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PEARL ENGINEERING
Polymers Limited

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ANNUAL
REPORT
AND
ACCOUNTS
1998-99

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PEARL ENGINEERING
Polymers Limited

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DIRECTORS

Chand Seth
 Harish Seth
 Krishen Seth
 C.R. Dua
 B.B. Mathur
 Ashok Khanna
 Rainer Hey
 Ashok Kumar Raina
 Radhika S. Minocha
 Ramesh M. Bhujang
 V.K. Chanana
 Arun Gupta

Chairman & Managing Director
Managing Director
Director
Director
Director
Director
(Alternate to Mr. Rainer Hey)
Nominee Director (ICICI)
Nominee Director (AFIC)
Special Director (BIFR)
Whole-Time Director

REGISTERED OFFICE & WORKS

D-17, M.I.D.C. Industrial Area,
 Kurkumbh, Taluk Daund,
 Distt. Pune, - 413 801
 Maharashtra.

REGISTRARS & SHARE TRANSFER AGENTS

Allied Computer Technics (P) Ltd.,
 Flat No. 18, 3rd Floor,
 Block A, Local Shopping Centre,
 Ring Road, Naraina,
 New Delhi - 110 028

CORPORATE OFFICE & INVESTOR SERVICE CELL

A-8, Community Centre,
 Naraina Industrial Area,
 Phase-II,
 New Delhi - 110 028.

6TH ANNUAL GENERAL MEETING

Date : 15th December, 1999
Day : Wednesday
Time : 10:00 A.M.
Place : D-17, M.I.D.C. Industrial Area
 Kurkumbh, Taluk Daund,
 Distt. Pune - 413801,
 Maharashtra

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

NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Pearl Engineering Polymers Limited will be held on Wednesday, the 15th December, 1999 at 10.00 A.M. at D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund, Distt. Pune - 413 801 (Maharashtra) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 1999 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C.R. Dua, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashok Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Price Waterhouse, Chartered Accountants, New Delhi, the retiring auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. V.K. Chanana, who was appointed as a Special Director of the Company, in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 98 of the Company's Articles of Association, and who holds such office upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of director, together with a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes, as applicable and subject to such approvals, consents, permissions, and sanctions, as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows :

- (i) In the interpretation clause, after the existing interpretation of "Director" in Article I, the following shall be inserted, viz :

"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

"Depositories Act" means the Depositories Act 1996 and includes, where the context so admits, any re-enactment or statutory modification thereof for the time being in force.

"Depository" means a depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act.

- (ii) After the existing Article 3, the following new Article 3A shall be inserted, viz. :

3A Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by a Court of competent jurisdiction or by any law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or implied notice thereof.

- (iii) After the existing Article 13, the following new Article 13A shall be inserted, viz. :

13A Notwithstanding anything contained in these Articles, the Company shall be entitled, in accordance with the provisions of the Depositories Act, to dematerialise any or all of its shares, debentures and other marketable securities and to offer the same for subscription in a dematerialised form and on the same being done, the Company shall further be entitled to maintain a Register of Members with the details of members holding shares, both in material and dematerialised form, in any media as permitted by law including any form of electronic media, either in respect of the existing shares or any future issue.

- (iv) After the existing Article 52, the following new Articles 52A and 52B shall be inserted, viz:

52A Nothing contained in Articles 38, 39, 40 and 41 shall apply to the transfer of shares, debentures or other marketable securities affected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of the Depository.

52B Applicability of Depositories Act :

In the case of transfer of shares, debentures or other marketable securities, where the Company has not

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issued any certificate and where shares and securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

Provided that in respect of the shares, debentures and other marketable securities held by the depository on behalf of a beneficial owner as defined in the Depositories Act, Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall not apply.

7. To consider 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 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the increase in remuneration/perquisites payable to Mr. Arun Gupta, w.e.f. 1st October, 1999 for the remaining period of his tenure as Whole-Time Director i.e. up to 11th October, 2003 as per details set out in the Explanatory Statement."

For and on behalf of the Board

ARUN GUPTA

WHOLE TIME DIRECTOR

PLACE : NEW DELHI

DATE : 29TH OCTOBER 1999

Regd. Office :

D-17, MIDC, Industrial Area, Kurkumbh,
Taluk Daund, Distt. Pune - 413 801
(MAHARASHTRA)

NOTES :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote (on poll only) instead of himself and the proxy need not be a member. The proxy form, duly completed in all respects, should reach the Registered Office of the Company not later than 48 hours before the scheduled time of the meeting.**
3. **Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.**
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 14th December, 1999 to Wednesday, the 15th December, 1999 (both days inclusive).
5. Members seeking any information with regard to accounts are requested to write to the Company at least ten days before the meeting so as to enable the management to keep the information ready.

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

Item No.5

The Board for Industrial and Financial Reconstruction (BIFR) had, vide their letter no. 16(4)/C-24/SD/99 dated 21st May, 1999, nominated Mr. V.K. Chanana to the Board of the Company. Accordingly, in its meeting held on 30th August, 1999, the Board of Directors formally appointed Mr. V.K. Chanana as a Special Director pursuant to Section 260 of the Companies Act, 1956 and Article 98 of the Articles of Association of the Company, to hold office upto the date of the ensuing Annual General Meeting.

The Company has also received notice in writing under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member proposing Mr. V.K. Chanana's candidature as a director of the Company, not liable to retire by rotation.

The Directors commend the resolution for approval of the shareholders.

Mr. V.K. Chanana is an interested director in this resolution. No other director is in any way concerned or interested in this resolution.

Item No. 6

Consequent upon the passing of the Depositories Act, 1996 and the setting up of the Central Depository Services (India) Limited (CDSL) and considering the benefits of scripless trading, the Company, with a view to provide better services to its investors, has a proposal under consideration to enter into an Agreement with CDSL to have electronic depository facilities for the shares of the Company.

Certain provisions of the Articles of Association pertaining to issue, holding, transfer, and other dealings in shares and other securities as also issue of certificates thereof which were framed on the basis of the relevant provisions of the Companies Act, 1956, are being amended so as to facilitate the functioning of the depository system.

Consequently, addition of some articles in the Articles of Association of the Company pertaining to issue, holding and dealing in scripless shares and securities are necessary so as to bring them in line with the relevant provisions of the Act and to give effect to the practical aspects of the depository system. The same are self explanatory.

A copy of the existing Memorandum and Articles of Association of the Company, together with the proposed alterations, are available for inspection at the Registered Office of the Company from 3 P.M. to 5 P.M. on all working days upto the date of the Annual General Meeting.

The Directors commend the resolution for approval of the shareholders.

None of the directors is in any way concerned or interested in this resolution.

Item No. 7

The members, at the Annual General Meeting held on 27th November, 1998, approved the appointment and remuneration/perquisites of Mr. Arun Gupta as Whole-Time Director for a period of five years w.e.f. 12th October, 1998.

Keeping in view the strenuous efforts made by Mr. Arun Gupta in running the affairs of the Company and to make it consistent with his increased job responsibilities, the Board of Directors of the Company, in its meeting held on 29th October, 1999, subject to approval of the shareholders, increased the remuneration/perquisites of Mr. Arun Gupta w.e.f. 1st October, 1999 for the remaining period of his tenure of appointment i.e. upto 11th October, 2003, as per details given hereunder :-

A. Remuneration including Basic Salary, House Rent Allowance, Expenditure on Gas, Electricity, Water and Furnishing, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance aggregating to, but not exceeding Rs. 87,500/- per month.

B. Perquisites in Addition to Above :

- (a) Company's contribution towards Provident Fund as per rules of the Company but not exceeding 12% of the salary as laid down under the Income-Tax Rules, 1962.
- (b) Company's contribution towards Superannuation Fund as per rules of the Company but it shall not, together with the Company's contribution to Provident Fund, exceed 27% of the salary as laid down under the Income-Tax Rules, 1962.
- (c) Gratuity-Not exceeding half month's salary for each completed year of service subject to a ceiling of Rs. 2,50,000/- or as may be laid down under the provisions of Payment of Gratuity Act, 1972.
- (d) Earned/Privilege Leave-As per rules of the Company. Leave accumulated but not availed of during the tenure

may be allowed to be encashed at the end of the tenure.

- (e) Free use of Company's car with driver for the business of the Company.
- (f) Free telephone facility at Company's cost at residence.

Mr. Arun Gupta shall also be entitled for reimbursement of expenses actually and properly incurred in the course of business of the Company and such other benefits/amenities and other privileges as may, from time to time, be available to other senior executives of the Company subject, however, to the overall ceiling specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

The remuneration needs to be approved by the shareholders in a general meeting and accordingly, the resolution is placed before the members.

The Directors commend this resolution for approval of the shareholders.

Mr. Arun Gupta is an interested director in this resolution. No other director is in any way concerned or interested in this resolution.

THIS MAY ALSO BE DEEMED TO BE AN ABSTRACT OF VARIATION OF TERMS OF CONTRACT AND MEMORANDUM OF INTEREST OF DIRECTOR IN THE PROPOSED RESOLUTION, PURSUANT TO SECTION 302 OF THE COMPANIES ACT, 1956.

For and on behalf of the Board

PLACE : NEW DELHI

DATE : 29TH OCTOBER, 1999

ARUN GUPTA

WHOLE TIME DIRECTOR

Regd. Office :

D-17, MIDC, Industrial Area, Kurkumbh,
Taluk Daund, Distt. Pune - 413 801
(MAHARASHTRA)