



Sam Industries Limited

CIN: L15143MH1994PLC164344

Regd. Off. : 401, Dalamal Chambers, 29, New Marine Lines, Mumbai (MH) 400020

E-mail: secretarial@sam-industries.com Website: www.sam-industries.com

Postal Ballot Notice (Pursuant to Section 110 of the Companies Act, 2013)

To,

The Members,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) ("the Rules"), that the resolutions appended are proposed to be passed by way of Postal Ballot / E-voting.

The Explanatory Statement pertaining to all the Resolutions setting out the material facts and the reasons thereof is annexed hereto along with the Postal Ballot Form.

In the event the draft resolutions as set out in the notice are assented to by the requisite majority by means of Postal Ballot or E-voting (whichever method the Shareholder opts for), they shall be deemed to have been passed as Special Business at an Extra-ordinary General Meeting. The date of the announcement of result of Postal Ballot shall be considered as the date of passing of the said resolutions.

For detailed instruction on E-voting/Postal Ballot, please refer to the notes appended to this notice and the Postal Ballot Form, respectively

Special business

Item no. 1 : Shifting of Registered Office of the Company from the State of Maharashtra to the state of Madhya Pradesh

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) from the Central Government, the consent of the members of the Company be and is hereby accorded to shift the registered office of the Company from the state of Maharashtra to the state of Madhya Pradesh.

FURTHER RESOLVED THAT for purpose of giving effect to the above resolution, Board of Directors of the Company be and are hereby authorised severally to sign the petition, application, affidavits and such other documents as may be necessary in relation and to file a petition before the Company Law Board / Central Government or any competent authority for and on behalf of the Company. "

Item no. 2 : Alteration of the situation clause of the Memorandum of Association of the company

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT the clause II of the Memorandum of Association of the company be and is hereby amended by substituting the word "Madhya Pradesh" for the word "Maharashtra" in the said situation clause as under:

II The Registered Office of the Company shall be situated in the State of Madhya Pradesh.

FURTHER RESOLVED THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to apply to the Central Government and or such authorities as may be for securing the necessary confirmation and to do all such actions and give all such directions, authorizations and to do all such acts, deeds, matters and things as may be necessary and further to execute such deeds, documents and writings as may be necessary in this regard."

Item no. 3: Alteration of the Objects clause of the Memorandum of Association of the company

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

"Resolved That pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, Main Objects of the Memorandum of Association of the Company be altered by replacing with following clauses :

1. To develop, design, assemble, manufacture, import, export, supply, trade, buy, sell, operate, run, let on hire, give on lease or otherwise deal in all kinds of welding electrodes, welding equipments, welding wires, welding cartridges and welding apparatus for manual, semi automatic and automatic welding, including welding transformers, welding rectifiers, stud welding guns and part and accessories relating thereto and generally of all articles materials, instruments and things required and capable of being used for or in connection with the application of welding systems for any purposes whatsoever, and to carry on also the business of welding, general engineers, general merchants, contractors and any other trade or business whatsoever, whether manufacturing or otherwise.

2. To carry on in India or elsewhere, either alone or jointly with one or more persons, the business of colonizer, construction, modification, repairing, alteration reconstruction, removal, decoration, designing, enlarging, improving and designing of all kinds of civil works, buildings for whatever use, roads, approach roads, streets, circles, squares, parks, gardens, statues, parking places, pavements, paths, side-ways, industrial sheds, bridges, canals, wells, springs, dams, power plants, reservoirs, tramways, railways, tunnels, earth works, sewers, tanks, overhead tanks, drains, Sewages, Sanitary, irrigation works, airport runways, power supply works, housing projects, towers, transmission towers, pipe-lines, underground cables, technical works, iron works, electrical works and any other similar works and for that purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of lands and buildings and to prepare estimate, design plans, specifications or other models and to submit tenders as and when required and to carry on the business of building and operating projects for Central Government, State Governments or for Semi Government bodies or private parties whether Companies or Corporations on Build Operate and Transfer principal (BOT) and to carry on the business of contractors, sub-contractors or quasi contractors builders, whether for Central Government, State Governments or for Semi Government bodies or Railways or Public Water Resource Department or Municipal Corporation or Development Authority or Local Authorities Corporations or Company or Society or Body Corporate or Firms or Individuals or Schools or Clubs or other body or private works or other private parties and to undertake Contracts and Sub-contracts relating to construction, modification, repairing, alteration reconstruction, removal, decoration, designing, enlarging, improving and designing of all kinds of civil works, buildings for whatever use.
3. To carry on the business as an investment company, and for that purpose, to acquire and hold either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture-stock, bonds, notes and to invest or to deposit with Bank or Banks as may be considered desirable, and from time to time, to vary such investment or to hold funds in such articles (including gold, silver, jewelry, platinum, precious metals and precious stones) and acquire, purchase, sell or let on hire the same and materials, articles or things, obligations and securities issued or guaranteed by any Company, wherever incorporated or carrying on business and debentures, debenture-stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign, ruler, commissioner, public body or authority, supreme, independent, municipal local or otherwise in any part of the world either at the Company's Office or at any other places in safe custody. But not carrying on banking business as defined in Banking Regulations Act, 1949.
4. To acquire by purchase, lease or otherwise, land for farming, to establish and run farms to carry on the business of agriculture, horticulture, floriculture, dairy farming, animal husbandry and to carry out any processes connected with any one or more of such products scientifically store farm products and deal as purchaser, seller, importer, exporter, distributor, dealer in agriculture and articles of farm product of all description like fruits, vegetable, seeds, grain, flower, and herbal products.
5. To own, create and manage online shopping, e-commerce, websites, portals, mobile applications and to create a virtual shopping mall with online catalogue and to provide a convenient shopping experience to its customers in India and abroad.

Further Resolved That for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorised to give all such directions, authorizations and to take all such necessary, desirable or expedient action and to do all such necessary acts, deeds, matters and things as may be necessary and further to execute such deeds, documents and writings as may be necessary in this regard that may be incidental or pertinent the aforesaid resolutions.”

Item No.4: Deletion of the Other Objects Clause of the Memorandum of Association

To consider and, if thought fit, to pass the following resolution as a Special Resolution

“Resolved That pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the Other Objects Clause of the Memorandum of Association of the Company be altered by completely deleting all the existing clauses”

Further Resolved That Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in this regard and to give such directions as may be necessary, desirable or expedient for giving effect to this Resolution and matters related thereto and its decision shall be final and binding.”

Item No.5: Amendment of Incidental or Ancillary Objects Clause of the Memorandum of Association

To consider and, if thought fit, to pass the following resolution as a Special Resolution

“Resolved That pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the existing clauses of the Incidental or Ancillary Objects clause of the Memorandum of Association of the Company be altered by replacing it with the new clauses appended to this Notice.

Further Resolved That Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in this regard and to give such directions as may be necessary, desirable or expedient for giving effect to this Resolution and matters related thereto and its decision shall be final and binding."

Item no. 6: Alteration of the Articles of Association of the company

To consider and, if thought fit, to pass the following resolution as a Special Resolution

"Resolved That pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, the set of regulations appended to this Notice be and are hereby adopted as the Articles of Association of the Company in substitution and to the entire exclusion of the set of regulations contained in the existing Articles of Association of the Company.

Further Resolved That Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in this regard and to give such directions as may be necessary, desirable or expedient for giving effect to this Resolution and matters related thereto and its decision shall be final and binding."

Item No. 7: Loans and Investments by Company under Section 186 of the Companies Act, 2013

To consider and, if thought fit, to pass, the following resolution as a Special Resolution

"RESOLVED THAT pursuant to Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under and subject to such approval(s), consent(s), permissions(s) and sanctions(s) of appropriate authorities as may be necessary and subject to such condition(s) and modification(s) as may be prescribed and imposed by such authorities while granting such approval(s), permission(s) and sanction(s), the consent of the shareholders be and is hereby accorded to make loan(s) to any person or body corporate through various means including Deposits, Commercial Papers, Bonds and Debentures or in any other manner, and/or give guarantee / provide security in connection with loan to anybody corporate or person and/or acquire by way of subscription, purchase or otherwise the securities of anybody corporate up to a limit which (including the amount of loans, guarantees, securities and investments already made) shall not exceed Rs.100,00,00,000/- (Rupees One Hundred Crore only), notwithstanding that the aggregate of the loans so far made or to be made and/or guarantees so far given or to be given and/or securities so far provided or to be provided and/or securities so far acquired or to be acquired may exceed the limit of sixty per cent of aggregate of paid-up Share Capital and Free Reserves and Securities Premium Account or one hundred per cent of the Free Reserves and Securities Premium Account of the Exchange, whichever is more.

Further Resolved That Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in this regard and to give such directions as may be necessary, desirable or expedient for giving effect to this Resolution and matters related thereto and its decision shall be final and binding."

Place: Indore

Date: 25th July, 2015

**For Sam Industries Limited
By Orders of the Board**

**Navin S. Patwa
Company Secretary**

Note:

1. An explanatory statement pursuant to Section 102 of the Act, setting out material facts and reasons for the proposed special resolutions are appended herein below.
2. Pursuant to the provisions of Section 110 of the Act read with the Companies (Management and Administration) Rules, 2014, a company is mandatorily required to, in case of certain prescribed items of special business and has an option to in case of other items of special business, seek the approval of the shareholders to certain resolution(s) through Postal Ballot, instead of getting it passed at a General Meeting. Accordingly, your approval is sought for the resolutions contained in this Notice through Postal Ballot.
3. Mr. Manish Maheshwari, Practicing Company Secretary, FCS No. 5174 has been appointed as Scrutinizer for conducting the postal ballot process in accordance with the Act and the Rules made there under and in a fair and transparent manner.
4. As per section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of the Postal Ballot may be served on the members through electronic means. Members who have registered their E-mail IDs with depositories or with the Company are being sent this Notice of Postal Ballot by e-mail post and the members who have not registered their e-mail IDs will receive Notice of Postal Ballot along with the Postal Ballot Form by post.
5. The Postal Ballot Notice is being sent to all the shareholders, whose names appear on the Register of Members / list of beneficial Owners, as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on **31st July, 2015**.

6. A Postal Ballot Form and a postage prepaid self-addressed business reply envelope are attached to this Notice. The self-addressed envelope bears the address to which duly completed Postal Ballot Form is to be sent.
7. In compliance with the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement with the Stock Exchange, the Company has also extended e-voting facility as an alternate, for its shareholders to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. Details of e-voting facility are specified under instructions to the Postal Ballot Form.
8. The shareholders who do not receive the Postal Ballot Form may apply to the Company to receive the duplicate thereof.
9. The members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form, and record their assent (for) or dissent (against) to the items so listed, by returning the same duly completed and signed in the attached postage pre-paid self-addressed envelope. However, Postal Ballot Form(s), if sent by courier or by registered post at the expense of the Shareholder(s) will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given thereon. The duly completed Postal Ballot Form(s) should reach the Scrutinizer on or before the closing of working hours of 14th September, 2015, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Shareholder(s). Unsigned Postal Ballot Form/s will be rejected.
10. The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the E-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The Scrutinizer will submit his final report to the Chairman / whole time director/ company secretary as soon as possible after the last date of receipt for postal ballot forms but not later than the close of working hours of 16th September, 2015.
11. The results of the voting by Postal Ballot will be declared at the **Sam Industries Limited Works: Village: Dakachya, Tehsil: Sanwer, A. B. Road, Indore - 453771 Madhya Pradesh, at 4:00 P.M. on 16th September 2015.** The shareholders, who wish to be present at the time of declaration of the results, may do so, at the said venue. The results will also be posted on the website of the Company www.sam-industries.com and by way of intimation to the Stock Exchanges on which the Company is listed. The results of the postal ballot shall be published in the newspapers. The date of declaration of postal ballot results will be taken as the date of passing there solution.
12. The draft Memorandum and Articles of Association of the Company are enclosed with this Notice.
13. The Notice of Postal Ballot and The draft Memorandum and Articles of Association of the Company are posted / available at website of the Company www.sam-industries.com.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **15th August, 2015, 9.00 A.M. and ends on 14th September, 2015 05.00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **31st July, 2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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> <ul style="list-style-type: none"> ▪ 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 folio number in the PANField. ▪ 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 1 then enter RA00000001 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	<p>Enter the Dividend 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 Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **Sam Industries Limited** on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "Resolutions File Link" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "Confirm" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If a Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create 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 helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- Other Instructions –
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and E-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
 - The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of **31st July 2015**.
 - **Mr. Manish Maheshwari, Proprietor M/s M. Maheshwari & Associates, Company Secretaries (Membership No. FCS: 5174, CP No. 3860)** has been appointed as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.

- The Scrutinizer shall within a period not exceeding two (2) working days from the conclusion of the E-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results declared along-with the Scrutinizer's Report shall be placed on the Company's website www.sam-industries.com and on the website of CDSL within two (2) days of passing of the resolutions and communicated to the Exchanges.

Place: Indore

Date: 25th July, 2015

For Sam Industries Limited
By Orders of the Board
Navin S. Patwa
Company Secretary

Explanatory Statement under Section 102, Of the Companies Act, 2013

Item No.1 & 2

Presently the Company's Registered Office is situated in the state of Maharashtra. And the Company's manufacturing and business activities are based at near Indore in the state of Madhya Pradesh and all the business functions are carried from the factory premises at Village: Dakachya, Tehsil: Sanwer, A. B. Road, Indore - 453771 Madhya Pradesh, and there are no activities in the state of Maharashtra as such where the registered office is situated.

Moreover all the directors of the Company and Registrar and Transferor Agent of the Company i.e. M/s Ankit Consultancy Private Limited, are also based at Indore – Madhya Pradesh. Therefore, it is very difficult to co-ordinate the matters from Indore to discharge the statutory obligations related to the registered office.

And since the state of Madhya Pradesh is a very advance state in the industrialization of business and has a potential market for the Company's business, therefore if the registered office of the Company is shifted to Madhya Pradesh, it shall help to carry on the business activities more economically and efficiently and also help to enlarge the area of its business operations.

In terms of the provisions of section 13 of the Companies Act, 2013, the registered office of the Company may be shifted from one state to another by way of approval of the members with special resolution and approval of the Central Government.

The draft Memorandum and Articles of Association of the Company are enclosed with this Notice and also available in the Company's website.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolutions.

The Directors recommend the aforesaid resolutions for the approval by the members as Special Resolution.

You are requested to communicate your assent or dissent for the aforesaid proposal, in accordance with the instruction set out therein.

Item No.3

In order to comply with the provisions of Section 4(1) (c), Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company needs to delete the Other Objects Clause from the Memorandum of Association. Hence the Main Objects Clause has been suitably modified with the addition of business relating to Welding Electrodes, Real Estate, Investment, Agriculture and E-commerce.

The draft Memorandum and Articles of Association of the Company are enclosed with this Notice and also available in the Company's website.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

You are requested to communicate your assent or dissent for the aforesaid proposal, in accordance with the instruction set out therein.

Item No. 4

In order to comply with the provisions of Section 4(1) (c), Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company needs to delete the Other Objects Clause from the Memorandum of Association. The modification in Memorandum of Association is carried out to give effect to provisions of the Companies Act, 2013. Consent of the shareholders by passing a Special Resolution is required in this regard.

The draft Memorandum and Articles of Association of the Company are enclosed with this Notice and also available in the Company's website.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

You are requested to communicate your assent or dissent for the aforesaid proposal, in accordance with the instruction set out therein.

Item No. 5

With the passing of the Companies Act, 2013, the Company needs to alter some of the clauses of Incidental or Ancillary Objects Clause of Memorandum of Association of the Company. The modification in Memorandum of Association is carried out to remove references to the Companies Act, 1956. Consent of the shareholders by passing a Special Resolution is required in this regard.

The draft Memorandum and Articles of Association of the Company are enclosed with this Notice and also available in the Company's website.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

You are requested to communicate your assent or dissent for the aforesaid proposal, in accordance with the instruction set out therein.

Item no. 6

Alteration of the Articles of Association of the Company

The Ministry of Corporate Affairs has as on date notified substantive sections of the Act which deal with the general functioning of companies.

Barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66) compromise, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI) revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, *inter-alia*, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247)].

The existing Articles of Association ("AOA") of the Company are as per the requirements of the Companies Act, 1956, and accordingly contain references to the sections of the Companies Act, 1956.

Since various sections of the Companies Act, 2013 are in force, the regulations in AOA must contain references to the sections of this Act wherever required in AOA. In addition pursuant to the provisions of the Act, certain other alterations are required to be made in AOA. In view of this it is proposed to wholly replace the existing AOA by new set of AOA.

Salient alterations in the new draft AOA of the Company include the following:

- Incorporation of references of new provisions / sections of the Act.
- Incorporation of provisions relating to Independent Directors of the Company.
- The Company is now allowed under the Act, to have a maximum of 15 directors on its Board if there is a provision in AOA of the Company. Hence it is proposed to amend the AOA for allowing the Company to have maximum number of 15 Directors on its Board.
- The books of accounts and statutory registers can also be kept in electronic mode as prescribed by the Act and the rules framed there under, subject to compliance of prescribed guidelines. In view of these provisions relating to the same are proposed to be incorporated.
- The Act has defined the term Key Managerial Personnel, the same is proposed to be incorporated.
- The participation of the Directors in meetings can be in person or through video conferencing or other audio visual means as permitted in the Act. Accordingly, the provisions in this regard are proposed to be incorporated.
- There is reference to Chapter Rules in the Act and accordingly the same is proposed to be incorporated
- As per the Act, AOA should expressly allow an individual to be appointed or re-appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.
- In order to allow an individual to be appointed or re-appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time, it is proposed that a new Article be inserted in the AOA of the Company to contain such provisions.

As per the provisions of Section 14 of the Companies Act, 2013, alteration of the Articles of Association of the Company needs to be approved by the shareholders of the Company.

Further, in terms of the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules 2014, the approval of the shareholders may be taken through Postal Ballot instead of transacting such business at a general meeting.

The Board of Directors in its meeting held on 25th July, 2015 has accorded its approval for adoption of a new set of regulations as AOA in substitution, and to the entire exclusion, of the set of regulations contained in the existing AOA. The draft Articles of Association of the Company is enclosed with this Notice and also available in the Company's website.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

You are requested to communicate your assent or dissent for the aforesaid proposal, in accordance with the instruction set out therein.

Item no.7

Loans and Investments by Company under Section 186 of the Companies Act, 2013

The investments, guarantees and securities are made / proposed to be made out of own / surplus funds, internal accruals / borrowed funds and the objective of which is optimum utilization of funds of the Company and also to achieve the long term strategic and business objectives.

The Investments, loans, guarantees and securities will be made on terms and conditions most beneficial to the company at prevailing market rates.

As a measure of achieving greater financial flexibility and to enable optimal financing structure, it is therefore proposed that a fresh resolution be placed before the Shareholders for their consent and approval sought in accordance of the provisions of Section 186 of the Companies Act, 2013 for a revised limit of Rs. 100 Crores (Rs. One Hundred Crores).

As per the provisions of the Section 186 of the Companies Act, 2013, the Company can make any loan, investments or give guarantee or provide any security beyond the prescribed ceiling of (a) Sixty percent of the aggregate of the paid-up capital and free reserves and securities premium account, or (b) Hundred percent of the free reserves and securities premium account, whichever is more, if a special resolution is passed by the Members of the Company. Where such giving of any loans, guarantee or providing of security or the investments exceeds the limits specified, prior approval by means of a special resolution passed at a general meeting is necessary.

As per Section 110 of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, the said resolution shall be passed through postal ballot process.

Accordingly, the Board recommends the Resolution at item no. 7 of the accompanying Notice as Special Resolution.

Your approval is sought for the same.

None of the Directors, Key Managerial Persons or their relatives are interested, financially or otherwise, in the aforesaid resolution.

Place: Indore
Date: 25th July, 2015

For Sam Industries Limited
By Orders of the Board
Navin S. Patwa
Company Secretary