



BOARD OF DIRECTORS

Mr. Chand Seth	-	Chairman & Managing Director
Mr. Harish Seth	-	Vice-Chairman & Managing Director
Mr. Varun Seth	-	Whole-Time Director
Dr. Sai Ramachandran	-	Director
Mr. Naresh Khanna	-	Director
Mr. Ramesh Mehra	-	Director
Mr. R.K. Gupta	-	Nominee Director (HSIIDC)

COMPANY SECRETARY **CS. Pallavi Vardhan**

AUDITORS **J.C Bhalla & Co.**
Chartered Accountants
B-5, Sector-6, Noida-201301(U.P.)

BANKERS Bank of Baroda
Allahabad Bank
IDBI Bank

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

SHARE DEPARTMENT 503, Rohit House 3, Tolstoy Marg
New Delhi-110 001
Ph. : 43517917-21, Fax : 43517596

REGISTRAR & SHARE TRANSFER AGENT **MAS Services Ltd.**
T-34, IInd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020
Ph : 011-26387281/82/83
Fax:011-26387384
E-mail:mas_serv@yahoo.com

WORKS:

Mahad
B-3/2, MIDC Distt. Raigad, Mahad,
Maharashtra - 403302

Jigani
13-A, Part-I Jigani Industrial Area
Distt. Anekal Bangalore, Karnataka

Gurgaon
2-A, Sector-18, HSIIDC, Near Bijlee Board,
Gurgaon-122001, Haryana

Baddi
Khasra No. 512-513, Village-Sandholi (Baddi),
Tehsil-Nalagarh Distt- Solan (H.P)

Pant Nagar
Plot No. 45, Sector-3, Village Kalyanpur, Tehsil Kichha,
Distt. U.S. Nagar, IIE, Pantnagar, Uttaranchal.

NOTICE

NOTICE is hereby given that the **40th Annual General Meeting** of the members of **Pearl Polymers Limited** will be held on **Thursday, the 22nd day of September, 2011 at 11:30 A.M at MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi –110054** to transact the following business:-

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31st, 2011, the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To confirm payment of dividend on Preference Shares.
3. To appoint a Director in place of Mr. Varun Seth, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ramesh Mehra, who retires by rotation and being eligible, offers himself for reappointment.
5. 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. J.C.Bhalla & Co., Chartered Accountants (Firm Registration No. 001111N), 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 2011-12.

6. 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 2011-12.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof) and subject to necessary approvals as may be required under the aforesaid Act or rules made thereunder, approval of the members be and is hereby accorded to the re-appointment of Mr. Chand Seth as Chairman and Managing Director of the Company for a further period of three years w.e.f. 1st April, 2011 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered expedient in this regard.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 316 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof) and subject to necessary approvals as may be required under the aforesaid Act or rules made thereunder, approval of the members be and is hereby accorded to the re-appointment of Mr. Harish Seth as Vice-Chairman and Managing Director of the Company for a further period of three years w.e.f. 1st August, 2011 on the terms and conditions including remuneration as set out in the Explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to

do all such acts, deeds and things as may be considered expedient in this regard.

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

RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any of the Companies Act, 1956, including any statutory modification(s) thereof for the time being in force, approval of the members be and is hereby accorded to the revision in terms of appointment of Mr. Udit Seth, holding an office/ place of profit as Vice President-Sales & Marketing in the Company on the terms and conditions as set out in the Explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered expedient in this regard and delegate all or any of its powers herein conferred to any of the Directors to give effect to the resolution.

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

RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any of the Companies Act, 1956, including any statutory modification(s) thereof for the time being in force, approval of the members be and is hereby accorded to the appointment of Mr. Amit Seth, relative of Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director of the Company to hold and continue to hold an office/ place of profit in the Company w.e.f 1st August, 2011 on such terms and conditions including remuneration as set out in the Explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered expedient in this regard and delegate all or any of its powers herein conferred to any of the Directors to give effect to the resolution.

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

Place: New Delhi **CS. PALLAVIVARDHAN**
Date : August 12, 2011 Asst. Company Secretary

NOTES :

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

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

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 16th September, 2011 to Thursday, 22nd September, 2011**(both days inclusive).
3. Members are requested to bring their attendance slips along with their copy of Annual Report to the Meeting. As a measure of economy, copies of Annual Report will not be distributed at the Meeting.
4. Members holding shares in electronic form are requested to intimate any change in their address to Depository Participants with whom they are maintaining their Demat Accounts immediately
5. Members holding shares in physical form either in multiple folios with identical names or joint holdings in the same order are requested to send their Share Certificates to the Company or M/s MAS Services Limited, Registrar and Share Transfer Agent for consolidation into a single folio.
6. 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 the approaching the RTA of the Company.
7. Securities and Exchange Board of India (SEBI) has made the submission of Permanent Account Number (PAN) card copy mandatory in the following cases:

a) By all transferees for effecting transfer of shares (in physical form) in their names.

b) By legal heirs for effecting name deletion, transmission of shares and name transposition.

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

8. **Members desirous of seeking any information from the Company are requested to send their queries at the Company's registered office well in advance so that the same may reach at least ten days before the date of the meeting to enable the Company to keep the information readily available at the Meeting.**
9. Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by allowing paperless compliance by Companies in electronic mode. The shareholders can now receive various notices and documents through electronic mode by registering their email addresses with the Company. Members holding shares in demat mode are requested to register their email addresses with their depository participant only. Members holding shares in physical form may send such requests for registration by e-mail at investor_helpdesk@pearlpet.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.
2. **Superannuation Fund:** Company's contribution to the Superannuation fund together with the contribution to Provident Fund shall not exceed 27 % of the salary, as laid down in the Income Tax Rules, 1962.
3. **Gratuity:** Gratuity payable shall not exceed one half month's salary for each completed year of service subject to a ceiling of Rs. 10,00,000/- or such other sum as may be specified under the provisions of Payment of Gratuity Act, 1972.
4. **Earned/ Privileged leave:** As per the rules of the Company, the leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
5. **Free use of Company's car** with driver for business of the Company.
6. **Free telephone facility** at residence of the appointee at the Company's cost. However, personal long distance calls shall be billed to the Appointee.

Pursuant to Section 173(2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to item No 7 to 10 of the Notice.

Item No. 7

Mr. Chand Seth was last re-appointed as the Chairman and Managing Director of the Company w.e.f. 1st April, 2008 for a period of three years and accordingly, the tenure of his office expired on 31st March, 2011. In terms of recommendations of the Remuneration Committee and subject to the approval of the Members at the ensuing Annual General Meeting, the Board of Directors approved re-appointment of Mr. Chand Seth as Chairman and Managing Director of the Company for a further period of three years w.e.f 1st April, 2011 vide board resolution dated 30th March, 2011 on terms and conditions as set out hereunder:

- A) **REMUNERATION** including Basic Salary, House Rent allowance, Expenditure on gas, electricity, water and furnishing, medical reimbursement, Leave Travel Concession etc. aggregating to, but not exceeding Rs. 3,50,000/- (Rupees Three lacs fifty thousand only) per month
- B) **PERQUISITES IN ADDITION TO THE ABOVE:**
 1. **Provident Fund:** Company's Contribution to Provident Fund as per the rules of the Company will be subject to a ceiling of 12% of the salary as laid down under the Income Tax Rules, 1962 .

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

Mr. Chand Seth upon re-appointment as the Chairman and Managing Director shall not be subject to retirement by rotation during his tenure of appointment in the Company.

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

- I) **GENERAL INFORMATION:**
 - (i) **Nature of Industry:** The Company is a leading Manufacturer of PET Jars and Bottles.
 - (ii) **Expected date of commencement of commercial production:** Not Applicable.
 - (iii) **In case of new companies, expected date of commencement of activities as per the Project approved by financial institutions appearing in the prospectus:** Not Applicable.
 - (iv) **Financial Performance based on given indicators:** The relevant financial figures (Audited) as at year ended 31st March, 2011 are as under:

(Rs. in '000')

Revenue	Expenses	Net Profits/(Loss)
1908086	1901919	6167

(v) **Export performance and net foreign exchange contributions:** Total foreign exchange earned was Rs. 24.09 Lacs against an outgo of Rs. 89.67 Lacs on import of Raw Material and Rs. 57.02 Lacs against traded goods.

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

II) INFORMATION ABOUT THE APPOINTEE:

a) Background Details

Mr. Chand Seth is one of the promoters of the Company and has over 41 years of experience in the field of Polymers. He holds a degree in B.Tech (Mech.) from IIT (Kharagpur) and MS from Michigan University, USA.

b) Past Remuneration

Mr. Chand Seth has not drawn remuneration from the Company during his earlier tenure of appointment as Chairman and Managing Director in the Company except for the period w.e.f 7th December, 2008 to 30th June, 2009, during which remuneration was drawn by him from M/s. Pearl Polymers Ltd. on account of pending Central Government approval sought by M/s Pearl Engineering Polymers Ltd. However, subsequent to receipt of the said approval on 30th June, 2009, payment of remuneration w.e.f. 1st July, 2009 was resumed from M/s Pearl Engineering Polymers Limited.

c) Recognition or Awards

He is a renowned personality in the field of polymers and has immensely contributed in introducing and developing various quality plastic products. The Company won various awards namely World Star Award, Asia Star Award and Johnson & Johnson Worldwide Sustainability Award for the initiative taken in implementing change in bulk packaging process under his leadership.

d) Job Profile and his suitability

Mr. Chand Seth is a Mechanical Engineer from IIT, Kharagpur and MS from Michigan University having a rich experience of over 41 years in the field of polymers. He is one of the Promoter Directors of the Company and is vested with substantial powers of management of the

Company. The Company has benefited and grown manifolds under his direction. His experience in the field of polymers and his qualifications are ideally suited to the nature of our Industry, the benefits of which the Company has reaped over the years.

e) Remuneration Proposed

As mentioned above

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

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

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

Mr. Chand Seth is one of the Promoters of the Company and has been instrumental in bringing significant growth in the volume of its business since inception. He is also related to Mr. Harish Seth, Vice Chairman and Managing Director and Mr. Varun Seth, Whole time Director of the Company.

III) OTHER INFORMATION:

(a) Reasons of Inadequate Profits

With significant increase in cost of raw material prices, the manufacturing costs have gone up which has resulted in lower margins since the rise in raw material prices could not be passed on to customers due to cut throat competition in Pet Bottle & Jar market which also consists of various small units.

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

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

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

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

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

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

As mentioned above.

The re-appointment and remuneration payable to the appointee needs to be approved by the shareholders at the General Meeting and accordingly, the resolution is placed before the Members.

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

The Directors recommend the resolution for the approval of the members.

Item No. 8

Mr. Harish Seth was last re-appointed as the Vice Chairman and Managing Director of the Company w.e.f. 1st August, 2008 for a period of three years and accordingly, the tenure of his office expired on 31st July, 2011. In terms of recommendations of the Remuneration Committee and subject to the approval of the Members at the ensuing Annual General Meeting, the Board of Directors at its meeting held on 30th May, 2011 re-appointed Mr. Harish Seth as Vice-Chairman and Managing Director of the Company w.e.f 1st August, 2011 for a further period of three years, on the terms and conditions as set out hereunder:

A. REMUNERATION including Basic Salary, House Rent Allowance, Expenditure on gas, electricity, water and furnishing, Medical Reimbursement, Leave Travel Concession, etc. aggregating to but not exceeding Rs. 3,50,000/- (Rupees Three Lacs and fifty thousand only) per month.

B. PERQUISITES IN ADDITION TO THE ABOVE:

- (a) **Provident Fund:** Company's contribution to Provident fund as per the rules of the Company will be subject to a ceiling of 12% of the salary as laid down under the Income Tax Rules, 1962.
- (b) **Superannuation Fund:** Company's contribution to the Superannuation Fund together with the contribution to the Provident Fund shall not exceed 27% of the salary as laid down under the Income Tax Rules, 1962.
- (c) **Gratuity:** Gratuity payable shall not exceed one half month's salary for each completed year of service, subject to a ceiling of Rs. 10,00,000/- or as such other amount as may be prescribed under the provisions of Payment of Gratuity Act, 1972.
- (d) **Earned/ Privileged Leave:** As per the rules of the Company, leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- (e) **Free use of the Company's car** with driver for the business of the Company.
- (f) **Free telephone facility** at residence at the Company's cost. However, personal long distance calls shall be billed to the Appointee.

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

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

- (i) **Nature of Industry:** The Company is a leading Manufacturer of PET Jars and Bottles
- (ii) **Expected date of commencement of commercial production:** Not Applicable.
- (iii) **In case of new companies, expected date of commencement of activities as per the Project approved by financial institutions appearing in the prospectus:** Not Applicable.
- (iv) **Financial Performance based on given indicators:** The relevant financial figures (Audited) as at year ended 31st March, 2011 are as under:

(Rs. in '000')

Revenue	Expenses	Net Profits/(Loss)
1908086	1901919	6167

(v) **Export performance and net foreign exchange contributions:** Total foreign exchange earned was Rs. 24.09 Lacs against an outgo of Rs. 89.67 Lacs on import of Raw Material and Rs. 57.02 Lacs against traded goods.

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

(II) INFORMATION ABOUT THE APPOINTEE:

a) Background Details

Mr. Harish Seth is one of the promoters of the Company and has over 41 years of rich experience in the field of Polymers. He is a Chemical Engineer from IIT, Madras and M.Tech from U.S.A.

b) Past Remuneration

A sum of Rs. 42.48 Lacs has been paid to Mr. Harish Seth, being the remuneration and allowable perks as per schedule XIII to the Companies Act, 1956 for the year ended 31st March, 2011.

c) Recognition or Awards

He is a renowned personality in the field of polymers and has immensely contributed in introducing and developing various quality plastic products. The Company won various awards namely World Star Award, Asia Star Award and Johnson & Johnson Worldwide Sustainability Award for the initiative taken in implementing change in bulk packaging process under his leadership.

d) Job Profile and his suitability

Mr. Harish Seth is a Chemical Engineer from IIT, Madras and M.Tech from USA having a rich experience of over 41 years in the field of polymers. He is one of the promoter Directors of the Company and is vested with substantial powers of Management of the Company. As is evident from his qualifications, Mr. Harish Seth is ideally suited to the nature of our industry, the benefits of which the Company has reaped over the years.

e) Remuneration Proposed

As mentioned above

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

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

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

Mr. Harish Seth is one of the Promoters of the Company and has been instrumental in bringing significant growth in the volume of its business since inception. He is also related to Mr. Chand Seth, who is the other Promoter and Chairman & Managing Director of the Company.

(III) OTHER INFORMATION:

(a) Reasons of Inadequate Profits

With significant increase in cost of raw material prices, the manufacturing costs have gone up which has resulted in lower margins since the rise in raw material prices could not be passed on to customers due to cut throat competition in Pet Bottle & Jar market which also consists of various small units.

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

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

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

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

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

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

As mentioned above.

Mr. Harish Seth upon re-appointment as the Vice-Chairman & Managing Director of the Company shall be subject to retirement by rotation during his tenure of appointment in the Company. Mr. Harish Seth is also the Chairman & Managing Director on the board of Pearl Engineering Polymers Limited, however is not drawing any remuneration therefrom.

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

The Directors recommend the resolution for approval of the members.

IN RESPECT OF ITEM NO. 7 & 8 OF THE NOTICE, THE ABOVE MAY BE TREATED AS AN ABSTRACT OF TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956**Item No. 9.**

Mr. Udit Seth, relative of Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director of the Company was appointed as the Vice President-Sales & Marketing, an office/place of profit in the Company w.e.f 1st April, 2006 for reviewing and developing new marketing strategies and improving company operations. With his vast knowledge and expertise in the field, Mr. Udit Seth has contributed tremendously in accomplishing the corporate goals.

In view of the responsibilities handled, contributions made by him during his tenure of office and in light of the prevalent industry standards, the Board of Directors at its meeting held on 30th May, 2011 considered promoting him to the position of Executive Director with an increase in remuneration w.e.f 1st August, 2011, based on the recommendations received from the Remuneration Committee and subject to the shareholders' approval at the ensuing Annual General Meeting in conformance with the relevant provisions of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011 as amended, on the following terms and conditions:

1. **Designation:** Executive Director
2. **Reporting:** He shall report to the CMD/VCMD and the Board of Directors of the Company
3. **Salary and Benefits:** The total remuneration payable to Mr. Udit Seth shall not exceed Rs. 2,49,000/- per month (inclusive of all allowances and perquisites). Other terms and conditions remaining the same.
4. **Effective date:** The revision will be effective from 1st August, 2011.

Since, Mr. Udit Seth holds an office/ Place of profit in the Company, any revision in the terms of appointment including increase in remuneration payable to him will require approval of the shareholders by passing a special resolution pursuant to the provisions of section 314 (1)(b) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011.

Accordingly, the Board of Directors commends the resolution for approval of the members.

None of the Directors except Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director is interested in this resolution.

Item No. 10

The increased operations in the company require consistent reviewing of activities to counter shortfalls and pave way for further improvement. Accordingly, to facilitate continuous monitoring of operations, the Board of Directors at its meeting held on 30th May, 2011 desired that Mr. Amit Seth, a relative of Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director be appointed in the Company.

Mr. Amit Seth, holds Bachelor's degree in Business Administration from USA and has rich experience and expertise in handling business operations. Based on the recommendations received from the Remuneration Committee in this regard and subject to the shareholders' approval at the ensuing Annual General Meeting in conformance with the relevant provisions of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011 as amended, the Board of Directors appointed Mr. Amit Seth as an Executive Director w.e.f 1st August, 2011 on the following terms and conditions

- a) **Designation:** Executive Director
- b) **Reporting:** He shall report to the CMD/VCMD and the Board of Directors of the Company.
- c) **Duties and responsibilities:** Reviewing overall operations of the Company.



- d) **Notice period:** The terms of employment may be terminated by either party by giving 3 months' notice.
- e) **Salary and benefits:** The total remuneration payable to Mr. Amit Seth shall not exceed Rs. 2,49,000/- per month (inclusive of all allowance and perquisites).
- f) **Effective date:** The appointment shall be w.e.f 1st August, 2011.

Since, Mr. Amit Seth is being appointed to hold an office/ place of profit in the Company, such appointment will require approval of the shareholders by passing a special resolution pursuant to the provisions of section 314 (1)(b) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011.

Accordingly, the Board of Directors commends the resolution for approval of the members.

None of the Directors except Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director is interested in this resolution.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of the Directors who are proposed to be re-appointed are given below:

NAME : MR. VARUN SETH
AGE : 38 years
NO. OF SHARES HELD IN COMPANY : 253597 Equity Shares

QUALIFICATIONS :

Bachelors in Engineering (Industrial Production). Underwent onsite training in Japan during initial assignments.

EXPERIENCE IN SPECIFIC FUNCTIONAL AREA:

He has vast experience in varied fields like manufacturing, marketing & administration and is associated with the Company for over 15 years now. He has been instrumental in setting up the Company's plant at Gurgoan and is also involved in activities at other plants located at Mahad, Baddi and Pant Nagar. He has also been actively involved in planning and framing of business strategies for introducing new products & clients for the Company.

OUTSIDE DIRECTORSHIPS : NIL

NAME : MR. RAMESH MEHRA
AGE : 61 years
NO. OF SHARES HELD IN COMPANY : NIL

QUALIFICATIONS :

Bachelors in Engineering and Law

EXPERIENCE IN SPECIFIC FUNCTIONAL AREA:

He has a rich experience of over 33 years in Commercial and Marketing field and has immensely contributed towards achievement of our corporate goals. He has been on the Board of the Company as Non-Executive and Independent Director since 31st October, 2000 and is a member of the Audit Committee, Remuneration Committee and Shareholders / Investors' Grievances Committee of the Company.

OUTSIDE DIRECTORSHIPS :

-M/s Speedshore Trading Pvt. Ltd
-M/s Banswara Fabrics Ltd.

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

Place: New Delhi **CS. PALLAVIVARDHAN**
Date : August 12, 2011 **Asst. Company Secretary**

Regd. Office :
204, Rohit House,
3, Tolstoy Marg,
New Delhi-110001

DIRECTORS' REPORT AND MANAGEMENT & DISCUSSION ANALYSIS

Dear Members,

Your Directors are pleased to present the report on the business and operations of your Company and the audited accounts for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended 31st March, 2011 as compared with the previous year's performance is envisaged below:

(Amount in Rs./Lacs)

PARTICULARS	For the Year Ended 31 st March, 2011	For the Year Ended 31 st March, 2010
Gross Sales	20023.01	18049.80
Less: Excise Duty	1095.15	880.39
Net Sales	18927.86	17169.41
Other Income	153.00	138.01
Total Income	19080.86	17307.42
Total Expenditure (excl. Depreciation & Interest)	17341.43	15484.80
Profit before Depreciation, Interest & Tax (PBDIT)	1739.43	1822.62
Less : Interest	887.17	712.95
Depreciation	790.59	753.47
Profit before Tax & prior period Adjustment (PBT)	61.67	356.20
Exceptional Items	-	-
Prior Period Adjustments	4.09	(0.82)
Provision for Taxes	1.40	(125.57)
Profit after Tax (PAT)	67.16	229.81
Surplus brought forward	697.40	447.67
Balance available for appropriation	764.56	677.48
Appropriations:-		
Proposed Dividend (incl tax)	0.07	0.08
Transfer to Capital Redemption Reserve	420.00	105.00
Transfer from Debenture Redemption Reserve	(50.00)	(125.00)
Balance carried to Balance Sheet	394.49	697.40

DIVIDEND

The Directors consider it prudent to retain the profits of the Company for the current year for funding future expansion in the Company and regret their inability to recommend dividend on Equity shares of the Company for the financial year ended 31st March, 2011.

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

CHANGE IN CAPITAL STRUCTURE

During the year under review, the Company redeemed 4,20,000 (Four Lac Twenty Thousand) 0.01%

Redeemable Cumulative Preference Shares, consequent to which the total issued and subscribed share capital of the Company is Rs. 18,58,49,320/- comprising of 1,68,34,932 Equity shares of Rs. 10/- each and 1,75,000 Preference shares of Rs. 100/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development

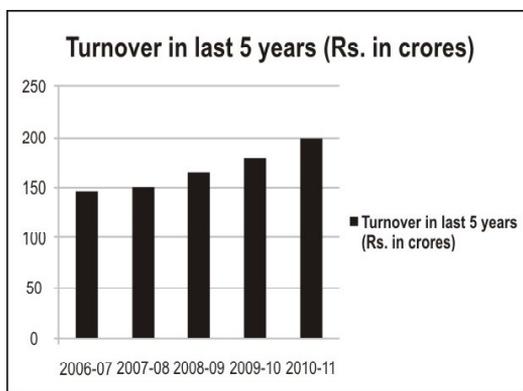
The Indian plastic industry has evolved rapidly and has been able to find application in both the Industrial and household sector with innovation in specification and designs of varied products. Responsiveness being the intrinsic driver has

been pursued further by attempts of those in the industry to anticipate customer perception and fulfill their changing needs. With extensive development in the underlying key sectors namely FMCG, pharmaceuticals and food-processing, the packaging industry has been set in motion to equip itself to meet the imminent demands by progressing towards superior technical expertise, building higher capacities while ensuring superior quality product.

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. The state of the art production facilities, most strategically placed at 5 locations namely: Baddi, Gurgaon, 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 Rs. 200.23 crores, thereby reporting a growth of 10.94% over the previous year’s turnover of Rs. 180.49 crores. The Gross sales have improved tremendously over a period of last five years by almost 36% since the financial year 2006-2007.



However, on account of significant increase in raw material prices, the Net profit of the Company for the year under review has declined and is figured at Rs. 67.16 lacs. However, your Company is optimistic about improving and expanding its operations to exploit the market potential to its advantage.

(c) Economic Scenario and Industry Outlook

Amid signs of global economic upswing, the economy witnessed high volatility in crude oil prices besides increased polypropylene and other feedstock costs. The prices kept fluctuating due to concerns over Europe’s sovereign debt crisis, Libyan unrests and the Earthquake in Japan that triggered pessimistic outlook and its contagion, especially to the US banking system that raised concerns of repeat of the global recession of 2008-2009.

With concerns over stalling economic recovery, high oil inventory levels kept the market sentiments bearish and the oil prices remained low during the start of the fiscal 2011. However, in anticipation of actions from the US Federal bank to bolster a weak economic recovery, crude oil prices rose to range at US\$91.50 a barrel. Increase in US employment levels and initiation of reformation in earthquake stricken Japan exerted more pressure on oil supplies that increased crude oil prices further. Violence in OPEC member state Libya also ignited fears of instability throughout the key oil-supplying Middle Eastern and North African region further raising oil prices at its 29 month high past US\$104 a barrel in the international markets affecting the projected growth and annual growth of the Indian plastic industry as a whole that remained around 15 percent during the fiscal 2011.

The plastic industry also witnessed ascending PET prices that rose to a level as high as US\$1700/MT due to rising feedstock values, limited availability and active markets in the region towards the end of the year. Amid fluctuating prices, a GDP growth of 8.5 percent was achieved in the year 2010-11, a tad less than what was initially projected at 8.6 percent due to slow growth in the last quarter on account of the continued monetary tightening by the Reserve Bank of India (RBI) to tame inflation.

However, during the year 2011-12, the GDP is expected to grow at 7.5% with the first two quarters witnessing a slower growth compared to 8.9% growth rate in the first two quarters of the previous year 2010-11. The wholesale price index (WPI) based inflation rate is projected at 7%, which is a slightly optimistic figure given the prevailing rate of inflation. GDP is further expected to grow at a sustained annual average rate of 8.4% over 2011-12 to 2015-16 with the Indian packaging industry to grow at a CAGR of 15 % in

the next 5 years primarily driven by the FMCGs – personal and home care, pharmaceuticals and food sectors where your Company has extensive experience.

(d) Opportunities and Challenges

While the plastic industry is evolving to achieve novel aspects that have remained un-attempted, there are number of challenges to be faced and countered, which among others include: inflation, fluctuating feedstock prices and price competitors. Further, the globalization coupled with liberalization of the Indian economy and influx of multinationals have also raised the standard of packaging. This necessitates initiatives to foster investments, develop market, upgrade quality standards, enhance global participation and encourage Indian industry to adopt and become accustomed to world class technology and manufacturing practices.

The industry has however been able to counter various challenges by huge domestic demand that continues to ensure overall growth, without the need to divert emphasis on foreign markets at present. Burgeoning middle class population with high personal consumption levels and supporting disposable incomes, improving lifestyle, increasing health consciousness and growing importance to branding and packaging solutions provide opportunities and facilitate growth in the industry, besides the increasing demand from FMCGs that are preferring plastic packaging over all other packaging materials due to high durability, transportation convenience and economy.

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

(e) Risk Management

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

(f) Internal Control System

The Company has a robust internal control system with an efficient monitoring and reporting mechanism to ensure compliance with applicable statutes and monitor effectiveness & adequacy of controls throughout the organization. An extensive program of internal audit and management review supplements the process of internal control. M/s Sanjeev Khanna & Associates, Chartered Accountants, the Company's Internal Auditors periodically conducts audit to evaluate performance and reports the effectiveness and adequacy of internal control system. Independence of the audit conducted is ensured by reporting of the internal audit findings via periodic internal audit reports alongwith the Management comments thereon to the Audit Committee and the Board of Directors.

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

(g) Human Resource and Industrial Relations

The Company continued with its initiatives to foster people development, harness their creativity and ensure a motivated and contended work team. Your Company is privileged to have the right blend of professionals and executives in the organization and makes sincere efforts to ensure numerous opportunities for their growth in the organization.

The Industrial relations at all levels of the Company remained cordial during the year. As on 31st March, 2011, the Company had an employee strength of 819 employees.

CAUTIONARY STATEMENT

Certain statements in the above section may be forward looking and be based on expectations/projections about the future. Company's actual results, performance could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any of such forward looking statements on the basis of subsequent developments, information or events.

LISTING OF EQUITY SHARES

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

PUBLIC DEPOSITS

As on 31st March, 2011, a sum of Rs. 35.20 Lacs relating to 180 depositors remained unclaimed. Since

then, deposits amounting to Rs. 18.34 Lacs in respect of 78 depositors have been repaid/ renewed. In accordance with provisions of the Companies Act, 1956, the Company has deposited the unclaimed deposits alongwith interest thereon into the Investor Education and Protection Fund (IEPF) established under the Act.

DIRECTORS

The composition of the Board of Directors is in accordance with the provisions of the Companies Act, 1956, the Articles of Association of the Company and satisfies the requirements envisaged in the Listing Agreement entered into with the Stock Exchanges. There are no changes in the Board of Directors of the Company during the year.

Pursuant to Section 255 and 256 of the Companies Act, 1956 read with Clause 110 of the Articles of Association of the Company, Mr. Varun Seth, Whole time Director and Mr. Ramesh Mehra, Director are liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-election. A brief resume of the Directors proposed to be re-elected, is included in the Notice for the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 pertaining to the Directors' Responsibility Statement, your Directors hereby confirm:

- (i) that in preparation of annual accounts, applicable accounting standards have been followed;
- (ii) that the Accounting Policies selected in consultation with the Statutory Auditors have been applied consistently, and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011, and of profit of the Company for that period;
- (iii) that proper and sufficient care has been taken to the best of knowledge and ability for maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts for the year have been prepared on a "going concern basis".

AUDITORS AND AUDITORS' REPORT

M/s J.C.Bhalla & Co., Statutory Auditors of the Company who retire at the ensuing Annual General Meeting are eligible for reappointment. 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 that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

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

CORPORATE SOCIAL RESPONSIBILITY

Your company continues to honor the principle of triple bottom line while recognizing, balancing and fulfilling the social, ecological and economical needs. We strongly believe that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large. We continue to pursue corporate goals duly aligned with the larger societal goals for creating enduring values for all our stakeholders and the society. During the year, the following initiatives were taken:

Environmental Initiatives: While respecting and upholding our responsibility towards the environment and to further create and promote awareness amongst our workers, extensive plantation and gardening was carried out at the plants as well as the adjoining areas. Initiative was taken towards promoting conservation of water and the workers were encouraged to minimize its wastage. Conscious efforts were made towards proper treatment and handling of scrap by facilitating reuse, recycle and safe disposal of waste, inbuilt in the packaging process such that no scrap or by-product is disposed off in a manner that may cause harm to the environment. All environmental norms were duly complied with at the manufacturing locations.

Social & Health Initiatives: Painting competitions were financed for Zila Parishad Schools situated in the village adjoining our units. Blood Donation Camps were organized and our employees actively participated in the campaign to promote blood donation. Food, water and clothing were distributed to the flood affected victims in different parts of the country. The employees stayed geared up to help the affected families of staff having met untoward incidents and other victims of natural calamities.

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND 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

Pursuant to the Companies (Particulars of Employees) Amendment Rules, 2011, none of the employees of the Company was in receipt of remuneration exceeding Rs. 60 Lacs per annum or Rs. 5 Lac per month for period of employment during the last financial year ended 31st March, 2011. Accordingly, no disclosure is required to be made pursuant to Section 217 (2A) of the Companies Act, 1956 read with the amended Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE

Your Company continued with its unswerving commitment and conscious attempts to maintain highest standards of corporate governance. All major stipulations laid down under clause 49 of the Listing Agreement relating to good corporate governance have been duly adhered to and are reflected in all its attempts to attain business objective while enhancing stakeholders value.

A report on such Corporate Governance practices adopted in the Company along with the Certificate from the Statutory Auditors of the Company certifying due compliance with the said requirements forms part of this report.

ACKNOWLEDGEMENT & APPRECIATION

Your Directors acknowledge with gratitude the assistance and co-operation received from the

financial institutions, Banks and Governmental & Non-Governmental authorities and would like to thank all members for their continued support and confidence reposed in the management. Your Directors also wish to express deep sense of appreciation for the dedication and unstinting efforts put in by the entire work team at Pearl that enables the Company to remain at the forefront at all times.

On behalf of the Board
PEARL POLYMERS LIMITED

CHAND SETH
Chairman & Managing Director

Place : New Delhi

Date : 12th August, 2011

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

Continuous efforts were made at making the operations of the Company energy efficient and the following initiatives were taken towards conservation of energy:

1. Besides our endeavour to introduce energy efficient equipment in the year 2010, new energy efficient high-pressure air compressors have been purchased for our plants.
2. Old high-power consuming air-conditioners are being replaced with the modern 3 and 5 star rated energy efficient ones in all Units.
3. Replacement of old and less efficient chilled water pumps with more efficient low-power consuming new generation water pump is in process without sacrificing on the overall performance of the water chiller. Few pumps have been installed on trial basis and results are encouraging.
4. Replacement of some of the old high-power consuming stretch blow moulding machines with low-power consuming machines is in process which gives higher productivity without sacrificing quality.
5. Feasibility of using CNG as a fuel for generators to produce electrical energy is being considered, in view of the ever-increasing diesel price. Besides, the benefit of a comparatively lower cost, it will also help control pollution.

B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

1. Proposal for replacement of existing reciprocating type chiller compressor with more efficient scroll compressor which is expected to consume at least 20% less energy than the present one is being explored.
2. Proposal for replacing existing CRT computer monitors with LCD monitors in all five units (which would consume 60% less energy) is being worked upon.
3. Proposal for running lighting load of the plants on invertors to avoid running the smaller DG sets for Plant- lighting at the time of shut-down, with a back-up of 3.5 hours is being considered. If successful will lead to controlled pollution and conserve diesel (an extract of natural resource).
4. Proposal for replacing old ISBM with new low power consuming ISBM is being considered.

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

C) IMPACT OF MEASURES TAKEN ALREADY AND PROPOSED VIDE (A) & (B) ABOVE ARE AIMED AT:

1. The new energy efficient high-pressure air compressors and low- power consuming stretch blow-moulding machines have significantly reduced the power consumption.
2. Low-power consuming water pumps on selective chillers and installation of scroll compressors have resulted into considerable conservation of energy.
3. Use of CNG as a fuel for generators to produce electrical energy is expected to reduce the costs and simultaneously conserve diesel, a natural resource.

B. EFFORTS MADE WITH RESPECT TO ABSORPTION AS PER PRESCRIBED “FORM B”**I. RESEARCH & DEVELOPMENT (R&D)****a) *Specific areas in which Research & Development was carried out by the company***

- Installation of high-productivity energy efficient machines to reduce rejection percentage.
- Focus on improving customer satisfaction.

- b) **Benefits derived as a result of above R&D**
- Significant improvement in customer satisfaction and acceptance level for the product
 - Marked reduction in customer compliants
- c) **Future Plan of Action:**
- Exploring use of LPG/CNG as fuel for our DG sets to minimize on future fuel cost
- 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 other 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 been able to achieve optimal utilization of raw material, reduced machine time, reduction in energy consumption and above all consumer 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:**

The Company is exploring the possibility of exporting PET products to various countries

b. **Total Foreign Exchange earning and outgo**

(Rs. in 'Lacs)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Foreign Exchange Earnings (FOB Basis)	24.09	68.69
Foreign Exchange Outgo (on CIF Basis)		
(i) On Imports		
(a) Raw Material	89.67	1.84
(b) Capital Goods	NIL	11.53
(c) Traded Goods	57.02	NIL
(ii) Travelling & Others	31.43	32.22



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

This is to confirm that all the Members of the Board of Directors of the Company and the Senior Management have affirmed their compliance with the Code of Conduct laid down for the Directors and Senior Management of the Company for the Financial Year ended 31st March, 2011.

This certificate is being given in compliance with the requirements of clause 49(1)(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
DATE : April 30, 2011**

**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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place : New Delhi
Date : 11th July, 2011**

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

CORPORATE GOVERNANCE REPORT
1. COMPANY'S PHILOSOPHY

Corporate Governance is a self discipline code that reflects the culture, practices, commitment to values and the overall business conduct. It is identified and emphasized as a key element in improving transparency and effectiveness, supplemented by growth and enhanced investors' confidence in the organization. At Pearl, we continue to make unswerving and conscious efforts towards improving our standard of governance in every aspect of our business and reassess our practices while setting even higher benchmark of performance to achieve business excellence and meet our fiduciary role in the corporate world.

Our Board of Directors believes that a true governance system and mechanism can be achieved only where there is intent to implement them. Accordingly, besides adhering to the statutory requirements, an effective governance system, robust internal control mechanism and refined disclosure practices have been institutionalized at all levels in the organization. The importance of Corporate Governance has always been recognized and is manifested in the Company's vision. A report on compliance with the requirements of Corporate Governance laid down in the Listing Agreement is enumerated hereinbelow:

2. BOARD OF DIRECTORS

The Board of Directors plays pivotal role in ensuring good governance in the organization through its enlightened and professionally qualified members having multidisciplinary knowledge and experience which is further complemented by the Independent Directors who bring an external and wider perspective to the Board discussions and deliberations.

(A) Composition and Attendance

The Company has a Board strength of 7 Directors with an optimum combination of Executive and Non Executive Directors including Independent Directors in conformance with the requirements of the Listing Agreement. As on 31st March, 2011, the Board comprised of 3 Executive Directors including the Chairman & Managing Director and 4 Non-Executive and Independent Directors constituting more than one half of the Board.

The composition of the Board of Directors, attendance at the Meetings held during the year alongwith the number of Directorships and Committee positions (Chairmanships/ Memberships) held by them in other companies as on 31st March, 2011 are given herein below:

Name of Directors	Attendance at the Meetings held during the year 2010-11		@Number of outside Directorships	*Number of Committee positions held in other Public Companies	
	Board Meetings (out of 5 held)	Last AGM held on 28.09.2010		Chairman	Member
Executive Directors					
Mr. Chand Seth Chairman & Managing Director DIN-00002944	5	YES	2	NIL	1
Mr. Harish Seth Vice-Chairman & Managing Director DIN-00002948	3	YES	2	NIL	2
Mr. Varun Seth Whole-Time Director DIN-00017552	2	NO	NIL	NIL	NIL
Non-Executive & Independent Directors					
Dr. Sai Ramachandran DIN-00003331	5	YES	1	2	NIL
Mr. Naresh Khanna DIN-00016294	5	YES	3	NIL	1
Mr. Ramesh Mehra DIN-00003334	-	NO	NIL	NIL	2
Mr. Rakesh Kumar Gupta Nominee – HSIIDC DIN-00016795	-	NO	NIL	NIL	NIL

@ Number of outside Directorships exclude alternate directorship, directorship in private Companies, foreign Companies and Companies registered under section 25 of the Companies Act, 1956.

^{\$1} In accordance with Clause 49 of the Listing Agreement, the membership/ chairmanship of only the Audit Committee and Shareholders'/ Investors' Grievances Committee of all Public Limited Companies (including Pearl Polymers Limited) has been considered.

^{\$2} None of the Directors 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 31st March, 2011, have been received from all the Directors.

*Mr. Chand Seth, Chairman & Managing Director and Mr. Harish Seth, Vice Chairman & Managing Director are related to each other, being brothers. Mr. Varun Seth, Whole Time Director is related to Mr. Chand Seth.

(B) Board Meetings

The Board of Directors met five times during the year ended March 31, 2011 on 29th May, 2010; 12th August, 2010; 28th September, 2010, 12th November, 2010 and 14th February, 2011. The maximum time gap between any two consecutive meetings did not exceed four months as stipulated under Clause 49 of the Listing Agreement.

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

(C) Code of Conduct

The Code of Conduct for the Board Members and Senior Management Personnel of the Company, duly adopted by the Board is available on the Company's website at www.pearlpet.net. All the Board Members and Senior Management of the Company have affirmed compliance with the said Code for the year ended 31st March, 2011.

A declaration to this effect signed by the Chairman & Managing Director, as placed before the Board also forms part of this report.

(D) 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.

3. BOARD COMMITTEES

The Board of Directors has constituted several committees to enable the management to penetrate down the line into the core areas, focus effectively on issues, if any and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their charter/terms of reference. The matters dealt with by these Committees are periodically reported to the Board. The details of the Board committees are given as under:

3.1) Audit Committee

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

(A) Composition

The Audit Committee comprises of three Non Executive and Independent Directors with Dr. Sai Ramachandran as the Chairman of the Committee and Mr. Naresh Khanna and Mr. Ramesh Mehra as its members all of whom are financially literate and have relevant financial and accounting expertise.

*Mr. Naresh Kapoor, DGM- Corporate Affairs and Company Secretary acted as the Secretary to the Audit Committee. However, consequent to his resignation w.e.f 14th April, 2011, Ms. Pallavi Vardhan has been appointed as the Asst. Company Secretary of the Company w.e.f 1st May, 2011, who shall henceforth act as the Secretary to the Committee.

Dr. Sai Ramachandran, Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 28th September, 2010.

(B) Terms of Reference

The terms of reference of the Audit Committee is as set out in the Listing Agreement read with Section 292A of the Companies Act, 1956. These broadly include reviewing financial reporting process, recommending appointment, re-appointment, replacement/ removal of the Statutory Auditor to the Board, reviewing performance of Statutory and Internal Auditors, adequacy of internal control systems, approving appointment of CFO and such other functions as may be prescribed by the Companies Act, Listing Agreement, other applicable laws or as may be delegated by the Board from time to time

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

(C) Meetings and Attendance

During the year 2010-11, four meetings of the Audit Committee were held on 29th May, 2010, 12th August, 2010, 12th November, 2010 and 14th February, 2011. The requisite quorum was present at every meeting of the Audit Committee. The details of the meetings attended by the members are as under:

S. No.	Name of the Members	Designation	Meetings Attended (Out of 4 Meetings held)
1.	Dr. Sai Ramachandran	Chairman	4
2.	Mr. Naresh Khanna	Member	4
3.	Mr. Ramesh Mehra	Member	-

3.2) Remuneration Committee

(A) Composition

The Company has constituted a Remuneration Committee comprising of three Non Executive and Independent Directors i.e., Dr. Sai Ramachandran as the Chairman and Mr. Rakesh Kumar Gupta and Mr. Ramesh Mehra as its Members as per the recommendation (Non-mandatory) of Clause 49 of the Listing Agreement.

(B) Terms of Reference

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

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

The aim of the 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

During the year under review, the members of the Remuneration Committee unanimously passed a resolution by circulation on 24th March, 2011 for recommending to the Board of Directors, the remuneration payable to Mr. Chand Seth, Chairman & Managing Director on his reappointment in the Company w.e.f 1st April, 2011 for a further period of three years.

(D) Remuneration Policy

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

The details of the remuneration and/ or sitting fees paid to the Directors in respect of the Financial Year 2010-11, is given hereinbelow:

(Rs. in Lacs)

Name & Designation	Salary	Allowances	Perquisites	P.F. Contribution & Superannuation	Sitting Fees* ¹	Total
Executive Directors						
* ² Mr. Chand Seth Chairman & Managing Director	-	-	-	-	-	-
* ³ Mr. Harish Seth Vice-Chairman & Managing Director	24.00	12.00	0.53	6.48	-	43.01
* ⁴ Mr. Varun Seth Whole Time Director	18.00	-	3.10	4.86	-	25.96
Non-Executive & Independent Directors						
Dr. Sai Ramachandran Director			-		0.05	0.05
Mr. Naresh Khanna Director			-		0.05	0.05
Mr. Ramesh Mehra Director			-		0	0
Mr. R.K.Gupta Nominee Director -HSIIDC			-		0	0

*¹ Includes 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.

*² Mr. Chand Seth, Chairman & Managing Director has been reappointed for a further period of 3 years w.e.f 1st April, 2011 with remuneration payable on the terms and condition of his re-appointment.

*³ Mr. Harish Seth, Vice Chairman & Managing Director has been reappointed for a further period of three years w.e.f 1st August, 2011 with remuneration payable as per the terms and conditions of his re-appointment.

*⁴ Mr. Udit Seth, Vice President (Sales & Marketing) is related to Mr. Chand Seth and Mr. Varun Seth. None of the employees, apart from Mr. Udit Seth is related to any of the Directors

(E) Shareholding of Non- Executive Directors

None of the Non-Executive Directors hold any shares in the Company, except Mr. Naresh Khanna who holds 100 shares forming (0.001% of the paid up capital) in the Company.

During the year under review, there were no pecuniary relationships or transactions with the Non-Executive Directors.

3.3) Shareholders'/ Investors' Grievances Committee

(A) **Composition and Attendance**

The Shareholders' and Investors' Grievances Committee has been constituted in line with the requirements of Clause 49 of the Listing Agreement under the chairmanship of a Non Executive & Independent Director. The Composition of the Committee and attendance of the members at its meetings is as follows:

S. No.	Name of the Members	Designation	Meetings Attended (Out of 4 Meetings held)
1.	Dr. Sai Ramachandran	Chairman	4
2.	Mr. Chand Seth	Member	4
3.	Mr. Ramesh Mehra	Member	-

The Company Secretary acts as the Compliance officer of the Company.

(B) **Meetings**

During the financial year ended 31st March, 2011, the Committee met four times on the following dates: 29th May, 2010; 12th August, 2010, 12th November, 2010 and 14th February, 2011.

(C) **Terms of Reference**

The Committee specifically reviews and ensures redressal of all Investors' complaints pertaining to non-receipt of annual reports, interest/dividend payments, share transfers and issue of duplicate certificates, transmission of shares and other miscellaneous complaints. The Committee reviews the performance of the Registrar and Share Transfer Agent and recommends measures for the overall improvement in the quality of investor services.

(D) **Details of Queries/Complaints received and resolved during the year under review:**

Sl. No.	Nature of Query/Complaint	Received (Nos)	Resolved (Nos)	Pending (Nos)
1.	Request for Change of Address	07	07	NIL
2.	Request for duplicate shares/ splitting/consolidation of Share Certificates	01	01	NIL
3.	Request for Dematerialization/ (Rematerialization) of shares	184	184	NIL
4.	Request for Share Transfer/Share Transmission	83	83	NIL
5.	Complaints from Stock Exchanges/ SEBI/ Depositories	4	4	NIL
6.	Misc. requests including redemption of debentures, unclaimed dividend, annual reports etc.	22	22	NIL

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

3.4 Finance Committee of Directors

The Board has constituted a Finance Committee of Directors specifically to review/ make banking arrangements; to approve short term and long term investments; 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, within the limits specified by the Board and to deal with any other matter as may be delegated to the committee by the Board from time to time.

The said Committee comprises of Mr. Chand Seth as its Chairman and Mr. Harish Seth, Mr. Naresh Khanna and Mr. Ramesh Mehra as its Members. The Committee meets fortnightly to approve share transfers/ transmission and consider such other matters as may be delegated by the Board from time to time and at such other times, when it is considered necessary to transact any important business.

4. 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	Venue	Special Resolution(s)
2007-08 (37 th AGM)	September 19, 2008 11.30 A.M.	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg , Civil Lines, Delhi -110054	1. Re-appointment of Mr. Chand Seth as the Chairman & Managing Director and remuneration payable to him. 2. Re-appointment of Mr. Harish Seth as Vice-Chairman & Managing Director and remuneration payable to him.
2008-09 (38 th AGM)	September 25, 2009 11.15 A.M.	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg , Civil Lines, Delhi -110054	1. Reappointment of Mr. Varun Seth as the Whole Time Director and remuneration payable to him.
2009-10 (39 th AGM)	September 28, 2010 11.15 A.M.	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg , Civil Lines, Delhi -110054	No Special Resolution

POSTAL BALLOT:

During the year under review, no resolution was passed through Postal Ballot.

5. DISCLOSURES

5.1 Materially Significant Related Party Transactions

Transactions with related parties have been disclosed in Note No. 17 of the Notes to Accounts referred to in Schedule 18 to the financial statements in the Annual Report. However, these are not materially significant and do not have any potential conflict with the interest of the Company

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

5.2 Compliance

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges and applicable SEBI regulations and guidelines. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any statutory authorities on matters related to capital markets.

5.3 Accounting Standards

The financial statements have been prepared following the prescribed Accounting standards and there has been no deviation in the accounting treatment during the year.

5.4 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.

5.5 CEO/CFO Certification

In terms of Clause 49(V) of the Listing Agreement, Mr. Chand Seth, Chairman & Managing Director and Mr. Rajesh Mehra, Chief Financial Officer (CFO) have furnished the requisite 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, applicable laws and regulations. A copy of the said certificate forms part of this Annual Report.

5.6 Compliance with mandatory requirements /adoption of non-mandatory requirements:

All mandatory requirements laid down under Clause 49 of the Listing Agreement have been complied with by the Company. The status of adoption/compliance with the non-mandatory recommendations is provided below:

(a) The Board

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

(b) Remuneration Committee

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

(c) Shareholders' Rights

The quarterly, half yearly and annual financial results of the Company are published in the newspapers and are also posted on the Company's website. The shareholders are kept informed of all the events in the Company. The same are also readily available on the website of the Stock Exchanges where the shares of the Company are listed i.e., at www.nseindia.com and www.bseindia.com.

(d) Audit Qualifications

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

(e) Training of Board Members

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

(f) Mechanism for evaluation of Non-Executive Directors

Presently, there is no 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 responsibility.

(g) Whistle Blower Policy

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

6. MEANS OF COMMUNICATION

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

Event based:	
Publication	Important Notices and financial results are regularly informed through publication in the newspapers immediately after these are approved by the Board. The publication is normally made in the editions of Business Standard & Financial Express (English) and Jansatta & Haribhumi (Hindi).
Website	All the relevant information is made available on the Company's website at www.pearlpet.net and website of the Stock Exchanges where the shares of the Company are listed i.e. www.nseindia.com (NSE) and www.bseindia.com (BSE)
Designated Exclusive email ID:	An email id investor_helpdesk@pearlpet.net has been designated exclusively for investor servicing.

Annual	
Annual Report*	Annual Report of the Company containing, inter-alia, Audited Accounts, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to the members and others entitled thereto for each financial year. The Management Discussion and Analysis Report forms part of the said report.

*Shareholders may register their email IDs with the Company/ RTA to access reports and updates relating to the Company on their respective email ids. The members may send a request to the Company at investor_helpdesk@pearlpet.net and to the Company's RTA at mas_serv@yahoo.com to get future annual reports and other updates through electronic mode on their registered email ids.

7. GENERAL SHAREHOLDERS' INFORMATION

7.1 Annual General Meeting

AGM	YEAR	DATE, DAY & TIME	VENUE
40 th	2010-11	22 nd September, 2011 Thursday 11.30 A.M	MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi-110054

7.2 Financial Calendar

Financial Year	Ending March 31
Date of Book Closure	16.09.2011 to 22.09.2011
Dividend Payment Date	N.A.

7.3 Financial Reporting Calendar in respect of Unaudited Quarterly Results (2011-12).

Unaudited Quarterly Results for the Quarters	Tentative Date of Reporting
April -June 2011	Upto 14 th August, 2011
July- September 2011	Upto 14 th November, 2011
October-December 2011	Upto 14 th February, 2012
*January-March 2012	Upto 15 th May, 2012

*Instead of publishing the un-audited financial results for the last quarter ending 31st March, 2012, the Company may opt to publish audited annual results by 30th May, 2012.

7.4 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	

7.5 Payment of Listing Fees

Annual Listing fee for the financial year 2011-12 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 2011-12 on the basis of the beneficial records maintained with them as on March 31, 2011.

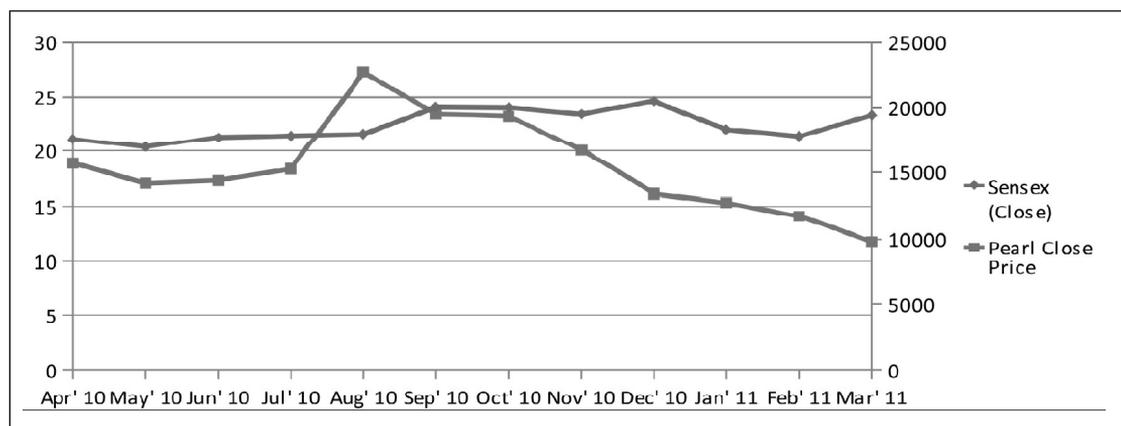
7.6 Market Information

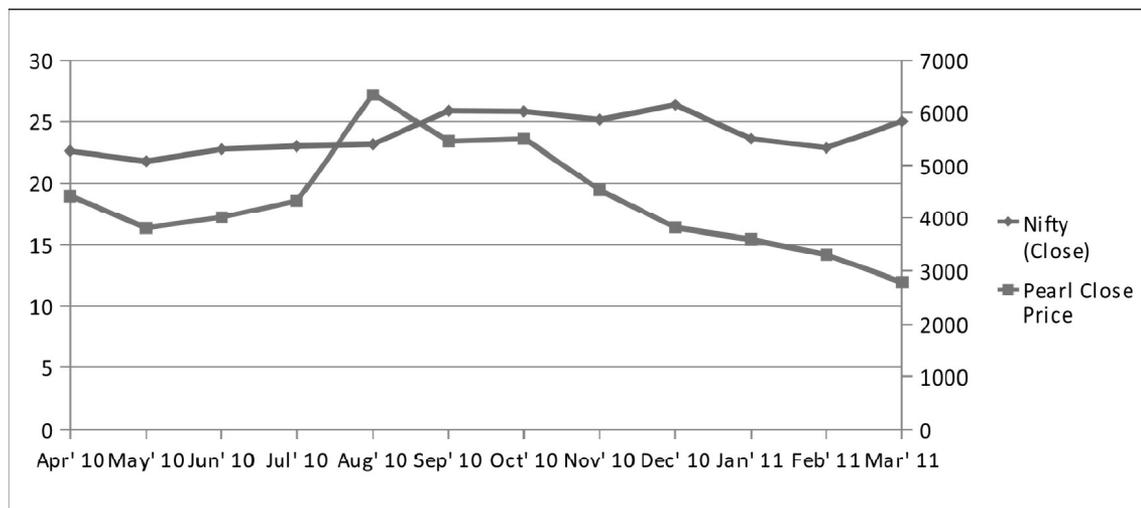
Market Price Data: Monthly high, low and close price of shares traded at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE) for the financial year 2010-11 are as follows: (In Rs.)

Month/Year	NSE				BSE			
	High Price	Low Price	Close Price	Nifty	High Price	Low Price	Close Price	Sensex
April, 2010	21.45	12.25	18.95	5278.00	21.00	12.00	18.80	17558.71
May, 2010	19.35	14.55	16.30	5086.30	20.00	14.65	17.00	16944.63
June, 2010	17.90	14.55	17.20	5312.50	18.50	14.30	17.25	17700.90
July, 2010	20.90	16.10	18.55	5367.60	20.90	16.40	18.30	17868.29
August, 2010	28.95	17.05	27.15	5402.40	29.00	16.95	27.25	17971.12
September, 2010	28.35	20.70	23.40	6029.95	27.85	20.75	23.45	20069.12
October, 2010	25.50	20.00	23.60	6017.70	25.10	20.50	23.25	20032.34
November, 2010	26.95	18.15	19.45	5862.70	26.45	18.05	20.05	19521.25
December, 2010	20.95	14.90	16.35	6134.50	21.00	15.15	16.10	20509.09
January, 2011	18.10	13.95	15.40	5505.90	18.50	13.65	15.30	18327.76
February, 2011	16.50	13.20	14.15	5333.25	16.00	13.65	14.05	17823.40
March, 2011	15.65	10.65	11.95	5833.75	15.20	10.80	11.81	19445.22

SHARE PERFORMANCE IN COMPARISON TO INDICES

The charts given hereunder plot the movement of the Company's share price on BSE and NSE versus BSE Sensex and NSE Nifty respectively for the year 2010-2011

SHARE PRICE ON BSE VERSUS BSE SENSEX


SHARE PRICE ON NSE VERSUS NSE NIFTY

7.7 Registrar and Share Transfer Agent (RTA):

Members may communicate their requests and complaints to the Company's Registrar and Share Transfer agent- M/s. MAS Services Limited quoting their folio no./ DP ID/ Client ID at the following address:
 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

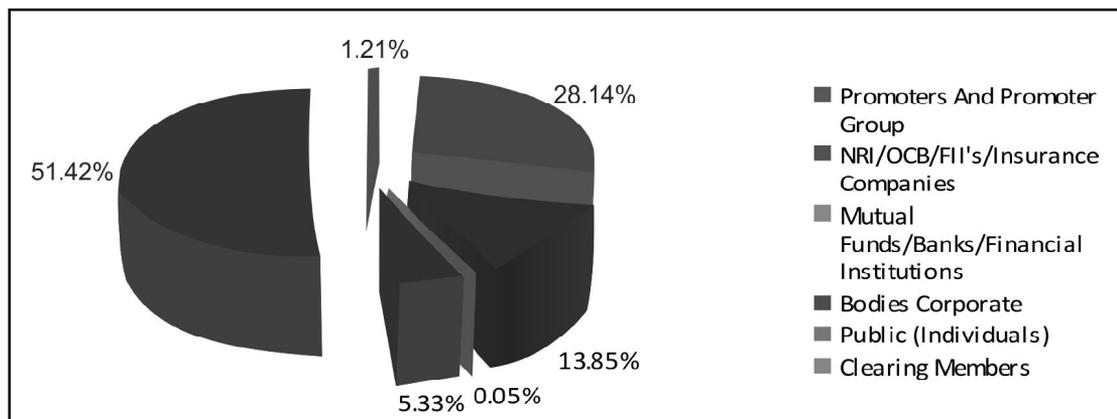
7.8 Share Transfer System:

M/s MAS Services Limited, RTA of the Company, processes the share transfer/ transmission requests on a fortnightly basis and the share certificates are issued within one month of the date of lodgment for transfer, subject to the documents being valid and complete in all respects.

The Company obtains a certificate of compliance with the share transfer formalities from a Company Secretary in practice on a half yearly basis, a copy of which is submitted to the Stock Exchanges within the stipulated time in accordance with clause 47© of the Listing Agreement.

7.9 Shareholding Pattern as on March 31, 2011:

Particulars	No. of Shares	% of shareholding
PROMOTERS AND PROMOTER GROUP (A)	8655841	51.42
PUBLIC HOLDING (B)		
NRI/OCBs/FII's/Insurance Companies	897695	05.33
Mutual Funds/Banks/Financial Institutions	8070	00.05
Bodies Corporate	2331997	13.85
Public Individuals	4737441	28.14
Clearing Members	203888	01.21
Total (A)+ (B)	16834932	100.00



7.10 Distribution of Shareholding as on March 31, 2011

Shareholding of Nominal Value (in Rs.)	No. of Shareholders	% to total Shareholders	No. of Shares	Share Amount (in Rs.)	% of Shareholding
Up to 5000	10212	91.32	1423123	14231230	8.45
5001-10000	535	4.78	448686	4486860	2.66
10001-20000	212	1.90	323481	3234810	1.92
20001-30000	56	0.50	145895	1458950	0.87
30001-40000	26	0.23	93611	936110	0.56
40001-50000	27	0.24	127866	1278660	0.76
50001-100000	37	0.33	272814	2728140	1.62
100001 & above	78	0.70	13999456	139994560	83.16
Total	11183	100.00	16834932	168349320	100.00

7.11 Dematerialization of Shares

The Equity shares of the Company are in compulsory demat segment and are available for trading in both the depositories: NSDL & CDSL. As on 31st March, 2011, 90.77 % of the Equity share capital of the Company stands dematerialized.

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

Depositories	Dematerialized holding admitted with Depositories			
	As on 31 st March, 2011		As on 31 st March, 2010	
NSDL	13948413	82.85	14027378	83.32
CDSL	1333249	07.92	1218352	07.24
Total	15281662	90.77	15245730	90.56

7.12 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.

7.13 Plant Location:

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

7.14 Address for Investors' Correspondence
M/s Pearl Polymers Ltd

Share Department

503, Rohit House, 3, Tolstoy Marg, New Delhi-110001

Phone Nos : 011-43567922 Fax No. : 011-43517596

Email : investor_helpdesk@pearlpet.net

7.15. Other Material Information:

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

Implementing Green Initiative: The Company is in the process of implementing Green Initiative introduced by the Ministry of Corporate Affairs (MCA) vide its circular no. 18/2011 dated 29th 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.

Mandatory PAN Card: a) The Securities and Exchange Board of India (SEBI) vide its circular dated 20th May, 2009 has made it mandatory for Transferees requesting for transfer of shares of listed companies held in physical form in their names, to furnish a self attested copy of their PAN card to the Company/ RTA whilst lodgement of such shares.

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

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

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

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

Change of address: In case of change in the postal address, or if incorrect address has been mentioned in any of the correspondence, the correct and complete postal address (including PIN Code) may kindly be intimated to the company. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA. Such intimation should bear the signature of the shareholder and in case of joint holding - signature of the first holder.

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



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

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

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2011 and certify that to the best of our knowledge and belief :
 - 1) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;
 - 2) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, 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 polices during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d) Instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.

Place : New Delhi
Dated : May 20, 2011

RAJESH MEHRA
Chief Financial Officer

CHAND SETH
Chairman and Managing Director

AUDITORS' REPORT

To the Members of Pearl Polymers Limited

We have audited the attached Balance Sheet of **Pearl Polymers Limited** as at 31st March, 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of the books.
- c) The audit reports of Mahad, Jigani and Lucknow branches conducted by the branch auditors have been forwarded to us and have been considered in preparing our report.
- d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- e) Read with Note 17 on Schedule 18 regarding related party disclosures being identified and certified by the management, in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.
- f) On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Company, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- g) In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

Anil Bhalla

Partner

Membership No.11367

For and on behalf of

J.C. Bhalla & Co.

Chartered Accountants

(FRN 001111N)

Place : New Delhi
Dated : 30th May, 2011

Annexure to the Auditor's Report on the accounts of Pearl Polymers Limited for the year ended 31st March, 2011 as referred to in our report of even date.

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

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

- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) In our opinion and according to information given to us, the company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly provisions of paragraphs 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) In our opinion and according to information given to us, the Company has taken Fixed Deposit under public fixed deposit scheme of the Company from Five parties and an interest free loan from one party covered in the register maintained under Section 301 of the Act aggregating to Rs.135 lakhs and Rs.70 lakhs during the year respectively. The maximum amount of fixed deposit and loan outstanding during the year was Rs.24,896 (thousand) and Rs.5,000 (thousand) respectively. The year end balance was Rs.9,800 (thousand) in respect of fixed deposits and Rs.2,587 (thousand) in the case of loan.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which fixed deposit and Loan have been taken from the parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (d) In respect of the fixed deposit and loan taken, the company is repaying the principal amount and paying the interest as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lakhs or more in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for transactions of purchase of goods where in the absence of similar contract with other parties, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of deposits accepted.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.

- (ix) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities as per its records. There were no undisputed dues that were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) As per the information and explanations given to us, there is no case where Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess have not been deposited on account of dispute except as stated hereunder:
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on the basis of overall examination of the Balance Sheet of the company we are of the opinion that the company has utilized funds aggregating to Rs.22,209 (thousand) raised on short term basis by way of working capital loan from Bank and/or reduction in net current assets for acquiring fixed assets during the year.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies

Name of the Statute	Nature of the Dues	Amount (Rs. in ('000))	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Producing and clearing dutiable and non-dutiable product under Notification No.4/97	36,059	March 1997 to June 1997	Central Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty on freight	7,272	March 1997 to December 2001	Supreme Court of India
The Central Excise Act, 1944	Interest on differential duty paid in respect of supplementary invoices.	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	7,265	August 2001 to February 2006	Commissioner of Central Excise, Raigad
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films	911	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	435	March 2007 to January 2008	- do -
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films / Shrink Sleeves	427	February 2008 to December 2008	- do -
The Central Excise Act, 1944	Penalty	750	2004-05	CESAT Delhi
The Central Excise Act, 1944	Excise Duty Penalty Interest	6,195 6,195 6,536	2002-03	- do -
The Central Excise Act, 1944	Disallowance of Cenvat Credit on Shrink Films / Shrink Sleeves	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	500	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	4	Jan 2005 to March 2005	Assistant Commissioner of Central Excise, CBD Belapur
The Sales Tax Act	Sales Tax in respect of exempted sales	5,377	2002-2003 & 2003-04	Sales tax Appellate Tribunal, Haryana
Total		78,008		

- (x) According to the records of the Company, the Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year under report and the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund, societies are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

Place : New Delhi
Dated : 30th May, 2011

Anil Bhalla
Partner
Membership No.11367
For and on behalf of
J.C. Bhalla & Co.
Chartered Accountants
(FRN 001111N)

BALANCE SHEET AS AT 31st MARCH 2011

SOURCES OF FUNDS	SCHEDULE REFERENCE	As at 31st March 2011 (Rs. in '000)		As at 31st March 2010 (Rs. in '000)	
Shareholders' Fund					
Share Capital	1	185768		227768	
Reserve & Surplus	2	<u>304990</u>	490758	<u>298281</u>	526049
Loan Funds					
Secured	3	401116		376297	
Unsecured	4	<u>248144</u>	649260	<u>232198</u>	608495
Deferred Tax Liability (Net)			97196		98734
TOTAL			<u>1237214</u>		<u>1233278</u>
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		1755666		1668621	
Less : Depreciation		<u>984624</u>		<u>906764</u>	
Net Block		771042		761857	
Capital Work in Progress/Capital Advance		19049		6321	
Intangible Assets	5A	<u>956</u>	791047	<u>660</u>	768838
Investments	6		86788		86788
Current Assets, Loans & Advances					
Inventories	7	217130		183008	
Sundry Debtors	8	326668		322682	
Cash and Bank Balances	9	44656		58586	
Loans and Advances	10	<u>172597</u>		<u>110878</u>	
		761051		675154	
Less: Current Liabilities and Provisions					
Liabilities	11	368084		268622	
Provisions	12	<u>33588</u>		<u>28880</u>	
		401672		297502	
Net Current Assets			<u>359379</u>		<u>377652</u>
TOTAL			<u>1237214</u>		<u>1233278</u>
Significant Accounting Policies and Notes to the Accounts	18				

The Schedules referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred to in our report of even date.

On Behalf of the Board

ANIL BHALLA
Partner
For and on behalf of
J.C.Bhalla & Co
Chartered Accountants
(FRN No. 001111N)

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

CS. PALLAVI VARDHAN
Asst. Company Secretary

Place : New Delhi
Date : May 30, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE REFERENCE	For the Year Ended 31st March 2011 (Rs. in '000)	For the Year Ended 31st March 2010 (Rs. in '000)
INCOME			
Gross Sales		2002301	1804980
Less: Excise Duty		109515	88039
Net Sales		1892786	1716941
Other Income	13	15300	13801
TOTAL		1908086	1730742
EXPENDITURE			
Cost of Materials	14	1091091	973987
Personnel	15	170677	138114
Manufacturing, Administrative and Selling	16	467137	430958
Excise Duty			
- On Branch Transfer		3705	3862
- On Variation of Finished Goods		1533	1559
Finance Charges	17	88717	71295
Depreciation/Amortization		79059	75347
TOTAL		1901919	1695122
Profit/(Loss) before Tax, Exceptional Items & Prior Period adjustments		6167	35620
Prior period adjustments		409	(82)
Profit/(Loss) before Tax		6576	35538
Provision for Tax			
- Current Tax		(1350)	(6800)
- Tax Adjustment for Earlier Year		(42)	-
- MAT Credit Entitlement Reversed		-	(12381)
- Wealth Tax		(40)	(53)
- Wealth Tax Adjustment for Earlier Year		34	-
- Deferred Tax		1538	7360
- Fringe Benefit Tax-For Earlier Year		-	(683)
Profit/(Loss) After Tax		6716	22981
Surplus Brought Forward		69740	44767
Balance available for appropriation		76456	67748
APPROPRIATIONS			
Proposed Dividend (including tax thereon Rs.988)(Previous Year Rs.1108)		7	8
Transfer to Capital Redemption Reserve		42000	10500
Transfer from Debenture Redemption Reserve		(5000)	(12500)
Balance carried to Balance Sheet		39449	69740
TOTAL		76456	67748
Earning per Share (Rs.) - Basic*		0.40	1.37
Earning per Share (Rs.) - Diluted*		0.40	1.37
(Nominal Value of Rs. 10/- Each)			
*Not Annualised			
Refer Note II (15) on schedule 18			
Significant Accounting Policies and Notes to the Accounts			
	18		

The Schedules referred to above form an integral part of the Profit & Loss Account
This is the Profit & Loss Account referred to in our report of even date.

On Behalf of the Board

ANIL BHALLA
Partner
For and on behalf of

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

J.C.Bhalla & Co
Chartered Accountants
(FRN No. 001111N)

CS. PALLAVI VARDHAN
Asst. Company Secretary

Place : New Delhi
Date : May 30, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	For the Year Ended 31st March 2011 (Rs. in '000)	For the Year Ended 31st March 2010 (Rs. in '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET (LOSS)/PROFIT BEFORE TAX	6576	35538
ADJUSTMENTS FOR :		
DEPRECIATION/AMORTISATION	79059	75352
INTEREST EXPENSE	88717	71295
INTEREST INCOME	(3757)	(5891)
DIVIDEND INCOME	(2)	(2)
(PROFIT)/ LOSS ON SALE OF ASSETS	419	340
(PROFIT)/ LOSS ON SALE OF SHARES	(297)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	170715	176632
ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL:		
(INCREASE)/ DECREASE IN SUNDRY DEBTORS	(3986)	(56636)
(INCREASE)/ DECREASE IN OTHER RECEIVABLES	(54372)	3130
(INCREASE)/ DECREASE IN INVENTORIES	(34122)	(19632)
INCREASE/ (DECREASE) IN TRADE AND OTHER PAYABLES	105328	13685
CASH GENERATED FROM OPERATIONS	183563	117179
TAXES (PAID)/RECEIVED	(5186)	(6198)
NET CASH FROM OPERATING ACTIVITIES (A)	178377	110981
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS		
ADDITIONS DURING THE PERIOD	(104755)	(86108)
PROCEEDS FROM SALE OF FIXED ASSETS	3068	240
(PURCHASE)/SALE OF INVESTMENT	297	(130)
INTEREST RECEIVED (REVENUE)	4281	8670
DIVIDEND RECEIVED (REVENUE)	2	2
NET CASH USED IN INVESTING ACTIVITIES (B)	(97107)	(77326)
C. CASH FLOW FROM FINANCING ACTIVITIES		
SHARE CAPITAL ISSUED / (REDEEMED)	(42000)	(10500)
PROCEEDS FROM LONG TERM BORROWINGS	(17573)	24678
PROCEEDS FORM SHORT TERM BORROWINGS	59532	14734
CAPITAL SUBSIDY RECEIVED	-	3000
INTEREST PAID	(89975)	(70593)
DIVIDEND PAID (INCLUDING DIVIDEND TAX)	(8)	(2)
NET CASH USED IN FINANCING ACTIVITIES (C)	(90024)	(38683)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(8754)	(5028)
CASH & CASH EQUIVALENTS AS AT 01.04.2010	35282	40310
CASH & CASH EQUIVALENTS AS AT 31.03.2011	26528	35282
CASH & CASH EQUIVALENTS COMPRISE		
CASH IN HAND	1884	820
CHEQUES IN HAND	1204	3763
BALANCE WITH SCHEDULED BANKS	23440	30699
	26528	35282

Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified in the Companies (Accounting Standards) 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
- The Significant Accounting Policies and Notes to the Account (Schedule 18) form an integral part of the Cash Flow Statement

On Behalf of the Board

ANIL BHALLA
Partner
For and on behalf of
J.C.Bhalla & Co
Chartered Accountants
(FRN No. 001111N)

CHAND SETH
Chairman & Managing Director

VARUN SETH
Whole-Time Director

NARESH KHANNA
Director

CS. PALLAVI VARDHAN
Asst. Company Secretary

Place : New Delhi
Date : May 30, 2011

SCHEDULES TO THE ACCOUNTS
SCHEDULE - 1
SHARE CAPITAL
Authorised

4,00,00,000 (Previous Year-4,00,00,000)
Equity shares of Rs.10/- each
10,00,000(Previous Year-10,00,000)
Redeemable Cumulative
Preference Shares of Rs.100/- each

400000

400000

100000

100000

500000
500000
Issued, Subscribed & Paid Up

168,34,932 (Previous Year 168,34,932)
Equity shares of Rs.10/-each.
Less : Calls in Arrears
-includes 2,01,670 Equity Shares of Rs.10/- each
issued as Bonus Shares by Capitalisation of
General Reserve
1,75,000 (Previous Year-5,95,000)0.01% Redeemable
Cumulative Preference Shares of Rs. 100/-each
Redeemable on such date as approved
by the Board but not later than 14.01.2029

168349

168349

(81)
(81)
17500

59500

185768
227768
SCHEDULE - 2
RESERVES & SURPLUS
Capital Reserve

As at the commencement of the year
Add : Addition during the year

11472

8472

-
11472
3000

11472

Capital Redemption Reserve

As at the commencement of the year
Add : Addition during the year

10500

-

42000
52500
10500

10500

Share Premium Account

As at the commencement of the year
Less: Calls in Arrears

187003

187003

(176)
186827
(176)

186827

Debenture Redemption Reserve

As at the commencement of the year
Less:Transferred to Profit & Loss A/c

5000

17500

(5000)

-

(12500)

5000

General Reserve

As at the commencement of the year

14742

14742

Profit & Loss A/c
39449

69740

304990
298281

SCHEDULE - 3
SECURED LOANS
1. Debentures

- 9% Non Convertible Debentures

2. Working Capital Loans

- Banks

- Interest Accrued & due on above

3. Working Capital Demand Loan

- Banks

4. Term Loans

- Financial Institutions

5. Vehicle Loans

- Banks

	As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
	-	5000
	229520	179988
	-	1195
	229520	181183
	-	15000
	158712	167256
	12884	7858
	<u>401116</u>	<u>376297</u>

NOTES :
1. DEBENTURES :

Comprising 5,00,000 (Previous Year-5,00,000) 9% Secured Redeemable Non Convertible Debentures of Rs.100/- each issued on private placement basis, secured by Pari Passu charge on the immovable property of the Company situated at Gurgaon, (Haryana) together with factory Building constructed/ to be constructed alongwith Plant & Machinery installed/to be installed. The Debentures to the extent of 5% have been redeemed in four equal quarterly instalments commencing from 30th April 2005. The balance 95% are to be repaid in 19 equal quarterly instalments commencing from 30th April 2006, which have been paid in the current year (Due within One year Rs.Nil Previous Year Rs.50,00('000))

2. WORKING CAPITAL LOANS

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 immovable property at Gurgaon. The above said loans are further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth, Directors of the Company, and Mr. Krishen Seth.

3. WORKING CAPITAL DEMAND LOAN

Working Capital Demand Loan from Banks is secured by Pari Passu mortgage/charge on immovable property of the Company situated at Mahad (Maharashtra) and Jigani (Karnataka) together with factory building constructed/to be constructed alongwith Plant & Machinery installed/to be installed. The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth, Directors of the Company and Mr. Krishen Seth .

(Due within One year Rs.Nil Previous Year Rs.150,00('000)).

4. TERM LOANS :

- (a) Term Loan of Rs.Nil (Previous Year-Rs.97,15('000)) is secured by way of pari-passu charge on the immovable property situated at Mahad (Maharashtra) & Jigani (Karnataka). The same is further secured by way of legal mortgage on company's unit situated at Mahad. The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth, Directors of the Company and Mr. Krishen Seth.
- (b) (i) Term Loan of Rs.Nil (Previous Year-Rs.33,21('000)) is secured by way of pari-passu charge on the immovable property situated at Company's unit at Mahad (Maharashtra) and Jigani (Karnataka) together with factory building constructed / to be constructed with plant & machinery installed / to be installed. The above said loan is further secured by personal guarantees of Mr. Chand Seth, Mr. Harish Seth, Directors of the Company and Mr. Krishen Seth.

- (ii) Term Loan of Rs.570,00('000) (Previous Year Rs.720,00('000) is secured by a first mortgage/ charge on immovable properties situated at Company's Unit at Pant Nagar (Uttrakhand) and a Company's Flat at Bangalore. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (c) Term Loan of Rs.70,29('000) (Previous Year-Rs.99,29('000) is secured by first pari-passu charge on the assets situated at the Company's unit at Gurgaon (Haryana). The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (d) Term Loan of Rs.110,07('000) (Previous Year-Rs.160,07('000) is secured by first pari-passu charge on the assets situated at the Company's unit at Gurgaon (Haryana). The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (e) Term Loan of Rs.198,00('000) (Previous Year Rs.264,00('000) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (f) Term Loan of Rs.60,00('000) (Previous Year Rs.83,00('000) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (g) Term Loan of Rs.104,73('000) (Previous Year Rs.57,80 ('000)) is secured by way of pari-passu first mortgage/charge created on all immovable and movable assets, both present and future (save and except book debts) in respect of property situated at Baddi. The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.
- (h) Term Loan of Rs.474,03('000) (Previous Year Rs.158,04('000) is secured by way of exclusive charge on machines installed at Baddi The above said loan is further secured by personal guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company.

(Due within one year Rs.47,015('000) (Previous Year-.Rs.694,37('000))

5. VEHICLE LOANS :

Vehicle loans from Banks secured against hypothecation of respective vehicles

(Due within One Year Rs.39,76('000) Previous Year Rs.24,76 ('000))

SCHEDULE - 4

UNSECURED LOANS

	As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
1) Fixed Deposits(Due within One Year Rs. 1565,44('000) Previous Year-Rs.1502,33('000)*	159085	150809
2) Deferred Sales Tax (Due within One Year Rs 29,63('000) Previous Year-Rs.29,63('000)	5926	8889
3) Short Term Loans & Advances (from Others)	32500	22500
4) Other Loans & Advances (Due within One Year Rs.22,07 ('000) Previous Year Rs.19,54('000)** * includes Rs.38,00('000) from Directors, (Previous Year Rs.64,00('000)) ** includes Rs.25,87('000) from Directors (Previous Year Rs. Nil)	50633	50000
	<u>248144</u>	<u>232198</u>

SCHEDULE - 5
FIXED ASSETS AS ON 31st March, 2011

(Rs. in '000)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 01.04.2010	Additions	Deduction/ Adjustments	Cost As at 31.03.2011	Upto 31.03.2010	For the Period	Deduction/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
LAND										
- FREEHOLD	10436	-	-	10436	36	-	(26)	62	10374	10400
- LEASEHOLD	12231	-	-	12231	550	135	28	657	11574	11681
BUILDING	237778	6820	-	244598	69157	7693	1	76849	167749	168621
PLANT & MACHINERY	1045534	51366	1056	1095844	549280	51574	(3202)	604056	491788	496254
MOULDS	303250	19485	2975	319760	250452	14158	3928	260682	59078	52798
FURNITURE & FIXTURES	11526	1143	-	12669	8619	753	(19)	9391	3278	2907
OFFICE EQUIPMENT	8681	1293	14	9960	4525	494	(19)	5038	4922	4156
VEHICLES	29342	10751	332	39761	16513	3524	186	19851	19910	12829
COMPUTERS	9843	651	87	10407	7632	506	100	8038	2369	2211
TOTAL	1668621	91509	4464	1755666	906764	78837	977	984624	771042	761857
PREVIOUS PERIOD	1583545	86556	1480	1668621	832458	75206	900	906764	761857	
CAPITAL WORK IN PROGRESS*									19049	6321

* Including Capital Advances of Rs.190,49('000) (Previous Year (Rs. 63,21('000))

SCHEDULE-5 (A) INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED) - AS ON 31ST MARCH 2011

(Rs. in '000)

DESCRIPTION	GROSS BLOCK				AMORTIZATION				NET BLOCK	
	COST AS AT 01.04.2010	ADDITIONS	RETIREMENT/ & DISPOSAL/ ADJUSTMENTS	COST AS AT 31.03.2011	UPTO 31.03.2010	FOR THE PERIOD	RETIREMENT/ & DISPOSAL/ ADJUSTMENTS	UPTO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
COMPUTER SOFTWARE	1067	518	-	1585	407	222	-	629	956	660
TOTAL	1067	518	-	1585	407	222	-	629	956	660
PREVIOUS PERIOD	468	599	-	1067	261	146	-	407	660	-

Note: Intangible Assets have not incurred any impairment during the year.

SCHEDULE - 6
INVESTMENTS (LONG TERM)

(Fully Paid Up, unless otherwise specified)

OTHER THAN TRADE
A) SHARES – UNQUOTED

- i) 24,11,250(Previous Year-24,11,250) Equity Shares of Rs.10/- each in Pacific Pearl Finance & Leasing Ltd- (Net of provision for diminution in the value of investment Rs.192,90('000), Previous Year Rs. 192,90('000))
- ii) 1,00,000 (Previous Year-1,00,000) 1% Redeemable Cumulative Preference Shares of Rs.100/-each of Pearl International Tours & Travels Ltd
(Net of provision for diminution in the value of investment Rs. 5,000('000), Previous Year Rs. 5,000('000))
- iii) 1,09,500 (Previous Year-1,09,500) 6% Redeemable Non-Cumulative Preference Shares of Rs.100/- each of Pacific Pearl Finance & Leasing Ltd.

B) DEBENTURES – UNQUOTED

- 1,65,000 (Previous Year 1,65,000) 0% Unsecured Debentures of Rs. 100/- each in Pacific Pearl Finance & Leasing Ltd
(Net of provision for the diminution in the value of investment Rs. 61,87('000), Previous Year Rs. 61,87('000))

As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
4823	4823
5000	5000
10950	10950
10312	10312

	As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
C) SHARES – QUOTED*		
i) 54,92,960 Equity Shares (Previous Year - 54,92,960) Equity Shares of Rs.10/- each in Pearl Engineering Polymers Ltd. a company under the same management	54540	54540
ii) 27,450 (Previous Year 27,450) Equity Shares of Rs.10/- each in Pearl Apartments Ltd.	87	87
iii) 17,350 (Previous Year 17,350) Equity Shares of Rs.10/- each in Mazda Industries Leasing Ltd.	879	879
iv) 21,300 (Previous Year 21,300) Equity Shares of Rs.10/- each in Pretto Leather Ltd.	26	26
v) 1,100 (Previous Year 1,100) Equity Shares of Rs.10/- each in Kongrar Integrated Fibre Ltd.	4	4
vi) 2,000 (Previous Year 2,000) Equity Shares of Rs.10/- each in Valliant Communications Ltd.	20	20
vii) 1,000 (Previous Year 1,000) Equity Shares of Rs.10/- each of B.K.Duplex Boards Ltd.	4	4
viii) 11,700 (Previous Year 11,700) Equity Shares of Rs.10/- each of Rams Transformers Ltd.	35	35
ix) 3,300 (Previous Year 3,300) Equity Shares of Rs.10/- each of Pasupati Fincap Ltd.	21	21
x) 100 (Previous Year 100) Equity Shares of Rs.10/- each of Prism Cement Ltd.	1	1
xi) 5,000 (Previous Year 5,000) Equity Shares of Rs.10/- each of Master Trust Ltd.	57	57
xii) 600 (Previous Year 600) Equity Shares of Rs.10/- each of Dion Global Solutions Ltd.	2	2
xiii) 5,900 (Previous Year 5,900) Equity Shares of Rs.10/- each of Market Creator Ltd.	27	27
* Net of Provision for Diminution in Investment Rs.16,89('000) Previous Year Rs.16,89('000)	86788	86788
Aggregate market value of Quoted Investments	17838	24683
Aggregate amount of Quoted Investments	55703	55703
Aggregate amount of Unquoted Investments	31085	31085
Details of investments purchased and sold during the year are as under	Face Value (Rs.)	No.
a) Investment purchased : ITC Ltd	1.00	10.000
b) Investment sold : ITC Ltd	1.00	10.000
		Cost (Rs.in'000)
		3076
		3076
SCHEDULE - 7		
INVENTORIES		
(As verified, valued and certified by the Management)		
Raw Materials	52613	49826
Finished Goods and Accessories	120597	91833
Semi-finished Goods (Pet Preforms)	8528	12172
Packing Materials	17948	14468
Stores & Spares	17444	14709
	217130	183008

	As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
SCHEDULE - 8		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
- Considered Good	22568	15852
- Considered Doubtful	26056	26011
Less : Provision for Doubtful Debts	<u>(26056)</u>	<u>(26011)</u>
Other Debts-Considered good	22568	15852
	304100	306830
	<u>326668</u>	<u>322682</u>
SCHEDULE - 9		
CASH & BANK BALANCE		
Cash in hand	1884	820
Cheques in hand	1204	3763
Balance with Scheduled Banks in		
a) Current accounts	9192	15605
b) Fixed deposit accounts-(including Rs.181,28'(000) pledged with Banks (Previous Year Rs.233,04('000)	32376	38398
	<u>44656</u>	<u>58586</u>
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured, considered Good)		
Advances recoverable in cash or in kind or for value to be received*	88091	34283
Less: Provision for Doubtful Advance	<u>965</u>	<u>3496</u>
Interest Accrued on Deposits and Advances	121	645
Security Deposits	77657	75064
Advance Tax/Tax Deducted at Source (Net of provision for Tax Rs.11,668('000) Previous Year Rs. Nil	2695	-
Balances with Excise and Customs Authorities	4998	4382
* includes Rs.53024('000) (Previous Year Rs.Nil) due from the company under the same management (Maximum Balance during the year Rs.68,161 ('000) (Previous Year Rs.Nil)	<u>172597</u>	<u>110878</u>
SCHEDULE - 11		
LIABILITIES		
i) Sundry Creditors		
(a) Amount Due to Micro Enterprises and Small Enterprises	-	-
(b) Others	338129	222312
(includes Rs.69,74('000), Previous Year Rs.175,06('000) towards Capital Goods, Rs.1308,21('000) (Previous Year Rs.1001,81('000) towards Other Services and Rs.192('000) (Previous Year Rs.195('000) towards due to Directors.		
ii) Security Deposits	8257	7765
iii) Advance received from customers	8967	23007
iv) Investors Education & Protection Fund (not due as at the year end)		
-Unclaimed Matured Deposits	3520	6264
-Interest Accrued on above	<u>346</u>	<u>882</u>
v) Interest accrued but not due	3866	7146
	<u>8865</u>	<u>8392</u>
	<u>368084</u>	<u>268622</u>
SCHEDULE - 12		
PROVISIONS		
For Taxation (Net of Advance Tax Rs.Nil (Previous Year Rs.20,122('000)	-	1094
For Gratuity	21120	17706
For Leave Encashment	12461	10072
For Proposed Dividend	7	8
	<u>33588</u>	<u>28880</u>

SCHEDULE - 13
OTHER INCOME

	Year Ended 31st March 2011 (Rs. in '000)	Year Ended 31st March 2010 (Rs. in '000)
Income from Investments-Dividend (Long Term-Other than Trade)	2	2
Interest on Deposits & Advances (TDS Rs.377('000) Previous Year Rs.698('000)	3757	5891
Jobwork	14	-
Profit on Sale of Shares (Current Investment other than Trade)	297	-
Balances Written Back	3665	5949
Rent (TDS Rs.Nil (Previous Year Rs. 45('000)	-	232
Provision for Bad and Doubtful Debts Advances written back	3599	445
Profit on Sale of Fixed Assets	30	-
Provision No Longer Required written back	1383	-
Misc Receipts	2553	1281
	<u>15300</u>	<u>13801</u>

SCHEDULE - 14
COSTS OF MATERIALS
a) Raw Materials Consumed

- Opening Stock	49826	45177
- Add : Purchase	971548	837043
	<u>1021374</u>	<u>882220</u>
-Less : Closing Stock	52613	49826
	<u>968761</u>	<u>832394</u>

b) Packing Materials Consumed

- Opening Stock	14468	15471
- Add: Purchase	126436	122244
	<u>140904</u>	<u>137715</u>
- Less : Closing Stock	17948	14468
	<u>122956</u>	<u>123247</u>

c) Direct Purchases

- Caps	13197	16808
- Traded Goods	7498	-
- Pet Preforms	3175	15636
- Packing Materials Others	624	448
	<u>24494</u>	<u>32892</u>

d) (Increase)/Decrease in Finished Goods etc.

Opening Stock		
- Finished Goods and Accessories	91833	81609
- Semifinished Goods (Pet Preforms)	12172	7850
	<u>104005</u>	<u>89459</u>
Closing Stock		
- Finished Goods and Accessories	120597	91833
- Semifinished Goods (Pet Preforms)	8528	12172
	<u>129125</u>	<u>104005</u>
	<u>(25120)</u>	<u>(14546)</u>
	<u>1091091</u>	<u>973987</u>

	Year Ended 31st March 2011 (Rs. in '000)	Year Ended 31st March 2010 (Rs. in '000)
SCHEDULE - 15		
PERSONNEL COSTS		
Salary, Wages, Bonus & Other Allowances	144250	116844
Contribution to P.F., E.S.I. & Other Funds	18301	14652
Staff Welfare Expenses	8126	6618
	<u>170677</u>	<u>138114</u>
SCHEDULE - 16		
MANUFACTURING, ADMINISTRATIVE & SELLING		
Consumption of Stores & Spares	25925	22307
Freight, Octroi & Cartage	52793	51919
Power and Fuel	193929	177419
Electricity & Water Charges	2990	3451
Advertisement, Publicity & Selling Expenses	21587	9715
Printing, Stationery, Postage, Telephone & Telex	11701	12757
Rent / Lease Rent	18261	11800
Repairs & Maintenance		
- Building	2066	3948
- Machinery	11993	7191
- Others	9591	7471
Insurance	2299	1859
Rates & Taxes	1159	1310
Commission	2836	2262
Rebate & Discount	2376	7708
Conveyance & Travelling Expenses	24861	24161
Legal & Professional Fees	6577	6333
Exchange Rate Fluctuation (Net)	58	142
Donations	14	61
Loss on Sale/Write off Fixed Assets	449	340
Director's Sitting Fee	10	13
Sales Tax Additional Demand	139	140
Provision for Doubtful Debts/Advances	1113	5118
Bad debts/Advances written off	1381	1620
Wages Contractors	33804	33883
Miscellaneous Expenses	39225	38030
	<u>467137</u>	<u>430958</u>
SCHEDULE - 17		
FINANCE CHARGES		
Interest		
- On Fixed Loans and Debentures	21407	23522
- Others	61173	43121
Other Finance Charges	6137	4652
	<u>88717</u>	<u>71295</u>

SCHEDULE –18**I. 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) 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.

C) 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.

D) 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.

E) 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.

F) 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..

G) INCOME:

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

H) 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 Profit & Loss Account.

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 Profit & Loss Account as incurred. Gratuity and Leave encashment benefits are charged to Profit & Loss Account on the basis of amount determined actuarially at the year end. Superannuation is provided on the basis of amount paid/payable under the insurance scheme, taken from Life Insurance Corporation of India.

I) RESEARCH AND DEVELOPMENT EXPENSES:

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

J) LEASE ASSETS

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

K) 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 Profit & Loss Account.

L) 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 has 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.

M) 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.

N) 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.

O) 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 notified in the Companies (Accounting Standard) Rules, 2006.

P) 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.

II. NOTES TO THE ACCOUNTS

	As at 31st March 2011 (Rs. in '000)		As at 31st March 2010 (Rs. in '000)	
1 Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of Advances)	48018		9404	
2 Contingent Liabilities				
a) Bills discounted	-		911	
b) In respect of guarantees executed by Banks against lodgement of counter guarantees of the Company *Provided by way of Margin Money Rs.Nil (Previous Year-Rs. 39,15 ('000))	-		15219	
c) In respect of Service Tax	4		4	
d) In respect of demands for Excise Duty* *includes:	72887		72071	
<ul style="list-style-type: none"> - The Company had received for its unit at Mahad show cause notice from Excise Department for Rs. 3,60,00('000) 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 Rs.72,72('000) 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 for Rs.10,00('000) for penalty and deposited Rs. 2,50('000) under protest 				
3 Auditors' Remuneration				
	As at 31st March 2011 (Rs. in '000)		As at 31st March 2010 (Rs. in '000)	
	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
a) Audit Fee	215	123	215	114
b) Tax Audit Fee	160	61	145	50
c) Limited Review Fee	225	61	225	60
d) Management and Other Services	32	10	22	-
e) Out of Pocket expenses (Net of Service Tax)	4	6	3	11
4 Managerial Remuneration				
- Salary and Other Allowances	5400		6000	
- Contribution to Provident Fund & Other Funds	1134		990	
- Estimated value of Perquisites	887		265	
As the provision for Gratuity & Leave Encashment is determined for the Company as a whole, based on actuarial valuation, no separate figures are ascertainable				
5 CIF Value of Imports				
a) Raw Materials	8967		184	
b) Capital Goods	-		1153	
c) Traded Goods.	5702		-	
6 Expenditure in Foreign Currency				
Travelling	3138		3222	
Others	5		-	
7 Earnings in Foreign Exchange				
Value of Exports on FOB Basis	2409		6869	

8 Value of Raw Material, Spare Parts and Components consumed during the Year

	Percentage		Value (Rs. '000)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
a) Raw Materials				
– Imported	1.00	0.15	9643	1254
– Indigeneous	99.00	99.85	959118	831140
	<u>100.00</u>	<u>100.00</u>	<u>968761</u>	<u>832394</u>
b) Spare Parts & Components				
– Imported	-	-	-	-
– Indigeneous	100.00	100.00	25925	22307
	<u>100.00</u>	<u>100.00</u>	<u>25925</u>	<u>22307</u>

9 Particulars in respect of goods

Class of Goods	Unit of quantity	Licenced Capacity ***	Installed Capacity*		Actual Production**	
			As at	As at	Year ended	Year ended
			31.03.2011	31.03.2010	31.03.2011	31.03.2010
PET Bottles & Jars	Pcs.in '000	—	523746	454883	517822	487866

* Annualised and as certified by the management being a technical matter. Installed capacity is on the basis of three shifts working.

** For the Purpose of comparison of actual production to installed capacity, the actual production when converted into 1 Ltr bottles, which is the basis of ascertaining the installed capacity, is 333711394 Pcs (Previous Year-335985805 Pcs)

*** Industry Delicensed

10 (a) Particulars in respect of Sales And Finished Goods

Class of Goods	Unit of Quantity	Quantity		Value (Rs. '000)	
		Year ended	Year ended	Year ended	Year ended
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
PET Bottles & Jars					
i) Sales (Net of Sales return)	Pcs.in '000	519249	478998	1998423	1804980
ii) Opening Stock	Pcs.in '000	28062	19194	91833	81609
iii) Closing Stock	Pcs.in '000	26635	28062	114968	91833

(b) Particulars in respect of Traded Goods

Class of Goods	Unit of Quantity	Quantity		Value (Rs. '000)	
		Year ended	Year ended	Year ended	Year ended
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
Fresh & Seal Boxes					
i) Purchases	Pcs.in '000	207	-	7498	-
ii) Sales	Pcs.in '000	32	-	3878	-
iii) Opening Stock	Pcs.in '000	-	-	-	-
iv) Closing Stock	Pcs.in '000	175	-	5629	-

11 Particulars of Raw Material Consumed

Class of Goods	Unit of Quantity	Quantity		Value (Rs. '000)	
		Year ended	Year ended	Year ended	Year ended
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
PET Chips	Tonnes	10444	10610	755149	678490
Polypropylene	Tonnes	2445	1986	195726	137150
Other		-	-	17886	16754
				<u>968761</u>	<u>832394</u>

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

13 Current Assets, Loans and Advances :

In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, atleast equal to the amount stated in the Balance Sheet.

14 Balances of Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmation by the parties.

15 Earning per share has been calculated as under:

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	No. of Shares	Weighted Average No. of Shares	No. of Shares	Weighted Average No. of Shares
No. of Shares at the beginning of the Year	16834932	16834932	16834932	16834932
Total No. of weighted average Equity Shares outstanding at the end of the Year	16834932	16834932	16834932	16834932
Net Profit as per Profit & Loss A/c (Rs.'000)		6716	-	22981
Less: Proposed Dividend on Preference Shares (Rs.'000)		7		8
Net Profit available to Equity Shareholder (Rs.'000)		6709		22973
Basic Earning Per Share (Rs.)		0.40		1.37
Total No. of weighted average Equity Shares including diluted potential Equity Shares outstanding during the Year.	16834932	16834932	16834932	16834932
Diluted Earning per share (Rs.)		0.40		1.37

16 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 Satandard) Rules, 2006.

17 Related party Disclosures:

i) In accordance with the Accounting Standard on " Related Party Disclosures" (AS-18), the disclosures in respect of related parties and transactions with the related parties, carried out in the normal course of the business, as identified and certified by the management, are as follows:-

a) Key Management Personnel

Mr. Chand Seth - Chairman & Managing Director
 Mr. Harish Seth - Vice Chairman & Managing Director
 Mr. Varun Seth - Whole Time Director

c) Other related parties where control exists

Amit Apartments Ltd
 Beta Finance & Trading Pvt Ltd
 Emperor Travels & Tours Pvt Ltd
 Gama Investments Pvt Ltd
 Pearl Apartments Ltd
 Pacific Pearl Finance and Leasing Ltd
 Pearl Engineering Polymers Ltd
 Pearl International Tours & Travels Ltd
 Theta Investments Pvt Ltd

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

Mrs. Suneeta Seth
 Mrs. Madhu Seth
 Mrs. Rupali Seth
 Mr. Udit Seth
 Mr. Adhar Seth
 Mrs. Ashna Chopra

ii) Transactions carried out with related parties referred in (i) above, in ordinary course of business.
Amount Rs. ('000)

	Key Management Personnel		Key Management Personnel's Relatives		Associates	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Purchase						
Raw Materials and Goods Pearl Engineering Polymers Ltd	-	-	-	-	373107	362519
Remuneration Paid To						
Mr.Chand Seth	524	702	-	-	-	-
Mr.Harish Seth	4301	4248	-	-	-	-
Mr.Varun Seth	2596	1945	-	-	-	-
Mr.Udit Seth	-	-	576	576	-	-
Rent Paid						
Mrs. Suneeta Seth	-	-	-	360	-	-
Mrs. Madhu Seth	-	-	1200	300	-	-
M/s. Pearl Apartments Ltd.	-	-	-	-	60	275
Interest paid (on F.D.)						
Mr. Chand Seth	748	298	-	-	-	-
Mr. Harish Seth	411	428	-	-	-	-
Mrs Suneeta Seth	-	-	653	338	-	-
Mr. Varun Seth	159	-	-	-	-	-
Mrs. Rupali Seth	-	-	294	-	-	-
Mrs. Madhu Seth	-	-	23	-	-	-
Mr. Adhar Seth	-	-	6	-	-	-
Mrs. Ashna Chopra	-	-	6	-	-	-
Ticketing Expenses						
Pearl International Tours & Travels Ltd	-	-	-	-	4559	6492
Dividend Paid						
Pearl Engineering Polymers Ltd.	-	-	-	-	7	1
ICD's Taken						
Pearl International Tours & Travels Ltd.	-	-	-	-	18500	14000
Loan Taken						
Mr. Chand Seth	7000	1000	-	-	-	-
FD Taken						
Mrs. Madhu Seth	-	-	4000	-	-	-
Mr. Udit Seth	-	-	-	1000	-	-
Mr. Varun Seth	2500	-	-	-	-	-
Mrs. Rupali Seth	-	-	5000	-	-	-
Mr. Adhar Seth	-	-	1000	-	-	-
Mrs. Ashna Chopra	-	-	1000	-	-	-
Preference Share Issued/ (Redeemed)						
Pearl Engineering Polymers Ltd.	-	-	-	-	(42000)	(10500)
Advance against Equity and outstanding payable						
Mr. Chand Seth	2787	-	-	-	-	-
Mrs. Suneeta Seth	-	-	3611	-	-	-
Mrs. Rupali Seth	-	-	5265	-	-	-
Mr. Varun Seth	2643	-	-	-	-	-
Outstandings Payable						
Pearl Engineering Polymers Ltd	-	-	-	-	-	33001
Pearl International Tours & Travels Ltd	-	-	-	-	385	5
Mr.Chand Seth	2587	2600	-	-	-	-
Mr.Harish Seth	3992	3995	-	-	-	-
Mrs. Suneeta Seth	-	-	-	3000	-	-
Mrs. Madhu Seth	-	-	4000	-	-	-
Mr. Udit Seth	-	-	36	1015	-	-
Mr. Varun Seth	49	77	-	-	-	-
Mr. Adhar Seth	-	-	1000	-	-	-
Mrs. Ashna Chopra	-	-	1000	-	-	-
Outstandings Receivable						
Amit Apartments Ltd.	-	-	-	-	12960	12960
Beta Finance & Trading P Ltd.	-	-	-	-	20000	20000
Theta Investments Pvt Ltd	-	-	-	-	20000	20000
Pearl Engineering Polymers Ltd	-	-	-	-	53024	-

18 Disclosure in accordance with Part-I of Schedule VI of Companies Act, 1956 in respect of “Micro, Small and Medium Enterprises”

Sl. No.	Particulars	As at 31st March 2011 (Rs. in '000)	As at 31st March 2010 (Rs. in '000)
a)	Principal amount remaining unpaid	Nil	Nil
b)	Interest due thereon	Nil	Nil
c)	Interest Paid by the Company in term of Section 16 of Micro, Small and Medium Enterprises Development Act.	Nil	Nil
d)	Interest due and payable for the period of delay in payment	Nil	Nil
e)	Interest accrued and remaining unpaid	Nil	Nil
f)	Interest remaining due and payable even in succeeding years	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.

19 Deferred Tax Assets

Provision for Doubtful Debt and Advances

Provision for Leave Encashment

Gratuity

Unabsorbed Depreciation

Bonus

Liabilities

Depreciation

Deferred Tax Liability (Net)

	As at 31.03.2011 (Rs. in '000)	As at 31.03.2010 (Rs. in '000)
	8925	9106
	4043	3125
	6853	5544
	-	-
	162	725
	<u>19983</u>	<u>18500</u>
	117179	117234
	<u>97196</u>	<u>98734</u>

20 Employees Benefits

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

b) The Company has classified various employees benefits as under:

A) Defined Contribution Plans

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

- I. Employer's Contribution to Provident Fund
- II. Employer's Contribution to Superannuation Fund
- III. Employer's Contribution to Employees' Pension Scheme
- IV. Employer's Contribution to Employees' State Insurance Scheme

B) Defined Benefit Plans

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

- a) Discount Rate (per annum)
- b) Rate of increase in Compensation Levels/ Escalation in salary
- c) Expected rate of Return on Plan Assets
- d) Expected Average remaining working lives of employees in number of years

	Year Ended 31st March 2011 (Rs. in '000)	Year Ended 31st March 2010 (Rs. in '000)
	5454	3632
	1974	1932
	3286	3822
	2037	1451
	8.00%	7.80%
	5%	5%
	9.25%	9.25%
	22 Yrs.	23 Yrs.

Amount Rs.('000)

	Gratuity (Funded) Year Ended 31.03.2011	Leave Encashment (Unfunded) Year Ended 31.03.2011	Gratuity (Funded) Year Ended 31.03.2010	Leave Encashment (Unfunded) Year Ended 31.03.2010
I) Changes in the Present Value of Obligation				
a) Present value of Obligation as at 1 st April, 2010	21003	9416	19336	9190
b) Interest Cost	1659	744	1392	662
c) Past Service Cost	-	-	1823	-
d) Current Service Cost	2268	2051	1912	1340
e) Curtailment Cost (Credit)	-	-	-	-
f) Impact due to settlement	-	-	-	-
g) Settlement Cost (Credit)	-	-	-	-
h) Benefits Paid	(1159)	(1170)	(2556)	(780)
i) Actuarial Loss/(Gain)	1612	415	(904)	(996)
j) Foreign Currency exchange rate different from the enterprises reporting currency	-	-	-	-
k) Present value of Obligation as at 31 st March, 2011	25383	11456	21003	9416
II) Changes in the Fair Value of Plan Assets				
a) Fair Value of Plant Assets as at 1 st April, 2010	3296	-	3328	-
b) Expected Return on Plan Assets	326	-	67	-
c) Actuarial Loss/(Gain)	-	-	141	-
d) Employers' Contribution	1800	-	2316	-
e) Benefits Paid	(1159)	-	(2556)	-
f) Contributions by Plan	-	-	-	-
g) Fair Value of Plan Assets as at 31 st March, 2011	4263	-	3296	-
III) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2011				
a) GOI Securitais	-	-	-	-
b) Public Securities	-	-	-	-
c) Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-
d) State Government Securitais	-	-	-	-
e) Insurance Policies	4263	-	3296	-
f) Other (including Bank Balances)	-	-	-	-
IV) Reconciliation of Present Value of Defined Benefit Obligation and the fair value of Assets				
a) Present value of funded Obligation as at 31 st March, 2011	25383	11456	21003	9416
b) Fair Value of Plan Assets as at 31 st March, 2011	4263	-	3296	-
c) Funded (Assets)/Liability recognized in the Balance Sheet	-	-	-	-
d) Present value of Unfunded Obligation as at 31 st March, 2011	21120	11456	17707	9416
e) Unrecognized past service cost	-	-	-	-
f) Unrecognized actuarial (Gain)/Losses	-	-	-	-
g) Unfunded Net Liability recognized in the Balance Sheet	21120	11456	17707	9416
V) Amount recognized in the Balance Sheet				
a) Present value of Obligation as at 31 st March, 2011	25383	11456	21003	9416
b) Fair Value of Plant Assets as at 31 st March, 2011	4263	-	3296	-
c) Assets/Liability recognized in the Balance Sheet (Net)	21120	11456	17707	9416

Amount Rs.('000)

	Gratuity (Funded) Year Ended 31.03.2011	Leave Encashment (Unfunded) Year Ended 31.03.2011	Gratuity (Funded) Year Ended 31.03.2010	Leave Encashment (Unfunded) Year Ended 31.03.2010
vi) Expenses recognized in the Profit & Loss Account				
a) Current Service Cost	2268	2051	1912	1340
b) Past service Cost	-	-	1823	-
c) Interest Cost	1659	744	1392	662
d) Expected Return on Plan Assets	(326)	-	(67)	-
e) Curtailment Cost (Credit)	-	-	-	-
f) Settlement Cost (Credit)	-	-	-	-
g) Net actuarial (Gain)/Loss	1612	415	(1863)	(996)
h) Total Expenses recognized in the Profit & Loss Account	5213	3210	3197	1006

21 In view of deduction available u/s 80(IC) of the Income Tax Act, provision for Income Tax has been made on the basis of Book Profit u/s 115JB of the Income Tax Act.

22 Details of Prior Period Expenses/Income in Profit & Loss Account

Expenditure/Income

Interest Expenses
Depreciation
Service Tax
Incentive Income

	Year Ended 31 st March 2011 (Rs. in '000)	Year Ended 31 st March 2010 (Rs. in '000)
Interest Expenses	-	77
Depreciation	-	5
Service Tax	234	-
Incentive Income	(643)	-
	<u>(409)</u>	<u>82</u>

23 As on 31st March, 2011, the Company has Investments of 54,92,960 equity shares (amounting to Rs. 54,540('000) of Pearl Engineering Polymers Ltd, a Company under the same management, which is temporarily shut down since March 2011. No provision has been made for diminution of the value of the said investment since, in the opinion of the management, the enterprise value is much higher, and the going concern of the Company is not impacted at this stage.

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

Particulars	2010-11		2009-10	
	In foreign currency	In Rupees'(000)	In foreign currency	In Rupees'(000)
Trade Receivable				
Japanese Yen	Nil	Nil	Nil	Nil
USD	10050	449	14217	649
Euro	Nil	Nil	Nil	Nil
Total	10050	449	14217	649
Trade Payable				
Japanese Yen	984890	595	984890	474
USD	Nil	Nil	Nil	Nil
Euro	Nil	Nil	Nil	Nil
Total	984890	595	984890	474

- 25 (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 licence 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 recognised in the P&L Account.
- (b)** The Company has leased facilities under non-cancellable operation lease. Lease rent amounting to Rs.95,19('000) (Previous Year Rs.56,62('000) has been charged to Profit & Loss Account.

The future lease payments and payment profile of non-cancellable operating leases are as follows:

Particulars	Year Ended 31 st March 2011 (Rs. in '000)	Year Ended 31 st March 2010 (Rs. in '000)
Not later than one year	10239	10165
Later than one year but not later than five years	25011	34999
Later than five years	-	-

- 26** Previous Year figures have been recasted / rearranged, wherever considered necessary to conform to current year's presentation.

As per our report of even date

On Behalf of the Board

ANIL BHALLA

Partner
For and on behalf of

J.C.Bhalla & Co
Chartered Accountants
(FRN No. 001111N)

CHAND SETH

Chairman & Managing Director

VARUN SETH

Whole-Time Director

NARESH KHANNA

Director

CS. PALLAVI VARDHAN

Ass. Company Secretary

Place : New Delhi

Date : May 30, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

		AMOUNT Rs. ('000)	
i) Registration Details			
Registration No.	: 5 5 3 5	State Code:	5 5
Balance Sheet Date	: 3 1 0 3 2 0 1 1		
ii) Capital raised during the year :			
Public Issue	N I L	Rights Issue :	N I L
Bonus Issue	N I L	Private Placement :	N I L
iii) Position of Mobilisation & Deployment of Funds			
Total Liabilities	: 1 2 3 7 2 1 4	Total Assets :	1 2 3 7 2 1 4
Sources of funds			
Paid up Capital	: 1 8 5 7 6 8	Reserves & Surplus :	3 0 4 9 9 0
Secured Loans	: 4 0 1 1 1 6	Unsecured Loans :	2 4 8 1 4 4
Deferred Tax	: 9 7 1 9 6		
Application of Funds			
Net Fixed Assets	: 7 9 1 0 4 7	Investments :	8 6 7 8 8
Net Current Assets	: 3 5 9 3 7 9	Misc. Expenditure :	N I L
iv) Performance of Company			
Turnover	: 1 9 0 8 0 8 6	Total Expenditure :	1 9 0 1 9 1 9
Profit Before Tax	: 6 5 7 6	Profit After Tax :	6 7 1 6
Earning Per Share (in Rs.) - Basic :	0 . 4 0	Dividend Rate (%) :	N I L
- Diluted :	0 . 4 0		
v) Generic Names of Principal Products / Services of Company (as per monetary terms)			
Item Code No.			
(ITC Code)	: 3 9 2 3 3 0 0 0		
Product Description	: Pet Bottles, Jars & Containers		

On Behalf of the Board**CHAND SETH**
*Chairman & Managing Director***VARUN SETH**
*Whole-Time Director***NARESH KHANNA**
*Director***CS. PALLAVI VARDHAN**
*Asst. Company Secretary*Place : New Delhi
Date : May 30, 2011

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholders,

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

E-Communication Registration Form

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

Folio No./ DP ID & Client ID : _____

Name of 1st Registered Holder : _____

Name of Joint Holder : _____

Registered Address : _____

Email ID to be registered : _____

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

Date:

Signature:

Note:

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





PEARL Polymers Limited



PEARL Polymers Limited

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

ATTENDANCE SLIP

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

I hereby record my presence at the **40th ANNUAL GENERAL MEETING** at M. P. C. U. Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi 110 054 on Thursday, the **22nd September, 2011**, at 11:30 A.M.

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

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

PEARL Polymers Limited



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

PROXY FORM

I/We
of
being a Member/Members of Pearl Polymers Limited, hereby appoint
of
or failing him
of
as my/our Proxy to attend and vote for me/us and on my/our behalf at the **40th ANNUAL GENERAL MEETING** of the said Company to be held at 11:30 A.M. on Thursday, the **22nd September, 2011**, or at any adjournment thereof.

Signed this day of 2011

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.