

*32<sup>nd</sup>*  
*Annual Report*  
*2002-2003*



**PEARL Polymers Ltd.**


**PEARL Polymers Limited**
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**BOARD OF DIRECTORS**

<b>Chand Seth</b>	— Chairman & Managing Director
<b>Harish Seth</b>	— Vice Chairman & Managing Director
<b>Dr. Sai Ramachandran</b>	— Director
<b>Vijay Khurana</b>	— Director
<b>B.B. Gupta</b>	— Director
<b>Ramesh Mehra</b>	— Director
<b>R.K. Gupta</b>	— Nominee Director (HSIDC)

**COMPANY SECRETARY**

Pramod Kumar Rai

**AUDITORS**

Joginder P. Jain & Co.

**BANKERS**

Bank of Baroda  
State Bank of India

**REGISTERED OFFICE**

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

**REGISTRARS & SHARE TRANSFER AGENTS**

**MCS Limited (upto 16th September, 2003)**  
212-A, Srivenkatesh Bhawan,  
Shahpurjat, New Delhi - 110 049

**MAS Services (P) Ltd. (w.e.f. 17th September, 2003)**

AB-4, Safdarjung Enclave, New Delhi-110 029

**UNITS**

B-3/2, M.I.D.C.  
Distt. Raigad, Mahad,  
Maharashtra - 403302

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

2-A, Sector-18, HSIDC  
Near Bijlee Board, Gurgaon -122 001  
Haryana

27-A, Nazafgarh Road,  
New Delhi

**32ND ANNUAL GENERAL MEETING**

<b>DATE</b>	: 16th September, 2003
<b>DAY</b>	: Tuesday
<b>TIME</b>	: 11:30 A.M.
<b>PLACE</b>	: MPCU, Shah Auditorium, Shri Delhi Gujarati Samaj Marg, New Delhi - 110 054

PLEASE NOTE THAT AS PER AUDITORIUM DIRECTIVES, NO EATABLES, HELMETS, BRIEFCASES, HANDBAGS, CELLULAR PHONES ETC., WILL BE ALLOWED INSIDE THE HALL.

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


**PEARL Polymers Limited**
**NOTICE**

Notice is hereby given that the 32nd Annual General Meeting of the members of Pearl Polymers Limited will be held as under :

Day : Tuesday  
Date : September 16, 2003  
Time : 11.30 A.M.  
Venue : MPCU, Shah Auditorium,  
Shree Delhi Gujrati Samaj Marg,  
Civil Lines, Delhi – 110054

to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 and Profit & Loss Account for the year ended on the said date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Dr. Sai Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Vijay Khurana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to 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** 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 in this regard consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from Delhi Stock Exchange, Ahmedabad Stock Exchange, and Calcutta Stock Exchange."

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 163(1) of the Companies Act, 1956, consent of the Company be and is hereby accorded that Register and Index

of the members of the Company maintained under Section 150 and 151 of the Companies Act, 1956 be kept at the office of the Registrars and Share Transfer Agents of the Company, M/s. MAS Services Private Limited, AB-4, Safdarjung Enclave, New Delhi-110029."

**"RESOLVED FURTHER THAT** the Register, Index etc. as aforesaid, be kept open for inspection between the hours of 2.00 P.M. and 4.00 P.M. on any working day of the Registrars except when the Register and Books are kept closed under the provisions of the Companies Act, 1956."

By Order of the Board

PLACE : New Delhi

Pramod Kumar Rai

DATE : July 31, 2003

COMPANY SECRETARY

**NOTES**

1. 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 COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement, pursuant to Section 173(2) of Companies Act, 1956 in respect of Special Business stated above is annexed.
3. Members are requested to bring their copy of the Annual Report and duly filled Attendance Slip.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 9, 2003 to Tuesday, September 16, 2003 (both days inclusive)
5. 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 May 29, 2000, trading in shares of the Company is now permitted only in dematerialised form. Shareholders are, therefore, advised to


**PEARL Polymers Limited**

dematerialise their shareholding to avoid inconvenience in future.

6. The Company has already transferred all unclaimed dividends, declared upto the financial year ended 31st March, 1995, to the General Revenue Account of the Central Government, as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders, who have not so far claimed or collected their dividends up to the aforesaid financial year are advised to claim their dividend from the Registrar of Companies, NCT of Delhi & Haryana.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend and interest & redemption amount in respect of 14% Non Convertible Debentures, which remains unclaimed for a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government.

Information in respect of such unclaimed dividend interest and redemption is follows:

Particulars	Date of Payment	Last Date for Claiming Unpaid Amount	Due Date for Transfer to IEPF Fund
<b>Dividend</b>			
- 1996	29.10.96	28.10.2003	27.11.2003
- 1997	05.11.97	02.11.2004	04.12.2004
- 1998	29.10.98	28.10.2005	27.11.2005
<b>Interest on NCDs</b>			
	01.10.96	30.09.2003	31.10.2003
	01.04.97	31.03.2004	30.04.2004
	01.10.97	30.09.2004	31.10.2004
	01.04.98	31.03.2005	30.04.2005
	01.10.98	30.09.2005	31.10.2005
	01.04.99	31.03.2006	30.04.2006
<b>Redemption Instalment of NCDs</b>			
	07.05.97	06.05.2004	06.06.2004
	07.05.98	06.05.2005	06.06.2005
	07.05.99	06.05.2006	06.06.2006

Shareholders, who have not so far encashed their dividend or interest/redemption in respect of the above stated Debentures are advised to contact the Company for seeking duplicate warrants. Shareholders are requested to note that no claims shall lie against the Company or the said Fund, in respect of any amounts which are unclaimed and unpaid for a period of 7 years from the dates that

they first became due for payment and no payment shall be made in respect of any such claims.

8. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
9. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular, those holding shares in single name, are advised to avail of the above facility by furnishing the prescribed Nomination Form (Form 2B) to the Company.
10. 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 Nos. 5 & 6 of Notice.

**Item No. 5**

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

Approval of the shareholders was obtained in the 29th Annual General Meeting held on 16th September, 2000 to de-list entire securities of the Company from the Ahmedabad and Calcutta Stock Exchanges. However, the then applicable de-listing Guidelines issued by SEBI were cumbersome and also did not prescribe for de-listing of securities from the Regional Stock Exchange.

The new SEBI (De-listing of Securities) Guidelines 2003 which have come into force, have substantially simplified the procedural requirements for de-listing, according to which, companies are free to decide whether to remain listed on any Stock Exchange, irrespective of the fact that the de-listing sought for is a Regional Stock Exchange, provided the securities of the Company remain listed on Mumbai Stock Exchange or National Stock Exchange.



## **PEARL Polymers Limited**

In view of the above, your Management has thought it prudent to take steps to get the shares of the Company de-listed from the Delhi (Regional), Calcutta and Ahmedabad Stock Exchanges, where trading of the Company's Shares has been either nil or in insignificant volumes, so as to reduce administrative work and cost of listing at various Stock Exchanges.

Of late, the role of the National Stock Exchange and The Stock Exchange, Mumbai (BSE) has gained significance with all the securities being traded in compulsory demat form. Both these exchanges are having nationwide trading terminals and are providing liquidity to the securities of all the companies listed thereon. With the advent of this, it is no longer beneficial to remain listed on the other exchanges, including the regional stock exchange, where the trading of the Company's shares have been either nil or in insignificant volumes.

Your Directors commend the resolution for your approval.

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

### **Item No. 6**

M/s. MCS Ltd. was appointed as Registrars and Share Transfer Agent by the Company and the Register and Index of Members had been kept at their office for smooth functioning of the investors' services. However,

the Company has, w.e.f. 17<sup>th</sup> September 2003, appointed M/s. MAS Services Private Limited, AB-4, Safdarjang Enclave, New Delhi-110029, as Registrars and Share Transfer Agents in respect of all works related to share registry in terms of both physical and electronic form (Common Registry) and therefore proposes to maintain the records under reference at the Office of the MAS Services Private Limited.

Under Section 163 of the Companies Act, 1956, shareholders' approval is required for maintaining the Register of Members and other allied records at a place other than the Registered Office of the Company and hence, the resolution.

Your Directors commend the resolution for your approval.

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

By Order of the Board

PLACE : New Delhi

Pramod Kumar Rai

DATE : July 31, 2003 COMPANY SECRETARY

Regd. Office :

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


**PEARL Polymers Limited**
**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 32nd Annual Report, together with the Audited Accounts of the Company for the year ended March 31, 2003.

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	Year Ended March 31, 2003	Year Ended March 31, 2002
Total Income	9617.07	9249.51
Profit before Interest, Depreciation & Taxes	1155.59	845.86
Less: Interest	777.72	1011.34
Depreciation	637.41	673.44
Profit / (Loss) before Tax, Extraordinary Items & Prior Period Adjustments	(259.54)	(838.92)
Extraordinary Items & Prior Period Adjustments	30.45	—
Profit / (Loss) before Tax	(229.09)	(838.92)
Profit / (Loss) after Tax	(229.09)	(838.92)
Income Tax Adjustment / Payment for earlier Year	(3.50)	(24.77)
Less: Provisions for Tax	20.17	—
Add: Balance brought forward from Previous Year	—	—

**DIVIDEND**

The Directors regret their inability to recommend dividend on equity shares for the year ended 31st March 2003, in view of the current financial position of the Company.

The primary focus of the Company is to meet industrial packaging needs at affordable prices and continue to remain a popular household name.

**MANAGEMENT DISCUSSION AND ANALYSIS**
**(a) Industry Structure and Development**

The PET Bottle industry in India consists of over 200 units spread all over the Country. These units vary in size from very small to medium sized enterprises with investments ranging from Rs. 20 Lacs to over Rs. 50 Crores. Your Company is the pioneer and is one of the largest producers of PET Jars, Containers and Bottles through single stage route in India, with production facilities located at Gurgaon, Mahad (150 KM from Mumbai) and Jigani (30 KM from Bangalore).

The Company has its own design and development department and is well equipped to develop custom built packaging for its customers.

**(b) Opportunity and Threats**

The Company foresees high growth potential in all segments like pharmaceuticals, personal care and cosmetics, confectionery, pesticides and agrochemicals, beverages, water, liquor, malted foods, oil and other such packaged goods for domestic consumption. The multi-location facilities and the new applications development skills of the Company will enable it to harness this opportunity and maintain its market share.

Over the last few years, the mushrooming of small manufacturers all over India has resulted in severe competition thereby squeezing the margins. However, with ongoing measures such as investments in balancing equipment, improved efficiencies, optimum usage of resources and strict cost controls, your Company is confident that it





## PEARL Polymers Limited

will be able to maintain its market leadership and come out with improved performance in the years to come.

### (c) Economic Scenario and Outlook

The year gone by has been impacted by many unfavorable factors because of which, the growth rate of the Country's Gross Domestic Products (GDP) was lower at 4.4% in 2002-2003 as compared to 5.6% in the previous year, mainly due to decline in the agricultural sector. The uncertainty of VAT practically brought the packaging industry to a standstill as the year ended. This had unfavourably affected growth of the FMCG companies. However, the Country continued to witness macro economic stability in terms of low inflation, comfortable foreign exchange reserves and lower interest rates. These factors and the overall feeling of overcoming a crisis is expected to bring in buoyancy in the demand of packaged goods for domestic consumption and thus, a renewed thrust for the products of your Company.

### (d) Risks and Concern

The prices of the main raw material, PET Resin, have been volatile in the last couple of years due to various international developments like the Mideast war, SARS crisis, etc. However, the Company has entered into long-term contracts for sourcing the material to avoid such risks in future.

There is a continuous pressure on the conversion margin, which have further accelerated with the introduction of reverse auctions conducted through Internet route. The Company is working on improving overall internal efficiencies, capacity utilisation and productivity to combat these factors.

### (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 disposition, misuse etc.

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

The Management periodically reviews the internal control systems and their adequacy. In addition, the Company has a regular internal audit system.

### (f) Discussion of Financial Performance with Respect to Operational Performance

Under the difficult scenario of the last year, your Company was able to maintain market leadership and achieved marginally higher turnover. Its continued focus on productivity, cost reduction and efficiencies has resulted in cutting down losses substantially.

The Company's gross turnover for the year ended March 31, 2003 increased to Rs. 9617.07 Lacs, as compared to Rs. 9249.51 Lacs in the previous year, registering a 4% marginal growth.

Operating profit (PBITD) increased by 19% to Rs. 1155.59 Lacs during the year, from Rs. 845.86 Lacs in the previous year.

In the coming year, 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.

The industrial relations were normal during the year. The Company employed 632 people during the year at its various locations.

## CORPORATE GOVERNANCE

Report of the Directors on Corporate Governance is given separately and forms an integral part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

## DIRECTORS

As per his terms of appointment, the tenure of Mr. B.B. Gupta as Whole Time Director expired on January 31, 2003. However, he continues to be a director of the Company.

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Sai Ramachandran and Mr. Vijay Khurana retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.



## PEARL Polymers Limited

### LISTING OF SHARES

The Company's Shares are listed on the following Stock Exchanges.

- Mumbai Stock Exchange
- National Stock Exchange
- Delhi Stock Exchange
- Ahmedabad Stock Exchange
- Calcutta Stock Exchange

The Listing fee in respect of all these Stock Exchanges is being paid.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the members is sought to de-list the securities of the Company from Delhi, Ahmedabad and Calcutta Stock Exchanges.

### FIXED DEPOSITS

A sum of Rs.13.86 Lacs relating to 108 deposits remained unclaimed as on 31st March 2003. Since then, deposits amounting to Rs. 95,000/- in respect of 7 depositors have been re-paid.

### AUDITORS AND AUDITORS' REPORT

M/s. Joginder P. Jain & Company, Chartered Accountants, New Delhi, Auditors of the Company, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

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

### PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

There are no employees whose particulars are required to be furnished pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with relevant rules thereunder.

Information relating to the Conservation of Energy, Research & Development and Foreign Exchange Earnings and Outgo, as required under Section 217 (1)(e) of the Companies Act, 1956 are annexed and forms an integral part of this Report.

### CASH FLOW STATEMENT

Cash Flow Statement, in accordance with Accounting Standards on Cash Flow (AS-3) issued by ICAI, is annexed to this Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies Act, 1956 with respect to "Directors Responsibility Statement" in the Board's Report, the Directors hereby confirm:

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgment 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 end of the financial year and of the loss of the Company for that.
- (iii) That the Directors had taken proper and sufficient care 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 frauds and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

### ACKNOWLEDGEMENT

We take this opportunity to express our deep sense of gratitude to Financial Institutions, Bankers, Central and State Government Departments, Local Authorities, our associates and customers for the continued guidance and support.

Your Directors would like to record their sincere appreciation of the dedicated efforts put in by employees at all levels in the Organisation.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have reposed in us.

On behalf of the Board

**CHAND SETH**  
CHAIRMAN & MANAGING DIRECTOR

PLACE : New Delhi  
DATE : July 31, 2003

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**PEARL Polymers Limited**

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

**To The Members of Pearl Polymers Limited**

1. We have examined the compliance of conditions of Corporate Governance by Pearl Polymers Limited for the Year ended 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.
2. 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 the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as explained in the mentioned Listing Agreement.
3. We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.
4. 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.

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**PLACE : New Delhi**  
**DATE : 31st July, 2003**

**J.P. JAIN**  
Proprietor  
For and on behalf of  
**JOGINDER P. JAIN & CO.**  
*Chartered Accountants*


**PEARL Polymers Limited**

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Pearl Polymers Limited (PPL) upholds its commitment to the highest standards of Corporate Governance. PPL continues to review its Corporate Governance to ensure its relevance, effectiveness and responsiveness to the needs of all the stakeholders. The underlying philosophy of Corporate Governance envisages attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with the shareholders, employees, lenders and the Government.

The Board is maintaining the highest principles of Corporate Governance and ensuring integrity of the Company's financial reporting, disclosure of material information, sound investor relations, continuous improvement of the internal controls and maximum contribution to uphold health, safety and environment.

This section, alongwith the sections on Additional Shareholder Information and Management Discussion and Analysis in the Annual Report, constitutes compliance with Clause 49 of the Listing Agreement.

### 2. BOARD OF DIRECTORS

The Company's Board is constituted to provide strategic guidance to the Company, effective over-seeing of the management, defining responsibilities of the senior management and ensuring accountability.

The effectiveness of the Board is reviewed periodically in terms of composition and size for ensuring strong element of independence in decision making.

The Board of Directors of the Company comprises of two Promoter Directors (executive) and five Non-Executive independent Directors, one of whom is a Nominee Director representing HSIDC.

Four Board Meetings were held during the financial year ended March 31, 2003. The dates on which the Board meetings held were as follows:

- 1) June 28, 2002,
- 2) July 25, 2002,
- 3) October 29, 2002 and
- 4) January 31, 2003.

The maximum time gap between any two meetings was not more than four months.

Dr. Sai Ramachandran and Mr. Vijay Khurana, independent directors of the Company, who are liable to retire by rotation at the ensuing Annual General Meeting and have offered themselves for re-appointment, are proposed to be re-appointed.

Dr. Sai Ramachandran is Vice Chairman of Sri Sringeri Sharda Institute of Management and has a degree in marketing from the University of Minnesota, U.S.A. and P.H.D from M. D. University, Rohtak. He has wide exposure of several decades in the field of marketing.

Mr. Vijay Khurana is MBA from IIM (Ahmedabad) and has been associated with the Company since the last 25 years. He has to his credit, 34 years of experience in the Industry.

None of the Directors of the Company was a member of more than 10 Committees nor was the Chairman of more than 5 Committees across all companies in which he was a Director.