

# 16<sup>th</sup> Annual Report

2010-2011



New Heights of Precision  
New Benchmarks of Performance.

**Precision Pipes and Profiles Company Limited**

## 16TH ANNUAL REPORT



### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of **PRECISION PIPES AND PROFILES COMPANY LIMITED** will be held on **Wednesday, September 28, 2011** at **1.00 P.M.** at **The Executive Club, Dolly Farms and Resorts Pvt. Limited, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074** to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & Loss Account for the year ended on that date together with the reports of the Board of Director and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Mr. D.C. Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anuj Jain, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. B.B. Tandon, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors  
**For PRECISION PIPES & PROFILES COMPANY LIMITED**

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi

**Sharat Chand Jain**  
(Executive Vice Chairman)

#### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE PROXY FORM, IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HEREWITH.**
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to submit with the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, September 22, 2011 to Wednesday, September 28, 2011 (both days inclusive).
5. The dividend for the financial year 2010-11 as recommended by the Board of Directors and if declared at the Annual General Meeting will be paid on or after 28<sup>th</sup> September, 2011 to those member whose name shall be appear on the Company's Register of Members:
  - in respect of share held in electronic form as per the data as may be made available by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on 21<sup>st</sup> September, 2011.
  - in respect of share held in physical form after giving effect to valid transfer in respect of transfer lodged with the Company on or before the close of business hours on 21<sup>st</sup> September 2011.
6. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agent cannot act on any request received directly from members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding



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shares in physical form are requested to advise any changes of address immediately to the Company/Registrars and Transfer Agents, M/s Link Intime India Pvt Ltd.

8. Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nomination are requested to send their request in Form 2B to the Registrars and Transfer Agents M/s Link Intime India Pvt Ltd.
9. The Securities And Exchange Board Of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to mandatorily use the Electronic Clearing Services (ECS) facility wherever possible for dividend payment to the members. Members are requested to provide the Company with ECS mandate for crediting the future dividend payment directly to their respective bank accounts. The Company shall be able to co-ordinate with the bankers only on receipt of the necessary information. The main information required therein is the type of account, name of the bank and the account number. It should be signed by all the Members, as per the specimen signature recorded with the Company.
10. Members are requested to bring their Client ID and DP ID or Folio numbers as may be applicable, for easy identification of attendance at the meeting.
11. Members/Proxies should bring their attendance slip duly filled for attending the meeting.
12. Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 Days before the meeting so that relevant information can be kept ready at the meeting.
13. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
14. All documents referred to, in the accompanying notice are open for inspection at the registered office of the Company on all working days, during regular business hours and upto date of this meeting.
15. **PURSUANT TO THE PROVISIONS OF SECTION 205A (5) OF THE COMPANIES ACT, 1956, DIVIDEND FOR THE FINANCIAL YEAR ENDED 31-03-2008 AND THEREAFTER WHICH REMAIN UNCLAIMED FOR A PERIOD OF 7 YEARS WILL BE TRANSFERRED BY THE COMPANY TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) ESTABLISHED BY THE CENTRAL GOVERNMENT.**  
**MEMBERS WHO HAVE NOT SO FAR ENCASHED THEIR DIVIDEND WARRANTS FOR THE FINANCIAL YEAR ENDED 31-03-2008 AND THEREAFTER ARE REQUESTED TO APPROACH THE COMPANY FOR OBTAINING FRESH INSTRUMENT(S) IN LIEU OF EXPIRED DIVIDEND WARRANT(S). IT MAY ALSO BE NOTED THAT ONCE THE UNCLAIMED DIVIDEND IS TRANSFERRED TO THE SAID FUND, AS ABOVE, NO CLAIM SHALL LIE AGAINST THE COMPANY OR THE FUND IN RESPECT THEREOF.**
16. **THE MINISTRY OF CORPORATE AFFAIRS HAS INTRODUCED "GREEN INITIATIVE" BY ALLOWING PAPERLESS COMPLIANCES BY THE COMPANIES AND HAS ISSUED CIRCULARS STATING THE SERVICE OF NOTICE/ DOCUMENTS INCLUDING ANNUAL REPORT CAN BE SENT BY E-MAIL TO ITS MEMBERS. TO SUPPORT THIS GREEN INITIATIVE OF GOVERNMENT IN FULL MEASURE, MEMBER WHO HAVE NOT REGISTERED THEIR E-MAIL ADDRESSES, SO FAR ARE REQUESTED TO REGISTER THEIR E-MAIL ADDRESSES, IN RESPECT OF ELECTRONIC HOLDINGS WITH DEPOSITORY THROUGH THEIR CONCERNED DEPOSITORY PARTICIPANT. WHEREBY THE DOCUMENTS ARE PERMITTED TO BE SERVED ON THE MEMBERS THROUGH ELECTRONIC MODE (E-MAIL). THIS INITIATIVE IS A STEP TOWARD PROTECTION OF ENVIRONMENT AND ENABLING FASTER COMMUNICATION WITH MEMBERS. MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO INTIMATE THEIR E-MAIL ADDRESS TO M/S. LINK INTIME INDIA PRIVATE LIMITED (RTA) EITHER BY E-MAIL AT [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in) OR BY SENDING A COMMUNICATION AT THE M/S. LINK INTIME INDIA PRIVATE LIMITED, A-40, 2<sup>ND</sup> FLOOR, NARAINA INDUSTRIAL AREA, PHASE II, NEW DELHI 110 028.**

By order of the Board of Directors  
For PRECISION PIPES & PROFILES COMPANY LIMITED

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi

Sharat Chand Jain  
(Executive Vice Chairman)

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## Information in pursuance of Clause 49 of Listing Agreement with reference to Appointment/ Reappointment of Directors.

### 1. Mr. D.C. Jain

Date of Birth/Age	4 <sup>th</sup> August, 1941
Date of Appointment	18.10.1995
Qualification	Commerce Graduate from Delhi university
Expertise in Specific Functional area	He has 50 years of experience of Auto Component and Refrigeration Industry. He has been associated with the business of our company since its inception as a partnership Firm in 1978.
Directorship in other Companies	❖ Ajay Poly Private Limited ❖ Ajay Industrial Corporation Ltd. ❖ Seiki Auto India Private India Ltd.
Committee positions held in Precision Pipes and Profiles Company Limited*	Nil
Committee position held in other public companies*	Nil
Relationship between Directorship Inter-se	Sharat Chand Jain -- Brother Ajay Kumar Jain -- Brother Rajeev Jain -- Son Anuj Jian -- Brother's Son Abhishek Jain -- Brother's Son
Shareholding in the Company	29,70,000 {holding as Karta of D.C. Jain HUF}

\* **Committee positions of only Audit and Shareholders'/Investors' Grievance Committee included.**

### 2. Mr. Anuj Jain

Date of Birth	7 <sup>th</sup> September, 1976
Date of Appointment	20.06.2001
Qualification	B.E. from Manipal University and Diploma in Business Management from University of Berkley, California.
Expertise in Specific Functional area	Mr. Anuj Jain looking the export of our Company. He is also entrusted with responsibilities of quality control and research development.
Directorship in other Companies	❖ Ajay Poly Private Limited ❖ Ajay Industrial Corporation Ltd.
Committee positions held in Precision Pipes and Profiles Company Limited*	Nil
Committee position held in other public companies*	Nil
Relationship between Directorship Inter-se	Mr. D.C. Jain -- Uncle Sharat Chand Jain -- Father Ajay Kumar Jain -- Uncle Rajeev Jain -- Cousin Abhishek Jain -- Cousin
Shareholding in the Company	2,55,000 Equity Shares

\* **Committee positions of only Audit and Shareholders'/Investors' Grievance Committee included.**



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### 3. Mr. B.B. Tandon

Date of Birth	30 <sup>th</sup> June 1941
Date of Appointment	12.01.2007
Qualification	M.A Economics and LLB in Delhi University
Expertise in Specific Functional area	He is an associated member of Institute of Bankers. He has been member of Indian administrative services from 1965-2001, Election Commissioner of India from 2001-2005, Member of Delimitation Commission from 2002-2005 and Chief Election Commissioner of India 2005-2006.
Directorship in other Companies	<ul style="list-style-type: none"><li>❖ Ambuja Cement Foundation. (A Section 25 company under Companies Act)</li><li>❖ Birla Corporation Ltd.</li><li>❖ Oriental Carbon &amp; Chemical Ltd.</li><li>❖ Jaiprakash Power Ventures Ltd.</li><li>❖ Dhampur Sugar Mills Ltd.</li><li>❖ Smart Digivision Pvt. Ltd.</li><li>❖ Adani Power Ltd.</li><li>❖ Filatex India Ltd.</li><li>❖ Vikas Globle One Ltd.</li><li>❖ VLS Finance Ltd.</li><li>❖ Exicom TeleSystem Ltd.</li><li>❖ Bhushan Steel Ltd.</li><li>❖ Jaypee Infratech Ltd.</li><li>❖ Ambience Ltd.</li><li>❖ Lanco Anpara Power Ltd.</li><li>❖ ACB ( India) Ltd.</li></ul>
Committee positions held in Precision Pipes and Profiles Company Limited*	Member of Audit Committee
Chairmanship/Membership in other Board / Committees	<ul style="list-style-type: none"><li>❖ Adani Power Ltd., Member of Audit Committee.</li><li>❖ Oriental Carbon &amp; Chemical Ltd., Member of Audit Committee.</li><li>❖ Birla Corporation Ltd., Member of Audit Committee.</li><li>❖ Filatex India Ltd., Member of Audit Committee.</li><li>❖ VLS Finance Ltd., Member of Audit Committee &amp; Investor Grievance Committee.</li><li>❖ Bhushan Steel Ltd., Chairman of Audit Committee.</li><li>❖ Jaiprakash Power Ventures Ltd., Member of Audit Committee.</li><li>❖ Ambience Ltd., Investor Grievance Committee.</li></ul>
Relationship between Directorship <i>Inter-se</i> Shareholding in the Company	NIL Nil

\* **Committee positions of only Audit and Shareholders'/Investors' Grievance Committee included.**

By order of the Board of Directors  
For PRECISION PIPES & PROFILES COMPANY LIMITED

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi

**Sharat Chand Jain**  
(Executive Vice Chairman)

## 16TH ANNUAL REPORT



### DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Sixteenth Annual Report along with the Audited Accounts on the business and operations of the Company for the financial year ended 31<sup>st</sup> March 2011.

#### Our Financial Highlights:-

The Company's performance during the year is summarized below:-

Rs. In Lakhs

PARTICULARS	Year ended March 31, 2011	Year ended March 31, 2010
<b>Total Income</b>	<b>20760.54</b>	<b>17184.60</b>
Profit before Depreciation, Interest and Taxation (PBDIT)	5422.26	3948.44
Less: Depreciation	1601.29	1417.41
Less: Interest	113.03	369.99
<b>Profit Before Tax</b>	<b>3707.94</b>	<b>2161.04</b>
Less: Income Tax Paid & Provisions Made	991.27	802.63
<b>Profit after Tax</b>	<b>2716.67</b>	<b>1358.41</b>
Add : Profit brought forward from previous year	5749.65	5031.00
<b>Profit available for appropriation</b>	<b>8466.32</b>	<b>6389.41</b>
Less: - Transfer to General Reserve	271.67	150.00
- Dividend	560.00	420.00
Dividend Tax	94.65	69.76
<b>Profits carried forward to the following year</b>	<b>7540.00</b>	<b>5749.65</b>

#### Dividend

During the year 2010-11, the board of directors declared an interim dividend of Rs. 2/- equity share amounting to Rs.280 lacs on 12<sup>th</sup> February, 2011 the same has already been paid. In addition, now your Board of Directors recommended a final dividend of Rs. 2/- equity share amounting to Rs. 280 lacs subject to the approval of shareholders at the ensuing Annual General Meeting. The Dividend will be paid in compliance with applicable provisions of the Companies Act, 1956 and Regulations made there under.

#### Transfer to Reserves

Your Company has transferred a sum Rs. 271.67 Lakhs to the General Reserve being 10% of the current year's profit in compliance with Companies (Transfer of Profits to Reserves) Rules, 1975.

#### Business Operations:-

Your Company is engaged in the business of manufacturing automobile sealing systems & exterior products, profiles for white goods industry and mainline power distribution system. The product range includes weather strips, trim door opening, windshield molding, roof molding, quarter window seal, A-pillar garnish, B-pillar garnish, skirt air damper, body side molding etc. Additionally, the Company manufactures PVC based customized profiles for white goods and other industries and power distribution system for various uses.

Client list of the Company includes Maruti Suzuki India Limited, Honda SIEL Cars India Limited, General Motors India Limited, Toyota Kirloskar Motors India Limited, Nissan Motors India (P) Limited and Tata Motors Limited. Your Company has a technical collaboration with Tokai Kogyo Co. Ltd (TKCL), Japan and Nissen Chemitec Corporation, Japan to manufacture automobile products. In the white goods industry, your company manufacture and supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators.



## PRECISION PIPES & PROFILES COMPANY LIMITED

Your Company has achieved Total Sales (net of excise) of Rs. 201.89 Crores in the Financial Year ended 31<sup>st</sup> March, 2011 as against Rs.170.48 Crores in the previous year. For the fiscal 2010- 2011 our EBIDTA has increased to Rs. 5422.26 Lacs from Rs.3948.44 Lacs in fiscal 2009.10. Profit after tax for 2010-11 is Rs. 2716.67 lacs as compared to Rs. 1358.41 Lacs in 2009-10. Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached to this Report.

### **Market Scenario**

The year 2011 was unique for the Indian auto industry. The production data of the Indian Automobile Industry for April-March 2011 recorded a growth of 27.45 percent over same period last year.

The Indian automobile industry may not be able to maintain the growth rates registered in the last two years. The high base effect of 2010, the firming up of interest rates and crude oil price change may affect the growth rates in future. The Tsunami, earthquake, disasters in Japan has affected the production of many automotive companies as they were unable to get parts from the suppliers affected by the catastrophe.

The challenges, the automobile industry in the Indian market will face are stable economic environment, healthy IIP growth, favorable liquidity and availability of finance. Other things that would affect the Indian automobile industry include road network development activities, strong growth in construction activities and the expected healthy performance of the industrial sector.

The competition in all car segments would be severe with the launch of new models by many Automobile manufacturers like Toyota, Honda, Maruti Suzuki, General Motors, VW, BMW etc.

The commodity prices are rising which will be putting the pressure on margins of the Automobile manufacturers leading to severe pressure on margins of the Auto component industry.

### **Material Changes**

There is no other material change affecting the affairs of the Company, which has happened between the date of the Balance Sheet and up to the date of this report.

### **Fixed Deposits**

The Company has not invited or accepted any Fixed Deposits from Public in terms of provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

### **Auditors**

M/s. Dharam Taneja Associates, Chartered Accountants, Statutory Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors have recommended the reappointment of M/s. Dharam Taneja Associates, Chartered Accountants as Statutory Auditors of the Company.

The Audit Committee and your Board recommend their reappointment as Statutory Auditors of the Company.

### **Auditors' Report**

There are no adverse remarks in the Auditors' Report which need to be discussed.

### **Audit Committee**

The Audit Committee consists of six members namely Mr. Kaushal Kumar Mathur, Mr. Brij Behari Tandon, Mr. Ashok Agarwal, Mr. Surender Kumar Tuteja, Mr. S. C Jain and Mr. Ajay Kumar Jain out of which four are independent and two are executive directors. Mr. Kaushal Kumar Mathur is the Chairman of Audit Committee. All members of the Audit Committee possess sufficient knowledge and experience in the field of Finance and Accounts.

### **Directors**

Mr. Devendra Chandra Jain, Mr. B.B. Tondon, and Mr. Anuj Jain, Directors of the Company shall be retiring by rotation in accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Articles of Association of your Company, and being eligible, offer themselves for re-appointment as the Directors of the Company.



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Brief resume of the Directors proposed to be re-appointed and other details as stipulated under Clause 49 of the Listing Agreement are provided in the Notice for convening the Annual General Meeting.

### Directors' Responsibility Statement

In Compliance of Section 217(2AA) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000, the Directors of your Company subject to notes appended to accounts and auditors' report confirm that:

- (1) In preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable Accounting Standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (2) Such accounting policies have been selected and applied consistently and made such judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March, 2011 and of the Profit of the Company for the said year;
- (3) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) The Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2011 have been prepared on a 'going concern' basis.

### Management Discussion and Analysis Report

Management Discussion and Analysis Report, as required under the Listing Agreements with the Stock Exchanges, is attached to this Report.

### Corporate Governance

Precision Pipes And Profiles Company Limited has been proactive in following the principles and practices of Good Corporate Governance. The Company to its best endeavor complies with all the aspects in letter and spirit of Corporate Governance Practices.

Pursuant to Clause 49 of the Listing Agreement of the Stock Exchanges, the report on Corporate Governance and Management Discussion & Analysis Report have been included in this Annual Report as a separate section and forms part of the Directors Report along with the Auditors' Certificate.

### Industrial Relation

The Company enjoyed cordial relations with the employees during the year under review and the management appreciates the employees of all cadres for their dedicated services to the Company.

### Listing of the Company

The Equity Shares of Precision Pipes and Profiles Company Limited are listed and are traded on the following stock Exchanges:-

#### National Stock Exchange of India Limited ("NSE")

Exchange Plaza, Bandra Kurla Complex,  
Bandra (east), Mumbai- 400051.

Code: - 532934/PPAP

#### Bombay Stock Exchange Limited ("BSE")

Phiroze Jeejeebhoy towers  
Dalal Street, Mumbai-400001

Code: - 532934

Your Company is regular in paying Listing Fees. The Annual Listing Fee for the Year 20011-12 has been paid within the scheduled time to NSE and BSE.

### Energy Conservation, Technology Absorption And Research & Development And Foreign Exchange Earnings And Outgo

#### Energy Conservation

The particulars in respect of Energy Conservation are not applicable to your Company in terms of Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.





## PRECISION PIPES & PROFILES COMPANY LIMITED

### Technology Absorption and Research & Development

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Technology Absorption and Research and Development as per Form B are given in Annexure 'A' attached hereto, which forms a part of this Directors' Report.

### Foreign Exchange Earnings and Outgo

The details of Foreign Exchange Earnings and Foreign Exchange Outgo during the year are given below:

Particulars	Current Year 2010-11 (Rs. in lacs)	Previous Year 2009-10 (Rs. in lacs)
<b>Foreign Exchange Earning</b>		
(a) Export	565.74	180.28
<b>Foreign Exchange Outgo</b>		
(a) Payment to Collaborators	249.81	55.15
(b) Directors/ Employees Visit abroad	32.71	15.71
(c) Raw Materials & Consumable Stores	5440.91	4104.67
(d) Machinery, Dies & Moulds	409.61	643.84
(e) Dividend	11.25	4.50
(f) Interest on ECB	13.16	21.95

### Environment

The Company is not involved in any type of operations hazardous to environment and does not discharge any trade effluents (solid, liquid or gaseous) causing pollution. The Company adheres to the provisions of environmental laws. Our Unit I is ISO 9001 and 14001 certified from B.S.I Management System, London and all other units are QS ISO 14001 certificate holders from TUV Management Service GmbH, TS 16949 Certificate holders from AIB – Vinocotte, Belgium & OHSAS 18001 from TUV Management Services GmbH. Our operations do not generate effluents.

### Particulars of Employees

None of the employee of the Company is in receipt of the salary exceeding the limits of Rs. 60,00,000/- per annum or Rs. 5,00,000/- per month as specified by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2011.

### Acknowledgement

Your Directors take this opportunity to gratefully acknowledge the co-operation and assistance extended by the valued customers of the Company, M/s Tokai Kogyo Co. Ltd., Japan, and Nissen Chemitec Corporation Japan our Technical Collaborators, Government of India and Company's Bankers for their continued support and guidance. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement. It is this unity of purpose that breeds success and your Directors look forward to receiving similar support and encouragement in the years ahead.

On behalf of the Board of Directors  
For **PRECISION PIPES & PROFILES COMPANY LIMITED**

**Sharat Chand Jain**  
(Executive Vice Chairman)

**Ajay Kumar Jain**  
(Managing Director)

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi



**ANNEXURE TO DIRECTORS' REPORT**

**ANNEXURE-A**

**FORM B**

See Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Form for Disclosure of Particulars with respect to Absorption 2010-11

**Research and Development (R & D)**

- 1. Specific areas in which R & D carried out by the Company : Optimizing the process parameters for improvement in yield and quality of profiles manufactured by the Company, which are as per specific designs of the buyers.
- 2. Benefits derived as a result of the above R & D : Improvement in the product quality as per specifications and improvement in its longevity/ durability.
- 3. Future plan of action : To maintain the above.
- 4. Expenditure on R & D
  - (a) Capital : N.A.
  - (b) Recurring : NA
  - (c) Total : NA
  - (d) Total R & D expenditure as a percentage of total turnover : NA

**Technology Absorption, Adaptation and Innovation**

- 1. Efforts, in brief, made towards Technology, Absorption, Adaptation and Innovation. : Progress was made during the year in up gradation of technology of PVC Profiles
- 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development. : Development of Industry specific special PVC Profiles through Collaboration Agreement has resulted in Import Substitution whereupon product quality & its yield have improved.
- 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - (a) Technology Imported : PVC Profiles for Automobile Industry from M/s. Tokai Kogyo Co Ltd., Japan.  
Interior and Exterior Injection Molded Product from M/s. Nissen Chemitec Corporation, Japan
  - (b) Year of Import : a) M/s Tokai Kogyo Co Ltd., Japan.  
Originally in the year 1989 and renewed in 1995, 2000, 2005 and also in the year 2010 for the further period of five years.  
b) M/s. Nissen Chemitec Corporation, Japan Since 2007
  - (c) Has technology been fully absorbed? : Yes
  - (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. : N.A.

On behalf of the Board of Directors  
For **PRECISION PIPES & PROFILES COMPANY LIMITED**

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi

**Sharat Chand Jain**  
(Executive Vice Chairman)

**Ajay Kumar Jain**  
(Managing Director)



**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

**Business Overview**

Precision Pipes and Profiles Company Limited (PPAP) is one of the principal manufacturers and OEM supplier of Profiles and Extrusions in India. PPAP is engaged in manufacturing of Specialized Profiles and Extrusions items, used by Auto and Refrigeration industry majors. Auto division is primarily focused on Outer Belt Moulding, Inner Belt Moulding, Windshield Moulding, Roof Moulding, Quarter Window Moulding, A-Pillar Garnish, B-Pillar Garnish and Skirt Air Damper etc. Refrigeration division primarily manufactures Trim, Door Profile and Freezer Profile for Refrigeration Industry and other (Misc.) division manufactures U.K. Adapter, French Adapter, Schuko Adapter, Dressing & Cap, Cabler Spoon, Extruded Track and Copper Conductor to Electrical & Construction Industries.

PPAP is OEM suppliers and the client list includes Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar Motors Limited, Mahindra and Mahindra, Tata Motors Limited and Nissan Motors. The company has a technical collaboration with Tokai Kogyo Co. Ltd (TKCL), Japan and Nissen Chemitech corporation, Japan to manufacture automobile products. In the white goods industry, the company supplies customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators. PPAP derives around 90% of the turnover from automobile customers.

**Industry Structure & Development**

The Indian auto component industry is one of the front runners for grabbing the global auto components outsourcing market. The automotive industry continued its strong growth momentum during FY10-11 with sales growing at 26%. The passenger vehicles segment outperformed the sector with healthy growth of 29% driven by ballooning spending power, easier financing and a wider choice of models in an economy growing at nearly 8%-9% annually.

As per CRISIL Research, India is most likely to be one of the fastest growing automobile markets, and perhaps the third largest, in terms of domestic market volumes, by 2020. The growth trajectory in automobiles in India was high, in double digits, during the past decade partly because of the acceleration in economic growth, and partly, because of favorable factors such as increasing finance penetration and rising consumer aspirations. The same factors are likely to continue to drive more than 10 per cent growth in cars, utility vehicles, light commercial vehicles, and scooters over the next 10 years. As per SIAM estimates, the sector is expected to grow at 15%-16% in FY-12 despite being impacted by factors like high inflation, rising raw material, increase in interest rates and fuel prices.

During 2010-11, the domestic market witnessed a slew of new launches by almost all the OEM's. 'Cruze' by General Motors, 'Aria' by Tata Motors, 'Alto K-10' by Maruti Suzuki and the much awaited and acclaimed 'Etios' from Toyota to name a few, apart from launches in small commercial vehicles. Tata 'Nano', the small car wonder which could not live up to the market expectations due to the safety issues saw the volumes zoom to levels of 10,000 cars in Mar 2011 on the back of renewed marketing efforts by the company.

**Awards and Recognition**

PPAP once again achieved recognition of its excellence. Your company was awarded by Maruti Suzuki India Limited (MSIL) during their annual supplier convention on 3<sup>rd</sup> and 4<sup>th</sup> May 2010, held in Hong Kong under the categories of "Overall Excellence Gold Award, Incoming quality improvement certificate and Quality awareness shield".

Your company was also awarded by Honda SIEL Cars India Ltd and Toyota Global Supplier convention 2010 under the categories of "Best Cost Co-operation in New Model, Best New Model Start Up Award, and Silver Award For Deliveries, and Regional Contribution Award for Supplies in India" respectively.

**Opportunities and Threats**

**Opportunities:-**

The growth of auto ancillary industry is depends upon the automobile industry. Competition in this industry is high. It is expected that Indian automobile industry will achieve mass motorization status by 2014. India is being recognized as potential emerging auto market. Unlike the USA, the Indian passenger vehicle market is dominated by cars (79%). Two-third of auto components production is consumed directly by OEMs. India is the fourth largest car market in Asia-recently crossed the 1 million mark.

The strength of your company is **technologically superior Product**. Your Company continues to invest in up gradation and expansion of its manufacturing capacities. The in-house R&D Department has been consistently developing quality products and is also striving for achieving cost efficiencies. Your Company receives strong support from its Foreign Technical Collaborators not only in the form of sharing of new technology but also by receiving assistance in upgrading manufacturing and other processes which results in technologically superior products with sustainable quality.

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These advantages need to be leveraged in a manner to attain the twin objective of ensuring availability of best quality product at lower cost to the consumers on the one hand and developing and assimilating the latest technology in the industry on the other hand.

### Threats

Even with this rapid growth, the Indian automotive industry's contribution in global terms is very low. Key factors influencing the global car manufacturers have a ripple effect on the domestic automobile industry in different parts of the world as well as the auto ancillary industry which supplies parts to the auto industry. Internationally consumer preferences are determining the current styles, reliability, and performance standards of vehicles. Government regulations in relation to trade, safety, and environment etc also make it necessary for modernization and changes in designs and production methods. Movement rise in oil prices also has an impact on demand for large cars in India.

India continues to be an attractive destination for the global automotive players. To counter the threat of growing global competition, the Company has planned to bridge the quality gap between its products and foreign offerings, while maintaining its low cost product development/sourcing advantage.

Further tightening of liquidity position, reduction in exposure to vehicle financing by banks/NBFCs, hardening of consumer interest rates, steep rise in international crude prices would have an adverse impact in the domestic automobile market.

### SEGMENT WISE PERFORMANCE

The Company is operating mainly into Auto Component business and derives more than 90% of the turnover from automobile customers and remaining from profiles for white goods, electrical and construction industry.

#### Divisional Contribution in total turnover 2010-2011

DIVISION	Sales 2010-11	% to total Sales	Sales 2009-10	% to total Sales
AUTOMOBILE	1,87,99,63,025	93	1,58,51,01,246	93
REFRIGERATION	8,90,73,027	4	10,15,90,205	6
MISCELLANEOUS	4,98,47,443	3	1,81,29,653	1
<b>TOTAL</b>	<b>2,01,88,83,495</b>	<b>100</b>	<b>1,70,48,21,104</b>	<b>100</b>

### Outlook

The automotive industry remains one of the highest revenue-earning industries in India contributing majorly to India's GDP, providing direct and indirect employment to millions of people. The market outlook for the industry remains promising with demand across the car segments. India continues to consolidate its position on the global front and now accounts for 5% of global auto production, up from 1.4% at the beginning of 2000. The investment in the industry is expected to be up to USD 17bn in fresh capacity over the next four years and the investment in automotive components is expected to be USD 12bn over the next six years driven by strong technological capability and availability of trained manpower at competitive prices. As per Industry estimates, growth rate in the Auto sector is expected to moderate to 15%-16% in FY-12 mostly because of high inflation, rising raw material prices, increase in interest rates and fuel prices. However an expanding middle class population, growing earning power, industrial development and Government's focus to build infrastructure, the demand for passenger cars and commercial vehicles shall continue to grow.

With the finalization of the Automotive Mission Plan (AMP) India is expected to become a preferred destination for design and manufacture of automobile. The AMP proposed a 25-point plan that included making India a manufacturing and export hub for small cars, multi-utility vehicles, two and three-wheelers, tractors and components.

### Risks and Concerns

The Company is exposed to external and internal risks associated with the business.

The operations of the Company are directly dependent on the growth of Indian automotive industry. General economic conditions impact the automotive industry, and, in turn, the operations of PPAP as well. To counter these risks, the Company continues to broaden its product portfolio, increase customer profile and geographic reach.

The Company is exposed to strong competitive pressures both domestic and overseas. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The Company also faces challenges with regard to fast changing technology, sustaining cost efficiencies brought into the system and planning capacity expansion in the wake of changing demand patterns.



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Risk management is reviewed by the Audit Committee, which reviews the Company's management activities on a regular basis in addition to monitoring for any new risks that may arise due to changes in the external or business environments.

We are fully aware of others risks and has structured risk management system in place ,while the possibility of negative impact due to one or more of such risks can not be totally ruled out, the Company proactively takes conscious and reasonable steps, making efforts to mitigate the significant risks that may affect it.

financial performance with respect to operational performance.

### FINANCIAL PERFORMANCE

#### 1. Revenue

Total income of the Company increased from Rs. 171.84 Crore in fiscal 2010 to Rs. 207.60 Crore in fiscal 2011. The increase in income was on account of increase in sales of products manufactured by the Company.

#### 2. Profits

The Company's Profit before Interest, Depreciation and Tax increased from Rs. 39.48 crores in FY 2010 to Rs. 54.22 Crores in the FY 2011. The EBIDTA margin for the fiscal 2010 and 2011 has been 22.97% and 26.12% respectively showing an increase of 37.33%. PAT increased to Rs. 27.16 Crores in fiscal 2011 from Rs.13.58 Crores in fiscal 2010.

#### 3. Earning Per Share (EPS)

The Company recorded an EPS of Rs. 19.40 per equity share of Rs.10 each on an Equity of Rs.14.00 Crores during 2010-11.

#### 4. Dividend

Apart from payment of an interim dividend of Rs. 2/- share, the Board has recommended a final dividend of Rs. 2.00 per equity share of Rs.10 each, to be appropriated from the profits of the Company for the financial year 2011.

#### 5. Dividend Payout

The Dividend payout of Rs. 560.00 Lacs amounts to 21 per cent of Profit after Tax in the financial year ended 31st March, 2011.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

PPAP has in place systems of internal control which are commensurate with its size, and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. Further internal audit and management reviews are conducted regularly and the reports are regularly submitted for review to the Audit Committee of the Board of Directors.

PPAP's Audit Committee reviews all audit reports submitted by the internal auditors; follows up on the implementation of various recommendations; meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Company's Board of Directors informed of major observations from time to time.

### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The HR policies and procedures of your Company are geared towards nurturing and development of Human Capital. Your Company has transparent processes for rewarding performance and retaining talent. Skill Gap Analysis and other systems are also in place to identify the training interventions required. Priority is given to succession planning and talent management.

Industrial relation at all factories continued to remain cordial.

As on 31st March, 2011 your Company has 917 employees.

### CAUTIONARY STATEMENT

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.*

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliances under law, rules and regulations to achieve the object of the Company, enhance shareholder's value and discharge the social responsibility.

**Precision Pipes & Profiles Company Ltd. (PPAP)** has complied with the requirement of the Corporate Governance in terms of clause 49 of the Listing Agreement.

The fundamental concern of Corporate Governance is to ensure the conditions whereby a Company's directors and managers act in the interest of the Company and its various stakeholders. Your Company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. The company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. Shareholders' interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner keeping in the mind our goal of maximization of values of all the stakeholders.

### The goal is achieved through:

- Infusion of best expertise in the Board.
- Consistent monitoring and improvement of the human and physical resources.
- Introducing regular checks and audits and continuous improvement in already well-defined systems procedures.
- Board/Committee's meeting are at short intervals to keep the Board informed of the recent happenings.

### Board of Directors

#### Composition of Board

PPAP has an optimum combination of Executive, Non-Executive and Independent Directors, having a pool of collective knowledge from various disciplines Engineering, Finance, Business Management, Public Administration, Corporate Planning etc, on its board. The Board has twelve (12) directors comprising of Non Executive Chairman, Four (4) Executive Directors (including Managing Director and Executive Vice Chairman), One (1) Non Executive Directors and six (6) Independent Directors. Composition of the Board is in consonance with the requirements of Clause-49 of the Listing Agreement.

The Board of Directors and its Committees meet at regular intervals.

#### Number of Board meetings held and the date on which held

Five Board meetings were held during the year 2010-11. The details of meeting are as under:

SL. No	Date	Board Strength	No. of Directors Present
1	May 26, 2010	12	8
2	August 6, 2010	12	12
3	November 11, 2010	12	11
4	February 12, 2011	12	8
5	February 18, 2011	12	8

#### Attendance of Directors at Board meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each director in various companies

Directors	Designation	Category	Number of Board Meetings		No. of other directorships* and Committee** Memberships/ Chairmanships			Whether last AGM attended
			Held	Attended				
Mr. Devendra Chandra Jain	Chairman	Non Executive	5	2	1	Nil	Nil	No
Mr. Sharat Chand Jain	Vice Chairman	Executive	5	4	1	1	1	Yes
Mr. Ajay Kumar Jain	Managing Director	Executive	5	5	1	1	Nil	Yes
Mr. Rajeev Jain	Whole Time Director	Executive	5	4	1	Nil	Nil	No
Mr. Anuj Jain	Director	Non Executive	5	3	1	Nil	Nil	Yes
Mr. Abhishek Jain	Whole Time Director	Executive	5	5	Nil	Nil	Nil	Yes
Mr. Brij Behari Tandon	Independent Director	Non Executive	5	5	14	9	1	No
Mr. Kaushal Kumar Mathur	Independent Director	Non Executive	5	5	1	1	Nil	Yes
Mr. Surender Kumar Tuteja	Independent Director	Non Executive	5	3	14	8	5	No
Mr. Vinod Vaish	Independent Director	Non Executive	5	4	Nil	Nil	Nil	No
Mr. Ashok Kumar Agarwal	Independent Director	Non Executive	5	3	Nil	Nil	Nil	No
Mr. M. S. Kapur	Independent Director	Non Executive	5	4	7	4	1	No

\* Other directorships do not include alternate directorships; Directorships of Private Limited Companies, Section 25 Companies and Companies incorporate outside India.

\*\*Chairmanship/ Membership of Board Committees include only Audit and Shareholders/ Investors Grievances Committees.

None of the Director on the Board is a member in more than ten committees and/or act as chairman of more than five committees across all the companies in which he is Director





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### **Directors with materially significant Related Party Transactions, pecuniary or business relationship with the Company**

There have been no materially significant related party transactions, pecuniary transaction or relationship between Precision Pipes & Profiles Limited and its directors that may have potential conflict with the interests of the Company at large information supplied to the Board.

The following functions come under the purview of the Board of Directors and its Committees.

- Review of financial plans and budgets.
- Formulating strategic business plans.
- Monitoring high end projects.
- Keeping shareholders informed regarding plans, strategies and performance.

As required under Clause 49 of the Listing Agreement, to the extent applicable, the information placed before the Board are as under:

- ❖ Annual operating plans of business, capital budgets and any other updates
- ❖ Quarterly results of the company and its operating divisions or business segments.
- ❖ Minutes of meetings of Audit Committee, Investor Grievance Committee, Remuneration Committee and Executive Committee.
- ❖ Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- ❖ Details of any foreign investment.
- ❖ Significant development on the human resources and industrial relations front.
- ❖ Information relating to shareholder services and share transfers.
- ❖ Show cause, demand, prosecution notice and penalty notice, which are materially important.
- ❖ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problem.
- ❖ Detail of any joint venture or collaboration agreement.
- ❖ Transaction that involve substantial payment toward goodwill, brand equity, or intellectual property.
- ❖ Sale of material nature of investment, subsidiaries, assets, which is not in normal course of business.
- ❖ Quarterly detail of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any.
- ❖ Non compliance of any regulatory, statutory or listing requirement and shareholders services such as non payment of dividend, delay in share transfer etc.
- ❖ Any material default in financial obligation to and by the company, or substantial non payment for services rendered by the Company.

The Board of PPAP is routinely presented with the aforesaid information wherever applicable and materially significant. Necessary follow up reports also presented to the Board regularly.

The Board periodically reviews the compliance report of the law applicable to the company as well as the steps taken by the company to rectify the instances of non compliance, if any.

### **COMMITTEES OF THE BOARD**

Precision Pipes and Profiles Co. Ltd. has the following Committees of its Directors in compliance with various Corporate Governance requirements:

- 1) Audit Committee;
- 2) Remuneration Committee;
- 3) Investor Grievance Committee;
- 4) Executive Committee.

### **AUDIT COMMITTEE**

The Audit Committee formed in pursuance of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 is instrumental in overseeing the financial reporting besides reviewing the quarterly, half yearly, annual financial results of the company; it reviews company's financial and the internal control systems, internal audit systems, etc. through discussions with Internal and External Auditors. All members of the Audit Committee are knowledgeable in finance, accounts and company law matters. Minutes of each Audit Committee Meeting are placed before the Board and observation, if any, are discussed.

The Audit Committee would assure to the Board, adherence of adequate internal control and financial disclosure and other acts confirming to the requirements of Listing Agreement with the Stock Exchanges.



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The Audit committee comprised of two independent directors viz Mr. Kaushal Kumar Mathur, Mr. Brij Behari Tondon and one Executive Director, Mr. Sharat Chand Jain. During the year under review the Board appointed Mr. Ajay Kumar Jain, Mr. Ashok Agarwal and Mr. S.K Tuteja as the members of the Audit Committee w.e.f. 11th November, 2010.

Details of meetings attended by the members of the Audit Committee are given below:

Directors	Category	Status	Attendance of Audit Committee Meeting	
			No. of meeting held	No. of meeting attended
Mr. Kaushal Kumar Mathur	Chairman	Independent Director	4	4
Mr. Sharat Chand Jain*	Member	Executive Vice Chairman	4	4
Mr. Ajay Kumar Jain	Member	Managing Director	4	2
Mr. Brij Behari Tondon	Member	Independent Director	4	4
Mr. S. K. Tuteja	Member	Independent Director	4	2
Mr. Ashok Agarwal	Member	Independent Director	4	2

\* Mr. Sharat Chand Jain was a Non Executive Director during the financial year under review. He has been appointed as an Executive Vice Chairman of the Company w.e.f. 6th August, 2010.

The Audit Committee met four times in the last year i.e. on 26<sup>th</sup> May, 2010; 6<sup>th</sup> August, 2010; 11<sup>th</sup> November 2010 and 12<sup>th</sup> February, 2011.

### Internal control

Management feels that the internal controls in place are sufficient considering the size, nature and complexities of the operations of the Company. Audit committee overlooks the operation and if required, modifications will put in place. The internal audit function is also reviewed by the Audit Committee of the Board.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

- A) Overseeing our financial reporting process and the disclosures of our financial information to ensure that the financial statement are correct, sufficient and credible.
- B) Recommending the appointment and removal of External Auditors, fixation of audit fee and also approval for payment for any other services.
- C) Reviewing with management the annual financial statement before submission to the Board, focusing primarily on:-
  - i) Any changes in accounting policies and practices;
  - ii) Major accounting entries based on exercise of judgement by management;
  - iii) Qualifications in draft audit report;
  - iv) Significant adjustment arising out of audit;
  - v) The going concern assumption;
  - vi) Compliance with accounting standards;
  - vi) Compliance with stock exchange and legal requirements concerning financial statements.
- D) Any related party transaction i.e. transactions of our Company of material nature, with our promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of our Company at large.
- E) Reviewing with the management, External and Internal Auditors, the adequacy of internal control systems.
- F) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting Structure coverage and frequency of internal audit.
- G) Discussing with Internal Auditors any significant findings and follow up there on .
- H) Reviewing the finding of any internal investigation by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board .
- I) Discussing with External Auditors before the audit commences on the nature and scope of audit and after the audit to ascertain any area of concern .
- J) Reviewing the Company's financial and risk management policies.
- K) To look into the reasons for substantial default in the payment to the depositors, debenture holders, shareholders (in case of non payment of declare dividends) and creditors.



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- L) To monitor the utilization of funds to be raised pursuant to the issue .

### Power of the Audit Committee:

- ❖ To investigate any activity within its terms of reference.
- ❖ To seek information from any employee.
- ❖ To obtain outside legal or other professional advice.
- ❖ To secure attendance of outsiders with relevant expertise, if it consider necessary.

### Remuneration Committee

The Remuneration Committee of the Company evaluates and finalizes among other things, compensation and benefits of the executive directors. The Committee recommends / approves the remuneration package of executive directors to the Board after taking into consideration the financial position of the Company, the executive director's performance, qualifications and experience, comparable industry compensation packages, trend in the industry, past remuneration drawn and the proposed compensation package of the proposed appointee with a view to provide a package which is appropriate for the responsibilities involved. The Committee comprises of three Independent Directors and one Executive Director.

During the financial year 2010-11 the Remuneration Committee met two times. i.e. 26th May 2010 and 6th August 2010. The meeting of 26th May 2010 was to increase in the sitting fee payable to Non Executive Directors and the meeting of 6th August 2010 was held to approve the following:

- 1) To increase the remuneration of Mr. Ajay Kumar Jain, Managing Director of the Company.
- 2) To increase the remuneration of Mr. Rajeev Jain, Whole Time Director of the Company.
- 3) To increase the remuneration of Mr. Abhishek Jain, Whole Time Director of the Company.
- 4) To appoint Mr. Sharat Chand Jain, as Whole Time Director, designated as "Executive Vice Chairman."

The composition of the Remuneration Committee and particulars of meetings attended by the members of the Remuneration Committee are given below:

Directors	Category	Status	Attendance of Remuneration Committee Meeting	
			No. of meeting held	No. of meeting attended
Mr. Brij Behari Tandon	Chairman	Independent Director	2	2
Mr. Vinod Vaish	Member	Independent Director	2	2
Mr. Kaushal Kumar Mathur	Member	Independent Director	2	2
Mr. Sharat Chand Jain*	Member	Executive Vice Chairman	2	2

\* Mr. Sharat Chand Jain was a Non Executive Director during the financial year under review. He has been appointed as an Executive Vice Chairman of the Company w.e.f. 6th August, 2010.

### Powers of Remuneration Committee:-

1. Deciding and approving the remuneration payable to the Managing Director/ Whole Time Director.
2. Deciding and approving the sitting fees payable to the Non Executive Directors.
3. Deciding and approving the remuneration policy covering policies on remuneration payable to the Senior Executives of the Company.
4. To ensure that reward, benefit and increment system is performance based and motivational to employees;
5. Such other functions as required or recommended by the Board or under the provisions of the Listing Agreement.

### Remuneration Policy

The remuneration paid to Executive Directors is recommended by the Remuneration Committee and approved by the Board of Directors, in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is fixed after considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world and the financial position of the Company. The remuneration structure comprises of Basic Salary, Commission, Perquisites and allowances, contribution to provident fund and other funds. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for each meeting of the Board, Audit Committee, Remuneration Committee, Executive Committee and Shareholders' Grievance Committee attended by them.

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## Remuneration to the Directors:

The Remuneration to the Directors is decided by the Board of Directors as per recommendation by the Remuneration Committee and in accordance with the Remuneration Policy of the Company within the ceiling fixed by the shareholders of the Company.

Detail of Remuneration paid to the Executive Directors for the year ended 31st March, 2011:

(Amount in Rs.)

Name of the director	Salary and Allowances/Perquisites	Bonus	Total
Sh. Ajay Kumar Jain	2775000	8400	2783400
Sh. Rajiv Jain	2275000	8400	2283400
Sh. Abhishek Jain	1590000	8400	1598400
Sh. S. C. Jain	1800000	5600	1805600

## Detail of Sitting fees, dividend and interest paid to the Executive / Non Executive Directors:

(Amount in Rs.)

Sr.No	Name of the Director	Sitting fees	Interest	Dividend
1.	Sh. Devendra Chand Jain	30000	688467	—
2.	Sh. Sharat Chand Jain	140000	—	225000
3.	Sh. Ajay Kumar Jain	-	—	1500000
4.	Sh. Rajeew Jain	-	—	357500
5.	Sh. Anuj Jain	50000	—	1275000
6.	Sh. Abhishek Jain	-	203074	1500000

## Detail of sitting fees paid to the Non Executive Independent Directors:

(Amount in Rs.)

S. No	Name of the director	Sitting fees
1.	Sh. B. B. Tandon	1,90,000
2.	Sh. K.K Mathur	2,10,000
3.	Sh. Ashok Agarwal	1,80,000
4.	Sh. S. K. Tuteja	1,90,000
5.	Sh. Vinod Vaish	1,00,000
6.	Sh. M.S. Kapur	1,20,000

## Investors' Grievance Committee

The investors' grievance committee/investors' services committee specifically looks into redressing of shareholders and investors' complaints such as transfer of shares, non-receipt of declared dividends and to ensure expeditious share transfer process. The Company Secretary, being the Compliance Officer is entrusted with the responsibility to specifically look into the redressal of shareholders and investors complaints and report the same to Investors Grievance/ Share Transfer Committee.

The Investors Grievances Committee comprised of two independent Director viz Mr. Ashok Kumar Agarwal, Mr. Surender Kumar Tuteja and one Executive Director, Mr. Sharat Chand Jain. During the year under review the Board appointed Mr. M.S. Kapoor, an independent director on 11<sup>th</sup> November, 2010, as the new member of the Investor Grievances Committee. and Mr. Ashok Kumar Agarwal 'resigned from the Committee on 12<sup>th</sup> February, 2011.

The present constitution of the Investors Grievances Committee is as follows:

Directors	Category	Status	Attendance of Investors Grievance Committee Meeting	
			No. of meeting held	No. of meeting attended
Mr. Surender Kumar Tuteja	Member	Independent Director	5	5
Mr. Sharat Chand Jain	Member	Executive Vice Chairman	5	5
Mr. M.S. Kapur*	Chairman	Independent Director	5	2
Mr. Ashok Aggarwal**	Member	Independent Director	5	3

\*Appointed as member w.e.f 11<sup>th</sup> November 2010

\*\*Ceased to be member w.e.f 12<sup>th</sup> February 2011



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During the year, the Committee met five times i.e. 7<sup>th</sup> May, 2010; 26<sup>th</sup> June, 2010; 6<sup>th</sup> August, 2010; 16<sup>th</sup> December, 2010 and 19<sup>th</sup> February, 2011.

The functioning and terms of reference of Investors Grievance/ Share Transfer Committee includes:

- To specifically look into the redressal of investors' grievance pertaining to transfer/transmission of shares, dividends, dematerialization/rematerialisation, replacement of lost/stolen/mutilated share certificates;
- To consider the matters relating to transfer, transmission and transposition of shares, subdivision and consolidation of shares, replacement of lost/stolen and mutilated share certificates and review of requests for dematerialization/rematerialisation of shares.
- Other related issues and to strengthen investors' relations.

The committee acts in close liaison with its share transfer agents and registrars, M/s Link Intime India Pvt. Ltd. the Company has received a certificate from its share transfer agents and registrars that complaints, if any, received from the shareholders till 31.03.2011 have been suitably redressed.

### EXECUTIVE COMMITTEE

The Executive Committee was constituted by the Directors vide their Board meeting held on 6<sup>th</sup> August, 2010. This Committee is responsible for taking decision relating to Capital Expenditures and Other Policy Matters on day to day affairs of the Company for the smooth functioning of the business.

During the financial year 2010-11 the Executive Committee met one time i.e. 14<sup>th</sup> August 2010.

The composition of the Executive Committee and particulars of meetings attended by the members of the Executive Committee are given below:

Director	Category	Status	No. of Meeting held	No. of Meeting Attended
Mr. Kaushal Kumar Mathur	Chairman	Independent Director	1	1
Mr. Sharat Chand Jain	Member	Executive Vice-Chairman	1	1
Mr. Ajay Kumar Jain	Member	Managing Director	1	1
Mr. Ashok Agarwal	Member	Independent Director	1	1
Mr. Surender Kumar Tuteja	Member	Independent Director	1	1

### General body meetings

1) Details about Last 3 years Annual General Meetings are as under:

Year	Venue	Day, Date & Time	Special Resolution
2007-08	Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi -110074.	Saturday, 27 <sup>th</sup> Sept., 2008, 9:30 A.M.	No Special Resolution Passed
2008-09	Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi -110074	Friday, 25 <sup>th</sup> Sept., 2009, 11:00 A.M.	<ul style="list-style-type: none"> <li>• Reappointment of Mr. Ajay Kumar Jain</li> <li>• Reappointment of Mr. Rajeev Jain</li> <li>• Increase in remuneration of Mr. Abhishek Jain</li> </ul>
2009-10	Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi -110074.	Saturday, 25 <sup>th</sup> Sept., 2010, 11:30 A.M.	No Special Resolution Passed

2) Details of Extra Ordinary General Meetings are as under:

Year	Venue	Day, Date & Time	Resolution
2007-08	4561, Deputy Ganj, Sadar Bazar, Delhi-110006	Monday, 28 <sup>th</sup> May 2007 1.00 P.M	Amendment of Articles of Association of the Company
2008-09	4561, Deputy Ganj, Sadar Bazar, Delhi-110006	Monday, 8 <sup>th</sup> Oct, 2007 2.00 P.M	To create the mortgage or charge in favor of ICICI Bank to secure the Working Capital Facility and Term Loan Facilities.

All the Resolution set out in the respective notices were passed by show of hands at the above mentioned General Meeting.

**Neither any Extra-Ordinary General Meeting was held nor any resolution was passed through Postal Ballot during the Year under review.**

## STATUTORY DISCLOSURES

### A. Related party transaction

A statement in summary form of transaction with Related Parties in the ordinary course of business is placed periodically before the Audit Committee. There was no materially significant Related Party Transaction during the year having conflict with the interest with the Company. The transactions with the related parties are disclosed in accordance with AS-18 in Schedule V, Part 12 A & B to the Notes to Accounts in Balance Sheet.

### B. Compliances made by the Company:-

The Company was not subject to any non – compliance. No Penalties or Strictures have been imposed by the Stock Exchanges, SEBI or any other Statutory Authority, on any matter relating to Capital Market during last three years.

### C. Whistle Blower Policy

The Company has laid down a Code of Conduct for all its employees across the organization. The Code of Conduct of the Company lays down that the employees shall promptly report any concern or breach and not to hesitate in reporting a violation or raising a policy concern to the concerned superior. The code provides that the Company shall support and protect employees for doing so. The Company does not have Whistle Blower Policy.

### D. Disclosure of Accounting Treatment:-

The Company follows mercantile system of accounting and recognizes income and expenditures on accrual basis. The accounts are prepared on historical cost convention, in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

**The Company has complied with all the mandatory requirements and has adopted non mandatory requirements as per details given below:**

#### (1) Remuneration Committee

The Company has constituted the Remuneration Committee evaluates and finalizes among other things, compensation and benefits of the executive directors on behalf of Board of Directors and on behalf of the shareholders with agreed terms of reference, the company's policy. The committee comprises of three Independent Directors & one Executive Director.

#### (2) Shareholder Rights

The Quarterly/ Half-Yearly financial results are published in the newspapers as mentioned under the heading "Means of Communication" herein below and also displayed on the website of the company. The results are not separately circulated to the shareholders.

#### (3) Audit qualifications

The Auditors Report read with the notes to accounts are self – explanatory and do not call for any further comments from board of directors.

#### (5) Training of Board Members

No specific training programme was arranged for board members. However, at the Board/ Committee meetings detailed presentations are made by Professionals, Consultants as well as Senior Executives of the company on the business related matters, risk assessment, strategy, effect of the regulatory changes etc.

#### (6) Mechanism for evaluating Non-Executive Board Members

The company has not adopted any mechanism for evaluating individual performance of Non-Executive directors.

## MEANS OF COMMUNICATION

The quarterly & half yearly results are not being sent separately to each household of shareholders. All financial results of your company are forthwith communicated to the Stock Exchanges where the securities of the Company are listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, the results are usually published in Business Standard (English) & (Hindi).

*These results as well as latest information and official news are posted on the Company's website [www.precisionpipes.com](http://www.precisionpipes.com)*

*Financial results and shareholding pattern of the company are available on the websites of BSE and NSE.*



## PRECISION PIPES & PROFILES COMPANY LIMITED

### SHAREHOLDER'S INFORMATION

#### Annual General Meeting

Day	:	Wednesday
Date	:	28 <sup>th</sup> September, 2011
Time	:	1:00 P.M.
Venue	:	The Executive Club, Dolly Farms & Resorts Pvt Ltd, 439, Village Shahoorpur, P.O Fatehpur Beri New Delhi-110074

#### Financial year

The company follows 1<sup>st</sup> April to 31<sup>st</sup> March as its financial year

#### Financial Calendar 2011-2012

##### S.No Tentative Schedule

1	Financial reporting for the quarter ended 30 <sup>th</sup> , June, 2011	Within 45 days from the end of quarter
2	Financial reporting for the quarter ended 30 <sup>th</sup> September, 2011	Within 45 days from the end of quarter
3	Financial reporting for the quarter ended 31 <sup>st</sup> December, 2011	Within 45 days from the end of quarter
4	Financial reporting for the quarter ended 31 <sup>st</sup> March, 2012	May 2012

##### Tentative Date

#### Book Closure Date:-

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 22, 2011 to Wednesday, September 28, 2011 (both days inclusive).

#### Dividend Payment Date:-

The dividend, if declared, will be paid on or after 28.09.2011 but within 30 Days from the date of declaration of dividend.

#### Listing at Stock Exchanges:-

The Equity Shares of the Company are listed on the following Stock Exchanges with the given scrip code:-

#### Stock Exchanges

Bombay Stock Exchange Ltd.

National Stock Exchange

ISIN No. for NSDL & CDSL

#### Scrip Code

532934

PPAP

INE095I01015

The Company confirms that it has paid Annual Listing Fees due to the Stock Exchanges for the year 2011-12

#### Market Price Data:-

Market Price of shares during the last financial year 2010-11 is given as follows:-

MONTH	NATIONAL STOCK EXCHANGE (NSE)		BOMBAY STOCK EXCHANGE (BSE)	
	High	Low	High	Low
April 2010	106.85	88.60	106.95	87.10
May 2010	104.60	79.00	94.80	82.10
June 2010	104.60	87.80	103.85	87.40
July 2010	110.60	94.05	110.80	93.40
August 2010	107.60	91.95	107.55	94.50
September 2010	109.80	91.15	110.40	91.60
October 2010	98.05	86.50	99.50	86.50
November 2010	113.00	85.50	113.30	85.00
December 2010	112.80	98.00	112.00	97.00
January 2011	111.50	95.00	111.90	94.95
February 2011	106.00	86.05	107.00	86.45
March 2011	105.90	89.10	102.35	90.00

Source: www.nseindia.com

Source : www.bseindia.com

## 16TH ANNUAL REPORT



### Compliance Officer

**Name** : Mr. Sharat Chand Jain  
**Designation** : Executive Vice Chairman  
**Phone No** : 011-41677139, 41677761  
**Email Address** : scjain@ajaycrop.com

### Registrar and Transfer Agent:-

#### **M/s Link Intime India Private Limited**

A-40, 2<sup>nd</sup> floor, Naraina Industrial Area,  
Phase –II, Near Batra Banquet,  
New Delhi- 110048  
E-mail : delhi@linkintime.co.in  
Website : www.linkintime.co.in

### **Share Transfer System:-**

Share Transfer request received in physical form and demat request are confirmed within the prescribed time from the date of receipt.

### **Code of Conduct**

The Company has a Code of Conduct for its Board of Directors and for the senior management. The board of directors and senior managers of the Company shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment. The board of directors and senior managers has affirmed with this code on an annual basis as at the end of each financial year. (April – March).

**Subsidiary Company:** The Company has no subsidiary company.

### **Distribution of shareholding:-**

Detail of category wise shareholding as on 31<sup>st</sup> March, 2011:-

Share holding of nominal vale		Shareholders		Share Capital	% to total
Rs.	Rs.	Number	% to total		
Upto -	2500	23832	94.967	13186030	9.419
2501 -	5000	678	2.702	2608470	1.863
5001 –	10,000	284	1.132	2239970	1.600
10,001 -	20,000	129	0.514	1849030	1.321
20,001 -	30,000	47	0.187	1207660	0.863
30,001-	40,000	15	0.060	529910	0.379
40,001 -	50,000	15	0.060	700840	0.501
50,001 -	1,00,000	47	0.187	3731440	2.665
1,00,001-	Above	48	0.191	113946650	81.390
<b>TOTAL</b>		<b>25095</b>	<b>100</b>	<b>140000000</b>	<b>100</b>





# PRECISION PIPES & PROFILES COMPANY LIMITED

Details of Share Holding Pattern as on 31<sup>st</sup> March, 2011:-

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B) <sup>1</sup>	As a % of (A+B+C)	Number of shares	As a %
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/Hindu Undivided Family	14	8775000	0	62.67857	62.67857	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	1	38093	38093	0.27209	0.27209	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0.00
(e)	Any Others(Specify)	0	0	0	0	0	0	0.00
	<b>Sub Total(A)(1)</b>	<b>15</b>	<b>8813093</b>	<b>38093</b>	<b>62.95066</b>	<b>62.95066</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>15</b>	<b>8813093</b>	<b>38093</b>	<b>62.95066</b>	<b>62.95066</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00	0	0.00
(b)	Financial Institutions / Banks	1	167770	167770	1.19836	1.19836	0	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	1	114983	114983	0.821	0.821	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (B)(1)</b>	<b>2</b>	<b>282753</b>	<b>282753</b>	<b>2.01</b>	<b>2.01</b>	<b>0</b>	<b>0</b>
<b>B 2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	253	1118365	1118365	7.99	7.99	0	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	23200	2172974	2172776	15.52124	15.52124	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	17	1165283	1165283	8.32345	8.32345	0	0.00
(c)	Any Other (specify)							
I	Trust	1	44	44	0.00031	0.00031	0	0.00
II	Non Resident Indians	161	63020	63020	0.45014	0.45014	0	0.00
III	Overseas Corporate Bodies	2	225200	200	1.60857	1.60857	0	0.00
IV	Clearing Members	11	6815	6815	0.04868	0.04868	0	0.00
V	Hindu Undivide Family	1433	152453	152453	1.08895	1.08895	0	0.00
	<b>Sub-Total (B)(2)</b>	<b>25078</b>	<b>4905154</b>	<b>4678956</b>	<b>35.02967</b>	<b>35.02967</b>	<b>0</b>	<b>0.00</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>25080</b>	<b>5186907</b>	<b>4961709</b>	<b>37.04934</b>	<b>37.04934</b>	<b>0</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>		<b>25095</b>	<b>14000000</b>	<b>4999802</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>25095</b>	<b>14000000</b>	<b>4999802</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0.00</b>

## 16TH ANNUAL REPORT



### Dematerialization of Shares

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has listed its shares with National Securities Depository Limited (NSDL) & Central Depository Services (India) Ltd. (CDSL). As on 31<sup>st</sup> March, 2011, 4999802 Equity Shares of the company forming of the share capital of the company stand dematerialized.

### Outstanding GDR/ADR/Warrants or any convertible instrument

No outstanding GDR/ADR/Warrants or any convertible instrument as on 31.03.2011.

### Addresses for the Correspondence:

#### Shareholders are requested to contact:-

**Registered office address** : 4561, Deputy Ganj , Sadar Bazar, Delhi -110006.  
**Corporate office address** : B-2/29, Mohan Co operative Industrial Estate,  
Badarpur, New Delhi-110044  
email id : scjain@ajaycorp.com  
Phone No.: 011-40666445, 011-23611140

### Location of our plants:

1. 54-56, Okhla Industrial Estate, Phase - III, New Delhi.
2. 161, Okhla Industrial Estate, Phase - III, New Delhi.
3. 70, Okhla Industrial Estate, Phase - III, New Delhi.
4. B-45, Phase –II , Noida, Uttar Pradesh.
5. B -206 A, Sector- 81, Phase –II, Noida, Uttar Pradesh.
6. B-II/29, Mohan Co-op Industrial Estate, Badarpur, New Delhi.
7. B- 4, Surajpur, Greater Noida Uttar Pradesh



On behalf of the Board of Directors  
For **PRECISION PIPES & PROFILES COMPANY LIMITED**

**Sharat Chand Jain**  
(Executive Vice Chairman)

Place : New Delhi  
Dated : 5th August, 2011



**MANAGING DIRECTOR AND  
HEAD OF FINANCE CERTIFICATION**

To,

The Board of Directors,  
Precision Pipes & Profile Company Limited.

We, Ajay Kumar Jain, Managing Director and Sharat Chand Jain, Executive Vice-Chairman of Precision Pipes & Profile Company Limited, to the best of our knowledge and belief hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement of the Company for the year 31<sup>st</sup> March 2011 and that to the best to our knowledge and belief:
- i) These statement do not contain any materially untrue statement or omit any material fact or contains statement/ statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent , illegal or violative of the company's code of conduct;
- C. We accept responsibility for the establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated whatever applicable, to the auditor and to the audit committee.
- i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Dated: 5<sup>th</sup> August 2011  
Place: New Delhi

**Sharat Chand Jain**  
**(Executive Vice Chairman)**

**Ajay Kumar Jain**  
**(Managing Director)**



**DECLARATION ON COMPLIANCE OF  
THE COMPANY'S CODE OF CONDUCT**

To,

The Board of Directors,  
Precision Pipes and Profiles Co. Ltd.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchange to further strengthen Corporate Governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them.

Ajay Kumar Jain  
(Managing Director)

Place : New Delhi  
Dated : 5<sup>th</sup> August 2011

**CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Members  
Precision Pipes and Profile Company Limited.**

I have examined the compliance of condition of Corporate Governance by Precision Pipes and Profile Company Limited for the year ended 31<sup>st</sup> march 2011, as stipulated in Clause-49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of information and according to the explanation given to us and representation made by the Directors and Management, I certify that the Company has complied with the condition of Corporate Governance as stipulated in the said clause of the above mentioned Listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountant of India, I have to state that as per the records maintained by the Company as on 31<sup>st</sup> March 2011, there were no investor complaints/grievances unattended for a period more than 30 days against the Company.

I further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

PLACE: NEW DELHI  
DATED: 5<sup>TH</sup> AUGUST 2011

R.S. BHATIA  
(COMPANY SECRETARY IN PRACTICE)  
C.P NO. 2514



## PRECISION PIPES & PROFILES COMPANY LIMITED

# AUDITORS' REPORT

To the Members of  
**PRECISION PIPES & PROFILES COMPANY LTD.**

1. We have audited the attached Balance Sheet of PRECISION PIPES & PROFILES COMPANY LTD. as at 31st March 2011 and also the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of audit, we enclosed in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of accounts as required by the Law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts together with notes thereto and Statement on Significant Accounting Policies given in the prescribed manner the information required by the Companies Act, 1956, and also give, a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2011 ; and
    - (ii) In the case of Profit & Loss Account, of the Profit for the year ended on that date.
    - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**for DHARAM TANEJA ASSOCIATES  
CHARTERED ACCOUNTANTS**

Place : New Delhi  
Dated : 30<sup>th</sup> May' 2011

**(D.V. TANEJA)  
PARTNER**



## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date on accounts of M/s. Precision Pipes & Profiles Company Ltd, for the year ended on 31st March 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets are physically verified by the management at reasonable intervals during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanation given to us, the Company has not disposed of a substantial part of fixed assets during the year.
- (ii) (a) The inventory of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals and also at the end of the financial year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of the inventory followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- (iii) (a) The Company has not granted any loans or advances, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, except in the ordinary course of business.
- (b) The Company has taken unsecured loans from the parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year – end balance of such loans aggregates to Rs.385.04 Lacs and NIL respectively.
- (c) In our opinion, the terms and conditions of loan taken are not, prima facie, prejudicial to the interests of the company.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act, and exceeding the value of Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not, however, made a details examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of Provident Fund, E.S.I. income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the company examined by us there is no undisputed dues of Provident Fund, E.S.I., income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess as at 31st March 2011.
- (c) According to the information and explanations given to us and record of the company examined by us, details of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are given below:

## PRECISION PIPES & PROFILES COMPANY LIMITED



Particulars	Financial years to which the matter pertains	Forum where dispute is pending	Amount (Rs.)
Service Tax	17.08.2002 to 31.03.2004	Deputy Commissioner	63,630.00
Sales Tax	2004-2005	Joint Commissioner of Sales Tax (Appeals)	45,441.00
Excise Duty	October 2003 to August 2004	Commissioner (Appeals) Central Excise, Noida	84,21,340.00
Excise Duty	May 2004 to July 2004	Commissioner (Appeals) Central Excise, Delhi	2,11,672.00
Excise Duty	August 2003 to August 2004	Commissioner (Appeals) Central Excise, Delhi	70,72,186.00
Income Tax	A.Y. 2003-2004	Commissioner of Income Tax Appeal (Delhi)	55,655.00
Income Tax	A.Y. 2006-2007	Commissioner of Income Tax Appeal (Delhi)	8,48,415.00
Income Tax	A.Y. 2007-2008	Commissioner of Income Tax Appeal (Delhi)	9,27,572.00
Income Tax	A.Y. 2008-2009	Commissioner of Income Tax Appeal (Delhi)	11,93,596.00

- (x) The Company has neither accumulated losses as at 31<sup>st</sup> March 2011 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, banks etc.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.
- (xiii) The provision of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not a dealer or trader in securities.
- (xv) In our opinion and according to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has obtained term loans from ICICI Bank Ltd.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment, vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not received money by public issue during the year
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for DHARAM TANEJA ASSOCIATES  
CHARTERED ACCOUNTANTS

(D.V. TANEJA)  
PARTNER

Place : New Delhi.  
Dated : 30th May 2011



# 16TH ANNUAL REPORT



## Balance Sheet as at 31st March, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
<b>SOURCES OF FUNDS</b>			
Share Holder's Funds			
Share Capital	' A '	14,00,00,000	14,00,00,000
Reserves & Surplus	' B '	1,55,01,69,555	1,34,39,67,113
		<u>1,69,01,69,555</u>	<u>1,48,39,67,113</u>
Loan Funds			
Secured Loans	' C '	2,53,99,863	27,03,49,232
Unsecured Loans	' D '	2,81,34,876	6,38,07,121
		<u>5,35,34,740</u>	<u>33,41,56,353</u>
Deferred Tax Liability (Net)		7,20,70,604	8,80,78,286
<b>TOTAL</b>		<u>1,81,57,74,899</u>	<u>1,90,62,01,752</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	' E '		
Gross Block		1,75,74,16,468	1,65,23,40,097
Less : Accumulated Depreciation		56,43,04,185	40,42,90,873
Net Block		<u>1,19,31,12,283</u>	<u>1,24,80,49,224</u>
Capital Work in Progress		4,06,75,004	1,62,55,453
Net Block		<u>1,23,37,87,287</u>	<u>1,26,43,04,677</u>
Investments	' F '	2,72,23,041	20,97,00,616
Current Assets, Loans, & Advances.			
Inventories	' G '	22,55,72,877	16,82,95,674
Sundry Debtors	' H '	20,96,47,457	14,98,04,729
Cash & Bank Balances	' I '	14,23,62,527	2,73,34,235
Loans & Advances	' J '	36,66,99,291	34,58,98,016
		<u>94,42,82,150</u>	<u>69,13,32,654</u>
Less : Current Liabilities & Provisions			
Current Liabilities	' K '	21,71,91,283	11,55,79,327
Provisions	' L '	18,49,27,484	16,87,59,223
		<u>40,21,18,767</u>	<u>28,43,38,550</u>
Net Current Assets		<u>54,21,63,383</u>	<u>40,69,94,104</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	' M '	1,26,01,188	2,52,02,356
<b>TOTAL</b>		<u>1,81,57,74,899</u>	<u>1,90,62,01,752</u>
Significant Accounting Policies & Notes to Accounts	' V '		

As per our Report of even date attached  
for **DHARAM TANEJA ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

For and on behalf of the Board of Directors  
for **PRECISION PIPES AND PROFILES COMPANY LIMITED**

**D.V. Taneja**  
Partner  
(Membership No. 7718)

**D. C. JAIN**  
Chairman

**S. C. JAIN**  
Executive Vice Chairman

**AJAY KUMAR JAIN**  
Managing Director

Place : New Delhi  
Date : 30th May 2011



# PRECISION PIPES & PROFILES COMPANY LIMITED

## Profit & Loss Account for the year ended on 31st March, 2011

PARTICULARS	SCHEDULE	CURRENT YEAR ENDED 31.03.2011 (Rs.)	PREVIOUS YEAR ENDED 31.03.2010 (Rs.)
<b>INCOME</b>			
SALES			
Gross Sales (Of goods manufactured)		2,18,82,41,361	1,84,30,14,976
Less : Excise Duty		22,59,32,851	15,62,22,541
Net Sales (Of goods manufactured )		1,96,23,08,510	1,68,67,92,434
Gross Sales (Exports)		5,65,74,985	1,80,28,671
Net Sales		<b>2,01,88,83,495</b>	<b>1,70,48,21,104</b>
Job Work Receipts		1,88,75,131	14,57,242
Other Income	' N '	3,27,29,050	88,06,298
Increase/(Decrease) in Finished Stock	' O '	55,66,748	33,75,522
TOTAL INCOME		<b>2,07,60,54,423</b>	<b>1,71,84,60,166</b>
<b>EXPENDITURE</b>			
Material Consumed	' P '	98,81,92,737	84,62,22,360
Manufacturing & Other Operating Expenses	' Q '	36,62,72,897	31,18,52,307
Personnel Expenses	' R '	3,34,40,315	3,04,72,951
General and Administrative Expenses	' S '	9,23,24,839	9,07,42,580
Interest & Financial Charges	' T '	1,13,03,424	3,69,98,860
Selling & Distribution Expenses	' U '	5,35,97,379	4,43,26,457
Depreciation	' E '	16,01,28,898	14,17,40,762
TOTAL		<b>1,70,52,60,489</b>	<b>1,50,23,56,278</b>
NET PROFIT FOR THE YEAR		37,07,93,934	21,61,03,888
<b>PROFIT BEFORE TAXATION</b>		<b>37,07,93,934</b>	<b>21,61,03,888</b>
Excess Provision Written Back		1,24,342	-
Provision for current taxation		11,00,00,000	4,05,00,000
Provision for taxation for earlier years		44,54,380	-
Provision for wealth taxation		1,67,000	1,31,942
Addl. Income Tax/TDS on Salary		-	40,58,272
Provision for Deferred taxation		1,60,07,682	3,55,72,853
Income Tax related to earlier years		2,45,130	-
FBT related to earlier years		3,92,260	-
<b>PROFIT AFTER TAXATION</b>		<b>27,16,67,187</b>	<b>13,58,40,822</b>
Balance Brought Forward		57,49,64,730	50,30,99,583
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>84,66,31,917</b>	<b>63,89,40,405</b>
Transfer to General Reserve		2,71,66,720	1,50,00,000
Interim Dividend Paid		2,80,00,000	-
Provision for Final Dividend		2,80,00,000	4,20,00,000
Tax on Dividend		94,64,745	69,75,675
<b>Balance Carried to Balance Sheet</b>		<b>75,40,00,452</b>	<b>57,49,64,730</b>
<b>EARNING PER SHARE (EPS)</b>		<b>19.40</b>	<b>9.70</b>
(Nominal Value of shares Rs. 10 (Previous year Rs. 10)			
Number of Equity shares used in computation of above		<b>1,40,00,000</b>	<b>1,40,00,000</b>

As per our Report of even date attached  
for **DHARAM TANEJA ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

For and on behalf of the Board of Directors  
for **PRECISION PIPES AND PROFILES COMPANY LIMITED**

**D.V. Taneja**  
Partner  
(Membership No. 7718)

**D. C. JAIN**  
Chairman

**S. C. JAIN**  
Executive Vice Chairman

**AJAY KUMAR JAIN**  
Managing Director

Place : New Delhi  
Date : 30th May 2011

# 16TH ANNUAL REPORT



## SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
20000000 Equity Share of Rs. 10/- each (Previous year 20000000 Equity Share of Rs. 10/- each)	20,00,00,000	20,00,00,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
14000000 Equity Share of Rs. 10/- each fully paid up	14,00,00,000	14,00,00,000
	14,00,00,000	14,00,00,000
<b>SCHEDULE "B"</b>		
<b>RESERVES AND SURPLUS</b>		
<b>GENERAL RESERVE</b>		
Opening Balance	6,90,02,383	5,40,02,383
Add:-Transferred from Profit & Loss Account	2,71,66,720	1,50,00,000
Closing Balance	9,61,69,103	6,90,02,283
<b>SHARE PREMIUM</b>		
	70,00,00,000	70,00,00,000
<b>BALANCE OF PROFIT &amp; LOSS</b>		
	75,40,00,452	57,49,64,730
	1,55,01,69,555	1,34,39,67,113
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS</b>		
<b>FROM BANKS</b>		
CITI BANK CASH CREDIT A/C/BUYER'S CREDIT/WCDL		5,73,34,144
ICICI BANK CASH CREDIT A/C/BUYER'S CREDIT		8,52,45,316
ICICI BANK TERM LOAN		8,52,50,000
ICICI BANK ECB LOAN	2,04,10,200	3,40,17,000
(FROM ICICI BANK LTD, SADAR BAZAR, DELHI - 110006) ( Secured against charge by way of equitable mortgage of factory land and building , plant & machinery located at B-206 A, Sector-81, Phase - II, Noida (UP)., B-4, Surajpur Industrial, Greater Noida, B-45 Phase - II, Noida (UP). and hypothecation of the company's entire stock of Raw material , semi -finished , finished goods, consumable stores and spares and book - debts , bills & others receivables and personal guarantees of directors Sh. D. C. Jain, Sh. S. C. Jain and Sh. A.K. Jain.		
FROM MARUTI UDYOG LTD.	49,89,663	85,02,771
(Secured against hypothecation of Vehicles )		
	2,53,99,863	27,03,49,232
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOANS</b>		
FROM DIRECTORS	---	2,24,25,886
FROM DIRECTOR'S FAMILY MAMBERS	---	1,55,40,304
MARUTI UDYOG LTD.	2,81,34,876	2,58,40,931
TOTAL	2,81,34,876	6,38,07,121
<b>SCHEDULE "E"</b>		
<b>FIXED ASSETS SCHEDULE</b>		
(Separate Sheet Attached)	1,23,37,87,287	1,26,43,04,677

SCHEDULE "E" FIXED ASSETS											
FIXED ASSETS SCHEDULE TO THE BALANCE SHEET AS AT 31ST MARCH 2011											
SR. NO	NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		BALANCE AS ON 01.04.2010	ADDITION DURING THE YEAR	SALE/TFD. ADJUSTMENTS	TOTAL AS ON 31.03.2011	BALANCE AS ON 01.04.2010	DURING THE YEAR	SALE/ TFD. ADJUSTMENTS	BALANCE AS ON 31.03.2011	BALANCE AS ON 31.03.2011	BALANCE AS ON 31.03.2010
[A]	<b>BLOCK - A</b>										
	Factory Land (DEHRADUN)	1,88,02,611	-	-	1,88,02,611	-	-	-	-	1,88,02,611	1,88,02,611
	Factory Land (B-45)	19,46,078	-	-	19,46,078	-	-	-	-	19,46,078	19,46,078
	Factory Land (B-206)	1,57,84,785	-	-	1,57,84,785	-	-	-	-	1,57,84,785	1,57,84,785
	Factory Land (SURAJPUR)	5,92,06,100	-	-	5,92,06,100	-	-	-	-	5,92,06,100	5,92,06,100
		<b>9,57,39,574</b>	-	-	<b>9,57,39,574</b>	-	-	-	-	<b>9,57,39,574</b>	<b>9,57,39,574</b>
[B]	<b>BLOCK - B</b>										
1	FACTORY 54 O.I.E.	9,56,588	-	-	9,56,588	1,17,247	4,480	-	1,21,727	8,34,861	8,39,341
2	FACTORY 56 O.I.E.	9,57,060	-	-	9,57,060	1,17,012	4,496	-	1,21,507	8,35,552	8,40,048
3	FACTORY NOIDA B-45	1,59,45,498	-	-	1,59,45,498	57,56,701	5,31,806	-	62,88,507	96,56,991	1,01,88,797
4	FACTORY B-206A	11,62,78,971	-	-	11,62,78,971	1,99,87,026	38,82,613	-	2,38,69,639	9,24,09,333	9,62,91,945
5	FACTORY B-4, SURAJPUR	17,24,12,555	-	-	17,24,12,555	77,05,750	57,58,579	-	1,34,64,330	15,89,48,225	16,47,06,804
6	FURNITURE	1,16,75,438	7,29,421	-	1,24,04,859	41,67,700	7,39,104	-	49,06,805	74,98,055	75,07,738
7	OFFICE BUILDING	7,72,539	-	-	7,72,539	1,97,736	12,592	-	2,10,328	5,62,211	5,74,803
8	OFFICE RENOVATION	66,91,932	6,10,079	-	73,02,011	85,569	63,747	-	1,49,316	71,52,696	66,06,363
9	OTHER ASSETS	10,36,069	-	-	10,36,069	60,957	43,991	-	1,04,948	9,31,121	9,75,112
		<b>32,67,26,649</b>	<b>13,39,501</b>	-	<b>32,80,66,150</b>	<b>3,81,95,698</b>	<b>1,10,41,408</b>	-	<b>4,92,37,106</b>	<b>27,88,29,044</b>	<b>28,85,30,951</b>
[C]	<b>BLOCK - C</b>										
1	MACHINERY	63,13,90,957	5,65,97,376	12,54,936	68,67,33,396	17,14,34,584	6,37,93,980	62,296	23,51,66,267	45,15,67,129	45,99,56,373
2	GENERATOR	2,97,43,204	4,16,020	-	3,01,59,224	94,67,168	20,02,370	-	1,14,69,538	1,86,89,687	2,02,76,037
3	OFFICE EQUIPMENT	2,16,71,764	25,26,487	-	2,41,98,251	52,60,157	10,58,601	-	63,18,758	1,78,79,493	1,64,11,607
5	COMPUTER	2,20,05,128	28,32,013	-	2,48,37,141	1,38,44,001	30,32,917	-	1,68,76,918	79,60,224	81,61,128
6	COMPUTER SOFTWARE	1,41,81,845	22,51,246	-	1,64,33,090	29,35,113	23,30,381	-	52,65,494	1,11,67,596	1,12,46,731
7	MOTOR CAR	4,76,84,634	-	-	4,76,84,634	1,97,96,131	44,20,438	-	2,42,16,569	2,34,68,065	2,78,88,503
8	SCOOTER	22,43,503	5,04,122	1,28,995	26,18,630	8,69,101	2,06,879	53,290	10,22,691	15,95,939	13,74,401
9	CYCLE	14,300	-	-	14,300	2,563	1,011	-	3,574	10,726	11,737
10	MOBILE PHONE	6,47,040	3,46,298	-	9,93,338	45,094	36,631	-	81,725	9,11,613	6,01,946
11	ELECTRIC INSTALLATION	33,74,477	4,49,040	-	38,23,517	5,96,475	2,10,950	-	8,07,426	30,16,091	27,78,001
12	TROLLY	59,00,154	-	-	59,00,154	2,89,460	2,64,452	-	5,53,912	53,46,242	56,10,693
		<b>77,88,57,004</b>	<b>6,59,22,602</b>	<b>13,83,931</b>	<b>84,33,95,675</b>	<b>22,45,39,848</b>	<b>7,73,58,610</b>	<b>1,15,586</b>	<b>30,17,82,872</b>	<b>54,16,12,803</b>	<b>55,43,17,156</b>
[D]	<b>BLOCK - D</b>										
1	DIES & MOULDS	40,67,36,883	3,53,85,577	-	44,21,22,460	13,70,09,995	6,40,50,410	-	20,10,60,406	24,10,62,054	26,97,26,887
		<b>40,67,36,883</b>	<b>3,53,85,577</b>	-	<b>44,21,22,460</b>	<b>13,70,09,995</b>	<b>6,40,50,410</b>	-	<b>20,10,60,406</b>	<b>24,10,62,054</b>	<b>26,97,26,887</b>
[E]	<b>INTAGIBLE ASSETS TO BE AMORTISED</b>										
	<b>BLOCK E</b>										
	TECHNICAL KNOW-HOW	4,42,79,987	46,43,377	8,30,762	4,80,92,602	45,45,331	76,78,470	-	1,22,23,801	3,58,68,801	3,97,34,656
		<b>4,42,79,987</b>	<b>46,43,377</b>	<b>8,30,762</b>	<b>4,80,92,602</b>	<b>45,45,331</b>	<b>76,78,470</b>	-	<b>1,22,23,801</b>	<b>3,58,68,801</b>	<b>3,97,34,656</b>
[F]	<b>CAPITAL WORK IN PROGRESS</b>										
	BUILDING CONSTRUCTION	1,62,55,453	2,44,19,551	-	4,06,75,004	-	-	-	-	4,06,75,004	1,62,55,453
		<b>1,62,55,453</b>	<b>2,44,19,551</b>	-	<b>4,06,75,004</b>	-	-	-	-	<b>4,06,75,004</b>	<b>1,62,55,453</b>
	<b>TOTAL ( RS. )</b>	<b>1,66,85,95,550</b>	<b>13,17,10,608</b>	<b>22,14,693</b>	<b>1,79,80,91,472</b>	<b>40,42,90,873</b>	<b>16,01,28,898</b>	<b>1,15,586</b>	<b>56,43,04,185</b>	<b>1,23,37,87,287</b>	<b>1,26,43,04,677</b>
	<b>PREVIOUS YEAR</b>	<b>1,87,07,59,538</b>	<b>15,26,30,714</b>	<b>35,47,94,695</b>	<b>1,66,85,95,550</b>	<b>46,60,89,896</b>	<b>14,17,40,762</b>	<b>20,35,39,784</b>	<b>40,42,90,873</b>	<b>1,26,43,04,677</b>	<b>1,40,24,55,995</b>



# 16TH ANNUAL REPORT



PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
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## SCHEDULE "F"

### INVESTMENT (AT COST)

#### (UNQUOTED-NON TRADED- LONG TERM)

(2,40,000/-) EQUITY SHARES OF KALINDI FARMS PVT. LTD. ( Face Value Rs. 10/- Per Share - Fully Paid Up )	72,00,000	72,00,000
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### UNQUOTED INVESTMENTS

2,00,23,041	20,25,00,616
<b>2,72,23,041</b>	<b>20,97,00,616</b>

S. NO.	PARTICULARS	NAV AS ON 31.03.2011	NAV AS ON 31.03.2010
1	KOTAK QTRLY INTERVAL PLAN SERIES-10-DIVIDEND	1,00,27,402	---
2	KOTAK QTRLY INTERVAL PLAN SR6 DIVIDEND	1,00,26,675	---
3	AIG WORLD GOLD FUND	---	2,16,54,768
4	BIRLA SPECIAL SITUATION FUND	---	9,18,59,560
5	BIRLA SUNLIFE INDUSTRIES FUND	---	34,85,960
6	FIDELITY EQUITY FUND	---	5,49,149
7	HDFC INFRASTRUCTURE FUND	---	2,23,82,000
8	JM BASIC FUND	---	25,18,857
9	LICMF EQUITY FUND	---	4,37,879
10	LICMF INFRASTRUCTURE FUND	---	5,08,19,400
11	TATA INFRASTRUCTURE FUND (TINFD)	---	35,99,112
	TOTAL	<b>2,00,54,076</b>	<b>19,73,06,685</b>

PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
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## SCHEDULE "G"

### INVENTORIES

(As taken valued and certified by the management)

RAW MATERIAL ( AT COST )	18,22,82,200	13,63,42,897
PACKING MATERIAL ( AT COST )	21,39,714	11,26,476
DYES & CHEMICALS ( AT COST )	27,93,575	35,42,557
ACCESSORIES ( AT COST )	50,84,141	50,96,713
FINISHED GOODS ( AT COST OR MARKET PRICE WHICHEVER IS LOWER)	2,27,54,024	1,71,85,238
WASTAGE ( AT NET REALISABLE VALUE )	---	2,040
FABRIC ( AT COST )	6,52,461	7,01,678
GOODS IN TRANSIT (RAW MATERIAL)	95,88,211	41,00,976
CONSUMABLE STORE	2,78,550	1,97,100
	<b>22,55,72,877</b>	<b>16,82,95,674</b>

## SCHEDULE "H"

### SUNDRY DEBTORS

( Unsecured , considered good )

Outstanding more than Six months	83,81,854	13,52,963
Other Debtors	20,12,65,603	14,84,51,766
	<b>20,96,47,457</b>	<b>14,98,04,729</b>

# PRECISION PIPES & PROFILES COMPANY LIMITED



PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
<b>SCHEDULE "I"</b>		
<b>CASH &amp; BANK BALANCES</b>		
CASH IN HAND	32,20,264	34,28,858
BALANCE WITH SCHEDULE BANKS		
- IN CURRENT ACCOUNTS	8,11,42,262	1,65,55,377
- IN FIXED DEPOSITS	5,80,00,000	73,50,000
	14,23,62,527	2,73,34,235
<b>SCHEDULE "J"</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
ADVANCE TO SUPPLIERS	7,30,53,284	1,85,44,029
ADVANCE TO STAFF & OTHERS	5,17,62,560	5,04,61,529
SECURITY & E. M. D.	70,74,858	65,22,258
ADVANCE INCOME TAX	10,46,13,242	11,94,51,346
ADVANCE FRINGE BENEFIT TAX	---	22,42,260
DUTY & OTHERS RECEIVABLE	13,00,61,092	14,85,01,822
INTEREST ACCURED BUT NOT DUE	1,34,255	1,74,773
	36,66,99,291	34,58,98,016
<b>SCHEDULE "K"</b>		
<b>CURRENT LIABILITIES</b>		
DUES TO SSI UNDERTAKINGS	17,52,423	63,98,488
OTHER SUNDRY CREDITORS	9,54,04,865	7,31,65,537
EXPENSES PAYABLE	13,55,763	18,14,863
ADVANCE FROM CUSTOMERS	1,10,24,925	1,79,75,153
STATUTORY LIABILITIES PAYABLE	1,64,62,891	1,32,15,167
SECURITY DEPOSIT RECEIVED	7,17,351	---
INTEREST ACCURED BUT NOT DUE	2,08,043	27,98,853
HEDGING PREMIUM ACCRUED BUT NOT DUE	1,29,023	2,11,266
HONDA SEIL CARS INDIA LTD (ADV. AG. MOULDS)	9,01,36,000	---
	21,71,91,283	11,55,79,327
<b>SCHEDULE "L"</b>		
<b>PROVISIONS</b>		
PROVISION FOR INCOME TAX	11,00,00,000	8,30,00,000
PROVISION FOR INCOME TAX FOR EARLIER YEARS	44,54,380	---
PROVISION FOR FRINGE BENEFIT TAX	---	19,00,000
PROVISION FOR DIVIDEND	2,80,00,000	4,20,00,000
PROVISION FOR DIVIDEND TAX	45,42,300	69,75,675
PROVISION FOR GRATUITY	3,07,02,505	2,90,82,280
PROVISION FOR WEALTH TAX	1,67,000	1,91,842
PROVISION FOR LEAVE ENCASHMENT	70,61,299	56,09,427
TOTAL	18,49,27,484	16,87,59,223
<b>SCHEDULE "M"</b>		
<b>MISC EXPENDITURE</b>		
(To the extent not written off or adjusted)		
IPO EXPENCES: OPENING BALANCE	2,52,02,356	3,78,03,524
LESS: WRITTEN OFF DURING THE PERIOD	1,26,01,168	1,26,01,168
BALANCE AS AT 31.03.2011	1,26,01,188	2,52,02,356

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## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

Particulars	Current Year Ended 31.03.2011 (Rs.)	Previous Ended 31.03.2010 (Rs.)
<b>SCHEDULE "N"</b>		
<b>OTHER INCOME</b>		
INTEREST RECEIVED	23,45,208	5,59,065
PROFIT ON SALE OF INVESTMENTS	1,49,87,497	---
DIVIDEND RECIEVED	25,32,269	12,17,836
PROFIT ON SALE OF TOOLING	---	11,20,093
EXPORT INCENTIVE	10,79,353	14,42,937
PROFIT FROM HEDGING	---	8,500
MISC INCOME	1,16,74,387	7,89,164
DIFF OF FOREIGN EXCHANGE	1,10,337	35,59,759
SUNDRY BALANCES WRITTEN BACK		1,08,944
<b>TOTAL</b>	<b>3,27,29,050</b>	<b>88,06,298</b>
<b>SCHEDULE "O"</b>		
<b>INCREASE/(DECREASE) IN FINISHED STOCK</b>		
CLOSING STOCK	2,27,54,024	1,71,87,277
OPENING STOCK	1,71,87,276	1,38,11,755
<b>TOTAL</b>	<b>55,66,748</b>	<b>33,75,522</b>
<b>SCHEDULE "P"</b>		
<b>MATERIAL CONSUMED</b>		
(A) RAW MATERIAL CONSUMED		
OPENING STOCK	13,65,39,996	10,53,76,810
(+)PURCHASES	92,35,43,189	76,94,85,586
	1,06,00,83,185	87,48,62,395
(-)CLOSING STOCK	18,25,60,750	13,65,39,997
CONSUMED	87,75,22,435	73,83,22,399
(B) DYES & CHEMICALS		
OPENING STOCK	35,42,556	20,56,791
(+)PURCHASES	1,48,38,656	1,68,27,860
	1,83,81,212	1,88,84,651
(-)CLOSING STOCK	27,93,575	35,42,557
CONSUMED	1,55,87,637	1,53,42,094
(C) PACKING MATERIAL		
OPENING STOCK	11,26,475	16,27,165
(+)PURCHASES	5,04,04,798	2,69,28,822
	5,15,31,273	2,85,55,987
(-)CLOSING STOCK	21,39,714	11,26,476
CONSUMED	4,93,91,559	2,74,29,512
(D) ACCESSORIES		
OPENING STOCK	50,96,713	56,27,750
(+)PURCHASES	4,22,75,766	5,47,35,675
	4,73,72,479	6,03,63,425
(-)CLOSING STOCK	50,84,141	50,96,713
CONSUMED	4,22,88,338	5,52,66,712
(E) FABRIC		
OPENING STOCK	7,01,678	---
(+)PURCHASES	33,53,552	1,05,63,322
	40,55,230	1,05,63,322
(-)CLOSING STOCK	6,52,461	7,01,678
CONSUMED	34,02,768	98,61,644
<b>TOTAL CONSUMED</b>	<b>98,81,92,737</b>	<b>84,62,22,360</b>



# PRECISION PIPES & PROFILES COMPANY LIMITED



PARTICULARS	CURRENT YEAR ENDED 31.03.2011 (RS.)	PREVIOUS YEAR ENDED 31.03.2010 (RS.)
<b>SCHEDULE "Q"</b>		
<b>MANUFACTURING &amp; OTHER OPERATING EXPENSES</b>		
REPAIR (PLANT)	4,27,13,127	4,19,95,494
FACTORY EXPENSES	1,89,83,312	2,10,76,919
WAGES	19,48,72,122	15,52,67,056
LABOUR WELFARE	1,60,04,009	1,39,14,433
POWER & FUEL	6,75,29,944	5,60,65,582
JOB WORK CHARGES	5,59,462	2,90,454
PAYMENT TO COLLABORATORS/ROYALTY	2,56,10,920	2,32,11,529
LICENCE FEES	---	30,841
<b>TOTAL</b>	<b>36,62,72,897</b>	<b>31,18,52,307</b>
<b>SCHEDULE "R"</b>		
<b>PERSONNEL EXPENSES</b>		
SALARY	1,63,69,058	1,30,50,131
GRATUITY	19,00,021	47,98,351
PF & ESIC	1,50,19,357	1,24,93,456
STAFF WELFARE	1,51,879	1,31,013
<b>TOTAL</b>	<b>3,34,40,315</b>	<b>3,04,72,951</b>
<b>SCHEDULE "S"</b>		
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
PRINTING & STATIONERY	1,19,05,341	1,00,87,772
POSTAGE & TELEPHONE EXPENSES	57,08,791	39,33,536
FEES & SUBSCRIPTION	39,06,815	29,24,618
DIRECTOR'S SITTING FEES	12,10,000	6,49,998
LEGAL & PROFESSIONAL FEES	40,69,879	34,76,018
BANK CHARGES	42,38,684	38,02,190
INSURANCE-OTHERS	18,39,887	15,84,321
AUDITOR'S REMUNERATION	2,20,600	2,00,000
GENERAL EXPENSES	30,80,129	28,39,249
TRAVELLING EXPENSES ( DIRECTORS )	17,31,541	16,64,190
TRAVELLING & CONVEYANCE ( OTHER )	1,41,60,330	70,52,724
TRIAL EXPENSES	---	36,428
FACTORY SECURITY	51,19,470	43,14,084
REPAIR & MAINTENANCE-BUILDING	37,38,818	71,26,345
MOTOR CAR EXPENSES	28,45,319	36,41,247
SERVICE TAX & CESS	9,35,800	4,52,700
LEASE RENT	93,67,433	93,15,322
RENT RATES & TAXES	47,046	1,06,833
OFFICE ELECTRICITY & WATER	11,02,641	10,25,794
CHARITY & DONATION	2,90,903	2,09,200
IPO EXPENSES	1,26,01,168	1,26,01,168
LISTING EXPENSES	3,71,402	4,76,284
MEETING EXPENSES	70,000	1,03,730
LOSS ON SALE OF ASSETS	55,319	99,23,778
REPAIR & MAINTENANCE-OTHERS	35,37,117	30,94,791
PROFIT/LOSS FROM HEDGING OF ECB LOAN	1,70,406	---
LOSS ON SALE OF INVESTMENT	---	1,00,260
<b>TOTAL</b>	<b>9,23,24,839</b>	<b>9,07,42,580</b>

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<b>PARTICULARS</b>	<b>CURRENT YEAR ENDED 31.03.2011 (RS.)</b>	<b>PREVIOUS YEAR ENDED 31.03.2010 (RS.)</b>
<b>SCHEDULE "T"</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
INTEREST ON TERM LOAN/ECB	24,28,411	1,68,51,491
INTEREST ON CAR LOAN	5,11,705	7,34,942
INTEREST ON OTHER LOANS	72,07,383	1,77,13,246
HEDGING PREMIUM	11,55,925	16,99,180
TOTAL	<u>1,13,03,424</u>	<u>3,69,98,860</u>
<b>SCHEDULE "U"</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
ADVERTISEMENT & SALES PROMOTION	69,85,002	33,51,615
DISCOUNT & SHORT RECOVERY	94,47,464	99,04,287
FREIGHT & CARTAGE	3,67,74,086	2,09,93,324
ADDITIONAL DEMAND SALES TAX	3,90,827	4,35,205
BAD DEBTS WRITTEN OFF	---	96,42,026
TOTAL	<u>5,35,97,379</u>	<u>4,43,26,457</u>





## PRECISION PIPES & PROFILES COMPANY LIMITED

SCHEDULE "V"

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### A) SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS OF ACCOUNTING

- i) The Company follows mercantile system of accounting and recognizes income and expenditures on accrual basis, except stated below. The accounts are prepared on historical cost convention, In accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.
- ii) Insurance, Sales Tax, Export Incentives and other Claims are accounted for as and when received

##### 2. FIXED ASSETS & DEPRECIATION

- i) Fixed Assets are stated at historical cost. Cost includes freight, installation cost, duties, taxes, and incidental expenses but net of Excise duty (CENVAT).
- ii) Depreciation is charged on Straight Line Method at the rate prescribed under Schedule XIV of the Companies Act, 1956.
- iii) Technical know how is being amortised on pro-rata basis over a period of Six years.

##### 3. INVESTMENTS

Long Term investments are carried at cost after providing for diminution in value, if any, if it is of a permanent nature. Current investments in Mutual Fund Units are carried at cost.

##### 4. INVENTORIES

- i) Finished Goods have been valued at cost or net realizable value whichever is lower and cost is arrived at on direct costing method. That is, the manufacturing cost, i.e., the value of Raw Material consumed, divided by the Quantity of Raw Material consumed Plus manufacturing expenses divided by the Quantity of Finished goods manufactured.
- ii) Raw Materials, Stores & Spares have been valued at cost on FIFO basis, which includes purchase price, freights, duties, taxes & other incidental expenses but net of excise duty (CENVAT).
- iii) Wastage has been valued at net realizable value.

##### 5. REVENUE RECOGNITION

- i) Sales in the domestic market are recognised at the time of dispatch of goods to the buyers and are recorded net of sales return, rebates, trade discounts, sales tax and excise duty.
- ii) Export sales are recognised on issue of bill of lading.
- iii) Job work receipts are recorded net of Service tax.
- iv) Dividend is recognised as and when the right to receive such payment is established.

##### 6. TAXES ON INCOME

- i) Tax on income for the current year is determined on the basis of the Income Tax Act, 1961.
- ii) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets and expenses, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

##### 7. FOREIGN CURRENCY TRANSACTIONS

- i) Foreign Currency transactions are re-stated at the rates prevailing at the time of receipt/payment thereof and all exchanges losses /gain arising there from are adjusted to the respective accounts. However Foreign Currency transactions, payment for which were not received/made till the balance sheet date, are recorded in the books at the rate of exchanges prevailing on the date of such transactions and any exchange difference is being recoded as profit or loss from change in Foreign Exchange Rates in profit & loss account.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rates and the exchange differences are recorded as unrealized foreign exchange gain/loss in profit & loss account.



## 8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds recoverable amount.

## 9. RETIREMENT BENEFIT COSTS

Gratuity liability is accounted for on accrual basis based on the actual liability calculated as per the Payment of Gratuity Act, 1972 as at the Balance Sheet date. Provision for Leave Encashment benefit has been made in accordance with the Accounting Standard – 15 “Employee Benefit”.

## 10. DEFERRED REVENUE EXPENDITURE

- i) Pre-Operative expenses are being written off over a period of Six years.
- ii) Shares issue expenses are being written off equally over a period of Five Years.

## 11. ADJUSTMENTS PERTAINING TO EARLIER YEARS

Income/expenditure relating to prior period, which are not material in each case, are treated as income/expenditure of current year.

12. Debit/Credit balances of various parties are subject to confirmation/ reconciliation.

## 13. Leases.

Assets leased by the company in the capacity of the lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Lease rentals under operating leases are recognized in Profit & Loss Account on a straight line basis.

## 14. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

## 15. Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefit) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjust to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

**The policies not specifically mentioned above are in agreement with the Accounting Standards issued by the Institute of Chartered Accountants of India.**

for DHARAM TANEJA ASSOCIATES  
CHARTERED ACCOUNTANTS

for PRECISION PIPES AND PROFILES COMPANY LIMITED

**D.V. Taneja**  
Partner  
(Membership No. 7718)

**D. C. JAIN**  
Chairman

**S. C. JAIN**  
Vice Chairman

**AJAY KUMAR JAIN**  
Managing Director

Place : New Delhi  
Date : 30th May 2011



## PRECISION PIPES & PROFILES COMPANY LIMITED

B) NOTES TO ACCOUNTS	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
<b>1 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :</b>		
i) Letters of Guarantees	20,000	20,000
ii) Letters of Credit	8,10,00,507	---
iii) Income Tax Appeal :		
For Asst.Yr.2003-04	55,655	55,655
For Asst.Yr.2004-05	---	3,90,788
For Asst. Year 2006-07	8,48,415	8,48,415
For Asst. Year 2007-08	9,27,572	9,27,572
For Asst. Year 2008-09	11,93,596	---
iv) Trade Tax /Sales Tax/VAT	45,441	9,16,737
v) Service Tax	63,630	63,630
vi) Electricity Demand	84,55,357	84,55,357
vii) Central Excise (Duty paid under protest is Rs.1489081/-)	1,57,05,198	1,57,05,198
	<b>10,83,15,371</b>	<b>2,73,83,352</b>

- NOTES :-**(i) The Deputy commissioner of income tax has imposed a penalty of Rs. 55655/- u/s 271 (1) (c) of the The Income Tax Act, 1961. for A.Y.2003-04. The company had filed an appeal against the aforesaid order with CIT (Appeals) and the same is pending before CIT ( Appeals).
- (ii) A demand of Rs. 8,48,415/- for the Assessment Year 2006-07 was raised u/s 143(3) of the Income Tax Act, 1961. The Company had filed an appeal against the demand with CIT (Appeals) and the same is pending before CIT (Appeals).
- (iii) Income tax assessment for the assessment year 2007-2008 was completed under section 143(3) of the Income Tax Act, 1961, wherein demand of Rs. 927572/- was raised.The company had filed an appeal against the aforesaid order with CIT (Appeals).
- (iv) A demand of Rs. 11,93,596 for the Assessment Year 2008-09 was raised u/s 143(3) of the Income Tax Act,1961. The Company had filed an appeal against the demand with CIT (Appeals) and the same is pending before CIT (Appeals).
- (v) A case for demand of service tax of Rs.63,630/- pertaining to 17.02.2002 to 31.03.2004 is pending before Deputy Commissioner.
- (vi) Central Sales Tax assessment for the assessment year 2004-05 was completed under section 9 of Central Sales Tax Act R/W 23(3) of Delhi Sales Tax Act,1975 wherein demand pf Rs.1,66,697/- was raised which was reduced to Rs.1,13,957/- vide review order. The company had deposited a sum of Rs.68,516/- being undisputed demand and company had filed an appeal against the balance demand of Rs. 45,441/- before the Joint Commissioner of Sales Tax (Appeals). and stay granted vide order no F/PA/Jt. Comm. (KDU) /02/Stay/ 410-411 dt. 18.08.06.
- (vii) A demand of Rs. 84,55,357/- had been raised by BSES Rajdhani Ltd. for making payments of arrears for the misuse of electricity. The company had filed a suit against aforesaid with High Court. The matter is pending
- (viii) Demand of excise duty of Rs.42,10,670/- alongwith penalty of Rs.42,10,670/- was imposed on the company by Addl. Commissioner, Central Commissioner, Noida, for Cenvet credit taken on payment of duty through DEPb licence, under the Central Excise Act, 1944. The company filed before the Commissioner (Appeals), Central Excise, Noida. The Commissioner (Appeals) rejected the appeal. The company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and the appeal is pending.
- (ix) Demand of excise duty of Rs.1,05,836/- alongwith penalty of Rs.1,05,836/- was imposed on the company by Addl. Commissioner, Central Excise, Delhi, for Cenvet credit taken on payment of duty through DEPb licence, under the Central Excise Act, 1944. The company had filed an appeal against the aforesaid order with Commissioner of Central Excise, Okhla. The Commissioner of Central Excise has rejected the appeal. Thereafter, the company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and the appeal is pending.
- (x) Demand of excise duty of Rs.35,36,033/- alongwith penalty of Rs.35,36,033/- was imposed on the company by Addl. Commissioner, Central Excise, Delhi, for Cenvet credit taken on payment of duty through DEPb licence,under the Central Excise Act, 1944. The company had filed an appeal against the aforesaid order with Commissioner of Central Excise, Okhla. The Commissioner of Central Excise has rejected the appeal. Thereafter, the company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and the appeal is pending.

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- (xi) Company has paid Rs. 4,83,96,003/- to RIICO Ltd. (Rajasthan State Industrial Development and Investment Corporation Ltd) against purchase of Industrial Plot at Bhiwadi, Rajasthan and plot has been registered in the name of the company on 09th May'2011.

## 2 Initial Public Offer

- i) The Company had made a Public issue of 50,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 140/- per share for setting up of new unit at Surajpur Industrial Area, UP and for expansion of existing operations and production capacities during December, 2007. The share issue proceeds aggregating to Rs.75.00 Crores have been fully utilized in accordance with the prospectus dated 28th December, 2007.

### ii) Treatment of IPO Expenses

IPO expenses aggregating Rs.63005867- net of service tax (including payment to auditors Rs.80000/-), shall be amortised equally in 5 years.

	31st March, 2011 AMOUNT ( RS. )	31st March, 2010 AMOUNT ( RS. )
<b>3 AUDITORS' REMUNERATION*</b>		
Statutory Audit	1,50,000	1,50,000
Tax Audit	50,000	50,000
Fee for Certification & Other Services	55,141	38,400
	<b>2,55,141</b>	<b>2,38,400</b>
<i>*Auditors Remuneration of Rs.255141/- (Previous Year Rs.238400/-) s exclusive of service tax</i>		
<b>4 (i) REMUNERATION TO DIRECTORS*</b> ( Including benefits )	1,15,96,503	2,45,74,694
<i>* Including sitting fees to independent directors</i>		
(ii) Interest to Directors	891541	40,62,822
(iii) Travelling for Directors	1731540.89	16,64,190
<b>COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SEC.349 OF THE COMPANIES ACT, 1956</b>		
Profit before taxes as per Profit & Loss account	37,07,93,934	<b>21,61,03,888</b>
Add: Managerial Remuneration including sitting fees	1,15,96,503	2,45,74,694
Add: Loss on sale of Fixed asset	63,509	99,28,222
Add: Loss on sale of Investment		1,00,260
	<b>38,24,53,946</b>	<b>25,07,07,064</b>
Less: Profit on sale of Fixed Asset	8,190	4,444
Less: Profit on sale of investments	1,49,87,497	---
Net Profit	<b>36,74,58,259</b>	<b>25,07,02,620</b>
Maximum remuneration payable to managerial personnels	3,67,45,826	2,50,70,262
Maximum remuneration payable to each managerial personnel	1,83,72,913	1,25,35,131
<b>5 INTEREST ON LOANS</b>		
i) ICICI BANK LTD. (TERM LOAN)	11,12,055	1,46,56,410
ii) MARUTY UDYOG LTD	38,34,427	37,23,803
iii) ICICI BANK LTD. (ECB)	13,16,356	21,95,082
iv) CITI BANK INTEREST	13,20,176	42,63,099
v) ICICI BANK LTD. & OTHER INTEREST	25,64,485	1,04,61,287
	<b>1,01,47,499</b>	<b>3,52,99,680</b>



## PRECISION PIPES & PROFILES COMPANY LIMITED

### 6 CAPACITY DETAILS :

UNITS	UNITS PRODUCE CAPACITY (KG.)	LICENCE	31st March, 2011		31st March, 2010	
			INSTALLED CAPACITY (KG.)	ACTUAL PRODUCTION (KG.)	INSTALLED CAPACITY (KG.)	ACTUAL PRODUCTION (KG.)
I	PVC Profiles for refrigeration Electricals & Auto Industries.	N . A .	9,00,000	6,15,789	9,00,000	6,00,211
II	PVC Profiles for Auto Industries	N . A .	3,00,000	5,71,280	3,00,000	2,59,706
III	PVC Profiles for Auto Industries	N . A .	10,00,000	6,91,251	10,00,000	6,46,349
V	PVC Profiles for Auto Industries	N . A .	15,00,000	10,58,036	15,00,000	7,35,847
VI	PVC Profiles for Auto Industries	N . A .	26,44,000	20,14,815	26,44,000	20,14,230
VII	PVC Profiles for Others	N . A .	6,00,000	1,34,302	6,00,000	74,766
VIII	PVC Profiles for Auto	N . A .	39,80,000	12,41,427	39,80,000	10,32,260
			<b>1,09,24,000</b>	<b>63,26,900</b>	<b>1,09,24,000</b>	<b>53,63,369</b>

Notes : Licenced Capacity" Not applicable (N.A.) in terms of Government of India Notification No.S.O.477(E) dated 25th July, 1991.

### 7 DETAILS OF PRODUCTION, SALES & STOCK OF FINISHED GOODS :

PARTICULARS	31st March, 2011		31st March, 2010	
	QTY IN KGS.	VALUE IN RS.	QTY IN KGS.	VALUE IN RS.
<b>OPENING STOCK</b>				
Unit I	15,352	16,09,879	20,453	20,77,713
Unit II	4,894	7,66,502	2,130	3,63,189
Unit III	2,297	2,96,961.00	5,791	6,65,257
Unit V	15,225	34,69,101.00	9,709	21,93,952
Unit VI	24,275	57,41,978.00	17,354	40,39,553
Unit VII	10,671	18,04,622.00	9,023	17,11,093
Unit VIII	16,324	34,44,754	12,157	27,56,022
<b>PRODUCTION</b>				
Unit I	6,15,789	---	6,00,211	---
Unit II	5,71,280	---	2,59,706	---
Unit III	6,91,251	---	6,46,349	---
Unit V	10,58,036	---	7,35,847	---
Unit VI	20,14,815	---	20,14,230	---
Unit VII	1,34,302	---	74,766	---
Unit VIII	12,41,427	---	10,32,260	---
<b>SALES</b>				
Unit I	6,02,232	8,90,73,027	6,05,312	10,19,09,613
Unit II	5,73,288	16,31,50,135	2,56,943	9,46,28,227
Unit III	6,87,939	13,81,39,412	6,49,843	12,25,60,354
Unit V	10,55,655	45,07,79,580	7,30,331	34,09,19,540
Unit VI	20,08,227	77,83,88,252	20,07,310	71,42,53,273
Unit VII	1,36,222	4,98,47,443	73,117	1,80,40,577
Unit VIII	12,31,543	34,95,05,646	10,28,093	32,07,43,378
<b>CLOSING STOCK</b>				
Unit I	28,909	28,64,280	15,352	16,09,879
Unit II	2,886	3,70,993	4,894	7,66,502
Unit III	5,610	7,91,563	2,297	2,96,961
Unit V	17,606	39,65,806	15,225	34,69,101
Unit VI	30,863	78,87,695	24,275	57,41,978
Unit VII	8,751	23,18,183	10,671	18,04,622
Unit VIII	26,208	45,54,217	16,324	34,44,754



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## 8 DETAILS OF PURCHASES, SALES & STOCK OF BOUGHT OUT ITEMS :

UNIT - II PARTICULARS	31st March, 2011		31st March, 2010	
	WEATHER STRIP (IN PIECES)	VALUE IN RS.	WEATHER STRIP (IN PIECES)	VALUE IN RS.
PURCHASES	32,750	7,24,529	4,04,358	87,43,749
SALES	35,250	7,99,001	4,02,858	90,21,397
CLOSING STOCK	---	---	2,500	51,440

## 9 RAW MATERIAL CONSUMED :

ITEMS	31st March, 2011		31st March, 2010	
	QTY IN KGs.	VALUE IN RS.	QTY IN KGs.	VALUE IN RS.
P V C	58,60,561	71,72,33,124	47,21,898	58,12,41,596
Copper & Steel Strip	10,87,751	7,32,04,224	10,62,931	6,79,69,467
Others		8,70,85,087		8,91,11,336
	<b>69,48,312</b>	<b>87,75,22,435</b>	<b>57,84,829</b>	<b>73,83,22,399</b>

## 10 TOTAL MATERIAL INCLUSIVE OF PACKING MATERIAL etc. CONSUMED :

ITEMS	31st March, 2011		31st March, 2010	
	AMOUNT (RS.)	( % age )	AMOUNT (RS.)	( % age )
IMPORTED	50,95,02,487	51.56	39,76,62,395	47.49
INDIGENEOUS	47,86,89,250	48.44	44,85,59,965	52.51
	<b>98,81,91,737</b>	<b>100.00</b>	<b>84,62,22,360</b>	<b>100.00</b>

## 11 SEGMENT REPORTING

### i) PRIMARY BUSINESS SEGMENTS

The Company reviewed the disclosure of Business segmentwise and is of the view that the Company is mainly in the business of manufacture of PVC Profiles for Automobiles Industries and other business of the Company is to manufacture the PVC Profiles for Refrigerator Industries, Electrical Industries, and Building Construction Industries. Since, no other single segment constitute revenue/ results/ assets more than 10% of total (in accordance with AS - 17), Accordingly segment information is not required to be disclosed.

### ii) GEOGRAPHICAL SEGMENTS :

The Company caters mainly to the needs of Indian market and the export turnover being 1.06% ( Previous year 1.52%) of the total turnover of the Company, there are no reportable geographical segments.

### iii) ASSETS BY GEOGRAPHICAL AREA :

All segment assets of the Company are located in Northern Part of India .i.e., in Delhi & Noida.

## 12 RELATED PARTY DISCLOSURES

A Related Party Transactions, as required by AS - 18, " Related Party Disclosures " are as given below :

i Related Parties in the group where common control exists :

- Ajay Poly Private Ltd.
- A I C (Plastic) Private Ltd
- Ajay Industrial Corporation Ltd.
- Kalindi Farms Pvt. Ltd.



## PRECISION PIPES & PROFILES COMPANY LIMITED

- e) Ajay Industrial Polymers Pvt. Ltd  
 f) Seiki Auto India Pvt. Ltd.
- ii Key Management Personal of the Company :
- |                              |   |                      |
|------------------------------|---|----------------------|
| a) Sh. Devendra Chandra Jain | : | Chairman             |
| b) Sh. Sharat Chand Jain     | : | Ex. Vice - Chairman  |
| c) Sh. Ajay Kumar Jain       | : | Managing Director    |
| d) Sh. Rajeev Jain           | : | Whole Time Director  |
| e) Sh. Anuj Jain             | : | Director             |
| f) Sh. Abhishek Jain         | : | Whole Time Director  |
| g) Sh. B B Tandan            | : | Independent Director |
| h) Sh. K K Mathur            | : | Independent Director |
| i) Sh. S K Tuteja            | : | Independent Director |
| j) Sh. Vinod Vaish           | : | Independent Director |
| k) Sh. Ashok Kumar Agrawal   | : | Independent Director |
| l) Sh. M.S. Kapur            | : | Independent Director |
- iii Relatives of the Key Management Personal
- |                              |
|------------------------------|
| a) M/S. D. C. Jain (H. U. F) |
| b) M/S. A. K. Jain (H. U. F) |
| c) SMT. KANUPRIYA JAIN       |
| d) Sh. Nitin Jain            |
| e) Smt. Asha Jain            |
| f) Sh. Akhil Jain            |
| g) Smt. Bina Jain            |
| h) Smt. Vinay Kumari Jain    |
| i) Smt. Anuradha Jain        |
| j) Smt. Lata Jain            |

B Summary of the transactions with the above related parties in the ordinary course of business are as follows.

Nature of Transaction	Related Parties where common control exists		Key Management Personal		Relative of the Key Management Personal	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Fixed Assets Purchases	9,22,221	13,37,464		-		-
Material/Licence Purchases	68,91,164	1,78,49,890		-		-
Sales	2,69,49,240	3,05,58,063		-		-
Sale of Fixed Assets	13,78,265	-		-		-
Rent & Lease Charges	84,00,000	84,00,000		-	5,40,000	5,40,000
Remuneration			1,15,96,503	2,45,74,694		-
Interest paid			8,91,541	40,62,822	9,05,678	19,71,280
Dividend Paid			45,37,500	18,15,000	3,93,90,000	1,57,35,000
Balance outstanding at the year end						
Amount Payable		-	-	2,24,25,886	-	1,55,40,304
Amount Recoverable	6,00,000	10,50,000		-		-

# 16TH ANNUAL REPORT



## 13 EARNING PER SHARE (EPS) (ACCOUNTING STANDARD - 20)

PARTICULARS	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
a NET PROFIT AFTER TAXATION	27,16,67,187	13,58,40,822
b NUMBERS OF EQUITY SHARES	1,40,00,000	1,40,00,000
c EARNING PER SHARE (BASIC/DILUTED)	19.40	9.70

## 14 DEFERED TAX ACCOUNTING :

The deferred tax credit/(Charge) for the year has been recognised in the Profit & Loss Account for the year. Details of Deferred Tax Liabilities / (Assets) are as under :

PARTICULARS	31st March, 2011 AMOUNT (RS. )	31st March, 2010 AMOUNT (RS. )
a <u>DEFERRED TAX LIABILITY</u>		
i) RELATED TO FIXED ASSETS	8,46,14,796	9,79,63,353
b <u>DEFERRED TAX ASSET</u>		
l) DISALLOWANCE OF GRATUITY & LEAVE ENCASHMENT PROVISION UNDER THE INCOME TAX ACT 1961.	1,25,44,192	98,85,067
c <u>NET DEFERRED TAX LIABILITY/(ASSETS)</u>	7,20,70,604	8,80,78,286
Deferred Tax credit/(charge) for the year	(1,60,07,682)	(35572848)

## 15 EARNING IN FOREIGN EXCHANGE

PARTICULARS	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
Value of Export	5,65,74,985	1,80,28,671
	<b>5,65,74,985</b>	<b>1,80,28,671</b>

## 16 DIVIDEND REMITTED IN FOREIGN CURRENCY (CASH BASIS)

PARTICULARS	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
Dividend remitted during the year (in Rs.)	11,25,000	4,50,000
Dividend remitted during the year (in Yen)	20,18,192	8,74,805
No. of non-resident shareholders	1	1
No. of shares for which dividend remitted	2,25,000	2,25,000

## 17 VALUE OF IMPORT ON C I F BASIS :-

ITEM	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
RAW MATERIAL	54,05,74,346	40,56,38,266
STORE & SPARES	35,16,673	48,29,187
CAPITAL GOODS	4,09,60,621	6,43,84,772
	<b>58,50,51,640</b>	<b>47,48,52,225</b>

## 18 EXPENDITURE IN FOREIGN CURRENCY :

PARTICULARS	31st March, 2011 AMOUNT (RS.)	31st March, 2010 AMOUNT (RS.)
PAYMENT TO COLLABORATORS	2,49,81,052	5,51,59,700
FOREIGN TRAVEL	3271108.89	15,71,058
INTEREST ON ECB	1316356.26	21,95,082
	<b>2,95,68,517</b>	<b>5,89,25,840</b>

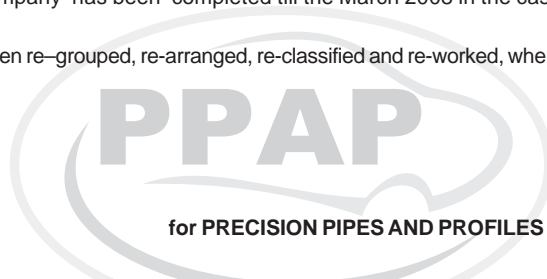


## PRECISION PIPES & PROFILES COMPANY LIMITED

- 19 The name of the Micro and Small Enterprises to whom amounts are due for not more than 30 days as at 31st March, 2011 are as under
- 1 NILANCHAL PACKAGING INDUSTRIES
  - 2 OASIS INDUSTRIES
  - 3 K M G ATOZ SYSTEMS PVT LTD
  - 4 SHRI RAM INDUSTRIES
  - 5 ZYLOG PLASTALLOYS PVT LTD
  - 6 TECHNO FERRITES

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available to the Company.

- 20 Income tax assessments of the Company were completed till the assessment year 2008-09. However, appeals for the assessment year 2006-07, 2007-08 and 2008-09 are pending before the Hon'ble CIT Appeal. No provision has been made in the accounts for additional income tax liabilities for Assessment Year 2009-10 to 2011 - 2012 as amount is unascertained.
- 21 Income Tax Assessment for the Block Period from 01.04.1995 to 05.02.2002 & regular assessment for the period 06.02.2002 to 31.03.2002 (assessment year 2002-2003) has been completed. Hon'ble Settlement Commission has raised a demand of RS. 44,54,340 & provision has been made accordingly.
- 22 Wealth Tax assessment of the company has been completed up to the Assessment year 2008-09. No provision has been made in the accounts for additional Wealth tax liabilities for the assessment year 2009-10 to 2011-12 as amount is unascertained.
- 23 Assessment of Fringe benefit tax for the Assessment year 2008-09 is completed. No provision has been made in the accounts for the assessment year 2009 - 2010. Amount unascertained.
- 24 Sales tax assessments of the Company has been completed till the March 2008 in the case of UP Units and in case of Delhi units up to F. Y. 2006-07.
- 25 The previous year's figures have been re-grouped, re-arranged, re-classified and re-worked, wherever necessary to make them comparable with those of current year.



for **DHARAM TANEJA ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

for **PRECISION PIPES AND PROFILES COMPANY LIMITED**

**D. V. Taneja**  
Partner  
(Membership No. 7718)

**D. C. JAIN**  
Chairman

**S. C. JAIN**  
Executive Vice Chairman

**AJAY KUMAR JAIN**  
Managing Director

Place : New Delhi  
Date : 30th May 2011

# 16TH ANNUAL REPORT



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	31st March, 2011 (Rs.)	31st March, 2010 (Rs.)
<b>A Cash flow from Operating Activities:</b>		
<b>Profit before Tax &amp; Appropriations</b>	37,07,93,933.95	21,61,03,888.00
Depreciation & Amortization	17,27,30,066.05	15,43,41,930.00
loss on Sales of Fixed Assets	55,319.00	99,23,778.00
Unrealised Foreign Exchange Gain	1,10,336.51	(35,59,759.00)
Interest Expenses	1,13,03,424.15	3,69,98,860.00
Interest incomes	23,45,207.91	(5,59,065.00)
Dividends Income	25,32,268.72	(12,17,836.00)
Profit on Sales of Investment or Other (Profit)/loss on Sales of Tooling	1,49,87,496.70 ---	1,00,260.00 (11,20,093.00)
<b>Operating cash flow before working capital changes</b>	<b>53,49,07,433.30</b>	<b>41,10,11,963.00</b>
Adjustment for:		
(Increase)/Decrease in Sundry Debtors	(5,98,42,727.23)	2,84,68,870.00
(Increase)/Decrease in Loan and Advances	(3,78,81,638.67)	1,75,19,323.00
(Increase)/Decrease in Inventories	(5,72,77,202.57)	(3,44,99,690.00)
Increase/(Decrease) in Sundry Creditors	1,75,93,262.73	(24,63,89,610.00)
Increase/(Decrease) in Advances from Customers	(69,50,228.49)	3,73,122.00
Increase/(Decrease) in Other Liabilities	9,09,68,921.69	30,57,891.00
Increase/(Decrease) in Provision for Gratuity & Leave Encashment	30,72,097.33	93,20,256.00
Cash Generated From Operations	48,45,89,918.09	18,88,62,125.00
Tax Paid	(6,86,88,370.50)	6,17,97,869.00
<b>Net Cash From/(Used in) Operating Activities (A)</b>	<b>41,59,01,547.59</b>	<b>12,70,64,256.00</b>
<b>B Cash Flow from Investing Activities</b>		
Sales/(Purchases) of Fixed Assets	(12,96,66,828.00)	(87,35,017.00)
Sales/(Purchases) of Investment/ others	19,74,65,071.39	25,87,584.00
Interest Received	23,45,207.91	5,59,065.00
Dividend Received	25,32,268.72	12,17,836.00
<b>Net cash from/ (Used in) Investing Activities (B)</b>	<b>7,26,75,720.02</b>	<b>(43,70,532.00)</b>
<b>C Cash Flow Financing Activities</b>		
Fresh Loan Received/ (Repayment of loan)	(28,06,21,613.33)	(4,17,21,313.00)
Dividend Paid	(8,17,34,275.00)	(3,27,58,600.00)
Interest Paid	(1,13,03,424.15)	(3,69,98,860.00)
<b>Net cash from/(Used in) Financing Activities ('C)</b>	<b>(37,36,59,312.48)</b>	<b>(11,14,78,773.00)</b>
Increase in cash & cash equivalent during the year (A+B+C)	<b>11,49,17,955.13</b>	<b>1,12,14,951.00</b>
Unrealised Foreign Exchange Gain/(Loss) on cash & cash equivalent	1,10,336.51	35,59,759.00
<b>Net increase/ decrease in Cash/Cash equivalents</b>	<b>11,50,28,291.64</b>	<b>1,47,74,710.00</b>
<b>Net increase/ decrease in Cash/Cash equivalents at the Beginning</b>	<b>2,73,34,235.00</b>	<b>1,25,59,529.00</b>
<b>Cash and cash equivalent as at the end of the year</b>	<b>14,23,62,526.64</b>	<b>2,73,34,235.00</b>

Notes:

- The above Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchanges and under the indirect method set out in Accounting Standard-3 issued by ICAI.
- Figures in bracket indicate cash outflow.
- Significant Accounting Policies and Notes to Accounts form an integral part of the Cash Flow Statement.

for DHARAM TANEJA ASSOCIATES  
CHARTERED ACCOUNTANTS

for PRECISION PIPES AND PROFILES COMPANY LIMITED

D.V. Taneja  
Partner  
(Membership No. 7718)

D. C. JAIN  
Chairman

S. C. JAIN  
Executive Vice Chairman

AJAY KUMAR JAIN  
Managing Director

Place : New Delhi  
Date : 30th May 2011



# PRECISION PIPES & PROFILES COMPANY LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I REGISTRATION DETAILS

Registration No.	73281	State Code	55
Balance Sheet Date	31/3/2011		
	Date-Month-Year		

### II CAPITAL RAISED DURING THE YEAR

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### III POSITION OF MOBILITION AND DEPLOYMENT OF FUNDS ( RS. in Thousands )

TOTAL LIABILITIES	18,15,775	TOTAL ASSETS	18,15,775
SOURCES OF FUNDS			
Paid - Up - Capital	1,40,000	Reserve & Surplus	15,50,170
Secured Loans	25,400	unsecured Loans	28,135
Deferred Tax Liabilities	72,071		

#### APPLICATION OF FUNDS

Net Fixed Assets	12,33,787	Investment	27,223
Net Current Assets	5,42,163	Misc. Expenditure	12,601
Accumulated Losses	NIL		

### IV PERFORMANCE OF COMPANY ( RS. in Thousands )

Turnover	20,18,883	Total Expenditure	17,05,260
Profit Before Tax	3,70,794	Profit After Tax	2,71,667

Earning Per Share in Rs. 19.40		Dividend Rate (% age)	40%
--------------------------------	--	-----------------------	-----

### V GENERIC NAME OF PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (as per monetary terms)

Item Codes No. ( ITC Code )	8708
Product Description	Profiles for Cars
Item Codes No. ( ITC Code )	8484
Product Description	Gaskets

for DHARAM TANEJA ASSOCIATES  
CHARTERED ACCOUNTANTS

for PRECISION PIPES AND PROFILES COMPANY LIMITED

**D.V. Taneja**  
Partner  
(Membership No. 7718)

**D. C. JAIN**  
Chairman

**S. C. JAIN**  
Executive Vice Chairman

**AJAY KUMAR JAIN**  
Managing Director

Place : New Delhi  
Date : 30th May 2011

# 16TH ANNUAL REPORT



## PRECISION PIPES AND PROFILES COMPANY LIMITED

Regd. Office: 4561, Deputy Ganj, Sadar Bazar, Delhi- 110006

### PROXY FORM

DP ID\* \_\_\_\_\_ Folio No \_\_\_\_\_

CLIENT ID\* \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being a Member/Members of Precision Pipes and Profiles Company Limited hereby appoint Mr./Ms \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 16<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, September 28, 2011 at 1:00 P.M. at The Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of September, 2011.

Signature

REVENUE  
STAMP

\*Applicable for shareholding in electronic form

Note:-The Proxy Form in order to be valid, should be duly stamped, completed and signed and must be deposited at the Registered office of the Company at 4561, Deputy Ganj, Sadar Bazar, Delhi 110006 and/or Share transfer agent -M/s Link Intime India Private Limited AT a-40, 2<sup>ND</sup> Floor Naraina Industrial Area, Near Batra Banquet Hall, New Delhi -110028 not less than 48 hours before the meeting.

## PRECISION PIPES AND PROFILES COMPANY LIMITED

Regd. Office: 4561, Deputy Ganj, Sadar Bazar, Delhi- 110006

### ATTENDENCE SLIP

DP ID\* \_\_\_\_\_ No. of Shares held \_\_\_\_\_

CLIENT ID\* \_\_\_\_\_

Regd. Folio No \_\_\_\_\_

Member's Name : (Sole Applicant) \_\_\_\_\_

(1st Joint holder) \_\_\_\_\_

(2nd Joint holder) \_\_\_\_\_

Complete Address: \_\_\_\_\_

Proxy name: \_\_\_\_\_

\*Applicable for shareholding in electronic form

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, September 28, 2011 at 1:00 P.M. at The Executive Club, Dolly Farms and Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074

Signature of the Member/Proxy

- NOTES: 1. Members/Proxy holders are requested to bring this Attendance Slip duly filled in and signed with them when they come to the meeting. No Attendance slip will be issued at the venue of the meeting.  
2. Attendance slip which is not complete in all respects shall not be accepted.  
3. Attendance slip shall be produced at the registration counter for verification.





## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **CHAIRMAN**

MR. DEVENDER CHANDRA JAIN

#### **EXECUTIVE VICE CHAIRMAN**

MR. SHARAT CHAND JAIN

#### **MANAGING DIRECTOR**

MR. AJAY KUMAR JAIN

#### **WHOLE TIME DIRECTORS**

MR. RAJEEV JAIN

MR. ABHISHEK JAIN

#### **NON EXECUTIVE DIRECTOR**

MR. ANUJ JAIN

#### **NON EXECUTIVE INDEPENDENT DIRECTORS**

MR. KAUSHAL KUMAR MATHUR

MR. BRIJ BEHARI TANDON

MR. SURENDER KUMAR TUTEJA

MR. VINOD VAISH

MR. ASHOK KUMAR AGARWAL

MR. MANMOHAN SINGH KAPUR

### **AUDIT COMMITTEE**

#### **CHAIRMAN**

MR. KAUSHAL KUMAR MATHUR

#### **MEMBERS**

MR. SHARAT CHAND JAIN

MR. AJAY KUMAR JAIN

MR. SURENDER KUMAR TUTEJA

MR. BRIJ BEHARI TANDON

MR. ASHOK KUMAR AGARWAL

### **INVESTOR GRIEVANCES COMMITTEE**

#### **CHAIRMAN**

MR. MANMOHAN SINGH KAPUR

#### **MEMBERS**

MR. SURENDER KUMAR TUTEJA

MR. SHARAT CHAND JAIN

### **REMUNERATION COMMITTEE**

#### **CHAIRMAN**

MR. BRIJ BEHARI TANDON

#### **MEMBERS**

MR. SHARAT CHAND JAIN

MR. KAUSHAL KUMAR MATHUR

MR. VINOD VAISH

### **EXECUTIVE COMMITTEE**

#### **CHAIRMAN**

MR. KAUSHAL KUMAR MATHUR

#### **MEMBERS**

MR. SHARAT CHAND JAIN

MR. AJAY KUMAR JAIN

MR. SURENDER KUMAR TUTEJA

MR. ASHOK KUMAR AGARWAL

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**REGISTERED OFFICE**

4561, DEPUTY GANJ, SADAR BAZAR,  
NEW DELHI-110006

**CORPORATE OFFICE**

B-II/29, MOHAN CO-OPERATIVES INDUSTRIAL ESTATE, BADARPUR, NEW DELHI-110044

**STATUTORY AUDITORS**

M/S DHARAM TANEJA AND ASSOCIATES CHARTERED ACCOUNTANTS

**REGISTRAR AND SHARE TRANSFER AGENTS**

M/S LINK INTIME INDIA PRIVATE LIMITED  
A-40, 2<sup>ND</sup> FLOOR, NARAINA INDUSTRIAL AREA PHASE-II, NEW DELHI-110028

**BANKERS**

ICICI BANK LTD.

CITI BANK N.A.

STATE BANK OF INDIA

ALLAHABAD BANK

HDFC BANK

YES BANK

**PLANT LOCATIONS**

54-56, OKHLA INDUSTRIAL ESTATE, PHASE- III, NEW DELHI.

161, OKHLA INDUSTRIAL ESTATE, PHASE-III, NEW DELHI.

70, OKHLA INDUSTRIAL ESTATE, PHASE- III, NEW DELHI.

B-45, PHASE- II, NOIDA, UTTAR PRADESH.

B-206A, SECTOR-81, PHASE-II, NOIDA, UTTAR PRADESH.

B-4, SURAJPUR INDUSTRIAL AREA, GREATER NOIDA UTTAR PRADESH

B-II/29, MOHAN CO-OPERATIVES INDUSTRIAL ESTATE, BADARPUR, NEW DELHI-110044

# BOOK-POST

*If Undelivered please return to :*

**PRECISION PIPES & PROFILES COMPANY LIMITED**

**CORPORATE OFFICE:** B-II/29, MOHAN CO-OPERATIVES INDUSTRIAL ESTATE,  
BADARPUR, NEW DELHI-110044