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TILAKNAGAR INDUSTRIES LTD.

Regd. Office: P.O. Tilaknagar, Tal. Shirrampur, Dist. Ahmednagar, Maharashtra-413720

Corp. Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai-400020. Tel: 022 22831716 Fax: 022 22046904

Postal Ballot Notice pursuant to Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011

Dear Members,

NOTICE is hereby given, pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by postal ballot) Rules, 2011 including any statutory modification or re-enactment thereof for the time being in force, that the Company is seeking consent of its Members to pass the proposed resolutions as set out below, by means of postal ballot.

The business as set out in the notice is not compulsorily required to be transacted through postal ballot. However, as a measure of good corporate governance, the Company has opted for postal ballot.

The proposed draft special resolutions, the explanatory statement stating all material facts and the reasons for the proposal are appended and postal ballot form along with postage prepaid self-addressed business reply envelope is enclosed for your consideration.

The Company has appointed Mr. R.T. RajGuroo, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Members are requested to carefully read the instructions printed on the postal ballot form, record their assent(for) or dissent(against) therein and return the form duly completed in all respects in the attached self-addressed business reply envelope, so as to reach the Scrutinizer on or before the closing business hours i.e. 6.00 p.m. on Monday, May 21, 2012, postal ballot forms received after this date will be treated as if no reply from the shareholder has been received.

The Scrutinizer will submit his report to the Chairman of the Company, after completion of the scrutiny and the result of the voting by postal ballot will be announced by Chairman on Thursday, May 24, 2012 at 4.00 p.m. at the Corporate Office of the Company at 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai-400020. The Members who wish to be present at the time of declaration of the results may do so at the venue. The results of the postal ballot shall also be displayed on the website of the Company i.e. www.tilind.com and will be intimated to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The date of declaration of the postal ballot result will be taken as the date of passing of the special resolutions and such resolutions shall deemed to be passed at a General Meeting of the Members.

All documents referred to in this notice and the accompanying explanatory statement are open for inspection at the registered office of the Company on all working days, except holidays, between 11.00 A.M. and 1.00 P.M. up to the date of declaration of the results of postal ballot.

Items of business requiring consent of Members through Postal Ballot:

1. Authorization for ESOP Scheme-2012 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 Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, the 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 appropriate authorities (hereinafter collectively referred to as “the appropriate authorities”) and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter called ‘the Board’ which terms shall be deemed to include any Committee including Compensation Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent be and is hereby accorded to the Board to frame the proposed Employee Stock Option Scheme 2012(“ESOP Scheme – 2012”) and to create, offer, issue and allot in one or more tranches at any time to or for the benefit of such person(s) who are in permanent employment of the Company, whether working in India or abroad, and any director of the Company, whether whole-time or otherwise, (hereinafter referred to collectively as the “employees”) under the said proposed ESOP Scheme 2012 such number of stock options convertible into equity shares not exceeding in aggregate 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2012 i.e. up to 60,00,088(Sixty Lakhs and Eighty Eight Only) equity shares, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of applicable laws, as may be prevailing at that time, to the present and future employees and other persons eligible to receive the same in terms of applicable laws and ESOP Scheme – 2012;

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme titled ESOP Scheme - 2012 on such terms and conditions as contained in the relevant explanatory statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) and revision(s) in the terms and conditions of the Scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOP Scheme-2012 provided such variation, modification or alteration is not detrimental to the interests of the employees/directors;

RESOLVED FURTHER THAT the Securities may be allotted in accordance with ESOP Scheme – 2012 directly to such employees/ directors or through any appropriate mechanism including a trust or other entity which may be set up for that purpose and that such Scheme may also contain provisions for providing financial assistance to the employees/trust/entity to acquire, purchase or subscribe to the Securities;

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any, additional equity shares are issued by the Company to the said Option Grantees for the purpose of making a fair and reasonable adjustment to the stock option granted earlier, the above ceiling of 60,00,088 (Sixty Lakhs and Eighty Eight Only) equity shares of Rs.10/- each shall be deemed to be increased proportionately;

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 of the shares by the aforesaid option grantees under the schemes shall automatically stand reduced or increased, 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 option grantees;

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of stock option from time to time in accordance with the Scheme and take necessary steps for listing of such shares allotted under the Scheme, on the Exchanges where Company's shares are listed, as per the terms and conditions of the respective listing agreements and other applicable guidelines, rules and regulations and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board 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 they 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 delegate all or any of the powers herein conferred, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid Resolution."

2. Approval for extension of the benefits of ESOP Scheme-2012 to the eligible employees of subsidiary companies

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

"RESOLVED THAT consent be and is hereby accorded to the Board of Directors of the Company(hereinafter called 'the Board' which terms shall be deemed to include any Committee including Compensation Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) to extend the benefits of the Employee Stock Option Scheme 2012 ("**ESOP Scheme - 2012**") proposed in the resolution under item no. 1 in this notice, to the eligible permanent employees and directors of the subsidiary companies and/or such other persons, as may from time to time be allowed under laws, rules, regulations and guidelines as may be applicable from time to time, on such terms and conditions as may be decided by the Board;

RESOLVED FURTHER THAT for the purpose of creating, offering, issuing, allotting and listing of the Securities, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Members of the Company."

3. Alteration in Article 163(a) of the 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 Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendments or re-enactments thereof, for the time being in force) the first line of Article 163(a) of the Articles of Association of the Company be and is hereby altered by deleting the words 'A General Meeting upon the recommendation of the Board of Directors' appearing in the beginning of the line and substituting it with the words 'The Board of Directors/General Meeting';

RESOLVED FURTHER THAT the remaining wordings of the Article 163(a) of the Articles of Association of the Company shall remain unchanged;

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

4. Insertion of Article 162A in the Article 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 Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendments or re-enactments thereof, for the time being in force) the Articles of Association of the Company be and are hereby amended by inserting the following new Article 162A:

"162A. Subject to and in full compliance of the requirements of Sections 77A, 77AA and 77B of the Companies Act, 1956 or corresponding provisions of any re-enactment thereof and any rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company may with the authority of the Board or the Members in General Meeting, as may be required / and contemplated by Section 77A of the Act, at any time and from time to time, authorize buyback of any part of the share capital of the Company fully paid-up on that date."

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956:

Item no. 1 & 2

Your Company is committed to being a high-performing growth oriented organization providing opportunity to employees to raise their level of performance, thereby, ensuring that the combined efforts of all employees work towards maximizing corporate performance and stakeholder value.

In order to attract, motivate and retain the qualified and skilled professionals and to create a sense of ownership and participation amongst them, the Company has instituted and implemented ESOP Scheme - 2008 and ESOP Scheme - 2010.

Since, the majority of the options available under aforesaid Schemes have already been granted, therefore, it is proposed to introduce and implement, a new Employee Stock Option Scheme titled as Employees Stock Option Scheme 2012 ("ESOP Scheme – 2012"), whereby stock options upto 5% of the paid-up capital of the Company as on March 31, 2012 i.e. 60,00,088 stock options will be issued/granted to the eligible permanent employees including directors of the Company and its subsidiaries, whether working in India or outside India, in one or more tranches, with a right (but not obligation) to convert those options into equivalent number of shares of Rs. 10/- each fully paid up within the specified time limit at a price to be determined by the Compensation Committee (the Committee already constituted by the Board of Directors to administer the ESOP Schemes) at the time of grant.

In order to reward even the permanent employees and directors of subsidiary companies of the Company, it is proposed to extend the benefit of the said Employees Stock Option Scheme to them also.

The main features of the Employee Stock Option Scheme 2012 are as under:

1. Total number of stock options to be granted

The stock options to be granted under the Scheme shall not result in issue of equity shares exceeding 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2012 i.e. up to 60,00,088 (Sixty Lakhs and Eighty Eight Only) equity shares.

Vested stock options that lapse due to non-exercise or unvested stock options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

SEBI Guidelines require that in case of any corporate action(s) or change in capital structure such as rights issues, bonus issues, subdivision or consolidation of the nominal value of shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the stock options granted.

Accordingly, if any additional equity shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 60,00,088 (Sixty Lakhs and Eighty Eight Only) equity shares shall be deemed to be increased to the extent of such additional equity shares issued/to be issued. Further, the Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of shares to be allotted pursuant to the exercise of the stock options, the exercise price, number of stock options and other rights and obligations under the stock options granted.

2. Identification of class of employees entitled to participate in the Scheme

Persons who are employees of the Company and its subsidiaries, including directors as defined in the SEBI Guidelines ('eligible employees'), and as may be decided by the Compensation Committee from time to time.

Under the prevailing Guidelines, an employee, who is a promoter or belongs to the promoter group, will not be eligible to participate in the Scheme. A director, who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.

3. Grant of Options

The Compensation Committee may, on such dates as it shall determine, grant to such eligible employees as it may in its absolute discretion select, stock options of the Company on the terms and conditions and for the consideration as it may decide.

4. Transferability of Employee Stock Options

The stock options granted under the Scheme will not be transferable to any person and shall not be sold, pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of option grantee while in employment, the right to exercise all the stock options granted to him/her till such date shall be transferred to his/her legal heirs or nominees.

5. Requirements of vesting and period of vesting

The stock options granted shall vest up to a period of 4 years from the date of grant, or such other period as may be decided by Compensation Committee, or so long as such employee continues to be in the employment of the Company or its subsidiary companies, whichever is earlier. The Compensation Committee may, at its discretion, lay down certain performance metrics and other considerations viz. longevity of employment, grade/seniority of employee or other relevant considerations, on the achievement of which the granted stock options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which stock options granted would vest subject to the minimum and maximum vesting period as specified below.

There shall be a minimum period of one year between the grant of stock options and vesting of stock options. The maximum vesting period may extend up to four years from the date of grant of Stock options, unless otherwise decided by the Committee. The vesting shall happen in one or more tranches as may be determined by the Compensation Committee.

6. Exercise Price or Pricing formula

The exercise price for the purposes of the grant of stock options will be decided by the Compensation Committee at the time of respective grant of stock options.

In determining the exercise price, the Compensation Committee shall take into consideration relevant factors prevalent at the time of the grant which, amongst other things, shall include the trend in the market price of the Company's equity shares quoted on Bombay Stock Exchange Ltd., the concerned employee's performance, the future potential contribution of the employee, the regulations and guidelines prescribed by the Securities and Exchange Board of India or of any other regulatory authority from time to time. The exercise price shall be calculated at a discount not higher than 75% of the average of the daily high and low of the prices for the Company's equity shares quoted on Bombay Stock Exchange Ltd., during the 15 days preceding the date of vesting of the stock options.

7. Exercise Period and the process of Exercise

The exercise period shall commence from the date of vesting of stock options and shall not exceed 2 years from the date of vesting. The stock options shall be exercisable by the employees by submitting to the Company a written application in prescribed format accompanied with payment towards the exercise price and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The stock options shall lapse, if not exercised within the specified exercise period.

8. Appraisal Process for determining the eligibility of the employees

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as role/designation of the employee, length of service with the Company or its subsidiaries, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

The additional stock options may be granted to employees of the Company with some extra ordinary performance/achievement and/or based on such other criteria that may be determined by the Compensation Committee at its sole discretion.

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

The number of stock options that may be granted under the scheme to any specific employee in any one financial year shall be less than 1% of the issued equity shares of the Company at the time of grant of stock options and in aggregate to specific employee shall not exceed 60,00,088 (Sixty Lakhs and Eighty Eight Only) stock options subject to a fair and reasonable adjustment by the Committee in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others.

10. Disclosure and Accounting Policies

The Company shall comply with the disclosure and the accounting policies prescribed as stipulated in SEBI guidelines.

11. Method of stock option valuation

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

As the Employee Stock Option Scheme 2012 provide for issue of shares to be offered to person other than existing Members of the Company, consent of the Members is sought pursuant to section 81(1A) and all other applicable provisions, if any, of the Act and the SEBI guidelines.

As per the SEBI guidelines, approval of Members is required for grant of stock options to eligible employees of the Company and its subsidiaries. Hence, specific resolutions at item no. 1 & 2 are placed for approval of the Members by way of Special Resolutions.

None of the Directors of the Company is in any way, concerned or interested in the aforesaid resolutions, except to the extent of the securities that may be offered to them under the Scheme.

Item no. 3

The Article 163(a) of the Articles of Association authorizes the Company to capitalize, inter alia by way of issue of Bonus Shares the undivided profits for the time being of the Company standing to the credit of the Share Premium Account/Capital Redemption Reserve Account/the Reserve Fund or other funds of the Company.

The aforesaid Article prescribes that the capitalization is to be approved by the Members in a General Meeting. It is felt that seeking the approval of the Members of the Company would prolong the time between the recommendation by the Board and the actual allotment of the Bonus Shares after receipt of members approval in a General Meeting.

In terms of provisions of the SEBI (ICDR) Regulations, 2009, a proposal for bonus issue can be implemented with the approval by the Board of Directors without necessitating the approval of shareholders provided there are provisions contained in the Articles of Association of the Company to that effect.

In order to enable the Board to expeditiously complete the process of issue of Bonus Shares whenever the Board decides for the same, it is proposed that authorization be granted to the Board to capitalize the reserves of the Company in a manner as it may deem expedient without seeking approval from the Members of the Company.

A copy of the Memorandum and Articles of Association of the Company along with the alterations as aforesaid is available for inspection at the Registered Office of the Company on all working days during normal business hours.

The Board of Directors recommends the aforesaid resolution for the approval of the Members as a Special Resolution.

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

Item no. 4

The Articles of Association of the Company doesn't contain the provisions enabling the Company to buy back its Shares. Therefore, it is proposed to insert a new Article 162A enabling the Company to buy back its Shares with the authority of the Board or the Members in General Meeting, as may be required/and contemplated by Section 77A of the Act, at any time and from time to time whenever it decides to buy back its shares.

In terms of the provisions of Section 31 of the Companies Act, 1956, any amendment to the Articles of Association requires approval of the Members by way of a Special Resolution.

A copy of the Memorandum and Articles of Association of the Company along with the alterations as aforesaid is available for inspection at the Registered Office of the Company on all working days during normal business hours.

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

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

Registered Office:
P.O. Tilaknagar, Tal. Shrirampur,
Dist. Ahmednagar,
Maharashtra - 413720

Place: Mumbai
Date : April 13, 2012

By order of the Board
For Tilaknagar Industries Ltd.

Gaurav Thakur
Company Secretary



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TILAKNAGAR INDUSTRIES LTD.

Regd. Office: P.O. Tilaknagar, Tal. Shrirampur, Dist. Ahmednagar, Maharashtra - 413720.
Corp. Office: 3rd Floor, Industrial Assurance Building, Churchgate, Mumbai - 400020.
Tel: 022 22831716 Fax: 022 22046904

POSTAL BALLOT FORM

(Please read the instructions carefully before completing this form)

SERIAL NO.

1. Name(s) of shareholder(s) including :
jointholders, if any

2. Registered address of the sole/first :
named shareholder

3. Registered Folio No./ :
DP ID No./Client ID No.*
(*Applicable to investors holding
shares in Dematerialized form)

4. No. of Shares held :

I/We hereby exercise my/our vote in respect of the special resolution(s) to be passed through postal ballot for the business stated in the notice dated April 13, 2012 of the Company by sending my/our assent () or dissent () to the said Resolution(s) by placing the relevant mark at the appropriate column in the box below:

Item No.	Description	No. of Shares	I/We assent to the resolution (FOR) (<input checked="" type="checkbox"/>)	I/We dissent to the resolution (AGAINST) (<input type="checkbox"/>)
1.	Special Resolution for authorization for ESOP Scheme-2012 of the Company.			
2.	Special Resolution for Approval for extension of the benefits of ESOP Scheme-2012 to the eligible employees of subsidiary companies.			
3.	Special Resolution for Alteration in Article 163(a) of the Articles of Association of the Company.			
4.	Special Resolution for Insertion of Article 162A in the Article of Association of the Company.			

Place :

Date :

(Signature of the Member)

Note: Last Date for receipt of postal ballot form by the Scrutinizer: May 21, 2012.



INSTRUCTIONS

1. A Member desiring to exercise his/her vote by postal ballot may complete this postal ballot form (no other form or photocopy thereof is permitted to be used for the purpose) and send it to the Scrutinizer in the enclosed postage pre-paid self-addressed business reply envelope. The postage will be borne and paid by the Company. However, envelopes containing postal ballot forms, if deposited with the Scrutinizer in person or if sent by courier at the expenses of the Member shall also be accepted by the Scrutinizer.
2. The pre-paid self-addressed business reply envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This Form should be completed and signed by the Member (as per the specimen signature registered with the Company/Depository Participant) by the first named Member and in his/her absence, by the next named Member.
4. The consent must be accorded by recording the assent in the column '**FOR**'(√) and dissent in the column '**AGAINST**'(X) by placing a relevant mark in the appropriate column.
5. Unsigned or incomplete or defaced or mutilated or incorrectly ticked postal ballot forms will be rejected.
6. A Member need not use all the votes nor needs to cast all the votes in the same way.
7. Duly completed postal ballot form should reach the Scrutinizer not later than the close of business hours i.e. **6.00 p.m. on Monday, May 21, 2012**. All postal ballot forms received after this date will be strictly treated as if the reply from such Member has not been received.
8. In case of shares held by companies, trusts, societies etc. the duly completed postal ballot form should be accompanied by a certified true copy of the Board Resolution/Authorization.
9. The right of voting by postal ballot shall not be exercised by a Proxy.
10. Members are requested not to send any other paper along with the postal ballot form in the enclosed postage pre-paid self-addressed business reply envelope as such envelope will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
11. Voting rights shall be reckoned on the fully paid-up number of shares registered in the name of the Members on the date of dispatch of the notice.
12. A shareholder may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach to the Scrutinizer not later than the date specified at item no. 7 above.
13. The Scrutinizer's decision on the validity of a postal ballot form will be final and binding.