



PENNAR INDUSTRIES LIMITED

Regd. Office: Floor No. -1 DHFLVC Silicon Towers Kondapur, Hyderabad 500084

NOTICE FOR VOTING BY POSTAL BALLOT (Pursuant to Section 192A of the Companies Act, 1956)

Dear Members,

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, that the resolution appended below is proposed to be passed as Special Resolutions by Postal Ballot for the purpose of:

1. Providing Corporate Guarantee/ security to the Subsidiary Companies Pennar Engineered Building Systems Limited and Pennar Enviro Limited and making Loans/Investment in Pennar Engineered Building Systems Limited and Pennar Enviro Limited.
2. Alteration of Main objects in the Memorandum of Association of the Company.
3. Alteration of Ancillary objects in the Memorandum of Association of the Company.
4. Alteration of Articles of Association of the Company.

The Company seeks the shareholders' consent for the proposal contained in the resolutions appended below. The Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons there for is annexed. The said Special Resolutions and the Explanatory Statement are being sent to you along with a Postal Ballot Form for your consideration.

The Company has appointed Sri S. Chidambaram, a Practicing Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Postal Ballot Form and return the same duly completed, in the enclosed postage pre-paid envelope so as to reach the Scrutinizer not later than the close of working hours i.e, on Wednesday the 3rd April, 2013. Upon completion of the scrutiny of the Postal Ballot Forms, the Scrutinizer will submit his report to the Chairman or a director of the company. The result of the Postal Ballot will be announced by way of display at the Company's website by Monday the 8th April, 2013. The results of the Postal Ballot will also be noted at the next General Meeting of the Company.

The Members are requested to consider and, if thought fit, to pass the following resolution:

Item-No. 1: Special Resolution

Providing Corporate Guarantee/security to the Subsidiary Companies Pennar Engineered Building Systems Limited and Pennar Enviro Limited and making Loans/Investment in Pennar Engineered Building Systems Limited and Pennar Enviro Limited:

RESOLVED THAT pursuant to the provisions of Sections 372A, 192A, and other applicable provisions, if any, of the companies Act, 1956 (the Act) read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011 and subject to such other approvals, consents, sanctions and permissions as may be necessary in that behalf, and subject to such conditions as may be prescribed while granting such approvals, consents, sanctions and permissions, the consent of the Company be accorded to the Board of Directors of the company (hereinafter referred to as 'the Board', which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) to invest/acquire from time to time by way of subscription, conversion or otherwise Equity shares and to make /give from time to time any loan or loans not exceeding ₹. 22.5 crores in Pennar Engineered Building Systems Limited, the subsidiary of Pennar Industries Limited (including the existing investment of ₹. 18.50 crores and Fixed Deposit of ₹. 2.00 crores), and to invest/acquire from time to time by way of subscription, conversion or



otherwise Equity shares and to make / give from time to time any loan or loans not exceeding ₹.7.5 crores in Pennar Enviro Limited, the subsidiary of Pennar Industries Limited (including the existing investment of ₹. 4.27 crores) and give from time to time any corporate guarantee(s)and/or provide any security in favour of various banks, institutions, persons/entities in connection with various facilities (including but not limited to term loan, cash credit, overdraft, bank guarantees, letter of credits etc.,) availed / to be availed by Pennar Engineered Building Systems Limited, the subsidiary company, not exceeding ₹. 250 crores (including existing guarantee of ₹. 175.12 crores) and give from time to time any corporate guarantee(s)and/or provide any security in favour of various banks, institutions, persons/entities in connection with various facilities (including but not limited to term loan, cash credit, overdraft, bank guarantees, letter of credits etc.,) availed / to be availed by Pennar Enviro Limited, the subsidiary company, not exceeding ₹. 30 crores (existing Guarantee NIL).

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise with regard to such loan, guarantee or investments or otherwise reconsider the matter due to change in circumstances as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution and to finalise and execute all the documents and writings as may be necessary or expedient to give effect to this Resolution.”

Item-No. 2: Special Resolution

Alteration of the Main Objects in the Memorandum of Association of the Company:

“RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or reenactment thereof, for the time being in force read with section 192A of the Act and the Companies (passing of resolutions by postal ballot) Rules 2011 and subject to approvals, permissions and sanctions from the appropriate authorities, if any, clause III(A) of object clause of Memorandum of Association of the company is hereby altered by inserting the following new sub-clause 12 after the existing sub-clause 11 of the Memorandum of Association of the company.

12. *To carry on the Business of and Generate, develop, accumulate, distribute and supply Electricity by setting up Thermal Hydel power plants , by use of liquid, gaseous or solid fuels and other products and others to be used as fuels for the purpose of light heat motive power and for all other purposes for which Electric Energy can be employed;*
- To carry on and Generate power supply either by Hydro, Thermal, Gas, Air, Diesel Oil Atomic or through Renewable energy sources such as Solar, Photovoltaic, Windmill and/or any other means;*
- To transmit, distribute, supply and sell such power either directly or through transmission lines and facilities of state/central governments or private companies or Electricity Boards to Industries, to central and state Governments, other consumers of Electricity including for captive consumption for any industrial projects promoted by this company or promoter, engage in the business of supply and distribution of electricity, purchasing, selling, importing, exporting, wheeling, and trading of electrical energy, operation of distribution system including finalization of tariff, billing and collection thereof and to enter into any agreements for the carrying on of such business.*

“RESOLVED FURTHER THAT for giving effect to this resolution, the board of directors, be and is hereby authorized to do all such acts, matters, deeds and things as the board may, in its absolute discretion, consider necessary, expedient, usual or proper including settling any difficulty or question raised by registrar of companies Hyderabad or other authorities and to agree to the same if found reasonable, and without limitation to delegate any or all such powers, to any committee of the board or to any one or more directors or officers of the company”

Item-No. 3: Special Resolution

Alteration of the Ancillary Objects of the Company by Altering the Memorandum of Association:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or reenactment thereof, for the time being in force read with section 192A of the Act and the Companies (passing of resolutions by postal ballot) Rules 2011 and subject to approvals, permissions and sanctions from the appropriate authorities, if any, the clause III(B) of the object clause of Memorandum of Association of the company is hereby altered by replacing the existing sub-clause 10 and 28 under clause III(B) of Memorandum of Association of the Company with the following sub-clauses..

10. *To subscribe for, purchase or otherwise acquire, hold, sell, exchange, dispose of and deal in and to give any guarantee of whatever descriptions to the stocks, shares, bonds, debentures, debenture stock, scrips or other securities or obligations of any company or of any authority, supreme, public, local or otherwise and to invest and deal with the funds of the company not immediately required in such securities and in such manner as may from time to time be determined.*

To provide Guarantee/Security to any Company(including subsidiary, Group Companies), Body Corporate, Society, firm or any other legal entities subject to such limits and terms as the Board may decide and deem fit in the best Interest of the Company"

28. *To amalgamate with any other Company having objects altogether or in part similar to those of this Company.*

To amalgamate/merge and/or enter in to arrangement/demerger with any other body corporate whether they be subsidiary, Associate or Group Company or otherwise in the best Interest of the Company."

"RESOLVED FURTHER THAT for giving effect to this resolution, the board of directors, be and is hereby authorized to do all such acts, matters, deed and things as the board may, in its absolute discretion, consider necessary, expedient, usual or proper including settling any difficulty or question raised by registrar of companies Hyderabad or other authorities and to agree to the same if found reasonable, and without limitation to delegate any or all such powers, to any committee of the board or to any one or more directors or officers of the company"

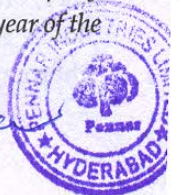
Item-No. 4: Special Resolution

Alteration of the Articles of Association:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or reenactment thereof, for the time being in force read with section 192A of the Act and the Companies (passing of resolutions by postal ballot) rules 2011 and subject to approvals, permissions and sanctions from the appropriate authorities, if any, the Article 138 of the Articles of Association of the company is hereby altered by replacing the existing Article 138 of the Articles of Association of the company with the following Article.

138. *Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher provided that where at any time the number of the interested Directors, exceeds or is equal two-thirds of the total strength, the number of the remaining Directors, that is to say; the number of Directors who are not present at the meeting being not less than two shall be the quorum during such time.*

A meeting of a Board/committee can be held through electronic mode either by way of video conference or any other mode where the directors can participate without any intermediary and the chairman/secretary shall confirm the participation of the directors in the meeting who are not physically present. However, every director of the company must attend the meeting of the Board/committee of directors personally at least one meeting in a financial year of the company."



“RESOLVED FURTHER THAT for giving effect to this resolution, the board of directors, be and is hereby authorized to do all such acts, matters, deed and things as the board may, in its absolute discretion, consider necessary, expedient, usual or proper including settling any difficulty or question raised by registrar of companies Hyderabad or other authorities and to agree to the same if found reasonable, and without limitation to delegate any or all such powers, to any committee of the board or to any one or more directors or officers of the company”

By Order of the Board
For Pennar Industries Limited

R. Ravi
V.P. Finance and Company Secretary

Place: Hyderabad
Date: 09.02.2013

EXPLANATORY STATEMENT FOR RESOLUTIONS MENTIONED IN ITEM-No.1 to 4 PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No.1:

Pursuant to Section 372A of the Act, the company can make loans, give guarantees, provide securities to and make investments in the securities of other bodies corporate to the extent of 60% of its paid up share capital and free reserves or 100% of its free reserves whichever is higher with the approval of the Board of Directors. Where the aggregate of loans and investments made, guarantees given and securities provided exceeds the aforesaid limits, prior approval of the shareholders is required by way of a special resolution.

The company constantly reviews opportunities for expansion of its business operations directly or through its subsidiaries. This needs infusion of funds into their respective businesses and the company would, therefore be required to provide financial support by way of loans and/ or guarantees and / or security/ investments in securities of its subsidiary.

Pennar Engineered Building Systems Limited ('PEBS') ,is a subsidiary of your company and is engaged in the design, manufacture and installation of pre-engineered buildings for industries, warehouses, commercial centers, multi storied buildings, aircraft hangers, malls and stadia.

PEBS has been set up in collaboration with NCI Building Systems, Inc of USA, a global leader in this field. The PEBS plant is the first factory in India to be awarded a 'Gold Rating' by the Indian Green Building Council for a Green Factory under the LEED©2.0 rating system.

The company has been making rapid progress in the Indian Pre Engineered market. Within two years after starting its commercial operations the company has achieved ₹. 280 crores turnover. The company is planning to achieve ₹. 330 crores turnover in FY 13 (YOY growth of 18%) and Rs. 500 crores in FY 14. In order to diversify into other sectors the company has entered into solar sector and Cold form building sector. The solar division provides one stop solution for setting up solar plants in India. The company has started receiving orders in both the sectors.

PEBS has developed blue chip customer base across various industry verticals. Customers include Ultra Tech, L&T, Procter and Gamble, ITC Nepal, Dr. Reddy's Laboratories, HCC, My Home Industries, Schneider Electric, Bosch, ABB, Schindler, Godrej, Reliance, Tata Steel and Thermax etc.. The various industry verticals include Pharma, Steel, Logistics, Cement, Defence, Structural Steel, Textile, Railways, Tobacco, Automotive, Glass,

Sugar, Heavy Manufacturing, Electrical & Electronics, Power, Agro and Aluminum. The company has outstanding order book of ₹.300 crore.

PEBS Pennar also received the ISO 9001:2008 certification and PEBS Pennar's flagship product DOUBLE - LOK® in technical association with NCI Group USA, received the highly acclaimed FM Approval in India.

Your company has invested ₹ 18.5 crores in equity shares of PEBS and has Invested further amount of ₹. 2.00 crores in Fixed Deposits. The Company has further extended an amount of ₹. 175.12 crores as guarantee to PEBS. The Company now proposes to further invest/grant loans and also provide additional guarantee/security to PEBS. The details of the proposed Investment/Loan/Guarantee/Security proposed to be given by your Company are given below:

Sl. No.	Particulars	Existing Limits (₹)	Proposed Limits including existing (₹)
1.	Investment/Loans	20,50,00,000	22,50,00,000
2.	Guarantee/Security	175,12,00,000	250,00,00,000

Your Company proposes to invest/provide loan and give Guarantee/Security of the above increased limits to its subsidiary company Pennar Engineered Building Systems Limited only.

Pennar Enviro Limited ('PEL') is a subsidiary of your company and offers turnkey solutions for the Design, Supply, Erection and Commissioning of water treatment projects and also offers O&M services for industries. PEL has a Technical Collaboration with M/s. Tech Universal, UK a 30 year old reputed EPC & technology provider, with 200+ major references on brackish water/sea desalination, EST & STP solutions to the tune of 100 MLD. Tech Universal is a consortium partner of PEL and supports PEL on its technology & process know-how.

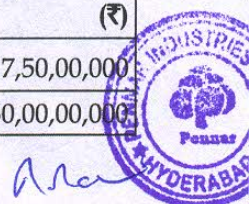
PEL offers wide range comprehensive solutions and innovative technologies for Water Treatment Plants (WTPs), Sewage Treatments Plants (STPs), Effluent Treatment Plants (ETPs), Effluent recycling Plants (ERPs), Zero Liquid Discharge Plants (ZLDs) etc. using various advanced & environmental friendly technologies in Industrial and Municipal Segments besides Sea/Brackish Water Desalination.

PEL deals with a wide range of fuel additives for the treatment of solid fuels like coal and different petroleum fuels like FO, LSHS, SKO and LDO in order to enhance the specific performance requirements of each fuel. PEL has a technical collaboration with TOTAL for manufacturing and selling of fuel additives in India since 1995. The company's product capabilities extend into aspects of an extensive range of high performance Specialty Water Treatment Chemicals for treatment of Boiler Water, Cooling Water, Raw and Effluent Water and Reverse Osmosis. The company has been making rapid progress in the field of Fuel Additives and Water Treatment Chemicals.

The Company has aggressive growth plans and intends to tap industrial and municipal sectors for growth in water and waste water treatment industry.

Your company has invested ₹ 4.27 crores and holds 51% of the voting rights in PEL. The Company now proposes to provide guarantee/security to PEL. The details of the Guarantee/Security proposed to be given by your Company are given below:

Sl. No.	Particulars	Existing Limits (₹)	Proposed Limits including existing (₹)
1.	Investment/Loans	4,27,00,000	7,50,00,000
2.	Guarantee/Security	NIL	30,00,00,000



Your Company proposes to invest/provide loan and give Guarantee/Security of the above increased limits to its subsidiary company Pennar Enviro Limited only.

Your Company proposes to use the internal accruals/borrowed funds for the above purpose, the objectives of which is the optimum utilization of funds of the company and also to achieve long term strategic and business objectives. The investments, loans and guarantees and securities will be made on terms and conditions most beneficial to the company/ at prevailing market rates.

The Directors recommend the resolution for the approval of members by means of Postal Ballot.

Except Mr. Nrupender Rao, Mr.Ch.Anantha Reddy and Mr. Aditya Rao none of the Directors of the company are concerned or interested in the said resolution.

Item No: 2

The company has been exploring various options for improving the profitability of the company. The cost of the power is going up regularly. It was felt that the company could engage in the Business of and to generate, develop, accumulate, distribute and supply Electricity by setting up power plants.

The Present object clause of the Memorandum of Association does not include permission to carry on such business activity/s. Hence it is necessary to amend the object clause of the memorandum of association by inserting a new sub clause 12 in main objects of the object clause of Memorandum of Association.

The Directors recommend the resolution for the approval of members by means of Postal Ballot.

None of the Directors of the company are concerned or interested in the said resolution.

Item No: 3

The Indian economy is growing robust and it is expected that the growth will get further momentum in the coming years. In the era of rapid economic liberalization and growth, the company is looking at various businesses opportunities in India and abroad. It was identified that though the present objects clause contains the objects for giving bank guarantee and power of Amalgamation, the Company in order to give clarity and avoid any interpretation problems in reading the said clauses it is proposed to amend sub-clause 10 and 28 of Clause (III)(B) of Memorandum of Association under the head Incidental and Ancillary objects of Memorandum of Association by inserting new sub-clauses 10 and 28 in the place of existing sub-clause 10 and 28.

Pursuant to section 17 read with section 192A of the Act and the Companies (passing of the resolution by postal ballot) Rules 2011, any proposal to alter the object clause of the company has to be approved by its shareholders by way of postal ballot.

The Directors recommend the resolution for the approval of members by means of Postal Ballot.

None of the Directors of the company are concerned or interested in the said resolution.

Item No: 4

The Ministry of Corporate Affairs ("MCA"), Government of India, New Delhi vide General Circulars No. 27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 6, 2011 has permitted Companies to hold Board Meetings and Shareholders Meetings through Video Conference facility, as part of the Green Initiatives under Corporate Governance.

Section 53 of the Companies Act, 1956 ("the Act") and Article 119 of the Articles of Association of your Company provide for modes of service of documents on a Member of the Company. The MCA has, vide Circular No. 17/2011 dated April 21, 2011, notified that a Company would have complied with Section 53 of the Act, if the service of a document has been made through electronic mode, provided the Company has obtained e-mail addresses of its Members for sending Notices/ Documents through e-mail by giving opportunity to every

Shareholder to register their e-mail addresses with the Company.

The Ministry of Corporate Affairs has recently introduced various measures which are contributing towards green initiative in Corporate Governance by allowing paperless compliances by the Companies.

In line of the said Circulars, the Board of Directors of the Company proposes to amend the article 138 by inserting new Article 138 in place of existing Article to enable the Company to provide Video Conferencing facilities for shareholders to attend and vote on the resolutions to be passed at General Meetings and also for Directors to participate at meetings of Board of Directors or Committee Meetings.

The Board of Directors recommends the Resolution for your approval as a Special Resolution.

None of the Directors of the Company are concerned or interested in the said resolution.

Place: Hyderabad

Date: 09-02-2013

By Order of the Board
For Pennar Industries Limited

R. Ravi
V.P. Finance and Company Secretary



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