



**PEARL**  
**Polymers Limited**

**PET**

POLYETHYLENE TEREPHTHALATE  
**JARS**  
**BOTTLES**

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E-mail : pearl@pearlpet.net  
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**POSTAL BALLOT NOTICE**  
**(Pursuant to Section 192A(2) of the Companies Act, 1956)**

Dear Members

You may recall that members at the 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> January 2005 had passed a Special Resolution approving the allotment of shares to the Financial Institutions and Promoter Group on preferential allotment basis. Accordingly, the Board of your Company has since allotted 9,22,362 equity shares to IDBI and 5,09,162 equity shares to LIC on preferential basis. However, allotment of 26,76,181 equity shares to Promoters, their relatives and associates had to be kept in abeyance in view of the amendments made by SEBI in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 vide Notification No. S.O. 5 (E), dated 30<sup>th</sup> December 2004 whereby restrictions were imposed by SEBI on acquisition of shares by promoters and its associates above 55% of the total paid up capital of the Company through preferential allotment or by way of market purchases.

Therefore, the acquirers (namely promoters, their relative and associates) had made an application to SEBI under Regulation 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 seeking exemption for acquisition of 26,76,181 equity shares on preferential basis. **SEBI vide its Order No. WTMO/08/CFD/09/2005 dated 2<sup>nd</sup> September 2005 has granted its exemption to the acquirers from complying with Regulation 11(2) of Chapter III of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 for acquisition of 26,76,181 equity shares by way of preferential allotment basis. However, SEBI has imposed a condition that the Company shall get the special resolution passed in Annual General Meeting held on 28<sup>th</sup> January 2005 ratified by its shareholders by way of special resolution through Postal Ballot process.**

Accordingly, the Company is desirous of seeking your consent for the ratification of aforesaid special resolution passed at 33<sup>rd</sup> Annual General Meeting held on 28<sup>th</sup> January 2005. A copy of the text alongwith the Explanatory statement in respect of the aforesaid special resolution is annexed herewith and marked as Annexure 'A'. The said Special Resolution and the Explanatory Statement is being sent to you along with a Postal Ballot Form (the "Form") for your consideration. The Company has appointed Retd. Hon'ble Justice P.N. Khanna, as the Scrutinizer for conducting the Postal Ballot process.

**You are requested to carefully read the instructions printed on the Form and return the same duly completed, in the attached self addressed, stamped envelope so as to reach the Scrutinizer not later than the close of working hours i.e. 6 p.m. on Saturday, 29<sup>th</sup> October 2005.** Upon completion of the scrutiny of the Forms, the Scrutinizer shall submit his report to the Chairman of the Company. The result of the Postal Ballot will be announced by Chairman of the Company on Thursday, 3<sup>rd</sup> November 2005 at 11.30 a.m. at the Registered Office of the Company and subsequently will be published in English and Hindi newspapers in New Delhi. The result shall also be displayed at the notice board of the Company at its registered office.

**The members are requested to consider and if thought fit, to pass the following resolution as a Special Resolution by way of Postal Ballot.**

**"RESOLVED THAT** the text of the special resolution read with explanatory statement in respect thereof passed at 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> January, 2005 which inter-alia includes the issuance of 26,76,181 equity shares to the Promoters, their relatives and associates on preferential allotment basis, be and is hereby ratified through the process of Postal Ballot as per the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001".

## **EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT, 1956**

The Company had approached the Financial Institutions namely IDBI and LIC for restructuring of loans granted by them to the Company and accordingly the same have been sanctioned by them.

One of the terms and conditions stipulated in the aforesaid approvals for restructuring of loans by Financial Institution namely IDBI is that the promoters of the Company shall infuse an equity to the tune of Rs. 3 crores. Accordingly, the Promoter, their relatives and associates have arranged the necessary funds and have infused an amount of Rs. 3 crores towards additional contribution to equity share capital of the Company. As mentioned in the notice of 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> January, 2005, the proceeds of the same shall inter alia be utilized for the purpose of capital expenditure on its new unit and for meeting the working capital requirements of the company.

The Board of Directors, accordingly proposes to issue/allot equity shares of the aggregate value of Rs. 3 crores to Promoters, their relatives and associates.

It may further be noted that in terms of the approval of the shareholders given at its meeting held on 28<sup>th</sup> January 2005, the Company had allotted 14,31,524 equity shares to Financial Institutions namely IDBI and LIC. However, issuance of shares to the promoters, their relatives and associates was kept in abeyance in view of the restrictions imposed by SEBI, upon acquisition of shares above 55% through preferential allotment or market purchase by way of amendments made by SEBI in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 vide Notification No. S.O. 5 (E), dated 30<sup>th</sup> December 2004 issued by them.

Accordingly, the acquirers had made an application under Regulation 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 seeking exemption from the compliance of Regulation 11 of Chapter III of Takeover Regulations with respect to the proposed acquisition by issue of 26,76,181 equity shares to promoters on preferential allotment basis. **SEBI vide its Order No. WTMO/08/CFD/09/2005 dated 2<sup>nd</sup> September, 2005 has granted exemption to the acquirers from complying with Regulation 11(2) of Chapter III of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 for acquisition of 26,76,181 equity shares by way of preferential allotment basis subject to the condition that:**

- a) The acquirers shall ensure that the resolution passed in the AGM dated 28.01.2005 is ratified by shareholders by a special resolution for which the facility of voting through postal ballot for passing of special resolution as per the procedure laid down for postal ballot in Rule 2A and Rule 5 of Companies (Passing of Resolution by Postal Ballot) Rules, 2001 shall be provided.
- b) The acquirers shall submit confirmation of passing the said resolution to SEBI within seven days from the date when such resolution is passed as undertaken by them.
- c) The acquirers shall ensure compliance with provisions of SEBI (DIP) Guidelines and the applicable provisions of the Listing Agreement.

The aforesaid order no. WTMO/08/CFD/09/2005 dated 2<sup>nd</sup> September, 2005 is available at SEBI website i.e. [www.sebi.gov.in](http://www.sebi.gov.in) and also on company's website i.e. [www.pearlpet.com](http://www.pearlpet.com)

The same shall also be available for inspection at the Registered Office of the Company on all working days between 3 pm to 5pm.

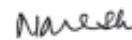
Accordingly, the Board commends the ratification of the special resolution passed at 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> January, 2005 for approval of members by way of postal ballot. It may further be noted that the Company has made necessary application to The Stock Exchange, Mumbai and National Stock Exchange of India Ltd., seeking In-principle approval for issuance of 26,76,181 equity shares to promoters, their relatives and associates on preferential allotment basis has been made.

None of the directors of the Company is interested in this resolution, except Mr Chand Seth and Mr Harish Seth, being the promoter directors of the Company for allotment of shares to them, their relatives and bodies corporate(s) in which they may be interested or concerned.

A copy of text of the special resolution alongwith the explanatory statement in respect thereof passed at 33<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> January, 2005 including issuance of 26,76,181 equity shares to promoters, their relatives and associates on preferential allotment basis is attached herewith and marked as Annexure 'A' for necessary ratification.

**THE MEMBERS ARE THEREFORE REQUESTED TO ACCORD THEIR APPROVAL TO ABOVE SPECIAL RESOLUTION THROUGH POSTAL BALLOT.**

By Order of Board  
For **PEARL POLYMERS LIMITED**



**NARESH KAPOOR**  
COMPANY SECRETARY

Place : **New Delhi**  
Dated : **21st September 2005**

## ANNEXURE 'A'

**TEXT OF THE SPECIAL RESOLUTION READ WITH EXPLANATORY STATEMENT FORMING PART OF THE NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 28<sup>TH</sup> JANUARY, 2005 IS REPRODUCED BELOW FOR NECESSARY RATIFICATION IN TERMS OF ORDER NO. WTMO/08/CFD/09/2005 DATED 2ND SEPTEMBER 2005 PASSED BY SEBI WHILE GRANTING EXEMPTION TO ACQUIRERS FROM COMPLYING WITH REGULATION 11(2) OF CHAPTER III OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 1997 FOR ACQUISITION OF 26,76,181 EQUITY SHARES BY WAY OF PREFERENTIAL ALLOTMENT BASIS.**

**"RESOLVED THAT** pursuant to the need for expansion of the production capacity of the Company and revision of the terms of the existing debts owed to the financial institutions, additional contribution to the Company's equity share capital by the promoters, their relatives and associates, and the approval by the Financial Institutions namely IDBI and LIC for allotment of shares to them in lieu of such revisions and in accordance with the provisions of Sec 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, other applicable laws, the Rules and Regulations made thereunder and the Memorandum and Articles of Association of the Company and subject to such terms, permissions, approvals, conditions and alterations as may be suggested by the competent authorities and in such manner and in such tranche(s), as the Board of Directors of the Company (here-in-after referred to as the 'Board', which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) may, in its absolute discretion, think fit for acceptance in the interest of the Company, consent of the Company be and is hereby accorded to the Board to issue, offer and allot on private placement, upto 4107705 equity shares of the face value of Rs. 10/- each, for cash at Rs. 11.21/- (which price has been arrived at as per SEBI pricing formula for preferential issue) prescribed under SEBI (Disclosure and Investor Protection) Guidelines, 2000 (as amended from time to time, hereinafter referred to as "the SEBI Guidelines") to the persons, whether they are or not the members of the Company, without offering the same to any persons who at the date of offer are holders of equity shares of the Company as mentioned hereunder :

**(i) To the Financial Institutions :**

a) **IDBI** : 922362 Equity Shares.

b) **LIC** : 509162 Equity Shares.

on account of differential interest rate relief on loans given by them to the Company.

**(ii) To the Promoters, their relatives and associates:** 2676181 equity shares for augmenting the long-term requirements of funds of the Company, redemption of Preference shares, incurring of capital expenditures, and for setting up of new unit.

**"RESOLVED FURTHER THAT** the Relevant Date for determining the issue price for the aforesaid preferential issue under SEBI Guidelines shall be 28<sup>th</sup> December, 2004".

**"RESOLVED FURTHER THAT** the said equity shares, upon allotment, shall rank pari passu with the existing equity shares of the Company in all respects".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute such documents, instruments and writings as it may in its absolute discretion deem necessary or desirable for giving effect to the above resolution."

**"RESOLVED FURTHER THAT** the Board do seek listing of the aforesaid equity shares at "The Stock Exchange, Mumbai" and "National Stock Exchange of India", Mumbai where the equity shares of the Company are listed."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board be and is hereby authorised to agree to and accept all such conditions, modifications, alterations, if any, as may be stipulated by SEBI or other competent authorities and other bodies while according approval or consent to the issue and to take all such actions as may be necessary, proper or expedient, for the issue/allotment of the equity shares and to do all such acts, deeds, matters and things in connection therewith and/or incidental thereto and to

settle all issues that may arise in this regard, as the Board may in its absolute discretion deem fit, without being required to seek further consent or approval of the Members of the Company in general meeting or otherwise and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

The Company had approached the Financial Institutions namely IDBI and LIC for revising the terms and conditions of their loans and accordingly they have sanctioned the same.

One of the terms and conditions stipulated in the aforesaid approvals by Financial Institutions is that the Company shall issue equity shares equal to the 50% of the amount of differential interest on the interest rate relief granted by them over the tenure of the loan.

Further, the promoters of the Company have infused an amount to the extent of Rs. 3 Crores, towards additional contribution to equity share capital of the Company which shall be utilised for the purpose of redemption of preference shares, meeting capital expenditures, setting up of new unit and working capital requirements of the company.

The Board of Directors, accordingly proposes to issue/allot equity shares of the aggregate value of Rs. 3 Crores to Promoters, their relatives and associates and equity shares worth Rs. 1.03 Crores to IDBI and shares worth Rs.0.57 Crores to LIC, in one or more tranches.

The proposal to issue/allot equity shares on preferential basis to the proposed allottees will be governed by the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the Preferential Issues (“SEBI Guidelines”). The issue price of Rs. 11.21/- per equity share has been computed in accordance with the said Guidelines and is certified by the Auditors of the Company.

As required under the SEBI Guidelines, the equity shares to be issued/allotted would be subject to prescribed lock-in-period as mentioned therein.

Further, issue/allotment of equity shares on preferential basis is subject to necessary approvals, if any, as may be required from the competent authorities.

Pursuant to SEBI Guidelines, the following disclosures are made:

#### **(a) Objects of the issue through Preferential Offer:**

The object of the issue is that the Company shall issue to Financial Institutions (IDBI and LIC) equity shares equal to the 50% of the amount of differential interest on the interest rate relief granted by them over the tenure of the loan.

Further, the promoters of the Company have infused an amount to the extent of Rs. 3 Crores towards their additional contribution to equity share capital of the Company and it shall be utilised for the purpose of redemption of preference shares, meeting capital expenditures, setting up of new unit and working capital requirements of the company.

#### **(b) Price at which the allotment is proposed**

The allotment is proposed to be made, at Rs. 11.21/- per equity share, as derived in accordance with Pricing Formula prescribed for Preferential Issues under SEBI Guidelines.

The intention of the promoters/directors/key management persons is to subscribe to the offer.

The promoters including its relatives and associates have infused an amount of Rs. 3 crores for subscription to equity shares. The identified allottees are as mentioned under clause(e).

**(c) Shareholding pattern of the Company before (as on 24<sup>th</sup> December, 04, the relevant week) and after the proposed issue of Equity Shares pursuant to the resolution**

Category of Shareholders	Before Preferential Issue of Shares (as on 24 <sup>th</sup> December, 04)		Post Preferential Issue of Shares (*)	
A. PROMOTERS HOLDINGS:	No. of Shares	%	No. of Shares	%
Indian Promoters	7305399	60.17	9981580	61.43
Foreign Promoters	322000	2.65	322000	1.98
SUB TOTAL (A)	7627399	62.82	10303580	63.41
<b>B. NON PROMOTERS HOLDINGS:</b>				
IDBI	—	—	922362	5.68
LIC	145850	1.20	655012	4.03
Mutual Fund & UTI	6010	0.05	6010	0.04
Banks, Financial Institutions Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions (other than IDBI & LIC)	15610	0.13	15610	0.09
FII's	500	0.00	500	0.00
SUB TOTAL (B)	167970	1.38	1599494	9.84
<b>C. OTHERS:</b>				
Private Corporate Bodies	434935	3.58	434935	2.68
Indian Public	3640946	29.99	3640946	22.41
NRI/OCB's	232470	1.91	232470	1.43
Clearing Members	38230	0.32	38230	0.23
SUB TOTAL (C)	4346581	35.80	4346581	26.75
<b>GRAND TOTAL (A+B+C)</b>	<b>12141950</b>	<b>100.00</b>	<b>16249655</b>	<b>100.00</b>

(\*) Shareholding pattern as on 24<sup>th</sup> December, 04 has been used as the basis for projection of post preferential issue pattern of shareholding and the issue price per equity share has been taken at Rs. 11.21/- as per pricing formula for preferential issues prescribed under SEBI guidelines.

**(d) Proposed time within which allotment will be completed:**

The allotment of equity shares will be completed within 15 days from the date of AGM. In case where the approvals from any regulatory authorities and/or Central Govt., if any required, are pending the allotment shall be completed within 15 days from the date of such approval.

**(e) Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:**

The proposed allottees and the post preferential issue capital that may be held by the said allottees is as under:

Sr. No	Name of Proposed Allottee	*No. of Equity Shares of the Face Value of Rs. 10/- Each Fully Paid Up held by them	% of Post Preferential Capital
1	Mrs. Suneeta Seth	322227	1.98
2	Mr Harish Seth	326841	2.01
3	Mr Varun Seth	253597	1.56
4	Mr Ashok Khanna	89206	0.55
5	Ms Ashna Seth	212952	1.31
6	Pearl Engineering Polymers Ltd	1561106	9.61
7	Mr Rahul Gupta	17841	0.11
8	Mr Ramesh Gupta	17841	0.11
9	Mr R.K. Gupta – H.U.F. (Karta)	8921	0.05
10	Emperor Travels & Tours Pvt. Ltd	476634	2.93
11	IDBI	922362	5.68
12	LIC	655012	4.03

\* Includes the pre and post preferential share holding.

**(f) Change in the Board of Directors**

There will be no change in the management/control of the Company consequent to preferential allotment of equity shares to the aforementioned proposed allottees.

**(g) Change in Control**

There will be no change in the Management Control of the Company. The existing promoters/management will continue to be in control of the Company.

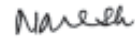
In terms of the proposed resolution, the Board is being empowered to issue/allot equity shares (any fraction to be rounded off to the nearest complete digit) on private placement basis to the aforesaid persons, irrespective of whether they are holders of existing equity shares of the Company or not. Consent of the Members of the Company by way of special resolution is necessary for this, pursuant to Section 81(1A) of the Companies Act, 1956.

The proposed issue of equity shares on preferential basis to the proposed allottees is for the specified objects as mentioned above. The Board commends the resolution for the approval of the members.

**(h) Memorandum of Interest**

None of the Directors of the Company is interested in this resolution, except Mr Chand Seth and Mr Harish Seth, being the promoter directors of the Company for allotment of shares to them, their relatives and bodies corporate in which they may be interested or concerned.

By the Order of the Board  
for **PEARL POLYMERS LTD.**



**NARESH KAPOOR**  
**COMPANY SECRETARY**

Place : **New Delhi**

Date : **December 29, 2004**

**Regd. Office :**

B-59, Greater Kailash, Part-I  
New Delhi - 110 048