

**CORPORATE GOVERNANCE REPORT****I. COMPANY'S PHILOSOPHY**

The philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully with the laws and regulations of the country in order to promote ethical conduct and practices throughout the organization for enhancing stakeholders value.

Corporate Governance at Pearl is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible Corporation, we use this framework to maintain accountability in all our affairs, and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our Corporate Governance philosophy is based on the following principles :

- Satisfy the spirit of the law and not just the letter of the law;
- Be transparent and maintain a high degree of disclosure levels - when in doubt, disclose;
- Make a clear distinction between personal conveniences and Corporate Resources;
- Communicate externally, in a truthful manner, about how the Company is run internally;
- Have a simple and transparent corporate structure driven solely by business needs; and
- The Management is the trustee of the Shareholders' Fund and not the owner.

**II. BOARD OF DIRECTORS**

The Board is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance.

The Board of Directors alongwith its Committees provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably increasing the Company's value. The Board has Constituted various Committees viz- a- viz Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievances Committee and Finance Committee. The Company has defined guidelines and established framework for the meetings of the Board and Board Committees. These guidelines seek to systematise the decision-making process at the meeting of the Board and Board Committees in an informed and efficient manner. The Board critically evaluates strategic direction of the Company, management policies and their effectiveness.

**i) Composition**

The present strength of the Board is Five (5) Directors. The Board comprises of Two (2) Executive and Three (3) Non-Executive Directors representing the optimum combination of professionalism, knowledge and business experience. The members of the Board are acknowledged as leading industrialist and professionals in their respective fields. The Board is headed by Mr. Chand Seth, Executive Chairman.

The composition of the Board of Directors, Number of Shares held , Attendance in the last AGM, alongwith the number of Directorships and Committee positions (Chairmanships/ Memberships) held by them in other companies as on 31<sup>st</sup> March, 2013 are given herein below:

| Name of Directors  | No. of Shares Held | Present at the Last AGM held on 20.09.2012 | Number of Outside Directorships# | Number of Committee Positions held in other Public Companies |  |
|--|--------------------|--|----------------------------------|--|--|
|  |                    |  |                                  | Chairmanship@  | Membership (inclusive of Chairmanship) |
| Executive Directors                                      |                    |  |                                  |  |  |
| Mr. Chand Seth<br>Chairman & Managing Director©          | 890475             | YES  | 4                                | 0  | 1                                      |
| Mr. Harish Seth<br>Vice – chairman & Managing Director ® | 0                  | NA   | 2                                | —  | —                                      |
| Mr. Varun Seth<br>Whole Time Director©                   | 597778             | YES  | 2                                | 0  | 1                                      |
| Non Executive and Independent Directors                  |                    |  |                                  |  |  |
| Dr.Sai Ramachandran<br>Director                          | 0                  | YES  | 2                                | 2  | 2                                      |
| Mr. Naresh Khanna<br>Director ®                          | 0                  | NA   | 2                                | —  | —                                      |
| Mr. Ramesh Mehra<br>Director                             | 0                  | NO   | 2                                | 0  | 2                                      |
| Mr. Mahavir Singh<br>Nominee Director- HSIIDC            | 0                  | NO   | 3                                | 0  | 2                                      |

**Notes:**

- § None of the Director was a member of more than ten committees or Chairman of more than five committees across all the companies in which he is a Director. Necessary disclosures with respect to Committee Positions held as on 31<sup>st</sup> March, 2013 have been received from all the Directors.
- # It excludes Alternate Directorship, Directorship in Private Companies, Foreign Companies and Companies registered under section 25 of the Companies Act, 1956.
- @ It excludes committees other than the Audit Committee and Shareholders'/ Investors' Grievances Committee of all Public Limited Companies (including Pearl Polymers Limited) as per the provisions of clause 49 of the Listing Agreement.
- ® During the year under review, Mr. Harish Seth, Vice Chairman & Managing Director and Mr. Naresh Khanna, Non Executive & Independent Director of the Company, resigned from the Board w.e.f 11<sup>th</sup> July, 2012 and 1<sup>st</sup> August, 2012 respectively. The Chairmanship & Membership in Committees for them are not considered since their office got vacated before 31<sup>st</sup> March, 2013.
- © Mr. Chand Seth, Chairman & Managing Director and Mr. Varun Seth, Whole Time Director are related to each other.

**ii) Board Meetings**

During the year under review Seven (7) Board Meetings were held i.e May 30<sup>th</sup>, 2012, July 31<sup>st</sup>, 2012, August 14<sup>th</sup>, 2012, September 7<sup>th</sup>, 2012, September 20<sup>th</sup>, 2012, November 10<sup>th</sup>, 2012, and February 14<sup>th</sup>, 2013.

The maximum time gap between any two consecutive meetings did not exceed four months as stipulated under clause 49 of the Listing Agreement.

The Details of Attendance of each Director at Board Meetings is given below:

| S.No. | Name of Directors    | Attendance in Board Meeting |
|-------|----------------------|-----------------------------|
| 1     | Mr. Chand Seth       | 7                           |
| 2     | Mr. Varun Seth       | 4                           |
| 3     | Mr. Harish Seth      | 1                           |
| 4     | Dr. Sai Ramachandran | 7                           |
| 5     | Mr. Naresh Khanna    | 2                           |
| 6     | Mr. Ramesh Mehra     | 4                           |
| 7     | Mr. Mahavir Singh*   | 0                           |

\* Mr. Mahavir Singh was granted leave of absence by the Board as per Section 283(1)(g) of the Companies Act, 1956 for not able to attend the Board Meetings.

**III. BOARD COMMITTEES**

The Board has constituted a set of below mentioned Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The details of the Board committees are given as under:

**i) Audit Committee**

The Company had constituted an Qualified and Independent Audit Committee for good audit compliances. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

**a) Composition, Meetings and Attendance**

The Audit Committee comprises of three Non Executive and Independent Directors as members, all of whom are versed in finance and possess adequate knowledge in the area of accounts.

The details of composition of Independent Audit Committee, Designation and Attendance of the members at the Committee Meetings held during the year are given below:

| S.No. | Name of Members      | Designation | Meetings Attended |
|-------|----------------------|-------------|-------------------|
| 1     | Dr. Sai Ramachandran | Chairman    | 4/4               |
| 2     | Mr. Naresh Khanna®   | Director    | 1/4               |
| 3     | Mr. Varun Seth*      | Member      | 3/4               |
| 4     | Mr. Ramesh Mehra     | Member      | 3/4               |

®\* There was a change in the constitution of Audit Committee. Mr. Varun Seth was introduced as member to the Committee due to resignation of Mr. Naresh Khanna from the Board, which automatically vacates his office as member of Audit Committee.

Ms. Chandni Gupta, Manager (Accounts) & Company Secretary acted as the Secretary to the Audit Committee.

Dr. Sai Ramachandran, Chairman of the Audit Committee attended the last Annual General Meeting of the Company held on 20<sup>th</sup> September, 2012.

**b) Terms of Reference:**

Primarily, the Audit Committee is responsible for:

- ❖ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
- ❖ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- ❖ Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- ❖ Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement forming part of Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Compliance with listing and other legal requirements relating to Financial Statements; and
  - e. Qualifications in the draft Audit Report.
- ❖ Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.
- ❖ Reviewing with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- ❖ Discussion with Internal Auditors on any significant findings and follow up there on.
- ❖ Discussion with Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Further, the Committee also discharges such other role/functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company.

**ii) Remuneration Committee**

The Board has constituted a Remuneration Committee in compliance with the provisions of Schedule XIII of the Companies Act, 1956 and Non- Mandatory Recommendation of Clause 49 of the Listing Agreement.

**a) Composition**

The Remuneration Committee comprises of three (3) Non Executive and Independent Directors as members. The details of composition of Remuneration Committee and designation of the members are given below:

| S.No. | Name of Members      | Designation |
|-------|----------------------|-------------|
| 1     | Dr. Sai Ramachandran | Chairman    |
| 2     | Mr. Ramesh Mehra     | Member      |
| 3     | Mr. Mahavir Singh    | Member      |

**b) Terms of Reference:**

The broad terms of reference of the Remuneration Committee are as follows:

The Remuneration Committee is empowered to review and recommend the remuneration packages of the Executive Directors including pension rights and compensation. The recommendations of the Remuneration Committee are based on the following:

- Overall financial performance and profitability of the Company;
- Appointee's qualification, experience, past remuneration and performance; and
- Prevailing general economic condition and emoluments being offered by other Companies in the industry.

The aim of remuneration policy is to ensure that Executive Directors of the Company are rewarded in fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance.

**c) Meetings and Attendance**

No meeting of Remuneration Committee was held during the Financial Year 2012-13.

**d) Remuneration Policy**

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing Industry Practice.

The details of the Remuneration/Sitting fees, Allowances and Perquisites paid to the Executive Directors and Non Executive Directors in respect of the Financial Year 2012-13, are given herein below:

(` in 'Lacs)

| Name & Designation                                | Salary | Allowances & Perquisites | P.F Contribution & Superannuation | Sitting Fees* | Total |
|---|--------|--------------------------|-----------------------------------|---------------|-------|
| <b>Executive Directors</b>                        |        |                          |                                   |               |       |
| Mr. Chand Seth                                    | 24     | 18                       | 2.88                              | -             | 44.88 |
| Mr. Harish Seth®                                  | 6.70   | 3.95                     | 2.71                              | -             | 13.36 |
| Mr. Varun Seth                                    | 18     | 10.82                    | 4.86                              | -             | 33.68 |
| <b>Non- Executive &amp; Independent Directors</b> |        |                          |                                   |               |       |
| Dr.Sai Ramachandran                               | -      | -                        | -                                 | 0.07          | 0.07  |
| Mr. Ramesh Mehra                                  | -      | -                        | -                                 | 0.04          | 0.04  |
| Mr. Naresh Khanna®                                | -      | -                        | -                                 | 0.02          | 0.02  |
| Mr. Mahavir Singh                                 | -      | -                        | -                                 | -             | -     |

\* Sitting fees @ Rs. 1000 per meeting paid to the Non- Executive Directors for attending the meetings of the Board of Directors during the year under review.

**iii) Shareholders' / Investors' Grievances Committee (SIGC)**
**a) Composition, Meetings and Attendance**

The composition, designation and attendance of the members of Shareholders' and Investors' Grievance Committee of the Board as at March 31, 2013 is as under

| S. No. | Name of Members      | Designation | Meetings Attended |
|--------|----------------------|-------------|-------------------|
| 1.     | Dr. Sai Ramachandran | Chairman    | 4/4               |
| 2.     | Mr. Chand Seth       | Member      | 4/4               |
| 3.     | Mr. Ramesh Mehra     | Member      | 3/4               |

**b) Key Responsibilities:**

The Shareholders' / Investors' Grievance Committee, inter alia, approves issue of duplicate certificates and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non receipt of Annual Reports, non-receipt of declared dividend, etc. The Committee also oversees performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

**c) Details of Queries/Complaints received and resolved during the year under review:**

The status on the total number of investors' complaints during Financial Year 2012-13 is as follows:

| S. No. | Nature of Query/Complaint  | Received (Nos) | Resolved (Nos) | Pending (Nos) |
|--------|--|----------------|----------------|---------------|
| 1.     | Request for change of address  | 02             | 02             | NIL           |
| 2.     | Request for duplicate shares/ splitting/ consolidation of share certificates               | NIL            | NIL            | NIL           |
| 3.     | Request for dematerialization/ rematerialization of shares                                 | 87             | 87             | NIL           |
| 4.     | Request for share transfer/ share transmission   | 18             | 18             | NIL           |
| 5.     | Complaints from Stock Exchanges/ SEBI/ Depositories  | NIL            | NIL            | NIL           |
| 6.     | Misc. requests including redemption of debentures, unclaimed dividend, Annual Reports etc. | 05             | 05             | NIL           |

The Company addresses all complaints, suggestions, and grievances expeditiously and replies have been sent/ issues resolved usually within 15 days from the date of receipt.

**(iv) Finance Committee of Directors**
**a) Composition and Meetings**

In addition to above Committees, The Board of Directors of the Company has constituted the "Finance Committee" for taking decisions on matters which includes:

- Review the Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;
- Review banking arrangements and cash management;

- Giving of guarantees/issuing letters of comfort/providing securities within the limits approved by the Board;
- To arrange on lease or hire purchase any asset for the purpose of the Company;
- To approve transfers/transmission of shares, allotment of shares and other financial transactions;
- Regularly review and make recommendations about changes to the charter of the Committee;
- Delegate authorities from time to time to the executives/authorised persons to implement the decisions of the Committee;
- To make allotments of shares of the Company to Financial Institutions and Promoters of the Company on preferential basis and redemption of preference shares issued; and
- To deal with any other matter as may be delegated to the committee by the Board from time to time.

The Finance Committee of Directors comprises four (4) Directors as its members, the details of the composition of the Committee are given below:

| S. No.   | Name of Members       | Designation |
|--|-----------------------|-------------|
| <b>Executive Directors</b>                     |                       |             |
| 1  | Mr. Chand Seth        | Chairman    |
| 2  | Mr. Harish Seth®      | Member      |
| <b>Non Executive and Independent Directors</b> |                       |             |
| 3  | Dr. Sai Ramachandran* | Member      |
| 4  | Mr. Varun Seth*       | Member      |
| 5  | Mr. Naresh Khanna ®   | Member      |
| 6  | Mr. Ramesh Mehra      | Member      |

®\* There was a change in the constitution of Finance Committee. Mr. Varun Seth & Dr. Sai Ramachandran were introduced as members to the Committee due to resignation of Mr. Naresh Khanna & Mr. Harish Seth from the Board, which automatically vacates their office as member of Finance Committee.

#### IV. GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years and the special resolutions passed thereat are as follows:

| Financial Year                    | Date & Time                                   | Special Resolution(s)                   | Venue  |
|-----------------------------------|---|---|--|
| 2009-10<br>(39 <sup>th</sup> AGM) | 28 <sup>th</sup> September, 2010<br>11.15 A.M | No Special Resolution was Passed.       | MPCU, Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi- 110054  |
| 2010-11<br>(40 <sup>th</sup> AGM) | 22 <sup>nd</sup> September, 2011<br>11:30 A.M | Four Special Resolutions were Passed. # |  |
| 2011-12<br>(41 <sup>st</sup> AGM) | 20 <sup>th</sup> September, 2012<br>11:30 A.M | One Special Resolution was Passed.##    | PHD Chamber of Commerce & Industry (Modi Hall), PHD House, 4/2, Siri Institutional Area , August Kranti Marg, New Delhi - 110016 |

**# Resolutions pertaining to the following matters were passed as Special Resolutions in 40<sup>th</sup> Annual General Meeting held on 22.09.2011**

1. Re-appointment of Mr. Chand Seth as Chairman & Managing Director and the Remuneration payable to him.

2. Re-appointment of Mr. Harish Seth as Managing Director and the Remuneration payable to him.
3. Appointment of Mr. Amit Seth as Officer in place of profit.
4. Appointment of Mr. Udit Seth as Officer in place of profit.

The above Resolutions were passed with requisite majority.

**## Resolution pertaining to the following matter was passed as Special Resolution in 41<sup>st</sup> Annual General Meeting held on 20.09.2012**

1. Re-appointment of Mr. Varun Seth as Whole Time Director and the Remuneration payable to him.

The above Resolution was passed with requisite majority.

**EXTRA ORDINARY MEETING: NIL**

**POSTAL BALLOT:**

During the year under review, the Company has successfully completed the process of obtaining the approval of its Members by Postal Ballot on the following Resolution:

- (i) Sale/ Disposal of whole or substantially the whole of a unit of the company.

The above Resolution was passed with unanimous consent of all the Shareholders.

Voting Pattern of the above Resolution passed through Postal Ballot is as follows:

|  |  |                   |
|--|--|-------------------|
| Number of valid Postal Ballot Forms Received   |  | 34                |
| Number of invalid Postal Ballot Forms Received |  | 0                 |
| <b>Ordinary Resolution</b>                     | <b>No. of Shares</b>                             | <b>Percentage</b> |
| Votes cast in favour of the Resolution         | 9158041  | 100%              |
| Votes cast against the Resolution              | Nil  | -                 |
| Result in favour                               | By more than 50% of the total No. of Shares cast | Resolution passed |

Mr. V.P Kapoor, AICWA, LLB, FCS & Practising Company Secretary was appointed as the Scrutinizer by the Company in its meeting held on 31<sup>st</sup> July, 2012 for conducting the Postal Ballot process in a fair and transparent manner. The results were announced by the Chairman & Managing Director of the Company on 7<sup>th</sup> September, 2012.

**V. CODE OF CONDUCT**

In compliance with Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct. This code is applicable to the Members of the Board, the Executive Directors and all employees & Senior Financial Officers of the Company. The Code of Conduct is available on our website, [www.pearlpet.net](http://www.pearlpet.net).

All the members of the Board and the Executive Directors and Senior Financial Officers have affirmed compliance to the Code of Conduct, as at March 31, 2013. A declaration to this effect, signed by Mr. Chand Seth, the Chairman & Managing Director, is provided as Annexure in this Report.

**VI. STATUTORY COMPLIANCE**

The compliance with the applicable laws, rules and regulations at the departmental and organizational level were periodically reviewed by the Board during the period under review.

**VII. DISCLOSURES**

**a) Materially Significant Related Party Transactions**

Details of Related Party Transactions entered into by the Company are included in the **Note No. 40 & 41** of the Notes to Accounts to the Financial Statements in the Annual Report. Material individual transactions



with Related Parties are in the normal course of business on an arm's length basis and do not have potential conflict with the interests of the Company at large. Transactions with Related Parties entered into by the Company in the normal course of business are placed before the Audit Committee in its meetings held on time to time.

**b) Compliance**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities relating to the above.

**c) Accounting Standards**

The Financial Statements have been prepared following the prescribed Accounting standards and amended schedule VI of the Companies Act, 1956. Further the Company has also followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its Financial Statements. In case of deviation with the prescribed Accounting Standards, reasons for such deviation are mentioned in the Notes to Accounts forming integral part of the Financial Statements.

**d) Risk Management**

The Company has a well defined Risk Management Framework in place, which helps the management to identify and monitor the business risks on a continuous basis and initiate appropriate risk mitigation steps as and when deemed necessary. The Company periodically places before the board for review, the risk assessment and minimization procedures being followed by the Company.

**e) Details of Compliance with Mandatory Requirements/Adoption of Non Mandatory Requirements of Clause 49**

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchanges relating to Corporate Governance. A certificate in that respect affirming the compliances from M/s. Sehgal Mehta & Co., Chartered Accountants, Statutory Auditors of the Company and the same is attached to the Directors' Report. Although not mandatory, Remuneration Committee of the Board has been constituted. Details of the said Committee have been provided under the section 'Remuneration Committee' of the Annual Report.

**f) CEO/CFO Certification**

Mr. Chand Seth, Chairman & Managing Director and Mr. Rajesh Mehra, Chief Financial Officer (CFO) have furnished the Annual Certificate to the Board of Directors confirming that the Financial Statements present the true and fair view of Company's affair and are in compliance with existing Accounting Standards, amended schedule VI of the Companies Act, 1956 and applicable laws and regulations in terms of Clause 49(V) of the Listing Agreement. A copy of the said certificate forms part of this Annual Report.

**VIII. ADOPTION OF NON-MANDATORY REQUIREMENTS**

**(i) Non Executive Chairman Office**

The Chairman of the Board is an Executive Director and hence this provision is not applicable. Further, the Company ensures that, Independent Directors of the Company have requisite qualifications and experience that may prove advantageous to the Company. No maximum tenure for the Independent Directors has been specifically determined by the Board. However, the Independent Directors are liable to retire by rotation and may offer themselves for re-appointment. Further, the tenure of the Nominee Director is regulated by the Financial Institution which nominates the Director.

**(ii) Remuneration Committee**

The Board of Directors of the Company has constituted a Remuneration Committee, the details of which have been provided under the section 'Board Committees'.

**(iii) Shareholders' Rights**

The Quarterly, Half yearly and Annual Financial Results of the Company are published in the newspapers as per clause 41 of the Listing Agreement and are also posted on the Company's Corporate website [www.pearlpoly.net](http://www.pearlpoly.net). The Company also informed the Significant events to its Shareholders. The complete Annual Report is sent to every Shareholder of the Company.

**(iv) Audit Qualifications**

During the year under review, there was no audit qualification in the Auditors' Report on the Company's Financial Statements. The Company continues to adopt best practices to ensure a regime of unqualified Financial Statements.

**(v) Training of Board Members**

The Board's policy is to have separate meetings regularly with Independent Directors to update them on all business-related issues and new initiatives. In such meetings, the Executive Directors and other members of the senior management share point of views and leadership thoughts on relevant issues.

The Company also facilitate the continual education requirements of its Directors. The Board members are continuously briefed by the Chairman and Managing Director on the developments and performance of the Company to facilitate them to appraise the performance at regular intervals and give suggestions for improvements.

**(vi) Mechanism for evaluation of Non-Executive Directors**

Presently, there is no formal mechanism for performance evaluation of the Non-Executive Directors. The Board has so far evaluated the performance of the Directors collectively to reinforce the principle of collective accountability.

**(vii) Whistle Blower Policy**

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of its code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Company further affirm that no employee has been denied access to the audit committee.

**IX. MEANS OF COMMUNICATION**

The Company regularly intimates its Financial Results and other necessary event based information to all its stakeholders in the following manner:

| Event based:                              |   |
|---|---|
| <b>Publication</b>                        | Important Notices and Financial Results are regularly informed through publication in the newspapers immediately after these are approved by the Board. The publication is normally made in the editions of Business Standard & Financial Express (English) and Jansatta & Haribhumi (Hindi).   |
| <b>News Releases, Presentations, etc.</b> | Official news releases and Official Media Releases ,if any, are sent to the Stock Exchanges.  |
| <b>Website</b>                            | All the relevant information for the stakeholders of the Company is made available on the Company's website at <a href="http://www.pearlpoly.net">www.pearlpoly.net</a> and the website of the Stock Exchanges where the shares of the Company are listed i.e, <a href="http://www.nseindia.com">www.nseindia.com</a> (NSE) and <a href="http://www.bseindia.com">www.bseindia.com</a> (BSE). |

|   |   |
|---|---|
| <b>Designated Exclusive Email ID:</b>                       | An email id investor_helpdesk@pearlpet.net has been designated exclusively for investor servicing.  |
| <b>NSE Electronic Application Processing System (NEAPS)</b> | The NEAPS is a web based application designed by NSE for corporates. The Company files electronically Shareholding Pattern and Corporate Governance Report on NEAPS at every quarter.   |
| <b>SEBI Complaints Redress System (SCORES)</b>              | The Company also processed investor complaints in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned Companies and online viewing by investors of actions taken on the complaint and its current status. |
| <b>Annual Report</b>  | Annual Report of the Company containing, inter-alia, Audited Accounts, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to the members and others entitled thereto for each Financial Year. The Management Discussion and Analysis Report forms part of the said report.               |
| <b>Secretarial Department</b>                               | <b>Chandni Gupta</b><br>Compliance Officer (Manager (Accounts) & Company Secretary)<br>A-97/2, Okhla Industrial Area, Phase-II,<br>New Delhi-110020<br>Phone Nos.: 011- 47385300<br>Fax No. : 011 -47480746<br>Email: chandnigupta@pearlpet.net   |
| <b>Registrar &amp; Share Transfer Agent</b>                 | <b>M/S. MAS SERVICES LIMITED</b><br>T-34, 2nd Floor, Okhla Industrial Area,<br>Phase-II, New Delhi -110020<br>Ph: 011-26387281/82/83<br>Fax: 011-26387384<br>Email: mas_serv@yahoo.com  |

## X. GENERAL SHAREHOLDERS' INFORMATION

### i) Annual General Meeting

| AGM              | YEAR    | DATE, DAY & TIME                                       | VENUE   |
|------------------|---------|--|---|
| 42 <sup>nd</sup> | 2012-13 | 23 <sup>rd</sup> September, 2013<br>11.30 A.M., Monday | A-97/2, Okhla Industrial Area, Phase – II,<br>New Delhi – 110020. |

### ii) Financial Calendar

|                       |  |
|-----------------------|--|
| Financial Year        | Ending March 31                                |
| Date of Book Closure  | 18.09.2013 – 23.09.2013 ( Both Days Inclusive) |
| Dividend Payment Date | N.A.   |


**iii) Financial Reporting Calendar in respect of Unaudited Quarterly Results (2013-14)**

| Unaudited quarterly results for the quarters | Tentative date of reporting        |
|--|------------------------------------|
| April -June 2013                             | Upto Second week of August, 2013   |
| July- September 2013                         | Upto Second week of November, 2013 |
| October-December 2013                        | Upto Second week of February, 2014 |
| *January-March 2014                          | Upto Last week of May, 2014        |

\*Instead of publishing the Un-Audited Financial Results for the last quarter ending 31<sup>st</sup> March, 2014, the Company may opt to publish Audited Annual Results by 30<sup>th</sup> May, 2014.

**iv) Listing on Stock Exchanges and Stock Code**

| S. No. | Stock Exchanges                             | Stock Code | Equity ISIN  |
|--------|---|------------|--------------|
| 1.     | Bombay Stock Exchange Ltd. (BSE)            | 523260     | INE844A01013 |
| 2.     | National Stock Exchange of India Ltd. (NSE) | PEARLPOLY  |              |

**v) Compliance Officer**

Consequent to the resignation of Mrs. Pallavi Vardhan, Asst. Company Secretary & Compliance Officer of the Company w.e.f. July 10, 2012, Ms. Chandni Gupta has been appointed as Manager (Accounts) & Company Secretary & Compliance Officer of the Company w.e.f. July 11, 2012.

**vi) Payment of Listing Fees and Custodial Charges**

**Annual Listing fee** for the Financial Year 2012-13 has been paid to the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE).

**Custodial Charges** have been paid to NSDL and CDSL for the Financial Year 2012-13 on the basis of the beneficial records maintained with them as on March 31, 2013.

**vii) Market Information**

**Market Price Data:** Monthly high, low and close price of shares traded at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE) for the Financial Year 2012-13 are as follows:

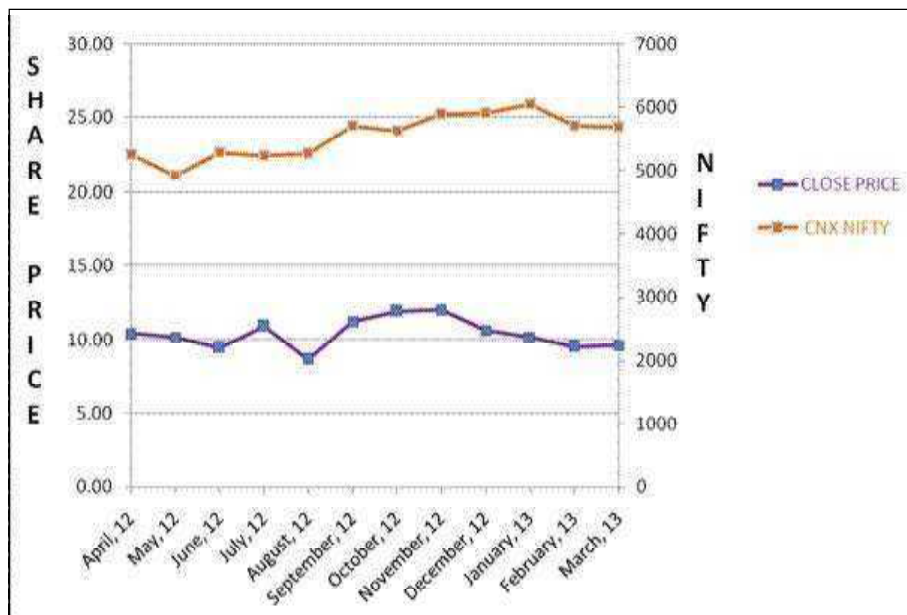
(in ₹)

| Month/Year      | NSE        |           |             |           | BSE        |           |             |          |
|-----------------|------------|-----------|-------------|-----------|------------|-----------|-------------|----------|
|                 | High Price | Low Price | Close Price | CNX Nifty | High Price | Low Price | Close Price | Sensex   |
| April, 2012     | 12.85      | 9.65      | 10.40       | 5248.15   | 13.00      | 9.02      | 10.00       | 17318.81 |
| May, 2012       | 10.90      | 9.00      | 10.15       | 4924.25   | 11.00      | 9.02      | 9.79        | 16218.53 |
| June, 2012      | 10.90      | 9.00      | 9.45        | 5278.90   | 10.49      | 9.00      | 9.60        | 17429.98 |
| July, 2012      | 15.45      | 9.25      | 10.90       | 5229.00   | 16.83      | 9.16      | 11.00       | 17236.18 |
| August, 2012    | 10.95      | 8.65      | 8.65        | 5258.50   | 11.29      | 9.50      | 9.50        | 17429.56 |
| September, 2012 | 11.50      | 8.55      | 11.20       | 5703.30   | 11.20      | 8.55      | 11.10       | 18762.74 |
| October, 2012   | 14.10      | 10.45     | 11.90       | 5619.70   | 13.81      | 10.26     | 12.68       | 18505.38 |
| November, 2012  | 13.80      | 11.55     | 12.00       | 5879.85   | 13.80      | 11.56     | 12.70       | 19339.90 |
| December, 2012  | 12.60      | 10.10     | 10.60       | 5905.10   | 12.90      | 10.50     | 10.90       | 19426.71 |
| January, 2013   | 11.65      | 9.40      | 10.15       | 6034.75   | 11.46      | 9.52      | 11.22       | 19894.98 |
| February, 2013  | 10.40      | 9.00      | 9.50        | 5693.05   | 10.79      | 9.45      | 9.45        | 18861.54 |
| March, 2013     | 9.65       | 8.65      | 9.60        | 5682.55   | 10.68      | 9.00      | 10.50       | 18835.77 |

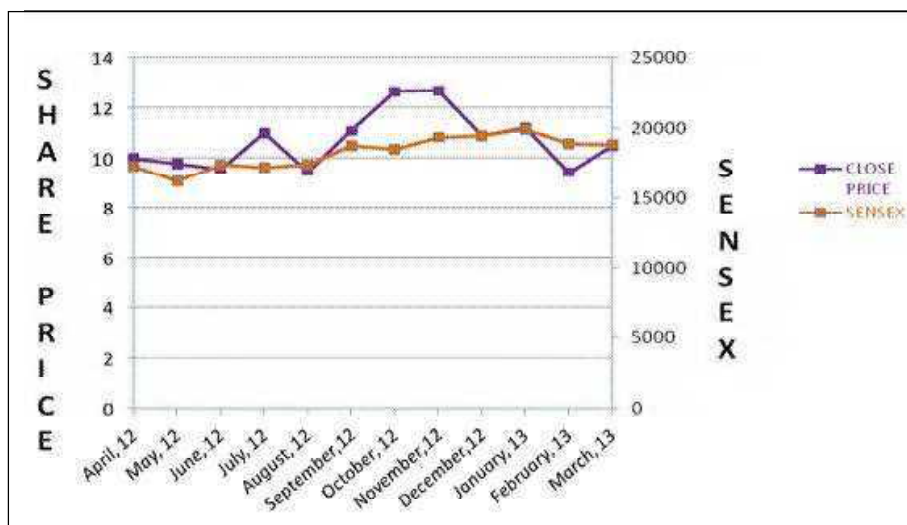
### SHARE PERFORMANCE IN COMPARISON TO INDICES

The charts given hereunder plot the movement of the Company's share price on BSE and NSE versus BSE Sensex and NSE CNX Nifty respectively for the year 2012-2013.

#### SHARE PRICE ON NSE VERSUS NSE CNX NIFTY



#### SHARE PRICE ON BSE VERSUS BSE SENSEX



#### viii) Share Transfer System:

The Board has constituted a Committee of Directors to approve the share transfers. The Committee meets fortnightly to approve the share transfer/transmission requests. The minutes of such committee meetings, are placed before the Board at every Board Meeting.

## PEARL Polymers Limited

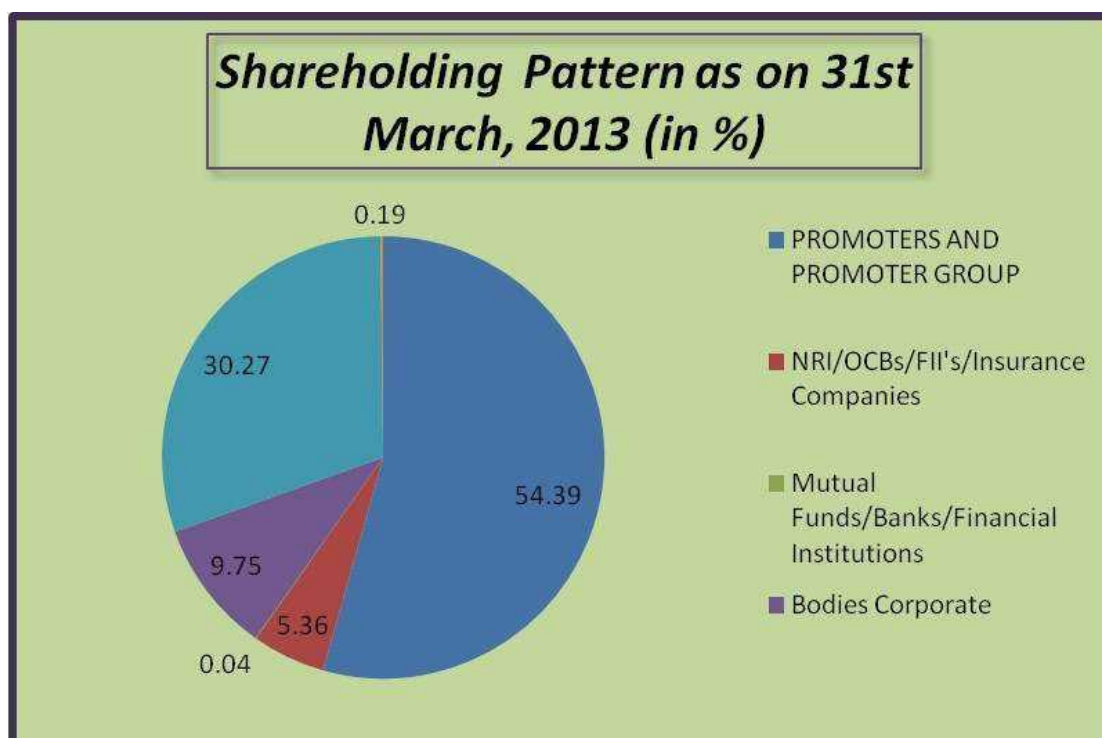
As on March 31, 2013, 92.92% of the equity shares of the Company were held in dematerialized form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, transfer requests are normally processed by MAS Services Limited, our Registrar & Share Transfer Agent, within 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

For matters regarding share transferred in physical form, share certificates, change of address, shareholders should communicate with our Registrar & Share Transfer Agent, at the address mentioned above in this report.

Further, Pursuant to Clause 47(c) of the Listing Agreement, half yearly certificate from a Practising Company Secretary, confirming due compliance of share transfer formalities has been obtained by the Company and the same has also been submitted to the Stock Exchanges within the stipulated time.

### ix) Shareholding Pattern as on 31<sup>st</sup> March, 2013:

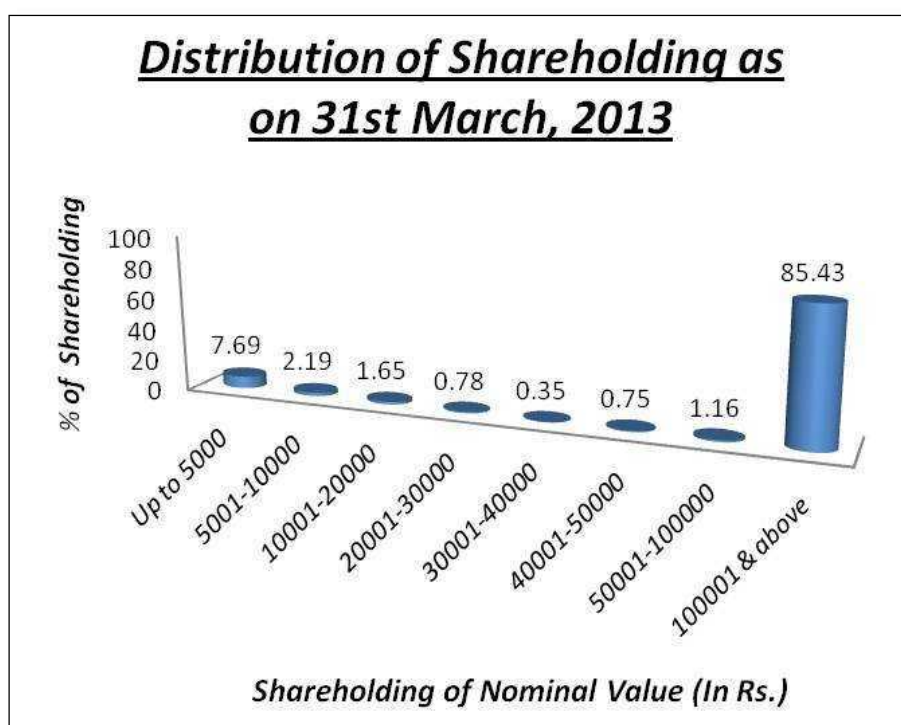
| Particulars                               | No. of Shares   | % of shareholding |
|---|-----------------|-------------------|
| <b>PROMOTERS AND PROMOTER GROUP (A)</b>   | 9155803         | 54.39             |
| <b>PUBLIC SHAREHOLDING (B)</b>            |                 |                   |
| NRI/OCBs/FII's/Insurance Companies        | 903750          | 5.36              |
| Mutual Funds/Banks/Financial Institutions | 5870            | 0.04              |
| Bodies Corporate                          | 1641265         | 9.75              |
| Public Individuals                        | 5096179         | 30.27             |
| Clearing Members                          | 32065           | 0.19              |
| <b>Total (A) + (B)</b>                    | <b>16834932</b> | <b>100.00</b>     |



**x) Distribution of shareholding as on 31<sup>st</sup> March, 2013**

| Shareholding of Nominal Value (in Rs.) | No. of Shareholders | % to total Shareholders | No. of Shares   | Share Amount (in Rs.) | % of Shareholding |
|--|---------------------|-------------------------|-----------------|-----------------------|-------------------|
| Up to 5000                             | 9544                | 92.25                   | 1295466         | 12954660              | 7.69              |
| 5001-10000                             | 442                 | 4.28                    | 367920          | 3679200               | 2.19              |
| 10001-20000                            | 179                 | 1.73                    | 277121          | 2771210               | 1.65              |
| 20001-30000                            | 51                  | 0.49                    | 132146          | 1321460               | 0.78              |
| 30001-40000                            | 17                  | 0.16                    | 59549           | 595490                | 0.35              |
| 40001-50000                            | 27                  | 0.26                    | 126074          | 1260740               | 0.75              |
| 50001-100000                           | 25                  | 0.24                    | 194574          | 1945740               | 1.16              |
| 100001 & above                         | 61                  | 0.59                    | 14382082        | 143820820             | 85.43             |
| <b>Total</b>                           | <b>10346</b>        | <b>100.00</b>           | <b>16834932</b> | <b>168349320</b>      | <b>100.00</b>     |

A graphical representation of the same has been mentioned below:


**xi) Dematerialization of Shares:**

The Equity Shares of the Company are in compulsory demat segment and are available for trading in both the depositories: NSDL & CDSL. As on 31<sup>st</sup> March, 2013, 92.92% of the Equity Share Capital of the Company stands dematerialized.

The comparative holding of shares in dematerialized mode admitted with NSDL and CDSL and Physical mode is as follows:



| Holding      | No. of Shares   | % with respect to total numbers of shares |
|--------------|-----------------|---|
| NSDL         | 14517866        | 86.24                                     |
| CDSL         | 1124777         | 6.68                                      |
| PHYSICAL     | 1192289         | 7.08                                      |
| <b>TOTAL</b> | <b>16834932</b> | <b>100</b>                                |

**xii) Outstanding GDRS/ ADRS/ Warrants or Any Convertible Instruments, Conversion Date and Likely Impact on Equity:**

The Company has not issued any GDRs/ ADRs/ Warrants or any other instruments which are pending for conversion, likely to have impact on Equity as on date.

**xiii) Plant Location:**

| SL. NO. | LOCATION          | ADDRESS   |
|---------|-------------------|---|
| 1.      | <b>Mahad</b>      | B-3/2, MIDC, Indl Estate, Mahad, Distt. Raigad, Maharashtra – 403302.                                 |
| 2.      | <b>Jigani</b>     | 13-A, Part-I Jigani Industrial Area, Distt. Anekal, Bangalore, Karnataka.                             |
| 3.      | <b>Baddi</b>      | Khasra No. 512-513, Village – Sandholi (Baddi), Tehsil- Nalagarh, Distt. Solan (H.P)                  |
| 4.      | <b>Pant Nagar</b> | Plot No 45, Sector 3, Village Kalyanpur Tehsil Kichha, Distt. U.S Nagar, IIE, Pant Nagar, Uttaranchal |

**XI. OTHER MATERIAL INFORMATION:**

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

- a) Implementing Green Initiative:** The company is in the process of implementing Green Initiative introduced by Ministry of Corporate Affairs (MCA) vide its circular no. 18/2011 dated 29<sup>th</sup> April, 2011 whereby the Companies have been permitted to send Notices, Balance sheets etc. to all its members by electronic mode. Accordingly, members may register their Email IDs by sending request to the Company/RTA/ Concerned DPS (in case of demat holding) to facilitate a speedy and smooth interaction between the Company and the members.
- b) Mandatory PAN Card**
- The Securities and Exchange Board of India (SEBI) vide its circular dated 20<sup>th</sup> May, 2009 has made it mandatory for Transferees requesting for transfer of shares of listed companies held in physical form in their names, to furnish a self attested copy of their PAN card to the Company/ RTA whilst lodgement of such shares.
  - The Securities and Exchange Board of India (SEBI) vide its circular dated 7<sup>th</sup> January, 2010 has made it mandatory for the legal heirs to furnish a duly self attested copy of their PAN card to the Company/RTA for effecting Transmission, Transposition and Name deletion of the deceased holder from the share certificate (in case of joint holding), in respect of the shares held in physical form whilst lodgement of such requests.
- c) Compulsory Dematerialization**
- Pursuant to the SEBI Circular dated 29<sup>th</sup> May, 2000, all the shares of the Company have to be converted into the demat mode. For the shareholder's convenience, the process for getting shares dematerialized is as follows:



- Shareholders shall submit original share certificate along with De-materialization Request Form (DRF) to the Depository Participants (DP).
- DP shall process the DRF, generate a unique De-materialization request number and forward the DRF along with share certificate to the Registrar and Share Transfer Agent (RTA).
- RTA after processing the DRF will confirm/reject the request to depositories.
- If confirmed by RTA, depositories will credit shareholders Account maintained with DP.

The entire process shall take approximately 10-15 days from the date of receipt of DRF. All shareholders who hold shares of the Company in physical form may get their shares dematerialized to enjoy paperless and easy trading of shares.

- d) Change of address:** In case of change in postal address or any incompleteness/ incorrectness in address mentioned in any correspondence by the Company, the shareholders are requested to intimate the correct/ complete postal address (including PIN Code) to the Company or to the RTA at the earliest to ensure proper delivery of documents. If the shares are held in dematerialized form, information may be sent to the DP concerned and the RTA.
- e) Consolidation of holdings:** Members having 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.
- f) Registration of Email Id's:** Shareholders may register their Email IDs with the Company/ RTA to access reports and updates relating to the Company on their respective Email ID's. The members may send a request to the Company and its RTA at addresses and email ids given for communication to get future Annual Reports and other updates through electronic mode on their registered Email IDs.
- g) Corporate Governance Voluntary Guidelines 2009**
- The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines in 2009. These guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of Corporate Governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial in ensuring the long-term sustainability and value generation by businesses. The guidelines broadly focus on areas such as Board of Directors, responsibilities of the Board, Audit Committee functions, roles and responsibilities, appointment of auditors, compliance with secretarial standards and a mechanism for whistleblower support. The Company substantially comply with the Corporate Governance Voluntary Guidelines.
- h) Revised Clause 49 of the Listing Agreement**
- In order to maintain higher standards of Corporate Governance and to enhance the transparency and integrity of the market, the Company fully complies with the revised clause 49 of the Listing Agreement and the recommendations made by Narayan Murthy Committee on Corporate Governance.

**CEO AND CFO CERTIFICATION IN TERMS OF CLAUSE 49(V)  
OF THE LISTING AGREEMENT**

To,  
The Board of Directors,  
Pearl Polymers Limited  
A-97/2, Okhla Industrial Area,  
Phase – II,  
New Delhi – 110020

Dear Sirs,

1. We have reviewed the Balance Sheet, Statement of Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement as at 31<sup>st</sup> March, 2013 and certify that to the best of our knowledge and belief:
  - a) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;
  - b) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with the Accounting Standards, as amended, Indian Generally Accepted Accounting Principle (GAAP) and the revised Schedule VI of the Companies Act, and other applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
  - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company is made known to us by others within the Company, particularly during the period in which this report is being prepared:
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principle:
  - c) Evaluated the effectiveness of the Company's disclosure, controls and procedures:
  - d) Disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
4. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions).
  - a) All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b) Significant changes in internal controls during the year covered by this Report.
  - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the Financial Statements.
  - d) Instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.

Place: **New Delhi**  
Date : 15<sup>th</sup> May, 2013

**Rajesh Mehra**  
Chief Financial Officer

**Chand Seth**  
Chairman & Managing Director