



STERLING TOOLS LIMITED

CIN No.: L29222DL1979PLC009668

Regd. Office : K-40, Connaught Circus, New Delhi-110001

Corporate Office : Plot No. 4, D L F Industrial Estate, Faridabad-121003

E-mail : sterling@stlfasteners.com, Website : www.stlfasteners.com

Tel : 91 129 2270621-25 / Fax : 91 129 2277359

POSTAL BALLOT NOTICE

(Pursuant To Section 110 of the Companies Act, 2013)

Dear Shareholder(s)

Pursuant to section 110 of the Companies Act, 2013 read with the Companies(Management and Administration) Rules, 2014, the Company is seeking consent of its members for passing Resolutions by means of voting by postal ballot(including voting through electronic means). Accordingly, the said resolution and the explanatory statement stating all material facts and the reasons for the proposal is appended below and a postal ballot form is enclosed for your consideration. The company has appointed Mr. A.K.Goyal, Practicing Company Secretary, as **scrutinizer** for conducting the postal ballot process in a fair and transparent manner.

SPECIAL RESOLUTION

1. Power to borrow money:

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 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, provisions of the Articles of Association of the Company and in supersession of the resolution passed in the Annual General Meeting held on 6th Day of July, 2011, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow for and on behalf of the company, from time to time, any sum or sums of money from any one or more of the Company's bankers and/or from any one or more individuals/firms/bodies corporate/financial institutions on such terms & conditions as the Board of Directors may deem fit, notwithstanding the fact that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business such as loans repayable on demand or within 6 months from the date of the loan, cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but not including loans raised for the purpose of financing expenditure of a capital nature) will or may exceed the aggregate of the paid-up share capital of the company and its free reserves (that is to say reserves not set apart for any specific purpose) but such borrowings will not exceed Rs. 200 Crores (Rupees Two Hundred Crores Only) at any point of time.”

2. Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings:

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

“**RESOLVED THAT** in supersession of the resolution passed earlier by the shareholders of the Company vide their Annual General Meeting held on 30th September, 1996 and pursuant to the provisions of Section 180(1)(a) read with Section 110 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company(hereinafter referred to as the “Board”) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company on such movable and immovable properties, both present and future, and in such manner as the board may deem fit in favour of banks/financial institutions, other investing agencies to secure the rupee/foreign currency loans(hereinafter referred to as Loans) taken in the ordinary course of business.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution.”

By Order of the Board
For Sterling Tools Limited

(Vaishali Singh)
Company Secretary
Membership No. A15108

House No. 466, Second Floor
Ashoka Enclave Part-III
Faridabad-121003

Date: 30th May, 2014
Place: Faridabad

Registered Office:
K-40, Connaught Circus
New Delhi-110001

ENCLOSED: POSTAL BALLOT FORM ALONGWITH SELF ADDRESSED STAMPED ENVELOPE.

NOTES:

1. An Explanatory Statement setting out the material facts concerning the Resolution is annexed.
2. Pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies(Management and Administration) Rules, 2014, assent or dissent of the members in respect of the resolution contained in the Notice dated 30th May, 2014 is being taken through Postal Ballot/ e-voting.
3. The Company has appointed Shri A. K. Goyal, Company Secretary in Practice (FCS No. 1565, C-7461) as Scrutinizer for conducting the postal ballot / e-voting process.
4. Notice is being sent to all Members/ beneficiaries, whose names appear on the Register of members/ Record of Depositories as on 18th July, 2014. Voting rights shall be reckoned on the shares registered in the name of shareholders as on that date.
5. Please note that the members can opt for only one mode of voting, i.e. through postal ballot or e-voting. In case of voting by both the modes, voting done through a valid physical Postal Ballot will prevail and e-voting of such member will be ignored.
6. There will be one Postal Ballot Form/ e-voting for every Folio/ Client Id irrespective of the number of joint holders.
7. Voting rights in the postal ballot form cannot be exercised by a proxy.
8. The Scrutinizer will submit his report to the Chairman after last date of receipt of Postal Ballot/ e-voting i.e. 9th September, 2014.
9. The Scrutinizer's decision on the validity of a postal ballot/ e-voting will be final.
10. The results of the Postal Ballot will be announced by the Chairman or Company Secretary on 12th September, 2014 at the Corporate Office of the Company at 11.00A.M.

Instructions for Voting in physical form:

1. A Member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot form no other form or photocopy thereof is permitted, sign and send in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer Mr. A. K. Goyal, Membership No. FCS1565 as per instruction 7 below at the address M/s. Sterling Tools Limited, K-40, Connaught Circus, New Delhi-110001. Postage will be borne and paid by the Company. Envelopes containing Postal Ballots, if deposited in person or sent by courier at the expenses of the Members will also be accepted.
2. The Postal Ballot form should be completed and signed by the Members. In the case of joint share holding, this form should be completed and signed by the first named Member and in his absence, by the next named Member (s). Unsigned Postal Ballot forms will be rejected. The signature on the Postal Ballot Form must tally with the specimen signature registered with the Company.
3. The votes should be cast either in favour or against the resolution by putting the tick (✓) mark provided for assent or dissent. Postal Ballot Form bearing (✓) mark in both the columns will render the form invalid.
4. Incomplete, unsigned or incorrectly filled postal ballot form will be rejected.
5. Where the Postal Ballot Form has been signed by an Authorized Representative of a body corporate, a certified copy of the relevant authorizations to vote on the Postal Ballot should accompany the Postal Ballot Form. A member may sign the Form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the Postal Ballot Form.
6. Duly completed Postal Ballot Forms should reach the Scrutinizer not later than 6 p.m. on **Tuesday, September 9, 2014**. Any Postal Ballot Form received after this time and date will be treated as if the reply from the Member has not been received.
7. 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 time and date specified at Item No.7 above.

Instructions for voting through electronic mode is printed overleaf of Postal Ballot Form.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1

The Company in its Annual General Meeting held on 6th Day of July, 2011 approved the limits for the borrowings to be made by the Board of Directors of the company from time to time upto Rs. 150 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business).

The Ministry of Corporate Affairs vide its General Circular No. 04/2014 dated 25/03/2014 clarified that the resolutions passed earlier under Section 293(1)(d) of the Companies Act, 1956 prior to 12th September, 2013 shall remain effective for a period of 1 year from 12th September, 2013.

Further, keeping in view the increased business size and the expansion plan for future, the funds requirement of the Company have also been increased. Therefore, the Board of Directors recommended for the increased borrowing powers from Rs. 150 Crores to Rs. 200 Crores.

Hence your Board of Directors recommend this resolution for the approval of the Members by way of special resolution.

None of the directors/ Key managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, in the Special Resolution as set out at Item No. 1 of the Notice for approval of Shareholders.

Item No. 2

Under the erstwhile Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, create charge/mortgage/hypothecation on the Company' assets, both present and future, in favour of the lenders to secure the repayment of monies borrowed by the Company(including temporary loans obtained from the Company' Bankers in the ordinary course of business).

The shareholders of the Company had accorded their approval for creation of charges / mortgages / hypothecations vide their Annual General Meeting held on 30th September, 1996.

Under the provisions of Section 180(1)(a) of the Act, which were made effective from September 12, 2013 the above powers can be exercised by the Board only with the consent of shareholders obtained by a Special Resolution. Further, as per the Circular dated 25th March, 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293(1)(a) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Act i.e. upto 11th September, 2014. As such, it is necessary to obtain fresh approval of the Shareholders by means of Special Resolution, to enable the Board of Directors of the Company to create charge / mortgage / hypothecation on the Company' assets, both present and future, in favour of the lenders to secure the monies borrowed by the Company (including temporary loans obtained from the Company' bankers in the ordinary course of business).

It is therefore, necessary to obtain members' approval by way of Special Resolution under Section 180(1)(a) of the Act through Postal Ballot under section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management & Administration) Rules, 2014, for creation of charges / mortgages / hypothecations in favour of Lenders for securing the monies borrowed by the Company in the ordinary course of business.

The Board recommends the said Resolution for approval of the shareholders by a Special Resolution.

None of the directors/ Key managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, in the Special Resolution as set out at Item No. 2 of the Notice for approval of Shareholders.

Date: 30th May, 2014
Place: Faridabad

Registered Office:
K-40, Connaught Circus
New Delhi-110001

By Order of the Board
For Sterling Tools Limited

(Vaishali Singh)
Company Secretary
Membership No. A15108

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