

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 11th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the Year Ended March 31, 2005	For the Year Ended March 31, 2004
Turnover	17843.02	14177.06
Gross Profit/(Loss)	497.30	208.10
Interest	198.11	243.09
Depreciation & Miscellaneous Expenditure Written Off	530.07	523.83
Provision for Taxes	-	-
Net Profit/(Loss) after Tax	(230.88)	(558.82)

DIVIDEND

In view of the financial losses during the year under review, your Directors have decided not to recommend dividend on equity shares for the year ended 31st March 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development

The Company is one of the manufacturers of PET Resins (Bottle and Film Grade) and has a state-of-the-art production facility at Kurkumbh, Pune in Maharashtra. The products produced by the Company have a wide application in the Packaging Industry.

PET is non-carcinogenic, eco-friendly and inert which has established it self as the polymer of the future in most packaging applications, especially in food and beverage packaging. It is widely used in packaging of soft drinks, water, edible oil, food products, juices, dairy beverages, pharmaceuticals, toiletries etc. The rate of growth in India continues to be around 25%.

(b) Opportunity and Threats

New applications of PET Resin continue to grow and the outlook remains positive in the years ahead. Major growth drivers are bottled water, juices, edible oil, and carbonated soft drinks etc. The total world demand for PET Resin is estimated to be 14.6 million tons in 2010 as compared to 10.0 million tons in 2005. However, rapid growth in production capacities of Chinese market still remains a threat to the domestic industry.

(c) Economic Scenario and Outlook

The performance of Industry & services is expected to remain buoyant during 2005-06. Overall GDP is expected to grow in range of 6.5% - 7 % during 2005-06. The growth rate for Industrial sector was higher as compared to previous year. With the rise in spending pattern of the consumer, it is expected to give a boost to the consumption patterns as well as growth rate of packaged goods and other products.

(d) Risks and Concern

The Company faces the volatility in the global raw material and finished goods prices. Changing in Government Policy on 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

Your Company possesses strong internal control system to ensure that all the assets are safeguarded and protected against the unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

All the policies, procedures, guidelines, authorisations 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.

f) Discussion of Financial Performance with Respect to Operational Performance

During the year the Sales Tax holiday period granted to the Company ended on 26th October, 2004, even though the overall value of exemption granted had not expired. The Company's request for extension in this period within the existing value has not yet met with favour by the State Government. With all major competitors enjoying sales tax benefit, the expiry of sales tax holiday has resulted in Company absorbing the incidence of this levy. The Company has been able to reduce the incidence of this levy to some extent by opening depots in some areas. Further few customers had entered into jobbing contract. During the year, Company produced 25154 MT directly and 1310 MT on jobbing basis aggregating to 26464 MT as compared to 25610 MT during the previous year reflecting an increase of 4%.

During the year, the Plant operated for 352 days. Overall the prices of PET Resin firmed on an average by 27% substantially fuelled by firming up of feed stock prices. PTA & MEG prices went up by 29% and 40% respectively. The gross turnover for the year ended March 31, 2005 grew by 26% to Rs. 178.43 Crores as compared to Rs. 141.77 Crores. Consequent to above the operating profit (PBIDT) have increased to Rs. 519.31 Lacs as compared to Rs. 208.10 Lacs in the previous year.

Interest and Bank charges decreased by Rs. 44.98 Lacs to Rs. 198.11 Lacs as compared to Rs. 243.09 Lacs in the previous year on account of repayments/pre-payments and prudent financial management.

(g) Human Resources/Industrial Relations

It is the Company's belief that Human Resources is the driving force towards progress and success of a Company. The Company seeks to motivate and retain its professionals by offering reasonable compensation and opportunity to grow in the organisation. The total permanent employee's strength of the Company was 139 as on 31st March 2005. The industrial relations remained cordial during the year.

SOCIAL RESPONSIBILITY

The Company has always promoted the spirit of social responsibility and community development and believes that this can be achieved by nurturing the culture of honesty, integrity, transparency, respect and recognising the interest of its shareholders, consumers, employees, business partners and suppliers.

To reduce accidents and to sensitize employees towards safe work practices, safety drives are conducted regularly in the plants. These safety drives include :

- The conducting of safety week programmes and conducting safety exhibitions on the shop floor where such posters, slogans and awareness messages are displayed.
- Running fire & safety training programmes at regular intervals
- Conducting mock drills to sensitize and train personnel on emergency preparedness.

During the year 2004, country was drawn in to totally unexpected Tsunami disaster. This was amongst the worst disasters that the world has faced. The Company has responded to the process of relief. Voluntary donations by employees from their salaries were matched with cash contribution by the Company and given to the Prime Minister's Relief Fund.

CORPORATE GOVERNANCE

Report of the Directors on Corporate Governance is given separately and forms a 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

In accordance with the requirements of the Companies Act, 1956, Mr. Dinesh Kothari and Mr. B.B. Mathur retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Brief particulars of Directors retiring by rotation is furnished in Corporate Governance report.

The Board of Directors in its meeting held on 30th June, 2005 have re-appointed Mr. Chand Seth as Chairman & Managing Director for a further period of 3 years w.e.f. 7th December, 2005 and have also revised the remuneration payable to him based on the recommendation received from Remuneration Committee. The resolution for re-appointment of Mr. Chand Seth for a further period of 3 years and revisions in remuneration payable to him is being placed in ensuing Annual General Meeting for the approval of shareholders. Brief particulars as required under Schedule XIII read with clause 49 of Listing Agreement are furnished in notice.

Further, nomination of Mr Chandra Shankar as director on the Board of the Company has been withdrawn by BIFR w.e.f 5th July, 2004. The Board places on record its appreciation for the services rendered by Mr Chandra Shankar during his association with the Board of the Company.

LISTING OF SHARES

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

- Mumbai Stock Exchange
- National Stock Exchange

The Listing Fee in respect of all these Stock Exchanges has been paid.

AUDITORS' REPORT

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

AUDITORS

M/s. Price Waterhouse, Chartered Accountants, New Delhi, have submitted their resignation and have expressed their inability to continue as Statutory Auditors of the Company. The Statutory Auditors were appointed by shareholders at the last Annual General Meeting held on 17th September 2004. With this resignation, casual vacancy has been caused and filling of casual vacancy is required to be approved by the shareholders. A written certificate has been obtained from M/s. J.C. Bhalla & Co., Chartered Accountants, New Delhi, who are proposed to be appointed as Statutory Auditors to fill the casual vacancy caused by resignation, to the effect that the said appointment, if made, will be in accordance with regulations as specified u/s 224 (1B) of the Companies Act, 1956. The matter, as such is being placed before members to consider appointment of M/s. J.C. Bhalla & Co., Chartered Accountants as Statutory Auditors to hold office until the conclusion of next Annual General Meeting.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, are annexed and form an integral part of this Report.

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 is annexed and forms an integral part of this Report.

CASH FLOW STATEMENT

Cash Flow Statement in accordance with Accounting Standards on Cash Flow Statement (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 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 end of the financial year and of the loss of the Company for that period.
- (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 had 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 their 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

Place : New Delhi
Date : June 30, 2005

CHAND SETH
CHAIRMAN & MANAGING DIRECTOR

**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 reviewed the implementation of Corporate Governance procedures by Pearl Engineering Polymers Limited during the year April 1, 2004 to March 31, 2005, with the relevant records and documents maintained by the Company, furnished to us for our review and the Report on Corporate Governance, as approved by the Board of Directors.

The compliance of conditions on 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We 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.

We further state that no investor grievances are pending for a period exceeding one month against the Company as at March 31, 2005 as per the records maintained by shareholder/investor's Grievance Committee of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) have been complied with in all material respects by the Company.

H. Singh
Partner
M. No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants

PLACE : New Delhi
DATE : June 30, 2005

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in the principle of Corporate Governance and endeavours its best to maintain transparency and professionalism with fairness and integrity to enhance the interest of all its stakeholders.

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 Board of Directors of the Company comprises of Two Promoter Directors (Executive), One Whole-Time Director (Executive) and Five Non - Executive Independent Directors, One of whom is Nominee Director representing Asian Finance and Investment Corporation Limited (AFIC).

Five Board Meetings were held during the financial year ended March 31, 2005. The dates on which the Board Meetings were held are as follows:

- 1) May 31, 2004,
- 2) June 25, 2004
- 3) July 29, 2004,
- 4) October 28, 2004 and
- 5) January 27, 2005.

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

Mr. Dinesh Kothari and Mr. B.B. Mathur, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Brief Profile of Mr Dinesh Kothari

Mr. Dinesh Kothari, aged 55 years is a Chartered Accountant by profession and had served 12 years of service with Bukhatir Group in Dubai as Executive Director before setting up his own Consultancy and advisory services on financial matters to individuals as well as corporate sectors. He is also a founder and Pro-Vice chairman of Delhi Public School at Jodhpur (India), DPS Sharjah (UAE) and DPS Dubai (UAE). He was inducted as Director on the Board of Company during the year 2002. Besides this, he is also director on the Board of Penam Laboratories Limited and New Delhi Corporate Consultancy Services Pvt. Limited. Mr. Dinesh Kothari is also a member of Audit Committee, Co-Chairman of Remuneration Committee & Chairman of Shareholder's/Investor Grievance Committee of M/s Pearl Engineering Polymers Limited.

Brief Profile of Mr B.B. Mathur

Mr. B.B. Mathur, aged 77 years has done Masters in Chemical Engg. from University of Wisconsin, USA and has to his credit, vast ocean of experience in the Industry. He started his career with Tata Chemicals and then worked on with Park Davis in USA, DCM Chemical Works, Shriram Rayon before joining as Managing Director in Petrofil Corp. Ltd, in Baroda during 1973-78 and thereafter he joined JCT Ltd as Chief Exec & Ex. Director before superannuating in 1992. Mr B.B. Mathur has also been actively involved in providing consultancy services to the corporate sector. He has been associated with M/s Pearl Engineering Polymers since its inception. Mr. B.B. Mathur is also a member of Audit Committee of M/s Pearl Engineering Polymers Limited.

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.

The details of the Directors, their category, attendance particulars and directorship/chairmanship in other companies are tabulated below :

Name	Category	Attendance Particulars		Number of other Directorships and Committee Membership/ Chairmanships		
		Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Executive Directors						
Mr. Chand Seth	Chairman & Managing Director	03	No	2	Nil	Nil
Mr. Harish Seth	Managing Director	04	Yes	2	Nil	Nil
Mr. Arun Gupta	Whole Time Director	04	No	Nil	1	Nil
Non-Executive Directors						
Mr. Dinesh Kothari	Independent Director	02	No	2	3	2
Mr. B. B. Mathur	Independent Director	02	No	Nil	1	Nil
Mr. Ashok Khanna	Independent Director	04	Yes	5	3	2
Mr. C. R. Dua	Independent Director	04	No	7	2	Nil
Mr. Ramesh M. Bhujang	Nominee Director (AFIC)	Nil	No	1	Nil	Nil
Mr. Chandra Shankar#	Special Director (BIFR)	02	No	2	Nil	Nil

Directorships received by Directors as mentioned above do not include directorships held in foreign Companies and private companies.

The Committees considered for the purpose are those prescribed under Clause 49 (iv) of Listing Agreement.

Nomination of Mr Chandra Shankar was withdrawn by The Board for Industrial & Financial Reconstruction (BIFR) from the Board of the Company w.e.f. 5th July, 2004.

Amongst other things, the terms of Reference to the Board include:

- * Annual operating plans and budgets and any updates thereof.
- * Quarterly Results for the Company.
- * Minutes of the Meetings of the Audit Committee and other Committees of the Board.
- * Information on recruitment and remuneration of Senior Officers immediate to the Board level.
- * Materially important show-cause, demand, and prosecution and penalty notices.
- * Fatal or serious accidents or dangerous occurrences.
- * Any materially significant effluent or pollution problems.
- * Any materially relevant default in financial obligations to and by the Company or substantial non-payment of goods sold by the Company.
- * Any issue, which involves possible public or product liability clause of a substantial nature.
- * Details of any joint venture or foreign collaboration Agreement.
- * Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- * Significant labour problems and their proposed solutions.
- * Significant development in human resources and industrial relations fronts.
- * Sale of material, nature of investments, subsidiaries, assets, which is not in the normal course of business.
- * Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- * Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board is routinely presented with all information under the above heads whenever applicable and submitted either as part of the agenda or tabled in the course of Board Meetings.

3. COMMITTEE OF DIRECTORS

The Committee consists of three members namely Mr. Chand Seth (Chairman), Mr. Harish Seth and Mr. Arun Gupta. The Board of Directors of the Company has constituted the Committee of Directors for taking decisions on making/reviewing Banking arrangements, approval of short-term and long-term investments, allotment of shares and other financial transactions within the limits specified by the Board. Also, the Committee has authority to approve and deal with transfers/transmission of shares. The Committee of Directors meets as and when the need to consider any matter assigned to it arises. Time Schedule for holding the meetings of the Committee of Directors is finalised, in consultation with the Committee members. The minutes of the proceedings of the Committee are placed before the Board for its perusal and noting.

The Committee of Directors had met 26 times on the following dates namely ; April 02, 2004, April 16, 2004, May 04, 2004, May 17, 2004, June 01, 2004, June 11, 2004, July 02, 2004, July 16, 2004, August 02, 2004, August 13, 2004, August 18, 2004, August 31, 2004, September 10, 2004, September 30, 2004, October 15, 2004, October 30, 2004, November 16, 2004, November 30, 2004, December 16, 2004, December 31, 2004, January 18, 2005, January 31, 2005, February 15, 2005, February 28, 2005, March 15, 2005 and March 30, 2005.

4. AUDIT COMMITTEE

In terms of the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Audit Committee comprises of three independent non-executive directors namely Mr. Ashok Khanna (Chairman), Mr. Dinesh Kothari and Mr. B.B. Mathur.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956, as follows:

- a) Overview of the Company's financial reporting process and the disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also for approval of payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
 - Any changes in the accounting polices and practices.
 - Major accounting entries based on exercise of judgement by management
 - Qualifications in draft audit report, if any.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Any related party transactions i. e. transactions of the Company of material nature, with promoters or the management, their relatives or subsidiaries etc., that may have potential conflict with the interest of Company at large.
- d) Reviewing with the management, external and internal auditors, the adequacy of the internal control systems.
- e) Reviewing the adequacy of the internal audit functions.
- f) Discussion with internal auditors any significant findings and follow-up thereon.

- g) Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with external auditors, before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management polices.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends and creditors).

The recommendations of the audit committee on any matter, relating to financial management including the audit report, are binding on the Board.

During the year, the Committee met four times at following dates namely, June 25, 2004, July 29, 2004, October 28, 2004 and January 27, 2005 as per necessary requirements in this regard. The statutory auditors and the internal auditors were also invited to attend the audit committee meetings.

Attendance of each member at Audit Committee Meetings held during the year were:- (1) Mr. Ashok Khanna - June 25, 2004, July 29, 2004, October 28, 2004 and January 27, 2005 (2) Mr. Dinesh Kothari - June 25, 2004 and July 29, 2004 (3) Mr. B.B. Mathur - October 28, 2004 and January 27, 2005

Ms. Sushmaa Chhabra was Compliance Officer till 5th June, 2004.

Mr. Ashok Khanna attended the 10th Annual General Meeting of the Company held on 17th September, 2004.

5. REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a remuneration committee comprising of three non-executive Independent Directors viz Mr. Ashok Khanna (Chairman), Mr. Dinesh Kothari (Co-Chairman) and Mr. C.R. Dua.

The Remuneration Committee has been constituted to recommend/ review the remuneration package of the Managing/Whole Time Directors, based on defined criteria and their contribution. When a reference is made to the Remuneration Committee, it takes into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration and recommends such performance criteria that is in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

During the year under review, no Remuneration Committee Meeting was held.

The remuneration policy is directed towards rewarding performance, based on review of the achievements on a periodical basis, and is in consonance with the existing industry practice.

The aggregate amount of the salary and perquisites including commission payable for the year ended March 31, 2005 to the Managing Director(s) Whole Time Director(s) is as follows :

(Amount in Rs.)

Name & Designation	Salary & Allowances	Perks	P.F. Contribution & Superannuation	Total
Mr. Chand Seth Chairman & Managing Director	24,00,000/-	16,47,974/-	648000/-	46,95,974/-
Mr. Harish Seth Managing Director	Nil	Nil	Nil	Nil
Mr. Arun Gupta Whole Time Director	15,78,000	2,16,400/-	4,05,000/-	21,99,400/-

Mr. Chand Seth, Chairman & Managing Director and Mr. Harish Seth, Managing Director are related to each other.

None of the employees is related to any of the directors.

The Company pays sitting fee to the directors @ Rs. 1000/- for attending each meeting of the Board. The directors to whom sitting fees has been paid and the amount of sitting fee paid is as follows: Mr. Harish Seth, Managing Director- Rs.4000/-, Mr. C.R. Dua Rs.4000/-, Mr. Dinesh Kothari - Rs. 2000/-, Mr. B.B. Mathur- Rs. 2000/-, Mr. Ashok Khanna - Rs.4000/- and Mr. Chandra Shankar - Rs. 2000/-

6. SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted a Shareholders' / Investors' Grievance Committee comprising of Mr. Dinesh Kothari as Chairman, and Mr. Arun Gupta and Mr. Ashok Khanna as Members. The Committee, interalia, looks into redressal of Shareholders' complaints like non- transfer of shares, non-receipt of balance sheets, non-receipt of declared dividend etc. It also oversees the performance of the Registrar and Share Transfer Agents, so as to ensure expeditious share transfer process.

The Shareholder's/Investor's Grievance Committee met three times during the year on following dates namely: June 25, 2004, October 28, 2004 and January 27, 2005.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 151. Outstanding complaints as on 31st March, 2005 were NIL. No request for transfer and dematerialisation of shares was pending for approval as on March 31, 2005.

7. GENERAL BODY MEETINGS

Date time and venue of the last three Annual General Meetings are given in the following table:

Financial Year (ended)	Date	Time	Venue
March 31, 2002	August 27, 2002	12.30 P.M.	
March 31, 2003	September 30, 2003	12.30 P.M.	D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund, Distt Pune-413802 (Maharashtra)
March 31, 2004	September 17, 2004	12.30 P.M.	

During the last year ended March 31, 2005, there have been no resolutions passed by the Company's shareholders through postal ballot.

At the ensuing Annual General Meeting, no resolution is proposed to be passed by postal ballot.

8. DISCLOSURES

- a) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or their relatives etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with related parties were in conflict with the interests of the Company.

Transaction with related parties are disclosed in Note 20 of Schedule 20(II) to the financial statements in the Annual Report.

- b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges on SEBI, or and statutory authority, on any matter related to Capital market, during the last three years.**

There were no instances of non-compliance of any matter related to the Capital market.

9. MEANS OF COMMUNICATION

Quarterly Results

The quarterly results for the quarter ended March, 2004 and June, 2004 were published in "Maharashtra Herald" (English) and "Rashtra Tej" (Marathi Vernacular) and for the quarter ended September, 2004 and December, 2004 were published in "The Financial Express" (English) and "Lok Satta" (Marathi, Vernacular) respectively. The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date	:	6th August, 2005
Time	:	12.30 P.M.
Venue	:	D-17, MIDC Industrial Area, Kurkumbh, Taluk Daund Distt Pune-413802, Maharashtra

10.2 Financial Calendar (Tentative)

	:	Annual General Meeting	:	On or before September, 2006
	:	Board Meetings	:	
	-	Results for the Quarter Ending June 30, 2005	:	Last week of July, 2005
	-	Results for the Quarter Ending September 30, 2005	:	Last week of the October, 2005
	-	Results for the Quarter Ending December 31, 2005	:	Last week of the January, 2006
	-	Results for the Quarter Ending March 31, 2006	:	Last week of the April, 2006
10.3 Book Closure date	:	From 27 th July, 2005 to 6 th August, 2005 (Both days inclusive)		
10.4 Dividend payment date	:	Not applicable The Board has not recommended any dividend during for the year 2004-05.		
10.5 Listing on Stock Exchange	:	Mumbai and National Stock Exchange (NSE) Annual Listing Fee for the year 2005 -2006 has been paid to the concerned Stock Exchanges.		
10.6 Stock Code	:	526562 (MSE)		
Trading symbol	:	PEPL		
Demat ISIN number	:	INE843A01023		

10.7 Stock Market data : Mumbai Stock Exchange

Month	Year	Month's		BSE Sensex	
		High Price (Rs.)	Low Price (Rs.)	High	Low
April	2004	5.83	2.93	5979.25	5599.12
May	2004	5.75	3.55	5772.64	4227.50
June	2004	4.48	3.15	5012.52	4613.94
July	2004	4.45	3.11	5200.85	4723.04
August	2004	4.34	3.11	5269.22	5022.29
September	2004	5.87	3.94	5638.79	5178.57
October	2004	6.00	4.40	5803.82	5558.14
November	2004	7.28	4.62	6248.43	5649.03
December	2004	8.26	6.00	6617.15	6176.09
January	2005	10.00	6.50	6696.31	6089.33
February	2005	11.00	7.15	6721.08	6508.33
March	2005	10.70	6.60	6954.86	6321.31

10.8 Registrars and Share Transfer Agents : **MAS Services Pvt. Limited**
AB-4, Safdarjung Enclave,
New Delhi - 110 029.
Ph : 26104142 / 26104326
Fax : 26181081
Email : mas@vsnl.com
mas_serv@yahoo.com

10.9 Share Transfer System : The share transfers, which are received in physical form are processed and the share certificates are returned within a period of 4 weeks from the date of receipt, subject to the documents being valid and complete in all respects.

Particulars	No. of Shares	% of Shareholding
Promoters	12763820	41.97
NRI / OCBs/ Foreign Companies	6910279	22.72
Mutual Funds, Banks, Financial Institutions	3236680	10.64
Bodies Corporate	2176428	7.16
Public	5325353	17.51
Total	30412560	100.00

The shareholding pattern of the Company on quarterly basis is also made available on EDIFAR on SEBI Website, within 15 days from the end of respective quarter.

10.11. Distribution of Shareholding as on March 31, 2005:

Shareholding of Nominal Value Rs.	No. of Share Holders	% of Share Holders	No. of Shares	Share Amount Rs.	% of Share Holding
UP TO 5000	42800	96.72	2801484	28014840	9.21
5001 - 10000	780	1.76	641597	6415970	2.11
10001 - 20000	308	0.69	478336	4783360	1.57
20001 - 30000	105	0.24	261543	2615430	0.86
30001 - 40000	67	0.15	245941	2459410	0.81
40001 - 50000	45	0.10	210749	2107490	0.69
50001 - 100000	65	0.15	476793	4767930	1.57
100001 & above	83	0.19	25296117	252961170	83.18
TOTAL	44253	100.00	30412560	304125600	100.00

10.12 Dematerialisation of Shares: : Over 84.39% of the Company's paid-up equity Share Capital has been dematerialised up to March 31, 2005. Trading in equity shares of the Company is permitted only in dematerialised form as per notification issued by Securities and Exchange Board of India (SEBI).

10.13. Plant location : D-17, MIDC Industrial Area,
Kurkumbh, Taluk Daund
Distt Pune-413802, Maharashtra

**10.14 Address for
Investor Correspondence**

Registrar and Transfer Agent

1. MAS Services (P) Limited,
(Unit: Pearl Engineering Polymers Limited)
AB-4, Safdarjung Enclave,
New Delhi – 110 029
Ph : 26104142 / 26104326
Fax : 26181081
Email - mas@vsnl.com
mas_serv@yahoo.com

2. Secretarial Department
Pearl Engineering Polymers Limited
B-59, Greater Kailash Part-I
New Delhi – 110048
Contact Person : Mr. Naresh Kapoor
Mr. Sanjeev Gupta
Phone Nos : 51067922–Direct
Fax No : 51417596
Email - nareshkapoor@pearlpet.net

10.15 Other Material Information :

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

Folio Number and Demat Request Number (DRN) : Kindly mention your Folio No or DP ID No. and your Client ID with Depository Participant in all your Correspondence pertaining to your shareholding in physical or in Demat form, as the case may be, to the Company and /or the Registrar & Share Transfer Agent of the Company.

Consolidation of holdings : Members who have multiple shareholding /Folios in identical names or joint accounts in the same order are requested to send their share certificate (s) to the Company for consolidation of all such shareholdings into one folio /account to facilitate better service.

Change of Address: In case of change of address or if the address mentioned in our correspondence is incomplete / incorrect, kindly intimate your correct postal address, including PIN Code number. Such intimation should bear the signatures of the shareholders in case of joint holdings, the signatures of the first shareholder.

Equity Shares held in Electronic Form: Shareholders holding equity shares in electronic form may please note that :

All instructions regarding change of address, nomination, Power of Attorney and transfer of shares etc. should be given directly to their respective Depository Participant(s). And Registrar & Share Transfer Agent of the Company.

Exchange of Old Share Certificates: Pursuant to BIFR Orders, the equity share capital of the Company was reduced by 60% and accordingly, the Company has issued new share certificates. It has been observed that large no. of investors have not exchanged their share certificates. Accordingly, shareholders are requested to exchange their old certificates with new one since old share certificates are not valid for trading in market. In case of any clarifications, the investor may get in touch with Secretarial Department.

AUDITORS' REPORT

TO THE MEMBERS OF PEARL ENGINEERING POLYMERS LIMITED

1. We have audited the attached Balance Sheet of Pearl Engineering Polymers Limited , as at March 31, 2005 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 the 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 explanations given to us, we further report that:
 - (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - (ii) (a) The inventory has been physically verified by the management at the year end. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the 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 physical verification of inventory as compared to book records were not material.
 - (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - (iv) In our opinion and according to the information and explanations given to us, there is in general an adequate internal control system 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 Act 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 such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where ,pursuant to the rules made by the Central Government of India , the maintenance of cost records has been prescribed under Section 209(1) (d) of the Act and are of the opinion that prima facie,the prescribed accounts and records have been made and maintained. We have not however, made 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 regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales tax, service tax, custom duty and cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in thousands)	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	Supreme Court of India

- (x) The Company has no accumulated losses as at March 31,2005 and it has not incurred cash losses in the financial year ended on that date. The Company had incurred cash losses in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has generally not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information and explanations 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 explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - (xix) The Company has not issued any debentures during the year.
 - (xx) The Company has not raised any money by public issues during the year.
 - (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
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 purposes of our audit;
 - (b) In our opinion, proper books of account 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 the books of account;
 - (d) Read with Note 19 on Schedule 20(II) 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, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act 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, 2005;
 - (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 the Cash Flow Statement, of the Cash Flows for the year ended on that date.

PLACE: New Delhi
DATE : June 30, 2005

H. Singh
Partner
Membership No. F-86994
For and on behalf of
Price Waterhouse
Chartered Accountants