



PRECISION
PIPES AND
PROFILES
CO. LTD.

17th
ANNUAL
REPORT
2011-2012
New Heights of Precision
New Benchmarks of Performance

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. Ashok Kumar Agarwal

Mr. Manmohan Singh Kapur

COMPLIANCE OFFICER

Mr. Sharat Chand Jain

AUDIT COMMITTEE

CHAIRMAN

Mr. Ashok Kumar Agarwal

MEMBERS

Mr. Manmohan Singh Kapur

Mr. Ajay Kumar Jain

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of **PRECISION PIPES AND PROFILES COMPANY LIMITED** will be held on, **Saturday, 29th September, 2012** at **5.00 PM** at **The Executive Club, Dolly Farms and Resorts Pvt. Ltd., 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 31st March, 2012 and Profit & Loss Account for the year ended on that date and the reports of the Board of Director and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Man Mohan Singh Kapur who retires by rotation and being eligible offers himself for reappointment.
4. 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended or re-enacted from time to time, the reappointment of Mr. Abhishek Jain, as a Whole time Director of the Company designated as Executive Director, as made by the Board of Directors, for the period of three years from 3rd June, 2012 to 2nd June 2015, be and is hereby approved on terms of remuneration, perquisites and amenities set out as follows:

SALARY: Rs. 1, 25,000/- (Rupees One Lakh Twenty Five Thousand) per month

BONUS: As per the rules applicable to staff of the company in accordance with the Bonus act.

PERQUISITES:

- 1) Rent free accommodation.
- 2) Reimbursement of the medical expenses incurred for himself and his family only on actual basis.
- 3) Any other perquisite or benefit as may be approved or allowed by the Board, from time to time, within the limits as per Schedule XIII of the Companies Act, 1956, subject to the condition that the monetary value of all perks shall not exceed Rs 1,25,000/- (Rupees One Lakh Twenty Five Thousand) per month.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to do all such acts, deeds, and things as may be necessary to give effect to the above resolution and to do all other matters that are incidental and consequent thereto.”

By order of the Board of Directors
FOR PRECISION PIPES & PROFILES COMPANY LIMITED
Sharat Chand Jain
(Executive Vice Chairman)

Place: New Delhi

Dated: 3rd September 2012

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. An Explanatory statement pursuant to the provision of section 173(2) of the Companies Act, 1956, in respect of Special Business as set out in the notice is appended below and forms part of this notice.
4. 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.



NOTICE OF ANNUAL GENERAL MEETING

5. The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, 27th September 2012 to Saturday, 29th September 2012** (both days inclusive).
6. 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 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.
7. 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.
8. 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.
9. Members/proxies should bring their attendance slip duly filled for attending the meeting.
10. 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.
11. 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.
12. 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.
13. **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.**
14. **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, OR BY SENDING A COMMUNICATION AT THE M/S. LINK INTIME INDIA PRIVATE LIMITED, A-40, 2ND FLOOR, NARAINA INDUSTRIAL AREA, PHASE II, NEW DELHI 110028.**

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

The Board of Directors ("The Board") of the Company at their meeting held on 28th May 2012, has reappointed Mr. Abhishek Jain as Whole Time Director designated as Executive Director of the Company for the period as mentioned in the notice above subject to the approval of Remuneration Committee and Shareholders of the Company. However, the Remuneration Committee has also confirmed his re appointment at their meeting held on 3.09.12. The Terms of the above appointment and payment of remuneration u/s 269 & 309 of the Companies Act, 1956 has been approved by the Board of Directors.

Except Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain, Mr. Ajay Kumar Jain, Mr. Anuj Jain, Mr. Rajeev Jain and Mr. Abhishek Jain (himself) who are interested in re-appointment and the remuneration payable to him, no other director is interested in the said resolution or payment of remuneration.

The resolution set out in Item No. 5 may be considered accordingly and the Board of Directors recommends the same for your approval.

This may also be treated as a notice under section 302 of the Companies Act, 1956.



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

1. Mr. Ashok Kumar Agarwal

| | |
|---|--|
| Date of Birth/Age | 5th September 1951 |
| Date of Appointment | 15th March, 2010 |
| Qualification | He is a Fellow Member of the Institute of Chartered accountants of India. He stood 16th in All India order of merit in C.A Inter & qualified CA in 1975. |
| Expertise in Specific Functional area | After qualifying as a Chartered Accountant in 1975, he initially worked for three years with India's leading firm of Chartered Accountants. With an overall experience of over 37 years, he has in depth exposure to and involvement in Corporate Finance, Accounts, Audit and Corporate Management in diversified fields. |
| Directorship in other Companies | NIL |
| Committee positions held in Precision Pipes and Profiles Company Limited* | Chairman of Audit Committee Member of Investors Grievance Committee |
| Committee position held in other public Companies* | NIL |
| Relationship between Directorship Inter-se Shareholding in the Company | NIL NIL |

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

2. Mr. Manmohan Singh Kapur

| | |
|---------------------------------------|--|
| Date of Birth/Age | 10th March, 1946 |
| Date of Appointment | 20th July, 2010 |
| Qualification | M.A. |
| Expertise in Specific Functional area | Mr. M S Kapur retired as Chairman & Managing Director of Vijaya Bank, Bangalore in March 2006. He has more than 37 years of perational experience in 5 Public Sector Banks in Top Positions. He was Officiating CMD as well as Executive Director in Syndicate and Punjab & Sind Bank and served as Chief Vigilance Officer (CVO) in 2 top Public Sector Banks (I) Union Bank of India and (ii) Indian Overseas Bank |
| Directorship in other Companies | <ul style="list-style-type: none">• International Space and Infrastructure Delieveries Pvt. Ltd.• Corporate Ispat Alloys Ltd.• Broadcast Initiatives Ltd.• The Lake Shore Palace Hotel Pvt. Ltd.• CHD Developers Ltd.• Shakti Bhog Foods Ltd.• United Breweries (Holdings) Ltd. |

PRECISION PIPES AND PROFILES COMPANY LIMITED



Committee positions held in Precision
Pipes and Profiles Company Limited*

- Sri Adhikari Brothers Television Network Ltd.
- EMCO Energy Ltd.
- G B Tools & Forgings Ltd.
- Kingfisher Airlines Ltd.
- Chairman of Investor Grievances Committee.
- Member of Audit Committee

Committee position held in other public companies*

- Broadcast Initiatives Ltd., Member of Audit Committee
- Shakti Bhog Foods Ltd., Member of Audit Committee
- Corporate Ispat Alloys Ltd., Member of Audit Committee
- Sri Adhikari Brothers Television Network Ltd. Member of Audit Committee

Relationship between Directorship Inter-se
Shareholding in the Company

NIL
NIL

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

3. Mr. Abhishek Jain

Date of Birth/Age
Date of Appointment
Qualification

24th September, 1981
1st December 2006
Bachelor in science in Industrial Engineering from
Purdue University, West Lafayette, USA

Expertise in Specific Functional area

Mr. Abhishek Jain aged 30 Years, had joined our Company in 2003 as work manager and become Director of our Company in 2006. He has the responsibilities to handle Production, Planning and Control & HR

Directorship in other Companies

Ajay Poly Pvt. Ltd.
Arhaan Holdings Pvt. Ltd.
Ajay Kumar Jain Holdings Pvt. Ltd
PPAP Tokai India Rubber Pvt. Ltd

Committee positions held in Precision
Pipes and Profiles Company Limited*
Committee position held in other public
companies*

NIL

Relationship between Directorship Inter-se

NIL
Sharat Chand Jain-Uncle
Devendra Chand Jain-Uncle
Ajay Kumar Jain - Father
Anuj Jain-Cousin
Rajeev Jain - Cousin

Shareholding in the Company

3,00,000 equity shares

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

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

Sharat Chand Jain
(Executive Vice Chairman)

Place: New Delhi
Dated: 3rd September 2012



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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Seventeenth Annual Report alongwith the Audited Accounts on the business and operations of the Company for the financial year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

The Company performance during the year is summarized below:

| PARTICULARS | Rs. in Lakhs | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2012 | Year ended March 31, 2011 |
| REVENUE FROM OPERATIONS | 18740.81 | 20704.87 |
| EXPENSES | 17262.93 | 16998.61 |
| Profit/Loss before exceptional and extra-ordinary items and Tax | 1477.88 | 3706.26 |
| Exceptional items | 66.91 | 0 |
| Profit Before Tax | 1544.79 | 3706.27 |
| Less Tax expenses | | |
| (1) Current Tax | 536.13 | 1149.67 |
| (2) Deferred Tax | (279.98) | (160.07) |
| Profit For the Period | 1288.64 | 2716.67 |
| Add : Profit brought forward from previous year | 7540.00 | 5749.64 |
| Profits carried forward to the following year | 8828.65 | 8466.31 |

DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the aggressive growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus not recommended any dividend for the financial year under review. During the said year, no amount has been transferred to General Reserve.

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.

Your Company has achieved Total Sales (net of excise) of Rs. 184.64 crores in the Financial Year ended 31st March, 2012 as against Rs.203.78 crores in the previous year. Profit after tax for 2011-12 is Rs. 1288.64 lacs as compared to Rs. 2716.67 Lacs in 2010-11.

Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached to this Report.

MARKET SCENARIO

Passenger Car sales in the Indian market during 2011-12 had their slowest growth in two years, of only 2.2 per cent. India's total car sales stood at 20,16,115 units in 2011-12 compared to 19,72,845 units in the previous fiscal year 2010-11. The car industry suffered due to high interest rates, inflation and rising fuel prices in the last fiscal, while strike at the Manesar plant of Maruti Suzuki India Ltd. (MSIL) also



DIRECTORS' REPORT

dropped supplies, thus, affecting overall sales.

The Strike at MSIL's Manesar plant resulted in Production loss of around 80,000 vehicals; followed by Honda plant shut down for almost 5 months due to Tsunami in Japan & Thai floods.

In spite of slowest growth in the past two years, India managed its position as the fifth largest car producing nation in the world.

The Indian Automotive Industry has to face many challenges so as to increase its Sales growth in double digits in the FY 2012-13. The Country has to maintain Stable Economic environment, bring down high Interest rates, Inflation, Rising Fuel prices, etc.

The Society of Indian Automobile Manufacturers (SIAM) projected passenger car sales growth at 10-12 per cent in 2012-13, on better macro economic prospects. The Industry is all set for the upcoming new models/ facelifts from the major Car makers like Maruti Suzuki, Honda, GMI, Renault Nissan, Mahindra & Mahindra, etc.

MATERIAL CHANGES

There is no 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

During the year under review, your Company has not invited or accepted any Fixed Deposits from the Public pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s. DharamTaneja 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. DharamTaneja Associates, Chartered Accountants as Statutory Auditors of the Company.

The Audit Committee and your Board recommended 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

During the Financial year under review 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 the Audit Committee.

Mr. Kaushal Kumar Mathur, Mr. Surendra Kumar Tuteja, Mr. Brij Bihari Tandon and Mr. Sharat Chand Jain were ceased to be member of Audit Committee w.e.f 26.06.12, 11.06.12, 12.06.12 and 3.09.2012 respectively.

The Audit Committee has been reconstituted with effect from 3rd September, 2012 with Mr. M.S. Kapur, Mr. Ajay Kumar Jain as members and Mr. Ashok Kumar Agarwal as Chairman of the Committee.

All members of the Audit Committee possess sufficient knowledge and experience in the field of Finance and Accounts.

DIRECTORS

Mr. Ashok Kumar Agarwal and Mr. Man Mohan Singh Kapur, 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.

Mr. S.K. Tuteja, Independent Director, Mr. B.B. Tandon, Independent Director, Mr. Vinod Vaish, Independent Director and Mr. K.K Mathur, Independent Director were ceased to be directors on the Board of the Company w.e.f. 11.06.12, 12.06.12, 13.06.12 & 26.06.12 respectively. The Board placed on record its appreciation for the valuable services rendered by them during their tenure as director of the Company

None of the Director of the Company is disqualified as per provision of Section 274(1) (g) of the Companies Act, 1956.

Brief resume of the Directors proposed to be re-appointed and other details as stipulated under Clause 49 of the Listing Agreement are



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DIRECTORS' REPORT

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 31st March, 2012, the applicable Accounting Standards read with the 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 judgments and estimates made 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 31st March, 2012 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 for the year ended 31st March, 2012 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 RELATIONS

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 the company 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")
PhirozeJeejeebhoy towers
Dalal Street, Mumbai-400001
Code: - 532934

Your Company is regular in paying Listing Fees. The Annual Listing Fee for the Year 2012-13 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)

PRECISION PIPES AND PROFILES COMPANY LIMITED



DIRECTORS' REPORT

read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

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 | Previous Year |
|---------------------------------------|--------------------------|--------------------------|
| | 2011-12 (Rs. in lacs) | 2010-11 (Rs. in lacs) |
| Foreign Exchange Earning | | |
| (a) Export | 218.32 | 565.75 |
| Foreign Exchange Outgo | | |
| (a) Payment to Collaborators | 200.83 | 249.81 |
| (b) Directors/ Employees Visit abroad | 37.32 | 32.71 |
| (c) Raw Materials & Consumable Stores | 5878.12 | 5440.91 |
| (d) Machinery, Dies & Moulds | 1318.16 | 409.61 |
| (e) Dividend | 4.5 | 11.25 |
| (f) Interest on ECB | 7.86 | 13.16 |

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 the Environmental Laws.

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 Director also wish to the place on record their sincere appreciation for the dedication and efforts shown by all the employees of the Company and are also thankful to all the investor of the company for their continued patronage and confidence in the Company .

On behalf of the Board of Directors

PRECISION PIPES & PROFILES COMPANY LIMITED

Sharat Chand Jain
(Executive Vice Chairman)

Ajay Kumar Jain
(Managing Director)

Place: New Delhi

Dated: 3rd September 2012



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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 2011-12

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

Sharat Chand Jain
(Executive Vice Chairman)

Ajay Kumar Jain
(Managing Director)

Place: New Delhi

Dated: 3rd September 2012



MANAGEMENT DISCUSSION 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 Auto Industry of India has been recording tremendous growth over the years and has emerged as a major contributor to India's GDP. This dynamic industry currently accounts for almost 7% of our GDP and employing about 17 million people both directly and indirectly. Contribution of India in global auto industry development is becoming increasingly important. India is the second fastest growing automobile market in the world after China. The Passenger Vehicle market of India will even cross Japan by selling about 5 million Vehicles by 2017-18. India's share in global auto exports may also get triple by 2016.

By 2016, the government is targeting an annual turnover of US\$145bn, representing 10% of GDP and employing a total of 25mn staff.

The large population growth of more than 20 million a year and the rising living standards are two important indicators that logically lead to an increasing demand for automotives in India.

The industry has recorded phenomenon growth during the last decade. According to CAGR, the market will further grow in years to come. The opening of the Indian automobile market for foreign companies the competition is expected to enhance further. The opportunities can be grabbed through the diversification of export basket in untouched foreign destinations. Thus strict quality standards, services and use of latest technology can provide an edge over competitors across the globe.

The year 2011-12 was a mixture of events and disparate outcomes for the constituent companies in the Rs. 1,600 billion Indian auto components industry. On one end of the spectrum were entities that experienced slowdown in their sales volumes and profit growth marred by lower supplies to domestic Original Equipment Manufacturers (OEMs), particularly in the passenger vehicle (PV). If the year 2010-11 was characterized by strong demand but trailing capacity build-up, the year 2011-12 displayed the negative impact of both demand slowdown as well as supply shocks - consequent to the tsunami in Japan, labor strike at Maruti Suzuki and floods in Thailand - on the growth and profitability score card of a large number of auto component manufacturers.

The year 2011-12 saw flurry of many New Model launches. Few of many are as follows: Model Brio by Honda, Etios Liva by Toyota, Eon by Hyundai, Sunny Diesel from Nissan motors.

Awards & Recognition:

PPAP was awarded the prestigious Gold Trophy-'Overall Excellence Award' from India's Largest Car manufacturer Maruti Suzuki India Limited (MSIL) during their Annual Supplier Convention in Thailand on 11th May 2012. Also 3 Certificates in the field of Incoming Quality; Warranty Improvement & Superior performance in Design and Development.

PPAP was also awarded Appreciation award from Supplier's Club for Kaizen Activities & Appreciation award from Spare Parts for QCD performance from Honda Siel Cars India Ltd.

PPAP received Appreciation certificate for Risk Management Activity & Appreciation certificate for meeting Delivery Targets from Toyota Kirloskar Motors Limited (TKML).



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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Opportunities and Threats

Opportunities:-

The growth of auto-ancillary is dependent on the automobile industry. India is being recognized as potential emerging auto market. The Indian passenger vehicle market is dominated by cars. Two-third of the auto components production is consumed directly by OEMs.

The Indian Automobile components industry has been making rapid strides towards achievement of world class quality systems, which is the most important aspect for this industry.

The strength of your company is technologically superior products. Your company continues to invest in up-gradation and expansion of manufacturing capacities. The in-house R&D department has been consistently developing quality products and is also striving for achieving cost efficiencies.

The company is regularly receiving strong support from its Foreign Technology Partners in the form of sharing new technologies and also receiving continuous assistance in upgrading manufacturing processes, which results in technologically superior products with sustainable quality.

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 2011-2012

| DIVISION | Sales 2011-12 (Rupees in crores) | % of total Sales | Sales 2010-2011 (Rupees in crores) | % of total sales |
|---------------|-------------------------------------|------------------|---------------------------------------|------------------|
| AUTOMOBILE | 176.52 | 95.60 | 187.99 | 93 |
| REFRIGERATION | 6.31 | 3.42 | 8.90 | 6 |
| MISCELLANEOUS | 1.81 | 0.98 | 4.98 | 1 |
| TOTAL | 184.64 | 100 | 201.89 | 100 |

Outlook

The future growth drivers for the Indian automobile industry are:

1. Higher GDP Growth
2. India's huge demographic spread with an unsatisfactory public transport system
3. Increasing investment in road infrastructure, particularly the Golden quadrilateral
4. Developments taking place in rural areas
5. Easy finance schemes for vehicle purchase
6. Shift from two wheelers to four wheelers
7. Growing concept of second vehicle in urban areas India enjoys an advantageous position in terms of accessibility to both North America and Europe.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

With a democratically elected government in place and relatively stable governance, PPAP expects continuation of the same economic and industrial policies. While the industry has witnessed substantial fluctuations in the past, the fundamentals of the industry have changed over the past few years and are expected to improve further, imparting better stability to business growth and margins in the future.

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.

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

1. Income

Our total income has been decreased from Rs. 207.05 Crores in fiscal 2011 to Rs. 187.41 Crores in fiscal 2012. The decrease in income was on account of decline in sales of product manufactured by us.

2. Profit

The Company's Profit before interest, Depreciation and Tax decreased from Rs 54.22 crores in fiscal 2011 to Rs. 33.13 Crores in Fiscal 2012. The EBITDA margin for the fiscal 2011 and 2012 has been 26.12% and 17.94 % respectively showing a decrease of 31.3 %. PAT decrease to Rs. 12.89 crores in fiscal 2012 from Rs. 27.16 crores in fiscal 2011.

3. Earning Per Share (EPS)

The Company recorded an EPS of Rs. 9.20 per equity share of Rs.10 each on an Equity of Rs.14.00 Crores during 2011-12.

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 ha 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.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industrial relation at all factories continued to remain cordial.
As on 31st March 2012 your company has 925 employees.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, 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 of law, rules and regulations to achieve the objects of the Company, enhance shareholders 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 Meeting 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. During the financial year under review 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.

Number of Board meetings held and the date on which held

Eight Board meetings were held during the year 2011-12. The details of meeting are as under:

| SL. No | Date | Board Strength | No. of Directors Present |
|--------|-------------------|----------------|--------------------------|
| 1 | April 25, 2011 | 12 | 12 |
| 2 | May 30, 2011 | 12 | 11 |
| 3 | July 2, 2011 | 12 | 11 |
| 4 | August 5, 2011 | 12 | 12 |
| 5 | August 12, 2011 | 12 | 10 |
| 6 | November 13, 2011 | 12 | 12 |
| 7 | February 5, 2012 | 12 | 9 |
| 8 | February 13, 2012 | 12 | 9 |



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REPORT ON CORPORATE GOVERNANCE

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 | 8 | 8 | 1 | Nil | Nil | No |
| Mr. Sharat Chand Jain | Executive Vice Chairman | Executive | 8 | 8 | 1 | 1 | Nil | Yes |
| Mr. Ajay Kumar Jain | Managing Director | Executive | 8 | 8 | 1 | 1 | Nil | Yes |
| Mr. Rajeev Jain | Whole Time Director | Executive | 8 | 7 | 1 | Nil | Nil | Yes |
| Mr. Anuj Jain | Director | Non Executive | 8 | 7 | 1 | Nil | Nil | Yes |
| Mr. Abhishek Jain | Whole Time Director | Executive | 8 | 6 | Nil | Nil | Nil | Yes |
| Mr. Brij Behari Tandon *** | Independent Director | Non Executive | 8 | 8 | 14 | 8 | 1 | No |
| Mr. Kaushal Kumar Mathur **** | Independent Director | Non Executive | 8 | 7 | 1 | 1 | Nil | No |
| Mr. Surender Kumar Tuteja ***** | Independent Director | Non Executive | 8 | 5 | 14 | 3 | 5 | Yes |
| Mr. Vinod Vaish ***** | Independent Director | Non Executive | 8 | 8 | Nil | Nil | Nil | No |
| Mr. Ashok Kumar Agarwal | Independent Director | Non Executive | 8 | 8 | Nil | Nil | Nil | No |
| Mr. M. S. Kapur | Independent Director | Non Executive | 8 | 6 | 8 | 4 | 1 | No |

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

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

*** Ceased to be a director w.e.f 12.06.12

**** Ceased to be a director w.e.f 26.06.12

***** Ceased to be a director w.e.f 11.06.12

***** Ceased to be a director w.e.f 13.06.12

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.



REPORT ON CORPORATE GOVERNANCE

Disclosure regarding appointment or re-appointment of Directors

Mr. Ashok Kumar Agarwal and Mr. Man Mohan Singh Kapur, 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.

Subject to the approval of Shareholders, the Board of Directors at their meeting held on 28th May 2012 has reappointed Mr. Abhishek Jain as Whole time director designated as Executive Director for the further period of three years from 3rd June, 2012 to 2nd June 2015. The Remuneration Committee has also confirmed his appointment at its meeting held on 3rd September, 2012.

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 as per information supplied to the board.

Functions of the Board

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. 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

Availability of Information to the members of the Board

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 and budgets, 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 and Remuneration 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 are 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.



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REPORT ON CORPORATE GOVERNANCE

COMMITTEES OF THE BOARD

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

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

During the financial year under review the Audit committee comprised of four Independent Directors viz Mr. Kaushal Kumar Mathur, Mr. Brij Behari Tandon, Mr. Surendra Kumar Tuteja, Mr. Ashok Agarwal and two Executive Directors, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain.

The Audit Committee has been reconstituted with effect from 3rd September, 2012 with Mr. M.S. Kapur, Mr. Ajay Kumar Jain as members and Mr. Ashok Agarwal as Chairman of the Committee.

The Composition of Audit Committee and 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 | 8 | 8 |
| Mr. Brij Behari Tandon * | Member | Independent Director | 8 | 8 |
| Mr. S.K. Tuteja * | Member | Independent Director | 8 | 6 |
| Mr. Ashok Agarwal | Member | Independent Director | 8 | 8 |
| Mr. Sharat Chand Jain * | Member | Executive Vice Chairman | 8 | 8 |
| Mr. Ajay Kumar Jain | Member | Managing Director | 8 | 8 |

Mr. Kaushal Kumar Mathur, Mr. Surendra Kumar Tuteja, Mr. Brij Bihari Tandon and Mr. Sharat Chand Jain were ceased to be member of the Audit Committee w.e.f 26.06.12, 11.06.12, 12.06.12 and 3.09.12 respectively.

The Audit Committee met eight times in the last year i.e. on 5th May 2011, 30th May 2011, 28th June 2011, 5th August 2011, 12th August 2011, 13th November 2011, 13th February, 2012 and 10th March 2012.

All the members of the Committee are financially literate and one member is having requisite accounting and financial management expertise.



REPORT ON CORPORATE GOVERNANCE

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 disclosure 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 statements 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.
- A) 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.
- B) Reviewing with the management , external and internal auditors , the adequacy of internal control systems.
- C) 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.
- D) Discussing with Internal Auditors any significant findings and follow up there on .
- E) 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 .
- F) 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 .
- G) Reviewing the company's financial and risk management policies.
- H) 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.
- I) To monitor the utilization of funds to be raised pursuant to the issue .
- J) Reviewing with the Management the quarterly financial statements before submission to the board for approval.
- K) Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Power of the Audit Committee:

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



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REPORT ON CORPORATE GOVERNANCE

1. Management Discussion and Analysis of Financial condition and results of operations;
2. Statement of significant related party transactions, submitted by Management;
3. Internal Audit Reports relating to internal control weaknesses; and
4. The appointment, removal and terms of remuneration of internal auditors.

Reporting to the Board

The Chair shall report to the Board on matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval

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.

During the financial year under review the Remuneration Committee comprised of three Independent Directors viz Mr. Kaushal Kumar Mathur, Mr. Brij Behari Tandon, Mr. Vinod Vaish and one Executive Directors, Mr. Sharat Chand Jain.

Mr. Kaushal Kumar Mathur, Mr. Vinod Vaish Mr. Brij Bihari Tandon and Mr. Sharat Chand Jain ceased to be member of Remuneration Committee w.e.f 26.06.12, 13.06.12, 12.06.12 & 03.09.12 respectively.

The Remuneration Committee has been reconstituted with effect from 3rd September, 2012 with Mr. Ashok Agarwal, Mr. Anuj Jain as members and Mr. M.S. Kapur as Chairman of the Committee.

During the financial year under review no meeting of Remuneration committee was held.

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 Executive 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, and Shareholders' Grievance Committee attended by them.

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.



REPORT ON CORPORATE GOVERNANCE

Detail of Remuneration paid to the Executive Directors for the year ended 31st March, 2012: Amount in Rs.

| Name of the director | Salary and Allowances/Perquisites | Bonus/Arrears | Total |
|----------------------|-----------------------------------|---------------|---------|
| Sh. Ajay Kumar Jain | 2761260 | 8400 | 2769660 |
| Sh. Rajiv Jain | 2700000 | 8400 | 2708400 |
| Sh. Abhishek Jain | 1726260 | 8400 | 1734660 |
| Sh. S. C. Jain | 2700000 | 8400 | 2708400 |

Detail of Sitting fees to the Executive or Non Executive Directors: Amount in Rs.

| Sr. No | Name of the Director | Sitting Fees |
|--------|-------------------------|--------------|
| 1. | Sh. Devendra Chand Jain | 1,60,000 |
| 2. | Sh. Sharat Chand Jain | - |
| 3. | Sh. Ajay Kumar Jain | - |
| 4. | Sh. Rajeev Jain | - |
| 5. | Sh. Anuj Jain | 1,40,000 |
| 6. | Sh. Abhishek Jain | - |

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 | 3,20,000 |
| 2. | Sh. K.K Mathur | 3,20,000 |
| 3. | Sh. Ashok Agarwal | 3,40,000 |
| 4. | Sh. S. K. Tuteja | 3,40,000 |
| 5. | Sh. Vinod Vaish | 1,60,000 |
| 6. | Sh. M.S. Kapur | 2,20,000 |

INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance 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 Executive Vice Chairman, 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.

During the financial year under review the Investors Grievances committee comprised of two independent Director viz Mr. M.S. Kapur, Mr. Surender Kumar Tuteja and one Executive Director, Mr. Sharat Chand Jain.

The Composition of Investors Grievance Committee and details of meeting attended by the members are given below:

| Director | Category | Status | No. of Meeting held | No. of Meeting Attended |
|-----------------------|----------|----------------------|---------------------|-------------------------|
| Mr. M.S. Kapur | Chairman | Independent Director | 5 | 5 |
| Mr. S.K. Tuteja* | Member | Independent Director | 5 | 5 |
| Mr. Sharat Chand Jain | Member | Executive Director | 5 | 5 |

*ceased to be a member w.e.f 11.06.12



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REPORT ON CORPORATE GOVERNANCE

The Investor Grievances committee met five times in the last year i.e. on 25th April, 2011, 4th July, 2011, 29th September, 2011, 13th November, 2011 and 10th March, 2012.

Investors' Grievance Committee has been reconstituted with effect from 3rd September, 2012 with Mr. Sharat Chand Jain and Mr. Ashok Kumar Agarawal as members & Mr Manmohan Singh Kapur as Chairman of the Committee.

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 31.03.2012 have been duly redressed.

General Body Meetings

(1) Annual General Meetings:

Details of last three years Annual General Meetings are as under

| For the Year | Venue | Day, Date & Time | Special Resolution |
|------------------|--|---|------------------------------|
| 2008 - 09 | The Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village, Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110074 | Friday, 25 th September 2009 11:00 AM | No Special Resolution Passed |
| 2009 - 10 | The Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village, Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 | Saturday, 25 th September, 2010 at 11:30 A.M. | No Special Resolution Passed |
| 2010 - 11 | The Executive Club, Dolly Farms & Resorts Pvt. Ltd 439, Village, Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 | Wednesday, 28 th September 2011 at 1.00 P.M. | No Special Resolution Passed |

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

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

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 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.



REPORT ON CORPORATE GOVERNANCE

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, 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.

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, which evaluates and finalizes 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.

(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.

7. 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

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

8. Shareholder's Information

Annual General Meeting

| | | |
|-------|---|---|
| Day | : | Saturday |
| Date | : | 29 th September, 2012 |
| Time | : | 5,00 PM |
| Venue | : | The Executive Club, Dolly Farms & Resorts Pvt. Ltd, 439,Village,Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 |

Financial year

The company follows 1st April to 31st March as its financial year.



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REPORT ON CORPORATE GOVERNANCE

Financial calendar 2012-2013

| S.No | Tentative Schedule | Tentative Date |
|------|--|--|
| 1 | Financial reporting for the quarter ended 30th, June, 2012 | Within 45 days from the End of quarter |
| 2 | Financial reporting for the quarter ended 30th September, 2012 | Within 45 days from the End of quarter |
| 3 | Financial reporting for the quarter ended 31st December, 2012 | Within 45 days from the End of quarter |
| 4 | Financial reporting for the quarter ended 31st March, 2012 | May 2013 |

Book Closure Date:- the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 27, 2012 to Saturday, September 29, 2012 (both days inclusive).

Listing at Stock Exchanges:-

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

| Stock Exchange | Scrip Code |
|----------------------------|--------------|
| Bombay Stock Exchange Ltd. | 532934 |
| National Stock Exchange | PPAP |
| ISIN No. for NSDL & CDSL | INE095I01015 |

The company confirms that it has paid Annual Listing Fees due to all the stock exchanges for the year 2012-13.

Market Price Data:-

Market Price of shares during the last financial year 2011-12 is given as follows:-

| Month | National Stock Exchange (NSE) (in Rs. Per share) | | Bombay Stock Exchange (BSE) (in Rs. Per share) | |
|----------------|---|-------------------|---|-------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April 2011 | 118.90 | 93.00 | 118 | 91.35 |
| May 2011 | 110.00 | 95.15 | 116.9 | 95 |
| June 2011 | 107.75 | 96.50 | 114.4 | 96.25 |
| July 2011 | 116.00 | 104.25 | 117 | 103.7 |
| August 2011 | 106.00 | 83.95 | 108.9 | 85.15 |
| September 2011 | 93.00 | 78.25 | 92.5 | 79.9 |
| October 2011 | 88.00 | 75.15 | 86.45 | 77.15 |
| November 2011 | 81.50 | 67.50 | 85.95 | 68 |
| December 2011 | 71.95 | 56.05 | 77.5 | 57.55 |
| January 2012 | 78.40 | 60.70 | 77.85 | 61.5 |
| February 2012 | 76.90 | 66.30 | 77.45 | 66.1 |
| March 2012 | 77.70 | 68.05 | 78 | 68.8 |

Source www.nseindia.com

Source: www.bseindia.com



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Compliance Officer

Name : Mr. Sharat Chand Jain
 Designation : Executive Vice Chairman
 PHONE NO. : 011-23612204/06, 23545463, 23545307, 23611140,
 FAX NO. : 011-23536205
 Email Address : scjain@ajaycorp.com
 investor@precisionpipes.com

Registrar and Transfer Agent:-

Delhi :-

M/s Link Intime India Private Limited

A-40, 2nd floor, Naraina Industrial Area,
 Phase –II, Near Batra Banquet,
 New Delhi- 110048.

Email:- ppap.ipo@linkintime.co.in

Website : www.linkintime.co.in

Ph No. 41410592/93/94

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 members of 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: Details of category wise shareholding as on 31st March ,2012

Precision Pipes & Profiles Limited DISTRIBUTION OF SHAREHOLDING (SHARES)

| SHAREHOLDING OF SHARES | NUMBER OF SHAREHOLDERS | PERCENTAGE OF TOTAL | SHARES | PERCENTAGE OF TOTAL |
|------------------------|------------------------|---------------------|-----------------|---------------------|
| 1 -- 500 | 22398 | 97.6671 | 1428508 | 10.2036 |
| 501 -- 1000 | 264 | 11512 | 205041 | 1.4646 |
| 1001 -- 2000 | 114 | 0.4971 | 165693 | 1.1835 |
| 2001 -- 3000 | 41 | 0.1788 | 105979 | 0.7570 |
| 3001 -- 4000 | 17 | 0.0741 | 58614 | 0.4187 |
| 4001 -- 5000 | 13 | 0.0567 | 60681 | 0.4334 |
| 5001 -- 10000 | 38 | 0.1657 | 286489 | 2.0463 |
| 10001 — Above | 48 | 0.2093 | 11688995 | 83.4928 |
| Total: | 22933 | 100 | 14000000 | 100 |

REPORT ON CORPORATE GOVERNANCE

Details of Shareholding Pattern as on 31st March 2012:

| Statement Showing Shareholding Pattern | | | | | | | | |
|--|---|------------------------|------------------------|--|--|----------------------------|--|--------------------------|
| Category code | Category of Shareholder | Number of Shareholders | Table (I)(a) | | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
| | | | Total number of shares | Number of shares held in dematerialized form | As a percentage of (A+B) | As a percentage of (A+B+C) | Number of shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (A) | Shareholding of Promoter and Promoter Group² | | | | | | | |
| 1 | Indian | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 14 | 8775000 | 8775000 | 62.6786 | 62.6786 | 0 | 0.0000 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (c) | Bodies Corporate | 1 | 38093 | 38093 | 0.2721 | 0.2721 | 0 | 0.0000 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (e) | Any Others(Specify) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| | Sub Total(A)(1) | 15 | 8813093 | 8813093 | 62.9507 | 62.9507 | 0 | 0.0000 |
| 2 | Foreign | | | | | | | |
| a | Individuals (Non-Residents Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| b | Bodies Corporate | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| c | Institutions | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| d | Any Others(Specify) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| | Sub Total(A)(2) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 15 | 8813093 | 8813093 | 62.9507 | 62.9507 | 0 | 0.0000 |
| (B) | Public shareholding | | | | | | | |
| 1 | Institutions | | | | | | | |
| (a) | Mutual Funds/ UTI | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (b) | Financial Institutions/ Banks | 1 | 167770 | 167770 | 1.1984 | 1.1984 | 0 | 0.0000 |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (f) | Foreign Institutional Investors | 1 | 145283 | 145283 | 1.0377 | 1.0377 | 0 | 0.0000 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| (h) | Any Other (specify) | | | | | | | |
| | Sub - Total (B)(1) | 2 | 313053 | 313053 | 2.2361 | 2.2361 | 0 | 0.0000 |
| B 2 | Non-institutions | | | | | | | |
| (a) | Bodies Corporate | 185 | 1234576 | 1234576 | 8.8184 | 8.8184 | 0 | 0.0000 |



REPORT ON CORPORATE GOVERNANCE

| Statement Showing Shareholding Pattern | | | | | | | | |
|--|---|------------------------|------------------------|--|--|----------------------------|--|-----------------|
| Category code | Category of Shareholder | Number of Shareholders | Table (I)(a) | | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
| | | | Total number of shares | Number of shares held in dematerialized form | As a percentage of (A+B) | As a percentage of (A+B+C) | Number of shares | As a percentage |
| | | | | | | | | |
| (b) | Individuals | | | | 0.0000 | 0.0000 | 0 | 0.0000 |
| I | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 22515 | 2095717 | 2095600 | 14.9694 | 14.9694 | 5515 | 0.2632 |
| II | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 23 | 1265618 | 1265618 | 9.0401 | 9.0401 | 0 | 0.0000 |
| (c) | Any Other (specify) | | | | 0.0000 | 0.0000 | 0 | 0.0000 |
| (c-i) | Trusts | 1 | 44 | 44 | 0.0003 | 0.0003 | 0 | 0.0000 |
| (c-ii) | Non Resident Indians(REPAT) | 110 | 34532 | 34532 | 0.2467 | 0.2467 | 0 | 0.0000 |
| (c-iii) | Non Resident Indians(NON - REPAT) | 35 | 8469 | 8469 | 0.0605 | 0.0605 | 0 | 0.0000 |
| (c-iv) | clearing Members | 46 | 9898 | 9898 | 0.0707 | 0.0707 | 0 | 0.0000 |
| (c-v) | Foreign Companies | 1 | 225000 | 0 | 1.6071 | 1.6071 | 0 | 0.0000 |
| | Sub-Total (B)(2) | 22916 | 4873854 | 4648737 | 34.8132 | 34.8132 | 5515 | 0.2632 |
| (B) | Total Public Shareholding (B)= (B)(1)+(B)(2) | 22918 | 5186907 | 4961790 | 37.0493 | 37.0493 | 5515 | 0.2632 |
| | TOTAL (A)+(B) | 22933 | 14000000 | 13774883 | 100.0000 | 100.0000 | 5515 | 0.2632 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | |
| 1 | Promoter and Promoter Group | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| 2 | Public | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| | Sub-Total (C) | 0 | 0 | 0 | 0.0000 | 0.0000 | 0 | 0.0000 |
| | GRAND TOTAL (A)+(B)+(C) | 22933 | 14000000 | 13774883 | 100. | 100 | 5515 | 0.2632 |

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 31st March, 2012, 13774883 Equity Shares of the company forming of the share capital of the company stand dematerialized.



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Outstanding GDR/ADR/Warrants or any convertible instrument

No outstanding GDR/ADR/Warrants or any convertible instrument as on 31.03.2012

.Addresses for the Correspondence:

Shareholders are requested to contact:-

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

Location of 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 Co. Ltd.

Sharat Chand Jain
(Executive Vice Chairman)

Place: New Delhi
Dated 3rd September 2012

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 31st March 2012 and that to the best of 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.

Sharat Chand Jain
(Executive Vice Chairman)

Ajay Kumar Jain
(Managing Director)

Place: New Delhi
Dated 3rd September 2012

PRECISION PIPES AND PROFILES COMPANY LIMITED



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 3rd September 2012

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 31st March 2012, 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 31st March 2012, 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.

R.S. BHATIA
(COMPANY SECRETARY IN PRACTICE)

C.P.No. 2514

PLACE: New Delhi

Dated: 3rd September 2012

AUDITORS' REPORT

To the Members of

PRECISION PIPES & PROFILES COMPANY LTD.

1. We have audited the attached Balance Sheet of PRECISION PIPES & PROFILE COMPANY LTD. as at 31st march 2012 and also the profit & Loss Account and Cash Flow Statement of the Company for the year ended on 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 statement. 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 (Auditor's 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 representation received from the Directors as on March 31, 2012 and taken record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012
 - f) From being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - g) 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 of 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, 2012 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**

(D.V. TANEJA)
Partner

Place: New Delhi

Dated: 28th May 2012



ANNEXURE TO THE AUDITOR'S 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 2012

- (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 material 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 not 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. NIL 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.
- (d) In respect of the aforesaid loans, the loan including interest is payable on demand.
- (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 explanation given to us, the transactions made in pursuance of contract 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 product 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 are 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 2012.

ANNEXURE TO THE AUDITOR'S REPORT

- (c) According to the informations and explanation 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:

| Particulars | Financial years to which the matters 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. 2007-2008 | Commissioner of Income tax Appeal (Delhi) | 9,27,572.00 |
| Income Tax | A.Y. 2009-2010 | Commissioner of Income tax Appeal (Delhi) | 19,75,945.00 |

- (x) The Company has neither accumulated losses as at 31st march 2012 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.
- (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 guarantee 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 explanation 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 allotments 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 practice in India, and according to the information and explanation 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
 Membership No.7718

Place : New Delhi
Dated : 28th May 2012

PRECISION PIPES AND PROFILES COMPANY LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2012

Amount in Rs.

| PARTICULARS | NOTE NO. | AS AT 31.03.2012 | AS AT 31.03.2011 |
|---|------------------------------|---|---|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 140,000,000 | 140,000,000 |
| Reserve And Surplus | 2 | 1,679,033,962 | 1,550,169,555 |
| Total | | 1,819,033,962 | 1,690,169,555 |
| NON CURRENT LIABILITIES | | | |
| Long term Borrowings | 3 | 29,651,734 | 53,534,740 |
| Deferred Tax Liabilities (net) | 4 | 44,071,678 | 72,070,604 |
| Other Long Term Liabilities | 5 | 36,165,659 | 112,335,485 |
| Long Term Provisions | 6 | 33,433,269 | 32,938,062 |
| Total | | 143,322,340 | 270,878,890 |
| CURRENT LIABILITIES | | | |
| Trade Payables | 7 | 146,344,755 | 85,868,421 |
| Other Current Liabilities | 8 | 33,098,441 | 18,987,378 |
| Short Term Provisions | 9 | 58,446,762 | 151,989,422 |
| Total | | 237,889,958 | 256,845,221 |
| Grand Total | | 2,200,246,260 | 2,217,893,666 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Fixed Assets | 10 | | |
| Tangible Assets | | 1,099,246,919 | 1,146,075,886 |
| Intangible Assets | | 58,360,527 | 47,036,397 |
| Capital Work in progress | | 108,621,635 | 40,675,004 |
| Non current Investments | 11 | 7,200,000 | 27,223,041 |
| Long Term Loans And Advances | 12 | 170,396,603 | 313,318,703 |
| Total | | 1,443,825,683 | 1,574,329,031 |
| CURRENT ASSETS | | | |
| Inventories | 13 | 289,056,108 | 225,572,877 |
| Trade Receivables | 14 | 312,762,237 | 209,647,457 |
| Cash And Cash Equivalents | 15 | 92,546,067 | 142,362,527 |
| Short Term Loans And Advances | 16 | 62,056,165 | 53,380,587 |
| Other Current Assets | 17 | - | 12,601,188 |
| Total | | 756,420,577 | 643,564,635 |
| Grand Total | | 2,200,246,260 | 2,217,893,666 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements 1 To 34 | | | |
| As Per Our Report of even date Attached or 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) Place : New Delhi Date : 28.05.2012 | D.c. Jain Chairman | S. C. Jain Executive Vice Chairman | Ajay Kumar Jain Managing Director |

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in (Rs.)

| Particulars | Note No. | Period Ended 31.03.2012 | Period Ended 31.03.2011 |
|---|----------|----------------------------|----------------------------|
| Revenue From Operations : | 18 | 1,846,433,884 | 2,037,758,625 |
| Other Income | 19 | 27,646,710 | 32,729,050 |
| Total Revenue | | 1,874,080,594 | 2,070,487,675 |
| Expenses : | | | |
| Cost Of Materials Consumed | 20 | 985,467,549 | 988,192,737 |
| (increase)/decrease In Finished Stock | 21 | (6,388,222) | (5,566,748) |
| Employee Benefits Expense | 22 | 294,419,371 | 244,359,045 |
| Finance Cost | 23 | 2,734,833 | 11,303,424 |
| Depreciation And Amortization | 10 | 180,781,510 | 160,128,898 |
| Other Expenses | 24 | 269,278,299 | 301,443,385 |
| Total | | 1,726,293,339 | 1,699,860,742 |
| Profit / (loss) Before Exceptional And Extraordinary Items And Tax | | 147,787,254 | 370,626,934 |
| Exceptional Items | | 6,691,592 | - |
| Profit / (loss) Before Tax | | 154,478,846 | 370,626,934 |
| Tax Expenses : | | | |
| (1) Current Tax | 25 | 53,613,365 | 114,967,429 |
| (2) Deferred Tax | | (27,998,926) | 16,007,682 |
| Profit / (Loss) for the Period | | 128,864,407 | 271,667,187 |
| Earnings Per Equity Share of Face Value of Rs. 10/- Each | | | |
| Basic/ Diluted (in Ruppes) | 26 | 9.20 | 19.40 |
| Number Of Equity Shares Used In Computation of Above | | 14,000,000 | 14,000,000 |
| Significant Accounting Policies Notes on Financial Statements | 1 To 34 | | |

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 : 28.05.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | PARTICULARS | 31-3-2012 | 31-3-2011 |
|---|--|---------------------|----------------------|
| A | Cash flow from operative activities profit before Tax | 154,478,846 | 370,626,934 |
| | Depreciation & Amortization | 193,382,698 | 172,730,066 |
| | (Profit)/Loss on Sales of Fixed Assets | 15,656,518 | 55,319 |
| | Unrealised Foreign Exchange Gain | 849,098 | 110,337 |
| | Interest Expenses | 2,734,833 | 11,303,424 |
| | Interest incomes | 3,673,054 | 2,345,208 |
| | Dividends Income | 1,096,862 | 2,532,269 |
| | Profit on Sales of Investment or Other | - | 14,987,497 |
| | Operating cash flow before working capital changes | 329,320,845 | 534,740,433 |
| | Adjustment for: | | |
| | (Increase)/Decrease in Trade Receivables | (103,114,780) | (59,842,727) |
| | (Increase)/Decrease in Inventories | (63,483,231) | (57,277,203) |
| | Increase/(Decrease) in Trade and Other Payables | (4,469,601) | 104,851,053 |
| | Cash Generated From Operations | 158,253,233 | 522,471,557 |
| | Tax Paid | (9 7,700,487) | (68,688,371) |
| | Net Cash From/(Used in) Operating Activities (A) | 60,552,745 | 453,783,186 |
| B | Cash Flow from Investing Activities | | |
| | Sales/(Purchases) of Fixed Assets | (197,566,786) | (129,666,828) |
| | Sales/(Purchases) of Investment/ others | 20,023,041 | 182,477,575 |
| | Profit on Sales of Investment or Other | - | 14,987,497 |
| | Movement in Loans and Advances | 109,369,965 | (3 7,881,639) |
| | Interest Received | 3,6 73,054 | 2, 3 45,208 |
| | Dividend Received | 1,096,862 | 2, 5 32,269 |
| | Net cash from/ (Used in) Investing Activities (B) | (63,403,864) | 34 , 794,081 |
| C | Cash Flow Financing Activities | | |
| | Fresh Loan Received/ (Repayment of loan) | (17,079,606) | (280,621,613) |
| | Dividend Paid | (28,000,000) | (81,734,275) |
| | Interest Paid | (2,734,833) | (11,303,424) |
| | Net cash from/(Used in) Financing Activities (C) | (47,814,438) | (373,659,312) |
| | Increase in cash & cash equivalent during the year (A+B+C) | (50,665,557) | 114,917,955 |
| | Unrealised Foreign Exchange Gain /(Loss) on cash & cash equivalent | 849,098 | 110,337 |
| | Net increase/ (decrease) in Cash/Cash equivalents | (49,816,459) | 115,028,292 |
| | Net increase /(decrease) in Cash/Cash equivalents at the Beginning | 142,362,527 | 27, 334,235 |
| | Cash and cash equivalent as at the end of the year | 92,546,067 | 142,362,527 |

As per our Report of even date

For and on behalf of the Board of Directors

for **DHARAM TANEJA ASSOCIATES**for **PRECISION PIPES AND PROFILES COMPANY LIMITED****CHARTERED ACCOUNTANTS****D.V. TANEJA****D.C. JAIN****S. C. JAIN****AJAY KUMAR JAIN****Partner****Chairman****Ex. Vice Chairman****Managing Director**

(Membership No. 7718)

Place : New Delhi

Date : 28.05.2012

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 expense 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 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 Quantity of Finished goods manufactured.
- ii) Raw Materials, Stores & Spares have been valued at Cost on FIFO basis, which includes purchase price, freights, duty, 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.

6. Excise DUTY/Service Tax and Sales Tax/Value Added Tax

Excise Duty/Service Tax is accounted on the basis of both, payments made in respect of goods Cleared/services provided as also provision made for goods lying in bonded warehouses. Sales Tax/Value added tax paid is charged to Profit and Loss account.

7. 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.

8. 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 recorded 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.

9. 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.

17TH ANNUAL REPORT



10. RETIREMENT BENEFIT COSTS

Gratuity Liability is accounted for as per Accounting Standard - 15 (R). Provision for Leave Encashment benefit has been made in accordance with the Accounting Standard - 15 (R) Employee Benefit.

11. 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.

12. 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.

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

14. 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 lease are recognized in Profit & Loss Account on a straight line basis.

15. 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.

16. Provisions, Contingent, Liabilities & 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 ACCOUNTANT

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: 28.05.2012

PRECISION PIPES AND PROFILES COMPANY LIMITED



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | | | | | |
|------------------------------|---|----------------------|----------------------|---------------------|--------|
| 1 | SHARE CAPITAL | | As At 31.03.2012 | As At 31.03.2011 | |
| | AUTHORISED CAPITAL 20000000 Equity Share of Rs. 10/- each (Previous Year 20000000 Equity Share of Rs.10/- each) | | 200 0000 00 | 200 0000 00 | |
| | ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 14000000 Equity Share of Rs. 10/- each fully paid up. | | 140,000,000 | 140,000,000 | |
| 1.1 | THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES: | | | | |
| | Name Of Shareholder | As At 31.03.2012 | | As At 31.03.2011 | |
| | | No. Of Shares | % Held | No. Of Shares | % Held |
| | DEVENDRA KUMAR JAIN | 2,970,000 | 2 1.21 | 2,970,000 | 2 1.21 |
| | ASHA JAIN | 2,385,000 | 17.04 | 2,385,000 | 1 7.04 |
| | VINAY KUMARI JAIN | 1,935,000 | 13.82 | 1,935,000 | 1 3.82 |
| | | 7,290,000 | 52.07 | 7,290,000 | 5 2.07 |
| 1.2 | 30,00,000 (PY 30,00,000) SHARES OUT OF THE ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL WERE ALLOWED AS BONUS SHARES IN THE LAST FIVE YEARS BY CAPITALISATION OF RESERVES. | | | | |
| | | | As At 31.03.2012 | As At 31.03.2011 | |
| 2 | RESERVE AND SURPLUS | | | | |
| | SECURITIES PREMIUM RESERVE (A) | | 700,000,000 | 700,000,000 | |
| | GENERAL RESERVE : | | | | |
| | OPENING BALANCE | | 96,169,103 | 69,002,383 | |
| | ADD:-TRANSFERRED FROM PROFIT & LOSS ACCOUNT | | - | 27,166,720 | |
| | TOTAL (B) | | 96,169,103 | 96,169,103 | |
| | BALANCE OF PROFIT & LOSS : OPENING BALANCE | | 754,000,452 | 574,964,730 | |
| | ADDITION DURING THE YEAR | | 128,864,407 | 271,667,187 | |
| | PROFIT AVAILABLE FOR APPROPRIATION | | 882,864,859 | 846,631,917 | |
| | TRANSFER TO GENERAL RESERVE | | - | 27,166,720 | |
| INTERIM DIVIDEND PAID | | | 28,000,000 | | |
| PROVISION FOR FINAL DIVIDEND | | | 28,000,000 | | |
| TAX ON DIVIDEND | | | 9,464,745 | | |
| CLOSING BALANCE (C) | | 882,864,859 | 754,000,452 | | |
| TOTAL (A)+(B)+(C) | | 1,679,033,962 | 1,550,169,555 | | |
| 3 | LONG-TERM BORROWINGS | | | | |
| | SECURED | | | | |
| | ICICI BANK ECB LOAN (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. | | - | 20,410,200 | |
| | FROM MARUTI UDYOG LTD (CAR LOAN A/C) (Secured against hypothecation of Vehicles) | | 1,557,852 | 4,989,663 | |
| | UNSECURED | | | | |
| FROM MARUTI UDYOG LTD | | 28,093,882 | 28,134,876 | | |
| TOTAL | | 29,651,734 | 53,534,740 | | |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| 4 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 | AS AT 31.03.2012 | AS AT 31.03.2011 |
| DEFFERED TAX LIABILITY RELATED TO FIXED ASSETS | 47,566,951 | 8 4,614,796 |
| DEFFERED TAX ASSET DISALLOWANCE UNDER THE INCOME TAX ACT, 1961. | 3,495,273 | 1 2,544,192 |
| NET DEFFERED TAX LIABILITY/(ASSETS) | 44,071,678 | 7 2,070,604 |
| 5 OTHER LONG TERM LIABILITIES | | |
| i) TRADE PAYABLES | 128,857 | |
| - | | |
| ii) OTHERS | | |
| :PAYABLE FOR FIXED ASSETS | 25,971,674 | 11,288,867 |
| :TOOLING ADVANCE | 9,486,315 | 98,649,500 |
| :ADVANCE FROM TRADE RECEIVABLE | 80,213 | 1,674,767 |
| :SECURITY DEPOSITS | 498,600 | 722,351 |
| TOTAL | 36,165,659 | 112,335,485 |
| 6 LONG- TERM PROVISIONS | | |
| i) PROVISION FOR EMPLOYEE BENEFITS | | |
| : GRATUITY | 27,979,425 | 26,949,780 |
| : LEAVE ENCASHMENT | 5,453,844 | 5,988,282 |
| ii) OTHERS | - | - |
| TOTAL | 33,433,269 | 32,938,062 |
| 7 TRADE PAYABLES | | |
| i) DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES | 1 0,469,652 | 1,752,423 |
| ii) OTHER TRADE PAYABLES | 1 35,875,104 | 8 4,115,998 |
| TOTAL | 1 46,344,755 | 8 5,868,421 |
| 8 OTHER CURRENT LIABILITIES | | |
| i) CURRENT MATURITY OF LONG-TERM DEBT : SECURED ICICI BANK ECB LOAN (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.) | 6,803,400 | - |
| ii) INTEREST ACCRUED, BUT NOT DUE ON BORROWINGS | 6 2,086 | 208,043 |
| iii) INTEREST ACCRUED AND DUE ON BORROWINGS | - | - |
| iv) HEDGING PREMIUM ACCURED BUT NOT DUE | 4 3,762 | 129,023 |
| v) UNPAID DIVIDENDS | 9 14,035 | - |
| vi) STATUTORY DUES | 2 1,026,020 | 1 6,462,891 |
| vii) ADVANCE FROM TRADE RECEIVABLE | 1 26,400 | 831,658 |
| viii) EXPENSES PAYABLE | 4, 122,738 | 1,355,763 |
| TOTAL | 3 3,098,441 | 1 8,987,378 |

PRECISION PIPES AND PROFILES COMPANY LIMITED



FIXED ASSETS SCHEDULE TO THE BALANCE SHEET AS AT 31ST MARCH 2012

NOTE NO. 10 - FIXED ASSETS

| SR. NO. | NAME OF ASSETS | GROSS | | BLOCK | | DEPRECIATION | | | | NET B | | LOCK |
|----------------|--|--------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|-----------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| | | BALANCE AS ON 01.04.2011 | ADDITION DURING THE YEAR | SALE/TF/Ed ADJUSTMENT | TOTAL AS ON 31.03.2012 | BALANCE AS ON 01.04.2011 | DURING THE YEAR | SALE/TF/Ed ADJUSTMENT | BALANCE AS ON 31.03.2012 | BALANCE AS ON 31.03.2012 | BALANCE AS ON 31.03.2011 | |
| [A] | TANGIBLE ASSETS LAND (LEASEHOLD) FACTORY LAND (DEHRADUN) FACTORY LAND (B-45) FACTORY LAND (B-206) FACTORY LAND (SURAIPUR) FACTORY LAND (Bhiwadi) | 18,802,611.00 | - | - | 18,802,611.00 | - | 759,701.45 | - | 759,701.45 | 18,042,909.55 | 18,802,611.00 | |
| | | 1,946,077.50 | - | - | 1,946,077.50 | - | 393,146.97 | - | 393,146.97 | 1,552,930.53 | 1,946,077.50 | |
| | | 15,784,785.00 | - | - | 15,784,785.00 | - | 2,280,024.50 | - | 2,280,024.50 | 13,504,760.50 | 15,784,785.00 | |
| | | 59,206,100.00 | - | - | 59,206,100.00 | - | 1,799,039.65 | - | 1,799,039.65 | 57,407,060.35 | 59,206,100.00 | |
| | | 49,837,001.00 | - | - | 49,837,001.00 | - | 2,013,616.20 | - | 2,013,616.20 | 47,823,384.80 | | |
| | | 95,739,573.50 | 49,837,001.00 | - | 145,576,574.50 | - | 7,245,528.78 | - | 7,245,528.78 | 138,331,045.72 | 95,739,573.50 | |
| | | 956,588.25 | 35,511.00 | - | 992,099.25 | 121,727.22 | 4,566.79 | - | 126,294.01 | 865,805.24 | 834,861.03 | |
| | | 957,059.50 | 14,847.00 | - | 971,906.50 | 121,507.31 | 4,527.89 | - | 126,035.20 | 845,871.30 | 835,552.19 | |
| | | 15,945,497.68 | - | - | 15,945,497.68 | 6,288,507.15 | 531,851.96 | - | 6,820,359.12 | 9,125,138.56 | 9,656,990.63 | |
| | | 116,278,971.32 | 146,880.00 | - | 116,425,851.32 | 23,869,638.77 | 3,884,286.17 | - | 27,753,924.95 | 88,671,926.37 | 92,409,332.55 | |
| 172,412,554.82 | 260,709.00 | - | 172,673,263.82 | 13,464,232.66 | 5,762,388.07 | - | 19,226,171.73 | 153,446,546.09 | 158,948,225.16 | | | |
| 306,550,671.57 | 457,947.00 | - | 307,008,618.57 | 43,865,710.12 | 10,187,620.88 | - | 54,053,331.00 | 252,955,287.57 | 262,684,981.46 | | | |
| [B] | OWN ASSETS BUILDING FACTORY 54 O.I.E. FACTORY 56 O.I.E. FACTORY NODA B-45 FACTORY B-206A FACTORY B-4, SURAIPUR | 686,733,396.34 | 22,203,572.37 | 2,288,615.00 | 706,648,353.71 | 235,166,267.20 | 68,063,980.42 | 249,652.94 | 302,980,594.68 | 403,667,759.03 | 451,567,129.14 | |
| | | 30,159,224.40 | 669,544.90 | - | 30,828,769.30 | 11,469,537.68 | 1,879,136.95 | - | 13,348,674.63 | 17,480,094.67 | 18,689,686.72 | |
| | | 716,892,620.74 | 22,873,117.27 | 2,288,615.00 | 737,477,123.01 | 246,635,804.88 | 69,943,117.36 | - | 316,329,269.30 | 421,147,853.71 | 470,256,815.86 | |
| | | 12,404,659.39 | 535,029.12 | - | 12,939,688.51 | 4,906,004.00 | 771,598.52 | - | 5,678,402.52 | 7,261,485.99 | 7,486,084.83 | |
| | | 772,538.82 | - | - | 772,538.82 | 210,328.04 | 12,592.38 | - | 222,920.42 | 549,618.40 | 562,210.78 | |
| | | 7,302,101.29 | 82,645.00 | - | 7,384,746.29 | 149,315.64 | 68,562.35 | - | 217,877.98 | 7,166,778.31 | 7,152,695.65 | |
| | | 1,036,069.00 | 1,653,002.00 | - | 2,689,071.00 | 104,948.12 | 114,311.97 | - | 219,260.08 | 2,469,810.92 | 931,120.88 | |
| | | 21,515,475.50 | 2,270,676.12 | - | 23,786,154.62 | 5,371,395.79 | 967,065.22 | - | 6,338,461.01 | 17,447,693.61 | 16,144,082.14 | |
| | | 24,198,250.56 | 3,586,238.46 | - | 27,786,489.02 | 6,318,757.99 | 1,236,785.29 | - | 7,555,543.28 | 20,230,945.74 | 17,879,492.57 | |
| | | 24,198,250.56 | 3,586,238.46 | - | 27,786,489.02 | 6,318,757.99 | 1,236,785.29 | - | 7,555,543.28 | 20,230,945.74 | 17,879,492.57 | |
| [C] | VEHICLES MOTOR CAR SCOOTER CYCLE OTHERS COMPUTER DIES & MOULDS MOBILE PHONE ELECTRIC INSTALLATION TROLLEY | 47,684,633.74 | 462,112.00 | 629,668.00 | 47,517,077.74 | 24,216,868.68 | 4,305,054.22 | 231,857.34 | 28,289,765.56 | 19,227,312.18 | 23,468,085.06 | |
| | | 2,618,630.04 | 834,035.00 | 135,204.00 | 3,317,461.04 | 1,022,691.05 | 276,039.74 | 43,091.40 | 1,297,639.40 | 2,089,821.64 | 1,995,938.99 | |
| | | 14,300.00 | - | - | 14,300.00 | 3,574.45 | 1,011.01 | - | 4,585.46 | 9,714.54 | 10,725.55 | |
| | | 50,317,563.78 | 1,296,147.00 | 764,872.00 | 50,848,838.78 | 25,242,834.18 | 4,584,104.98 | - | 29,551,990.42 | 21,296,846.36 | 25,074,729.60 | |
| | | 24,837,141.46 | 1,121,989.00 | - | 25,959,140.46 | 16,876,917.74 | 2,687,806.33 | - | 19,564,724.07 | 6,394,416.39 | 7,960,223.72 | |
| | | 442,122,459.92 | 180,072,221.42 | 151,905,727.38 | 470,288,953.96 | 201,060,405.50 | 71,237,081.47 | - | 258,579,145.61 | 211,709,806.35 | 241,062,094.41 | |
| | | 993,338.00 | 257,102.00 | - | 1,250,440.00 | 81,724.97 | 52,936.68 | - | 134,861.65 | 1,115,776.35 | 971,613.03 | |
| | | 3,823,516.84 | 359,434.00 | - | 4,182,950.84 | 807,425.89 | 244,788.75 | - | 1,052,214.64 | 3,130,736.20 | 3,016,090.95 | |
| | | 5,900,153.60 | 430,484.00 | - | 6,330,637.60 | 553,911.93 | 290,224.93 | - | 844,136.86 | 5,486,500.74 | 5,346,241.67 | |
| | | 477,676,609.82 | 182,241,240.42 | 151,905,727.38 | 506,012,122.86 | 219,380,366.03 | 74,512,838.17 | - | 13,716,341.36 | 280,174,882.83 | 227,837,240.02 | 258,296,223.78 |
| [D] | INTANGIBLE ASSETS COMPUTER SOFTWARE TECHNICAL KNOW-HOW | 16,433,090.20 | 4,185,160.00 | - | 20,618,250.20 | 5,265,494.46 | 2,881,560.21 | - | 8,147,054.67 | 12,471,195.53 | 11,167,595.74 | |
| | | 48,082,602.00 | 19,243,419.00 | - | 67,326,021.00 | 12,223,801.11 | 9,222,888.85 | - | 21,446,689.96 | 45,889,331.04 | 35,669,800.89 | |
| | | 64,525,692.20 | 23,428,579.00 | - | 87,954,271.20 | 17,489,295.57 | 12,104,449.06 | - | 29,593,744.63 | 56,380,526.57 | 47,036,396.63 | |
| [E] | CAPITAL WORK IN PROGRESS BUILDING UNDER CONSTRUCTION | 40,675,004.00 | 67,946,630.18 | - | 108,621,634.18 | - | - | - | 108,621,634.18 | 40,675,004.00 | | |
| | | 40,675,004.00 | 67,946,630.18 | - | 108,621,634.18 | - | - | - | 108,621,634.18 | 40,675,004.00 | | |
| | | 1,798,091,472.00 | 353,939,576.45 | 154,959,214.38 | 1,997,071,832.07 | 564,304,184.56 | 180,781,509.73 | 14,242,943.04 | 1,266,229,080.81 | 1,233,787,287.54 | 1,233,787,287.54 | |
| [F] | TOTAL (RS.) PREVIOUS YEAR | 1,798,091,472.00 | 353,939,576.45 | 154,959,214.38 | 1,997,071,832.07 | 564,304,184.56 | 180,781,509.73 | 14,242,943.04 | 1,266,229,080.81 | 1,233,787,287.54 | | |
| | | 1,688,595,550.07 | 131,710,608.04 | 2,214,603.44 | 1,799,091,472.00 | 404,290,872.97 | 160,128,898.04 | 115,585.89 | 564,304,185.12 | 1,233,787,287.00 | 1,264,304,677.10 | |

Note: - Pending quantification of balance useful life of assets no impairment loss has been charged to accounts.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | | | |
|----|---|--|---|
| 9 | SHORT- TERM PROVISIONS i) PROVISION FOR EMPLOYEE BENEFITS: : GRATUITY : LEAVE ENCASHMENT ii) PROVISION FOR DIVIDEND iii) PROVISION FOR TAXATION iv) PROVISION FOR INCOME TAX FOR EARLIER YEARS v) PROVISION FOR WEALTH TAX vi) PROVISION FOR DIVIDEND TAX vii) PROVISION FOR EXCISE DUTY ON CLOSING STOCK OF FINISHED GOODS | 3,588,161 1,328,650 - 50,200,000 - 124,200 - 3,205,751 | 3,752,725 1,073,017 28,000,000 110,000,000 4,454,380 167,000 4,542,300 - |
| | TOTAL | 58,446,762 | 151,989,422 |
| 11 | NON-CURRENT INVESTMENTS (UNQUOTED-OTHER INVESTMENTS) INVESTMENT IN EQUITY SHARES (2,40,000/-) EQUITY SHARES OF KALINDI FARMS PVT. LTD. (Face Value Rs. 10/- Per Share - Fully Paid Up) KOTAK QTRLY INTERVAL PLANSERIES-10-DIVIDEND (PY 10010389.39 UNITS; NAV AS AT 31.03.11 RS. 10027401.50) KOTAK QTRLY INTERVAL PLAN SR6 DIVIDEND (PY 1001265.71 UNITS; NAV AS AT 31.03.11 RS. 10026674.77) | 7,200,000 - - | 7,200,000 10,010,384 10,012,657 |
| | TOTAL | 7,200,000 | 27,223,041 |
| 12 | LONG-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD) i) CAPITAL ADVANCES ii) SECURITY DEPOSITS iii) OTHER LOANS AND ADVANCES: : ADVANCE TAX : CENVAT RECEIVABLE : ADVANCE FOR CAR LOAN :ADVANCE TO TRADE PAYABLES | 1,963,611 5,184,858 79,736,684 81,242,195 487,979 1,781,276 | 114,886,283 7,074,858 104,613,242 83,638,768 932,753 2,172,800 |
| | TOTAL | 170,396,603 | 313,318,703 |
| 13 | INVENTORIES (As taken valued and certified by the management) RAW MATERIALS PACKING MATERIAL DYES & CHEMICALS ACCESSORIES FABRIC FINISHED GOODS CONSUMBALE STORE GOODS IN TRANSIT (RAW MATERIALS) | 237,845,625 10,010,185 2,805,134 5,703,298 639,353 29,142,245 333,185 2,577,083 | 182,282,200 2,139,714 2,793,575 5,084,141 652,461 22,754,024 278,550 9,588,211 |
| | TOTAL | 289,056,108 | 225,572,877 |
| 14 | TRADE RECEIVABLES (UNSECURED AND CONSIDERED GOOD) i) OVER SIX MONTHS ii) OTHERS LESS: PROVISION FOR DOUBTFUL DEBT | 5,947,250 307,104,290 289,298 | 8,381,854 201,265,603 - |
| | TOTAL | 312,762,243 | 209,647,457 |

PRECISION PIPES AND PROFILES COMPANY LIMITED



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | | | |
|---------------------|--|----------------------|----------------------|
| 15 | CASH AND CASH EQUIVALENTS | | |
| | i) BALANCE WITH BANKS | 81,831,885 | 81,142,262 |
| | ii) CASH ON HAND | 2,300,148 | 3,220,264 |
| | iii) EARMARKED BALANCES WITH BANKS | 914,035 | - |
| | iv) BANK DEPOSITS (WITH MATURITY OF MORE THAN 12 MONTHS) | 7,500,000 | 58,000,000 |
| | TOTAL | 92,546,067 | 142,362,527 |
| 16 | SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD) | | |
| | i) LOANS AND ADVANCES TO RELATED PARTIES | 10,000,000 | - |
| | ii) OTHERS : | | |
| | DUTY AND TAXES RECEIVABLE | 37,176,817 | 44,842,871 |
| | INTEREST ACCRUED BUT NOT RECD | 452,864 | 134,255 |
| | STAFF ADVANCE | 174,411 | 138,178 |
| | PREPAID EXPENSES | 3,618,041 | 1,579,453 |
| | ADVANCE TO TRADE PAYABLES | 4,517,037 | 6,685,830 |
| ADVANCE AG EXPENSES | 6,116,995 | - | |
| | TOTAL | 62,056,165 | 53,380,587 |
| 17 | OTHER CURRENT ASSETS | | |
| | i) UNAMORTIZED EXPENSES (To the extent not written off or adjusted) | | |
| | IPO EXPENCES: OPENING BALANCE | 12,601,188 | 25,202,356 |
| | LESS: WRITTEN OFF DURING THE PERIOD | 12,601,188 | 12,601,168 |
| | BALANCE | - | 12,601,188 |
| | TOTAL | - | 12601188 |
| 18 | REVENUE FROM OPERATION | F/Y 2011-12 | F/Y 2010-11 |
| | i) SALE OF PRODUCTS | 2,056,691,894 | 2,244,816,346 |
| | ii) OTHER OPERARING REVENUES | 13,455,916 | 18,875,131 |
| | | 2,070,147,810 | 2,263,691,476 |
| | LESS: EXCISE DUTIES | 223,713,926 | 225,932,851 |
| | TOTAL | 1,846,433,884 | 2,037,758,625 |
| 19 | OTHER INCOME | 2011-12 | 2010-11 |
| | INTEREST RECEIVED | 3,673,054 | 2,345,208 |
| | DIVIDEND RECIEVED | 1,096,862 | 2,532,269 |
| | PROFIT ON SALE OF INVESTMENT | - | 14,987,497 |
| | UNCLAIMED BALANCES WRITTEN BACK | 4,227,878 | 10,858,417 |
| | PROFIT ON SALE OF ASSETS | 15,656,518 | - |
| | DIFF OF FOREIGN EXCHANGE | 849,098 | 110,337 |
| | EXPORT INCENTIVES | 1,358,780 | 1,079,353 |
| | MISC. INCOME | 777,721 | 815,970 |
| | PROFIT FROM HEDGING | 6,800 | - |
| | TOTAL | 27,646,710 | 32,729,050 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | | | | |
|------|--|--------------------|--------------------|--------------------|
| 20 | PARTICULARS OF MATERIAL CONSUMED | | | |
| | i) RAW MATERIALS | | 880,153,061 | 877,522,435 |
| | ii) DYES & CHEMICALS | | 14,479,055 | 15,587,637 |
| | iii) PACKING MATERIALS | | 44,893,790 | 49,391,559 |
| | iv) ACCESSORIES | | 42,478,205 | 42,288,338 |
| | v) FABRIC | | 3,463,438 | 3,402,768 |
| | TOTAL | | 985,467,549 | 988,192,737 |
| 20.1 | COST OF MATERIALS CONSUMED | | | |
| | ITEMS | 2011-12 | (% age) | 2010-11 |
| | | | | (% age) |
| | IMPORTED | 542,739,759 | 55.07 | 509,502,487 |
| | INDIGENEOUS | 442,727,790 | 44.93 | 478,690,250 |
| | TOTAL | 985,467,549 | 100.00 | 988,192,737 |
| 21 | INCREASE (DECREASE) IN FINISHED STOCK | | | |
| | CLOSING STOCK | | 29,142,245 | 22,754,024 |
| | OPENING STOCK | | 22,754,023 | 17,187,276 |
| | TOTAL | | 6,388,222 | 5,566,748 |
| 22 | EMPLOYEE BENEFITS EXPENSE | | | |
| | i) SALARIES AND WAGES | | 258,888,486 | 211,283,779 |
| | ii) CONTRIBUTION TO PF AND OTHER FUND | | 16,784,727 | 15,019,357 |
| | iii) GRATUITY | | 6,821,376 | 1,900,021 |
| | iv) STAFF WELFARE EXPENSE | | 11,924,782 | 16,155,888 |
| | TOTAL | | 294,419,371 | 244,359,045 |

22.1 During the year, the company has started making provision of retirement benefits and leave encashment to employees according to actuarial valuation as per AS-15(Revised). The difference between the amounts provided till 31.03.2011 and that as per actuarial valuation has been disclosed as an exceptional item in the Statement of Profit and Loss for the year ended 31st March, 2012. As the valuation has been carried out in current year, the previous year numbers are not disclosed.

22.2 As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:
Actuarial Method

a) Projected unit credit (PUC) actuarial method has been used to assess the plan's liabilities of exit employees for retirement, death-in-service and withdrawals (Resignations / Terminations).

b) Under the PUC method a projected accrued benefit is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active member of the plan. The projected accrued benefit is based on the plan accrual formula and upon service as of the beginning or end of period, but using member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits as on the date of valuation.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

22.3 Actuarial Assumptions

22.3 (i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been agreed by the company:

| | 31-Mar-12 | 31-Mar-11 |
|---|-----------|-----------|
| i) Discounting Rate (%) | 8.50 | 8.00 |
| ii) Future salary Increase (%) | 6.00 | 5.50 |
| iii) Expected Rate of return on plan assets | - | - |

| | | | |
|------|--|---|--|
| 22.3 | <p>(ii) Demographic Assumption</p> <p>i) Retirement Age (Years)</p> <p>ii) Mortality Table</p> <p>iii) Ages</p> <p>Up to 30 Years</p> <p>From 31 to 44 years</p> <p>Above 44 years</p> | <p>58,00</p> <p>Withdrawal</p> <p>Rate (%)</p> <p>3.00</p> <p>2.00</p> <p>1.00</p> | <p>58,00</p> <p>LIC (1994 - 96)</p> <p>Withdrawal</p> <p>Rate (%)</p> <p>3.00</p> <p>2.00</p> <p>1.00</p> |
| 22.4 | Change in present value of obligation | | 31-Mar-12 (Amount in Rs.) |
| | <p>a) Present value of obligation as at the beginning of the period (31/03/2011)</p> <p>b) Acquisition adjustment</p> <p>c) Interest cost</p> <p>d) Past service cost</p> <p>e) Current service cost</p> <p>f) Curtailment cost/(Credit)</p> <p>g) Settlement cost/(Credit)</p> <p>h) Benefits paid</p> <p>i) Actuarial (gain)/loss on obligation</p> <p>j) Present value of obligation as at the end of period (31/03/2012)</p> | | <p>2,55,69,035</p> <p>-</p> <p>21,73,368</p> <p>-</p> <p>34,96,549</p> <p>--</p> <p>--</p> <p>(8,22,825)</p> <p>11,51,459</p> <p>3,15,67,586</p> |
| 22.5 | Expense recognized in the statement of profit and loss | | 31-Mar-12 |
| | <p>a) Current service cost</p> <p>b) Past service cost</p> <p>c) Interest cost</p> <p>d) Expected return on plan assets</p> <p>e) Curtailment cost / (Credit)</p> <p>f) Settlement cost / (credit)</p> <p>g) Net actuarial (gain)/ loss recognized in the period</p> <p>h) Expenses recognized in the statement of profit & losses</p> | | <p>34,96,549</p> <p>-</p> <p>21,73,368</p> <p>-</p> <p>-</p> <p>-</p> <p>11,51,459</p> <p>68,21,376</p> |
| 22.6 | Reconciliation statement of expense in the statement of profit and loss. | | 31-Mar-12 |
| | <p>a) Present value of obligation as at the end of period (31/03/2012)</p> <p>b) Present value of obligation as at the beginning of the period (31/03/2011)</p> <p>c) Benefits paid</p> <p>d) Actual return on plan assets</p> <p>e) Acquisition adjustment</p> <p>f) Expenses recognized in the statement of profit & losses</p> | | <p>3,15,67,586</p> <p>2,55,69,035</p> <p>8,22,825</p> <p>-</p> <p>-</p> <p>68,21,376</p> |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | | | |
|-------------|---|------------------|-------------------|
| 22.7 | Change in present value of obligation related to leave encashment | | 31-Mar-12 |
| | a) Present value of obligation as at the beginning of the period (31/03/2011) | | 55,03,177 |
| | b) Acquisition adjustment | | - |
| | c) Interest cost | | 4,67,770 |
| | d) Past service cost | | |
| | e) Current service cost | | 11,37,475 |
| | f) Curtailment cost/(Credit) | | -- |
| | g) Settlement cost/(Credit) | | -- |
| | h) Benefits paid | | (6,62,006) |
| | i) Actuarial (gain)/loss on obligation | | 3,36,078 |
| | j) Present value of obligation as at the end of period (31/03/2012) | | 67,82,494 |
| 22.8 | Expense recognized in the statement of profit and loss | | 31-Mar-12 |
| | a) Current service cost | | 11,37,475 |
| | b) Past service cost | | |
| | c) Interest cost | | 4,67,770 |
| | d) Expected return on plan assets -- | | |
| | e) Curtailment cost / (Credit) -- | | |
| | f) Settlement cost / (credit) -- | | |
| | g) Net actuarial (gain)/ loss recognized in the period | | 3,36,078 |
| | h) Expenses recognized in the statement of profit & losses | | 19,41,323 |
| 22.9 | Reconciliation statement of expense in the statement of profit and loss. | | 31-Mar-12 |
| | a) Present value of obligation as at the end of period (31/03/2012) | | 67,82,494 |
| | b) Present value of obligation as at the beginning of the period (31/03/2011) | | 55,03,177 |
| | c) Benefits paid | | 6,62,006 |
| | d) Actual return on plan assets | | - |
| | e) Acquisition adjustment | | - |
| | f) Expenses recognized in the statement of profit & losses | | 19,41,323 |
| 23 | FINANCE COST | 2011-12 | 2010-11 |
| | i) INTEREST EXPENSES | 2,132,725 | 10,147,499 |
| | ii) OTHER BORROWING COSTS | 6,02,107 | 1,155,925 |
| | TOTAL | 2,734,833 | 11,303,424 |
| 24 | OTHER EXPENSES | | |
| | i) CONSUMPTION OF STORES AND SPARE PARTS | 14,968,687 | 20,357,181 |
| | ii) POWER AND FUEL | 62,462,711 | 67,529,944 |
| | iii) RENT | 10,499,843 | 9,367,433 |
| | iv) REPAIRS TO BUILDINGS | 4,219,574 | 3,738,818 |
| | v) REPAIRS TO MACHINERY | 21,413,135 | 23,483,968 |
| | vi) INSURANCE | 1,714,333 | 1,839,887 |
| | vii) EXCISE DUTY (both on inventory and duty borne by comp.) | 4,572,459 | - |
| | viii) RATES AND TAXES INCLUDING WEALTH TAX | 1,72,627 | 214,046 |
| | ix) MISCELLANEOUS EXPENSES | 2,695,592 | 3,080,129 |
| | x) OTHER MANUFACTURING EXPENSE | 5,918,829 | - |
| | xi) FACTORY EXPENSES | 19,007,006 | 18,372,154 |
| | xii) PAYMENT TO COLLABORATORS/ROYALTY | 20,083,951 | 25,610,920 |

PRECISION PIPES AND PROFILES COMPANY LIMITED



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| | | | | |
|-------------|---------|--|---------------------|--------------------|
| | xiii) | PRINTING & STATIONERY | 10,838,987 | 11,905,341 |
| | xiv) | POSTAGE & TELEPHONE EXPENSES | 5,806,284 | 5,708,791 |
| | xv) | FEES & SUBSCRIPTION | 3,236,799 | 3,906,815 |
| | xvi) | DIRECTOR'S SITTING FEES | 1,999,999 | 1,210,000 |
| | xvii) | LEGAL & PROFESSIONAL FEES | 7,733,277 | 4,069,879 |
| | xviii) | BANK CHARGES | 1,484,146 | 4,238,684 |
| | xix) | AUDITOR'S REMUNERATION | 220,599 | 220,600 |
| | xx) | TRAVELLING & CONVEYANCE | 15,144,527 | 15,891,871 |
| | xxi) | FACTORY SECURITY | 5,617,295 | 5,119,470 |
| | xxii) | MOTOR CAR EXPENSES | 4,821,066 | 2,845,319 |
| | xxiii) | SERVICE TAX & CESS | 811,906 | 935,800 |
| | xxiv) | OFFICE ELECTRICITY | 1,300,097 | 1,102,641 |
| | xxv) | CHARITY & DONATION | 19,900 | 290,903 |
| | xxvi) | IPO EXPENSES | 12,601,188 | 12,601,168 |
| | xxvii) | LISTING EXPENSES | 216,774 | 371,402 |
| | xxviii) | MEETING EXPENSES | 97,000 | 70,000 |
| | xxix) | REPAIR & MAINTENANCE-OTHERS | 3,285,040 | 3,537,117 |
| | xxx) | PROFIT/LOSS FROM HEDGING OF ECB LOAN | - | 170,406 |
| | xxxi) | LOSS ON SALE OF ASSET | - | 55,319 |
| | xxxii) | ADVERTISEMENT & SALES PROMOTION | 9,049,313 | 6,985,002 |
| | xxxiii) | DISCOUNT & SHORT RECOVERY | 10,285,911 | 9,447,464 |
| | xxxiv) | FREIGHT & CARTAGE | 40,707,888 | 36,774,086 |
| | xxxv) | ADDITIONAL DEMAND SALES TAX | 97,269 | 390,827 |
| | xxxvi) | BAD DEBTS | 1,853,813 | - |
| | | LESS: COST OF MOLDS CAPITALIZED | (35,679,526) | - |
| | | TOTAL | 269,278,299 | 301,443,385 |
| 24.1 | | VALUE OF IMPORT ON C I F BASIS | | |
| | | RAW MATERIAL | 583,064,936 | 540,574,346 |
| | | STORE & SPARES | 4,747,282 | 3,516,673 |
| | | CAPITAL GOODS | 131,816,296 | 40,960,621 |
| | | | 7 19,628,514 | 585,051,640 |
| 24.2 | | AUDITORS' REMUNERATION* | | |
| | | STATUTORY AUDIT | 150,000 | 150,000 |
| | | TAX AUDIT | 50,000 | 50,000 |
| | | FEE FOR CERTIFICATION & OTHER SERVICES | 68,900 | 55,141 |
| | | *EXCLUSIVE OF SERVICE TAX. | 268,900 | 255,141 |
| 24.3 | | EXPENDITURE IN FOREIGN CURRENCY | | |
| | | PAYMENT TO COLLABORATORS | 2 0,083,951 | 24,981,052 |
| | | FOREIGN TRAVEL | 3 ,732,455 | 3,271,109 |
| | | INTEREST ON ECB | 7 85,794 | 1,316,356 |
| | | | 2 4,602,200 | 29,568,517 |
| 25 | | CURRENT TAX | | |
| | | i) PROVISION FOR TAX ON INCOME | 5 0,200,000 | 110,000,000 |
| | | ii) PROVISION FOR TAXATION FOR EARLIER YEAR | 3,365,468 | 4,454,380 |
| | | iii) INCOME TAX RELATED TO EARLIER YEARS | 4 7,897 | 637,390 |
| | | iv) EXCESS PROVISION OF FBT WRITTEN BACK | - | (50,000) |
| | | v) EXCESS PROVISION OF WEALTH TAX WRITTEN BACK | - | (74,342) |
| | | TOTAL | 5 3,613,365 | 114,967,429 |



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in Rs.

| 26 | EARNING PER SHARE (EPS) | 31.03.2012 | 31.03.2011 |
|----|--|--------------|-------------|
| | i) NET PROFIT AFTER TAXATION | 1 28,864,407 | 271,667,187 |
| | ii) NUMBERS OF EQUITY SHARES | 1 4,000,000 | 14,000,000 |
| | iii) EARNING PER SHARE (BASIC/DILUTED) | 9.20 | 19.40 |
| 27 | EARNING IN FOREIGN EXCHANGE | | |
| | VALUE OF EXPORT | 2 1,832,116 | 56,574,985 |
| | | 2 1,832,116 | 56,574,985 |
| 28 | DIVIDEND REMITTED IN FOREIGN CURRENCY (REPATRIATION BASIS) | | |
| | 11) DIVIDEND REMITTED DURING THE YEAR (IN RS.) | 4 50,000 | 1,125,000 |
| | DIVIDEND REMITTED DURING THE YEAR (IN YEN) | 7 06,436 | 2,018,192 |
| | NO. OF NON-RESIDENT SHAREHOLDERS | 1 | 1 |
| | NO. OF SHARES FOR WHICH DIVIDEND REMITTED | 225,000 | 225,000 |

29 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 :

- A) AJAY POLY PRIVATE LTD.
- B) A I C (PLASTIC) PRIVATE LTD
- C) AJAY INDUSTRIAL CORPORATION LTD.
- D) KALINDI FARMS PVT. LTD.
- 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

PRECISION PIPES AND PROFILES COMPANY LIMITED



NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| 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 Personnel | | Relative of the Key Management Personnel | |
| | 31-Mar-12 | 31-Mar-11 | 31-Mar-12 | 31-Mar-11 | 31-Mar-12 | 31-Mar-11 |
| Fixed Assets Purchases | 1,950,116 | 9,22,221 | - | - | - | - |
| Material/Licence Purchases | - | 6,891,164 | - | - | - | - |
| Sales | 16,956,920 | 26,949,24 | - | - | - | - |
| Sale of Fixed Assets | 541.67 | 1,378,265 | - | - | - | - |
| Rent & Lease Charges | 8,400,000 | 8,400,000 | - | - | 5,40,000 | 5,40,000 |
| Remuneration | - | - | 1,095,999 | 1,159,503 | - | - |
| Interest paid | - | - | - | 8,91,541 | - | 9,05,678 |
| Dividend Paid | - | - | 1,815,000 | 4,537,500 | 1,573,500 | 39,390,000 |
| Advance | 10,000,000 | - | - | - | - | - |
| Balance outstanding at the year end | - | - | - | - | - | - |
| Amount Payable | - | - | - | - | - | - |
| Amount Recoverable | 10,600,000 | 6,00,000 | - | - | - | - |

30 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 1.19% (Previous year 2.80%) 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.

Amount in Rs.

| 31 | CONTINGENT LIABILITIES & COMMENTS PARTICULARS | AS AT 31.03.2012 | AS AT 31.03.2011 |
|------|---|---------------------|---------------------|
| | CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF: | | |
| i) | LETTERS OF GUARANTEES | 20,000 | 20,000 |
| ii) | LETTERS OF CREDIT | 77,762,423 | 81,000,507 |
| iii) | INCOME TAX APPEAL : | | |
| | FOR ASST.YR.2003-04 | 55,655 | 55,655 |
| | FOR ASST. YEAR 2006-07 | | 848,415 |
| | FOR ASST. YEAR 2007-08 | 927,572 | 927,572 |
| | FOR ASST. YEAR 2008-09 | | 1,193,596 |
| | FOR ASST. YEAR 2009-10 | 1,975,948 | - |
| iv) | TRADE TAX /SALES TAX/VAT | 45,441 | 45,441 |
| v) | SERVICE TAX | 63,630 | 63,630 |
| vi) | CIVIL SUIT | 8,455,357 | 8,455,357 |
| vii) | CENTRAL EXCISE (DUTY PAID UNDER PROTEST IS RS.1489081/-) | 15,705,198 | 15,705,198 |
| | | 105,011,221 | 108,315,371 |

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

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) 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).
- (iii) A demand of Rs. 19,75,945 for the Assessment Year 2009-10 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).
- (iv) 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.
- (v) 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 of 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.
- (vi) 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 BSES with District Court and won the case in its favour. However, BSES has filed an appeal with High Court but the notice for listing not received from the court.
- (vii) 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 Commissionerate, 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.
- (viii) 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.
- (ix) 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.
- (x) Wealth Tax assessment of the company has been completed up to the Assessment year 2010-11. No provision has been made in the accounts for additional Wealth tax liabilities for the assessment year 2010-11 to 2012-13 as amount is unascertained.
- (xi) Sales tax assessments of the Company has been completed till the Mar, 2008 in the case of UP Units and in case of Delhi units up to F. Y. 2008-09).
- 32 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/-), has been amortised equally in 5 years.
- 33 Income tax assessments of the Company were completed till the assessment year 2009-10. However, appeals for the assessment year 2007-08 and 2009-10 are pending before the Hon'ble CIT Appeal. No provision has been made in the accounts for additional income tax liabilities for Assessment Year 2010-11 to 2011-12 as amount is unascertained.
- 34 In view of the revision to the Schedule VI as per notification issued by the Central Government, the financial statement for the year ended 31st March, 2012 have been prepared as per the requirement of the Revised Schedule VI to the Companies Act, 1956. The previous period's figures have been accordingly regrouped/reclassified to confirm to the current year's classification.

for **DHARAM TANEJA ASSOCIATES**
CHARTERED ACCOUNTANTS

for **PRECISION PIPES AND PROFILES COMPANY LIMITED**

DV TANEJA
Partner

D.C. JAIN
Chairman

S. C. JAIN
Executive Vice Chairman

AJAY KUMAR JAIN
Managing Director

PLACE : NEW DELHI
DATED : 28th May, 2012

PRECISION PIPES AND PROFILES COMPANY LIMITED



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 17th Annual General Meeting of the Company to be held at on Saturday, 29th September, 2012 at 5.00 PM 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 2012

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, 2nd 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

ATTENDANCE SLIP

DP ID*

Regd. Folio No

CLIENT ID*

No. of Shares held

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 17th Annual General Meeting of the Company held on , **29th September, 2012 at 5.00 PM. 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.



17TH ANNUAL REPORT

OFFICE ADDRESSES

REGISTERED OFFICE

4561, Deputy Ganj, Sadar Bazar, Delhi-11006

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 AGENT

M/s Link Intime India Private Limited

A-40, 2nd 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.

BOOK-POST

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PRECISION PIPES & PROFILES COMPANY LIMITED
Regd. Office : 4561, Deputy Gunj, Sadar Bazar, Delhi - 6