Committee on Corporate Governance.

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

To,  
The Board of Directors,  
Pearl Polymers Limited  
A-97/2, Okhla Industrial Area,  
Phase – II,  
New Delhi – 110020

Dear Sirs,

1. We have reviewed the Balance Sheet, Statement of Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement as at 31<sup>st</sup> March, 2013 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**  
Date : 15<sup>th</sup> May, 2013

**Rajesh Mehra**  
Chief Financial Officer

**Chand Seth**  
Chairman & Managing Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PEARL POLYMERS LIMITED

#### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Pearl Polymers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the Year Ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principle generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
  - 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;
  - 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 those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
  - On the basis of the written representations received from the Directors as on March 31, 2013, taken on record by the

Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Sehgal Mehta & Co.**  
Chartered Accountants  
F.R.N. No. 003330N  
**NARESH KHANNA**  
Partner  
M.No 081482

Place : New Delhi  
Dated: 30 May, 2013

#### Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date.

- In respect of its fixed assets:
  - The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - In our opinion, the going concern status of the Company is not affected though the company has disposed off one of the industrial undertaking at Gurgaon and also sold some machines which are technologically outdated.
- In respect of its inventories:
  - The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - In our opinion and according to the 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 the nature of its business.
  - The discrepancies between the physical stock and book stock have been adjusted in the books.
- In respect of the loans, secured or unsecured, granted or taken by the Company to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - 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.
  - In our opinion and according to information given to us, the Company has taken unsecured loans with/without interest from five parties covered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs 194.5 Lacs. The loans have not been fully repaid during the year to the parties covered u/s 301 of the Companies Act, 1956. The balance as on the close of the year was Rs 97.18 lacs in respect of loans (with/without interest).
  - 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.
  - In respect of the fixed deposit and loan taken, the Company is repaying the principal amount and paying the interest as stipulated.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - In our opinion and according to the information and explanations given to us, the transactions made in pursuance 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.
  - 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.

6. 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.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section

209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable. There are no amounts due & outstanding for the period exceeding 6 months as at March 31, 2013 to be credited to Investor Education & Protection Fund.
  - b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

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)	17.50	Assessment year 2010-11.	CIT(A)-Delhi, Circle 14(I)
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	Supreme Court of India
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 81.47	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	32.48	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
The Central Excise Act, 1944	Disallowance of CENVAT Credit on Shrink Films/Shrink Sleeves	2.56	November 2011 to September 2012	Assistant Commissioner of Central Excise, CBD Belapur
	<b>Total</b>	<b>795.39</b>		

10. The Company does not have accumulated losses at the end of the Financial Year. The Company has not incurred cash losses during the Financial Year covered by the audit and in the immediately preceding Financial Year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions, Banks and Debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund /nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. 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.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Sehgal Mehta & Co.**  
Chartered Accountants  
F.R.N. No. 003330N  
**NARESH KHANNA**  
Partner  
M.No 081482

Place : New Delhi  
Dated: 30<sup>th</sup> May, 2013

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2013**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at March 31, 2013 (₹ in lakhs)</b>	<b>As at March 31, 2012 (₹ in lakhs)</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	1,682.69	2,715.68
(b) Reserve and Surplus	3	4,463.78	3,043.19
		<b>6,146.47</b>	<b>5,758.87</b>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	4	522.02	1,060.25
(b) Deferred tax liabilities (Net)	5	747.06	942.04
(c) Other long-term liabilities	6	103.71	128.40
(d) Long-term provisions	7	287.84	294.06
		<b>1,660.63</b>	<b>2,424.75</b>
<b>Current liabilities</b>			
(a) Short-term borrowings	8	3,586.21	3,114.57
(b) Trade payables	9	2,552.39	2,278.01
(c) Other current liabilities	10	1,344.98	1,455.94
(d) Short-term provisions	11	85.65	59.52
		<b>7,569.23</b>	<b>6,908.04</b>
<b>TOTAL</b>		<b>15,376.33</b>	<b>15,091.66</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12(i)	6626.42	7615.05
(ii) Intangible assets	12(ii)	4.96	7.20
(iii) Capital work-in-progress	12(iii)	-	0.57
		<b>6631.38</b>	<b>7622.82</b>
(b) Non-current investments	13	179.33	666.53
(c) Long-term loans and advances	14	255.87	306.69
(d) Other non-current assets	15	-	46.64
		<b>435.20</b>	<b>1019.86</b>
<b>Current assets</b>			
(a) Inventories	16	1,918.59	2,354.12
(b) Trade receivables	17	4,501.36	3,466.39
(c) Cash and bank balances	18	571.16	404.87
(d) Short-term loans and advances	19	85.78	93.29
(e) Other current assets	20	1,232.85	130.31
		<b>8,309.75</b>	<b>6,448.98</b>
<b>TOTAL</b>		<b>15,376.33</b>	<b>15,091.66</b>

**Significant Accounting Policies** 1  
The accompanying notes are an integral 2-50  
part of the Financial Statements  
As per our report of even date

**On Behalf of the Board**

**For SEHGAL MEHTA & CO**

Chartered Accountants  
(FRN No.003330N)  
**Naresh Khanna**  
Partner

**CHAND SETH**  
Chairman & Managing Director

**VARUN SETH**  
Whole Time Director

**RAMESH MEHRA**  
Director

**CHANDNI GUPTA**  
Company Secretary

**Place: New Delhi**  
**Date : May 30, 2013**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2013**

<b><u>PARTICULARS</u></b>	<b>Note No.</b>	<b>For the Year Ended March 31, 2013 (₹ in lakhs)</b>	<b>For the Year Ended March 31, 2012 (₹ in lakhs)</b>
<b>Income</b>			
Revenue from operations (gross)		<b>23110.96</b>	22624.60
Less: Excise duty		<b>1261.62</b>	1178.29
Revenue from operations (net)	21	<b>21,849.34</b>	21,446.31
Other income	22	<b>273.32</b>	99.79
<b>Total Revenue (I)</b>		<b>22,122.65</b>	21,546.10
<b>Expenses</b>			
Cost of materials consumed	23	<b>14,274.34</b>	13,626.93
Changes in inventories of Finished Goods, Stock in Process and Stock in Trade	24	<b>315.42</b>	(263.64)
Employees benefits expense	25	<b>1,817.21</b>	1,820.34
Other expenses	26	<b>4,767.34</b>	4,789.14
Prior period adjustments	27	<b>0.62</b>	0.60
<b>Total Expenses (II)</b>		<b>21,174.93</b>	19,973.37
<b>Earnings before interest, tax, depreciation, amortization and exceptional items (EBITDA) [I-II]</b>		<b>947.72</b>	1,572.73
Depreciation and Amortization expense	28	<b>883.86</b>	840.95
Finance costs	29	<b>843.70</b>	910.28
Exceptional Items (Ref Note No. 47(b))		<b>(2,427.89)</b>	(111.88)
<b>Profit/(Loss) before tax</b>		<b>1,648.04</b>	(66.62)
<b>Tax Expense</b>			
(1) Current tax		<b>407.00</b>	-
(2) Dererred tax		<b>(194.98)</b>	29.92
(3) Tax adjustment for earlier year		<b>15.43</b>	-
<b>Total tax expense</b>		<b>227.45</b>	29.92
<b>Profit/(Loss) for the year</b>		<b>1,420.59</b>	(36.70)
<b>Earning per equity share of face value of ₹ 10/- each:</b>	30		
<b>Basic</b>		<b>8.44</b>	(0.22)
<b>Diluted</b>		<b>8.44</b>	(0.22)

**Significant Accounting Policies** 1

The accompanying notes are an integral part of the Financial Statements  
As per our report of even date 2-50

**On Behalf of the Board**

**For SEHGAL MEHTA & CO**

Chartered Accountants  
(FRN No.003330N)  
**Naresh Khanna**  
Partner

**CHAND SETH**  
Chairman & Managing Director

**VARUN SETH**  
Whole Time Director

**RAMESH MEHRA**  
Director

**CHANDNI GUPTA**  
Company Secretary

**Place: New Delhi**  
**Date : May 30, 2013**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	For the Year Ended March 31, 2013 (₹ in lakhs)	For the Year Ended March 31, 2012 (₹ in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET (LOSS)/PROFIT BEFORE TAX	1648.04	(66.62)
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION/AMORTISATION	883.86	841.35
INTEREST EXPENSE	843.70	910.28
INTEREST INCOME	(113.47)	(43.10)
DIVIDEND INCOME	(3.08)	(0.06)
(PROFIT)/LOSS ON SALE OF ASSETS	(2941.67)	0.88
PROVISION FOR DIMINUTION IN INVESTMENT/(WRITTEN BACK)	487.19	(111.88)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>804.57</b>	<b>1530.85</b>
<b>ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL :</b>		
- (INCREASE)/DECREASE IN SUNDRY DEBTORS	(1034.95)	(196.84)
- (INCREASE)/DECREASE IN OTHER RECEIVABLES	(1035.39)	1373.08
- (INCREASE)/DECREASE IN INVENTORIES	435.53	(182.82)
- INCREASE/(DECREASE) IN TRADE AND OTHER PAYABLES	171.10	(433.09)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(659.14)</b>	<b>2091.18</b>
- TAXES (PAID) / RECEIVED	(442.61)	(11.08)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(1101.75)</b>	<b>2080.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
PURCHASE OF FIXED ASSETS		
ADDITIONS DURING THE PERIOD	(537.93)	(747.82)
PROCEEDS FROM SALE OF FIXED ASSETS	3587.17	2.75
(PURCHASE)/ SALE OF INVESTMENT	-	313.22
INTEREST RECEIVED (REVENUE)	114.78	22.35
DIVIDEND RECEIVED (REVENUE)	3.08	0.06
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>3167.10</b>	<b>(409.44)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
SHARE CAPITAL ISSUED	-	1,033.00
SHARE CAPITAL REDEEMED	(1033.00)	(175.00)
PROCEEDS FROM LONG TERM BORROWINGS(NET)	(435.38)	(1405.13)
PROCEEDS FROM SHORT TERM BORROWING	368.79	(236.15)
CAPITAL SUBSIDY RECEIVED	-	30.00
INTEREST PAID	(856.16)	(936.00)
DIVIDEND PAID (INCLUDING DIVIDEND TAX)	-	(0.08)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(1955.75)</b>	<b>(1689.36)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>109.60</b>	<b>(18.70)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2012</b>	<b>227.84</b>	<b>246.54</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2013</b>	<b>337.44</b>	<b>227.84</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
CASH IN HAND	8.33	5.05
CHEQUES IN HAND	176.78	52.08
BALANCE WITH SCHEDULED BANKS	152.33	170.71
	<b>337.44</b>	<b>227.84</b>

**Notes :**

- The above Cash Flow Statement has been prepared under the indirect method setout 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

*On Behalf of the Board*

**For SEHGAL MEHTA & CO**

Chartered Accountants  
(FRN No.003330N)  
**Naresh Khanna**  
Partner

**CHAND SETH**  
Chairman & Managing Director

**VARUN SETH**  
Whole Time Director

**RAMESH MEHRA**  
Director

**CHANDNI GUPTA**  
Company Secretary

Place: New Delhi  
Date : May 30, 2013

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****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, 2013, 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 Preforms) 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 is 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, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are 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 Statement of Profit & Loss.

Gains or losses on the curtailment or settlement of any defined benefit plan is 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 Statement of Profit & Loss as incurred. Gratuity and Leave encashment benefits are charged to Statement of Profit & Loss 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 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 Statement of Profit and Loss.
- 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 Statement of Profit and Loss 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 period such assets are ready for their intended use. All other borrowing costs are charged to Statement of Profit & Loss.

**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

### Note - 2

#### SHARE CAPITAL

##### AUTHORISED

3,00,00,000 (Previous Year-3,00,00,000) Equity shares of ₹10/- each

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

Redeemable Preference Shares of ₹100/- each

##### ISSUED, SUBSCRIBED & FULLY PAID UP

168,34,932 (Previous Year 168,34,932)

Equity shares of ₹10/-each.

**Less :** Calls in Arrears

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

Redeemable Preference Shares of ₹.100/- each

Redeemed during the year.

**Total issued, subscribed and fully paid-up capital**

As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
3000.00	3000.00
2000.00	2000.00
<u>5,000.00</u>	<u>5,000.00</u>
1683.49	1683.49
<u>(0.81)</u>	<u>(0.81)</u>
1682.69	1682.68
	<u>1033.00</u>
<u>1,682.69</u>	<u>2,715.68</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

##### 5% Redeemable Non Cumulative Preference Shares

At the beginning of the period  
Issued during the period  
Less : Redeemed during the period  
Outstanding at the end of the period

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

##### Details of shareholders holding more than 5% shares of the Company

###### Name of Share Holder- Equity

Chand Seth  
Pacific Pearl Finance & Leasing Ltd  
Pearl Telefonics Ltd (formerly Sinclair Exports Ltd)  
Beta Finance & Trading Pvt Ltd  
Theta Investments Pvt Ltd

No. of Shares (in lakhs)	% holding in class	No. of Shares (in lakhs)	% holding in class
8.90	5.29	-	-
11.16	6.63	-	-
22.80	13.55	16.18	9.61
-	-	13.25	7.87
20.64	12.26	15.87	9.43

##### Name of Share Holders-5% Redeemable Non Cumulative Preference Shares

Pearl Apartments Ltd  
Emperor Travels & Tours Private Limited  
Amit Apartments Limited  
Pearl Flats India Limited

No. of Shares (in lakhs)	% holding in class	No. of Shares (in lakhs)	% holding in class
-	-	3.58	34.66
-	-	3.05	29.53
-	-	1.85	17.91
-	-	1.15	11.13

**Note - 3**
**RESERVE AND SURPLUS**
**CAPITAL RESERVE**

At the beginning of the period

Add: Addition during the year

**CAPITAL REDEMPTION RESERVE**

At the beginning of the period

Add: Transfer from surplus balances in the Statement of Profit &amp; Loss

**SECURITIES PREMIUM ACCOUNT**

At the beginning of the period

Less: Calls in Arrears

**GENERAL RESERVE**

At the beginning of the period

**SURPLUS /DEFICIT IN THE STATEMENT OF PROFIT & LOSS**

Balance as per last Financial Statements

Profit/(Loss) for the year

**Less: Appropriations**

Proposed Dividend Nil (Previous

year ₹ .01) including Tax thereon

Transferred to Capital Redemption Reserve

Total Appropriations

**Net Surplus/(Deficit) in the Statement of Profit & Loss**
**Total Reserve and Surplus**
**Note-4**
**NON - CURRENT LIABILITIES**
**Long Term Borrowings**

- I. (a) Term Loans from banks (secured)
- (b) Term Loans from Other Parties (secured)
- II. Vehicle Loans from Banks (secured)
- III. Deposits (unsecured) from Others

**Total Long Term Borrowings**
**I Term Loans**

- a) Term Loan of ₹250.00(₹ in lakhs) (previous year ₹410.00(₹ 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, Director of the Company and Mr. Harish seth. Repayments - in quarterly installments till 1.7.2014.Current Rate of Interest @ 14% p.a.
- b) i Term Loan of ₹22.36(₹ in lakhs) (previous Year-₹101.36(₹ in lakhs) is secured by first pari-passu charge on the assets situated at the Company's erstwhile unit situated at Gurgaon (Haryana). The above said loan is further secured by personal guarantees of Mr. Chand Seth , Director of the Company and Mr. Harish Seth. Repayments - in installments till 31.7.2013. Current Rate of Interest @ 12.50% p.a.
- ii Term Loan of ₹12.00 (₹ in lakhs) (Previous Year ₹36.00 (₹ 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, Director of the Company and Mr.Harish Seth. Repayments - in equal quarterly installments till 1.9.2013. Current Rate of Interest @9.75% p.a.

	As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
At the beginning of the period	144.72	114.72
Add: Addition during the year	-	30.00
	<b>144.72</b>	<b>144.72</b>
At the beginning of the period	700.00	525.00
Add: Transfer from surplus balances in the Statement of Profit & Loss	1,033.00	175.00
	<b>1733.00</b>	<b>700.00</b>
At the beginning of the period	1,870.03	1870.03
Less: Calls in Arrears	(1.76)	(1.76)
	<b>1868.27</b>	<b>1868.27</b>
At the beginning of the period	147.42	147.42
Balance as per last Financial Statements	182.78	394.49
Profit/(Loss) for the year	1,420.59	(36.70)
	<b>1603.37</b>	<b>357.79</b>
Proposed Dividend Nil (Previous year ₹ .01) including Tax thereon	-	(0.01)
Transferred to Capital Redemption Reserve	(1033.00)	(175.00)
Total Appropriations	<b>(1,033.00)</b>	<b>(175.01)</b>
Net Surplus/(Deficit) in the Statement of Profit & Loss	<b>570.37</b>	<b>182.78</b>
Total Reserve and Surplus	<b>4,463.78</b>	<b>3,043.19</b>

Long Term Borrowings		
I. (a) Term Loans from banks (secured)	90.00	250.00
(b) Term Loans from Other Parties (secured)	397.79	716.22
II. Vehicle Loans from Banks (secured)	13.10	67.75
III. Deposits (unsecured) from Others	21.13	26.28
Total Long Term Borrowings	<b>522.02</b>	<b>1,060.25</b>

- iii Term Loan of ₹95.30(₹ in lakhs) (Previous Year ₹199.02 (₹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, Director of the Company and Mr.Harish Seth. Repayments - in quarterly installments till 10.07.2014.Current Rate of Interest on ₹ 54.00 lakhs @ 9.75% p.a., on ₹ 14.60 lakhs @13% p.a. and on ₹26.70 lakhs @ 12% p.a.
- iv Term Loan of ₹ 615.03(₹in lakhs) (Previous Year ₹803.69(₹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, Director of the Company and Mr.Harish Seth. 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 - ₹ 250.00 lakhs
- b) (i) From 1 to 2 years - ₹ 22.36 lakhs  
(ii) From 1 to 2 years - ₹ 12.00 lakhs  
(iii) From 1 to 2 years - ₹ 95.30 lakhs  
(iv) From 1 to 2 years - ₹ 453.28 lakhs, From 2 to 3 years ₹161.75 lakhs

**II Vehicle Loans**

Vehicle loans are secured against hypothecation of respective vehicles. Repayment is as follow:  
From 1 to 2 years - ₹ 33.60 lakhs  
Last installment date: 15.12.2015

**III 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.

**Note - 5**
**Deferred Tax Liability (Net)**
**Deferred Tax**
**Assets**

Provision for Doubtful Debt and Advances	99.53	
Provision for Leave Encashment	41.78	
Gratuity	79.41	
Unabsorbed Depreciation	12.96	
Bonus	4.87	238.55

**Liabilities**

Depreciation

**Total Deferred Tax Liability (Net)**
**Note-6**
**Other Long Term Liabilities**

Trade Payables	-	6.10
Others	103.71	122.30
<b>Total Other Long Term Liabilities</b>	<b>103.71</b>	<b>128.40</b>

**Note-7**
**Long Term Provisions**
**Provision for Employees Benefits**

Gratuity	193.92	198.01
Leave Encashment	93.93	96.05
(Refer: Note No. 43)	287.84	294.06
<b>Total Long Term Provisions</b>	<b>287.84</b>	<b>294.06</b>

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

Chand Seth

**Deposits (unsecured)**
**Other loans and advances (unsecured)**

Inter Corporate Deposits

**Total Short Term Borrowings**

	As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
	2348.20	2265.63
	16.98	
	834.81	748.94
	386.22	100.00
	<b>3,586.21</b>	<b>3,114.57</b>

**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 erstwhile property at Gurgaon. The company is in the process of giving alternative securities to Working Capital Lenders against existing securities. The above said loans are further secured by personal guarantees of Mr. Chand Seth, Director of the Company, Mr. Harish Seth and Mr. Krishen Seth.

**Note - 9**
**Trade Payables**

Creditors for Raw materials\*

Creditors for Other Service\*

\*(Ref Note No. 44 for details of dues to Micro &amp; Small Enterprises)

	As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
	2,035.45	1574.55
	516.94	703.46
	<b>2,552.39</b>	<b>2,278.01</b>

**Note-10**
**Other Current Liabilities**

Current maturity of long term loans from banks (Ref Note I(a) of 4)

Current maturity of long term loans from other parties (Ref Note I(b) of 4)

Current maturity of Vehicle Loans (Ref Note II of 4)

Interest Accrued but not due

Current maturity of Deferred Sales

Tax (unsecured)

Advance Received from Customers

Unclaimed Matured Deposits

**Other Payables**

Directors Remuneration Payable

Employees dues Payable

Statutory dues Payable

Expenses Payable

Creditors for Capital Goods

Others

**Total Other Current Liabilities**

	As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
	160.00	160.00
	346.90	423.85
	20.50	44.60
	50.47	62.93
	-	29.63
	39.17	64.79
	20.86	42.32
	2.20	1.55
	85.79	83.05
	171.08	228.09
	338.09	297.65
	91.89	5.94
	18.03	11.54
	<b>707.08</b>	<b>627.82</b>
	<b>1,344.98</b>	<b>1,455.94</b>

**PEARL Polymers Limited**
**Note - 11**
**Short Term Provisions**
**Provision for Employees Benefits**

Leave Encashment payable  
Gratuity payable (Refer Note 43)

**Total Short Term Provisions**

**As at  
March 31, 2013  
(₹ in lakhs)**

**34.83**

**50.82**

**85.65**

**As at  
March 31, 2012  
(₹ in lakhs)**

**39.33**

**20.19**

**59.52**

**Note-12**
**Non-Current Assets**
**(a) Fixed Assets**

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

**6,626.42**

**4.96**

**- 6631.38**

**6,631.38**

**7615.05**

**7.20**

**0.57 7622.82**

**7,622.82**

**Total Non Current Assets**
**Tangible Assets**

**(₹ in lakhs)**

	Land Freehold	Land Leasehold	Building	Plant & Machinery	Moulds	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total
Cost or Valuation										
As at 1.4.2012	104.36	122.31	2,448.53	11,427.55	3,386.41	129.08	103.63	427.40	110.02	18,259.28
Additions	-	-	81.30	201.14	231.86	0.69	4.80	13.88	4.82	538.50
Disposals/ Depreciation written back	(34.98)	-	(440.56)	(1,273.76)	(671.57)	-	-	(207.85)	-	(2,628.73)
<b>As at 31.3.2013</b>	<b>69.38</b>	<b>122.31</b>	<b>2,089.27</b>	<b>10,354.93</b>	<b>2,946.70</b>	<b>129.77</b>	<b>108.43</b>	<b>233.43</b>	<b>114.83</b>	<b>16,169.05</b>
Depreciation										
As at 1.4.2012	0.62	7.92	846.51	6,556.02	2,760.65	101.98	55.39	229.47	85.67	10,644.24
Charges for the year	-	1.35	77.70	558.35	207.57	0.82	5.41	23.43	7.01	881.62
Disposals	-	-	(219.88)	(1,011.27)	(604.51)	-	-	(147.57)	-	(1,983.23)
<b>As at 31.3.2013</b>	<b>0.62</b>	<b>9.26</b>	<b>704.33</b>	<b>6,103.10</b>	<b>2,363.71</b>	<b>102.79</b>	<b>60.79</b>	<b>105.33</b>	<b>92.68</b>	<b>9,542.63</b>
<b>Net Block</b>										
<b>As at 31.3.2013</b>	<b>68.76</b>	<b>113.04</b>	<b>1,384.94</b>	<b>4,251.83</b>	<b>582.99</b>	<b>26.98</b>	<b>47.64</b>	<b>128.10</b>	<b>22.15</b>	<b>6,626.42</b>
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

Intangible Assets	Computer software	Total
<b>Gross Block</b>		
<b>As at 1.4.2012</b>	11.26	11.26
Purchase		
Internal Development		
<b>As at 31.3.2013</b>	11.26	11.26
<b>Amortization</b>		
<b>As at 1.4.2012</b>	4.06	4.06
Charges for the year	2.25	2.25
<b>As at 31.3.2013</b>	6.30	6.30
<b>Net Block</b>		
<b>As at 31.3.2013</b>	4.96	4.96
As at 31.3.2012	7.20	7.20

**PEARL Polymers Limited**
**Note-13**
**Non Current Investments**
**Other Investments -Fully paid up  
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.

**67.01**

545.40

**0.87**

0.87

**Others**

- iii) Nil (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 ₹495.28 lakhs (Previous Year ₹.16.89 lakhs)

-

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

**Investment in Preference Shares-Unquoted**
**Investment in Associates**

- 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

**179.33**
**666.53**
**Total Non Current Investments**

- Aggregate market value of Quoted Investments
- Aggregate amount of Quoted Investments
- Aggregate amount of Unquoted Investments
- Aggregate provision for diminishing value of investments

**73.44**

114.68

**69.83**

557.03

**109.50**

109.50

**495.28**

16.89

**PEARL Polymers Limited**
**Note-14**
**Long Term Loans and advances**

	As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
Capital Advances -unsecured- considered good	4.41	62.36
Security Deposits-unsecured		
-Considered good	237.21	226.92
-Considered doubtful	4.69	4.69
Less: Provision for Doubtful Advances	(4.69)	(4.69)
<b>Other Loans and Advances - unsecured</b>	<b>237.21</b>	<b>226.92</b>
Prepaid Expenses-considered good	6.16	6.42
Excise Duty-under protest	2.50	2.50
Others		
-Considered good	5.59	8.49
-Considered doubtful	4.96	4.96
Less: Provision for Doubtful Advances	(4.96)	(4.96)
<b>Total Long Term Loans and advances</b>	<b>255.87</b>	<b>306.69</b>

**Note-15**
**Other Non-Current Assets**
**Long term Trade Receivables -Unsecured**

-considered Good	-	-
-considered Doubtful	283.09	225.97
Less: Provisions for Doubtful debts	(283.09)	(225.97)
<b>Other Bank Balances (more than 12 months)</b>	<b>-</b>	<b>-</b>
-Margin Money	-	40.00

**Others**

Vat Input Recoverable	-	0.37
Excise Duty Recoverable	-	6.27
<b>Total Other Non-Current Assets</b>	<b>-</b>	<b>46.64</b>

**Note - 16**
**Inventories**

(As verified & certified by Management)

Raw Materials	308.62	402.83
Raw Materials in transit	-	19.72
Finished Goods and Accessories	1,132.88	1406.58
Stock in Trade	35.80	47.50
Semi-finished Goods	70.80	100.81
Packing Materials	183.80	180.84
Packing Materials in transit	2.15	2.42
Stores & Spares	184.55	193.42
<b>Total Inventories</b>	<b>1,918.59</b>	<b>2,354.12</b>

**Note-17**
**Trade Receivables (Unsecured)**

Debts outstanding for a period exceeding six months from the date they are due for payment

-Considered Good	116.22	180.23
-Considered Doubtful	2.08	31.75
Less: Provision for Doubtful Debts	(2.08)	(31.75)
<b>Other Debtors-Considered Good</b>	<b>4,385.14</b>	<b>3286.16</b>
-Considered Doubtful	-	30.30
Less: Provision for Doubtful Debts	-	(30.30)
<b>Total Trade Receivables</b>	<b>4,501.36</b>	<b>3,466.39</b>



# PEARL Polymers Limited

## Note-18

### Cash and Bank Balances

Balance with Banks

-Current Accounts

As at  
March 31, 2013  
(₹ in lakhs)

51.39

As at  
March 31, 2012  
(₹ in lakhs)

69.77

### Other Bank Balances

FDR Deposits with Original Maturity for more than 3 months but less than 12 months

100.01

100.01

Margin Money

233.72

177.03

Deposits Matured but receivable

0.93

0.93

Cheques in hand

176.78

52.08

Cash in hand

8.33

5.05

### Total Cash and Cash Equivalents

571.16

404.87

## Note-19

### Short Term Loans and Advances

#### Unsecured considered good

Security Deposits

16.21

16.91

Prepaid Expenses

37.34

27.60

Others

32.23

48.78

### Total Short Term Loans and Advances

85.78

93.29

## Note - 20

### Other Current Assets

#### Recoverable from Related Parties- Unsecured-considered good

Pearl Apartments Limited

567.10

-

Emperor Tours & Travels Private Limited

511.50

1078.60

-

#### Others- Unsecured - considered good

Interest Accrued on Deposits and Advances

22.76

24.07

Balances with Excise and Customs Authorities

47.51

43.82

Advance Tax /Tax Deducted at Source

54.48

34.30

(Net of provision for tax ₹407lakhs, previous year ₹116.28 Lakhs)

Others

29.51

154.25

28.12

130.31

### Total Other Current Assets

1,232.85

130.31

Current Assets & Current Liabilities: 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

23,019.60

22,576.36

#### Other operating revenues

Scrap Sales

78.59

46.94

Job Work

-

0.15

Others

12.76

91.36

1.15

48.24

23110.96

22624.60

Less: Excise Duty

1,261.62

1178.29

Excise duty on sales amounting to ₹1261.62 lakhs (Previous year ₹ 1178.29 lakhs) have been reduced from sales in Statement of Profit & Loss and excise duty on increase/decrease in stock amounting to ₹ 47.05 lakhs (previous year ₹43.43 lakhs) and Branch Transfer ₹ 57.49 lakhs (previous year ₹ 45.43 lakhs) have been considered as expense (Income) in note of Financial Statement

**Note-22**
**Other Income**
**Interest income on**

	For the Year Ended March 31, 2013 (₹ in lakhs)	For the Year Ended March 31, 2012 (₹ in lakhs)
	<u>21,849.34</u>	<u>21,446.31</u>
Bank Deposits	33.83	30.27
Security Deposits	11.33	12.75
Others	68.31	0.08
Exchange Rate Difference	2.31	3.37
Dividend income	3.08	0.06
Insurance Claims Received	38.10	13.47
Balances written back	50.78	28.01
Provision for Bad and Doubtful Debts/Advances written back	-	2.47
Depreciation for earlier year written back	30.31	-
Profit on sale of Fixed Assets	2.21	1.59
Provision No Longer Required written back	4.58	5.60
Misc Income	28.49	2.12
	<u>273.32</u>	<u>99.79</u>
	<u>273.32</u>	<u>99.79</u>

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

Inventory at the beginning of the year	422.55	526.13
Add: Purchase	12,673.95	12144.22
Less: Inventory at the end of the year	<u>308.62</u>	<u>422.55</u>
	12,787.87	12,247.80

**Packing Materials**

Inventory at the beginning of the year	183.26	179.48
Add: Purchase	1,186.65	1178.46
Less: Inventory at the end of the year	<u>185.94</u>	<u>183.26</u>
	1,177.97	1,174.68

**Direct Purchase**

Pet Preforms	49.41	122.06
Pet Bottles & Jars	5.45	-
Caps/Wads	253.64	82.39
	<u>308.50</u>	<u>204.45</u>
	<u>14,274.34</u>	<u>13,626.93</u>

Value  
(₹ in lakhs)  
March 31, 2013

Value  
(₹ in lakhs)  
March 31, 2012

**Particulars of Raw Materials consumed**

Pet Chips	10,073.50	9828.82
Polypropylene	2,683.79	2335.53
Other	30.58	83.45
	<u>12787.87</u>	<u>12247.80</u>

**PEARL Polymers Limited**
**Note-24**
**Changes in inventories of Finished Goods, Stock in Process and Stock in Trade**

Inventory at the beginning of the year  
Finished goods and Accessories  
Stock in Trade  
Semifinished goods

Inventory at the end of the year  
Finished goods and Accessories  
Stock in Trade  
Semifinished goods

**For the Year Ended  
March 31, 2013  
(₹ in lakhs)**

**1,406.58**  
**47.50**  
**100.81**      **1554.89**

**(1,204.47)**  
**35.80**  
**(70.80)**      **(1239.47)**

**315.42**

**For the Year Ended  
March 31, 2012  
(₹ in lakhs)**

1149.68  
56.29  
85.28      1291.25

(1406.58)  
(47.50)  
(100.81)      (1554.89)

(263.64)

**Note-25**
**Employee benefit Expenses**

Salary, Wages, Bonus & Other Allowance  
Contribution to P.F, ESI & other Funds  
Staff Welfare Expenses

**1,548.02**  
**196.64**  
**72.56**      **1817.21**

**1,817.21**

1517.58  
207.66  
95.10      1820.34

**1,820.34**

**Note-26**
**Other Expenses**

Consumption of Stores & Spares  
Freight, Octroi & Cartage  
Power and Fuel  
Electricity & Water Charges  
Advertisement, Publicity & Selling expenses  
Printing, Stationery, Postage, Telephone & Telex  
Rent  
Lease Rent  
Repairs & Maintenance  
- Building  
- Machinery  
- Others  
Insurance  
Rates & Taxes  
Commission  
Rebate & Discount  
Conveyance & Travelling expenses  
Legal & Professional Fees  
Payment to Auditors (Refer details below)  
Donations  
Loss on Sale/Write off Fixed Assets  
Director's Sitting fees  
Sales Tax Additional Demand  
Provision for Doubtful Debts /Advances  
Bad debts/ Advances written off  
Loss on Investments  
Wages Contractors  
Miscellaneous expenses  
Excise duty on Branch Transfer  
Excise duty on Increase/Decrease of Inventory

**224.47**  
**554.09**  
**2089.91**  
**26.62**  
**90.79**  
**99.01**  
**102.00**  
**94.96**      **196.96**

**47.17**  
**164.17**  
**53.28**      **264.61**

**29.10**  
**14.13**  
**16.19**  
**43.18**  
**194.96**  
**80.07**  
**12.01**  
**0.38**  
**7.61**  
**0.13**  
**-**  
**1.73**  
**47.64**  
**8.80**  
**365.94**  
**388.58**  
**57.49**  
**(47.05)**

**4,767.34**

233.60  
472.91  
2025.62  
24.74  
108.49  
101.36  
124.23  
95.19      219.42

50.14  
140.85  
82.57      273.56

23.20  
18.74  
14.67  
43.42  
228.10  
107.96  
10.96  
0.23  
2.47  
0.18  
0.78  
29.94  
24.01  
-  
339.45  
396.47  
45.43  
43.43

**4,789.14**

	For the Year Ended March 31, 2013 (₹ in lakhs)		For the Year Ended March 31, 2012 (₹ in lakhs)	
	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
<b>Payment to Auditors</b>				
Audit Fees				
Statutory Audit Fees	3.11	1.45	2.59	1.26
Limited Review Fee	3.39	0.84	2.73	0.71
for Taxation matters	2.12	0.66	1.69	0.54
Management & Other Services	0.08	0.02	1.16	-
Reimbursement of expenses (Net of Service Tax)	-	0.35	-	0.28
	<u>8.71</u>	<u>3.31</u>	<u>8.17</u>	<u>2.79</u>
<b>Total Payment to Auditors</b>		<u>12.01</u>		<u>10.96</u>
<b>Note-27</b>				
<b>Prior period adjustments</b>				
<b>Expenditure/(Income)</b>				
Depreciation	-	-	0.40	-
Misc Expenses	0.62	-	-	-
Sales Promotion	-	0.62	0.20	0.60
		<u>0.62</u>		<u>0.60</u>
<b>Note-28</b>				
<b>Depreciation and Amortization</b>				
Depreciation	881.62		838.50	
Amortization	<u>2.25</u>	<u>883.86</u>	<u>2.45</u>	<u>840.95</u>
		<u>883.86</u>		<u>840.95</u>
<b>Note-29</b>				
<b>Finance Costs</b>				
Interest Expenses		749.69		820.36
Other Borrowing Cost		<u>94.01</u>		<u>89.92</u>
		<u>843.70</u>		<u>910.28</u>
<b>Note-30</b>				
<b>Earning per share (EPS)</b>				
The following reflects the profit and share data used in the basic and diluted EPS computations :				
<b>Total operations for the year</b>	(₹ in lakhs)		(₹ in lakhs)	
Profit/(Loss) after tax	1,420.59		(36.70)	
Less : Dividends on Preference Shares and tax thereon	-		(0.01)	
<b>Net Profit/(Loss) for allocation of basic EPS</b>	1,420.59		(36.71)	
	(No. in lakhs)		(No. in lakhs)	
Weighted average number of equity shares in calculating basic EPS	168.35		168.35	
Basic Earning per share (₹)	8.44		(0.22)	
Total No of weighted average Equity Shares including diluted potential Equity Shares outstanding during the year.	168.35		168.35	
Diluted Earning per share (₹)	8.44		(0.22)	
<b>Note-31</b>				
Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)		66.50		43.05

**Note-32**
**Contingent Liabilities**

In respect of guarantees executed by Banks against lodgment of counter guarantees of the Company

\* Provided by way of Margin Money ₹ 37.16 lakhs (Previous Year ₹ 8.58 lakhs)

In respect of Service Tax

In respect of demands for Excise Duty \*

\* includes:

– 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 2010-11 for Assessment under section 143(3)

**For the Year Ended  
March 31, 2013  
(₹ in lakhs)**

**For the Year Ended  
March 31, 2012  
(₹ in lakhs)**

**150.62**

**34.33**

**0.04**

**0.04**

**747.86**

**737.25**

**17.50**

**-**

**Note-33**
**Value of imports calculated on CIF basis**

Raw Materials

**-**

**17.43**

Capital goods

**4.66**

**-**

**Note-34**
**Expenditure in foreign currency (accrual basis)**

Travelling and conveyance

**7.00**

**20.75**

Others

**0.71**

**0.02**

**Note-35**
**Earnings in foreign currency (accrual basis)**

Exports at F.O.B Value - Finished Goods

**8.49**

**65.35**

Exports at F.O.B Value - Capital Goods

**21.36**

**-**

**Note-36**

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

Particulars	2012-2013		2011-2012	
	Foregin Currency (in Lakhs)	(₹ in lakhs)	Foregin Currency (in Lakhs)	₹ in lakhs
<b>Trade Receivable</b>				
USD	0.01	0.76	0.82	41.95

**Note-37**

**Imported and Indigenous Raw Materials, Components and Spare parts consumed**

**Raw Materials**

Imported  
Indigenously obtained

**Spare parts & Components**

Imported  
Indigenously obtained

% of Total Consumption 31-03-13	Value 31-03-13 ₹ in lakhs	% of Total Consumption 31-03-12	Value 31-03-12 ₹ in lakhs
-	-	0.14	17.43
100.00	12,787.87	99.86	12230.37
100.00	12787.87	100.00	12247.80
-	-	-	-
100.00	224.47	100.00	233.60
100.00	224.47	100.00	233.60

**Note-38**

Purchases are net of incentives received.

**Note-39**
**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  
(\* Resigned with effect from 12.07.2012)

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

Mrs. Suneeta Seth  
Mr. Amit Seth  
Mr. Udit Seth

**Related parties where control exists**

Amit Apartments Ltd  
Emperor Travels & Tours Pvt Ltd  
Gama Investments Pvt Ltd  
Pearl Apartments Ltd  
Pearl Engineering Polymers Ltd  
Pearl Flats (India) Ltd  
MRK Shares & Stocks Pvt Ltd  
Pacific Pearl Finance & Leasing Ltd  
Pearl Telefonics Ltd ( Formerly Sinclair Exports Ltd)  
Theta Investments Pvt Ltd

	For the Year Ended March 31, 2013 (₹ in lakhs)	For the Year Ended March 31, 2012 (₹ in lakhs)
<b>Note-40</b>		
<b>Related party transactions</b>		
<b>Key Management Personnel</b>		
<b>Remuneration paid</b>		
Mr Chand Seth	44.88	48.32
Mr Harish Seth *	13.36	44.38
Mr Varun Seth	33.68	31.34
(* paid upto 11.07.2012)		
<b>Interest paid (on FD)</b>		
Mr Harish Seth	-	2.06
<b>Loan taken</b>		
Mr Chand Seth	20.00	25.00
<b>Outstanding Payable</b>		
Mr Chand Seth	17.90	-
Mr Harish Seth	-	1.54
Mr Varun Seth	1.28	1.31
<b>Note-41</b>		
<b>Relatives of Key Management Personnel</b>		
<b>Remuneration paid</b>		
Mr Amit Seth	30.28	21.84
Mr Udit Seth	30.28	21.84
<b>Rent paid</b>		
Mrs Suneeta Seth	12.00	12.00
Mrs Madhu Seth	-	6.00
<b>Interest paid (on FD)</b>		
Mrs Madhu Seth	-	2.24
Mr Adhar Seth	-	0.56
Mrs Ashna Chopra	-	0.56
<b>Outstanding Payable</b>		
Mr. Amit Seth	1.38	1.42
Mr Udit Seth	1.38	1.44
<b>Note-42</b>		
<b>Related parties where control exists</b>		
<b>Purchase</b>		
Pearl Engineering Polymers Ltd-Raw materials	-	10.25
<b>Dividend paid</b>		
Pearl Engineering Polymers Ltd	-	0.01
<b>ICD taken</b>		
MRK Shares & Stocks Pvt Ltd	95.00	-
Pacific Pearl Finance & Leasing Ltd	46.50	-
Pearl Telefonics Ltd	28.00	-
Theta Investments Pvt Ltd	5.00	-
<b>Interest Paid on ICD</b>		
MRK Shares & Stocks Pvt Ltd	6.95	-
Pacific Pearl Finance.& Leasing Ltd	0.37	-
Pearl Telefonics Ltd	0.35	-
Theta Investments Pvt Ltd	0.06	-



## PEARL Polymers Limited

	For the Year Ended March 31, 2013 (₹ in lakhs)	For the Year Ended March 31, 2012 (₹ in lakhs)
<b>Preference Shares Issued/(Redeemed)</b>		
Pearl Engineering Polymers Ltd	-	(175.00)
Amit Apartments Ltd	(185.00)	185.00
Emperor Travels & Tours Pvt Ltd	(305.00)	305.00
Gama Investments Pvt Ltd	(34.50)	34.50
Pacific Pearl Finance & Leasing	(14.50)	14.50
Pearl Apartments Ltd	(358.00)	358.00
Pearl Flats (India) Ltd	(115.00)	115.00
Pearl Telefonics Ltd	(21.00)	21.00
<b>Sale of Land &amp; Factory Building</b>		
Pearl Apartments Ltd	1716.50	-
Emperor Travels & Tours Pvt Ltd	1716.50	-
<b>Outstanding Payable</b>		
Pacific Pearl Finance & Leasing Ltd	46.83	-
Pearl Telefonics Ltd	28.31	-
Theta Investments Pvt Ltd	5.06	-
<b>Outstanding Receivable</b>		
Pearl Apartments Ltd	567.10	-
Emperor Travels & Tours Pvt Ltd	511.50	-
<b>Note-43</b>		
<b>Gratuity and other post employment benefit plans</b>		
<b>Employees Benefits</b>		
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:		
<b>Defined Contribution Plans</b>		
The Company has recognized the following amounts in the Statement of Profit & Loss for the year		
I. Employer's Contribution to Provident Fund	48.31	61.74
II. Employer's Contribution to Superannuation Fund	19.06	26.75
III. Employer's Contribution to Employees' Pension Scheme	40.07	21.05
IV. Employer's Contribution to Employees' State Insurance Scheme	19.01	20.08
<b>Defined Benefit Plans</b>		
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)	7.90%	8.60%
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 1 <sup>st</sup> April, 2012	258.53	122.49	253.83	114.56
Interest Cost	22.23	10.54	20.31	9.17
Past Service Cost	-	-	-	-
Current Service Cost	22.25	14.16	22.77	15.00
Curtailment Cost (Credit)	-	-	-	-
Impact due to settlement	-	-	-	-
Settlement Cost (Credit)	-	-	-	-
Directly paid by Enterprises	(0.12)	-	-	-
Benefits Paid	(71.75)	(27.10)	(46.30)	(12.90)
Actuarial Loss/(Gain)	31.00	(2.24)	7.92	(3.34)
Foreign Currency Exchange Rate different from the enterprises reporting currency	-	-	-	-
Present value of Obligation as at 31 <sup>st</sup> March, 2013	<u>262.14</u>	<u>117.85</u>	<u>258.53</u>	<u>122.49</u>

**Changes in the Fair Value of Plan Assets**

Fair Value of Plan Assets as at 1 <sup>st</sup> April, 2012	40.33	-	42.63	-
Expected Return on Plan Assets	2.93	-	4.40	-
Actuarial Loss/(Gain)	-	-	-	-
Employers' Contribution	45.89	-	35.00	-
Contribution transferred from Group Companies	-	-	4.60	-
Benefits Paid	(71.75)	-	(46.30)	-
Contributions by Plan	-	-	-	-
Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2013	<u>17.40</u>	<u>-</u>	<u>40.33</u>	<u>-</u>

**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31<sup>st</sup> March, 2013**

GOI Securities	-	-	-	-
Public Securities	-	-	-	-
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-
State Government Securities	-	-	-	-
Insurance Policies	17.40	-	40.33	-
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 <sup>st</sup> March, 2013	262.14	117.85	258.53	122.49
Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2013	17.40	-	40.33	-
Funded (Assets)/Liability recognized in the Balance Sheet				
Present value of Unfunded Obligation as at 31 <sup>st</sup> March, 2013	<u>244.74</u>	<u>117.85</u>	<u>218.20</u>	<u>122.49</u>
Unrecognized past service cost	-	-	-	-
Unrecognized actuarial (Gain)/Losses	-	-	-	-
Unfunded Net Liability recognized in the Balance Sheet	<u>244.74</u>	<u>117.85</u>	<u>218.20</u>	<u>122.49</u>

**Amount recognized in the Balance Sheet**

Present value of Obligation as at 31<sup>st</sup> March, 2013

Fair Value of Plan Assets as at 31<sup>st</sup> March, 2013

Assets/Liability recognized in the Balance Sheet(Net)

**Expenses recognized in the Statement of Profit & Loss**

Current Service Cost

Past service Cost

Interest Cost

Expected Return on Plan Assets

Curtailment Cost (Credit)

Settlement Cost (Credit)

Net actuarial (Gain)/Loss

Contribution transferred from Group Companies

Total Expenses recognized in the Profit & Loss

Account

As at March 31, 2013 ₹ in lakhs		As at March 31, 2012 ₹ in lakhs	
Gratuity (Funded)	Leave Encashment	Gratuity (Funded)	Leave Encashment
262.14	117.85	258.53	122.49
17.40	-	40.33	-
244.74	117.85	218.20	122.49
22.25	14.16	22.77	15.00
-	-	-	-
22.23	10.54	20.31	9.17
(2.93)	-	(4.40)	-
-	-	-	-
-	-	-	-
31.00	(2.24)	7.92	(3.34)
-	-	(4.60)	-
72.55	22.46	42.00	20.83

**Note-44**
**Disclosure in accordance with Part I of Schedule VI of Companies Act, 1956 in respect of Micro, Small and Medium Enterprises"**

Particulars

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

As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ 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-45**

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-46**

During the year, current tax is provided under the Income Tax Act, 1961 and the same is net of MAT credit entitlement of Rs. 176 lakhs for earlier years.

**Note-47**

- During the year, the company's manufacturing unit at Gurgaon was closed and one time settlement was done with the labour. Plant & Machineries were transferred to company's other units or disposed off. Land & Building was sold, under an agreement to sell. The possession of Land & Building was handed over on 15.03.2013 and the execution of sale deed is pending due to completion of formalities in this regard.

**PEARL Polymers Limited**

(b) Exceptional items represents:

Net Profit/(Loss) on sale of Land & Building  
 Net Profit/(Loss) on sale of other fixed assets  
 Settlement cost of man power at Company's Gurgaon unit.  
 Provision for Diminution in the value of Investments  
 Provision for Diminution in the value of Investments Written back

As at March 31, 2013 (₹ in lakhs)	As at March 31, 2012 (₹ in lakhs)
3177.33	-
(230.27)	-
(40.78)	-
(478.39)	-
-	111.88
<b>2,427.89</b>	<b>111.88</b>

**Note-48**

As on 31st March, 2013, the Company has Investments of 54,92,960 Equity Shares (amounting to ₹ 545.40 lakhs) of Pearl Engineering Polymers Ltd, a Company under the same management. The unit is closed since March, 2011 and there is no revival plan now despite best effort of the Company over the period. In view of this, during the year, the Company has made a provision of ₹ 478.39 Lacs towards diminution in the value of said equity. The said amount is shown as exceptional item in the statement of Profit & Loss for the current year.

**Note-49**

- 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 Statement of Profit & Loss.
- b) The Company has leased facilities under the non-cancellable operation lease: Lease rent amounting to ₹ 94.96 lakhs (Previous year ₹ 95.19 lakhs) has been charged to Statement of Profit & Loss.

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

Particulars	Year Ended March 31, 2013 (₹ in lakhs)	Year Ended March 31, 2012 (₹ in lakhs)
Not later than one year	94.96	102.67
Later than one year but not later than five years	43.12	148.07

**Note-50**
**Prior Year Comparatives**

Previous Year figures have been regrouped/reclassified, wherever considered necessary to conform to current year's classification.

## 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 1<sup>st</sup> 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 :**

A-97/II, Okhla Industrial Area, Phase-II,  
New Delhi - 110 020

**ATTENDANCE SLIP**

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

I hereby record my presence at the **42<sup>nd</sup> ANNUAL GENERAL MEETING** at 2<sup>nd</sup> Floor, A-97/II, Okhla Industrial Area, Phase-II, New Delhi-110020 on Monday, the **23<sup>rd</sup> September, 2013**, 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 NO Eatables, Helmets, Brief Cases, Handbags, Cellular Phones ETC., WILL BE ALLOWED INSIDE THE PREMISES.

— NO GIFTS / SNACKS WILL BE GIVEN AT THE ANNUAL GENERAL MEETING.

**PEARL Polymers Limited****Registered Office :**

A-97/II, Okhla Industrial Area, Phase-II,  
New Delhi - 110 020

**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 **42<sup>nd</sup> ANNUAL GENERAL MEETING** of the said Company to be held at 11:30 A.M. on Monday, the **23<sup>rd</sup> September, 2013**, or at any adjournment thereof.

Signed this ..... day of .....2013

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***

A-97/II, Okhla Industrial Area Phase-II,  
New Delhi-110 020

Ph. : 47385300, Fax : 47480746

**FORM A**  
**Format of covering letter of the Annual Audit Report to be filed with the**  
**Stock Exchanges**

1.	Name of the Company:	Pearl Polymers Limited
2.	Annual Financial Statements for the year Ended	31st March, 2013
3.	Type of Audit observation	Un-Qualified
4.	Frequency of observation	N.A.

**For Pearl Polymers Limited**



**Chairman & Mg. Director**

**For Pearl Polymers Limited**



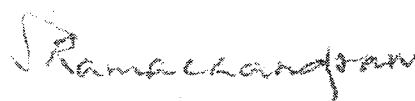
**Chief Financial Officer**

**For Sehgal Mehta & Co.**  
**Chartered Accountants**  
**FRN: 003330N**



**Naresh Khanna**  
**Partner**

**For Pearl Polymers Limited**



**Director**  
**(Chairman to the Audit Committee)**