

BALANCE SHEET AS AT 31st MARCH '2005

	SCHEDULE/NOTE REFERENCE	AS AT 31.03.2005 (Rs.'000)	AS AT 31.03.2004 (Rs.'000)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	374,726	374,726
Reserves & Surplus	2	64,863	87,951
Loan Funds			
Secured Loans	3	191,882	215,882
Unsecured Loans	4	63,758	59,800
		<u>695,229</u>	<u>738,359</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	922,746	919,058
Less : Depreciation		(437,515)	(390,599)
Net Block		<u>485,231</u>	<u>528,459</u>
Capital Work in Progress		-	825
		485,231	529,284
Investments	6	21	21
Current Assets, Loans and Advances			
Inventories	7	70,260	91,873
Sundry Debtors	8	100,881	89,929
Cash and Bank Balances	9	13,969	19,577
Other Current Assets	10	-	113
Loans & Advances	11	72,415	41,379
		<u>257,525</u>	<u>242,871</u>
Less : Current Liabilities & Provisions	12		
Current Liabilities		(50,535)	(42,565)
Provisions		(3,043)	(3,307)
			<u>196,999</u>
Net Current Assets		203,947	196,999
Miscellaneous Expenditure	13	6,030	12,055
(To the extent not written off or adjusted)			
		<u>695,229</u>	<u>738,359</u>
Significant Accounting Policies and Notes to Accounts	20		

This is the Balance Sheet referred to in our Report of even date

The schedules referred above form an integral part of the Balance Sheet

On Behalf of the Board

H. SINGH
Partner
Membership No. F-86994
For and on behalf of
**PRICE WATERHOUSE
CHARTERED ACCOUNTANTS**
Place : New Delhi
Dated : June 30, 2005

CHAND SETH Chairman & Managing Director
ARUN GUPTA Whole-Time Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005

	SCHEDULE/NOTE REFERENCE	FOR THE YEAR ENDED 31.03.2005 (Rs.'000)	FOR THE YEAR ENDED 31.03.2004 (Rs.'000)
INCOME			
Gross Sales		1,771,223	1,409,620
Less : Excise Duty		204,154	<u>162,057</u>
Other Income	14	13,079	8,086
TOTAL		<u>1,580,148</u>	<u>1,255,649</u>
EXPENDITURE			
Manufacturing	15	1,426,426	1,142,286
Personnel	16	32,319	34,628
Administrative, Selling & Others	17	70,123	68,108
Excise Duty		(1,076)	35
Finance	18	19,811	24,309
Depreciation	5	46,982	46,358
Miscellaneous Expenditure Written Off	13	6,025	6,025
		<u>1,600,610</u>	<u>1,321,749</u>
(Increase)/Decrease In Stocks	19	2,626	(10,218)
TOTAL		<u>1,603,236</u>	<u>1,311,531</u>
(Loss) before Tax		(23,088)	(55,882)
Tax Expense			
- Current Tax	20 (II)	-	-
- Deferred Tax	20 (II)(8)	-	-
(Loss) after Tax		<u>(23,088)</u>	<u>(55,882)</u>
Balance carried to the Balance Sheet		<u>(23,088)</u>	<u>(55,882)</u>
Basic and Diluted Earning/(Loss) Per Share (Rs.)	20 (II)(19)	(0.76)	(1.84)
Significant Accounting Policies and Notes to Accounts	20		

This is the Profit & Loss Account referred to in our Report of even date

The schedules referred above form an integral part of the Profit & Loss Account

On Behalf of the Board

H. SINGH
Partner
Membership No. F-86994
For and on behalf of
PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

CHAND SETH Chairman & Managing Director
ARUN GUPTA Whole-Time Director

Place : New Delhi
Dated : June 30, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2005

	FOR THE YEAR ENDED 31.03.2005 (Rs.'000)	FOR THE YEAR ENDED 31.03.2004 (Rs.'000)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net (loss)/profit before tax	(22,088)	(55,882)
Adjustments for :		
Depreciation	46,982	46,358
Interest Expense	17,849	19,337
Interest Income	(445)	(596)
(Profit)/Loss on Fixed Assets sold	100	-
Miscellaneous Expenditure written off	6,025	6,025
Provision for Bad & Doubtful Debts/Advances	2,430	2,133
Unrealised Exchange Fluctuation - Gain / (Loss)	(142)	(69)
Liability/Provisions no longer required written back	(1,709)	(5,237)
Provision for Gratuity & Leave Encashment	(364)	171
Operating profit before working capital changes	47,638	12,240
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	(10,277)	111,038
- (Increase)/Decrease in Other Receivables	(13,373)	7,268
- (Increase)/Decrease in Inventories	21,613	5,884
- Increase/(Decrease) in Trade and Other Payables	7,301	(45,471)
Cash generated from operations	52,512	90,959
- Taxes (Paid) / Received (Including TDS)	99	-
Net cash from operating activities (a)	52,611	90,959
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets		
Additions during the year (net of Exchange Fluctuation Rs. 250,168, Previous Year : Rs. (14,284,054)	(3,321)	(6,631)
Capital Work in Progress	-	93
Proceeds from Sale of fixed assets	185	-
Interest Received (Revenue)	558	521
Decrease/(Increase) in fixed deposits (NET)	1,342	(1,112)
Advance against equity	(17,500)	-
Net cash used in investing activities (b)	(18,736)	(7,129)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Inter Corporate Deposit received	4,000	-
Proceeds from long term borrowings		
Receipts	-	1,223
Payments	(24,292)	(49,548)
Interest Paid	(17,849)	(19,337)
Dividend Paid (including dividend tax)	-	(8)
Net cash used in financing activities (c)	(38,141)	(67,670)
Net Increase/(Decrease) in Cash & Cash Equivalents (a+b+c)	(4,266)	16,159
Cash and cash equivalents as at 01.04.2004	17,690	1,531
Cash and cash equivalents as at 31.03.2005	13,424	17,690
Cash and cash equivalents comprise		
Cash in hand	76	79
Balance with Scheduled Banks	13,348	17,611
	13,424	17,690

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
 - Figures in brackets indicate cash outgo.
 - Previous year figures have been regrouped wherever necessary to conform to the current year's classification. This is the Cash Flow Statement referred to in our report of even date
- The significant accounting policies and notes to account (Schedule 20) form an integral part of the Cash Flow Statement

On Behalf of the Board

H. SINGH
Partner
Membership No. F-86994
For and on behalf of
PRICE WATERHOUSE
CHARTERED ACCOUNTANTS

CHAND SETH
ARUN GUPTA

Chairman & Managing Director
Whole-Time Director

Place : New Delhi
Dated : June 30, 2005

	AS AT 31.03.2005 (Rs.'000)	AS AT 31.03.2004 (Rs.'000)
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SCHEDULE - 1

SHARE CAPITAL

Authorised Capital

42,000,000 (Previous year - 42,000,000) Equity Shares of Rs.10/- each	420,000	420,000
800,000 (Previous year - 800,000) Redeemable Preference Shares of Rs.100/- each	<u>80,000</u> 500,000	<u>80,000</u> 500,000

Issued, Subscribed and Paid up

30,412,560 (Previous year - 30,412,560) Equity Shares of Rs.10/- each	304,126	304,126
706,000 (Previous year - 706,000) 0.01% Redeemable Preference Shares of Rs.100/- each (Redeemable Preference Shares are to be redeemed at par in three annual installments on 30th September, 2012, 2013 & 2014.)	70,600	70,600
	<u>374,726</u>	<u>374,726</u>

SCHEDULE - 2

RESERVES AND SURPLUS

Profit and Loss Account

- Opening Balance	(326,445)	(270,563)
- Transferred during the year from Profit and Loss Account	(23,088)	(55,882)
Closing Balance	<u>(349,533)</u>	<u>(326,445)</u>

Restructuring Reserves

(In terms of the Rehabilitation Scheme sanctioned in an earlier year, Equity Share Capital of Rs. 218,813,400/- was written back by 60% and Principal Dues of Banks by Rs. 195,583,165/- consequent to One - Time Settlement with them)	414,396	414,396
	<u>64,863</u>	<u>87,951</u>

	AS AT 31.03.2005 (Rs.'000)	AS AT 31.03.2004 (Rs.'000)
SCHEDULE - 3		
SECURED LOANS (Refer Note 4 & 9 on Schedule 20(II))		
Loans from Scheduled Banks		
- Rupee Term Loans	105,168	116,047
Loans from Financial Institutions		
- Foreign Currency Loan	85,929	98,272
Other Loans (Secured against hypothecation of respective movable assets)	785	1,563
	<u>191,882</u>	<u>215,882</u>
Repayable within One Year	<u>30,835</u>	<u>27,699</u>

SCHEDULE - 4			
UNSECURED LOANS			
Long Term			
From Financial Institution			
- Foreign Currency Loan	59,758	59,800	
Short Term			
Inter Corporate Deposits	4,000	63,758	59,800
		<u>63,758</u>	<u>59,800</u>
Repayable within One Year		<u>4,000</u>	<u>-</u>

SCHEDULE - 5
[Refer Note (ii), (iii) and (xii) of Schedule 20 (I) and Note 21 Schedule 20(II)]

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.04.2004	Additions	Deletions/ Adjustments	As at 31.03.2005	As at 01.04.2004	For the Year	Deletions	At at 31.03.2005	As at 31.03.2005	As at 31.03.2004
Tangible Assets										
Land-lease Hold	4,147	-	-	4,147	480	44	-	524	3,623	3,667
Building	93,151	-	-	93,151	23,809	2,821	-	26,630	66,521	69,342
Plant & Machinery	809,222	3,340	250	812,812	360,917	43,237	-	404,154	408,658	448,305
Furniture & Fixtures	4,936	186	-	5,122	2,872	268	-	3,140	1,982	2,064
Office Equipments	2,628	100	(84)	2,644	1,055	121	27	1,149	1,495	1,573
Computers	1,467	164	-	1,631	1,019	174	-	1,193	438	448
Vehicles	3,507	-	(268)	3,239	447	317	39	725	2,514	3,060
Total	919,058	3,790	(102)	922,746	390,599	46,982	66	437,515	485,231	528,459
Previous Year	926,562	6,780	(14,284)	919,058	344,241	46,358	-	390,599	528,459	

CAPITAL WORK IN PROGRESS

- 825

(including capital advances and capital stores)

Note : Additions to the Gross Block of Plant & Machinery includes Rs. 2,50,168/-
(Previous year - deletions of Rs.14,284,054/-) on account of exchange fluctuation.

	AS AT 31.03.2005 (Rs.'000)	AS AT 31.03.2004 (Rs.'000)
SCHEDULE - 6		
INVESTMENTS - LONG TERM, NON-TRADE		
Unquoted (At Cost)		
6 Year National Savings Certificates (Pledged with Govt. Authorities)	21	21
	<u>21</u>	<u>21</u>
SCHEDULE - 7		
INVENTORIES		
(Refer Note (v) on Schedule 20(I))		
Raw and Packing Material (including Raw Material in transit amounting to Rs. 40,75,176/- (Previous year - Rs.27,83,020/-))	17,200	39,185
Stores & Spares (including Stores & Spares in transit amounting to Rs. 12,08,347/- (Previous year - Rs. 48,880/-))	20,934	17,936
Work in Progress	11,102	6,937
Finished Goods (including material lying at port Rs. 45,72,120/- (Previous year - Rs. 24,22,200/-))	21,024	27,815
	<u>70,260</u>	<u>91,873</u>
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured)		
Outstanding for over six months		
- Considered Good	23	2,417
- Considered Doubtful	7,863	8,792
Less: Provision for Doubtful Debts	<u>7,863</u>	-
Other Debts		
- Considered Good	100,858	87,512
	<u>100,881</u>	<u>89,929</u>
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash in hand (includes Rs.390,000/- (Previous year - Rs. 390,000/-) lying with Income Tax Authorities seized under search & seizure operation)	466	469
Balance with Scheduled Banks in		
- Current Account	13,348	17,611
- Fixed Deposits (Pledged as Margin money Rs. 155,110/- (Previous year - Rs. 1,496,620/-))	155	1,497
	<u>13,969</u>	<u>19,577</u>

	AS AT 31.03.2005 (Rs.'000)		AS AT 31.03.2004 (Rs.'000)	
SCHEDULE - 10				
OTHER CURRENT ASSETS				
Interest Accrued on Fixed Deposits	-		113	
	<u>-</u>		<u>113</u>	
SCHEDULE - 11				
LOANS AND ADVANCES				
(Unsecured - Considered good unless stated otherwise)				
Advance recoverable in cash or in kind or for value to be received (includes Rs. Nil (Previous year - Rs. 14,361/-) due from Director of the Company)				
(Maximum amount due from Director during the year Rs. 22,719/- (Previous year - Rs.33,733/-))				
- Considered good	30,864		30,902	
- Considered doubtful	590		363	
Less: Provision for Doubtful Advances	<u>590</u>	<u>30,864</u>	<u>363</u>	30,902
Advance against Equity Shares (Refer Note 10 on Schedule 20(II))		<u>17,500</u>		-
Balance with Excise & Customs Authorities on Current Account				
- Considered good	24,051		10,477	
- Considered doubtful	5,000		5,000	
Less: Provision for Doubtful Advances (Refer Note 1 on Schedule 20(II))	<u>5,000</u>	<u>24,051</u>	<u>5,000</u>	10,477
		<u>72,415</u>		<u>41,379</u>
SCHEDULE - 12				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors				
- Amount due to Small Scale Industrial Units (Refer Note 18 on Schedule 20(II))	242		215	
- Amount due to Others	<u>30,744</u>	<u>30,986</u>	<u>17,684</u>	17,899
Other Liabilities		<u>13,853</u>		13,129
Advance received from Customers		<u>5,696</u>		11,537
		<u>50,535</u>		<u>42,565</u>
Provisions				
(Refer Note (xi) on Schedule 20(I))				
Gratuity		792		821
Leave Encashment		1,600		1,935
Provision for Tax (Net of Advance Tax Rs. 7,49,400/- (Previous year-Rs.848,836/-))		651		551
		<u>3,043</u>		<u>3,307</u>

SCHEDULE - 13	Balance as at 01.04.2004 (Rs'000)	Charged to Profit & Loss Account (Rs'000)	Balance as at 31.03.2005 (Rs'000)
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) [Refer note (vi) on Schedule 20(I)]			
Preliminary Expenses	159	112	47
Share Issue Expenses	2,113	1,492	621
Deferred Revenue Expenses	9,754	4,401	5,353
Listing Fee	29	20	9
	<u>12,055</u>	<u>6,025</u>	<u>6,030</u>

	FOR THE YEAR ENDED 31.03.2005 (Rs'000)	FOR THE YEAR ENDED 31.03.2004 (Rs'000)
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SCHEDULE - 14		
OTHER INCOME		
Interest - Gross (Tax deducted at source Rs. 54,828/- (Previous year - Rs. 95,311/-))	445	596
Job Work - Gross (Tax deducted at source Rs. 1,39,072/- Previous year - Rs. 1,558/-)	6,652	71
Foreign Exchange Fluctuation (Net)	2,427	150
Liabilities / Provisions no longer required Written Back	1,709	5,237
Others	1,846	2,032
	<u>13,079</u>	<u>8,086</u>

SCHEDULE - 15		
MANUFACTURING EXPENSES		
Raw and Packing Materials Consumed	1,333,396	1,046,278
Stores and Spares Consumed (excluding charged to revenue heads Rs. 3,76,79,501/- (Previous year - Rs.3,15,10,672/-))	11,478	18,866
Power & Fuel	73,004	69,416
Repair & Maintenance-Machinery	6,606	5,298
Repair & Maintenance-Building	32	14
Insurance	1,910	2,414
	<u>1,426,426</u>	<u>1,142,286</u>

SCHEDULE - 16		
PERSONNEL COSTS		
Salaries & Wages	26,139	28,377
Employers Contribution to Provident Fund & Super Annuation Fund	2,899	3,084
Employees State Insurance	19	21
Staff Welfare Expenses	3,262	3,146
	<u>32,319</u>	<u>34,628</u>

	FOR THE YEAR ENDED 31.03.2005 (Rs'000)	FOR THE YEAR ENDED 31.03.2004 (Rs'000)
SCHEDULE - 17		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rates & Taxes	802	697
Repair & Maintenance - Others	269	444
Freight & Forwarding	38,357	34,189
Travelling & Conveyance (including Directors' Travelling Rs. 23,77,107/- (Previous year - Rs.25,47,254/-))	4,623	4,988
Brokerage / Commission	6,056	5,428
Loss on sale of fixed assets	100	-
Provision for Doubtful Debts/Advances	2,430	2,133
Miscellaneous Expenses	17,486	20,229
	<u>70,123</u>	<u>68,108</u>
SCHEDULE - 18		
FINANCE CHARGES		
Interest		
- On Fixed Loans	17,435	19,337
- Others	414	-
	<u>17,849</u>	<u>19,337</u>
Discounting Expenses	1,521	4,219
Bank Charges etc.	441	753
	<u>19,811</u>	<u>24,309</u>
SCHEDULE - 19		
(INCREASE)/DECREASE IN STOCKS		
Opening Stock		
- Finished Goods	27,815	22,047
- Work in Progress	6,937	2,487
	<u>34,752</u>	<u>24,534</u>
Closing Stock		
- Finished Goods	21,024	27,815
- Work in Progress	11,102	6,937
	<u>32,126</u>	<u>34,752</u>
(Increase)/Decrease	<u>2,626</u>	<u>(10,218)</u>

SCHEDULE 20
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES:

i) Basis for Preparation of Accounts:

These accounts are prepared on a historical cost convention, Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

ii) Fixed Assets:

Fixed assets are stated at cost of acquisition, net of Modvat / Cenvat, wherever applicable. Cost includes freight, duties, taxes and their incidental expenses related to acquisition and installation of the fixed assets.

iii) Depreciation:

Depreciation on fixed assets is provided on Straight-Line Method at the rates, and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except for leasehold land, which is amortised over the period of the lease and capital spares which are being depreciated on the remaining useful life of the machines to which they relate.

iv) Income:

Sale of goods is recognised at the point of despatch to the customer, except in the case of export sales, which are recognised as per the terms of the contract. Sales are inclusive of Excise Duty and net of trade discounts.

v) Inventories:

Raw material, work in progress and finished goods are valued at lower of weighted average cost and net realisable value. In respect of finished goods and work in progress, applicable manufacturing overheads are also included. Stores & spares are valued at lower of cost determined on a FIFO basis and net realisable value.

vi) Miscellaneous Expenditure:

Miscellaneous expenses are amortised over a period of ten years.

vii) Translation Of Foreign Currency Items:

Transactions in Foreign Exchange are accounted for at the exchange rates prevailing on the date of the transaction. The exchange differences arising out of their settlement other than those relating to fixed assets-are dealt with in the Profit and Loss Account. Foreign currency assets and liabilities are stated at the year-end foreign exchange rates or forward contract rates, as the case may be. The resultant gains or losses are recognised in Profit and Loss Account except exchange difference arising in settlement and/or transaction of foreign currency liabilities on acquisition of fixed assets which are adjusted against the carrying cost of corresponding fixed asset.

Premium / discount on Forward Exchange Contracts is recognised as income or expense in the Profit & Loss account over the period of the Contract.

viii) Borrowing Cost:

Interest on term loan and working capital is charged to revenue account. Further interest on borrowings for qualifying assets, is capitalised till the date of commencement of commercial use of the asset.

ix) Leases:

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating lease. Payments made under operating lease is charged to Profit & Loss Account on a "Straight-Line Basis" over the period of lease. Rentals payable under operating lease are charged to Profit & Loss Account as incurred.

x) Taxation:

Tax expense for the period, comprising current tax and deferred tax, is included in determining the net profit / (loss) for the year.

The provision for current taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for all timing differences. Deferred tax assets are recognised based on prudence and are carried forward to the extent it is certain that future taxable profit will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

xi) Retirement Benefits:

1. Gratuity is provided at on the basis of amount determined actuarially at the year-end.
2. Leave encashment is provided on the basis of actuarial valuation at the year-end.
3. Superannuation is provided on the basis of amount paid under the Insurance scheme, taken from Life Insurance Cdorporation of India.

xii) Impairment of Assets:

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

xiii) Provisions And Contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

II NOTES TO ACCOUNTS:-

1. Contingent Liabilities:

	2004-05	2003-04
	(Rs.'000)	(Rs.'000)
i) Bills Discounted	208,505	141,676
ii) Custom Duty Demand (other than Penalty if any, which is not quantifiable at this stage)*	36,812	36,812
iii)) Excise Duty Demand	-	816
iv) Claims against the Company not acknowledged as debt	304	-
iv) Outstanding 'C' Forms	18,997	-

*The Company had procured technical know-how and front-end engineering package from its technical collaborator for setting up PET Resin plant at Kurkumbh. The Company had paid Income Tax and other duties applicable on the same. Subsequently, a custom duty demand amounting to Rs. 41,812 Thousands had been received from Customs Authorities on the entire consideration paid by the Company. The Company paid a deposit of Rs.5,000 Thousands to custom authorities, under protest. The Customs Excise and Gold Appellate Tribunal (CEGAT) had upheld the Company's appeal against the same. The Custom Authorities have filed an appeal against decision of CEGAT which is pending with Supreme Court of India. Pending finalisation of the above mentioned matter the deposit of Rs, 5,000 Thousand has been provided for. During the current year there is no movement in this provision.

2. In view of losses, no dividend is proposed on 0.01% redeemable preference shares. The arrears of dividend as at year end is Rs. 14,000/-.
3. Estimated amount of contracts remaining to be executed as on March 31, 2005 was Rs. Nil (Previous Year -Rs. 833 Thousands).
4. Rupee Term Loan, Foreign Currency Loans and Guarantee Assistance with financial institutions and banks, are secured by the whole of the movable properties of the Company including its movable plant & machinery, machinery spares, tools & accessories and other movables, both present and future, (save and except book debts), whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these present, be brought into or upon or be stored or be in or about the Company's factory premises and godowns situated at D 17, M.I.D.C., Kurkumbh, District Pune, Maharashtra or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery, howsoever and wheresoever in the possession of the Company and either by way of substitution or addition. These loans are further secured by personal Guarantees of Mr. Chand Seth and Mr. Harish Seth, Directors of the Company and Mr. Krishen Seth. Further, the above loans are secured by mortgage of the land and other immovable properties of the Company situated at D 17, MIDC Kurkumbh Industrial Area, Distt. Pune, Maharashtra together with buildings and other structures, fixed plant and machinery, fixture and fittings constructed or installed thereon.

5. MANAGERIAL REMUNERATION: *

	2004-05 (Rs.'000)	2003-04 (Rs.'000)
Salary & Allowances	3,978	4,121
Estimated value of Perquisites	1,864	1,794
P.F. Contribution & Superannuation	1,053	1,070

* - As the provision for gratuity and leave encashment is determined for the Company as a whole, no separate figures are available.

6. AUDITORS' REMUNERATION:

	2004-05 (Rs.'000)	2003-04 (Rs.'000)
Statutory Audit Fee	775	775
Other Services	500	500
Out of Pocket Expenses	85	171

7. The Company is engaged in the manufacture of PET Resin and there are no reportable segments as per the Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
8. The Company has not recognised the tax affect of the timing differences, as per Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India, on carry forward losses and unabsorbed depreciation under the Income Tax Act, on account of prudence.
9. In terms of rehabilitation scheme sanctioned by BIFR, the Company has fully paid One Time Settlement (OTS) dues of the Banks and related charges on assets have been vacated. It is generally making payments to Financial Institution & Bank as per the Scheme. The Monitoring Agency's request to discharge the Company from the provisions of SICA, is under the consideration of BIFR.
10. The Company has given Rs. 175 lacs as advance against equity shares of M/s Pearl Polymers Limited during the year. The Company is in the process of obtaining necessary permission from relevant Authorities (Refer Schedule 11).

11. The Company has been registered with the Secretariat of Industrial Approvals, Ministry of Industry for manufacture of 24,840 M.T. per annum of Polyethylene Terephthalate Polyester Chips (PET). The installed capacity and production is as under:

Year	Installed Capacity *	Production**
2004-05	24,840 TPA	25,153.80M.T.
2003-04	24,840 TPA	25,610.76M.T.

* This being technical matter, is certified by the Management and accepted by the Auditors.

** Excludes 1309.54M.T. Job Work (Previous Year 8.85 M.T.)

12. **BREAK UP OF STOCKS AND TURNOVER:**
Polyethylene Terephthalate Polyester Chips (PET)

	2004-05		2003-04	
	Quantity (M.T.)	Amount (Rs' 000)	Quantity (M.T.)	Amount (Rs' 000)
Opening Stock	582.86	27,815	494.67	22,047
Sales	25408.88	1,771,223	25522.56	1,409,620
Closing Stock	327.20	21,024	582.86	27,815

13. **RAW AND PACKING MATERIAL CONSUMED:**

S.No.	Description	2004-05		2003-04	
		Quantity (M.T.)	Amount (Rs' 000)	Quantity (M.T.)	Amount (Rs' 000)
1	Purified Terephthalic Acid / Isophthalic Acid	21,637.48	869,630	21,161.40	664,899
2	Mono Ethylene Glycol	8,574.77	445,441	8,420.20	317,127
3	Bought out Chips	40.92	1,879	1,070.81	49,188
4	Others	*	16,446	*	15,064
			<u>1,333,396</u>		<u>1,046,278</u>

* Quantitative details have not been given, as it is impracticable to do so, in view of the innumerable items involved.

14. **VALUE OF IMPORTED / INDIGENOUS RAW AND PACKING MATERIALS, STORES AND SPARE PARTS CONSUMED:**

	2004-05		2003-04	
	Amount (Rs' 000)	%Age	Amount (Rs' 000)	%Age
1. Raw and Packing Materials				
Indigenous	1,024,586	77	730,102	70
Imported *	308,810	23	316,176	30
	<u>1,333,396</u>	<u>100</u>	<u>1,046,278</u>	<u>100</u>
* Includes Deemed Imports				
2. Stores & Spare Parts				
Indigenous	45,767	93	46,186	92
Imported	3,391	7	4,190	8
	<u>49,158</u>	<u>100</u>	<u>50,376</u>	<u>100</u>

15. VALUE OF IMPORTS ON CIF BASIS

	2004-05 (Rs' 000)	2003-04 (Rs' 000)
Raw Materials	15,101	49,984
Stores & Spares	3,914	1,562
	19,015	51,546

16. EXPENDITURE IN FOREIGN CURRENCY
(Cash basis)

	2004-05 (Rs' 000)	2003-04 (Rs' 000)
Travelling	1,871	1,829
Interest	3,251	3,009
Others	6,009	4,883

17. EARNINGS IN FOREIGN EXCHANGE

	2004-05 (Rs' 000)	2003-04 (Rs' 000)
Export of Goods on FOB Basis	277,429	252,066

18. Based on the information available with the Company, there are no Small Scale Industrial Undertakings to which the Company owes as at 31st March 2005, for more than thirty days except under contractual terms.

19. EARNING PER SHARE

Particulars	2004-05 (Rs' 000)	2003-04 (Rs' 000)
Net Profit/(Loss) available to Equity Shareholders (Rs. in thousands)	(23,088)	(55,882)
No. of weighted average equity shares outstanding during the year	30,412,560	30,412,560
Basic and Diluted Earning/(Loss) Per Share (Rs.)	(0.76)	(1.84)
Nominal Value of Equity Shares (Rs.)	10	10

In terms of the scheme, Financial Institutions and Banks have option to convert defaulted dues into Equity Share Capital of the Company. However, the same has not been considered as potential Equity Shares for the purposes of calculating diluted Earning Per Share as it is not practically possible to ascertain the numbers of Potential Shares. [Refer Note 9 on Schedule 20(II)]

20. RELATED PARTIES DISCLOSURES

In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of related parties and transactions with the related parties carried out in the normal course of business, as identified and certified by the management, are as follows:

I. Details of Related Parties

i) Key Management Personnel

Mr. Chand Seth	Chairman & Managing Director
Mr. Harish Seth	Managing Director
Mr. Arun Gupta	Whole Time Director
Mr. Dinesh Chand Kothari	Director
Mr. C.R. Dua	Director
Mr. B.B. Mathur	Director
Mr. Ashok Khanna	Director
Mr. Ramesh M. Bhujang	Nominee Director (AFIC)
Mr. Satish Gupta	Nominee Director (ICICI Bank Ltd.) (Resigned w.e.f. 23.04.2004)
Mr. Chandra Shankar	Special Director (BIFR) (Resigned w.e.f. 05.07.2004)

ii) Relatives

Mrs. Suneeta Seth	Wife of Mr. Chand Seth
Mrs. Poonam Gupta	Wife of Mr. Arun Gupta

iii) Associates:

Gama Investments Pvt Ltd.
Pacific Pearl Finance & Leasing Ltd.
Pearl International Tours & Travels Ltd.
Pearl Polymers Ltd.
New Delhi Corporate Consultancy Services Pvt. Ltd.

II. Detail of transactions

(Rs.'000)

	Associates		Key Management Personnel & Relatives		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Sale of Goods **	328,284	252,699	-	-	328,284	252,699
Job Work Income **	6,593	-	-	-	6,593	-
Purchase of Air Tickets **	982	1,781	-	-	982	1,781
Payment of Rent	-	-	1,590	1,590	1,590	1,590
Sharing of Expenses Paid *	6,000	9,000	-	-	6,000	9,000
Professional Charges Paid **	500	500	-	-	500	500
Advance against Equity given **	17,500	-	-	-	17,500	-
Remuneration Paid	-	-	5,545	5,635	5,545	5,635
Sitting Fee	-	-	14	16	14	16
Outstanding Balance Debit/(Credit)	17,204	82,270	(110)	26	17,094	82,296

* Includes Rs. 3,600 Thousands paid to Pearl Polymers Ltd. and Rs. 2,400 Thousands paid to Pacific Pearl Finance & Leasing Ltd.

** Represents transaction with one Associate Company.

21. The Adoption of Accounting Standard 28 on impairment detailed in Note 1 (xii) on Schedule 20 does not have any impact on either the loss for the year or on the net assets of the Company as at the year-end.
22. The Company has taken certain office and residential premises on operating leases. Future obligations in respect of non-cancelable lease rentals are Rs. Nil. Total operating lease rent paid during the year was Rs. 1,590 Thousands. (Previous Year - Rs. 1,590 Thousands).
23. The Company Secretary of the Company has resigned w.e.f. 5th June'2004. The Company is in process of appointment of a new Company Secretary.
24. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT 1956

AMOUNT Rs. ('000)

i) Registration Details

Registration No. : 1 2 7 0 1 State Code : 2 5
Balance Sheet Date : 3 1 0 3 2 0 0 5

ii) Capital raised during the year :

Public Issue : N I L Rights Issue : N I L
Bonus Issue : N I L Private Placement : N I L

iii) Position of Mobilisation & Deployment of Funds

Total Liabilities : 6 9 5 2 2 9 Total Assets : 6 9 5 2 2 9

Sources of funds

Paid up Capital : 3 7 4 7 2 6 Reserves & Surplus : 6 4 8 6 3
Secured Loans : 1 9 1 8 8 2 Unsecured Loans : 6 3 7 5 8

Application of Funds

Net Fixed Assets : 4 8 5 2 3 1 Investments : 2 1
Net Current Assets : 2 0 3 9 4 7 Misc. Expenditure : 6 0 3 0

iv) Performance of Company

Turnover including other Income : 1 7 8 4 3 0 2 Total Expenditure : 1 8 0 7 3 9 0
Profit/(Loss) Before Tax : - 2 3 0 8 8 Profit/(Loss) After Tax : - 2 3 0 8 8
Earning Per Share (in Rs.) - Basic : - 0 . 7 6 Dividend Rate (%) : N I L

v) Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No.
(ITC Code) : 3 9 0 7 6 0 0
Product Description : Polyethylene Terephthalate Bottle Grade

On Behalf of the Board

CHAND SETH Chairman & Managing Director
ARUN GUPTA Whole-Time Director

Place : New Delhi
Dated : June 30, 2005

ANNEXURE TO THE DIRECTORS' REPORT

A. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (AS AMENDED) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005

Sl. No.	Name	Age (Yrs.)	Qualification(s)	Date of Commencement of Employment	Designation	Remuneration (Rs.)	Experience (Yrs.)	Last Employment/ Designation, Employer
1.	Mr. Chand Seth	61	B.Tech (Mech). MS, USA	07-12-1992	Chairman & Managing Director	4695974	35	None
2.	Mr. Arun Gupta	55	B.Com, FCA	12-10-1993	Whole-Time Director	2199400	31	Chief Executive Project & Planning Pearl Polymers Ltd.

Notes:

- The appointment of above employees are governed by individual service contracts
- Remuneration includes Salary, House Rent Allowance, Commission, Company's contribution to Provident Fund, Superannuation Fund and Perquisites. Value of perquisites have been calculated on the basis of Income-Tax Act, 1961.
- Information about qualification and last employment are based on particulars furnished by the employee concerned.
- Mr. Chand Seth is related to Mr. Harish Seth, Managing Director of the Company.

B. STATEMENT PURSUANT TO THE PROVISIONS OF SEC 217(1)(e) OF THE COMPANIES ACT, 1956.

(I) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The throughput of the plant was increased in a phased manner by optimisation process.

(II) RESEARCH & DEVELOPMENT

- Speciality products yielding higher value addition were developed during the year
- Utility consumption per M.T. was further reduced by process optimisation.
- Existing facilities were utilised for R&D and there was no new capital expenditure.

	Year Ended 31-03-2005	Year Ended 31-03-2004
(III) CONSERVATION OF ENERGY		
Power & Fuel Consumption		
1. ELECTRICITY		
Purchased		
Units (KWH in lacs)	97.57	96.97
Total cost (Rs. in lacs)	337.06	362.37
Rate per unit (Rs.)	3.45	3.74
2. FUEL CONSUMPTION		
(a) LDO		
Quantity (KL)	121.38	137.86
Total cost (Rs. in lacs)	22.70	20.51
Average Rate per KL (Rs.)	18704.39	14,876.17
(b) FO		
Quantity (KL)	3087.12	2776.24
Total cost (Rs. in lacs)	326.40	264.89
Average Rate per KL (Rs.)	10573.01	9541.37
(c) HSD (FOR POWER GENERATION OF 334764 UNITS (Previous year - 451914 Units)		
Quantity (KL)	100.26	95.74
Total cost (Rs. in lacs)	27.69	22.53
Average Rate per KL (Rs.)	27618.59	23533.20
(d) KEROSENE		
Quantity (KL)	-	36.00
Total cost (Rs. in lacs)	-	7.18
Average Rate per KL (Rs.)	-	19933.33
3. OTHER / INTERNAL GENERATION		
Consumption per unit on Production of PET Resin (MT)		
MSEB Electricity (Units)	362	379
FO/LDO (KL)	0.12	0.11
(IV) FOREIGN EXCHANGE EARNING & OUTGO (RS. IN '000)		
Outgo	30146	61,267
Earnings (FOB)	277429	252066

BOARD OF DIRECTORS

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

11TH ANNUAL GENERAL MEETING

DATE	: 6th August, 2005
DAY	: Saturday
TIME	: 12:30 P.M.
PLACE	: D-17, M.I.D.C. Indl. Area Kurkumbh, Taluk Daund, Distt. Pune - 413 802 Maharashtra

AUDITORS

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

REGISTERED OFFICE & WORKS

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

CORPORATE OFFICE & INVESTORS' SERVICE CELL

B-59, Greater Kailash Part-I
New Delhi - 110 048
Tel. : 51417917-21
Fax : 51417596
Email - pearl@pearlpet.net

REGISTRARS & SHARE TRANSFER AGENTS

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

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**PEARL ENGINEERING
Polymers Limited**

Registered Office :
D-17, M.I.D.C., Industrial Area, Kurkumbh
Taluk Daund, Distt. Pune - 413802, Maharashtra

PROXY FORM

I/We
of
being a Member/Members of Pearl Engineering Polymers Limited, hereby appoint
of
or failing him
of
as my/our Proxy to attend and vote for me/us and on my/our behalf at the 11th ANNUAL GENERAL MEETING
of the said Company to be held at 12:30 P.M. on Saturday, the 6th August, 2005, or at any adjournment thereof.
Signed this day of2005
Signature of
The Member(s)
Folio No./Client ID No. & DP ID No

- N.B. (i) The Proxy, in order to be effective, must be deposited at the Registered
Office of the Company, not later than 48 hours before the time of the Meeting.
(ii) A PROXY NEED NOT BE A MEMBER**

Affix
Rs. 1
Revenue
Stamp

**PEARL ENGINEERING
Polymers Limited**

Registered Office :
D-17, M.I.D.C., Industrial Area, Kurkumbh
Taluk Daund, Distt. Pune - 413802, Maharashtra

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

(I hereby record my presence at the 11th ANNUAL GENERAL MEETING at D-17, M.I.D.C. Industrial Area, Kurkumbh,
Taluk Daund, Distt. Pune - 413 802, Maharashtra on, Saturday, the 6th August, 2005, at 12.30 P.M.

Name of the Member(s) / Proxy attending the Meeting	
Folio No./Client ID No. & DP ID No.	
No. of Shares Held	
Signature of the Member/Proxy	

U.P.C.

If undelivered, please return to:

PEARL ENGINEERING Polymers Limited
D-17, M.I.D.C. Industrial Area, Kurkumbh
Taluk Daund, Distt. Pune - 413 802 (Maharashtra)