



# Precision Pipes and Profiles Company Limited

Registered Office: 4561, Deputy Ganj, Sadar Bazar, Delhi – 110006

Principal Office: B-206A, Sector 81, Noida Phase II, Noida-201305 (U.P.)

Website: www.precisionpipes.com; e-mail id: investor@precisionpipes.com

## POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Shareholder (s),

Notice is hereby given pursuant to Section 192A(2) of the Companies Act, 1956 ('the Act') read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time, that the resolutions appended below are proposed to be passed each being an Ordinary Resolution by postal ballot seeking consent of the members for the sale of Company's White Goods Business Division and Company's Mainline Power Distribution System Business Division to Ajay Poly Private Limited and Seiki Auto India Private Limited respectively.

The explanatory Statement under Section 173(2) of the Act pertaining to the resolutions, setting out material facts and the details for the resolutions is appended herewith and is being sent to you along with a Postal Ballot Form.

The Board of Directors of the Company has appointed Mr. D.V. Taneja of M/s Dharam Taneja Associates, Practising Chartered Accountant, as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Postal Ballot Form, give your assent or dissent on the Postal Ballot Form and return the same (in original) duly completed and signed, in the enclosed self addressed, postage pre-paid envelope (if posted in India), so as to reach the Scrutinizer not later than the close of working hours on Saturday, the 6<sup>th</sup> day of April, 2013.

The Scrutinizer will submit his report to the Company and the result of the Postal Ballot will be announced on Monday, the 8<sup>th</sup> day of April, 2013 at 4:00 P.M. at the Registered Office of the Company and will be published in the newspapers, after such announcement. In the event, the draft resolutions are assented to by the requisite majority of shareholders, who have sent their duly completed and signed Postal Ballot Forms giving their assent or dissent, the date of declaration of Postal Ballot result shall be deemed to be the date of passing of the said resolutions.

Item No. 1

### Transfer of the Company's White Goods Business Division (Company's White Goods Division)

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment for the time being in force), the Memorandum and Articles of Association of the Company and subject to such other applicable statutory provisions, rules, regulations, guidelines and also subject to the such approval(s), consent(s), permission(s) and/or sanction(s) from the concerned authorities and such other terms and conditions as may be imposed by any person or authority while granting such approvals, permissions, consents and sanctions, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include any Committee of Directors or Director(s) or official(s) of the Company for the time being authorized by the Board to exercise the powers conferred on the Board by this resolution) to sell, transfer or otherwise dispose off, the whole of the Company's profile for White Goods Division, which is in the manufacture of refrigerator gaskets/ door seals, refrigerator bottle-shelf and wire-shelf trims, visi cooler profiles, rolling shutter, door sash, cable channels, water-stops, and extrusions, *inter alia*, together with all assets (excluding land and building), plant and machinery, equipments, facilities, auxiliaries, utilities, current assets attached thereto, pertaining to the said Division as a 'going concern' by way of slump-sale (hereinafter referred to as "Company's White Goods Division") to Ajay Poly Private Limited (hereinafter referred to as "APPL"), a related entity, together with all rights, liabilities, titles, interests (including technical know-how etc.), manpower, licenses, permits, for a lump sum consideration of Rs. 3 crores, to be paid to the Company by APPL either in cash or on such terms and conditions as may be agreed by the Board with APPL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things, as may be necessary or desirable in connection with or incidental to give effect to the purpose and intent of the above resolution or otherwise to give effect to the transfer of the Company's White Goods Division to APPL and to settle any questions, difficulties or doubts at any stage in this regard, including negotiating and finalizing (including

making and accepting modification, if any) the terms and conditions, methods, timings and modes of transfer of White Goods Division, to make and accept such modification(s) as may be required by any of the concerned authority(ies) for sale of Company's White Goods Division, engaging any advisor, consultant, agent or intermediary, executing necessary documents, agreements, power of attorneys, deeds of assignment/ conveyance and such other agreements, documents, deeds, writings and papers as may be necessary or expedient."

Item No. 2

### Transfer of the Company's Mainline Power Distribution System Business Division (Company's PDC Division)

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment for the time being in force) the Memorandum and Articles of Association of the Company and subject to the other applicable statutory provisions, rules, regulations, guidelines and also subject to the such approval(s), consent(s), permission(s) and/or sanction(s) from concerned authorities and such terms and conditions as may be imposed by any person or authority while granting such approvals; permissions, consents and sanctions, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include any Committee of Directors or Director(s) or official(s) of the Company for the time being authorized by the Board to exercise the powers conferred on the Board by this resolution) to sell, transfer or otherwise dispose off, the whole of the Company's Mainline Power Distribution System Business Division, *inter alia*, together with all assets, plant and machinery, equipments, facilities, auxiliaries, utilities and current assets attached thereto, pertaining to the Company's Business as a 'going concern' by way of slump-sale (hereinafter referred to as "Company's PDC Division") to Seiki Auto India Private Limited (hereinafter referred to as "SAIPL"), a related entity, together with all rights, liabilities, titles, interests (including technical know-how etc.), manpower, licenses, permits, for a lump sum consideration of Rs. 3.5 crores, to be paid to the Company by SAIPL either in cash or on such terms and conditions as may be agreed by the Board with SAIPL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, matters, deeds and things, as may be necessary or desirable in connection with or incidental to give effect to the purpose and intent of the above resolution or otherwise to give effect to the transfer of the Company's PDC Division to SAIPL and to settle any questions, difficulties or doubts at any stage in this regard, including negotiating and finalizing (including making and accepting modification, if any) the terms and conditions, methods, timings and modes of transfer of PDC Division, to make and accept such modification(s) as may be required by any of the concerned authority(ies) for sale of PDC Division, engaging any advisor, consultant, agent or intermediary, executing necessary documents, agreements, power of attorneys, deeds of assignment/conveyance and such other agreements, documents, deeds, writings and papers as may be necessary or expedient."

By Order of the Board  
For Precision Pipes and Profiles Company Limited

Sd/-

Ajay Kumar Jain  
Managing Director

Place: New Delhi  
Date: February 14, 2013

Notes:

1. The Explanatory Statement pursuant to Section 173(2) read with Section 192A (2) of the Companies Act, 1956 ('the Act') setting out material facts is annexed hereto.
2. The Notice is being sent to all the members by post (and electronically by e-mail to those members who have registered their e-mail IDs with the Company), whose names appear in the Register of Members/ Records of Depositories as on Friday, the 22<sup>nd</sup> day of February, 2013.
3. The Company has appointed Mr. D.V. Taneja of M/s Dharam Taneja Associates, Practising Chartered Accountant, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

4. All relevant documents referred to in the accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days (Monday to Saturday) between 10:00 A.M. to 12:00 Noon upto Monday, the 8<sup>th</sup> day of April, 2013.
5. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member as on Friday, the 22<sup>nd</sup> day of February, 2013.
6. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and complete the Postal Ballot Form (in original) and return the same in the attached self-addressed postage pre-paid Business Reply Envelope. The self addressed business reply envelope bears the name of Mr. D.V. Taneja of M/s Dharam Taneja Associates, appointed as the Scrutinizer by the Board of Directors of the Company and the address of the Company.
7. The Postage cost on the Business Reply Envelope will be borne by the Company. However, envelopes containing Postal Ballot, if sent by courier or by Registered Post at the expense of the members will also be accepted. The Postal Ballot(s) may also be deposited personally.
8. In case of joint holding, the Postal Ballot Form should be completed and signed (as per the specimen signature registered with the Company/ Depository) by the first named member and in the absence of such Member, by the next named joint holder. A member may sign the Postal Ballot Form through an Attorney, in such case certified true copy of the Power of Attorney should be attached to the Postal Ballot Form. There will be only one Postal Ballot Form for every folio irrespective of the number of joint member(s).
9. In case of shares held by Companies, Trusts, Societies etc., a duly completed Postal Ballot Form should be signed by its authorized signatory. In such cases duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/ Authority together with the specimen signature(s) of the duly authorized signatory(ies).
10. A member neither needs to use all his / her votes nor needs to cast all his/ her votes in the same way.
11. Assent or dissent to the proposed resolution may be recorded by placing a tick mark (✓) in the appropriate column. Postal Ballot form bearing (✓) mark in the both columns will render the form invalid.
12. An incomplete, unsigned, incorrectly ticked, defaced, torn, mutilated, over-written, wrongly signed Postal Ballot form will be rejected. The Postal Ballot shall not be exercised by a proxy.
13. The Scrutinizer's decision on the validity of Postal Ballot Form shall be final.
14. Photocopy of a Postal Ballot Form will not be accepted and a member may request for a duplicate Postal Ballot Form, if so required.
15. The Resolution, if assented by requisite majority, shall be considered as passed on Monday, the 8<sup>th</sup> day of April, 2013 i.e. the date of declaration of the Postal Ballot Result.
16. Members are requested to notify change in address, if any, in case of shares held in Electronic Form to the concerned Depository Participant quoting their client ID and in case of Physical shares to the Registrar and Transfer Agent quoting their Folio number.
17. Shareholders may please note that the voting on the resolutions as contained in this notice will be made through postal ballot only and the Company has not appointed any agency for electronic voting in this regard.
18. The Scrutinizer will submit the report to the Chairman or Managing Director of the Company after completion of the scrutiny of the Postal Ballot Forms and the result of the Postal Ballot will be announced at the Registered Office of the Company situated at 4561, Deputy Ganj, Sadar Bazar, New Delhi-110006 and posted on Company's website www.precisionpipes.com and communicated to the stock exchanges where the Company's shares are listed. The result of the Postal Ballot will also be published in one English newspaper and one Hindi newspaper. In the event, the proposed resolution is assented to by the requisite majority of Shareholders by means of Postal Ballot, the date of declaration of Postal Ballot result shall be deemed to be the date of passing of the said resolution.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) READ WITH SECTION 192A OF THE COMPANIES ACT, 1956.**

**Item No. 1**

The Company is mainly engaged in the business of manufacturing and sale of automotive sealing and exterior products. The Company is also engaged in the business of profiles for White Goods Industry ("White Goods Division"). The White Goods Division is very small in size and has contributed only 3.42% in the Financial Year 2011-12 to the total turnover of the Company. The White Goods Division has incurred the losses in the last year to the tune of Rs 77 lacs and in the last six months ended September 2012 approximately Rs. 65 lacs and is continuously eating up the profits of the Company.

The contribution of the Company's White Goods Division to the total profits of the Company is negligible and that the said Division is running in losses and

it is not contributing in the growth of the Company as a whole. The Board has carried out a comprehensive review of the future of White Goods Division and having considered all the options, has come to the conclusion that it is not wise or is not in the interest of the Company and its shareholders to continue the White Goods Division and the Company should focus on the business of Automotive Division that could augur well for the Company in future. Therefore, the Board of Directors at its meeting held on November 12, 2012 has, *inter alia*, subject to the approval of the members, resolved to sell, transfer or otherwise dispose off the whole of the Company's White Goods Division and further at its meeting held on February 14, 2013 decided to transfer via slump sale the company's White Goods Division to Ajay Poly Private Limited ("APPL"), a related entity. Exiting from this Division would enable the Company to carry on its core business activity more competitively. The proposed transfer is an arm's length transaction at a fair valuation. The valuation exercise for this Division has been done by an Independent Valuation Firm.

Accordingly, it is proposed to transfer the White Goods Division together with all assets (excluding land and building), plant and machinery, equipments, facilities, auxiliaries, utilities and current assets attached thereto, including rights, liabilities, manpower, licenses, permits, consents and approvals whatsoever, as going concern(s), by way of slump-sale, for a lump sum consideration of Rs. 3 crores, to be paid to the Company by APPL in cash or on such terms and conditions as the Board may deem fit and appropriate in the best interest of the Company.

Transfer of the White Goods Division requires approval of the members under Section 293(1)(a) of the Companies Act, 1956 ('the Act') read with Section 192A of the Act, by passing an Ordinary Resolution through Postal Ballot.

The Board of Directors is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence recommends the Resolution as set out in the Notice for approval of the members as an Ordinary Resolution.

None of the Directors of the Company may be deemed to be concerned or interested in the resolution, except to the extent of their respective shareholdings in the Company, if any, and the Directors of the Company who are also on the Board of the APPL.

**Item No. 2**

The Company is mainly engaged in the business of manufacturing and sale of automotive sealing and exterior products. The Company is also engaged in the business of Mainline Power Distribution System Business Division ("PDC Division"). The PDC Division is also very small in size and has contributed only 1% in the Financial Year 2011-12 to the total turnover of the Company. The PDC Division has incurred the losses in the last year to the extent of Rs 1 crore and in the last six months ended September 2012 to the tune of Rs. 70 lacs and is continuously eating up the profits of the Company.

The contribution of the Company's PDC Division to the total profits of the Company is negligible and that the said Division is running in losses and is not contributing in the growth of the Company as a whole. The Board has carried out a comprehensive review of the future of the PDC Division and having considered all the options, has come to the conclusion that it is not wise or is not in the interest of the Company and its shareholders to continue with this Division and the Company should focus on the business of Automotive Division which is the core business of the Company. Therefore, the Board of Directors at its meeting held on November 12, 2012 has, *inter alia*, subject to the approval of the members, resolved to sell, transfer or otherwise dispose off the whole of the Company's PDC Division and further at its meeting held on February 14, 2013 decided to transfer via slump sale the company's PDC Division to Seiki Auto India Private Limited ("SAIPL"), a related entity. The proposed transfer is an arm's length transaction at a fair valuation. The valuation exercise for this Division has been done by an Independent Valuation Firm.

Accordingly, it is proposed to transfer the PDC Division together with all assets, plant and machinery, equipments, facilities, auxiliaries, utilities and current assets attached thereto, including rights, liabilities, manpower, licenses, permits, consents and approvals whatsoever, as going concern(s), by way of slump-sale, for a lump sum consideration of Rs. 3.5 crores, to be paid to the Company by SAIPL in cash or on such terms and conditions as the Board may deem fit and appropriate in the best interest of the Company.

Transfer of the PDC Business Division requires approval of the members under Section 293(1)(a) of the Companies Act, 1956 ('the Act') read with Section 192A of the Act, by passing an Ordinary Resolution through Postal Ballot.

The Board of Directors is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence recommends the Resolution as set out in the Notice for approval of the members as an Ordinary Resolution.

None of the Directors of the Company may be deemed to be concerned or interested in the resolution, except to the extent of their respective shareholdings in the Company, if any, and the Directors of the Company who are also on the Board of the SAIPL.

By Order of the Board  
For Precision Pipes and Profiles Company Limited

Place: New Delhi  
Date: February 14, 2013

Sd/-  
Ajay Kumar Jain  
Managing Director