



17th

**Annual Report
2010-2011**

**PEARL ENGINEERING
POLYMERS LTD.**

BOARD OF DIRECTORS

Mr. Harish Seth – Chairman & Managing Director

Mr. B.B. Mathur – Director

Mr. H. K. Midha – Director

ASSISTANT COMPANY SECRETARY

Ms. Deepika Bhardwaj

AUDITORS

J.C. Bhalla & Co.

B-5, Sector 6, Noida-201301 (UP)

17th ANNUAL GENERAL MEETING

DATE : 30th September, 2011

DAY : Friday

TIME : 2:00 P.M.

PLACE : D-17, M.I.D.C. Indl. Area
Kurkumbh, Taluk Daund,
Distt. Pune - 413 802
Maharashtra

REGISTERED OFFICE & WORKS

D-17, M.I.D.C. Indl. Area,
Kurkumbh, Taluk Daund,
Distt. Pune - 413 802
Maharashtra.

HEAD OFFICE & INVESTORS' SERVICE CELL

703 Rohit House
3 Tolstoy Marg, Connaught Place
New Delhi - 110 001
Tel. : 43517917
Fax : 43517596
Email - pearl@pearlpnet.net
- investor_helpdesk@pearlpnet.net

REGISTRAR & SHARE TRANSFER AGENT

MAS Services Ltd.

T-34, IInd Floor,
Okhla Industrial Area, Phase-II
New Delhi – 110 020
Ph : 26387281/82/83
Fax : 011-26387384
Email : mas_serv@yahoo.com

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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Pearl Engineering Polymers Limited will be held on Friday, the 30th day of September, 2011 at 2.00 P.M. at D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund Dist. Pune-413802, Maharashtra, to transact the following businesses:

ORDINARY BUSINESS

Item No.1 - Adoption of Accounts

To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011 and Profit and Loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.

Item No. 2 - Re- appointment of Mr. B.B. Mathur

To appoint a Director in place of Mr. B.B. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 3. - Appointment of Statutory Auditors

To consider appointment of the Statutory Auditors and fix their remuneration 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 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 the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration, including terms of payment, as shall be fixed by the Board of Directors of the Company, based on the recommendations of the Audit Committee.”

SPECIAL BUSINESS

Item No. 4 - Appointment of Mr. Harish Kumar Midha as a Director, liable to retire by rotation

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

“RESOLVED THAT Mr. Harish Kumar Midha, who was appointed as an Additional Director on the Board of the Company with effect from May 30, 2011, pursuant to section 260 of the Companies Act, 1956 (the “Act”) and Articles of Association of the Company and who holds office till the date of the ensuing Annual General

Meeting of the Company and in respect of whom the Company has received a notice in writing, under section 257 of the Act, from a member proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Non Executive and Independent Director of the Company, liable to retire by rotation.”

By order of the Board of Directors

For Pearl Engineering Polymers Limited

**Place: New Delhi
Date: August 11, 2011**

**Deepika Bhardwaj
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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing a Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.

- 2.** Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 3.** Members holding shares in the dematerialised form are requested to mention their Client ID/DP ID and those holding shares in physical form are requested to mention their Folio Nos. on the Attendance slip and hand over the same at the entrance of the Meeting Hall for attending the Meeting.
- 4.** Members are requested to bring their copy of Annual Report to the Annual General Meeting. As a measure of economy, copies of Annual Report will not be distributed at the Meeting.
- 5.** Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders and in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the Meeting.

6. In case of joint holders attending the Meeting, only such holders who is higher in the order of names will be entitled to vote.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 22nd day of September, 2011 to Friday, the 30th day of September, 2011 (both days inclusive).
8. The Statutory Registers under the Companies Act, 1956 (Register under Section 307 and Section 301 of the Companies Act, 1956) will be available for inspection by the members at the Annual General Meeting.
9. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Share Transfer Agent (RTA) at the address provided in this report, the detail of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon.
10. The Company's shares are admitted in both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and dematerialization of securities. Members can avail of the depository facilities by approaching any of the Depository Participants (DPs) of NSDL or CDSL or by approaching the RTA of the Company.
11. Members desirous of seeking any information from the Company are requested to send their queries to the Company at its Head office at 703, Rohit House, 3, Tolstoy Marg, Connaught Place, New Delhi- 110 001 well in advance so that the same may reach at least ten days before the date of the Meeting to enable the Company to keep the information readily available at the Meeting.
12. Pursuant to BIFR Order, the Share Capital of the Company was reduced by 60% and consequently, the Company issued new share certificates in exchange of the old certificates held by the shareholders. The old certificates are no more tradeable in the market and are not accepted for dematerialization by the Depositories. Accordingly, the holders of such certificates who have not exchanged their share certificates may surrender the old certificates to the Company or the RTA to enable the Company to issue new certificate in exchange thereof as per the entitlement.
13. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect to

special business under item no. 4 of the Notice and relevant detail as required under Clause 49 of the Listing Agreements entered with the stock exchanges, of persons seeking appointment/re-appointment as Director are annexed hereto.

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail address, in respect of electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to kindly provide necessary detail to the Company by furnishing **E-Communication Registration Form** given in this Annual report.

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

Item No. 4 - Appointment of Mr. Harish Kumar Midha as a Director, liable to retire by rotation

Mr. Harish Kumar Midha was appointed as an Additional Director by the Board of Director of the Company with effect from May 30, 2011. In accordance with the provisions of Section 260 of the Companies Act, 1956 read with Article 96 of the Article of Association of the Company, Mr. Harish Kumar Midha holds office as a Director upto the date of the ensuing Annual General Meeting of the Company scheduled to be held on September 30, 2011.

The Company has also received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director as Non-Executive and Independent Director of the Company, liable to retire by rotation.

A brief profile of Mr. Harish Kumar Midha along with requisite particulars is given at the end of the explanatory statement to the notice for the information of the members.

None of the Directors of the Company except Mr. Harish Kumar Midha is concerned or interested in Item No. 4 of the Notice.

The Board accordingly recommends the resolution for approval of the members.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

Details of Directors seeking appointment/re-appointment at the Annual General Meeting scheduled to be held on September 30, 2011, pursuant to the requirements of Clause 49 of the Listing Agreement are as given below:

Name of the Director	Mr. B. B. Mathur	Mr. Harish Kumar Midha
Date of Birth	October 24, 1928	August 17, 1950
Relationship with Directors	None	None
Qualification	Masters in Chemical Engineering from university of Wisconsin, USA	Masters in Science, CAIIB and LLB from University of Delhi
Expertise in Specific Functional Area	<p>Mr. B.B. Mathur has done Masters in Chemical Engineering and has to his credit, vast experience in the industry.</p> <p>He has been actively involved in providing consultancy services in the Corporate Sector and has been associated with Pearl Engineering Polymers Ltd. since its inception.</p> <p>Mr. B.B. Mathur is a Member of Audit Committee and Shareholders' / Investors' Grievance Committee and has been appointed as Chairman of the Audit and Shareholders' / Investors' Grievance Committee of the Board of the Company w.e.f. May 30, 2011</p>	<p>Mr. Harish Kumar Midha holds a Master's Degree in Science and is a Law Graduate from the Delhi University. He is a Certified Associate of the Indian Institute of Bankers.</p> <p>He has more than three decades of experience in Finance and has a vast exposure in the Industry.</p> <p>Mr. Harish Kumar Midha has been inducted as a member of the Audit Committee and Shareholders' / Investors' Grievance Committee of the Board of the Company w.e.f. May 30, 2011</p>
No. of Shares held in the Company	1000 Equity Shares	NIL
Directorship in other Companies	None	(a) Amit Apartments Ltd. (b) Pacific Pearl Finance & Leasing Ltd.
Membership/Chairmanship of committees across all Public Companies	Pearl Engineering Polymers Ltd.	Pearl Engineering Polymers Ltd.

By order of the Board of Directors
For Pearl Engineering Polymers Limited

Place: New Delhi
Date: August 11, 2011

Deepika Bhardwaj
Asst. Company Secretary

Registered office :
D-17, MIDC Industrial Area,
Kurkumbh, Taluk Daund
Dist. Pune-413802
(Maharashtra)

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 following registration form :

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 Engineering 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.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Dear Members,

Your Directors are pleased to present the Seventeenth Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

Key aspects of the financial performance of the Company for the year ended March 31, 2011 are tabulated below:

(Amount in ₹ '000)

Particulars	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Net Sales	1,050,971	1,395,418
Other Income	37,341	20,792
Total Income	1,088,312	1,416,210
Total Expenditure	1,144,426	1,445,311
Profit/(Loss) before Depreciation & Tax	(56,114)	(29,101)
- Exceptional/ Extra-ordinary Items	-	18,492
- Depreciation	48,983	48,582
- Tax Expense	10	26
Net Profit/(Loss) after Depreciation & Tax	(105,107)	(59,217)

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights of Financial and Business Performance

During the year under review, the Company faced operational difficulty at its plant at Kurkumbh due to the abnormal market conditions and price volatility in addition to financial liquidity constraints that stained the continuous raw material supply. In order to counter the said problem, the operations at the plant were kept rigid and controlled and the LIQUID POLY operations in the plant had to be temporarily suspended which resulted in the shut down of a part of the Company's Plant at Kurkumbh for a few months.

In consequence of the reduced production of 15492.936 MT during the year, your Company has reported a turnover of Rs. 10509.71 lacs against turnover of Rs. 13954.18 lacs in the previous year. The net loss of the Company for the current year is higher at Rs. 1051.07 lacs against previous period loss of Rs. 592.17 lacs owing to lower throughput.

Amidst various constraints, your Company has attempted to revive the plant operations and recover from the situation during the current year. Based on the actions that will follow as per the planned action mechanism instituted, the Company continues to strive for stability and improvement in spite of the deterring factors and is expected to reap benefits out of the decisions and initiatives planned by the management for the year ahead.

Dividend

In view of losses, your Directors regret their inability to recommend dividend on Equity Shares of the Company for the year ended March 31, 2011.

Industry Structure and Business

PEPL is a manufacturer and supplier of **Polyethylene Terephthalate (PET) Resin** (Bottle and Super Bright Textile Grade) and has its production facility located at Kurkumbh, Pune in Maharashtra. Company's PET resin finds application in the packaging of mineral water, carbonated soft drinks, edible oil, personal care products, dairy & alcoholic beverages, pharmaceuticals, toiletries etc. and is widely consumed by the manufacturer of PET container.

PET is very inert material that is resistant to attack by micro-organisms and does not react with food products. On account of attributes like hygiene, strength, light weight, unbreakable and economical, "PET resin" has become the world's packaging choice. Health-safety agencies around the world approve PET as safe for packaging foods and beverages.

Economic Scenario and Outlook

Despite the relative sluggishness of the past years, PET remains the packaging choice for new products or for conversion from other packaging materials, due to its excellent mechanical and barrier properties and its good recycling capability. Emergence of new applications, changing lifestyles have also added to the rising demand of plastics & particularly that of the plastic packaging.

During the year under review, demand for Pet Resin in India is estimated at around 550k TPA against total World Pet Resin demand of 16,529k TPA. With increasing population, urbanization and health awareness among the people around the world, global PET resin demand is expected to clock a growth rate of around 7% by 2015, from a growth rate of 2% in 2008. However, relentless increase in feedstock purified terephthalic acid (PTA) and monoethylene glycol (MEG) values has resulted in a hike in PET spot prices around the world.

Opportunity and Threats

Pet packaging industry has grown and the consumption of PET is projected to increase owing to its cost, convenience, energy saving benefits and changing demand dynamics. The Indian PET packaging industry is presently at about USD 1 bn, growing at 22%-25% per year & is expected to sustain the growth rate due to wider scope of increased penetration in carbonated soft drinks, mineral water, fruit juices, health care and agro chemical segments.

Some of the key threats to PET industry include sharp fluctuation in crude prices and PTA/MEG prices, which are the primary raw materials for the PET resin industry.

Risk and Concerns

Risks and prospects are indivisible components of the Company's business. The Directors and the Management of your Company keep this in mind in taking all decisions such that the stakeholders' interests are not adversely affected. The Company has also put in place a risk management framework to identify, assess, prioritize and alleviate risk. The risks are periodically assessed and reviewed and corrective actions are taken to mitigate effects.

Internal Control System

PEARL's internal control system is commensurate with the nature of its business and the size & complexity of its operations. The system is designed to ensure that the assets of the Company are safeguarded and protected against loss and that all the transactions are properly authorized, recorded and reported. The internal audit function team comprises of well-qualified experienced professionals who control regular audits across the Company's operations.

The management duly considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Independent Audit Committee of the Board of Directors. Further the CEO/ CFO certification also confirms the adequacy of internal control system and procedures in the Company.

Human Resource/ Industrial Relation

During the year, the Company continued with its initiatives to foster people development, harness their creativity and ensure a motivated and contented work team. The requirement of professionally qualified and trained personnel is regularly reviewed to obtain optimum results in all spheres of its activity. The Company also accentuate on training and development of its human resources and makes sincere efforts to ensure numerous opportunities for their growth in the organization.

As on March 31, 2011, the Company had employee strength of 138 employees. The Industrial relations at all levels of the Company have remained cordial during the year.

CAUTIONARY STATEMENT

Certain statements in this 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 statements on the basis of subsequent developments, information or events.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any public deposit under Section 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Hence, there is no outstanding amount as on the Balance Sheet date.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the provisions of Companies Act, 1956 (the 'Act'), the Articles of Associations of the Company and satisfies the requirement as envisaged in the Listing Agreement entered into with the Stock Exchanges. However, during the year, there has been a change in the composition of the Board of Directors of the Company and details with respect to such change are as follows:

(a) Appointment

Mr. Harish Kumar Midha was appointed as an Additional Director of the Company with effect from May 30, 2011, in accordance with the provisions of Section 260 of the Act, read with Article 96 of the Articles of Association of the Company and holds office till the date of the Annual General Meeting of the Company scheduled to be held on September 30, 2011.

The requisite notice has been received from a member pursuant to Section 257 of the Act, proposing the candidature of Mr. Harish Kumar Midha as a Director of the Company. Necessary resolution for his appointment as a Non-Executive and Independent Director forms part of the notice of the Annual General Meeting of the Company.

(b) Re-appointment

In terms of section 256 of the Act, read with Article 110 of the Articles of Association of the Company, Mr. B.B. Mathur, Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

The brief resume and other particulars of the appointing/re-appointing Directors, as required by Clause 49 of the Listing Agreement are furnished in the explanatory statement to the Notice calling Annual General Meeting of the Company.

(c) Cessation

During the year under review, Mr. Chand Seth, Chairman & Managing Director resigned from the Board with effect from February 24, 2011. The Board of Directors considered and accepted the resignation of Mr. Chand Seth, vide resolution passed by way of circulation on February 24, 2011. Mr. Ashok Khanna has resigned from the position of Non-executive and Independent Director of the Company w.e.f. May 30, 2011. The Board places on record its deep sense of appreciation for the valuable contributions of Mr. Chand Seth and Mr. Ashok Khanna to the Company during their tenure of office.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) In the preparation of the Annual Accounts for the year ended on March 31, 2011, the applicable Accounting Standards have been followed and that no material departures are made from the same;
- (b) The Accounting policies selected, have been applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2011 and of the losses of the Company for the year ended on that date;

- (c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) The Annual Accounts have been prepared on a going concern basis.

AUDITORS & AUDITORS' REPORT

The Statutory Auditors, J. C. Bhalla & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and 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 of the Company.

The Company has also received a certificate from the Auditors 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 appointment within the meaning of section 226 of the Act.

The notes to Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

CLARIFICATION TO REMARKS CONTAINED IN POINT 3(x), 4(d) & 4(f) OF THE AUDITORS REPORT

Clause 3 (x) of the Auditors' Report: During the year ended March 31, 2011, the accumulated losses of the Company have exceeded 50% of the peak net worth of the Company during the immediately preceding four financial years, making it a potentially Sick Industrial Company, pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The Company has also incurred cash losses during the financial year ended on that date and also in the immediately preceding financial year. Accordingly, as per section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board of Directors will report the fact of such erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR) as potentially sick company within the prescribed time i.e. within 60 days from the date of adoption of Accounts of the Company at the ensuing Annual General Meeting to be held on September 30, 2011.

Clause 4(d) & 4(f) of the Auditors' Report: As per the legal opinion given by the legal advisors of the Company, the Foreign Financial Institution (AFIC) or its Assignee, cannot enforce any outstanding against the Company in any court of law despite existence of debt, as the same has become a time barred debt under the provisions of the Limitations Act, 1963. Based on the said opinion of the advisors:

Clause 4(d): The outstanding by way of secured and unsecured loan and interest aggregating to Rs.1619.24 lacs thereon (shown as an "Erstwhile loan barred by limitation" in the Balance Sheet of the Company for the financial Year ended March 31, 2011) have not been reinstated, as required under Accounting Standard (AS11) on the effects of changes in foreign exchange rates notified in the Companies (Accounting Standards) Rule 2006; and

Clause 4(f): The provision for interest amounting to Rs.50.54 lacs (including interest of Rs.35.19 Lacs for the year ended March 31, 2011), in respect of the foreign currency loan of Rs.1619.24 Lacs has not been made.

CORPORATE SOCIAL RESPONSIBILITY

We at Pearl conduct our business in a way that reflects best practices as well as the highest standards of legal and ethical conduct. As a socially responsive organization, your Company is committed to ensure well being of the communities around it while recognizing interest of all its shareholders, consumers, employees and suppliers at all times. During the year, your Company continued with the following initiatives:

Safety: 40th National Safety week was observed from March 04, 2011 to March 11, 2011 to sensitize employees towards safer work practices and habits. Safety pledge was taken by all employees.

Environment: The Company organized the World Environment day on June 05, 2011, thereby promoting awareness for a clean, green and healthy environment amongst the employees.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in Report of Board of Directors) Rules, 1988 form part of this Report as **Annexure – 'I'**.

PERSONNEL

During the financial year ended March 31, 2011, none of the employees was in receipt of remuneration exceeding limit specified under Section 217(2A) read with Companies (Particulars of Employees) Amendment Rules, 2011.

CORPORATE GOVERNANCE

Your Company believes that good Corporate Governance is the basis of stakeholders' satisfaction and is thus, committed to attain the highest level of transparency, accountability and compliance of law in all facets of operations.

A detailed report on Corporate Governance along with the certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their gratitude for the assistance and cooperation received from the shareholders, customers, vendors, financial institutions, banks, Government authorities for their consistent support and cooperation to the Company during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

On behalf of the Board of Directors
For Pearl Engineering Polymers Limited

Place : New Delhi
Date : August 11, 2011

Harish Seth
Chairman & Managing Director

ANNEXURES TO THE DIRECTORS' REPORT

“Annexure-I”

Statement of Particulars with respect to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

None, Plant was run at low through put, hence, drives were optimized for efficient running only.

b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy

Bepex crystallizer was commissioned and after that one SSP process was reduced for Sealpet production thus reducing energy consumption.

c) Impact of measures taken already and proposed vide (a) & (b) above

There was a saving of Rs 7.2 lacs in terms of electricity as one step was avoided

d) Total energy consumption and consumption per unit of production as per Form 'A' is given below

FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

	Year ended 2010-11	Year ended 2009-10
(A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (in '000 Kwh)	8185	9438
Total amount (₹ in lacs)	458.82	469.29
Rate/Unit (₹)	5.60	4.97
b) Own Generation		
(i) Through Diesel Generator		
Units (in '000 Kwh)	57.20	43.00
Units per litre of Oil	2.33	2.72
Cost /Unit (₹)	16.10	12.64
(ii) Through steam turbine/generator		
Units (in '000 Kwh)	N.A.	N.A.
Units per litre of Fuel Oil/Gas		
Cost /Unit (₹)		
2. Fuel Oils (FO, FOLV, LDO, HSD)		
Quantity (Kilo Litre)*	1533	1994
Total cost (₹ in Lacs)	434.90	497.55
Average rate/litre (₹)	28.36	24.95
* including fuel used for power generation.		
3. Coal / Coke		
Quantity (MT)	N.A.	N.A.
Total cost (₹ in Lacs)		
Average Rate/Kg. (₹)		
4. Others/Internal Generation		
Quantity (MT)	N.A.	N.A.
Total cost (₹ in Lacs)		
Average rate/Kg. (₹)		

(B) CONSUMPTION PER UNIT OF PRODUCTION

PET Resin production (MT)	15131.241	22.560.195
1. Electricity	540.9 Kwh/MT	418 Kwh/MT
2. Fuel Oils	101.13 Ltr./MT	88 Ltr./MT
3. Coal	N.A.	N.A.
4. Others	N.A.	N.A.

B. EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM 'B' GIVEN BELOW:

FORM – B

Form of Disclosure of Particulars with respect to Technology Absorption 2010-11

1. RESEARCH & DEVELOPMENT (R&D)

a) Specific areas in which Research & Development was carried out by the Company

R & D was done to Develop Specialty Polymer for a) Extrusion blow molding b) Injection blow molding to replace thermoforming c) LOW melt PET applications d) Heat sealable applications

b) Benefits derived

The Company was able to achieve Commercialized EPET for EBM in Japan and LOW MELT PET application in EUROPE and USA

c) Future Plan of Action

More emphasis is on developing EBM for bigger bottles and other specialty grades for commercializing grades already developed.

d) Expenditure on R & D

No substantial expenditure done on R&D except maintenance cost and running cost.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Technology for new grade is being developed
- Patent filed in AUSTRALIA jointly with BASF
- Working with few well known overseas companies in developmental activities under confidentiality agreements

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

- It will help marketing and operations of the Company get better
- We can switch over from the non remunerative commodities to remunerative Specialties.
- We are expecting Contract Research & Licensing based on patented products

c) Information regarding importing technology :

Nil

3. 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

We have exported some of the special grades to EUROPE, USA and JAPAN

(b) Total Foreign Exchange Earnings and Outgo:

(₹ in '000)

	2010-11	2009-10
Foreign Exchange Earnings (FOB)	59,685	58,348
Foreign Exchange Outgo (on CIF Basis)		
(i) On Imports		
(a) Raw Material	23,556	10,994
(b) Stores & Spares	1,832	7,307
(ii) Others	1,577	6,832

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of Pearl Engineering Polymers Limited

We have examined the compliance of conditions of corporate governance by Pearl Engineering 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 : July 11, 2011

Akhil Bhalla
Partner
Membership No. 505002
For and on Behalf of
J.C. Bhalla & Co.
Chartered Accountants
Firm Registration No. 001111N

REPORT ON CORPORATE GOVERNANCE

PEPL'S PHILOSOPHY ON CORPORATE GOVERNANCE

PEPL's Philosophy on Corporate Governance is woven around its commitment to ethical practices in conduct of its business, while striving to enhance shareholders value. We at Pearl have also put in place a framework to ensure compliance with the requirements of Corporate Governance as stipulated under clause 49 of the Listing Agreement entered into with the Stock Exchanges where the shares of the Company are listed and other norms laid down by the regulatory authorities in all areas.

The Board of Directors of the Company is at the core of our Corporate Governance practices & oversees how the management serves and protects the long term interest of the stakeholders.

The Directors hereby present the Company's Report on Corporate Governance for the year ended 31st March, 2011.

(A) BOARD OF DIRECTORS

Composition of the Board

The Board has an optimum combination of Executive and Non-Executive Directors, in conformity with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

During the year under review, the Board comprised of 4 Directors, two of whom were Non-Executive & Independent directors. However, owing to the resignation of Mr. Chand Seth, Chairman & Managing Director from the Board of the Company w.e.f. February 24, 2011, the Board strength was reduced to 3 Directors with 2 Non-Executive & Independent Directors forming more than one half of the total Board strength.

The Composition of the Board and details of outside Directorship, Chairmanship and Membership of Committees held by Directors as on March 31, 2011 are as follows:

Name of the Director	No. of Directorship and Committee Chairmanship/ Membership		
	Other Directorship	Membership (including Chairmanship)	Chairmanship
Executive Directors			
Mr. Chand Seth* Chairman & Managing Director	3	2	-
Mr. Harish Seth# Managing Director	2	2	-
Non-Executive Directors			
Mr. B. B. Mathur Independent Director	-	2	-
Mr. Ashok Khanna Independent Director	4	2	2

Notes :

- (a) **Owing to the resignation of Mr. Chand Seth, as Chairman & Managing Director from the Board of the Company w.e.f. February 24, 2011, the details of his Directorship and Committee positions are as on March 31, 2010.*
- (b) **The Board of Directors at its meeting held on May 28, 2011 appointed Mr. Harish Seth, Managing Director as the Chairman & Managing Director of the Company and authorized him to act as the Chairman, at every Annual General Meeting of the Company.*
- (c) As required by Clause 49 of the Listing Agreement, the disclosure with respect to directorship in other companies excludes alternate directorship, directorship in foreign Companies, Companies registered under section 25 of the Companies Act, 1956 and Private Companies. For Committee positions held by Directors, only memberships/ chairpersonship of Audit Committee and Shareholders'/ Investors' Grievances Committee in all Public Companies (including Pearl Engineering Polymers Limited) have been considered.
- (d) Mr. Chand Seth, Ex-Chairman & Managing Director and Mr. Harish Seth, Chairman & Managing Director are related to each other, being brothers. As on date, none of the Directors are related to each other.

Meetings of the Board

The Board meets atleast once in every quarter to review the quarterly results and consider other matters on the agenda requiring decision of the Board. All the relevant items of information, including information as specified by Annexure IA to Clause 49 of the Listing Agreement, were made available to the Board periodically.

Four Board Meetings were held during the year ended March 31, 2011 on May 28, 2010; August 12, 2010; November 12, 2010 and February 12, 2011. The time gap between any two board meetings did not exceed four months.

Attendance of the Directors during fiscal 2011

Name & Designation of the Director	No. of Meetings held	No. of Meetings Attended
Mr. Chand Seth¹ Chairman & Managing Director	4 ²	4
Mr. Harish Seth³ Chairman & Managing Director	4	3
Mr. Ashok Khanna Non-Executive & Independent Director	4	4
Mr. B. B. Mathur Non-Executive & Independent Director	4	4

¹Since, Mr. Chand Seth, Ex-Chairman & Managing Director resigned from the Board with effect from February 24, 2011, the details with respect to his attendance at the Board Meeting is till the date of his resignation.

²Reflects the number of meetings held during the tenure of his Directorship

³ The Board of Directors at its meeting held on May 28, 2011 appointed Mr. Harish Seth, Managing Director as the Chairman & Managing Director of the Company.

Code of Conduct

In compliance with Clause 49 of the Listing Agreement, the Board has approved and adopted a "Code of Conduct" for Board Members and Senior Management Personnel. The said code aims at ensuring that the business of the Company is conducted in accordance with the applicable laws, rules & regulations and with the highest standards of ethics and values.

All Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2011. A declaration to this effect, duly signed by the C.E.O of the Company is provided as an annexure to this report.

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

(B) BOARD COMMITTEES

To focus effectively on the issues and to ensure expedient resolution of diverse matters, the Board has constituted four committees: Audit Committee, Shareholders'/Investors' Grievances Committee, Remuneration Committee and Committee of Directors with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their charter/terms of reference. The details of the Board committees are given as under:

1. AUDIT COMMITTEE

Composition

In compliance with the requirements of Clause 49 of the Listing Agreement read with section 292A of the Companies Act, 1956, a qualified and independent Audit Committee of the Board has been constituted under the chairmanship of an Independent Director.

As on March 31, 2011, the Audit Committee comprises of three Directors

Name of the Member	Designation
Mr. Ashok Khanna, Non-Executive & Independent Director	Chairman
Mr. B. B. Mathur, Non-Executive & Independent Director	Member
Mr. Harish Seth, Executive Director	Member

All the members of the Committee are financially literate and possess adequate knowledge in the area of accounts and finance.

Mr. Ashok Khanna, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 24, 2010.

Audit Committee Meetings and Attendance

Four Audit Committee meetings were held during the year under review on May 28, 2010; August 12, 2010; November 12, 2010; and February 12, 2011. Requisite quorum was present at every meeting of the Audit Committee.

Attendance at the Audit Committee Meeting

Name of the Member	Designation	No. of Meetings Attended (out of Four meetings held)
Mr. Ashok Khanna	Chairman	4
Mr. B. B. Mathur	Member	4
Mr. Harish Seth	Member	3

Company Secretary acts as the Secretary to the Audit Committee

The executives of the Finance Department and representatives of the Statutory Auditors and Internal Auditors are also invited to attend and participate in the Audit Committee meetings.

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:

- (a) reviewing financial reporting process;
- (b) recommending appointment, re-appointment, replacement/removal of the Statutory Auditor to the Board;
- (c) reviewing performance of Statutory and Internal auditors, adequacy of internal control systems;
- (d) approving appointment of CFO; and
- (e) any other functions as may be prescribed by the Companies Act, 1956, 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.

2. REMUNERATION COMMITTEE

Composition

The Composition of the Remuneration Committee was disrupted by resignation of an Independent Director during the year 2009-10, whereafter the Company commenced with its efforts to identify and appoint an Independent Director on the Board for inducting him in the Committee. However, as the remuneration of the Executive Director was not required to be reviewed during the year, the Board of Directors made persistent efforts to identify a Non-Executive & Independent Director having the requisite qualification and experience for appointment on the Board of the Company and subsequent induction in the Committee.

Accordingly, the Committee comprised of two Non-Executive and Independent Directors during the year under review, as per below detail:

Sl. No.	Members of the Committee	Designation
1	Mr. Ashok Khanna	Chairman
2	Mr. B B Mathur	Member

Meetings and Attendance

No Remuneration Committee Meeting was held during the year ended March 31, 2011.

Terms of Reference

The purpose of the Remuneration Committee of the Board of Directors is to discharge the Board's responsibilities related to remuneration of the executive directors of the Company. The Remuneration Committee is empowered to review and recommend to the Board, the remuneration packages of the Executive Directors including pension rights and compensation payment. The recommendations of the Remuneration Committee shall be based on the following:

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

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

Cash Compensation paid or payable to Directors in fiscal 2011

(in ₹ lacs)

Name of the Director	Salary	Allowances	Perquisites	PF Contribution & Superannuation	Sitting Fees [#]	Total
Executive Directors						
*Mr. Chand Seth Chairman & Mg. Director	21.71	10.86	-	5.86	-	38.43
#Mr. Harish Seth Chairman & Mg. Director	-	-	-	-	-	-
Non Executive Directors						
Mr. Ashok Khanna Independent Director	-	-	-	-	0.04	0.04
Mr. B.B. Mathur Independent Director	-	-	-	-	0.04	0.04

**Mr. Chand Seth, Ex-Chairman & Managing Director, has been paid remuneration upto the date of his resignation from the Board of the Company i.e. February 24, 2011.*

#Mr. Harish Seth, Managing Director, appointed as the Chairman of the Company vide resolution passed by the Board of Directors at its meeting held on May 28, 2011.

#Sitting Fees @ Rs.1000/- per meeting was paid for attending the meetings of the Board of Directors during the year under review.

Shareholding of Non-Executive Directors

The shareholding of the Non- Executive Directors in the Company as on March 31, 2011

Name of the Director	No. of Equity Shares held	Percentage to the total paid up capital
Mr. Ashok Khanna	1000	0.003
Mr. B.B. Mathur	1000	0.003

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the financial year ended March 31, 2011.

3. SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

Composition

As on March 31, 2011, the Shareholders'/Investors' Grievances Committee comprised of three Directors with chairmanship of a Non-Executive & Independent Director in conformity with the requirements of Clause 49 of the Listing Agreement.

Meetings & Attendance

During the year ended March 31, 2011, four meetings were held on May 28, 2010; August 12, 2010; November 12, 2010 and February 12, 2011.

Name of the Members	Designation	No. of Meetings held	No. of Meetings Attended
Non-Executive and Independent Directors			
Mr. Ashok Khanna	Chairman	4	4
Mr. B.B. Mathur	Member	4	4
Executive Directors			
Mr. Chand Seth ⁽¹⁾	Member	4 ⁽²⁾	4
Mr. Harish Seth ⁽¹⁾	Member	0 ⁽²⁾	0

⁽¹⁾ Consequent to the resignation of Mr. Chand Seth, Member of the Committee from the Board of the Company w.e.f. 24th February, 2011, Mr. Harish Seth, Executive Director was inducted as a member of the Committee vide resolution dated February 24, 2011, passed by circulation by the Board Members.

⁽²⁾ Reflects the number of meetings held during the tenure of membership in the Committee

Terms of Reference

The Committee has the mandate to review and redress shareholders' grievances. It also oversees the performance of the Registrar and Share Transfer Agent of the Company to ensure expeditious share transfer process and recommends measures for overall improvement in the quality of investor service.

Nature of Queries/Complaints and their redressal status during the fiscal 2011

Nature of Query/ Complaint	Received (Nos.)	Resolved (Nos.)	Pending (Nos.)
Request for Change of Address	16	16	NIL
Exchange of Share Certificates pursuant to Reduction of Share Capital	102	102	NIL
Request for Dematerialization/Rematerialization of Shares	367	367	NIL
Request for Share Transfer/Transmission	161	161	NIL
Complaints from Stock Exchanges/SEBI/Depositories	8	8	NIL
Requests for Duplicate Shares	-	-	NIL
Miscellaneous Requests	45	45	NIL

The Company addresses to all the complaints, suggestions and grievances expeditiously, replies are sent and issues are resolved within 15 days of their receipt. Further, 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) from time to time.

Compliance Officer

Consequent to the resignation of Ms. Pallavi Vardhan, Asst. Company Secretary & Compliance Officer w.e.f. 30th April, 2011, Ms. Deepika Bhardwaj has been appointed as the Asst. Company Secretary & Compliance Officer of the Company w.e.f. May 01, 2011.

4. COMMITTEE OF DIRECTORS

During the year under review, the Committee of Directors of the Company comprised of two Directors:

- ♦ Mr. Chand Seth, Chairman
- ♦ *Mr. Harish Seth, Chairman
- ♦ *Mr. B. B. Mathur, Member

**Consequent to the resignation of Mr. Chand Seth, Chairman of the Committee, from the Board of the Company w.e.f. 24th February, 2011, he ceased to be the Chairman of the Committee from that date.*

**Mr. Harish Seth was appointed as the Chairman of the Committee and Mr. B. B. Mathur was inducted as a member vide resolution dated February 24, 2011 passed by circulation by the Board Members.*

Terms of Reference

The Committee is responsible for making/reviewing banking arrangements, reviewing short-term and long-term investments, approving transfers/transmission of shares, approving allotment of shares and such other financial transactions within the limits specified by the Board. In addition to the fortnightly meetings conducted to consider and approve transfer and transmission of shares, the Committee of Directors meets as and when it is considered necessary.

(C) GENERAL BODY MEETINGS

The details of the last three Annual General Meetings and Special Resolutions passed there at are as follows:

Financial Year Ended	Date & Time	Venue	Special Resolution (s) passed
March 31, 2008	September 06, 2008 at 2.30 P.M.	D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund, Distt Pune-413802 (Maharashtra)	Reappointment of Mr. Chand Seth as the Chairman & Managing Director of the Company for a period of 3 years w.e.f. 7 th December, 2008 and fixation of remuneration payable to him.
March 31, 2009	September 30, 2009 at 2:30 P.M.	-Do-	None
March 31 2010	September 24, 2010 at 2.30 P.M.	-Do-	None

Postal Ballot

During the year under review, no resolution was passed through Postal Ballot and there is no Ordinary or Special Resolution that needs to be passed through postal ballot.

(D) DISCLOSURES

- **Materially Significant Related Party Transactions:** The details of all significant transactions with related parties are periodically placed before the Audit Committee. There have been no materially significant related party transactions or relationships between the Company and Directors, the management or relatives, except for those disclosed in *Note 21 of Schedule 18* to the Financial Statements in the Annual Report.
- **Status of Non-Compliance:** There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital market over the last three year.
- **Disclosure of Accounting Treatment:** The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP, provisions of the Companies, Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006.
- **Risk Management:** The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and management procedures and continuous monitoring. The Company has a risk management framework in place and business activities are undertaken within this policy framework. The Company has also established procedures to apprise the Board on the risk assessment and minimization procedures.
- **CEO/CFO Certification:** As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is provided in the CEO/CFO certification section of this Annual Report.
- **Auditors' Certificate on Corporate Governance:** As required by Clause 49 of the Listing Agreement, the auditors' certificate is given as an Annexure to the Directors' Report.
- **Compliance with Mandatory and Non-Mandatory Requirements of Clause 49:** The Company has complied with all the mandatory requirements laid down under the Listing Agreement and strives to adopt the Non-mandatory/Recommendatory requirements of the said clause.

Compliance with the Non-mandatory requirements of clause 49 of the Listing Agreement is as follows:

- **The Board:** The Chairman of the Company is an Executive Director, hence, no separate Chairman's office has been maintained. The Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years on our Board. None of the independent Directors on our Board have served for a tenure exceeding nine years from the date when new clause 49 became effective. Further, the appointment/reappointment of the Non-Executive Independent Directors is based on their qualification, experience and their past contribution to the Company.
- **Remuneration Committee:** The Board has instituted a Remuneration Committee. A detailed note on Remuneration Committee is provided under the section "Board Committees".
- **Shareholder Rights:** The shareholders are kept informed about the financial performance of the Company and of the significant events, if any, in the Company. The financial results of the Company are also made available on the Company's website at www.pearlpel.net.
- **Audit Qualification:** It is always the Company's endeavor to present unqualified financial statements.
- **Whistler Blower Policy:** The Company has not adopted any Whistler Blower policy. However, the Company encourages a friendly environment where the employees have an access to the head of the Business/function to forward any instance of unethical behavior.

(E) MEANS OF COMMUNICATION

(i) Financial Results

During the year under review, unaudited quarterly and audited annual financial results of the Company were published in "The Indian Express", Pune (English) and "Lok Satta", Pune (Marathi).

(ii) Website

Shareholders' information is also available on the Company's website at www.pearlpnet.net

(iii) Annual Report

Annual Report containing inter-alia Audited Annual Accounts, Directors' Report and other important information is circulated to the members and others entitled thereto. The annual report of the Company will be available on the website of the Stock Exchanges at www.nseindia.com and www.bseindia.com for information of the investors.

(iv) Designated Exclusive E-Mail ID: The Company has designated an Email-Id investor_helpdesk@pearlpnet.net exclusively for investor servicing.

(F) GENERAL SHAREHOLDERS' INFORMATION

(i) 17th Annual General Meeting

AGM	
Date & Time	September 30, 2011, Friday, 2.00 p.m.
Venue	D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund, Distt Pune-413802 (Maharashtra)
Book Closure dates	September 22, 2011 to September 30, 2011

(ii) Tentative Calendar for Financial Year 2011-12

Unaudited Financials for the Quarter Ending	On or before
June 30, 2011	August 14, 2011
September 30, 2011	November 14, 2011
December 31, 2011	February 14, 2012
March 31, 2012*	May 15, 2012

* The Company may also submit the Audited Annual Results for the financial year ended March 31, 2012 by May 30, 2012, instead of submitting the un-audited quarterly results for the last quarter ended March 31, 2012.

(iii) Dividend Payment Date: Not Applicable

(vi) Listing on Stock Exchanges

Listing Fees: The Listing Fees for the financial year 2011-2012, as applicable to the Company, have been paid to BSE and NSE.

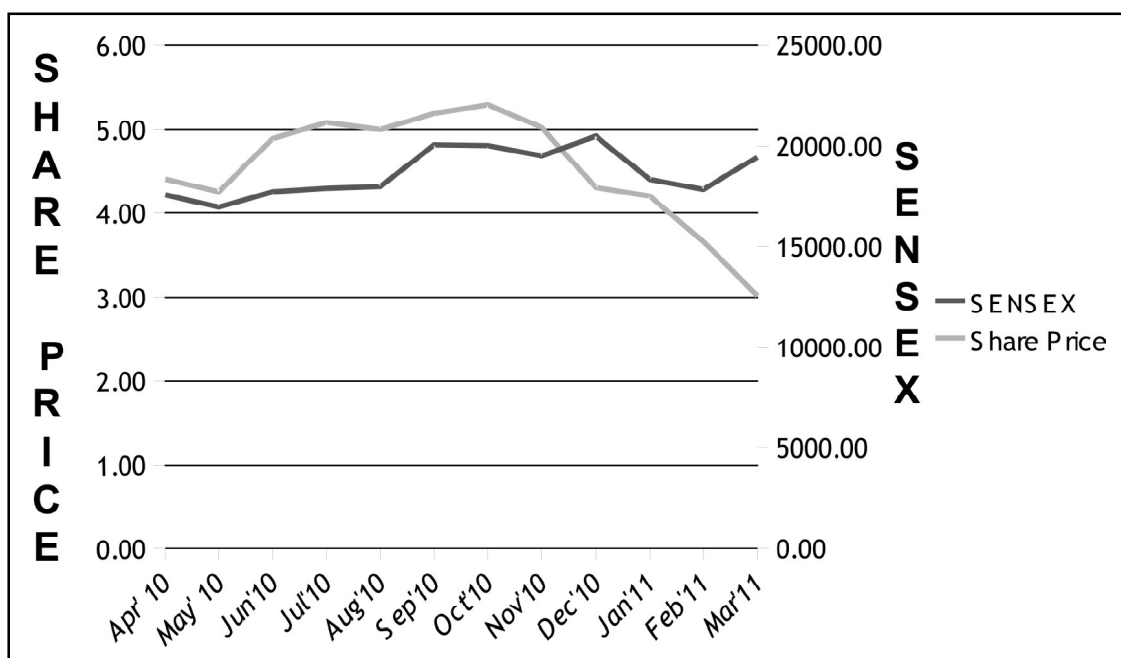
Custodial Charges: Annual Custodian Charges have been paid to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for the current financial year based on the beneficial records maintained with them respectively as on March 31, 2011.

(v) **Stock Market Data for the period April 1, 2010 to March 31, 2011**

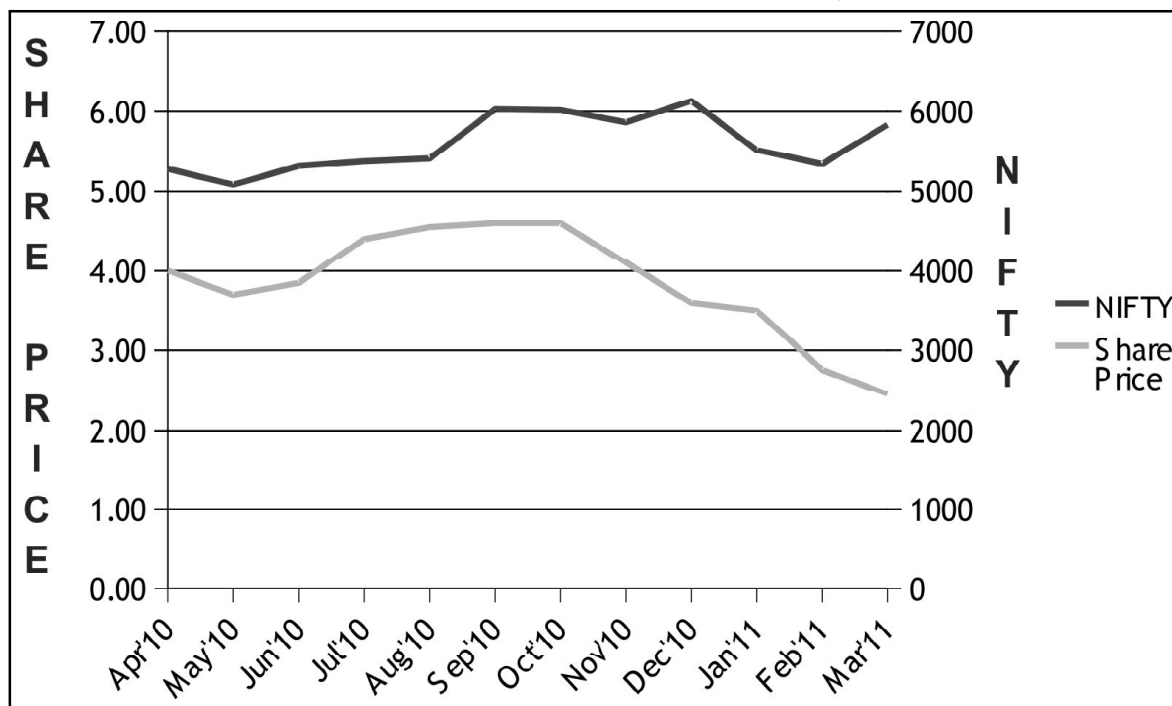
Monthly high and low of the closing prices of the Company's shares at NSE & BSE during each month of the financial year ended March 31, 2011 are as follows:

Month	BSE Sensex				NSE Nifty			
	High (₹)	Low (₹)	Volume Traded	Sensex	High (₹)	Low (₹)	Volume Traded	Nifty
April'10	4.40	3.87	221898	17558.71	4.00	4.55	57888	5278.00
May'10	4.25	3.70	339227	16944.63	3.70	4.30	143538	5086.30
June'10	4.89	3.99	397498	17700.90	3.85	4.90	488250	5312.50
July'10	5.08	4.59	489869	17868.29	4.40	5.10	425326	5367.60
August'10	5.00	4.54	478948	17971.12	4.55	4.90	687993	5402.40
September'10	5.19	4.72	317024	20069.12	4.60	5.05	356556	6029.95
October'10	5.29	4.67	402678	20032.34	4.60	5.25	559443	6017.70
November'10	5.02	4.20	253811	19521.25	4.10	4.95	120026	5862.70
December'10	4.30	3.72	149443	20509.09	3.60	4.40	70140	6134.50
January'11	4.20	3.18	70826	18327.76	3.50	4.20	47324	5505.90
February'11	3.66	2.76	105308	17823.40	2.75	3.60	86106	5333.25
March'11	3.02	2.50	127647	19445.22	2.45	3.00	113278	5833.75

PEPL'S SHARE PRICE VERSUS THE BSE SENSEX



PEPL's Share Price versus the NSE Nifty



(vi) Registrar and Share Transfer Agent (RTA)

MAS Services Limited
T-34, II Floor, Okhla Industrial Area, Phase-II, New Delhi-110020
Contact No.: 26387281/82/83, Fax: 26387384
Email: mas_serv@yahoo.com

(vii) Share Transfer System

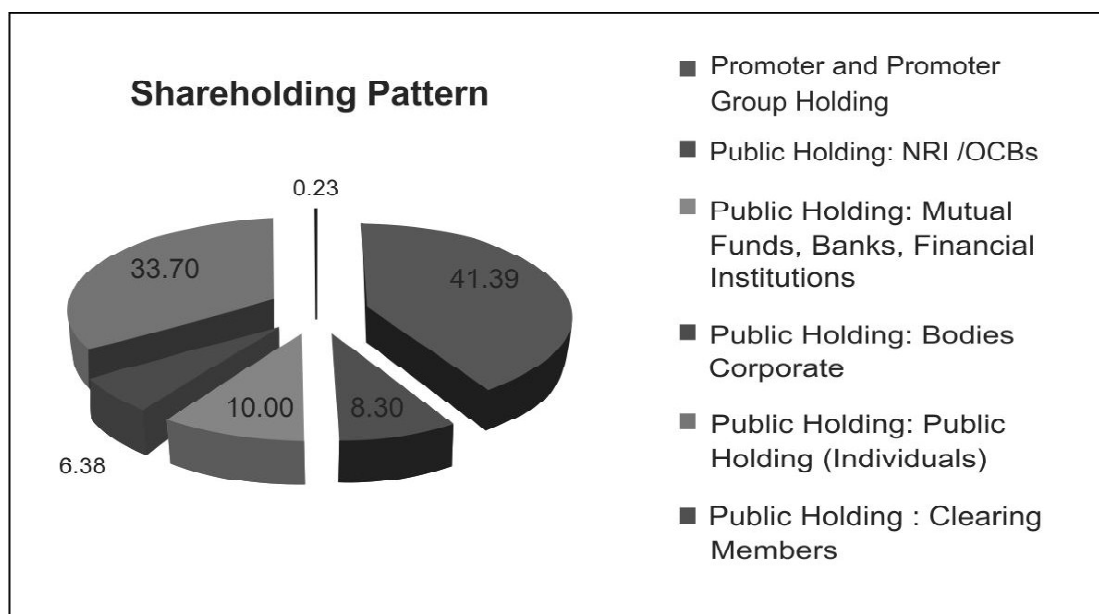
The Board has constituted a Committee of Directors to approve the share transfers. The Committee meets fortnightly to approve the share transfer/transmission requests.

As on March 31, 2011, 86.91% of the equity shares of the Company were held in dematerialized form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, transfer requests are normally processed by MAS Services Limited, our Registrar & Share Transfer Agent, within 21 days from the date of receipt, if the documents are complete in all respect.

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

(viii) Shareholding Pattern as on March 31, 2011

Category of Shareholder	Number of Shares	% of Shareholding
Promoter Group		
Total Promoter and Promoter Group Holding (A)	12588120	41.39
Public Holding		
NRI / OCBs	2524109	8.30
Mutual Funds, Banks, Financial Institutions	3038800	10.00
Bodies Corporate	1941875	6.38
Public Holding (Individuals)	10250888	33.70
Clearing Members	68771	0.23
Total Public Holding (B)	17824440	58.61
TOTAL (A+B)	30412560	100.00



(ix) Distribution of shareholding by number of shares held as on March 31, 2011

Shareholding of Nominal Value (₹)	No. of Share Holders	% to total Shareholding	No. of Shares	Share Amount (₹)	% of Share Holding
Up To 5,000	37415	94.12	2653162	26,531,620	8.72
5,001-10,000	1133	2.85	977272	9,772,720	3.21
10,001-20,000	559	1.41	908710	9,087,100	2.99
20,001-30,000	192	0.48	494309	4,943,090	1.62
30,001-40,000	98	0.25	358274	3,582,740	1.18
40,001-50,000	74	0.19	355810	3,558,100	1.17
50,001-100,000	144	0.36	1069048	10,690,480	3.52
100,001 & above	136	0.34	23595975	235,959,750	77.59
TOTAL	39751	100.00	30412560	304,125,600	100.00

(x) Dematerialization of Shares

The Company's shares are compulsorily traded in dematerialized form and through MAS Services Limited, the Registrar & Share Transfer Agent we have established connectivity with both the Depositories in India-National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The international securities identification number allotted to our shares under the Depository system is INE843A01023.

As on March 31, 2011, 86.91% of the paid up equity share capital of the Company has been dematerialized.

(xi) Outstanding GDRs/ADRs/Warrants and any Convertible Instruments, Conversion Date and likely impact on Equity

The Company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

(xii) Plant Location

D-17, MIDC Industrial Area, Kurkumbh,
Taluk Daund, Pune-413802, Maharashtra

(xiii) Correspondences Address

Pearl Engineering Polymers Limited
503, Rohit House, 3, Tolstoy Marg, New Delhi-110001
Contact No.: 43567922, Fax No.: 43517596
Email: investor_helpdesk@pearlpel.net

(xiv) Other Material Information:

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

(a) Green Initiative: The Company is in process of implementing Green Initiative introduced by the Ministry of Corporate Affairs (MCA) vide Circular No.17/2011 dated April 21, 2011 & Circular No.18/2011 dated April 29, 2011 permitting the Companies to send Notices, Balance Sheets to all its members by electronic mode. Accordingly members are requested to register their email ids by sending request to the Company/RTA/concerned DPs (in case of Demat Holding). We solicit your valuable co-operation and support in our endeavor to contribute our bit to the Environment.

(b) Mandatory to submit PAN Card Copy (For Shares held in Physical form): SEBI has vide its circular dated 7th January, 2010 made it mandatory to submit a copy of PAN card along with other documents for effecting transfer, transmission, transposition and name deletion of deceased holder from share certificate (in case of joint holding) in respect of shares held in physical form. Shareholders are requested to ensure submission of a copy of their PAN Card, as in the absence of the said document, the above said requests in respect of shares held in physical form will stand rejected by the Company/ RTA.

(c) Exchange of Old Share Certificates: Pursuant to BIFR Order, the share capital of the Company has been reduced by 60% and accordingly the Company is in process of issuing new share certificates in exchange of the old certificates held by the shareholders. Since the old share certificates are no more tradeable in the market and are not accepted for dematerialization by the Depositories, the holders of such certificates are requested to surrender the said old certificates to the Company / RTA to enable the Company to issue new certificate in exchange thereof as per their entitlement.

(d) Change of Address: In case of change in postal address or any incompleteness/ incorrectness in address mentioned in any correspondence by the Company, the shareholders are requested to intimate the correct/ complete postal address (including PIN Code) to the company at the earliest to ensure proper delivery of documents. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA.

(e) Depository System: By virtue of SEBI Circular dated 29th May, 2000 shares of the Company are subject to compulsorily trading in dematerialized form on the Stock Exchanges. For shareholder's convenience, the process for getting shares dematerialized is as follows:

- ♦ Shareholder shall submit original share certificate along with De-materialization request Form (DRF) to the Depository Participant (DP)
- ♦ DP shall process the DRF, generate a Unique De-materialization Request No. and forward the DRF alongwith the share certificate to the Registrar and Share Transfer Agent (RTA)
- ♦ RTA after processing the DRF will confirm/reject the request to depositories
- ♦ If confirmed by RTA, depositories will credit shareholder's account maintained with DP.
- ♦ The entire process shall take approximately 15-20 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.

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(I)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges.

By the Order of the Board
For PEARL ENGINEERING POLYMERS LIMITED

Place : **New Delhi**
Dated : **30th April, 2011**

HARISH SETH
MANAGING DIRECTOR

CEO AND CFO CERTIFICATION

To,
The Board of Directors,
M/s Pearl Engineering Polymers Limited
Plot No. D-17, M.I.D.C Industrial Area
Kurkumbh, Taluk Daund,
Dist. Pune - 413802
MAHARASHTRA

Dear Sirs,

1. We have reviewed the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account alongwith all the Schedules, Notes to Accounts and Cash Flow Statement for the year ended on that date, annexed thereto and we hereby certify that to the best of our knowledge and belief :
 - i) these Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these Statements read together, present a true and fair view of the Company's Affairs and are in compliance with the 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 that are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining disclosure controls, internal controls and procedures for financial reporting for the Company, and we have:
 - i. designed such internal control system over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principle;
 - ii. evaluated the effectiveness of the Company's disclosure, controls and procedures;
 - iii. 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 evaluations, wherever applicable, to the Company's auditors and the Audit Committee of the Company (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 over financial reporting during the year covered in this report.
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d) Instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place : New Delhi
Dated : 28th May, 2011

RAJESH GARG
Chief Financial Officer

HARISH SETH
Managing Director

AUDITOR'S REPORT

TO THE MEMBERS OF

PEARL ENGINEERING POLYMERS LTD.

- 1) We have audited the attached Balance Sheet of **Pearl Engineering Polymers Limited**, as at March 31, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
- 2) We conducted our audit in accordance with the 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 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.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we further report that:
 - i) Fixed Asset register was not produced to us for our verification.
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Major items of fixed assets have been physically verified by the management during the year as per information given to us. As explained to us, no discrepancies were noticed on such verification as compared to the available book records. In our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its activities.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year and hence, going concern status of the Company is not affected.
 - ii) (a) Inventories other than those lying with third parties and in transit have been physically verified by the Management to the extent practicable at reasonable intervals during the year and at the year end at all locations of the Company. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures for physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion the Company is maintaining proper records of inventory. The discrepancies noticed on such verification as compared to the book records were not material having regard to the size and nature of the operations of the company and have been properly adjusted 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 clause 4(iii)(b) to 4(iii)(d) of the Order are not applicable to the company.
 - (b) According to the information and explanations given to us, the company has taken unsecured loan from a company covered in the register maintained u/s 301 of the Companies Act, 1956, aggregating to Rs. 12.50 lakhs during the year. Maximum amount outstanding during the year and at year end was Rs. 12.50 lakhs.
 - (c) In our opinion and according to information given to us, the rate of interest and other terms and conditions on which loan has been taken from a party 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 loan taken, the company is repaying the principal amount and is 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, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - (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 Lakh 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 the transactions of sale of goods where in the absence of similar contract with other parties and comparable prices, we are unable to comment whether the transactions were made at prevailing market price at the relevant time.
 - vi) The company has not accepted any deposits from public during the year within the meaning of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 framed there under.
 - vii) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.
 - viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of products manufactured by the company and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.
 - ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed Statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
 - (b) According to the information and explanations given to us, there are no dues of income tax, wealth tax, excise duty, service tax, sales tax, and cess which have not been deposited on account of any dispute. Disputed custom duty which has not been deposited on account of matters pending before the appropriate authorities are as follows:

Name of the Statute	Nature of the dues	Amount (Rs.'000)	Period to which the amount relates	Forum where dispute is pending
Customs and Central Excise Act	Customs duty demand on Technical Know-how Fee	36,812	1993-94	CEGAT
-do-	Customs Duty	3,103	1994-95	CESAT

- x) In our opinion the accumulated losses of the company are more than the fifty percent of its net worth as on 31st March 2011. The company has incurred cash losses during the financial year ended on that date and also in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanations given to us, the company has defaulted in repayment of dues to Financial Institutions or Banks as stated hereunder:

S. No.	Name of Bank/ Institution	Nature of the Dues	Period to which amount relates	Amount (Rs.)	Due Date	Date of Payment
1	ICICI Bank Ltd.	Installment	Apr10-Jun10	36,26,470	30.06.10	25.09.10
		Installment	Jul10-Sep10	36,26,470	30.09.10	24.12.10
		Installment	Oct10-Dec10	36,26,470	31.12.10	21.03.11
		Installment	Jan11-Mar11	36,26,470	31.03.11	Not Paid till yet
		Interest	Apr10-Jun10	11,67,751	30.06.10	25.09.10
		Interest	Jul10-Sep10	10,73,590	30.09.10	24.12.10
		Interest	Oct10-Dec10	9,52,137	31.12.10	21.03.11
		Interest	Jan11-Mar11	8,33,622	31.03.11	Not Paid till yet

- xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, clause (xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, Clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- xv) In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion, and according to the information and explanation given to us, on an overall basis, the term loans raised have been applied for the purpose for which they were raised.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the period covered by our audit, the Company has not issued any debentures.
- xx) The Company has not raised any money by way of public issue during the year.
- 4) Further to our comments in paragraph 3 above, 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 accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
- (d) Foreign currency loan and interest liability provided in the books have not been reinstated as at 31st March 2011 as provided by Accounting Standard (AS) 11 the effects on changes in Foreign Exchange Rates on the basis of legal advice obtained by the company that the loan has become barred by limitation. In the absence of the evidence as to confirmation and /or settlement of the liability, we are unable to form an opinion on the claim of the company that the loan cannot be enforced. Had the loan been reinstated net loss for the year would have been lower by Rs.13.68 lakhs.
- Subject to above and read with Note 21 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;
- (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) **Provision has not been made in respect of interest amounting to Rs. 50.54 lakhs, including interest of Rs. 35.19 lakhs for the year ended 31st March 2011, in respect of foreign currency loan of Rs. 1619.24 lakhs on the basis of legal advice obtained by the company that the loan has become barred by limitation. In the absence of the evidence as to confirmation and /or settlement of the liability, we are unable to form an opinion on the claim of the company, that the above loan of Rs. 1619.24 lakhs from a foreign financial Institution cannot be enforced. Had the interest been provided net loss for the year would have been more by Rs. 50.54 lakhs.**
- (g) Subject to our comments in para 4(f) above, 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 March 31, 2011;
- (ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date;
- (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For J.C.Bhalla & Co.
Chartered Accountants
(Firm Registration No.001111N)
(Anil Bhalla)
Partner
M. No.11367

Place : **New Delhi**
Date : **28th May, 2011**

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE REFERENCE	AS AT 31.03.2011 (Rs'000)	AS AT 31.03.2010 (Rs'000)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	374,726	374,726
Reserves & Surplus	2	-	-
Erstwhile Loan Barred by Limitation (Refer Note No. 4(b) on Schedule 18)		161,924	161,924
LOAN FUNDS			
Secured Loans	3	20,130	35,915
Unsecured Loans	4	55,158	140,677
		611,938	713,242
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	956,512	953,428
Less: Depreciation		(723,038)	(674,732)
Net Block		233,474	278,696
Capital Work in progress (including Capital advance of Rs. 250 Thousands (Previous year Rs.12606 Thousands))		543	13,818
		234,017	292,514
INVESTMENTS	6	20,574	74,870
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	36,744	77,202
Sundry Debtors	8	96,593	128,142
Cash and Bank Balances	9	11,184	36,397
Loans & Advances	10	74,973	61,636
		219,494	303,377
LESS : CURRENT LIABILITIES & PROVISIONS	11		
Liabilities		(82,385)	(71,699)
Provisions		(2,831)	(3,782)
		134,278	227,896
NET CURRENT ASSETS			
PROFIT & LOSS ACCOUNT	2	223,069	117,962
		611,938	713,242
Significant Accounting Policies and Notes to Accounts			
	18		
This is the Balance Sheet referred to in our Report of even date		The schedules referred to above form an integral part of the Balance Sheet	
ANIL BHALLA Partner For and on behalf of J.C. BHALLA & CO. CHARTERED ACCOUNTANTS (FRN : 001111N) Place : New Delhi Dated : 28 th May, 2011		On Behalf of the Board HARISH SETH ASHOK KHANNA CS. DEEPIKA BHARDWAJ Chairman & Managing Director Director Asst. Company Secretary	

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

	SCHEDULE REFERENCE	YEAR ENDED 31.03.2011 (Rs'000)	YEAR ENDED 31.03.2010 (Rs'000)
INCOME			
Gross Sales		1,137,846	1,474,095
Less : Excise Duty		86,875	78,677
Net Sales		1,050,971	1,395,418
Other Income	12	37,341	20,792
TOTAL		1,088,312	1,416,210
EXPENDITURE			
Manufacturing	13	969,769	1,304,249
Personnel	14	49,187	46,770
Administrative, Selling & Other Expenses	15	63,453	81,398
Finance Charges	16	19,896	22,183
Depreciation	5	48,983	48,582
		1,151,288	1,503,182
(Increase)/Decrease in Stocks	17	42,121	(9,289)
TOTAL		1,193,409	1,493,893
Profit / (Loss) before exceptional/extra ordinary expenses		(105,097)	(77,683)
Loss/(Gain) on account of Exchange fluctuation on Foreign Currency Loan (exceptional item)		-	(18,492)
		(105,097)	(59,191)
Tax Expense			
Current Tax			
- Current Year		5	3
- Earlier Years (Including Wealth Tax Rs. 5 Thousands (Previous Year Rs.21 Thousands))		5	21
- Fringe Benefit Tax			
Earlier Years		-	2
Profit / (Loss) after Tax		(105,107)	(59,217)
Add: Profit / (Loss) brought forward from previous year		(532,358)	(473,141)
(Loss) carried forward to Balance Sheet		(637,465)	(532,358)
Basic and Diluted Earning/(Loss) Per Share (Rs.) (Nominal value of Rs. 10/-each) (Refer Note II (19) on Schedule 18)		(3.46)	(1.95)

Significant Accounting Policies and Notes to Accounts

18
This is the Profit & Loss Account referred to in our Report of even date

The schedules referred to above form an integral part of the Profit & Loss Account

ANIL BHALLA

Partner

For and on behalf of
J.C. BHALLA & CO.

CHARTERED ACCOUNTANTS
(FRN : 001111N)

Place : New Delhi
Dated : 28th May, 2011

On Behalf of the Board

HARISH SETH
ASHOK KHANNA

CS. DEEPIKA BHARDWAJ

Chairman & Managing Director
Director
Asst. Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	YEAR ENDED 31.03.2011 (Rs.'000)	YEAR ENDED 31.03.2010 (Rs.'000)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net (loss)/profit before tax & exceptional items	(105,097)	(59,191)
Exchange rate fluctuation-exceptional item	-	(18,492)
Adjustments for :		
Depreciation	48,983	48,582
Interest Expense	19,896	22,183
Interest Income	(1,226)	(928)
Dividend Received	(12)	(1)
(Profit)/Loss on Fixed Assets sold	349	205
(Profit)/Loss on investment sold	(9,340)	(696)
Provision for Gratuity & Leave Encashment	(953)	(389)
Operating profit before working capital changes	(47,400)	(8,727)
Adjustments for changes in working capital :		
(Increase)/Decrease in Sundry Debtors	31,549	(11,362)
(Increase)/Decrease in Other Receivables	(1,069)	(11,153)
(Increase)/Decrease in Inventories	40,458	16,276
Increase/(Decrease) in Trade and Other Payables	(71,375)	29,784
Decrease/(Increase) in Fixed deposits (Net)	22,920	(22,783)
Cash generated from operations	(24,917)	(7,965)
Taxes Paid (including TDS)	138	(384)
Net cash from operating activities (a)	(24,779)	(8,349)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets		
Additions/(Deletions) during the period	(3,678)	(14,007)
Proceeds from Sale of fixed assets	238	105
Investment in Redeemable Cumulative Preference Shares/		
Redemption of Preference Shares	42,000	10,500
Sale of Investments	21,636	2,826
Interest Received	1,417	928
Dividend Received	12	1
Net cash used in investing activities (b)	61,625	353
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Inter Corporate Deposit received/(paid) (Net)	(2,600)	14,900
Proceeds from long term borrowings		
Receipts	-	25,000
Payments	(15,944)	(12,146)
Interest Paid	(20,595)	(21,580)
Net cash used in financing activities (c)	(39,139)	6,174
Net Increase/(Decrease) in Cash & Cash Equivalents (a+b+c)	(2,293)	(1,822)
Cash and cash equivalents at the beginning of the year	13,446	15,268
Cash and cash equivalents at the closing of the year	11,153	13,446
Cash and cash equivalents comprise		
Cash in hand	99	75
Balance with Scheduled Banks	11,054	13,371
	11,153	13,446
Add : Bank Balance under lien	31	22,951
Cash & Cash Equivalents as per Schedule 9 of Balance Sheet	11,184	36,397

Notes :

- Figures in brackets indicate fund outgo.
 - Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
- This is the Cash Flow Statement referred in our Report of even date

ANIL BHALLA

Partner

For and on behalf of
J.C. BHALLA & CO.

CHARTERED ACCOUNTANTS
(FRN : 001111N)

Place : New Delhi
Dated : 28th May, 2011

On Behalf of the Board

HARISH SETH
ASHOK KHANNA
CS. DEEPIKA BHARDWAJ

Chairman & Managing Director
Director
Asst. Company Secretary

	AS AT 31.03.2011 (Rs.'000)	AS AT 31.03.2010 (Rs.'000)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised Capital		
42,000,000 (Previous year - 42,000,000)	420,000	420,000
Equity Shares of Rs.10/- each		
800,000 (Previous year - 800,000) Redeemable	80,000	80,000
Preference Shares of Rs.100/- each	500,000	500,000
Issued, Subscribed and Paid up		
30,412,560 (Previous year - 30,412,560) Equity Shares of Rs.10/- each	304,126	304,126
706,000 (Previous year - 706,000) 0.01% Redeemable Preference Shares of Rs.100/- each (Redeemable Preference Shares are to be redeemed at par in three annual installments on 30th September, 2012, 2013 & 2014.)	70,600	70,600
	374,726	374,726
SCHEDULE - 2		
RESERVES AND SURPLUS		
Restructuring Reserves		
-Transferred from Profit and Loss Account	(637,465)	(532,358)
Less : Shown as per contra	223,069	117,962
	-	-
SCHEDULE - 3		
SECURED LOANS		
(Refer Note II (4) on Schedule 18)		
Loans from Scheduled Banks		
- Rupee Term Loans	18,132	32,638
- Interest Accrued & Due	834	1,255
	18,966	33,893
Other Loans		
	1,164	2,022
(Vehicle loans from Banks secured against hypothecation of respective vehicles)		
	20,130	35,915
Repayable within One Year	19,671	20,465

	AS AT 31.03.2011 (Rs.'000)	AS AT 31.03.2010 (Rs.'000)
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SCHEDULE - 4

UNSECURED LOANS

Short Term Loans & Advances:

- From Banks	2,694	85,033
- From Others		
Inter Corporate Deposits	28,300	30,900

Other Loans & Advances

From Others	24,164	24,744
	55,158	140,677
Repayable within One Year	31,991	116,792

SCHEDULE - 5
FIXED ASSETS

[Refer Note I (ii), (iii), (xii) and II (23) of Schedule 18]

(Rs. '000)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	(Deletions)/ Adjustments	As at 31.03.2011	Up to 31.03.2010	For the Year	Deletions	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Land-Lease Hold	4,147	-	-	4,147	743	44	-	787	3,360	3,404
Building	93,151	-	-	93,151	40,730	2,821	-	43,551	49,600	52,421
Plant & Machinery	834,299	3,979	-	838,278	622,320	44,524	-	666,844	171,434	211,979
Furniture & Fixtures	6,606	29	(25)	6,610	4,526	356	3	4,879	1,731	2,080
Office Equipments	4,240	98	-	4,338	1,855	201	-	2,056	2,282	2,385
Computers	2,511	18	-	2,529	2,220	286	-	2,506	23	291
Computer Software	276	223	-	499	36	59	-	95	404	240
Vehicles	8,198	-	(1,238)	6,960	2,302	692	674	2,320	4,640	5,896
Total	953,428	4,347	(1,263)	956,512	674,732	48,983	677	732,038	233,474	278,696
Previous Year	940,308	13,947	(827)	953,428	626,667	48,582	517	674,732	278,696	313,641

CAPITAL WORK IN PROGRESS

543 13,818

SCHEDULE - 6

INVESTMENTS AT COST

LONG TERM OTHER THAN TRADE
(Fully paid up, unless otherwise specified)

Quoted

2,74,181 (Previous year - 13,71,106) Equity Shares of Rs.10/- each of M/s Pearl Polymers Ltd., a company under the same management

3074 15,370

Unquoted

1,75,000 (Previous year 5,95,000) 0.01% Redeemable Cumulative Preference shares of Rs.100/- each of M/s Pearl Polymers Ltd., a company under the same management

17,500 59,500

20,574 **74,870**

Aggregate value of quoted Investments : Rs. 3,074
Thousands (Previous year Rs. 15,370 Thousands)

Aggregate value of unquoted Investments : Rs. 17,500 Thousands
(Previous year Rs. 59,500 Thousands)

Market value of quoted Investments : Rs. 3,276 Thousands
(Previous year Rs. 16,385 Thousands)

	AS AT 31.03.2011 (Rs.'000)	AS AT 31.03.2010 (Rs.'000)
SCHEDULE - 7		
INVENTORIES		
(Refer Note I (vi) on Schedule 18)		
Raw and Packing Material	14,151	14,366
(Including Raw Material in transit amounting to Rs. Nil (Previous year - Rs. 779 Thousands))		
Stores & Spares	13,956	12,078
Work in Progress	1,232	18,113
Finished Goods	7,405	32,645
(Including goods at port & in transit Rs. NIL) (Previous year Rs. 13,815 Thousands))		
	<u>36,744</u>	<u>77,202</u>
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured)		
Outstanding for over six months		
- Considered Good	39,433	1,454
- Considered Doubtful	2,221	1,030
Less: Provision for Doubtful Debts	<u>(2,221)</u>	<u>(1,030)</u>
	39,433	1,454
Other Debts		
- Considered Good	57,160	126,688
(Including Rs. NIL (Previous Year Rs. 33,001 Thousands) due from Pearl Polymers Ltd., a Company under the same management))		
	<u>96,593</u>	<u>128,142</u>
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash in hand	99	75
Balance with Scheduled Banks in		
- Current Account	11,054	13,371
- Fixed Deposits	31	22,951
(Pledged as Margin money)		
	<u>11,184</u>	<u>36,397</u>

	AS AT 31.03.2011 (Rs.'000)	AS AT 31.03.2010 (Rs.'000)
SCHEDULE - 10		
LOANS AND ADVANCES		
(Unsecured - Considered good unless stated otherwise)		
Advance recoverable in cash or in kind or for value to be received		
- Considered good	48,509	36,493
- Considered doubtful	412	334
Less: Provision for Doubtful Advances	(412)	(334)
Balance with Excise & Customs Authorities	48,509	36,493
Balance with Excise & Customs Authorities		
- Considered good	25,767	24,109
- Considered doubtful	5,000	5,000
Less: Provision for Doubtful Advances	(5,000)	(5,000)
(Refer Note II (1) on Schedule 18)	25,767	24,109
Interest Accrued but not due	-	191
Advance Income Tax	697	843
	<u>74,973</u>	<u>61,636</u>

SCHEDULE - 11

CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Sundry Creditors

- Amount due to Micro Enterprises & Small Enterprises

(Refer Note (II) 17 on Schedule 18)

- Amount due to Others 71,726 71,726 50,110 50,110

Other Liabilities 7,079 15,653

Advance received from Customers 3,580 5,658

Interest Accrued but not due - 278

82,385 71,699

Provisions

(Refer Note I (xiii) on Schedule 18)

Gratuity - 1,296

Leave Encashment 2,550 2,204

Other longterm Employees benefits 276 279

Wealth Tax Payable 5 3

2,831 3,782

	YEARENDED 31.03.2011 (Rs.'000)	YEAR ENDED 31.03.2010 (Rs.'000)
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SCHEDULE - 12

OTHER INCOME

Interest - Gross (Tax deducted at source Rs. 164 Thousands (Previous year - Rs. 133 Thousands))	1,226	928
Export Incentives	17,392	9,931
Foreign Exchange Fluctuation	1,752	2,071
Profit on sale of Investments (Long Term other than trade)	9,340	696
Liabilities no longer required Written Back	746	1,994
Provisions for doubtful debts/advances no longer required Written Back	476	3,397
Dividend Received (Long Term other than trade)	12	1
Job Work Income	4,870	-
Others	1,527	1,774
	<u>37,341</u>	<u>20,792</u>

SCHEDULE - 13

MANUFACTURING

Raw and Packing Materials Consumed	868,158	1,183,689
Stores and Spares Consumed	8,059	13,734
Power & Fuel	91,222	98,755
Job Work Exps.	637	-
Repair & Maintenance-Machinery	2,830	3,819
Repair & Maintenance-Building	37	289
Excise Duty	(2,120)	2,367
Insurance	946	1,596
	<u>969,769</u>	<u>1,304,249</u>

SCHEDULE - 14

PERSONNEL

Salaries & Wages	40,627	38,858
Contribution to Provident Fund & Superannuation Fund	3,546	3,296
Employees State Insurance	36	18
Staff Welfare Expenses	4,978	4,598
	<u>49,187</u>	<u>46,770</u>

	YEAR ENDED 31.03.2011 (Rs.'000)	YEAR ENDED 31.03.2010 (Rs.'000)
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SCHEDULE – 15

ADMINISTRATIVE, SELLING & OTHER EXPENSES

Rent	3,250	2,457
Rates & Taxes	663	752
Repair & Maintenance - Others	1,578	2,729
Freight & Forwarding	31,726	37,662
Traveling & Conveyance (including Directors' traveling Rs. 1,776 Thousands (Previous year - Rs. 5,559 Thousands))	6,963	15,376
Brokerage / Commission	2,939	3,910
Loss on sale of fixed assets	349	205
Bad Debts & Advances written off	254	2,894
Sitting Fees	8	11
Provision for Doubtful Debts & Advances	1,746	334
Miscellaneous Expenses	13,977	15,068
	<u>63,453</u>	<u>81,398</u>

SCHEDULE – 16

FINANCE CHARGES

Interest				
- On Fixed Loans	7,888		8,919	
- Others	<u>4,508</u>	<u>12,396</u>	<u>4,418</u>	13,337
Discounting Expenses		6,783		7,770
Bank Charges		<u>717</u>		<u>1,076</u>
		<u>19,896</u>		<u>22,183</u>

SCHEDULE – 17

(INCREASE)/DECREASE IN STOCKS

Opening Stock				
- Finished Goods	32,645		24,888	
- Work in Progress	<u>18,113</u>		<u>16,581</u>	
	<u>50,758</u>		<u>41,469</u>	
Closing Stock				
- Finished Goods	7,405		32,645	
- Work in Progress	<u>1,232</u>		<u>18,113</u>	
	<u>8,637</u>		<u>50,758</u>	
(Increase)/Decrease	<u>42,121</u>		<u>(9,289)</u>	

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES:

i) BASIS FOR PREPARATION OF ACCOUNTS:

These financial statements have been prepared on the accrual basis of accounting 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.

ii) FIXED ASSETS:

Fixed assets are stated at cost of acquisition (net of Modvat / Cenvat, wherever applicable) less accumulated depreciation. Cost includes freight, duties, taxes and their incidental expenses related to acquisition and installation of the fixed assets.

iii) DEPRECIATION:

Depreciation on fixed assets is provided on Straight-Line Method at the rates, and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except for leasehold land, which is amortised over the period of the lease and capital spares which are being depreciated on the remaining useful life of the machines to which they relate.

iv) INVESTMENTS:

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

v) INCOME:

Sale of goods is recognised at the point of despatch to the customer, except in the case of export sales, which are recognised as per the terms of the contract. Gross Sales are inclusive of Excise Duty and net of trade discounts and Sales Tax / VAT.

vi) INVENTORIES:

Raw & Packing material, work in progress and finished goods are valued at lower of weighted average cost and net realisable value. In respect of finished goods and work in progress, applicable manufacturing overheads are also included. Stores & spares are valued at lower of cost determined on a First in First out basis and net realisable value.

vii) TRANSLATION OF FOREIGN CURRENCY ITEMS:

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the date of transaction. Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise.

viii) BORROWING COST

Interest on borrowings for qualifying assets is capitalised till the date of commencement of commercial use of the asset. All other borrowing costs are charged to Profit & Loss Account.

ix) LEASES:

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating lease. Payments made under operating lease is charged to Profit & Loss Account on a "Straight-Line Basis" over the period of lease. Rentals payable under operating lease are charged to Profit & Loss Account as incurred.

x) TAXATION

Tax expense for the period, comprising current tax, deferred tax and fringe benefit tax is included in determining the net profit / (loss) for the year.

The provision for current taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for all timing differences. Deferred tax assets are recognised based on prudence and are carried forward to the extent it is certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

xi) EMPLOYEE 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.

xii) IMPAIRMENT OF ASSETS

All assets other than inventories, investments and deferred tax asset are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

xiii) PROVISIONS AND CONTINGENCIES

The company creates a provision when there is a 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 ACCOUNTS:

1. CONTINGENT LIABILITIES:

		2010-11 (Rs.'000)	2009-10 (Rs.'000)
i)	Custom Duty Demand (other than Penalty if any, which is not quantifiable at this stage)*	36,812	36,812
ii)	Custom Duty Demand (other than i above)	3,103	3,103
iii)	Consequent to facts stated in note no. 4(b) in respect of dues of foreign financial institution	32,610	34,320

*The Company had procured technical know-how and front-end engineering package from its technical collaborator for setting up PET Resin plant at Kurkumbh. The Company had paid Income Tax and other duties applicable on the same. Subsequently, a custom duty demand amounting to Rs. 41,812 Thousands had been received from Customs Authorities on the entire consideration paid by the Company. The Company paid a deposit of Rs.5,000 Thousands to custom authorities, under protest. The Customs Excise and Gold Appellate Tribunal (CEGAT) had upheld the Company's appeal against the same. The Custom Authorities had filed an appeal against decision of CEGAT with Supreme Court of India. Subsequently, the Supreme Court of India has set aside the order passed by CEGAT and the matter is referred back to The Central Excise and Service tax Appellate Tribunal (CESTAT) for reconsideration in accordance with law. Pending finalisation of the above mentioned matter the deposit of Rs. 5,000 Thousand has been provided for. During the current year there is no movement in this provision.

2. As on 31st March 2011, accumulated losses of the Company have exceeded 50% of its net worth. In view of abnormal market conditions & price volatility, in addition to financial liquidity constraints, the Company had to temporarily shut down the plant in the month of March'2011. However, the Company is making efforts to resume the production & improve the future viability of the plant. In the opinion of the management, the financial statements have been prepared on going concern basis on the strength of management's plan of revival including reorganization of business.
3. Estimated amount of contracts remaining to be executed as on March 31, 2011 was Rs. 335 Thousands net of advance of Rs. 250 Thousands (Previous Year -Rs. 4,894 Thousands, net of advance of Rs. 12,606 Thousands)).
4. a). Term Loan with Banks/Financial Institutions, are secured by the whole of the movable properties of the Company including its movable plant & machinery, machinery spares, tools & accessories and other movables, both present and future, (save and except book debts), whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these present, be brought into or upon or be stored or be in or about the Company's factory premises and godowns situated at D 17, M.I.D.C., Kurkumbh, District Pune, Maharashtra or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery, howsoever and where so ever in the possession of the Company and either by way of substitution or addition. These loans are further secured by personal Guarantees of Mr. Harish Seth, Director of the Company and Mr. Chand Seth and Mr. Krishen Seth, Promoters of the Company. Further, the above loans are secured by mortgage of the land and other immovable properties of the Company situated at D-17, MIDC Kurkumbh Industrial Area, Distt. Pune, Maharashtra together with buildings and other structures, fixed plant and machinery, fixture and fittings constructed or installed thereon.

b) The Company has been legally advised that, in view of Foreign Financial Institution's Advocate letter dated 4th October, 2006 recalling the entire outstanding loan amount under the Loan Agreement of 1993, enforcement of such recall in law could take place within 3 years of the termination of the Amended Loan Agreement of 2003 with effect from 30.09.2006. Under the circumstances, Foreign Financial Institution or its Assignee, if any, cannot enforce any outstanding against the Company in any court of law post 30.09.2009 despite the existence of debt. Accordingly interest of Rs.5,054 Thousands has not been provided in respect of above loan after 03.10.2009. Further, the outstanding by way of secured & unsecured loan and interest aggregating to Rs. 1,61,924 Thousands was shown as "Erstwhile Loan Barred by Limitation" in the previous year. There is no change in the current year.

5. **MANAGERIAL REMUNERATION: ***

	2010-11 (Rs.'000)	2009-10 (Rs.'000)
Salary & Allowances	2,171	1,800
Perquisites	1,086	900
P.F. Contribution & Superannuation	586	486

* As the provision for gratuity and leave encashment is determined for the Company as a whole, no separate figures are available.

6. **AUDITORS' REMUNERATION:**

	2010-11 (Rs.'000)	2009-10 (Rs.'000)
Audit Fee	270	270
Limited Review Fee	210	210
Tax Audit Fee	120	120
Out of Pocket Expenses	2	9
	602	609

7. The Company is engaged in the manufacture of PET Resin and there are no separate reportable segments as per the Accounting Standard 17 on "Segment Reporting" notified in the Companies (Accounting Standard) Rules 2006.

8. **The breakup of deferred tax assets / liabilities are provided below:**

	As at 31.03.2011	As at 31.03.2010
Deferred Tax Assets		
Expense allowable on payment basis	3,169	3,249
Unabsorbed depreciation *	48,439	57,699
	51,608	60,948
Deferred Tax Liabilities		
Depreciation	51,608	60,948
	51,608	60,948

* Deferred Tax asset has been created to the extent of deferred tax liability

9. Excise duty under the head Expenditure in Profit & Loss Account includes Rs.(2,335) Thousands (Previous year Rs. 2,115 Thousands) as incremental/(decremental) provision in respect of closing stock of finished goods.

10. The Company has been registered with the Secretariat of Industrial Approvals, Ministry of Industry for manufacture of 24,840 M.T. per annum of Polyethylene Terephthalate Polyester Chips (PET). The installed capacity and production is as under:

Year	Installed Capacity *	Production
2010-11	24,840 TPA	15,492.936 M.T.
2009-10	24,840 TPA	22,731.196 M.T.

*This being technical matter, is certified by the Management and accepted by the Auditors.

11. **BREAK UP OF STOCKS AND TURNOVER:**

Polyethylene Terephthalate Polyester Chips (PET)

	2010-11		2009-10	
	QUANTITY (M.T.)	AMOUNT (Rs' 000)	QUANTITY (M.T.)	AMOUNT (Rs' 000)
Opening Stock	524.145	32,645	451.65	24,888
Sales	15,906.910	1,137,846	22,508.37	1,474,095
Closing Stock	110.171	7,405	524.145	32,645

12. **RAW AND PACKING MATERIAL CONSUMED:**

		2010-11		2009-10	
S.No.	DESCRIPTION	QUANTITY (M.T.)	AMOUNT (Rs' 000)	QUANTITY (M.T.)	AMOUNT (Rs' 000)
1	Purified Terephthalic Acid / Isophthalic Acid	13,048.195	630,531	19,470.64	886,214
2	Mono Ethylene Glycol	5125.859	224,399	7,689.26	280,133
3	Others	*	13,228	*	17,342
			868,158		1,183,689

*Quantitative details have not been given, as it is impracticable to do so, in view of the innumerable items involved.

13. **VALUE OF IMPORTED / INDIGENOUS RAW AND PACKING MATERIALS, STORES AND SPARE PARTS CONSUMED:**

		2010-11		2009-10	
		AMOUNT (Rs' 000)	% AGE	AMOUNT (Rs' 000)	% AGE
1	RAW AND PACKING MATERIALS				
	Indigenous	834,970	96	971,236	82
	Imported *	33,188	4	212,453	18
		868,158	100	1,183,689	100
	* Includes Deemed Imports				
2	STORES & SPARE PARTS				
		AMOUNT (Rs' 000)	% AGE	AMOUNT (Rs' 000)	% AGE
	Indigenous	51,549	100	63,192	99.53
	Imported	-	-	297	0.47
		51,549	100	63,489	100

14. VALUE OF IMPORTS ON CIF BASIS

	2010-11 (Rs' 000)	2009-10 (Rs' 000)
Raw Materials	23,556	10,994
Stores & Spares	1,832	7,307
	25,388	18,301

15. EXPENDITURE IN FOREIGN CURRENCY

	2010-11 (Rs' 000)	2009-10 (Rs' 000)
Travelling	1,200	6,249
Commission	236	450
Others	141	133

16. EARNINGS IN FOREIGN EXCHANGE

	2010-11 (Rs' 000)	2009-10 (Rs' 000)
Export of Goods on FOB Basis	59,685	58,348

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

Sr. No.	Particulars	As at March 31,2011	As at March 31,2010
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.

18. As per accounting standard (AS11) on Effects of changes in foreign exchange rates notified in the Companies (Accounting Standards) Rules 2006, the Company has accounted Rs. NIL (previous year credited Rs.18,492 Thousands), being the exchange gain on foreign currency loans borrowed to finance fixed assets, to the Profit & Loss Account.

19. EARNING PER SHARE

Particulars	2010-11	2009-10
Net Profit/(Loss) available to Equity Shareholders (Rs. in thousands)	(105,107)	(59,217)
No. of weighted average equity shares outstanding during the year	30,412,560	30,412,560
Basic and Diluted Earning/(Loss) Per Share (Rs.)	(3.46)	(1.95)
Nominal Value of Equity Shares (Rs.)	10	10

In terms of loan agreements, Banks and Foreign Financial Institutions have option to convert defaulted dues into Equity Share Capital of the Company. However, the same has not been considered as potential Equity Shares for the purposes of calculating diluted Earning Per Share, as it is not practically possible to ascertain the numbers of Potential Shares.

20. The foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

(i)

Particulars	2010-11		2009-10	
	In foreign currency	In Rupees'000	In foreign currency	In Rupees'000
Trade Receivables				
In USD	31,200	1,391	56,745	2,552
In EURO	1,360	86	58,746	3,572
Total		1,477		6,124
Trade Payables				
In USD	23,186	1,034	21,602	971
In EURO	670	42	-	-
Total		1,076		971

Further, in terms of Note No. 4(b) above, foreign currency exposure, shown under "Erstwhile Loan Barred by Limitation" aggregating to Rs. 1,61,924 Thousands (previous year Rs. 1,61,924 Thousands) are not included above.

- ii) The Company had no outstanding forward cover or derivatives at the year end.

21. RELATED PARTIES DISCLOSURES

As per Accounting Standard 18 (AS-18) "Related Party Disclosures", notified in the Companies (Accounting Standard) Rules 2006, the disclosures in respect of related parties and transactions with the related parties carried out in the normal course of business, as identified and certified by the management, are as follows:

DETAIL OF RELATED PARTIES

i) Key Management Personnel

Mr. Chand Seth Chairman & Managing Director (Resigned w.e.f. 24th February, 2011)
Mr. Harish Seth Managing Director

ii) Key Management Personnel's Relatives

Mrs. Suneeta Seth Wife of Mr. Chand Seth
Mr. Krishen Seth Brother of Mr. Chand Seth & Mr. Harish Seth

iii) Associates

Gama Investments Pvt. Ltd.
Pearl International Tours & Travels Ltd.
Pearl Polymers Ltd.
Pearl Apartments Ltd.

II. Detail of transactions

(Rs. in 000)

	Associates		Key Management Personnel		Key Management Personnel's Relatives		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Sale of Goods to Pearl Polymers Ltd.	373,107	362,519	-	-	-	-	373,107	362,519
Purchase of Air Tickets/ Forex from Pearl International Tours & Travels Ltd.	3,387	10,683	-	-	-	-	3,387	10,683
Dividend received from Pearl Polymers Ltd.	12	1	-	-	-	-	12	1
Payment of Rent to Pearl Apartments Ltd.	60	365	-	-	-	-	60	365
Payment of Rent to Mrs. Suneeta Seth	-	-	-	-	2,403	1,380	2,403	1,380
Remuneration Paid to Mr. Chand Seth	-	-	2,757	2,286	-	-	2,757	2,286
Interest Paid to Pearl International Tours & Travels Ltd.	5,447	3,445	-	-	-	-	5,447	3,445
Interest Paid to Gama Investments Pvt. Ltd.	97	-	-	-	-	-	97	-
ICD taken from Pearl International Tours & Travels Ltd.	9,000	17,100	-	-	-	-	9,000	17,100
ICD taken from Gama Investments Pvt. Ltd.	1,250	-	-	-	-	-	1,250	-
Unsecured loan taken from Pearl International Tours & Travels Ltd.	-	25,000	-	-	-	-	-	25,000
Redemption of 0.01% Preference Shares by Pearl Polymers Ltd.	42,000	10,500	-	-	-	-	42,000	10,500

	Associates		Key Management Personnel		Key Management Personnel's Relatives		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Outstanding Balance:								
Payable								
-Pearl International Tours & Travels Ltd.	34,240	36,031	-	-	-	-	34,240	36,031
-Pearl Apartments Ltd.	112	248	-	-	-	-	112	248
-Pearl Polymers Ltd.	53,024	-	-	-	-	-	53,024	-
-Gama Investments Pvt. Ltd.	1,250	-	-	-	-	-	1,250	-
-Mrs. Suneeta Seth	94	288	-	-	-	-	94	288
Receivable								
-Gama Investments Pvt. Ltd.	13,596	13,596	-	-	-	-	13,596	13,596
-Pearl Polymers Ltd..	-	33,001	-	-	-	-	-	33,001

22. Employee Benefits

- (a) The company has, with effect from 1st April, 2007, adopted Accounting Standard (AS)-15, "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006.
- (b) The Company has classified various employee benefits as under:

	Year ended 31 st March, 2011 (Rs.'000)	Year ended 31 st March, 2010 (Rs.'000)
(A) Defined Contribution Plans		
The Company has recognized the following amounts in the Profit and Loss Account for the year:		
I. Employer's Contribution to Provident Fund	1,577	1,282
II. Employer's Contribution to Superannuation Fund	914	905
III. Employer's Contribution to Employees' Pension Scheme	830	807
IV. Employer's Contribution to Employees' State Insurance Scheme	36	18

	Year ended 31 st March, 2011 (Rs.'000)	Year ended 31 st March, 2010 (Rs.'000)
(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)	8.00%	7.80%
(b) Rate of increase in Compensation Levels/Escalation in salary	5.00%	5.00%
(c) Expected rate of Return on Plan Assets	9.15%	9.15%
(d) Expected Average remaining working lives of employees in number of years	22 years	22 years

(Rs. in '000)

	Year ended 31 st March, 2011			Year ended 31 st March, 2010		
	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)
(l) Changes in the Present Value of Obligation						
(a) Present Value of Obligation as at 1 st April, 2010	5,909	2,086	279	4,344	2,012	271
(b) Interest Cost	461	163	22	308	143	19
(c) Past Service Cost	-	-	-	537	-	-
(d) Current Service Cost	533	480	45	638	387	71
(e) Curtailment Cost/(Credit)	-	-	-	-	-	-
(f) Impact due to Settlement	-	-	-	-	-	-
(g) Settlement Cost/(Credit)	-	-	-	-	-	-
(h) Benefits Paid	(776)	(449)	-	(303)	(328)	-
(i) Actuarial Loss/(Gain)	(580)	152	(70)	385	(129)	(82)
(j) Foreign currency exchange rate different from the enterprises reporting currency	-	-	-	-	-	-
(k) Present Value of Obligation as at 31 st March, 2011	5,547	2,432	276	5,909	2,086	279

	Year ended 31 st March, 2011			Year ended 31 st March, 2010		
	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)
(ii) Changes in the Fair value of Plan Assets						
(a) Fair Value of Plan Assets as at 1 st April, 2010	4,614	-	-	2,594	-	-
(b) Expected Return on Plan Assets	478	-	-	237	-	-
(c) Actuarial Gain/(Loss)	-	-	-	70	-	-
(d) Employers' Contributions	1,889	-	-	2,016	-	-
(e) Benefits Paid	(776)	-	-	(303)	-	-
(f) Contributions by Plan	-	-	-	-	-	-
(g) Fair Value of Plan Assets as at 31 st March, 2011	6,205	-	-	4,614	-	-
(iii) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31 st March, 2011						
(a) GOI Securities	-	-	-	-	-	-
(b) Public Securities	-	-	-	-	-	-
(c) Bank Deposits (Special Deposit Scheme, 1975)	-	-	-	-	-	-
(d) State Govt. Securities	-	-	-	-	-	-
(e) Insurance Policies	6,205	-	-	4,614	-	-
(f) Others (including bank balances)	-	-	-	-	-	-
(iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets						
(a) Present Value of Funded Obligation as at 31 st March, 2011	5,547	-	-	5,909	-	-
(b) Fair Value of Plan Assets as at 31 st March 2011	6,205	-	-	4,614	-	-
(c) Funded (Asset) / Liability recognized in the Balance Sheet	-	-	-	-	-	-
(d) Present Value of Unfunded Obligation as at 31 st March, 2011	(657)	-	-	1,296	-	-
(e) Unrecognised Past Service Cost	-	-	-	-	-	-

	Year ended 31 st March, 2011			Year ended 31 st March, 2010		
	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)	Gratuity (Funded)	Leave Encash ment (Unfunded)	Sick Leave (Unfunded)
(f) Unrecognised Actuarial (Gains)/ Losses	-	-	-	-	-	-
(g) Unfunded Net Liability recognized in the Balance Sheet	(657)	2,432	276	1,296	2,086	279
(v) Amount recognized in the Balance Sheet (including experience adjustment impact)						
(a) Present Value of Obligation as at 31 st March, 2011	5,547	2,432	276	5,909	2,086	279
(b) Fair Value of Plan Assets as at 31 st March, 2011	6,205	-	-	4,614	-	-
(c) Asset)/Liability recognized in the Balance Sheet (Net)	(657)	2,432	276	1,296	2,086	279
(vi) Expenses recognized in the Profit and Loss Account						
(a) Current Service Cost	533	480	45	638	387	71
(b) Past Service Cost	-	-	-	537	-	-
(c) Interest Cost	461	163	22	308	143	19
(d) Expected Return on Plan Assets	(478)	-	-	(237)	-	-
(e) Curtailment Cost/(Credit)	-	-	-	-	-	-
(f) Settlement Cost/(Credit)	-	-	-	-	-	-
(g) Net actuarial (Gain)/Loss	(580)	152	(70)	315	(128)	(82)
(h) Total Expenses recognized in the Profit & Loss Account	(64)	795	(3)	1,561	519	8

23. The Adoption of Accounting Standard 28, notified in the Companies (Accounting Standard) Rules 2006, on impairment detailed in Note 1 (xii) on Schedule 18 does not have any Impact on either the loss for the year or on the net assets of the company as at the year-end.

24. The Company has taken certain office and residential premises on operating lease. Future obligations in respect of non-cancelable lease rentals are Rs. Nil.(Previous year Rs. Nil). Total operating lease rent paid during the year was Rs. 3,190 Thousands (Previous Year - Rs. 3,053 Thousands).

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT 1956

i) Registration Details

Registration No. : 1 2 7 0 1 State Code : 2 5
Balance Sheet Date : 3 1 0 3 2 0 1 1

AMOUNT Rs. ('000)

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 : 6 1 1 9 3 8 Total Assets : 6 1 1 9 3 8

Sources of funds

Paid up Capital : 3 7 4 7 2 6 Reserves & Surplus : N I L
Erstwhile Loan Barred by Limitation : 1 6 1 9 2 4
Secured Loans : 2 0 1 3 0 Unsecured Loans : 5 5 1 5 8

Application of Funds

Net Fixed Assets : 2 3 4 0 1 7 Investments : 2 0 5 7 4
Net Current Assets : 1 3 4 2 7 8 Profit/(Loss) A/C : 2 2 3 0 6 9

iv) Performance of Company

Turnover including other Income : 1 1 7 5 1 8 7 Total Expenditure : 1 2 8 0 2 8 4
Profit/(Loss) Before Tax : - 1 0 5 0 9 7 Profit/(Loss) After Tax : - 1 0 5 1 0 7
Earning Per Share (in Rs.) - Basic : - 3 . 4 6 Dividend Rate (%) : N I L

v) Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No.
(ITC Code) : 3 9 0 7 6 0 0
Principal Product : Polyethylene Terephthalate Bottle Grade

On Behalf of the Board

HARISH SETH Chairman & Managing Director
ASHOK KHANNA Director
CS. DEEPIKA BHARDWAJ Asst. Company Secretary

Place : New Delhi
Dated : 28th May, 2011



**PEARL ENGINEERING
Polymers Limited**



Registered Office :
D-17, M.I.D.C., Industrial Area, Kurkumbh
Taluk Daund, Distt. Pune - 413802, Maharashtra

ATTENDANCE SLIP

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

(I hereby record my presence at the 17th ANNUAL GENERAL MEETING at D-17, M.I.D.C. Industrial Area, Kurkumbh, Taluk Daund, Distt. Pune - 413 802, Maharashtra on, Friday, the 30th September, 2011, at 2.00 P.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	



**PEARL ENGINEERING
Polymers Limited**



Registered Office :
D-17, M.I.D.C., Industrial Area, Kurkumbh
Taluk Daund, Distt. Pune - 413802, Maharashtra

PROXY FORM

I/We
of
being a Member/Members of Pearl Engineering 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 17th ANNUAL GENERAL MEETING of the said Company to be held at 2:00 P.M. on Friday, the 30th 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.

- 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

Affix
15 Paise
Revenue
Stamp

BOOK POST

If undelivered please return to:

PEARL ENGINEERING Polymers Limited

D-17, M.I.D.C. Industrial Area, Kurkumbh

Taluk Daund, Distt. Pune - 413 802 (Maharashtra)