

**PI INDUSTRIES LIMITED**  
**Regd. Office: Udaisagar Road, Udaipur – 313 001 (Raj.)**

**NOTICE OF POSTAL BALLOT**  
**(Pursuant to Section 192A (2) of the Companies Act, 1956)**

**To**  
The Members  
PI Industries Ltd.

**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(s) to be passed by way of Postal Ballot:

**PROPOSED ORDINARY RESOLUTION NO.1 - SLUMP SALE OF POLYMER COMPOUNDING UNDERTAKING.**

TO CONSIDER AND, IF THOUGHT FIT, TO GIVE ASSENT/DISSENT TO FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION BY WAY OF POSTAL BALLOT:

**“RESOLVED THAT** pursuant to Section 293(1)(a), 192A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to any other law for the time being in force and permission and sanctions, as may be necessary in this behalf, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which terms shall deem to include any Committee thereof), to sell, transfer and/or otherwise dispose of the Company’s Polymer unit situated adjacent to Plot No.237, GIDC, Panoli, Ankleshwar, District Bharuch in the State of Gujarat (hereinafter referred to as “the Undertaking”) together with all the employees as well as assets and liabilities of the Polymer Division including all licenses, permits, consents and approvals whatsoever on a going concern basis by way of Slump Sale or otherwise to the wholly owned subsidiary of Rhodia S.A. (in the process of being incorporated) in India or any suitable party/parties at such consideration and with effect from such date as they deem appropriate”.

**“RESOLVED FURTHER THAT** the Board of Directors including any Committee so appointed by it be and is hereby authorized with power to finalize the terms and conditions of the sale of the above said undertaking as well as the methods or modes thereof and to execute all the required documents including agreements, memorandum, deeds of assignments / conveyance and any other documents with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary and/or expedient for completion of the transaction as aforesaid in the best interest of the Company”.

**PROPOSED ORDINARY RESOLUTION NO.2 - CHARGING / MORTGAGING THE IMMOVABLE PROPERTIES:**

TO CONSIDER AND, IF THOUGHT FIT, TO GIVE ASSENT/DISSENT TO FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION BY WAY OF POSTAL BALLOT:

**“RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or create charge in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine on all or any of the immovable properties of the Company, both present and future and /or whole or any part of undertaking(s) of the Company, in favor of the working capital lenders namely:

- Second pari passu charge/ subsequent charge for working capital facilities aggregating to Rs.20500 Lacs (consisting of Fund and non fund based facilities) provided by the Consortium led by State Bank of Bikaner & Jaipur, Udaipur (Rs.13550 Lacs) and includes State Bank of India (Rs.3300 Lacs) and Axis Bank Ltd. (Rs.3650 Lacs), together with interest at respective agreed rates, compound / additional interest, commitment charges, premium on pre-payment or on redemption, cost, charges, expenses and all other moneys payable by the Company to the above banks in terms of their respective loan agreements / consortium agreements / letter of sanction / memorandum of terms and conditions entered by the Company in respect of the said agreements”.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board / Committee of the Board / Directors or Officers authorized by them in this regard be and are hereby severally authorized to finalize with the aforesaid banks the documents for creating the aforesaid mortgage and / or charge and to do all such things as may be necessary for giving effect to the above resolution”.

“**RESOLVED FURTHER THAT** the mortgages/ charges created / to created and/or all the agreements / documents executed / to be executed and all the acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified”.

**Notes:**

1. This notice is being sent under certificate of posting to all the Members whose names would appear in the register of members as on [the date of dispatch of this notice]. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the Members as on 14.01.2011.
2. Voting rights of every member shall be reckoned as on the cut off date which shall be [date of dispatch of notice] and any recipient of this notice who has no voting rights as on the aforesaid date should treat the same as intimation only.
3. Voting rights shall be reckoned on proportionate basis of the paid up value of shares registered in the name of Members on the date of the dispatch of notice.
4. 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.
5. The explanatory statement pursuant to Section 173 (2) and Section 192A (2) of the Companies Act, 1956 stating all material facts and reasons for the aforementioned proposed resolutions is annexed hereto.
6. The Board of Directors has appointed Mr. Rajiv K Adlakha Partner M/s Adlakha & Adlakha Associates, Company Secretary in Whole Time Practice as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
7. **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 17<sup>th</sup> February, 2011. For this purpose, a self-addressed postage pre-paid envelope is enclosed herewith. Please note that any response received from the members after 17<sup>th</sup> February, 2011 (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.**

- 8. 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.**
9. The Scrutinizer, after completion of scrutiny, will submit his Report to the Chairman & Managing Director of the Company. The results of Postal Ballot will be declared by the Chairman & Managing Director of the Company on 19<sup>th</sup> February, 2011 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.
10. The Scrutinizer's decision on the validity of Postal Ballot shall be final.
11. The results of the postal ballot will also be posted on the Company's web site [www.piindustries.com](http://www.piindustries.com) besides its communication to the stock exchanges where the Company's shares are listed.
12. 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/-  
(Anurag Surana)  
Whole Time Director

Place : Gurgaon  
Dated: 12<sup>th</sup> January, 2011

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT**

*{Pursuant to Section 173(2) and 192 A (2) of Companies Act, 1956}*

The following are the explanatory statements setting out all material facts relating to the business(es) mentioned in the Notice of the Postal Ballot:

#### **Item No.1.**

The Company is mainly engaged in the business of Agri Inputs and Custom Synthesis and manufacturing of chemicals. It had also ventured into Polymer Compounding business in 1995 and which is today a smaller division of Company's overall business contributing ~ 8% of overall revenues in FY10.

The Polymer Compounding is a low value add business and has no synergy with Company's core strengths in chemical process research, manufacturing and distribution of Agri inputs. Since the Company has no backward integration in this business in terms of basic polymer manufacturing, the profitability of this business is also volatile.

On the other hand, the Company is facing tremendous growth opportunities in its core business areas, which are and presents bright future prospects for the Company with good profitability. These growth opportunities though require investments in the expansion of these core activities.

The Company's Board therefore reviewed its business portfolio and after detailed deliberations, proposed the divestment of Polymer Compounding business unit so that it can gain from more optimally utilizing its resources towards its core businesses and create better value for its stakeholders.

Subsequently, the Company has been actively pursuing discussions with the interested parties with a view to exit the Polymer Compounding business and has reached an understanding with a potential buyer for the sale of this business.

The Board of Directors in its recently held meeting has approved signing of a binding agreement to sell its Polymer Compounding business situated adjacent to Plot No.237, GIDC, Panoli, Ankleshwar, District Bharuch in the State of Gujarat, subject to shareholders' approval, to a French multinational, Rhodia S.A, an Euro 4-billion (US\$5.25 billion) specialty chemicals major, as a going concern on slump sale basis.

The transaction would include the transfer of all the assets used and the people employed by PI Polymer business unit, one industrial facility, R&D capabilities, customer base, brands, trademarks, logistics network, etc. in India. The transaction is subject to various regulatory approvals and definitive structure to be agreed between the parties.

Any sale or disposal of any undertaking of the Company requires the approval of shareholders under Section 293(1)(a) of the Companies Act, 1956. Hence, the resolution is placed before the shareholders for their approval.

In the opinion of the Directors, it is in the interest of the Company that the Polymer Compounding undertaking be disposed off as stated above.

Your approval or otherwise is sought through voting by postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

None of the Directors of the Company is in any way concerned or interested in the resolution.

## **Item No.2**

Consequent to increase in business activities of the Company, it has availed enhanced working capital facilities aggregating to Rs.20500 Lacs (consisting of fund and non fund based facilities) from State Bank of Bikaner & Jaipur - Rs.13550 Lacs, State Bank of India - Rs.3300 Lacs and Axis Bank Ltd. - Rs.3650 Lacs. These borrowings are to be secured by creation of second mortgage and charge on the fixed assets of the Company, both present and future, wherever situated. The said charge shall rank pari passu with the existing second pari passu charge holders of the Company.

In accordance with Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company shall not, except with the consent, in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of such undertaking of the Company, Your consent is being sought for the creation of such charge/mortgage on the assets of the Company, by way of a postal ballot under the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

The Directors recommend the passing of this resolution as an Ordinary Resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Place : Gurgaon  
Dated: 12<sup>th</sup> January, 2011

By order of the Board of Directors  
Sd/-  
(Anurag Surana)  
Whole Time Director

**PI INDUSTRIES LIMITED**  
**Regd. Office: Udaisagar Road, Udaipur – 313 001 (Raj.)**  
**POSTAL BALLOT FORM**  
**(Attached to the Notice dated 12<sup>th</sup> January, 2011)**

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. Registered Folio No.  
DP ID No. / Client ID No. \*  
(\*Applicable to members holding share in dematerialized form)
5. Number of Shares held :
6. I/We hereby exercise my/our vote in respect of the Ordinary Resolution(s) proposed through Postal Ballot for the businesses stated in the Postal Ballot Notice dated 12<sup>th</sup> January, 2011 of the Company by conveying my/our assent or dissent to the said Resolutions by placing the tick (√) 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 pursuant to Section 293(1)(a) of the Companies Act, 1956 authorizing the Board of Directors to sell / transfer or otherwise dispose of by way of slump sale or otherwise one of the Undertaking of the Company, viz. Polymer unit situated adjacent to Plot No.237, GIDC, Panoli, Ankleshwar, District Bharuch as stated in the enclosed resolution and explanatory statement.			
2	Ordinary resolution pursuant to Section 293(1)(a) of the Companies Act, 1956 for charging / mortgaging the immovable properties of the Company for securing the working capital borrowings of SBBJ, SBI & Axis Bank.			

**Place:**  
**Date :**

**Signature of the Member/ Beneficial Owner**

**Note: Last date for receipt of Postal Ballot Forms by the Scrutinizer is 17<sup>th</sup> February, 2011.**

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

P.T.O

## 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 12<sup>th</sup> January, 2011 is being determined through Postal Ballot.
3. The Board has appointed Mr. Rajiv K Adlakha of M/s Adlakha & 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 (√) 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 (√) 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 17<sup>th</sup> February, 2011. 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 17<sup>th</sup> February, 2011 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 19<sup>th</sup> February, 2011.
8. The Chairman & Managing Director shall announce the result of Postal Ballot at the Registered Office, at 5.00 p.m. on 19<sup>th</sup> February, 2011. The date of declaration of result of Postal Ballot result will be taken to be the date of passing of the Ordinary Resolution(s).
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.
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. Votes will be considered invalid on the following grounds:
  - a) if the Member's signature does not tally;
  - b) if the Member has marked both in favour and against;
  - c) if the ballot paper received is torn or defaced or mutilated to an extent that it is difficult for Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature couldn't be checked or on one or more of the above grounds;
  - d) on such grounds which in the opinion of the scrutinizer makes the vote invalid.
17. 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.
18. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.