



NOVOPAN INDUSTRIES LIMITED

Registered Office: IDA, Phase-II, Patancheru, Medak District, Telangana - 502319
Phone : 040-27902663, Fax : 040-27902665, Website: www.novopan.in
Email: investor@novopan.in, CIN:L55101TG1984PLC004941

Postal Ballot Notice

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

Dear Member(s),

Notice is hereby given pursuant to the provisions of Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws and regulations, that the resolutions appended below, in relation to:

- (i) Alteration of Memorandum of Association & Articles of Association of the company ;
- (ii) Conversion of 10% Non-cumulative Redeemable Preference Shares into Equity Shares; and
- (iii) Conversion of Loan into Equity Shares

are proposed to be passed by the Members through postal ballot / electronic voting (e-voting).

The proposed resolutions, along with the explanatory statement setting out the material facts and reasons thereto, are appended below and a Postal Ballot Form is enclosed for your consideration.

The Board of Directors of the Company has appointed Mr. Vikas Sirohiya, Partner, M/s. P S Rao & Associates, Practising Company Secretaries, as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner. Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 18.00 Hours (IST) on 28th March, 2015 (Saturday).

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section 'Voting through electronic means' in this Notice.

The Scrutinizer will submit his report to the Chairman or any other Director of the Company after the completion of the scrutiny of the postal ballots (including e-voting). The result of postal ballot (including e-voting) shall be declared on or before 30th March, 2015 (Monday) and communicated to the Depository and the Registrar and Share Transfer Agent and would also be displayed on the Company's website at www.novopan.in

ITEM NO.1 : ALTERATION OF MEMORANDUM OF ASSOCIATION & ARTICLES OF ASSOCIATION OF THE COMPANY.

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 Sections 13 & 14 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time

being in force), and Article 3(a) and other enabling provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the authorized share capital of the Company be amended by reclassifying the existing share capital of Rs.50,00,00,000 (Rupees Fifty Crore) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each (Rupees Ten only) and 3,00,00,000 (Three Crores) 10% Non-cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) **to 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each (Rupees Ten only)** for the purposes of issuance and allotment of the equity shares of the Company pursuant to approval of preference shareholders for alteration of 10% Non-cumulative Redeemable Preference Shares of the Company, into Compulsory Convertible Preference Shares and converting the same into 1,25,00,000 equity shares of Rs.10/- (Rupee Ten) each at a premium of Rs10/- per share and conversion of loan of Rs.29,00,00,000 into 1,45,00,000 equity shares of Rs.10/- (Rupee Ten) each at a premium of Rs.10/- per share ranking paripassu with the existing equity shares of the Company”.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 13 and 14 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and applicable Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the existing clause (V) of the Memorandum of Association & Article 3(a) be altered by deletion of the existing clause & Article respectively and by substitution thereof with the following:

Clause V – Memorandum of Association.

V. Share Capital of the Company is Rs.50,00,00,000 /- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each (Rupees Ten only).

Article 3(a) – Articles of Association

3 a) The Authorised share capital of the Company is Rs.50,00,00,000 /- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each with the power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being , be provided in the regulations of the Company.

ITEM NO: 2

CONVERSION OF 10% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES INTO EQUITY SHARES.

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 48, 55, 62 & 42 and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and consequent to the approval of Preference shareholders of the company, consent of the members be and is hereby accorded that the paid up Preference Share Capital of Rs.25,00,00,000/- consisting of 2,50,00,000, 10% Non-cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten only) be altered as 2,50,00,000 Compulsory Convertible Preference shares of Rs.10/- each and same be converted into 1,25,00,000 Equity shares of Rs10/- each issued at a premium of Rs 10/- per share”

“RESOLVED FURTHER THAT the equity shares of the Company to be allotted upon conversion of the Compulsory Convertible Preference Shares, in accordance with the terms above, shall be subject to the provisions

of the Memorandum and Articles of Association of the Company and shall rank paripassu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Re. 10/- each of the Company.”

“**RESOLVED FURTHER THAT** the Directors of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

ITEM NO: 3

CONVERSION OF LOAN INTO EQUITY SHARES:

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

“**RESOLVED THAT** pursuant to provisions of Section 62(3) & 42 of the Companies Act, 2013 or such other provisions as may be applicable and rules made thereunder, consent of the members be and is hereby accorded for raising of loan or treating advance received against land as loan to the extent of Rs.29,00,00,000/- from GVK Projects & Technical Services Limited (Holding Company) and subsequently converting the same into 1,45,00,000 equity shares of Rs.10/- each at a premium of Rs.10/- per share”.

“**RESOLVED FURTHER THAT** the equity shares of the Company to be allotted upon conversion of the Loan in accordance with the terms above, shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank paripassu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/- each of the Company.”

“**RESOLVED FURTHER THAT** the Directors of the company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

By order of the Board of Director of
Novopan Industries Limited
Sd/-

Place : Hyderabad
Date : 16.02.2015

Anicattu Issac George
Director

Explanatory Statement

(Pursuant to Sections 102(1) and 110 of the Companies Act, 2013)

Item Nos.1, 2 and 3

As the members are aware, due to various reasons the Company has closed its operations at all its manufacturing units during the year 2010-11 and thereafter started paying to all its creditors. To meet the part of its liabilities the Company has issued 10% Non-cumulative Redeemable Preference Shares to GVK Projects & Technical Services Limited (Holding Company) for an amount of Rs.25 crores. Further, the Company tried to dispose off some of its assets including land and received advance against the same and was successful in selling its plant & machineries.

The Company has received an amount of Rs.29 crores as advance from holding Company against sale of land of the Company. Due to certain reasons, the holding Company has expressed its inability in buying the said land.

As the Company has no cash flows to repay the advances taken from the holding Company it has requested them to treat the advance as loan and convert the same into equity with the permission of shareholders.

As per the provisions of Section 62(3) of the Companies Act, 2013 the Company may convert loan into equity if the approval of members is taken by way of special resolution before raising such loan. Hence, the resolution for treating the advance as loan with an option to convert into equity is proposed for your approval.

There are certain liabilities in the books of the company which are required to be cleared off including the redemption of said preference shares which is due during June, 2015. In this regard the company is contemplating to raise loan (convert the advance into loan as per the Item No.3 of the present Notice) from its holding company. As the company is not having any revenue source and in absence of profits, the company may not be able to redeem the preference shares and repay the loan.

The above said preference shares were issued as redeemable preference shares and as per the provisions of the Companies Act, 2013, such shares may be redeemed only out of either distributable profits of the Company or proceeds of fresh issue of shares., As the Company has neither profits nor expected to undertake any business in near future to issue further shares. Hence, the Company has requested the preference shareholder to give their consent for changing the terms of preference shares by altering the nature of preference shares from redeemable to convertible preference shares. In terms of provisions of section 48 of the Companies Act, 2013 preference shareholders have given their consent in writing to change the terms of preference shares and also to convert the same into 1,25,00,000 equity shares of Rs.10/- each issued at a premium of Rs.10/- per share.

Accordingly, it is proposed to convert 2,50,00,000 10% Redeemable Non-cumulative preference shares of Rs.10/- each into 1,25,00,000 equity shares of Rs.10/- each issued at a premium of Rs.10/- per share and the loan of Rs. 29,00,00,000/- is being raised with an option to convert the same into 1,45,00,000 equity shares of Rs.10/- each issued at a premium of Rs.10/- per share.

Clause V of the Memorandum of Association (MoA) & Article 3(a) of Articles of Association (AoA) of the Company, specify the Authorized capital as Rs.50,00,00,000/- consisting of 2,00,00,000 Equity shares of Rs.10/- each and Rs.30,00,00,000/- 10% Non-cumulative Redeemable Preference Shares consisting of 3,00,00,000 shares of Rs.10/- each. As it is proposed to convert the the loan and the preference shares into equity capital, the existing authorised preference share capital requires to be reclassified as equity share capital, which requires amendment of MoA & AoA accordingly.

The company is proposing to issue the above said shares at premium of Rs.10/- per share based on the Fair Market value of the assets and liabilities of the Company as on 31st December, 2014

- i) **Objects of the issue:** As the company has no resource to repay the loan taken and has no profits to redeem the preference shares which are falling due for redemption during June, 2015, the company has requested the holding company to convert such loan and preference shares into equity share capital.
- ii) The Price or Price band at/within which the allotment is proposed - is Rs.20/- that is at a premium of Rs 10/- per share on face value of Rs.10/- each.
- iii) Basis for the price has been arrived at as per report of valuer: - Valuation Report of a Practicing Chartered Accountant has been taken based on fair value / book value of assets as on 31.12.2014
- iv) Relevant date with reference to which the price has been arrived at:- Based on fair value of assets as on 31-12-2014.
- v) The class or classes of persons to whom the allotment is proposed to be made is – **GVK Projects & Technical Services Limited –Holding company.**
- vi) Intention of promoters, directors or key managerial personnel to subscribe to the offer; - The entire offer is made to Holding Company / Promoter.

vii) The Proposed time within which the allotment shall be completed:

The proposed issue and allotment of shares on preferential basis through private placement would be completed within 12 months from the date of passing of the special resolution by the shareholders of the Company i.e., by 28-03-2016.

viii) The name of the allottee and percentage of post preferential offer is:

GVK Projects & Technical Services Limited – Holding Company (Promoter) and post preferential offer the total percentage to the capital of allottee will be 97.69%.

ix) Change in control of the management:

After the issue and allotment of the said preferential shares, there would be no change in control of the management.

x) The number of persons to whom allotment on preferential basis have already been made during the year is – Nil

xi) Justification for proposed allotment – As the Company has no resource to repay the loan taken and has no profits to redeem the preference shares which are falling due for redemption during June, 2015, the company has requested the holding company to convert such loan and preference shares into equity share capital.

xii) The Shareholding pattern of the company before and after the proposed issue:

| Sl No | Category | Pre Issue | | Post Issue | |
|----------|-------------------------------|-------------------|--------------------|-------------------|--------------------|
| | | No of shares held | % of share holding | No of shares held | % of share holding |
| A | Promoters' holding | | | | |
| 1 | Indian: | | | | |
| | Individual | 900 | 0.01 | 900 | 0.00 |
| | Bodies Corporate | 11009561 | 92.44 | 38009561 | 97.69 |
| | Sub Total | 11010461 | 92.45 | 38010461 | 97.69 |
| 2 | Foreign Promoters | Nil | Nil | Nil | Nil |
| | Sub Total (A) | 11010461 | 92.45 | 38010461 | 97.69 |
| B | Non-promoters' holding | | | | |
| 1 | Institutional Investors | - | - | | |
| 2 | Non-Institution: | | | | |
| | Private Corporate Bodies | 73851 | 0.62 | 73851 | 0.19 |
| | Directors and Relatives | 606 | 0.01 | 606 | 0.00 |
| | Indian Public | 788824 | 6.62 | 788824 | 2.03 |
| | Others(including NRI's) | 36211 | 0.30 | 36211 | 0.09 |
| | Sub Total (B) | 899492 | | 899492 | |
| | Grand Total(A+B) | 11909953 | 100 | 38909953 | 100 |

The Board of directors recommends the amendment of MoA&AoA and conversion of Preference shares & loan into equity shares.

None of the director or Key Managerial Personnel of the Company or their relatives is concerned or interested (financial or otherwise) in the resolution set out at Item No 1 to 3.

By order of the Board of Director of
Novopan Industries Limited
Sd/-

Place : Hyderabad
Date : 16-02-2015

Anicattu Issac George
Director

Notes

1. The statement pursuant to Section 102 of the Companies Act, 2013, stating all material facts and the reasons for the proposals set out above is annexed herewith.
2. The Board has appointed Mr. Vikas Sirohiya, Partner, M/s. P S Rao & Associates, Practicing Company Secretaries, as the Scrutinizer for conducting the postal ballot / e-voting process in a fair and transparent manner.
3. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and as on the close of business hours on 20-02-2015. Accordingly, the Members whose names appear on the Register of Members / List of Beneficial Owners (received from the National Securities Depository Limited (NSDL) as on 20-02-2015 will be considered for the purpose of voting.
4. Voting rights shall be reckoned on the paid up value of shares registered in the name of the Members as on 20-2-2015.
5. The dispatch of the Postal Ballot Notice and the Explanatory Statement shall be announced through an advertisement in at least 1 (one) English newspaper and at least 1 (one) Telugu newspaper, each with wide circulation in Hyderabad, where the registered office of the Company is situated, and published on the Company website.
6. In accordance with the provisions of Section 101 and other applicable provisions of the Companies Act, 2013, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014, the Postal Ballot Notice is being sent by email to those Members who have registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage prepaid self addressed Business Reply Envelope.
7. In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members. Please note that e-voting is an alternate mode to cast votes and is optional.
8. Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical postal ballot forms will be treated as invalid. The instructions for electronic voting are annexed to this notice.
9. In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to investor@novopan.in. The Registrar and Transfer Agent of the Company / Company shall

forward the same along with postage prepaid self addressed Business Reply Envelope to the Member.

10. A Member cannot exercise his/her vote by proxy on postal ballot.
11. Members desiring to exercise their vote by physical postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed, in the enclosed self addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than close of working hours (i.e. 18:00 Hours (IST)) on 28th March, 2015 (Saturday). The postage will be borne by the Company. However, envelopes containing postal ballots, if sent by courier or registered / speed post at the expense of the Members will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given on the self addressed Business Reply Envelope.
12. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 18:00 Hours (IST) on 28th March, 2015 (Saturday) to be eligible for being considered, failing which, it will be strictly considered that no reply has been received from the Member.
13. In case of joint-holding, the Postal Ballot Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
14. Unsigned, incomplete, improperly or incorrectly ticked Postal Ballot Forms shall be rejected.
15. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny of the postal ballots (including e-voting). The result of the voting by postal ballot will be announced by the Chairman or any Director of the Company duly authorized, on or before 30th March, 2015 (Monday) at the registered office of the Company and will also be displayed on the website of the Company (www.novopan.in), the Depository and the Registrar and Share Transfer Agents on the said date.
16. Resolutions passed by the Members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
17. The date of declaration of results of the postal ballot shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.
18. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch of the Notice till 28th March, 2015 (Saturday).

Voting through electronic means

The instructions for e-voting are as follows:

1. Members whose email addresses are registered with the Company / Depository Participant(s) will receive an email from NSDL informing them of their User ID and password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process:
 - a. Open email and open the PDF file titled using your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - b. Launch your internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - c. Click on Shareholder – Login.
 - d. Enter the user ID and password (the initial password noted in step (a) above). Click on Login.

- e. The Password change menu will appear. Change the password to a password of your choice. The new password should have a minimum of 8 (eight) digits / characters or combination thereof. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
 - f. The homepage of e-voting will open. Click on 'e-voting: Active Voting Cycles'.
 - g. Select 'EVEN' (E-Voting Event Number) of Novopan Industries Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
 - h. Now you are ready for e-voting as the 'Cast Vote' page opens.
 - i. Cast your vote by selecting the option of your choice and clicking on 'Submit', and also remember to 'Confirm' when prompted.
 - j. Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - k. Once you have voted on a resolution, you will not be allowed to modify your vote.
 - l. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board resolution / authorization letter etc., together with attested specimen signature of the authorized signatory / signatories who are authorized to vote, to the Scrutinizer via e- mail to investor@novopan.in with a copy marked to evoting@nsdl.co.in.
2. For Members whose email IDs are not registered with the Company / depository participant(s) and who receive the physical postal ballot forms, the following instructions may be noted:
 - a. The initial password is provided at the bottom of the Postal Ballot Form.
 - b. Please follow all the steps from a. to l. mentioned above, to cast your vote successfully.
 3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e voting user manual for Members available in the 'Downloads' section of www.evoting.nsdl.com or contact NSDL by email at evoting@nsdl.co.in.
 4. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
 5. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
 6. The e-voting period commences on 27th February, 2015 (Friday) (9:00 Hours (IST)) and ends on 28th March, 2015 (Saturday)(18:00 Hours (IST)). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. 20th February, 2015 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, he or she will not be allowed to change it subsequently.