

PEARL ENGINEERING POLYMERS LIMITED

22ND

ANNUAL REPORT

2015-16



NOTICE

NOTICE is hereby given that the 22nd (Twenty Second) Annual General Meeting of Pearl Engineering Polymers Limited will be held on **Friday, the 30th day of September, 2016 at 3.00 P.M** at the Registered Office of the Company at D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund Dist. Pune-413802, Maharashtra, to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Harish Seth (DIN: 00002948), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and fix their remuneration and, in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to Section 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. Sehgal Mehta & Co., Chartered Accountants (Firm Registration No. 003330N), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty-Third AGM, to examine and audit the accounts of the Company for Financial Year 2016-17, on such remuneration as may be agreed upon by the Board of Directors in consultation with the Auditors.”

Special Business

4. To determine fee for service of documents on member(s) through a requested mode and to consider, and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed there under, the consent of the members of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by such member for delivery of such document to him through such mode of service, provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

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RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.

For Pearl Engineering Polymers Limited

Sd/-

Harish Seth

Chairman & Managing Director

DIN: 00002948

Place: Mumbai

Date: 12th August, 2016

Registered Office:

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

NOTES:

1. An Explanatory Statement as required under Section 102 of the Companies Act, 2013 in respect of the business specified above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing a Proxy in order to be effective, must be deposited at the registered office of the Company duly completed and signed, not less than 48 hours before the commencement of the Annual General Meeting.

A Person can act as a Proxy on behalf of members not exceeding fifty (50) members and holding in the aggregate not more than 10% of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

3. 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.
4. Members holding shares in the dematerialized 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.
5. Members/proxies/authorised representative should bring the duly filled attendance slip to attend the Meeting.

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6. In accordance with the provisions of Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Harish Seth (DIN 00002948), Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors of the Company commends his re-appointment.
7. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, the 26th day of September, 2016 to Friday, the 30th day of September, 2016** (both days inclusive) for the purpose of AGM.
8. Members can inspect the Register of director and Key Managerial Personnel and their shareholding, required to be maintained under Section 170 of the Act during the course of the meeting at the venue.
9. All documents referred to in the notice will be available for inspection at the Company's registered office during normal business hours on all working days (except Saturdays and Sundays) upto the date of AGM.
10. Members holding shares in physical form either in multiple folios with identical names or joint holdings in the same order are requested to send their Share Certificates to the Company or M/s MAS Services Limited, Registrar and Share Transfer Agent of the Company for consolidation into a single folio.
11. The Company's shares are admitted in both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and dematerialization of securities. Members can avail of the depository facilities by approaching any of the Depository Participants (DPs) of NSDL or CDSL or by approaching the RTA of the Company.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.
13. In case of change in postal address or any incompleteness/ incorrectness in address mentioned in any correspondence by the Company, the shareholders are requested to intimate the correct/ complete postal address (including PIN Code) to the Company or to the RTA at the earliest to ensure proper delivery of documents. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA.
14. The Annual Report of the Company for the financial year 2015-16 is being sent to all members, whose email Ids are registered with the Company or the Depository Participant(s) unless any member has requested for hard copy of the same. For members who have not registered their e-mail Ids, physical copy of the Annual Report is being sent in permitted mode.
15. With a view to using natural resources responsibly, we request shareholders to update their email Ids with the Depositories (in case of Demat Holding) and the Company or RTA (in case of Physical holding) to send communication electronically.

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16. The shareholders are requested to send their queries on annual report to the Company, not less than 7 days before the date of meeting, so that the requisite information/ explanations can be provided in time.
17. 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 tradable 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.
18. As per requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 the particulars of a Director retiring by rotation and eligible for reappointment are given herein below :

S.No	Particulars	Details
1	Name of the Director	Mr. Harish Seth
2	DIN	00002948
3	Date of Birth	October 27, 1945
4	Brief profile/ Nature of Expertise	Mr. Harish Seth is a chemical Engineer from IIT (Madras) and M.Tech from U.S.A. He has a rich experience of 44 years in the field of polymers. In addition he is one of the promoters of the Company. Having specialization in the field ideally suited to the nature of the Industry, he has enormously contributed towards best interests of the Company.
5	Directorship held in other Listed Company	NIL
6	Membership/Chairmanship of Committee of Listed entities (includes only Audit Committee and Stakeholder's Relationship Committee)	Pearl Engineering Polymers Limited
7	Number of Equity Shares held in the Company	1713560
8	Relationship Between directors inter-se	None

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Pursuant to the provisions of Section 20 of the Companies Act, 2013 and the Rules made thereunder, a document may be served on any member by sending the same to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed.

Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he/she shall pay such fees in advance as may be determined by the Company in its AGM. Accordingly, the Board of Directors in their meeting held on 12th August, 2016 has proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financially or otherwise, in the said resolution. The Board recommends the Ordinary Resolution at item no. 4 of the accompanying notice, for the approval of the members of the Company.

For Pearl Engineering Polymers Limited

Sd/-

Harish Seth

Chairman & Managing Director

DIN: 00002948

Place: Mumbai

Date: 12th August, 2016

Registered Office:

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

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the audited financial statements for the Financial Year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the financial year 2015-16 is tabulated below:

(Amount in ₹)		
Particulars	For Financial Year 2015-16	For Financial Year 2014-15
Net Sales	-	-
Other Income	26,821,691	2,787,049
Total Income	26,821,691	2,787,049
Total Expenditure	9,088,884	52,426,807
Profit/Loss before Extraordinary Items, Finance costs, Depreciation and Taxes	17,732,807	(49,639,758)
Extra-Ordinary Items	0	0
Profit/(Loss) Before Finance Costs, Depreciation	17,732,807	(49,639,758)
-Depreciation	5,003,899	6,178,837
-Finance Cost	3,375,697	4,378,692
Profit before prior period items & tax	9,353,211	(60,197,288)
Prior period expense	373,532	1,246,563
Tax expense	0	0
Net Profit/ (Loss) after Tax	8,979,679	(61,443,851)

Since the Company's manufacturing plant got temporarily shut down in March 2012 due to financial problems, there was no significant development during the year under review affecting the operations of the Company.

DIVIDEND

Your directors are of the opinion of retaining the profits for the year within the Company, and thus have not recommended any dividend on Equity Shares for the year ended March 31, 2016.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 5000 Lakhs. The issued, subscribed & paid up capital of

the Company was Rs. 3747.256 Lakhs as on 31 March, 2016 consisting of 30,412,560 Equity Shares of Rs. 10/- each and 7,06,000 Preference shares of Rs. 100 each.

During the year under review the Company has not altered its share capital.

SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31st March, 2016, the Company does not have any subsidiary Company, associate Company or any Joint Venture.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), Mr. Ramesh Mehra and Mr. Brijesh Bansi Mathur were appointed as independent directors at the annual general meeting of the Company held on 30th September, 2014. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

In terms of the provisions of Section 152(6) of the Act, and Articles of Association of the Company, Mr. Harish Seth (DIN 00002948), retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

Brief resume of the Directors proposed to be re-elected is included in the Notice for the ensuing Annual General Meeting.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

The evaluation framework for assessing the performance of Directors comprised of criteria like contribution in Board process, time devoted for the Company, attendance of Board Meetings and Committee Meetings and commitment to shareholder and other stakeholder interests. Using appropriate criteria, the performance of the various Committees was separately evaluated by the Board.

AUDITORS & AUDITORS' REPORT

Pursuant to the provisions of section 139 of the Act and the rules framed thereafter, M/s Sehgal Mehta & Co., Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the twentieth annual general meeting (AGM) of the Company held on September 30, 2014 till the conclusion of the twenty fifth AGM to be held in the year 2019, subject to ratification of their appointment at every AGM. Accordingly, the appointment of M/s. Sehgal Mehta & Co., Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders.

The Company has received confirmation from the Statutory Auditors regarding their consent and eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

The auditors' report does not contain any qualifications, reservations or adverse remarks.

BOARD MEETINGS

Six meetings of the board were held during the year. The details of the Board meetings and attendance of the Directors are provided in the Corporate Governance Report

COMMITTEES OF THE BOARD

The Board has constituted various committees in accordance with the requirements of Companies Act, 2013. The Board has following committees:

- a. Audit Committee
- b. Stakeholders & Relationship Committee
- c. Committee of Directors

Details of the above committee along with the composition and meetings held during the year under review are provided in the Report on Corporate Governance forming part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any loans to any persons within the meaning of Section 186 of the Companies Act, 2013 and has also not given any guarantees/securities or made any investment within the meaning of that section.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial Year 2015-16 were at an arm's length basis and were in the ordinary course of business. Hence, there are no transactions to be reported in Form AOC- 2. There were no materially significant related party transactions made by the Company that would have required members' approval under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, details of Related Party Transactions as required to be disclosed by Accounting Standard AS-18 on "Related Party Transactions" are given in Note no. 25 of Notes to the Financial Statements.

PUBLIC DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed Form MGT-9 is annexed to this Report as **Annexure I**.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has an Internal Control Framework which is commensurate with the size, scale and complexity of its operations. This framework ensures adequate safeguards and processes to address the evolving business requirements.

CORPORATE SOCIAL RESPONSIBILITY

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

CLARIFICATION TO REMARKS CONTAINED IN THE AUDITORS REPORT

Report on other legal and Regulatory requirements

Clause 2 (d) & (e) 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 provisions of the Limitations Act, 1963. Based on the said opinion of the advisors.

Clause 2 (d) of the Auditors Report : No provision has been made for interest, in respect of the foreign currency loan of Rs.161924 thousands; and

Clause 2 (e) of the Auditors Report: The outstanding by way of secured and unsecured loan and interest aggregating to Rs.161924 thousands thereon (shown as an "Erstwhile loan barred by limitation" in the Balance Sheet of the Company for the financial year ended March 31, 2016) 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.

Clause 2 (f) of the Auditors Report: It is not possible to ascertain the loss. However, the loss will be calculated on completion of sale of assets.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year and of the profit of the Company for the year ended march 31, 2016;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have not been prepared on going concern assumption/basis;
- e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.