

# PI INDUSTRIES LIMITED

Regd Office : Udai Sagar Road, Udaipur – 313001 (Rajasthan)

## NOTICE PURSUANT TO SECTION 192A (2) OF THE COMPANIES ACT, 1956 TO THE MEMBERS OF THE COMPANY

**NOTICE** is hereby given that pursuant to the provisions of Section 192A of the Companies Act, 1956 (the Act), read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, PI Industries Limited (the Company) proposes to obtain consent of its Members for the following proposed ordinary resolution to be passed by Postal Ballot:

### **PROPOSED RESOLUTION:**

#### **ISSUE OF BONUS SHARES**

To consider and, if thought fit, to give assent/dissent to following resolution as an Ordinary Resolution by way of Postal Ballot:

#### **“RESOLVED THAT**

- a) in accordance with the applicable provisions of the Companies Act, 1956 (including any amendment thereof or re-enactment thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company and in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities and subject to such terms and modifications as may be specified while according such approvals, **consent be and is hereby accorded to the Board of Directors of the Company** (“the Board”, which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) for capitalization of a sum of Rs.3,54,37,540/- (Rupees Three Crores Fifty Four Lacs Thirty Seven Thousand Five Hundred and Forty only) from **the Security Premium Account, General Reserves or any other permitted reserves / surplus** of the Company for the purpose of issue and allotment of 35,43,754 (**Thirty Five Lacs Forty Three Thousand Seven Hundred and Fifty Four**) **as Bonus Shares** of face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up to the holders of Equity Shares of the Company whose names shall appear on the Register of Members on the **“Record Date”** determined by the Board or a Committee thereof for the purpose, in the proportion of 1 (One) Bonus Share of Rs. 10/- each for every 2 (Two) fully paid-up Equity Shares of Rs. 10/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid-up capital of the Company held by each such Member and not as income;
- b) in accordance with the applicable provisions of the Companies Act, 1956 (including any amendment thereof or re-enactment thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company and in accordance with Securities and

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Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities and subject to such terms and modifications as may be specified while according such approvals, **consent be and is hereby accorded to the Board of Directors of the Company** (“the Board”, which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) for the purpose of issue and allotment of such number of **Bonus Shares** of face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up to the holders of outstanding Compulsorily Convertible Preference Shares (CCPS), who opt for conversion of their CCPS into Equity Shares of the Company prior to the **“Record Date” fixed for determining the eligibility for issue and allotment of Bonus Shares and consequently their names** appear as the holders of Equity Shares in the Register of Members on the said “Record Date” as determined by the Board or a Committee thereof for the purpose of Bonus Issue eligibility, in the proportion of 1 (One) Bonus Share of Rs. 10/- each for every 2 (Two) fully paid-up Equity Shares of Rs. 10/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid-up capital of the Company held by each such Member and not as income and the “Board” is also authorized to capitalize such sum as may be required, from **the Security Premium Account, General Reserves or any other permitted reserves / surplus** of the Company for the purpose of issue and allotment of **Bonus Shares in the above mentioned ratio, to the holders of CCPS who opt for conversions of their holding into Equity Shares of Company prior to the “Record Date”**.

- c) in accordance with the applicable provisions of the Companies Act, 1956 (including any amendment thereof or re-enactment thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company and in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities and subject to such terms and modifications as may be specified while according such approvals, **consent be and is hereby accorded to the Board of Directors of the Company** (“the Board”, which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) for the purpose of **keeping in reserve such number of Bonus Shares** of face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up and which shall be issued in the proportion of 1 (One) Bonus Share of Rs. 10/- each for every 2 (Two) fully paid-up Equity Shares of Rs. 10/- each to the holders of outstanding Optionally Convertible Debentures (OCDs), which shall be converted into Equity Shares in terms of the Debenture Subscription Agreement dated 23<sup>rd</sup> October 2009 and the Bonus Shares so issued, allotted and distributed shall, for all purposes, be treated as an increase in the paid-up capital of the Company held by each such Member and not as income and the “Board” is also authorized to capitalize such sum as may be required, from **the Security Premium Account, General Reserves or any other permitted reserves / surplus** of the Company

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for the purpose of issue and allotment of **Bonus Shares in the above mentioned ratio, to the holders of Equity Shares, which come into existence consequent to conversion of OCD's.**

- d) that the current resolution shall remain in force till the time the Bonus Equity Shares, which are presently being kept in reserve are issued to the holders of OCDs consequent to the conversions of said Debentures into the Equity Shares of Company.
- e) the Bonus Shares so allotted to the Equity Shareholders shall rank pari passu in all respects with the fully paid-up Equity Shares of the Company as existing on the “**Record Date**”, with a right to participate in full in the dividend declared, if any, after the allotment of such shares;
- f) the Bonus Shares so allotted to holders of OCDs/CCPS consequent to the conversions of said OCDs/CCPS into the Equity Shares of Company shall rank pari passu in all respects with the fully paid-up Equity Shares of the Company as existing immediately prior to the date of allotment and with a right to participate in full in the dividend declared, if any, after the allotment of such shares;
- g) that the Bonus Shares so allotted shall always be subject to the Memorandum of Association and Articles of Association of the Company;
- h) that no letter of allotment shall be issued in respect of the Bonus Shares but in the case of shareholders who opt to receive the Bonus Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the shareholders with their respective Depository Participants within the stipulated time as may be allowed by the concerned authorities and in the case of shareholders who opt to receive the Bonus Shares in physical form, the share certificates in respect thereof shall be delivered within such time as may be prescribed by the concerned authorities;
- i) that the Company shall not issue fraction share certificate, instead consolidate all such fractional entitlement(s), if any, arising and thereupon issue and allot equity shares in lieu thereof to a Director or an Officer of the Company or such other person, as the Board of Directors or Committee of the Board of Directors shall appoint in this behalf who shall hold the equity shares in trust on behalf of the members entitled to fractional entitlements with the express understanding that such Director(s) or Officer(s) or Person(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons as he / they may deem fit, and pay to the Company, the net sale proceeds thereof, whereupon the Company shall distribute such net sale proceeds, subject to taxes, if any, to the members of the Company in proportion to their respective fractional entitlements. In case the aggregate of such shares to be allotted to the Director / Officer /Person by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Company to such Director / Officer / Person in lieu of such fraction amount;

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- j) that the issue and allotment of the Bonus Shares to Non- Resident Indians (NRIs), Persons of Indian Origins (PIOs), Foreign Institutional Investors (FIIs) and other foreign investors of the Company will be subject to approval of the Reserve Bank of India, as may be necessary;
- k) that the Board be and is hereby authorised to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations thereto;
- l) that for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

**By order of the Board of Directors**

**Sd/-**

**Place: Gurgaon**  
**Dated: May 24, 2010**

**Payal M. Puri**  
**Company Secretary**

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### Notes:

1. In terms of section 192 A of the Companies Act 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and with a view to ensure participation of all Members of the Company in passing of the resolution(s), the items of business set out in the notice above may be passed by way of a Postal Ballot.
2. The Board of Directors has appointed Mr. Rajiv Kumar Adlakha of M/s R. K Adlakha & Associates, Company Secretary in Whole Time Practice as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
3. **The Members are requested to carefully read the instruction printed on the attached Postal Ballot Form. The Postal Ballot Form duly completed and signed should be forwarded to the Scrutinizer appointed by the Company, at the Corporate Office of the Company so as to reach the Company not later than the close of working hours (1700 hrs) on June 25, 2010. For this purpose, a self-addressed postage pre-paid envelope is enclosed herewith. Please note that any response received from the members after June 25, 2010 (1700 hrs) shall be treated as if no response has come from a member in terms of Rule 5(f) of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly, Members are requested to send duly completed Postal Ballot Forms well before the above said date providing sufficient time for postal transit.**
4. **The Members are requested to exercise their voting rights by using the attached Postal Ballot form only. No other form or photocopy of the form is permitted.**
5. Voting rights shall be reckoned on proportionate basis of the paid up value of shares registered in the name of shareholders on the date of the dispatch of notice.
6. The Scrutinizer, after completion of scrutiny, will submit his Report to the Chairman or Managing Director of the Company. The results of Postal Ballot will be declared by the Chairperson or the Managing Director of the Company on June 26, 2010 at 5:00 p.m. at the Registered Office of the Company. In the event of the draft resolution is assented to by requisite majority of Members by means of postal ballot, the date of declaration of result shall be deemed to be the date of passing of the said resolution.
7. The Scrutinizer's decision on the validity of Postal Ballot shall be final.
8. Explanatory statement and reasons for the proposed resolutions pursuant to section 173(2) read with Section 192A of the Companies Act, 1956 is enclosed herewith.

By order of the Board of Directors

Sd/-

Place: Gurgaon  
Dated: May 24, 2010

Payal M. Puri  
Company Secretary

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## EXPLANATORY STATEMENT

*{Pursuant to Section 173(2) of Companies Act, 1956}*

Your Company has completed a very successful financial year 2009-10, in which it has posted the highest ever net profit after tax of Rs. 40.95 Crores. To reward the shareholders in this successful value creation cycle, the Board of Directors, at its meeting held on May 17, 2010 has recommended an issue of Bonus Shares in the proportion of 1:2 i.e. one new fully paid equity share of Rs. 10/- each for every 2 (two) fully paid up equity shares of Rs.10/- each, to the eligible members of the Company as on the Record Date to be fixed by the Board or a committee thereof for this purpose.

The present Paid up Equity Capital of the Company is Rs.7,08,75,080/- consisting of 70,87,508 Equity Shares of Rs. 10/- each. During the Financial Year 2009-10, the Company also issued 20,60,000 Compulsorily Convertible Preference Shares (CCPS) of Rs. 100/- each and 29,40,000 Optionally Convertible Debentures (OCDs) of Rs. 100/- each, which may be converted into Equity shares within 18 months from the date of allotment i.e. October 24, 2009.

In accordance with the enabling provisions of the Articles of Association of the Company, Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and such other Regulations/Acts etc as may be applicable, the Bonus Equity shares will be issued by capitalizing a sum of Rs. 3,54,37,540/- (based on the present paid up equity capital) and such additional sum which may be required to issue Bonus Shares on any conversion happening from the outstanding CCPS into the equity shares before the Record Date from General Reserves or any other permitted reserves/surplus as per the Audited Accounts of the Company for the financial year ended on March 31, 2010 or thereafter, as the case may be.

In compliance with the provisions of Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 , as recently laid down by SEBI, issue of bonus shares can be made only when similar benefit is extended to the holders of fully or partly convertible instruments issued by the Company and pending conversion through reservation of shares in proportion to convertible part of such instruments. Accordingly, the benefit of this bonus issue of Equity Shares would also be extended to the holders of OCDs as per the terms of the instrument. Therefore, the Company proposes to capitalize such additional sum from **the Security Premium Account, General Reserves or any other permitted reserves / surplus** of the Company, for the purpose of issue of such number of Bonus equity shares of face value of Rs. 10/- (Rupees Ten only) each which may result from the Conversion of the outstanding OCDs into Equity Shares, in the proportion of 1(One) Bonus Share of Rs. 10/- each for every 2 (Two) fully paid-up Equity Shares of Rs. 10/- each held credited as fully paid-up to the holders of OCDs consequent upon conversion of the said OCDs into the Equity Shares of the Company.

The fully paid-up Bonus Shares shall be distributed to the members of the Company, whose names shall appear on its Register of Members on the Record Date as determined by the Board of Directors of your

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Company (which term shall be deemed to include any Committee thereof) for the purpose of issue of Bonus Shares, in the proportion of 1 (one) Equity Share for every 2 (Two) Equity Shares held by them on the Record Date.

In the event of holders of Optionally Convertible Debentures, such Bonus Shares, the quantum of which may be determined post conversion of OCDs into Equity shares, be kept in reserve and shall be issued immediately the said Optionally Convertible Debentures are converted into the Equity Shares of Company.

The Bonus Shares so allotted shall rank pari-passu with the existing fully paid-up equity shares of the Company in all respects, with a right to participate in full in the dividend declared by the Company after the allotment of bonus shares.

As per the provisions of Articles of Association, the Company is required to obtain the approval of the members of Company by way of an Ordinary Resolution and hence the above resolution is proposed for the approval of the members as an ordinary resolution.

It is also necessary/expedient to authorize the Board of Directors / Committee of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed and / or any other regulatory authority.

Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company, or to the extent of the shareholdings of the Companies / Institutions / Trusts of which they are Directors or members or Trustees with or without any beneficial interest.

The Board of Directors of your Company recommends the Resolution as set out in the Notice for your approval as an Ordinary Resolution by way of Postal Ballot.

**By order of the Board of Directors**

**Place: Gurgaon**  
**Dated: May 24, 2010**

**Sd/-**  
**Payal M. Puri**  
**Company Secretary**

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## POSTAL BALLOT FORM (Attached to the Notice dated May 24, 2010)

1. Postal Ballot No.
  2. Name & Registered address of the Sole/First named Member/ Beneficial Owner (in block Letters)
  3. Name of the joint Members(s), if any :
  4. I. Registered Folio No.  
II. a) DP ID No.\*  
b) Client ID No. \*
- (\*Applicable to members holding shares in dematerialized form)
5. Number of Shares held :
  6. I/We hereby exercise my/our vote in respect of the Ordinary Resolution proposed through Postal Ballot for the businesses stated in the Postal Ballot Notice of the Company dated May 24, 2010 by conveying my/our assent or dissent to said Resolutions by placing the tick (v) mark at the appropriate box below

***(Tick in both the boxes would render your Ballot invalid for the respective resolution)***

Sr. No	Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Ordinary Resolution for declaration and approval to the issue of Bonus Shares in the ratio of 1 (one) new fully paid up Equity Shares of Rs.10/- each for every 2 (two) fully paid Equity Shares of Rs.10/- each of Company			

Place:

Signature of the Member/ Beneficial Owner

Date:

**Note: Last date for receipt of Postal Ballot Forms by the Scrutinizer is June 25, 2010.**

**PLEASE READ OVERLEAF INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT FORM.**



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## INSTRUCTIONS

1. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. Pursuant to the provisions of section 192A of the Companies Act, 1956 read with Companies (Passing of resolution by Postal Ballot) Rules, 2001, the assent or dissent of the Members in respect of the Resolution contained in the Postal Ballot Notice dated May 24, 2010 is being determined through Postal Ballot.
3. The Board has appointed Mr. Rajiv Kumar Adlakha of M/s R.K.Adlakha & Associates, Company Secretary in Whole Time Practice as the Scrutinizer for the purpose of conducting business through Postal Ballot under the Rules.
4. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it directly to the Scrutinizer in the attached preprinted self addressed envelope. No postage is required to be paid by the Shareholder as the prepaid self addressed postal envelope is enclosed. Envelope containing Postal Ballots, if sent by courier/registered post at the expense of the registered Shareholder, will also be accepted.
5. A (v) mark should be placed in the relevant box signifying assent/dissent for the resolution, as the case may be. Incomplete or unsigned Postal Ballots will be rejected. Tick in both the boxes would render your Ballot Form invalid. Please note that (X) mark or any other mark other than (v) in the box signifying assent or dissent shall be deemed as if no mark has been placed and the box is left blank.
6. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours (1700 hrs) on June 25, 2010. For this purpose, a self-addressed postage pre-paid envelope is enclosed herewith. Please note that any response received from the Shareholders after 1700 hrs on June 25, 2010 shall be treated as if no response has come from a Shareholder in terms of Rule 5(f) of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. Accordingly Shareholders are requested to send duly completed Postal Ballot Forms well before the above said date providing sufficient time for postal transit.
7. The Scrutinizer will submit his final report as soon as possible after the last date of receipt for Postal Ballot but not later than June 26, 2010.
8. The Chairman/Managing Director shall announce the result of Postal Ballot at the Registered Office, at 5.00 p.m. on June 26, 2010. The date of declaration of result of Postal Ballot result will be taken to be the date of passing of the Ordinary Resolution.
9. The Result of Postal Ballot will be published in the Newspaper (English and vernacular) within 48 hours of the declaration of the result and will be placed at the web-site of the Company at [www.piindustries.com](http://www.piindustries.com) for information of Members besides being communicated to all the Stock Exchanges on which the shares/ securities are listed.

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10. This form should be completed and signed by the member as per the specimen signatures registered with the Company. In case of joint holdings, this form should be completed and signed (as per the Specimen Signature registered with the Company) by first named Shareholder and in his absence, by the next named joint holder. In case the Form is signed by persons other than individual members, this form should be signed by an authorized signatory whose signature is already registered with the Company/Depository Participant.
11. In case of shares held by Companies, Trust, Societies etc., duly completed Postal Ballot Form should also be accompanied by a certified copy of the Board Resolution/Other Authority together with the attested specimen signatures of the duly authorized person exercising the voting by Postal Ballot.
12. If any extraneous paper is found in such envelop the same would not be considered by the Scrutinizer and would be destroyed.
13. There will be one Postal Ballot Form for every Folio/Client ID irrespective of the number of joint holders.
14. The Postal Ballot shall not be exercised by a Proxy.
15. Unsigned Postal Ballot form will be rejected.
16. Voting Rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the Notice.
17. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.