

Regd. Off. : Rau-Pithampur Link Road, Tehsil: Mhow, Dist.: Indore - 453 332 (M. P.) India

Phone No. 0091-731-4014400, Fax 0091-731-4020011, Email:share3@stitextile.net

Website: www.stitextile.net, CIN: L27105MP1984PLC002521

POSTAL BALLOT NOTICE

{Pursuant to Section 110 of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014}}

Notice is hereby given that the following special resolutions are being circulated herewith for approval of the members of the Company to be accorded by Postal Ballot / E-voting in accordance with the provisions of Sections 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force):

01. TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to extend Corporate Guarantee in favour of IDBI Trusteeship Services Limited upto the realizable value of the property situated at Plot No. 1, Patwari Halka No.2, Rau – Pithampur Link Road, Gram -Sonvay, Tehsil- Mhow, Distt: Indore (admeasuring 285290 square meters) along with constructed building as a Security for securing the credit facilities availed / to be availed in future by Bombay Rayon Fashions Limited (BRFL) from the consortium lenders;

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to negotiate and decide, from time to time, terms and conditions, to execute such documents, deeds, writings, papers and / or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate and settle any question, difficulty or doubt that may arise in this regard.”

02. TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013, if any and Clause 49 – VII of the Listing Agreement, the consent of the members of the Company be and is hereby accorded to the Board of Directors, to enter into any contracts / arrangements / transactions as defined under sub-section (1) of section 188 of the Companies Act, 2013 with the Bombay Rayon Fashions Limited (BRFL), Mumbai, a holding company and a related party as defined under Section 2(76) of the Companies Act, 2013 for an estimated amount aggregating up to ₹ 80.00 Crores (Rupees Eighty Crores) with the increase in the transactions upto 20% (Twenty percent) in every financial year for a period of 5 (Five) financial years commencing from 1st April, 2014 on such terms and conditions as may be mutually agreed upon between the Company and Bombay Rayon Fashions Limited (BRFL);

FURTHER RESOLVED THAT although all related party transactions are generally based on ordinary course of business and at the arms' length basis, the aforesaid consent is being sought as an abundant caution and thus the Board of Directors and/or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution and to do all acts, deeds, things, as may be necessary in its absolute discretion deem necessary, proper desirable and to finalise any documents and writings related thereto.”

Place: Mumbai

Date: 30th July, 2014

By Order of the Board of Directors
For STI India Limited

Regd. Off.-Rau-Pithampur Link Road,
Tehsil-Mhow, Distt- Indore-453 332 (M.P.)

CS Deepesh Kumar Nayak
Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special businesses specified above is annexed hereto.
2. The Notice is being sent to all the Members, whose names appeared in the Register of Members/ Record of Depositories on Friday, the 17th October, 2014. The voting rights of the members shall be in proportion to their shares in the total paid-up equity share capital of the Company as on that date.
3. The Postal Ballot Form together with the self-addressed postage pre-paid envelope is enclosed for the use of the member. Please carefully read the instructions printed on the back side of the enclosed Postal Ballot Form before exercising your vote.
4. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during the office hours of any working days between 10.00 AM to 02.00 P.M., till the closure of working hours of Thursday, the 27th November, 2014 (last date for receiving Postal Ballot Forms by Scrutinizer).

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.**ITEM NO.1**

The Bombay Rayon Fashions Limited (BRFL) is a Holding Company of STI India Limited (STI) and STI is doing Job Work for BRFL since 2011 and the income/ receivable of STI is primarily from the job work charges received from BRFL.

During the year 2013-14 BRFL applied for availing additional financial facilities for business expansion and restructuring of its existing financial facilities and accordingly placed a CDR proposal before the lending institutions. The State Bank of India, Monitoring Institution and CDR Cell, has approved the proposal of BRFL with stipulation of providing Corporate Guarantee of group companies, including STI India Limited, of BRFL for creating security on the immovable property of the Company situated at Plot No. 1, Patwari Halka No.2, Rau – Pithampur Link Road, Gram -Sonvay, Tehsil- Mhow, Distt: Indore (M.P.) in favour of IDBI Trusteeship Services Limited (ITSL).

Mr. Prashant Agrawal (DIN: 00019464) Managing Director, Mr. Aman Agrawal (DIN: 00019534), Mr. A. R. Mundra (DIN: 00019234) Non-executive Directors and Mr. A. Arumugham (DIN:00350163) Independent Director of the Company may be deemed to be concerned or otherwise interested in the resolution being they are also on the Board of BRFL as set forth in Item No. 1 of the Notice.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

ITEM NO.2

All transactions with related party(ies) were in the ordinary course of business and at arm's length basis. The company has not entered into any transaction of a material nature with the related party (ies) which is in conflict with the interest of the company.

As per provision of sub-section (1) of Section 188 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and revised clause 49 of the Listing Agreement (effective from 01st October, 2014) a Company (whether Private, Public or Listed) needs to obtain approval of the Audit Committee, Board of Directors and Shareholders for all material related parties transactions.

The third proviso to section 188(1) provides that nothing in sub-section (1) of section 188 shall apply to any transaction entered into by the Company in its ordinary course of business and on arm's length basis. However, revised Clause 49 of the listing agreement does not provides for any such exemption and sub clause (C) requires that approval of shareholders for all material related parties transactions shall require if, the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual turnover or 20% of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

All prescribed disclosures / particulars of the contracts/arrangements/transactions as required to be given under the provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 read with Clause 49 of the Listing Agreement are given here in below for kind perusal of the members:

Name of related party	Bombay Rayon Fashions Limited (BRFL), Mumbai.
Name of director or Key Managerial Personnel who is related	Mr. Prashant Agrawal (DIN: 00019464) Managing Director, Mr. Aman Agrawal (DIN: 00019534), Mr. A. R. Mundra (DIN: 00019234) Non-executive Directors and Mr. A. Arumugham (DIN:00350163) Independent Director of the Company are common Board members.
Nature of relationship	Bombay Rayon Fashions Limited (BRFL) is a holding company of STI India Limited (STI).
Material terms of the contracts/arrangements/ transactions	Sale, purchase or supply of products, goods, materials or services on arm's length basis.
Monetary value and period of approval	Estimated amount aggregating up to ₹ 80.00 Crores (Rupees Eighty Crores) with the increase in the transactions upto 20% (Twenty percent) in every financial year for a period of 5 (Five) financial years commencing from 1st April, 2014.
Any other information relevant or important for the members to make a decision on the proposed transaction	The Company is presently operating on job work basis for the BRFL and the income/ receivable of the STI is primarily from the job work charges receive from BRFL.

Therefore, in terms of Clause 49-VII (E), the contracts/arrangements/transactions with BRFL requires the approval of unrelated shareholders of the Company by a special resolution.

Mr. Prashant Agrawal (DIN: 00019464) Managing Director, Mr. Aman Agrawal (DIN: 00019534), Mr. A. R. Mundra (DIN: 00019234) Non-executive Directors and Mr. A. Arumugham (DIN:00350163) Independent Director of the Company may be deemed to be concerned or otherwise interested in the resolution being they are also on the Board of BRFL as set forth in Item No. 2 of the Notice.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

INSTRUCTIONS FOR VOTING

Kindly note that the members can opt for only one mode of voting i.e. either by post or e-voting. If the members opt for e-voting, then they should not vote by post and vice versa. However, in case members cast their vote by post and e-voting, then voting done through e-voting shall prevail and voting done by post will be treated as invalid.

INSTRUCTIONS FOR MEMBERS OPTING FOR E-VOTING

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically instead of dispatching Postal Ballot. E-voting is optional. In case a member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions as given below. He can use the facility and log-in any number of times till he/she has voted on Resolution(s) or till the end of the voting period (i.e. till the last date of receipt of Postal Ballots), whichever is earlier. The procedural and instructions for the same are as follows:

In case of members receiving e-mail or physical copy of Notice:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the Company name, viz "STI India Limited" from the drop down menu and click on "Submit".
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - 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 last 8 digits of the demat account/folio number in the PAN field. - In case the folio 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. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	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.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering above details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly 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 resolution(s) of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for STI India Limited.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- (A) The e-voting period begins on 9.00 a. m. on Wednesday, the 29th October, 2014 and will end on 6.00 p. m. on Thursday, the 27th November, 2014. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (B) In case of any queries / concern / grievances connected with voting by postal ballot, members may contact to Mr. Deepesh Kumar Nayak, Company Secretary of the Company at the Registered Office address of the Company at Rau-pithampur Link Road, Teh – Mhow, Distt. Indore – 453 332 (M.P.), Phone No. (0731) 40 14 400, Email: share3@stitextile.net. In case of query related to electronic voting they can refer Frequently Asked Questions (FAQs) for Members and e-voting user manual available at www.evotingindia.com.
- (C) The Board of Directors of the Company has appointed Mr. Pankaj Kumar Saklecha (Proprietor of M/s Rao Saklecha & Co.), FCS No. 6292, CP No. 6434, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot voting process (including e-voting process) in a fair and transparent manner and to receive and scrutinize the completed ballot papers from the members.
- (D) The Scrutinizer will submit his Report after completion of the scrutiny, addressed to the Chairman on Tuesday, the 02nd December, 2014. The Chairman will, or in his absence any other person so authorized by him will, announce the result of voting by postal ballot on Wednesday, the 03rd December, 2014 at 2.00 p. m. at the Registered Office of the Company at Rau-pithampur Link Road, Teh – Mhow, Distt. Indore – 453 332 (M.P.) and the Resolution will be taken as passed effectively on the date of announcement of the result by chairman or such authorized person, if the results of the Postal Ballots (including E-voting results) indicate that the requisite majority of the members had assented to the Resolution(s). The Scrutinizer's decision on the validity of the Postal Ballot shall be final. The results of the Postal Ballot along with the scrutinizer's report shall be placed on the Company's website www.stitextile.net besides being communicated to the stock exchanges on which the shares of the Company are listed.

Place: Mumbai
Date: 30th July, 2014

By Order of the Board of Directors
For STI India Limited

Regd. Off.-Rau-Pithampur Link Road,
Tehsil-Mhow, Distt- Indore-453 332 (M.P.)

CS Deepesh Kumar Nayak
Company Secretary

Regd. Off. : Rau-Pithampur Link Road, Tehsil: Mhow, Dist.: Indore - 453 332 (M. P.) India
Phone No. 0091-731-4014400, Fax 0091-731-4020011, Email:share3@stitextile.net
Website: www.stitextile.net, CIN: L27105MP1984PLC002521

POSTAL BALLOT FORM

Sr. No. **3902**

01. Name(s) of Shareholder(s)
(Including joint holders, if any)
02. Registered Address of the sole /
first named shareholders
03. Registered Folio No. / DP ID No. &
Client ID No.*
(*applicable to investors holding shares in
Dematerialized form)
04. No. of Shares held
05. I / We hereby exercise my / our vote in respect of the Special Resolutions to be passed through Postal Ballot for the
business stated in the Notice dated 30th July, 2014 of the Company by sending my /our assent (FOR) or dissent
(AGAINST) to the said Resolutions by placing the tick (✓) mark in the appropriate box below:

Item No.	Description of the Resolutions	Number of Shares for which votes cast	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
01	Special Resolution u/s 186 of the Companies Act, 2013 for authorization to issue corporate guarantee(s) in favour of banks / financial institutions etc.			
02.	Special Resolution u/s 188 and clause 49 of the Listing Agreement for transaction(s) with related party (ies).			

Place :

Date :

(Signature of the Shareholder)

Note:

1. Last date for receipt of Postal Ballot form by Scrutinizer is Thursday, the 27th November, 2014.
2. Please read the instructions printed over leaf carefully before completing this form.

INSTRUCTIONS FOR MEMBERS OPTING FOR POSTAL BALLOT VOTING

1. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed postage pre-paid envelope before the close of working hours (6.00 P.M.) on or before Thursday, the 27th November, 2014. However, envelope containing postal ballot, if sent by courier at the expenses of the registered shareholder will also be accepted. All forms received after this date will be treated as if reply from the shareholders has not been received. The postage will be borne and paid by the Company.
2. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed postage prepaid self-addressed envelope other than as mentioned in Item No. 7 below.
3. The voting rights of the members shall be in proportion to their shares in the total paid-up equity share capital of the Company as on Friday, the 17th October, 2014.
4. The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted. A member may request for a duplicate Postal Ballot Form, if so required. However, the duly filled-in duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified in point (1) above.
5. This Postal Ballot Form should be completed and signed by the member (as per the specimen signature registered with the Company/ Depository Participant). In case of joint holding, this form should be completed and signed by the first named member and in his absence, by the next named joint holder.
6. Incomplete, unsigned and incorrect Postal Ballot Form will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.
7. In case the shares are held by Body Corporate /Trust etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authorization together with the attested specimen signature of the authorized signatories.
8. The votes should be cast either in favour of or against by putting the (✓) mark in the column provided for assent (FOR) or dissent (AGAINST). Postal Ballot Forms bearing tick mark in both the column will be render the form and vote contained therein invalid.
9. The Resolutions, if assented by requisite majority, shall be considered as passed on Wednesday, the 03rd December, 2014 (i. e. the date of declaration of Postal Ballot result).