

# Shams Textile Mills Limited

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Members of Shams Textile Mills Limited (the "Company") will be held on June 22, 2023 (Thursday) at 11:00 a.m. at 7-B-3, Marina Home, Aziz Avenue, Gulberg-V, Lahore, to transact the following business:

**1. To consider and, if though fit, to pass the following resolution as a special resolution, with or without modifications**

**RESOLVED THAT** the approval of the members of Shams Textile Mills Limited ("the Company") be and is hereby accorded to increase authorized share capital of the Company from Rs. 250,000,000 (Rupees Two Hundred Fifty Million Only) divided into 25,000,000 ordinary shares of Rs. 10/- each to Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 ordinary shares of Rs. 10/- each.

**FURTHER RESOLVED THAT**, in consequence of the said increase in the authorized share capital of the Company, the existing Clause V of the Memorandum of Association and clause 5 of the Articles of Association of the Company be and is hereby amended accordingly, to read as follows:

**Clause V of Memorandum of Association:**

The Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- (Rupees Ten only) each with powers to the Company from time to time increase and reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as ay be determined by or in accordance with the regulations of the Company and to vary modify or abrogate any such right privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law provided however, that rights as between various classes or ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid up value of the shares.

**Clause 5 of Articles of Association:**

The Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- (Rupees Ten only) each

**FURTHER RESOLVED THAT**, the ordinary shares when issued shall carry equal voting rights and rank pari passu with the existing ordinary shares of the company in all respects/matters in conformity with the provisions of the Companies Act, 2017.

**FURTHER RESOLVED THAT** the Chief Executive and Company Secretary be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies, Securities and Exchange Commission of Pakistan and complying with all other regulatory requirements to effectuate and implement this resolution.

**2. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to substitute the clause 81 of the articles of Association of the Company.**

**RESLOVED THAT** pursuant to Section 38 and all other applicable provision of the Companies Act, 2017, Articles 81 of the existing Articles of Association of the Company be and is hereby

substituted to read as follows.

“Board of Directors may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or other fund or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full, any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.”

**FURTHER RESOLVED THAT** the Chief Executive and Company Secretary be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies, Securities and Exchange Commission of Pakistan and complying with all other regulatory requirements to effectuate and implement this resolution.

**FURTHER RESOLVED THAT** The aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required and such amendment, modification, addition or deletion shall not require fresh approval of members.

Statements under Section 134(3) of the Companies Act, 2017 concerning special business are annexed to the notice of meeting circulated to the members of the Company.

**By the Order of the Board**

May 30, 2023

Company Secretary

**NOTES:**

**BOOK CLOSURE NOTICE: -**

The Ordinary Shares Transfer Books of the Company will remain closed from June 15, 2023 to June 22, 2023 (both days inclusive) for attending and voting at Extraordinary General Meeting. Physical transfers /CDS Transactions IDs received in order in all respect up to 1:00 p.m. on June 14, 2023 at Share Registrar, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore , will be considered in time, for attending of meeting.

**PROXIES:**

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**A. For Attending the Meeting**

1. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
2. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

**SUBMISSION OF COPY OF CNIC (MANDATORY):**

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC if not already provided to the Company or our Share Registrar, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC , the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants to such shareholders .

**Unclaimed Dividend/Shares:**

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

**Video Conference Facility:**

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the

total paid up share capital may demand the facility of video-link for participating in the Extraordinary General Meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

### **Video Link Facility for Meeting: -**

Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February 2021 to provide participation of the members through electronic means. The members can attend the EOGM via video link using smart phones/tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution/power of attorney (in case of corporate shareholders) through email at [tariq.javed@shams.com.pk](mailto:tariq.javed@shams.com.pk) by June 20, 2023.

Name of Member/Proxy holder	CNIC No.	Folio No./CDC Account No.	Cell No./ WhatsApp No.	Email Id

### **Polling on Special Business Resolutions:**

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Shams Textile Mills Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Extraordinary General Meeting to be held on June 22, 2023, at 11.00 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

### **Procedure for E-Voting:**

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on June 15, 2023.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through email from the web portal of Share Registrar (being the e-voting service provider).
- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from June 19, 2023, 09:00 a.m. and shall close on June 21, 2023 at 5:00p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he I she shall not be allowed to change it subsequently.

### **Procedure for Voting Through Postal Ballot:**

The members shall ensure that duly filled and signed ballot paper, along with copy of

Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address 7-B-3, Marina Homes, Aziz Avenue, Gulberg-V, Lahore, Pakistan or email at [chairman@stml.com.pk](mailto:chairman@stml.com.pk) one day before the Extraordinary General Meeting on June 21, 2023 up to 5 p.m. The signature on the ballot paper shall match the signature on CNIC.

This postal Poll paper is also available for download from the website of the Company at [www.stml.com.pk](http://www.stml.com.pk) or use the same as attached to this Notice and published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

### **E-voting Service Provider:**

M/s. CorpTec Associates (Pvt.) Limited

### **Conversion of Physical Shares into Book Entry Form**

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member/stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, No risk of the loss, damage or theft, No stamp duty on transfer of shares in book-entry form and Hassle-free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

### **STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.**

This statement sets out the material facts pertaining to the special business to be transacted at the Extraordinary General Meeting of the Company to be held on June 22, 2023.

#### **1. Increase in Authorized Share Capital of the Company and Consequent amendments in the Memorandum and Articles of Association of the Company.**

The Board of Directors has recommended to increase the authorized share capital of the Company from PKR 250,000,000 divided into 25,000,000 ordinary shares of Rs. 10/- each to PKR 1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each by creation of additional 75,000,000 ordinary shares of Rs. 10/- each amounting to PKR 750,000,000/-.

The proposed increase in the authorized share capital of the Company will also necessitate amendments in Clause V of Memorandum of Association and Clause 5 of Articles of Association of the Company. The Board of Directors has also recommended required alterations in the Memorandum of Association of the Company to reflect increase in authorized share capital of the Company.

## **Reasons for alteration in authorized share capital**

Over the years, the Company has consistently earned impressive profitability and has experienced substantial organic growth. This growth necessitated significant investments in property, plant and equipment.

The current authorized capital of the company falls short of its anticipated future requirements to raise additional equity. Therefore, it is proposed that authorized capital should be substantially increased to eliminate the need for repetitive administrative formalities and associated costs in the future. It is important to highlight that the fee for enhancing the limit of authorized share capital has already undergone a significant increase.

Consequently, it is proposed to recommend to increase the authorized share capital of the Company from PKR 250,000,000/- divided into 25,000,000 ordinary shares of Rs. 10/- each to Rs. 1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each by creation of additional 75,000,000 ordinary shares of Rs. 10/- each, for approval of the shareholders .

## **Reasons for alterations of Memorandum and Articles of Association**

The Company is increasing its authorized share capital in order to cater for future increase in paid up share capital of the Company. Consequently, the provisions in the Memorandum of Association relating to authorized share capital will need to be amended.

### **Existing Clause V of Memorandum of Association:**

The Capital of the Company is Rs. 250,000,000 (Rupees Two Hundred Fifty Only) divided into 25,000,000 (Twenty Five Million) ordinary shares of Rs. 10/- (Rupees Ten only) each with powers to the Company from time to time increase and reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as ay be determined by or in accordance with the regulations of the Company and to vary modify or abrogate any such right privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law provided however, that rights as between various classes or ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid up value of the shares

### **Proposed Clause V of Memorandum of Association:**

The Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- (Rupees Ten only) each with powers to the Company from time to time increase and reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as ay be determined by or in accordance with the regulations of the Company and to vary modify or abrogate any such right privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law provided however, that rights as between various classes or ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid up value of the shares

### **Existing Clause V of Articles of Association:**

The Capital of the Company is Rs. 250,000,000 (Rupees Two Hundred Fifty Only) divided into 25,000,000 (Twenty Five Million) ordinary shares of Rs. 10/- (Rupees Ten only) each

### **Proposed Clause 5 of Articles of Association:**

The Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into

100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- (Rupees Ten only) each

- 2. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to substitute the clause 81 of the articles of Association of the Company.**

In order to allow the Board of Directors of the Company to increase paid-up capital through Board of Directors instead of Annual General Meeting, the board of Directors of the Company in their meeting held on May 29, 2023 has recommended to substitute the Clause 81 of the Articles of Association of the Company accordingly.

#### **Existing Clause 81 of Articles of Association:**

"Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or other fund or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full, any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum."

#### **Proposed Clause 81 of Articles of Association:**

"Board of Director may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or other fund or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full, any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum."

#### **Interest of directors**

No directors have direct or indirect interest in the above said business other than as shareholders of the Company.

#### **Statement of the Board of Directors**

"We, the members of the Board of Directors hereby confirm that the proposed amendments/alterations in the Memorandum of Association of the Company are in line with the applicable laws and regulatory framework."