



PI INDUSTRIES LIMITED

Regd Office: Udaisagar Road, Udaipur – 313 001 (Rajasthan)

Corporate Office: 5th Floor, Vipul Square, B- Block, Sushant Lok, Phase – I, Gurgaon – 122 009

Website: www.piindustries.com Phone: 0124-6790000 Fax: 0124 – 4081247

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

NOTICE is hereby given pursuant to Section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended from time to time, to transact the following special business by the Members of PI Industries Limited by passing the Resolutions through Postal Ballot.

Your consideration and approval is sought for the Resolutions annexed herewith. The Explanatory Statement under Section 173(2) of the Companies Act, 1956, setting out the material facts and the reasons for the Resolutions, is also appended herewith and is being sent to you alongwith a Postal Ballot Form for your consideration. Mr A.K Friends, Practising Company Secretary has been appointed by the Board of Directors of your Company as the Scrutinizer.

You are requested to carefully read the instructions printed on the Postal Ballot Form and the Notice and return the completed Form in the enclosed self-addressed pre-paid postage envelope (if posted in India), so as to reach the Scrutinizer, at the Corporate Office of the Company at 5th Floor, Vipul Square, B- Block, Sushant Lok, Phase-I, Gurgaon – 122009, on or **before close of business hours on Wednesday, the 16th day of January, 2013, the last date for the receipt of the completed Postal ballot Forms.**

E-Voting Option

We are pleased to offer E-Voting facility also as an alternate for our Individual Members (i.e. other than Corporate/FIs/FIIs etc), which would enable you to cast your votes electronically, instead of Physical Postal Ballot form, e-Voting is optional. For this purpose, the Company has entered in to an agreement with NSDL for facilitating e-Voting to enable the Shareholders to cast their votes electronically instead of dispatching Postal Ballot Form. Please carefully read and follow the instructions on e-Voting printed in this Notice.

The Scrutinizer will submit his report to the Chairman & Managing Director of the Company, upon completion of scrutiny of Postal Ballots in a fair and transparent manner and the result of the Postal Ballot will be announced on Friday, the **18th day of January, 2013** at the Corporate Office of the Company. The result of the Postal ballot will also be displayed at the notice board at Regd. Office of the company and posted on the Company's website www.piindustries.com, besides communicating the same to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The result of the Postal Ballot shall also be announced through newspaper advertisement.

SPECIAL BUSINESS:

Item No. 1

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the applicable Rules, Regulations, Notifications and Circulars, if any, issued by Securities and Exchange Board of India (SEBI) from time to time, including the provisions of Securities and Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 as amended (the "SEBI ICDR Regulations"), the provisions of the Foreign Exchange Management Act, 1999, and rules and regulations made hereunder, including the Foreign Exchange Management (Transfer and Issue of Securities by a person Resident outside India) Regulation, 2000, if applicable, the provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and subject to any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and subject to enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements, entered into by the Company with the Stock Exchanges, where the shares of the company are listed and subject to any approval, consent, permission and/or sanction of the members of the Company by way of special resolution, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, Securities and Exchange Board of India and /or any other competent authorities, institutions or bodies, within or outside India, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed by the Board of Directors (hereinafter referred to as "Board" which term shall include any committee thereof, whether constituted or to be constituted), approval of the Company is hereby accorded to the Board to create, offer, issue and allot in one or more tranch(es), in the course of domestic and / or international offerings and /or Qualified Institutional Placements ("QIP"), with or without an over- allotment/ green shoe issue option, in one or more foreign markets or domestic markets, to domestic institutions, foreign institutions, non-resident Indians, Indian public, companies, corporate bodies, mutual funds, banks, insurance companies, pension funds, individuals, qualified institutional buyers or other persons or entities, whether shareholders

of the Company or not, through a public issue and/or on a private placement basis and/or qualified institutional placement within the meaning of Chapter VIII of the SEBI ICDR Regulations and /or preferential issue and/or other kind of public issue and /or private placement or through a combination of the foregoing as may be permitted under applicable law from time to time, with or without an over-allotment/ green shoe option, equity share, secured or unsecured debentures, bonds or any other securities whether convertible into equity share or not, including, but not limited to, Foreign Currency Convertible Bonds ("FCCBs"), Optionally Convertible Debentures ("OCD"), Bonds with share warrants attached, Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs") or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with bonds and/or any other securities whether convertible into equity shares or not (hereinafter referred to as "securities") for a value upto Rs.150 crores (Rupees One hundred fifty crores only, whether to be listed on any stock exchange in India or any international stock exchanges outside India, through an offer document and/or prospectus and/or offer letter, and/or offering circular, and/or on public and/or private or preferential basis, whether rupee denominated in foreign currency at such time or times, at such price or prices in such manner and on such terms and conditions including security, rate of interest etc, as may be decided by and deemed appropriate by the Board as per applicable law, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made, considering, the prevailing market conditions and other relevant factors wherever necessary in consultation with its advisors, as the Board in its absolute discretion may deem fit and appropriate".

"RESOLVED FURTHER THAT in addition to all applicable Indian laws, the securities issued in pursuance of this resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or that may in any other manner apply to such securities or provided in the terms of their issue".

"RESOLVED FURTHER THAT any securities that are not subscribed in issues mentioned above, may be disposed off by the Board in its absolute discretion in such manner, as the Board may deem fit and as permissible by the law".

"RESOLVED FURTHER THAT if any issue of Securities is made by way of Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning of the SEBI ICDR Regulations), the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board, issued for such purpose, shall be fully paid-up and the allotment of such Eligible Securities or any combination thereof, shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time at such price being not less than the price determined in accordance with Chapter VIII of the SEBI ICDR Regulations and the Eligible Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR Regulations".

"RESOLVED FURTHER THAT in the event that the Equity Shares/ Eligible Securities are issued to Qualified Institutional Buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares /Eligible Securities shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares or such other time as maybe allowed by SEBI ICDR Regulations from time to time (which expression includes any Committee thereof constituted or to be constituted to exercise its powers) at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations subsequent to the receipt of shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines."

"RESOLVED FURTHER THAT in case of an issuance of FCCBs/ADRs/GDRs, the relevant date for the determination of the issue price of the securities offered, shall be determined in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary shares (through Depository Receipt Mechanism) Scheme, 1993 as may be amended from time to time".

"RESOLVED FURTHER THAT the issue of Securities shall be subject to the following terms and conditions:

- (a) The Securities shall be subject to the provisions of Memorandum and Articles of Association of the Company and in accordance with the terms of the issue; and
- (b) The number and/or price of the Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, execution of various transaction documents, creation of mortgage/ charge in accordance with Section 293(1)(a) of the Act, in respect of any Securities as may be required either on pari-passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds 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".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to form a committee or delegate all or any of its powers to any Directors (s) or Committee of Directors / Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions".

"RESOLVED FURTHER THAT subject to the applicable laws the Board and/or the Committee authorized by the Board be and is hereby authorized to do such acts, deeds and things as the Boards in its absolute discretion deems necessary or desirable in connection with the issue of the securities, including, without limitation of the following;

- (a) decide the date for the opening of the issue of securities
- (b) Decide the price band for the issue
- (c) Finalization of the Issue Price
- (d) Finalization of the allotment of the securities on the basis of the subscriptions received.
- (e) Finalization of, signing of and arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/offer document(s), and any amendments and supplements thereto, along with supporting papers needed to be filed for seeking listing approval with any applicable government and regulatory authorities, institutions or bodies as may be required;
- (f) Deciding the pricing and terms of the securities, and all other related matters, including taking any action on two-way fungibility for conversion of underlying equity shares into FCCBs/ GDRs/ ADRs, as per applicable laws, regulations or guidelines;
- (g) Appoint, in its absolute discretion, managers (including lead manager), Investment Bankers, Merchant Bankers, underwriters, guarantors, financial and /or legal advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all other agencies, whether in India or abroad, entering into or execution of all such agreements/ arrangements/ MoU's/ documents with any such agencies, in connection with the proposed offering of the securities;
- (h) Approval of the Deposit Agreements(s), the Purchase/Underwriting Agreement(s), the Trust Deed(s), the Indenture(s), the Master/Global GDR's/ADRs/FCCBS/other securities, letters of allotment, listing application, engagement letter(s), memoranda of understanding and any other agreements of documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- (i) Settle all questions, difficulties or doubts that may arise in regards to the issue, offer or allotment of securities and utilization of the proceeds of the issue in such manner and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit.

"RESOLVED FURTHER THAT the Board and/or the Committee authorized by the Board be and is hereby authorized to accept any modifications in the proposals as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/Gol/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board".

"RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, issue of the securities may be done upon all or any terms or combination of terms in accordance with international practices relating to the payment of interest, additional interest, premium on redemption, prepayment or any other debt service payments and all such terms as are provided customarily in an issue of securities of this nature".

"RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue off depository receipt's representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradeability of free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) in or outside India) and under the forms and practices prevalent in the international markets."

Item No. 2

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be substituted by a new set of Articles of Association and the same be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the Articles hereof".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized by the Company to undertake such acts, deed and matters, as they may in their absolute discretion deem necessary, proper or desirable, including any amendment or modification to the proposed Articles of Association as per the suggestion / direction of the Regulatory Authorities and settle any question, difficulty or doubt that may arise in this regard, including but not limited to making requisite filings with the Registrar of

Companies and the stock exchanges, that may be required to give effect to the alteration of the Articles of Association in accordance with this resolution.”

Item No. 3

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** Mr. Rajnish Sarna, who was appointed as an Additional Director by the Board under section 260 of the Companies Act, 1956 read with Articles of Association of the Company and who holds office only upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received Notice in writing, under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company.”

Item No. 4

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”) including any modifications(s) or re-enactment(s) thereof, or any other law for the time being in force, in accordance with recommendation/ approval of the Remuneration Committee or any other approval, sanction or permission as may be required under any other enactment or Law for the time being in force, Mr. Rajnish Sarna, be and is hereby appointed as Whole-time Director of the Company for a term of five years commencing from 7th November, 2012 till 6th November, 2017 on the following terms and conditions:

A. Salary:

Basic salary: Rs. 4,30,000/- per month in the grade of (Rs. 4,30,000/- to Rs. 8,00,000/-with such increment(s) from time to time as the Board / Committee of Directors may deem fit.

B. Perquisites

Mr. Rajnish Sarna in the capacity of Whole-time Director shall be entitled to following perquisites.

i. Housing:

The Company to provide him rent free residential accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof; reimbursement of expenses or allowances for utilities such as electricity, gas, water, furnishings, repairs, servants' salaries and services of sweeper, watchman, gardener, the monetary value of which shall be evaluated as per Income Tax Rules.

ii. Medical Reimbursement:

Expenses incurred for himself and his family shall be reimbursed subject to ceiling of one month's basic salary in a year.

iii. Leave Travel Concession:

Expenses incurred towards leave travel shall be reimbursed for himself and his family (including dependents) twice in the block of 4 years in accordance with rules specified by the Company.

iv. Club fees:

Reimbursement of club fees, subject to a maximum of two clubs.

v. Personal Accident Insurance:

The Company shall pay the premium for the personal accident insurance policy taken for himself.

Explanation: For the purpose of Part B, family means the spouse, dependent children and dependent parents. The remuneration by way of salary and perquisites payable to him shall be subject to overall ceiling laid down in Schedule XIII read with Sec 198 & 309 of the Companies Act, 1956.

vi. Car & Telephone:

The provision of car for use for Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed to him by the Company.

C. Provident Fund, Gratuity and Leave Encashment:

Company's contribution to Provident Fund, payment of Gratuity & Encashment of Leave would be as per rules of the Company. However, Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

D. Minimum remuneration:

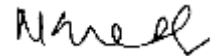
The above remuneration (including perquisites) shall be paid to him as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company, but shall not exceed the ceiling laid down in this behalf in Schedule XIII and the limits laid down u/s 198 & 309 of the Companies Act, 1956.

Other terms and conditions:

- (a) Either party shall be entitled to terminate the service at any time by giving to the other not less than Three months' Notice in writing in that behalf without the necessity of showing any cause and on the expiration of the period of such notice, the agreement shall stand terminate provided that the company shall be entitled to terminate the employment hereunder any time by payment to him of Three Month's salary in lieu of such notice.
- (b) Annual increment shall fall due on 1st April each year during the continuation of this agreement.
- (c) The terms and conditions of appointment may be altered and varied by the Remuneration Committee and the Board of Directors as they may deem fit at their discretion, in accordance with the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

"RESOLVED FURTHER THAT Mr. Salil Singhal, Chairman and Managing Director, Mr. Mayank Singhal, Managing Director & CEO and Mr. Naresh Kapoor, Company Secretary of the Company, be and are hereby severally authorized to sign, file the forms, other documents and papers and make necessary applications on behalf of the Company and complete all other formalities and do all such acts and deeds as may be required necessary, desirable and expedient for giving effect to this resolution".

By Order of the Board
For **PI INDUSTRIES LIMITED**



NARESH KAPOOR
Company Secretary

Place: Gurgaon
Date: 6th December, 2012

NOTES:

- (1) Voting period commences on and from 18th December, 2012 and ends on 16th January, 2013.
- (2) The Explanatory Statement pursuant to Section 173(2) read with Section 192A(2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
- (3) The Notice is being sent to all the members by post (and electronically by e-mail to those members who have registered their e-mail IDs with the Company), whose names appear in the Register of Members / Record of Depositories as on Friday, the 7th day of December, 2012.
- (4) The Company has appointed Mr. A.K. Friends, Practicing Company Secretary, as the "Scrutinizer" to conduct the Postal Ballot process in a fair and transparent manner.
- (5) All relevant documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 2:00 P.M. to 4:00 P.M. up to Tuesday, the 16th day of January, 2013 (i.e the last date for receiving of postal ballots/e-Votes).

INSTRUCTIONS FOR VOTING

Kindly note that each Member can opt for only one mode for voting i.e. either by Physical Ballot or by E-Voting. If you opt for E-Voting, then please do not vote by Physical Ballot and vice versa. In case Member(s) do cast their vote via both modes i.e. Physical Ballot as well as E-Voting, then voting done through a valid Physical Postal Ballot Form shall prevail and E-Voting of that member shall be treated as invalid.

E-VOTING

- 6. In compliance with provisions of Section 192A of the Act read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the Company is pleased to offer E-Voting facility as an alternate, for its Members, to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. The E-Votes should be casted not later than the close of day of January 15, 2013. E-Voting is optional. The procedure and instructions for the same are as follows:

A. In case of Members' receiving E-Mail from NSDL

- 1. Open E-Mail and open PDF file viz: "PI INDUSTRIES E LTD.-Voting.pdf" with your Client ID or Folio Number as password. The said

PDF file contains your user ID and password for E-Voting. Please note that the password is an initial password.

- ii. Open your web browser during the voting period and log on to the e-voting website <https://www.evoting.nsdl.com/>
- iii. Click on "Shareholders" tab to cast your vote.
- iv. Enter your user ID and password as initial password noted in Step (i) above. Click LOGIN.
- v. Password Change menu appears. Change the initial password with new password of your choice. The new password has to be minimum eight digits / characters or combination thereof. Note new password. Kindly note that this password is to be used by the holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for E-Voting through NSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home-page of "E-Voting" opens. Click on "E-Voting": Active Voting Cycles.
- vii. Select "EVEN" of PI INDUSTRIES LIMITED (i.e the Electronic Voting Event Number), from the drop down menu.
- viii. Now you are ready for "E-Voting" as "Cast Vote" page opens.
- ix. Then cast your vote by selecting appropriate options and click on "SUBMIT" and also "CONFIRM" when prompted. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- x. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at: akfriends38@yahoo.co.in or investor.grievance@piind.com with a copy marked to evoting@nsdl.co.in

B. In case of Members' receiving Postal Ballot Form by Post

- I. Initial password is provided as below/at the bottom of the Postal Ballot Form.

EVEN	USER ID	PASSWORD
(Electronic Voting Event Number)		

EXPLANATORY STATEMENT AND REASONS FOR THE PROPOSED RESOLUTIONS ACCOMPANING THE NOTICE DATED DECEMBER 06, 2012 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A(2) OF THE COMPANIES ACT, 1956.

ITEM No. 1

The Company proposes to raise funds upto Rs.150 Crores (Rupees One hundred fifty crores only) in one or more tranches through a public issues and/or on a private placement basis and/or QIP within the meaning of Chapter VIII of the SEBI ICDR Regulations and/or preferential issue and/or any other kind of public issue and/or private placement as may be permitted under applicable law from time to time. The resolution contained in the business of the Notice is regarding proposal to create, offer, issue and allot equity shares and/or such other Securities as stated in the Special Resolution (the "Securities") which seeks to empower the Board of Directors (hereinafter referred to as "Board" which include any Committee thereof, whether constituted or to be constituted) to undertake such issue or offer of securities.

1 Object of the issue

The Company has identified several growth opportunities in its area of business. This capital raising program is inter alia, to augment the long term resources for future expansion, to meet long term working capital requirement and to meet other general corporate business purposes allied to the business from time to time.

2 Pricing

In case of an issue of the Equity Shares / Eligible Securities to Qualified Institutional Buyers pursuant to Chapter VIII of the SEBI ICDR Regulations, the issue price shall not be less than the price determined in accordance with Chapter VIII of SEBI ICDR Regulations as may be amended from time to time and the Relevant Date in this regard shall be the date on which the Board decides to open the issue of securities or such other time as may be allowed by SEBI ICDR Regulations from time to time.

In case of a Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations, the allotment of securities shall be completed within twelve months from the date of passing of this resolution.

In case of issue of ADRs/GDRs the issue price shall be at a price, being not less than the price calculated in accordance with applicable law including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as may be amended from time to time.

3 Terms and Conditions

The detailed terms and conditions for the offer will be determined by the Board in consultation with Advisors, Lead Manager/Book Runners, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The issue/ allotment/ conversion would be subject to the availability of regulatory approvals, if any. The conversion of securities, held by foreign investors, into shares would be subject to the applicable foreign investment limits.

The Special Resolution seeks to empower the Board and/or Committee authorized by the Board, to issue Securities in one or more tranche or tranches, at such time / times, and to such person(s) as the Board may in its absolute discretion deem fit.

Section 81(1A) of the Companies Act, 1956 and the relevant clause of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 unless the shareholders in a general meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Special Resolution, if passed, will have the effect of allowing the Board and/or the Committee authorized by the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company and the Board and/or the Committee authorized by the Board will have the power to decide the date of opening of the Issue.

The Directors of the Company may be deemed to be concerned or interested in the above resolution only to the extent of shares held by them in the Company.

The Board recommends the special resolution as set out at the Item No.1 for your approval.

ITEM No. 2

A shareholder agreement ("agreement") was executed between the Company, Promoters of the Company and with Standard Chartered entities for the infusion of funds in to the company by way of subscription to Compulsorily Convertible Preference Shares and Optionally Convertible Debentures. Accordingly, the Articles of Association of the Company were amended in November, 2009 to include all the provisions of the agreement.

Since the Standard Chartered entities have sold majority of the stake, their rights stand terminated as per the terms of the aforesaid agreement and thus it is proposed to amend the Articles and delete the provisions which were entered pursuant to the agreement.

Further, the Ministry of Corporate Affairs (MCA), GOI, 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 Green Initiatives under Corporate Governance. Further, MCA vide its Circular No. 72/2011 dated December 27, 2011 has made the Video Conference facility at the Shareholders Meeting optional to the listed Companies.

Further, 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 mail by giving opportunity to every Shareholder to register their email addresses with the Company. Clause 32 of the Listing Agreement of the Stock Exchanges also permits a Company to send soft copies of full Annual Reports to all Shareholders who have registered their email-address with the company.

In line with aforesaid Circulars, the Board of Directors of the Company proposes to insert/modify certain provisions in existing Articles of Association of the Company in order to enable the company to provide Video Conference 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. It is also intend to enable the company to provide electronic voting facility for passing of resolutions by Postal Ballot process.

As this will entail numerous changes to the Articles of Association of the Company, it is considered desirable to adopt a comprehensive new set of Articles of Association in substitution of and exclusion of the present Articles of Association of the Company.

Pursuant to the provisions of Section 31 of the Companies Act, 1956 alteration of Articles of Association requires approval of the members of the Company by way of passing a Special Resolution to that effect.

A copy of the new set of Articles of Association as referred to in the notice / explanatory statement are available for inspection at the registered office of the Company between 2:00 P.M. and 4:00 P.M. on any working day.

The Board of Directors accordingly recommends the resolution as set out at the Item No.2 of the accompanying Notice for the approval of the members of the Company.

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

ITEM No. 3 & 4

The Board in its meeting held on November 07, 2012 has co-opted Mr. Rajnish Sarna as Additional Director and he holds office up the date of the ensuing Annual General Meeting. However, under section 257 of the Companies Act, 1956, the Company has received a notice from a member signifying his intention to propose Mr. Rajnish Sarna as a candidate for the office of Director of the Company and the requisite deposit of Rs.500/- has also been received by the Company along with such notice.

Mr Rajnish Sarna was designated as Whole-time director of the Company for a period of five years w.e.f 7th November, 2012, subject to the approval of shareholders Since the appointment and payment of remuneration payable to Mr. Rajnish Sarna, is in accordance with the provisions of Schedule XIII of the Companies Act, no approval of Central Government u/s 269 of the Companies Act, is required.

Mr. Rajnish Sarna, aged about 43 years, a qualified Chartered Accountant, brings with him his diverse experience of over two decades in areas of Business Development & Strategy, Customer Relationship Management, Operations, Finance & Risk Management, Legal Contracting & Compliances, Investor relations, Corporate Planning & Reporting, Information Technology & Process Re-engineering etc. He has been associated with PI for more than 16 years and over the years, has held a number of senior leadership roles including that of Executive Director, CFO, CIO etc. He has been a key member of the executive team instrumental in the overall transformation of Company over last few years.

Using his enormous skills and knowledge of the PI Business model, he has been playing a facilitator role at the Board and the Management Committee for past several years and instrumental in formulation and implementation of growth strategies at PI. Some of the key initiatives at PI includes development of export market for Company's Agro-Chemical, maiden private equity funding, investor relations, setting up a robust Information Management System including implementation of ERP, establishing corporate planning cell, funding to meet corporate growth opportunities etc. In his current role he shall focus on strengthening the Custom Synthesis exports, evolving new business/partnership models, transforming R&D and operations in to cost effective service model, further strengthening Corporate Planning, Finance, Information Technology and Investor Relations processes at PI.

The remuneration as set out in the resolution has been approved by Board based on the recommendation of the Remuneration Committee and in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

Mr. Rajnish Sarna is a member of the Audit Committee, Management Committee and Corporate Social Responsibility Committee. He is neither a Director on the Board nor holds committee membership of any other Company . He holds 16,695 equity shares of Rs.5/- each of the Company as on the date of this Notice.

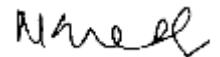
The Board recommends the Resolution as set out at Item No.3 & 4 for approval of shareholders.

Mr. Rajnish Sarna is interested in the proposed resolution. None of the other Directors are interested or concerned in the proposed resolution.

The Notice read with the Explanatory Statement should be considered as an abstract of the terms of appointment and payment of remuneration to Mr. Rajnish Sarna as Whole-time Director and a memorandum as to the nature of the concern or interest of the Director as required under the provisions of Sec 302 of the Companies Act, 1956.

By Order of the Board

For **PI INDUSTRIES LIMITED**



NARESH KAPOOR
Company Secretary

Place: Gurgaon

Date: 6th December, 2012