



9th
Annual Report and Accounts
2002-2003

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for Pearl Engineering Polymers Ltd.


Company Secretary

PEARL ENGINEERING Polymers Ltd.

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BOARD OF DIRECTORS

Chand Seth	– Chairman & Managing Director
Harish Seth	– Managing Director
Arun Gupta	– Whole - Time Director
Dinesh Chand Kothari	– Director
C.R. Dua	– Director
B.B. Mathur	– Director
Ashok Khanna	– Director
Satish Gupta	– Nominee Director (ICICI)
Ramesh M. Bhujang	– Nominee Director (AFIC)
Chandra Shankar	– Special Director (BIFR)

DGM (CORPORATE) & COMPANY SECRETARY

Sushmaa Chhabra

AUDITORS

Price Waterhouse
PW Centre, Saidulajab
Opp. D-Block, Saket
Mehrauli-Badarpur Road,
New Delhi - 110 030.

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE & INVESTORS' SERVICE CELL

A-8, Community Centre
Naraina Industrial Area, Phase-II,
New Delhi - 110 028
Tel. : 51417917-21

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited (upto 30th September, 2003)
212-A, Srivenkatesh Bhawan,
Shahpurjat, New Delhi - 110 049.

MAS Services (P) Ltd. (w.e.f. 1st October, 2003)
AB-4, Safdarjung Enclave, New Delhi-110 029.

9TH ANNUAL GENERAL MEETING

DATE : 30th September, 2003
DAY : Tuesday
TIME : 12:30 P.M.
PLACE : D-17, M.I.D.C. Indl. Area
Kurkumbh, Taluk Daund,
Distt. Pune - 413 801
Maharashtra

NOTICE

NOTICE is hereby given that the 9th Annual General Meeting of the Members of Pearl Engineering Polymers Limited will be held on Tuesday, September 30, 2003 at 12.30 P.M. at D-17, MIDC Industrial Area, Kurkumbh, Taluka Daund, Dist. 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 31st March, 2003 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. Ramesh M. Bhujang, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 and 316, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. Chand Seth, as Chairman & Managing Director of the Company for a period of three years w.e.f. December 7, 2002, on the terms and conditions, including remuneration, as set out in the Explanatory Statement."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 and 316 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. Harish Seth as Managing Director of the Company, for a period of five years w.e.f. October 19, 2003, without any remuneration (until further resolved otherwise)."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and 311, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. Arun Gupta as Whole-Time Director of the Company for a period of three years, w.e.f. October 12, 2003 on the terms and conditions, including remuneration, as set out in the Explanatory Statement."

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

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors/Committee of Directors of the Company to create mortgages/charges in addition to the existing mortgages/charges with the right to extend the same at any point of time, on all or any of the movable or immovable properties of the Company, wherever situated, present and future, of every nature and kind whatsoever and/or the whole of the undertaking of the Company in favour of ICICI Bank limited to secure:

- Working Capital Facilities to the tune of Rs. 30 Million by way of Export Packing Credit,

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other monies payable by the Company to ICICI Bank Limited under the respective heads of Agreement/Loan Agreement/Subscription Agreement/Credit Facility Agreement/Letter of Sanction/Memorandum of Terms and Conditions, entered into / to be entered into by the Company in respect of the said facilities."

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

"RESOLVED THAT pursuant to the provisions of Clause 5.2 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and other applicable provisions, consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Delhi Stock Exchange and Ahmedabad Stock Exchange."

By the Order of the Board

Place : New Delhi
Date : July 31, 2003

SUSHMAA CHHABRA
DGM (CORPORATE) &
COMPANY SECRETARY

Regd. Office :
D-17, MIDC Industrial Area
Kurkumbh, Taluka Daund
Distt. Pune - 413 801 (MAHARASHTRA)

NOTES

- The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business stated above is annexed.
 - 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 OF THE COMPANY. THE ENCLOSED PROXY FORM, IF INTENDED TO BE USED, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED IN ALL RESPECTS, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
 - Members are requested to bring the Attendance Slips alongwith their copy of the Annual Report to the Meeting.
 - The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 23, 2003 to Tuesday, September 30, 2003 (both days inclusive).
 - Pursuant to Order passed by the Board for Industrial and Financial Reconstruction (BIFR) for the rehabilitation of the Company, the Paid-Up Equity Share Capital of the Company was reduced by 60% w.e.f. 28th March 2002.
- Accordingly, all the earlier shares have since been extinguished and new shares have been issued in lieu thereof. A specific letter had been sent to all the shareholders informing them of the same and also advising them to surrender the Old Certificate in respect of their shares (if held in physical form). However, shareholders, who have not exchanged their Old Share Certificates with the New Share Certificates till date, are requested to surrender the same with the Company at its Corporate Office to enable the Company to release/despatch New Share Certificates in lieu thereof.
- The Company has entered into Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Further, as per SEBI Notification dated 29th May 2000, trading in shares of the Company is now permitted only in dematerialised form. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
 - Members desiring any information on the accounts are requested to write to the Company atleast 10 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, the following Explanatory Statement sets out all material facts relating to Item No 5 to 9 of the Notice.

Item No. 5:

Mr. Chand Seth was re-appointed as Chairman & Managing Director of the Company for a period of 5 years w.e.f. December 07, 1997, without any remuneration (until resolved otherwise) and the same was approved by the shareholders at the Annual General Meeting held on January 31, 1998. In view of the operational turnaround of the Company under his leadership and in accordance with the recommendations of the Remuneration Committee, the Board, in its Meeting held on July 25, 2002, approved payment of remuneration to Mr. Chand Seth w.e.f. July 01, 2002 for the remaining period of his tenure i.e. upto December 06, 2002. The same was approved by the shareholders in their Meeting held on August 27, 2002. Accordingly, his tenure of appointment was due to expire on 6th December 2002.

The Board of Directors has, at its Meeting held on January 31, 2003, in accordance with the recommendations of the Remuneration Committee in this regard and subject to approval of the shareholders, re-appointed Mr. Chand Seth as Chairman & Managing Director for a further period of three years w.e.f. 7th December 2002 on the terms and conditions as are set out in the Annexure to this Explanatory Statement, alongwith the details of information required pursuant to the provisions of Schedule XIII to the Companies Act, 1956.

The Directors commend the resolution for your approval.

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

THE ABOVE MAY ALSO BE TREATED AS AN ABSTRACT OF TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.

Item No. 6:

Mr. Harish Seth was re-appointed as Managing Director of the Company for a period of five years w.e.f. October 19, 1998 and the same was approved by the shareholders at the Annual General Meeting held on November 27, 1998. Accordingly, his tenure of appointment is due to expire on 18th October, 2003.

The Board of Directors has, at its Meeting held on July 31, 2003, subject to approval of the shareholders, re-appointed Mr. Harish Seth as Managing Director of the Company for a further period of five years without any remuneration, until resolved otherwise.

Mr. Harish Seth is a Chemical Engineer from IIT (Madras) and M.Tech from USA and has an experience of 33 years in the field of Polymers. He is one of the promoters of the Company and is vested with substantial managerial powers for making decisions for day to day affairs of the Company. The field of specialization of Mr. Harish Seth is ideally suited to the nature of the Industry, the benefits of which, the Company has immensely reaped.

The Directors commend the resolution for your approval.

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

THE ABOVE MAY ALSO BE TREATED AS AN ABSTRACT OF TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.

Item No. 7:

Mr. Arun Gupta was re-appointed as a Whole-Time Director of the Company for a period of 5 years w.e.f. 12th October, 1998 and the same was approved by the shareholders in the Annual General Meeting held on 27th November 1998. Subsequently, his remuneration was increased, on the basis of his year to year performance, on several occasions, subject to approval of the shareholders. The last increment in his remuneration was approved by the shareholders at the Annual General Meeting held on 27th August 2002. Accordingly, his tenure of appointment is due to expire on 11th October, 2003.

The Board of Directors has, at its Meeting held on July 31, 2003, in accordance with the recommendations of the Remuneration Committee in this regard and subject to approval of the shareholders, re-appointed Mr. Arun Gupta as Whole-Time Director for a further period of three years w.e.f. 12th October, 2003 on the terms and conditions as are set out in the Annexure to this Explanatory Statement, alongwith details of information required pursuant to the provisions of Schedule XIII to the Companies Act, 1956.

Mr. Arun Gupta shall be liable to retire by rotation.

The Directors commend the resolution for your approval.

Mr. Arun Gupta is an interested directors in this resolution None of the other directors are in any way concerned or interested in this resolution.

THE ABOVE MAY ALSO BE TREATED AS AN ABSTRACT OF TERMS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302 OF THE COMPANIES ACT, 1956.

Item No. 8:

The Company has obtained working capital facilities from ICICI Bank Limited. As per the Loan Agreement(s) entered into with the Bank, the Company has to create mortgage and/or charge in favour of the Bank on the properties of the Company. This attracts provisions of Section 293(1)(a) of the Companies Act, 1956.

The Directors commend the resolution for your approval.

Mr. Satish Gupta, Nominee Director of ICICI Bank Ltd. may be deemed to be interested in this resolution. None of the other Directors is in any way concerned or interested in the resolution.

Item No. 9:

Presently, the Company's securities are listed on four Stock Exchanges of India namely The Stock Exchange, Mumbai, (Regional), National Stock Exchange, The Delhi Stock Exchange Association Limited and Ahmedabad Stock Exchange.

On account of negligible volume of trading at Delhi and Ahmedabad Stock Exchanges, the Company, in its Annual General Meeting held on 27th August, 2002 had passed a special resolution for delisting the securities of the Company from the said Stock Exchanges. This resolution was passed in accordance with the then Guidelines issued by SEBI for delisting of shares. However, the formalities regard thereto being quite cumbersome, the delisting process could not be implemented.

Now, SEBI has issued new Guidelines in 2003, which have considerably simplified the de-listing procedures and under which a company can voluntarily get its shares delisted from any one or more of the Stock Exchanges, provided that the shares remain listed at the Mumbai Stock Exchange or National Stock Exchange, both of which have nationwide terminals.

Hence, it is proposed that a fresh resolution be passed under the new Guidelines for delisting Company's shares from the above two Stock Exchanges, as this will result in saving of cost and administrative work.

The Directors commend the resolution for your approval.

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

By the Order of the Board

SUSHMAA CHHABRA

Place: **New Delhi**
Date : **July 31, 2003**

**DGM (CORPORATE) &
COMPANY SECRETARY**

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

**STATEMENT OF INFORMATION FORMING PART OF
ITEM NO. 5 & 7 OF THE EXPLANATORY STATEMENT
TO THE NOTICE OF THE 9TH ANNUAL GENERAL
MEETING**

(In terms of Clause B in Para 1 of Section II in Part II of Schedule XIII to the Companies Act, 1956.)

I. General Information:**1. Nature of Industry**

The Company is leading Manufacturer of PET Resin (Bottle and Film Grade).

2. Date or Expected Date of Commencement of Commercial Production

Not Applicable

3. In Case of New Companies, Expected Date of Commencement of Activities as per Project Approved by Financial Institutions Appearing in the Prospectus.

Not Applicable

4. Financial Performance based on Given Indicators

The relevant financial figures (Unaudited) as at year ended 31 March, 2003 are as under:

		(Rs. In Lacs)
Revenue	Expenses	Net Profit
15428.04	14403.93	183.55

5. Export Performance and Net Foreign Exchange Collaborations

Total foreign exchange earned was Rs. 3620.51 Lacs as against outgo of Rs. 1079.24 Lacs on import of Raw Material, Capital Goods, Components etc.

6. Foreign Investments or Collaborators, if any:

Not Applicable

II. Information about the Appointees:**A. Mr. Chand Seth :****1. Background Details**

He is one of the Promoters of the Company and has over 33 years of experience in the field of Polymers.

He has Graduated from IIT (Kharagpur) and M. TECH from Michigan University, USA.

2. Past Remuneration

Monthly compensation package of Rs. 3.00 Lacs and other permissible perquisites as per Schedule XIII to the Companies Act, 1956.

3. Recognition or Awards

He is a renowned personality in the field of Polymers and has immensely contributed in the development of quality plastic products.

4. Job Profile and his suitability

He shall be designated as 'Chairman & Managing Director'.

As stated above, Mr. Chand Seth is an Engineer from IIT (Kharagpur) and M.Tech from USA with over 33 years of experience. He is one of the Promoter Directors of the Company and is vested with substantial powers of management of the Company. As is evident from his qualifications, Mr. Chand Seth is ideally suited to the nature of our Industry, the benefits of which, the Company has reaped over the years.

5. Remuneration Proposed

The Remuneration Proposed to be paid to Mr. Chand Seth, is as under:

- A. SALARY:** Rs. 3,00,000/- per month.
- B. COMMISSION:** One percent of the Net Profits of the Company.

C. PERQUISITES :
(a) Housing :

Expenditure by the Company on hiring furnished accommodation subject to a ceiling of 60% of the salary over and above 10% payable by the Appointee.

If the Company does not provide accommodation to the Appointee, the Company will pay House Rent Allowance to the Appointee as above.

If accommodation in Company owned house is provided, the Appointee shall pay to the Company, by way of rent, 10% of the salary.

Explanation: The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income-Tax Rules, 1962, subject to a ceiling of 10% of the salary of the Appointee.

(b) Medical Reimbursement:

Expenses incurred by the Appointee and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(c) Leave Travel Concession:

For Appointee and family, once in a year, incurred in accordance with the Company Rules.

(d) Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include Admission and life Membership Fees.

(e) Personal Accident Insurance:

The Annual Premium not to exceed Rs. 10,000/-.

(f) Contribution to Superannuation Fund and Provident Fund:

Contribution to Provident Fund will be subject to a ceiling of 12% of the salary. Contribution to Superannuation Fund, together with contribution to Provident Fund shall not exceed 27% of the salary, as laid down in the Income Tax Rules 1962.

(g) Gratuity:

Gratuity payable shall not exceed one half month's salary for each completed year of service.

(h) Encashment of Leave:

Encashment of leave at the end of tenure.

(i) Free use of Company's car with driver for the business of the Company.
(j) Free telephone facility at Company's cost at residence. However, personal long distance calls shall be billed to the Appointee.

The perquisite value of the above items shall be evaluated as per the Income-Tax Rules, wherever applicable.

Provided, however, that the total remuneration payable to Mr. Chand Seth should not exceed the ceiling of 5% of the net profits, individually and 10% of the net profits, in a financial year, for all the managerial personnel put together, computed in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.

Further, in the event of absence or inadequacy of profits, Mr. Chand Seth should be paid a consolidated remuneration of Rs.3, 00,000/- per month plus the permissible perquisites

in accordance with the provisions of Schedule XIII to the Companies Act, 1956 i.e. Provident Fund, Superannuation Fund, Gratuity and Leave Encashment at the end of tenure.

6. Comparative Remuneration Profile with Respect to Industry, size of the Company, Profile of the Position and Person (in case of Expatriates the relevant details would be w. r. t. the country of his origin).

The prevalent levels of remuneration in manufacturing industries, in general and the industry in particular are higher. Taking into account the turnover of the Company, Mr. Chand Seth's invaluable contribution to the Company, his role in placing the Company in pre-eminent position in the Industry, his strategic role in turning around the Company from its difficult position, the proposed remuneration to the Appointee is reasonable and in line with the remuneration levels in the Industry, across the country and befits his position.

7. Pecuniary Relationship Directly or Indirectly with the Company, or Relationship with the Managerial Personnel, if any.

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

B. Mr. Arun Gupta

1. Background Details

Mr. Arun Gupta is a Fellow Member of the Institute of Chartered Accountants of India and has to his credit, experience of 29 years, in organizations like Union Carbide, Indian subsidiary of Goetze DM, Germany and Indian Subsidiary of Nippon Denso Company Limited of Japan, SRF Ltd.

Mr. Arun Gupta has been associated with this project since inception. He was responsible for conceptualization of the project to setting up the Plant and running it. He is responsible for the day to day operations of the Company.

2. Past Remuneration

Mr. Arun Gupta's past remuneration was Rs 1,50,000/- and other permissible perquisites.

3. Job Profile and his Suitability

He shall be designated as the "Whole-Time Director".

His qualifications coupled with vast experience in the relevant industry justify his appointment for the ibid post.

4. Remuneration Proposed

The Remuneration proposed to be paid to Mr. Arun Gupta, is as under:

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. 1,50,000/- (Rupees One Lac Fifty Thousand only) per month.

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 such amount as may be laid down under the provisions of the 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. However, personal long distance calls shall be billed to the Appointee.

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 Schedule XIII to the Companies Act, 1956.

Further, in the event of absence or inadequacy of profits, Mr. Arun Gupta shall be paid a consolidated remuneration of Rs.1,50,000/- per month plus the permissible perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

5. Comparative Remuneration Profile with Respect to Industry, Size of the Company, Profile of the Position and Person (in case of Expatriates the Relevant Details would be w. r. t. the Country of his Origin.

The proposed monthly salary of Rs. 1,50,000/- is the same as drawn by the Mr. Arun Gupta in his previous tenure and is commensurate with the Industry standards.

His responsibility includes handling all exports sales, maintenance of long term relationship with all major customers and suppliers, handling of the finances of the Company, Management of Plant Operations and compliance of various requirements in the Corporate World.

6. Pecuniary Relationship Directly or Indirectly with the Company, or Relationship with the Managerial Personnel, if any.

Mr. Arun Gupta has no pecuniary relationship, directly or indirectly, with the Company, or relationship with any of Managerial Personnel of the Company, except to the extent of his

share holding in the Company's Equity Share Capital.

III. Other information

1. Reasons of Loss or Inadequate Profits

In the Financial year 2002-2003, the Company has made a Net Profit of Rs. 183.55 Lacs as compared to Rs. 849.12 Lacs in the previous year.

The profits of the Company suffered primarily due to lower margins caused by increase in feedstock prices. The feedstock price increase could not be fully passed to the customers. Part of the impact was mitigated by higher production achieved during the year.

2. Steps taken or Proposed to be taken for Improvement

Company has been endeavouring its best to review and revise its business strategy and is consistently developing speciality grade PET Resin for the newer applications, and is in advance stages of their commercialisation. This will help the Company to improve its operations and bottom lines.

3. Expected Increase in Productivity and Profit in measurable Terms

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

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 9th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

	Year Ended March 31, 2003	15 Month Period Ended March 31, 2002
Turnover	17,517.99	19,625.91
Gross Profit / (Loss)	1,146.14	2,314.50
Interest	408.16	805.01
Depreciation & Miscellaneous Expenditure Written Off	540.43	660.37
Provision for Taxes	14.00	—
Net Profit / (Loss) after Tax	183.55	849.12
Prior Period Adjustments/Adjustments Relating to Rehabilitation Scheme	—	1,934.26
Profit/(Loss) after Prior Period Adjustments	183.55	2,783.38
Adjustments Relating to Rehabilitation Scheme	—	1,934.26

DIVIDEND

In view of the provisions of the Rehabilitation Scheme sanctioned by the BIFR and to conserve resources, your Directors have decided not to recommend dividend on equity shares for the year ended 31st March 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development

The Company is a leading manufacturer of PET Resins (Bottle and Film Grade) and has state-of-the-art production facility at Kurkumbh, Pune, Maharashtra. It has wide applications in the food and other miscellaneous commodities packaging.

The Domestic market of PET Resins has grown at more than 25 percent a year and continues to show a promising growth trend. However, during the period, two new facilities have initiated production in the Country.

(b) Opportunity and Threats

The Company has been consistently developing Speciality Grade PET Resin for the newer applications and preferred properties characterised by appearance, acceptability in the food grade items and greater resistance to chemicals and fire. During the year goneby, the Company successfully developed a Resin for bulk packaging of drinking water. More new applications are in the advanced stage of commercialisation.

The over-capacity in the manufacturing of PET Resin in the Country continued to be a cause of concern and may de-stabilize the already depressed prices in

the domestic market. It is expected that the ability of the Plant to customise the product would stand in good stead in this situation.

(c) Economic Scenario and Outlook

The growth rate of the Country's Gross Domestic Products (GDP) was lower at 4.4% in 2002-2003 as compared to 5.6 %, mainly due to decline in the Agricultural Sector. Despite this, the growth rate for the Industrial Sector was higher as compared to the previous year.

The falling interest rates coupled with good monsoon coming this year are expected to give a boost to the consumption patterns as well as the growth rate of packaged food and other products. The demand for PET Resin would now witness a higher growth rate.

(d) Risks and Concern

Changes in the Government Policy on the tax structure of the raw material and finished products may adversely affect the Company. The increased capacity in the domestic market is also a cause for concern.

(e) Internal Control Systems and their Adequacy

The Company has proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded and protected against any loss by dispoition, misuse etc.

All the policies, procedures, guidelines, authorizations and approval procedures are well documented.

The Management periodically reviews the Internal Control System and their adequacy. In addition, the Company has a regular Internal Audit System.