

## NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of Pearl Engineering Polymers Limited will be held on Saturday, the 6th August, 2005 at 12.30 P.M. at D-17, MIDC Industrial Area, Kurkumbh, Taluka Daund, Dist. Pune - 413 802, Maharashtra, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dinesh Kothari, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. B. B. Mathur, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration.

**“RESOLVED THAT** M/s. J.C. Bhalla & Co., Chartered Accountants, 18-A, Nizamuddin (West) New Delhi-110013, be and are hereby appointed as Statutory Auditors of the Company to fill casual vacancy caused by the resignation of M/s. Price Waterhouse, Chartered Accountants, New Delhi, to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board.”

### SPECIAL BUSINESS

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

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 and 316 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification(s) or re-enactment thereof, for the time being in force) and subject to necessary approvals as may be required, if any under the Companies Act, 1956 read with rules framed thereunder, the consent of the Company be and is hereby accorded to the reappointment of Mr. Chand Seth, as Chairman & Managing

Director of the Company for a period of three years with effect from December 7, 2005, on the terms and conditions including remuneration as are set out in the Explanatory Statement.”

By the Order of the Board  
**For PEARL ENGINEERING POLYMERS LTD.**

Place : **New Delhi** **ARUN GUPTA**  
Date : **June 30, 2005** **WHOLE-TIME DIRECTOR**

Regd. Office :  
**D-17, MIDC Industrial Area**  
**Kurkumbh, Taluka Daund**  
**Distt. Pune – 413 802**  
**(MAHARASHTRA)**

### NOTES

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business stated above is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ENCLOSED PROXY FORM, IF INTENDED TO BE USED, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED IN ALL RESPECTS, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**
3. Members are requested to bring the Attendance Slips alongwith their copy of the Annual Report to the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 27th July, 2005 to 6th August, 2005 (both days inclusive).
5. Pursuant to Order passed by the Board for Industrial and Financial Reconstruction (BIFR) for the rehabilitation of the Company, the Paid-Up Equity Share Capital of the Company was reduced by 60% w.e.f. 28th March 2002. Accordingly, all the earlier shares have since been extinguished and new shares have been issued in lieu thereof. A specific letter had been sent to all the shareholders informing them of the same and also advising them to surrender the Old Share

Certificates in respect of their shares (if held in physical form). However, shareholders, who have not exchanged their Old Share Certificates with the New Share Certificates till date, are requested to surrender the same with the Company at its Corporate Office or at the Office of its Registrar and Share Transfer Agents, M/s. MAS Services Pvt Ltd., to enable the Company to release/despatch New Share Certificates in lieu thereof.

6. The Company has entered into Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Further, as per SEBI Notification dated 29th May 2000, trading in shares of the Company is now permitted only in dematerialised form. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
7. Members desiring any information on the accounts are requested to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready.

#### **EXPLANATORY STATEMENT**

**Pursuant to Clause 49 of the Listing Agreement read with Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Item No 2 to 5 of the Notice.**

#### **Item No. 2 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.

#### **Item No. 3 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. Thereafter, he joined JCT Ltd as Chief Executive Officer & Executive 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 Limited since its inception.

#### **Item No. 4:**

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 17<sup>th</sup> 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 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.

The resolution is intended for this purpose.

None of the directors of the Company has any interest or concern in the resolution.

#### **Item No. 5:**

Mr. Chand Seth was reappointed as Chairman & Managing Director of the Company for a period of 3 years w.e.f. December 07, 2002. Accordingly, his tenure of appointment is due to expire on 6<sup>th</sup> December 2005. In terms of the recommendations of the Remuneration Committee and subject to the approval of the members, the Board of Directors of the Company in its meeting held on June 30, 2005 has re-appointed Mr. Chand Seth as Chairman & Managing Director for a further period of three years with effect from 7<sup>th</sup> December 2005, on the terms and conditions as are set out hereunder:

- A. REMUNERATION** including Basic Salary, House Rent Allowance, Expenditure on Gas, Electricity,

Water and Furnishing, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance aggregating to, but not exceeding, Rs. 3,50,000/- (Rupees Three Lacs Fifty Thousand only) per month.

**B. PERQUISITES IN ADDITION TO ABOVE :**

- (1) Company's contribution towards Provident Fund as per rules of the Company but not exceeding 12% of the salary as laid down under the Income-Tax Rules, 1962.
- (2) Company's contribution towards Superannuation Fund as per rules of the Company but it shall not, together with the Company's contribution to Provident Fund, exceed 27% of the salary as laid down under the Income-Tax Rules, 1962.
- (3) Gratuity - Not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/- or such amount as may be laid down under the provisions of Payment of Gratuity Act, 1972.
- (4) Earned/Privilege Leave - As per rules of the Company. Leave accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- (5) Free use of Company's car with driver for the business of the Company.
- (6) Free telephone facility at Company's cost at residence. However, personal long distance calls shall be billed to the appointee.  
Further, in the event of absence or inadequacy of profits, Mr. Chand Seth shall be paid a consolidated remuneration of Rs. 3,50,000/- per month plus the permissible perquisites in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

**INFORMATION REQUIRED PURSUANT TO THE PROVISIONS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 READ WITH CLAUSE 49 OF THE LISTING AGREEMENT IS FURNISHED AS UNDER:**

**I. GENERAL INFORMATION:**

- (i) **Nature of Industry**  
The Company is leading Manufactures of PET Resins (Bottle and Film Grade).
- (ii) **Date or expected date of commencement of commercial production**  
Not Applicable

- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.**

Not Applicable

- (iv) **Financial performance based on given indicators**

The relevant financial figures (Audited) as at year ended 31st March 2005 are as under:-

(Rs. In '000)		
Revenue	Expenses	Net Profit / (Loss)
1784302	1603236	(23088)

- (v) **Export performance and net foreign exchange collaborations**

Total foreign exchange earned was Rs. 2774.29 Lacs as against outgo of Rs. 111.31 Lacs on import of Raw Material, Capital Goods, Components etc.

- (vi) **Foreign Investments or collaborators, if any:**  
Not Applicable

**II. INFORMATION ABOUT THE APPOINTEE:**

- (a) **Background Details**

Mr. Chand Seth is one of the promoters of the Company and has over 35 years of experience in the field of Polymers. He has done B.Tech (Mech.) from IIT (Kharagpur) and MS from Michigan University, USA.

- (b) **Past Remuneration**

A sum of Rs. 46.95 Lacs has been paid to Mr. Chand Seth, being the remuneration and allowable perks as per Schedule XIII to the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2005.

- (c) **Recognition or Awards**

He is renowned personality in the field of polymers and had immensely contributed to the nation in developing and introducing quality plastic products.

- (d) **Job Profile and his Suitability**

As stated above, Mr. Chand Seth is an B. Tech (Mech.) Engineer from IIT (Kharagpur) and MS from USA with over 35 years of experience. He is one of the Promoter Directors of the Company and is vested with substantial powers of management of the Company. As is evident from his qualifications, Mr. Chand Seth is ideally suited to the nature of our Industry, the benefits of which, the Company has reaped over the years.

(e) **Remuneration Proposed**

As mentioned above in Item No. 5.

(f) **Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin.**

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

(g) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

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

**III. OTHER INFORMATION:**

(a) **Reasons of loss or inadequate profits**

During the year the Sales Tax holiday period granted to the Company ended on 26<sup>th</sup> 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.

Further, the Company has incurred losses primarily due to higher cost of Raw Material which cannot be passed on to the customers.

(b) **Steps taken or proposed to be taken for improvement**

Company has been consistently developing specialty grade PET Resin for the newer

applications and is in advanced stages of their commercialization. This will help the Company to improve its operations and bottomlines.

(c) **Expected increase in productivity and profit in measurable terms.**

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

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

**IV. DISCLOSURE:**

**The Proposed Remuneration Package of the Managerial Personnel**

As mentioned above.

The re-appointment & remuneration payable to the appointee needs to be approved by the shareholders in a general meeting and accordingly, the resolution is placed before the members.

The Directors recommend the resolution for the approval of the members. Mr. Chand Seth is also holding the office the office of Managing Director in Pearl Polymers Limited.

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

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

By the Order of the Board  
**For PEARL ENGINEERING POLYMERS LTD.**

Place : **New Delhi**  
Date : **June 30, 2005**

**ARUN GUPTA**  
**WHOLE-TIME DIRECTOR**

Regd. Office :  
**D-17, MIDC Industrial Area**  
**Kurkumbh, Taluka Daund**  
**Distt. Pune – 413 802**  
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