

PENNAR ENGINEERED BUILDING SYSTEMS LIMITED

CIN : U45400AP2008PLC057182

Registered Office : 9th Floor (West Wing) DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084 Telangana, India

Email : cs@pebspennar.com **Website** : www.pebspennar.com, **Phone**: 040 40210525/26, **Fax** : 040 40186992

Postal Ballot Notice

[Pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014]

Dear Members,

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, ("the Act"), if any, read together with the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, that the resolutions appended below are proposed to be passed as special resolutions by way of Postal Ballot / evoting:

Item No. 1: Ratification of PRE-IPO ESOP PLAN 2014

To consider and, if thought fit, to pass the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder, the Memorandum of Association and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed while granting such approvals, permissions and sanctions, approval and consent of the Company be and are hereby accorded respectively to the 'Employee Stock Option Plan 2014' (hereinafter referred to as the "ESOP 2014"/ "Plan") and to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee, including the Nomination & Remuneration Committee (designated as Compensation Committee) which the Board has constituted or may constitute from time to time, to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant such number of Employee Stock Options ("Options"), to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Plan, exercisable into not more than 10,00,000 (Ten Lacs) fully paid-up Equity Shares in the Company in aggregate, of face value of Rs. 10/- each, at such price or prices determined in the manner described in the explanatory statement to this resolution attached herewith, in one or more tranches and on such other terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares upon exercise of Options from time to time in accordance with ESOP 2014 and such Equity shares shall rank paripassu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any eligible employee including any Director of the Company (not being a Promoter Director, Independent Director and Directors holding directly or indirectly more than 10 % of the outstanding Equity Shares of the Company), in any one year under the ESOP 2014 shall not exceed 1% of the Subscribed Share Capital (excluding outstanding warrants and conversions) of the Company in any financial year and also shall not exceed 5 % of the options granted during that year per eligible employee.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organization, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 10,00,000 (Ten Lacs) Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate ESOP 2014 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may, at its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2014 and do all other things incidental and ancillary thereto.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2014.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the ESOP 2014 on the stock exchanges, where the securities of the Company are listed as per the provisions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary including authorizing to appoint merchant bankers, scrutinizers, registrars, advertisement agency and other advisors, consultants or representatives, being incidental to the effective implementation and administration of ESOP 2014 as also to prefer applications to the appropriate authorities, institutions and other persons for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/stock exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions which may be required in this regard.”

Item No. 2: Approve variation in Vesting Period

To consider and, if thought fit, to pass the following Resolution as a SPECIAL RESOLUTION:

RESOLVED THAT the amendment to the ESOP 2014, for reducing the vesting period from 5 years to 3 years be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors or Nomination and Remuneration committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.

Item No. 3: Approve variation in Maximum number of options to be issued per employee and in aggregate

To consider and, if thought fit, to pass the following Resolution as a SPECIAL RESOLUTION:

RESOLVED THAT the amendment to the ESOP 2014, for increasing maximum number of options to be issued from 1% of the Subscribed Share Capital of the Company (excluding outstanding warrants and conversions) in any financial year and 5% of options granted during that year to a single eligible employee to such number of options not exceeding 1000000 in aggregate in any financial year and such number of options not exceeding 50000 per single eligible employee.

RESOLVED FURTHER THAT the Board of Directors or Nomination and Remuneration committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.

NOTES:

- 1) In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement with Stock Exchanges, the Members are informed that the Company is pleased to offer 'Remote e-voting' facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Karvy Computershare Private Limited (Karvy) to facilitate remote e-voting. Remote e-voting is optional and Members shall have the option to vote either through remote e-voting or through Postal Ballot Form. The detailed procedure with respect to remote e-voting is mentioned below. For the aforesaid purpose, the Board of Directors has appointed Mr. Dwaraka Prasad Asawa Practicing Company Secretary, as Scrutinizer for scrutinizing the Remote e-voting process as well as voting through Postal Ballot Form in a fair and transparent manner.

- 2) The Statement as required under Section 102 of the Companies Act, 2013 is annexed to this Notice. A Postal Ballot Form is also enclosed.
- 3) The voting commences on Friday, November 20, 2015. The Members are requested to note that:
 - a) Duly completed Postal Ballot Form should reach the Scrutinizer before 5:00 p.m. on Monday, December 21, 2015. Postal Ballot Forms received after the said time and date will be strictly treated as if the reply from such Members has not been received.
 - b) Similarly, the Remote e-voting needs to be exercised before 5:00 p.m. on Monday, December 21, 2015. Please note that Remote e-voting module will be disabled for Voting after the said time and date.
- 4) Any Member who has not received the Postal Ballot Form may download it from the website of the Company www.pebspennar.com or write to the Company/ Registrar & Share Transfer Agents (RTA) of the Company for obtaining a duplicate form.
- 5) The Member cannot vote both by post and e-voting and if he votes both by post and e-voting, his voting by post shall be treated as invalid.
- 6) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on cut-off date of Friday, November 13, 2015 only shall be entitled to avail the facility of remote e-voting or Voting by Postal Ballot.
- 7) A person who is not a Member as on the cut-off date of Friday, November 13, 2015 should treat this Notice for information purposes only.
- 8) The Notice is being sent to all the Members whose names appear in the Register of Members / Beneficiary Position maintained by the Depositories as on Friday, November 13, 2015. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Members as on Friday, November 13, 2015.
- 9) In the event of any grievance relating to remote e-voting, the Members/Beneficial owners may contact the following: Mr. Rajeev Kumar, Deputy Manager Corporate Registry, Karvy Computershare Private Limited, E-mail: rajeev.kr@karvy.com, Helpdesk: 040 - 67161524.
- 10) The Resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting i.e. Monday, December 21, 2015.

SPECIAL APPEAL

As a part of Company's "GREEN INITIATIVE"

The Company requests its Members to register their email id with Depository Participant (DP), with whom the demat account is maintained or send the duly filled form either to the Registered Office of the Company at 9th Floor, West Wing, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084 or to our Registrars and Transfer Agent (RTA) i.e. Karvy Computershare Pvt. Ltd. at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or email to cs@pebspennar.com.

Registration Form is enclosed and is available on website of the Company www.pebspennar.com. The Members, whose email id is already registered, please ignore the same.

INSTRUCTIONS FOR VOTING

Voting through Physical Postal Ballot Form

- 1) The Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed with the assent (for) or dissent (against), in the enclosed postage pre-paid self-addressed envelope, so as to reach the Scrutinizer, on or before 5.00 p.m. on Monday, December 21, 2015, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.
- 2) The Members are requested to exercise their voting rights by using the attached/enclosed Postal Ballot Form only. No other form or photocopy of the form is permitted. Envelopes containing Postal Ballot Form if deposited in person or sent by courier at the expense of the Members will also be accepted.

E-Voting Facility

The Company is pleased to offer **remote e-voting** facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

1. The shareholders should log on to the remote e-voting [website:https://evoting.karvy.com](https://evoting.karvy.com).
2. Click on Shareholders.
3. Now Enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to <https://evoting.karvy.com> and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.</p> <p>Eg. If your name is Rajesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| DOB | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> <p>OR</p> |
| Bank Details | <p>Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Banks Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field. |

7. After entering these details appropriately, click on "SUBMIT" tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through <https://evoting.karvy.com> platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
10. Click on the Electronic Voting Sequence Number (EVSN) of "Pennar Engineered Building Systems Limited".
11. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
16. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

17. Note for Non – Individual Shareholders and Custodians:
- Non Individual Shareholders (other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://evoting.karvy.com> and register themselves as Corporate(s).
 - A scan copy of the Registration form bearing the stamp and sign of the entity should be emailed to rajeev.kr@karvy.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The List of accounts should be mailed to rajeev.kr@karvy.com and on approval of the accounts they would be able to cast their vote.
 - A Scan copy of Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
18. In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and remote e-voting manual available at <https://evoting.karvy.com>, under help section or write an email to rajeev.kr@karvy.com.
19. For Convenience of the Shareholders, Login Id and Password is printed on Postal Ballot Form. The Shareholders may use this facility for casting their vote.

Declaration of Results:

- 1) The Scrutinizer shall within Seven days of conclusion of ballot process i.e. Monday, December 28, 2015 submit the Consolidated Scrutinizer’s Report of the total votes cast in favour or against and invalid votes, if any, to the Chairman of the Company or any other Director authorized by the Board, who shall countersign the same and declare the result of the voting forthwith. Further, the Result of the Postal Ballot will be announced prior to Monday, December 28, 2015 at the Registered Office of the Company situated at 9th Floor, West Wing, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084.
- 2) The Result of the Postal Ballot will be declared by the Chairman or any other Director of the Company in the presence of the Company Secretary, based on the Scrutinizer’s Report after taking into consideration the votes cast through remote e-voting and Vote cast through Postal Ballot Form and the same would be displayed on the website of the Company www.pebspennar.com and the Agency (Karvy) post intimation to Stock Exchanges. Further, the results will be displayed on the Notice Board of the Company at its Registered Office.

ANNEXURE TO THE NOTICE

(The Statement under Section 102 of the Companies Act, 2013)

Item No 1

Pursuant to provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations or SEBI Regulations”), any Pre-IPO ESOP Plan has to be ratified by Shareholder’s Post IPO, accordingly the Company seeks members’ approval for grant of employee stock options under the Plan (“Options”) to the eligible employees/ Directors (excluding Independent Directors, Promoters and Promoter Group) of the Company as decided by the Nomination & Remuneration Committee from time to time in due compliance of the SEBI SBEB Regulations.

Equity based compensation is considered to be an integral part of employee compensation across various sectors which enables alignment of personal goals of the employees with organizational objectives by enabling participation of the employee in the ownership of the Company through share based compensation scheme/ plan. Your Company believes in rewarding its employees including Directors (excluding Independent Directors, Promoters and Promoter Group and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company) of the Company for their continuous hard work, dedication and support. The Company intends to implement Employee Stock Option Plan 2014 (“ESOP 2014”/ “Plan”) with a view to attracting and retaining key talent for the Company by way of rewarding their performance and motivating them to contribute to the overall growth and profitability. The Company intends to implement and administer ESOP 2014 through Nomination and Remuneration Committee (Compensation Committee).

1. Brief Description of the scheme

The Board of Directors (“the Board”) of the Company approved ESOP 2014 at their meeting held on September 30, 2014 subject to the approval of the Members and authorized the Nomination & Remuneration Committee (erst while Compensation Committee) to formulate the detailed terms and conditions of the ESOP 2014 and to administer and implement the ESOP 2014 in accordance with the provisions of the SEBI Regulations. The Shareholders of the Company have approved the ESOP 2014 at their Extra Ordinary General Meeting held on November 11, 2014. Pebspennar Employee Stock Option 2014 (“ESOP 2014”) is an employee stock option plan formulated in line with SEBI Regulations for the benefit of its employees.

The Employees, who are identified by the Committee, shall be entitled to participate in ESOP 2014 (the “Eligible Employees”). The Committee will decide which Eligible Employees should be granted Options under ESOP 2014 and accordingly, the Company would offer the Options to these identified Eligible Employees.

An Employee who is a Promoter or belongs to the Promoter Group or a director, who either by himself or through his Relative or through anybody corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company and the Independent Directors, shall not be eligible to participate in the Plan.

The Nomination and Remuneration Committee (Committee) duly constituted by the Board of Directors would be entrusted with the responsibility of being the operating Agency for administering the ESOP 2014.

The Committee shall be formulating Employee Stock Option Scheme from time to time for the benefit of the employees; Committee will specify, inter alia, the following:

1. Quantum of options to be granted under the Scheme per employee and in aggregate.
2. Rights of employees to exercise all the vested options at one time or at various points of time.
3. Lock-in period for the shares issued pursuant to exercise of the options, if any.
4. Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
5. The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the options within the exercise period.
6. Time period within which an employee may exercise vested options in the event of termination or resignation.
7. Procedure for making a fair and reasonable adjustment to the number of options and to the exercise period, in case of rights issues, bonus issues, other corporate actions, or otherwise.
8. The grant, vesting and exercise of options in case of employees who are on long leave.
9. The procedure for cashless exercise of options if any
10. Any other related or incidental matters.

2. The total number of options to be granted

The total number of options to be granted under this scheme cannot exceed 10,00,000 equity shares as on date or such additional quantity as may be required on account of Corporate Action. The options which lapse/expire or are forfeited will be available for grant to the eligible employees.

One option would be entitle the holders of the options a right to apply for one equity share of face value of Rs. 10/- each. The option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. The Committee has power to choose the quantum of options for each of the plans.

The scheme will involve new issue of shares by the Company and will be administered directly by the Committee.

3. Identification of classes of employees entitled to participate in the ESOP 2014

Employees entitled to participate in the ESOP 2014 are:

- a. Persons as are in the permanent employment of the company in such grade and with such experience / association with the company, as may be decided by the Committee.
- b. Directors (Including whole – time Directors excluding Independent Directors) of the company at any time.
- c. Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the Committee for this purpose.

Above persons are referred herein collectively as the “Eligible Employees”

An employee who is a promoter or belongs to promoter group or a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the company at the time of granting of option shall not be eligible to participate in ESOP 2014. Independent Directors shall not be eligible to receive any stock options.

4. Requirements of vesting, period of vesting and maximum period of vesting

There shall be a minimum period of one year between the grant of options and vesting of options. The Vesting of options may be spread over a period of seven years from the date of grant or such time as may be decided time to time. The Committee is empowered to implement and decide the vesting schedule to suit the needs of the organization subject to the approval of Shareholders of the Company.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

5. Exercise price or pricing formula

The exercise price shall be fixed by the Committee from time to time at its own discretion, subject to a minimum price of par value.

6. Exercise period and the process of Exercise

The exercise period shall commence from the date of vesting, and will expire not later than seven years or such time as may be decided from time to time from the date of first vesting. The options will be exercisable by the eligible Employees by a written application to the Committee to exercise the options, in such manner, and on execution of such documents, in such manner, as may be prescribed by the Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal process for determining the eligibility of employees to ESOP 2014

The appraisal process for determining the eligibility criteria for the eligible employees will be specified by the Committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential., etc., and such other factors as may be appropriate as may be decided by the Committee, in its discretion, from time to time.

8. Maximum number of options to be issued per employee and in aggregate

The maximum number of options granted to eligible employee shall not exceed 1 % of the Subscribed Share Capital of the Company(excluding outstanding warrants and conversions) in any financial year and shall not exceed 5% of options granted during that year to a single eligible employee.

9. Maximum quantum of benefits to be provided to per an employee under the scheme

The maximum quantum of benefits to be provided to eligible employees shall not exceed 1% of the Subscribed Share Capital(excluding outstanding warrants and conversions) of the Company in any financial year and shall not exceed 5% of options granted during that year to a single eligible employee.

10. Implementation of the scheme

The scheme would be implemented directly by the Company through its Nomination and Remuneration Committee

11. Whether the Plan involves new issue of shares by the Company or secondary acquisition by the Trust or both

The Plan involves new issue of shares by the Company

12. The amount of loan to be provided for implementation of the Plan by the Company to the Trust, its tenure, utilization, repayment terms, etc

Not applicable

13. Maximum percentage of secondary acquisition (subject to limits specified in the regulations) that can be made by the Trust for the purpose of the Plan.

Not applicable

14. Disclosure and Accounting Policy

The Company shall comply with the accounting policies specified in the requirements of the 'Guidance Note on Accounting for Employee Share-Based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.

Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under these regulations then the company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

15. Method of Valuating the Options

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

16. Tax liability

Any tax liability on account of issue of options/shares shall be that of employee alone.

17. Statement:

M/s. Pennar Engineered Building Systems Limited does not guarantee any return on the equity investment made by Employee as part of the scheme.

As the Scheme will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, rules made thereunder and as per the requirement of SEBI Guidelines.

The Options to be granted under the ESOP 2014 shall not be treated as an offer or an invitation made to public for subscription in the securities of the company.

Directors/Key Managerial Personnel of the Company/their relatives other than i) Promoter Directors (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, and (iii) Independent Directors of the Company shall be deemed to be interested or concerned in passing of this resolution to the extent of benefit they may derive under the Scheme.

As per SEBI Regulations, any Pre-IPO ESOP Plan has to be ratified by Shareholder Post IPO; the Board accordingly recommends the resolution for approval of the members as a special resolution.

Item No 2

Employees stock options are powerful tools which help foster employee motivation. Having a highly motivated team is one of the key essentials for superior performance. Keeping in mind the spirit of the scheme, the interest of the employees and the current industry standards, it is proposed that the period of five years be reduced to three years.

Details of Variation, Rationale Therefor and the details of the employees who are beneficiaries of such variation

The Vesting Period has been reduced from five years to three years; considering the Industry Standards and keeping in mind the interest of the employees of the Company, the Management felt vesting period of five years is a long time and hence proposed to reduce the same to three years; the options have not been granted to any eligible employee till now, hence every eligible employee to whom the options to be granted will be beneficiary of the variation

For more details please refer to Point No 1 to 17 mentioned herein above in Explanatory Statement of Item No 1 except for below Requirements of vesting, period of vesting and maximum period of vesting

There shall be a minimum period of one year between the grant of options and vesting of options. The Vesting period has been reduced from earlier five years to three years and the Vesting of options may be spread over a period of five years from the date of grant or such time as may be decided time to time. The Committee is empowered to implement and decide the vesting schedule to suit the needs of the organization subject to the approval of Shareholders of the Company.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

Directors/Key Managerial Personnel of the Company/their relatives other than i) Promoter Directors (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, and (iii) Independent Directors of the Company shall be deemed to be interested or concerned in passing of this resolution to the extent of benefit they may derive under the Scheme. As per the SEBI regulations, any amendment to the ESOP scheme requires the approval of the shareholders; the Board accordingly recommends the resolution for approval of the members as a special resolution.

Item No 3

There are many employees who are associated with the Company since its incorporation and had been responsible for the growth story of the Company. The Company believes that it is today at this level only because of the efforts put by these long standing employees. In view of the same, the Company wishes to benefit the long standing employees substantially and to other employees as may be decided by the Board or committee considering their potential to the growth of the Company and proposed for increasing maximum number of options to be issued from 1% of the Subscribed Share Capital of the Company (excluding outstanding warrants and conversions) in any financial year and 5% of options granted during that year to a single eligible employee to such number of options not exceeding 1000000 in aggregate in any financial year and such number of options not exceeding 50000 per single eligible employee

Details of Variation, Rationale Therefor and the details of the employees who are beneficiaries of such variation

The maximum number of options to be issued increase from 1% of the Subscribed Share Capital of the Company (excluding outstanding warrants and conversions) in any financial year and 5% of options granted during that year to a single eligible employee to such number of options not exceeding 1000000 in aggregate in any financial year and such number of options not exceeding 50000 per single eligible employee, the Company wishes to benefit the long standing employees substantially other employees as may be decided by the Board or committee considering their potential to the growth to the Company; the share have not been granted to any eligible employee till now, hence every eligible employee to whom the options to be granted will be beneficiary of the variation

For more details please refer to Point No 1 to 17 mentioned herein above in Explanatory Statement of Item No 1 except for below Maximum number of options to be issued per employee and in aggregate

The maximum number of options to be issued shall not exceed 1000000 in aggregate in any financial year and such number of options not exceeding 50000 per single eligible employee.

Maximum quantum of benefits to be provided to per an employee under the scheme

The maximum number of options to be issued shall not exceed 1000000 in aggregate in any financial year and such number of options not exceeding 50000 per single eligible employee.

Directors/Key Managerial Personnel of the Company/their relatives other than i) Promoter Directors (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, and (iii) Independent Directors of the Company shall be deemed to be interested or concerned in passing of this resolution to the extent of benefit they may derive under the Scheme.

As per the SEBI regulations, any amendment to the ESOP scheme requires the approval of the shareholders; the Board accordingly recommends the resolution for approval of the members as a special resolution.

By Order of the Board of Directors

Sd/-
Subhash Kishan Kandrapu
Company Secretary and Compliance Officer
ACS 32743

Registered Office : 9th Floor, (West Wing)
DHFLVC Silicon Towers,
Kondapur, Hyderabad -500084
Date: November 09, 2015