



SAIF TEXTILE MILLS LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an **Extraordinary General Meeting** of **Saif Textile Mills Limited** will Insha'Allah be held on **Friday, November 24, 2023 at 11:00 a.m.** at its registered office, **APTMA House, Tehkal Payan, Jamrud Road, Peshawar**, to transact the following business:

ORDINARY BUSINESS:-

1. To confirm minutes of the Annual General Meeting of the Company held on October 27, 2023.

SPECIAL BUSINESS:-

2. To consider, and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions, to increase the Authorized Capital of the Company and to make consequent amendments in the Memorandum and Articles of Association of the Company:

"RESOLVED THAT pursuant to Section 85 and all other applicable provisions of the Companies Act, 2017, the Authorized Capital of the Company be and is hereby increased from Rs. 300,000,000 divided into 30,000,000 ordinary shares of Rs. 10 each to Rs. 900,000,000 divided into 90,000,000 ordinary shares of Rs. 10 each by creation of 60,000,000 additional ordinary shares of Rs. 10/- each of the Company and for that purpose Clause V of the Memorandum of Association and Article 7 of the Articles of Association of the Company be and are hereby accordingly amended to read as under:

Clause V of the Memorandum of Association:

The Capital of the Company is Rs.900,000,000/- (Rupees nine hundred million only) divided into 90,000,000/- ordinary shares of Rs. 10/- each with the power to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes.

Article 7 of the Articles of Association:

The Capital of the Company is Rs.900,000,000/- (Rupees nine hundred million only) divided into 90,000,000/- ordinary shares of Rs. 10/- each.

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

FURTHER RESOLVED THAT the Company Secretary and/or the Chief Financial Officer of the Company be and are hereby singly authorized to do all acts, deeds and things, take all necessary steps and decisions to obtain all approvals required, if any, and to sign, execute, deliver, and file all requisite documents to the relevant authorities in this regard."

3. To consider, and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions, to increase the Paid-up Capital of the Company through the issuance of shares by way of otherwise than right shares:

RESOLVED THAT subject to compliance with all applicable laws and the requisite regulatory approvals, including the approvals of the Securities and Exchange Commission of Pakistan ("SECP"), Saif Textile Mills Limited (the "Company") be and is hereby authorized to increase the paid-up capital of the Company from Rs. 264,128,800/- to Rs. 864,128,800/- through the issuance of an additional 60,000,000 ordinary shares of the face value of Rs. 10 each, by way of otherwise than right shares at a price of Rs. 10 each to Saif Holdings Limited, an associated company, against their outstanding loans to the Company.

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

FURTHER RESOLVED THAT the Chief Executive Officer and/or the Company Secretary of the Company ("Authorized Persons") be and are hereby singly authorized to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares.

FURTHER RESOLVED THAT the Authorized Persons be and are hereby singly authorized to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares, including, but not limited to, obtaining all requisite regulatory approvals, engaging legal advisors and consultants for the purposes mentioned above, filing the necessary application(s), statutory forms, and all other documents as required to be filed with the SECP and any other authority, submitting all such necessary documents, executing all such certificates, applications, notices, reports, letters, and any other documents or instruments, including any amendments or substitutions to any of the foregoing, as may be required in relation to the issuance of further shares otherwise than right shares and all other matters incidental or ancillary thereto.

FURTHER RESOLVED THAT any amendments, modifications, additions, or deletions to the above special resolution(s) as suggested, directed, or advised by SECP and/or any other regulatory body shall be considered integral part of these special resolution(s) without requiring the members to pass new special resolution(s).

4. To transact any other business with the permission of the Chair.

Statement of material facts required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Extraordinary General meeting is annexed.

BY ORDER OF THE BOARD

Peshawar, November 3, 2023

Sajjad Hussain
Company Secretary

NOTES:

1. The Shares Transfer Books of the Company will remain closed from **November 18, 2023 to November 24, 2023** (both days inclusive) and no transfer of shares will be accepted for registration during this period. Transfers received in order at the office of the Company's Shares Registrar **M/s. Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore** by the close of business on **November 17, 2023** will be treated in time for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at the meeting, may appoint another member as a proxy to attend, speak and vote on behalf of him/her. Forms duly stamped with Rs.50/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of the meeting.
4. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.
5. Change in Address: Members are requested to promptly notify any change in their address.

6. **E-Voting / Voting by Postal Ballot:** The Company shall provide its members with facilities for e-voting and voting by postal ballot for all businesses classified as special business, in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

E-Voting Procedure: a) Details of the e-voting facility will be shared through an e-mail with those members who have their valid CNIC numbers, cell numbers and registered e-mail address available in the register of the members of the Company by the close of business on November 17, 2023. b) E-voting facility will be available to eligible members from November 21, 2023, 9:00 am and shall close on November 23, 2023 at 5:00 pm. c) Members can cast their votes at any time in this period. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.

7. For any query/information, Members may contact the Company at registered office address mentioned above. Members may also visit website of the Company www.saiftextile.com for notices/information.
8. Pursuant to Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail such facility, please fill the following form and submit to the registered address of the Company at least seven (07) days before the date of the meeting.

I/ We, _____ of _____, being a member of Saif Textile Mills Limited, holder of _____ Ordinary Shares as per Register Folio No. / CDC A/C No. _____ hereby opt for Video Conference facility at _____.

Signature of member

STATEMENT OF MATERIAL FACTS U/S 134(3) OF THE COMPANIES ACT, 2017

Item No. 2 of the Agenda – Increase in Authorized Share Capital of the Company and Consequent Amendments in the Memorandum and Articles of Association

In order to cater for the future increase in paid up share capital including the proposed issuance of shares otherwise than right shares, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors, in their meeting held on 2nd November 2023, has recommended to increase the Authorized Share Capital of the Company from Rs. 300,000,000 divided into 30,000,000 ordinary shares of Rs. 10 each to Rs. 900,000,000 divided into 90,000,000 ordinary shares of Rs. 10 each by creation of 60,000,000 additional ordinary shares of Rs. 10/- each.

The new Ordinary Shares when issued shall carry same voting rights and rank parri passu with the existing Ordinary Shares in all respect/matters in conformity with the provisions of the Companies Act, 2017. The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and Article 7 of the Articles of Association. Therefore, the Board of Directors have also recommended alteration in the Memorandum of Association and Articles of Association of the Company to reflect increase in Authorized Share Capital of the Company.

A copy, each of the existing and proposed Memorandum and Articles of Association, indicating the proposed amendments are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, upto the last working day before the date of the Extraordinary General Meeting.

The Directors / Chief Executive of the Company have no interest, directly or indirectly, in this Special Business and / or Special Resolution except in their capacities as Directors / Chief Executive / shareholders.

Statement of the Board of Directors

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

Item No. 3 of the Agenda – Increase in Paid Up Capital of the Company through the issuance of shares by way of otherwise than right shares

The Board of Directors in their meeting held on 2nd November 2023 has decided to raise further issue of capital amounting to Rs. 600,000,000 divided into 60,000,000 ordinary shares of Rs. 10/- each by way of otherwise than right shares at a price of Rs. 10 each to Saif Holdings Limited, an associated company, against their outstanding loans to the Company. These shares will be issued after obtaining approval from the members of the Company and permission from the Securities and Exchange Commission of Pakistan, in accordance with the proviso to Section 83 of the Companies Act, 2017, and upon completion of all necessary legal formalities and compliance.

The Directors / Chief Executive of the Company have no interest, directly or indirectly, in this Special Business and / or Special Resolution except in their capacities as Directors / Chief Executive / shareholders.

The Company provides the following further material information:

Regulation No.	Regulation	Proposal
5(1)(ii)(a)	Proposal of the Board to issue shares without right offer is subject to approval of the shareholders and the Commission;	Yes, the issuance of shares without right offer is subject to approval from shareholders and the Securities and Exchange Commission of Pakistan.
5(1)(ii)(b)	Quantum of the issue both in terms of the number of shares and percentage of paid-up capital before and after the issue;	Quantum of the Issue is 60,000,000 shares of Rs. 10 each. Before the Issue: Authorize Capital: Rs. 300,000,000/- Paid up Capital: Rs. 264,128,800/- (88.04%) After the Issue: Authorize Capital: Rs. 900,000,000 million Paid up Capital: Rs. 864,128,800 (96.01%)
5(1)(ii)(c)	Issue price per share and justification for the same;	The shares will be issued at the par value/price of Rs. 10/- per share, which is higher than the current market price of Rs. 9.45 per share.
5(1)(ii)(d)	Consideration against which shares are proposed to be issued i.e., cash or other than cash;	Cash. The amount has already been provided to the Company as an unsecured loan.
5(1)(ii)(e)	Name of person(s), their brief profile, existing shareholding, if any, in the Company, to whom the shares are proposed to be issued;	Saif Holdings Limited, an existing shareholder and an associated company which currently holds 13,097,000 shares.
5(1)(ii)(f)	Purpose of the issue;	The purpose of the issue is to convert the principal debt of Rs. 600 million (out of total Rs. 770 million) from Saif Holdings Limited into equity of Saif Textile Mills Limited. Given the current business losses, it would be in the best interest of the Company to convert the loan into equity, thereby reducing liability, finance costs and improving the Company's capital base.

5(1)(ii)(g)	Justification for issue of the shares by way of other than right;	Given that the Company's shares are trading below their par value of Rs. 10 on the Pakistan Stock Exchange Limited, it is unlikely that shareholders will subscribe to any right offering. The issuance of shares at par value/price of Rs. 10 each to Saif Holdings Limited, an associated company is therefore justified. Furthermore, it is unlikely that the outstanding loan of Saif Holdings Limited will be fully repaid. Therefore, it will be in the Company's and its shareholders' best interests to reduce its liabilities, which will enhance the capital base, provide reassurance to creditors, and facilitate future business operations.
5(1)(ii)(h)	Benefits of the issue to the company and its members;	Converting debt into equity will enhance the Company's capital base, the overall composition of its balance sheet, and reduce the interest cost on Rs. 600 million, ultimately improving the Company's financial viability.
5(1)(ii)(i)	Breakup value per share as per the latest available audited and reviewed accounts;	Break-up value per share as of 30 th June 2023 on the basis of audited accounts of the Company is Rs. 156.94 and Break-up value per share as of 30 th September 2023 on the basis of unaudited quarterly accounts of the Company is Rs. 151.87 .
5(1)(ii)(j)	Consent of the person(s) to whom the shares are to be issued is(are) obtained;	Yes, consent of Saif Holdings Limited has already been obtained.
5(1)(ii)(k)	The proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the company.	The proposed new shares shall rank Pari Passu in all respects with the existing ordinary shares of the Company.
5(1)(ii)(l)	Average market price of the share, in case of a listed company, during the last three months preceding the board's decision as well as the latest available market price; and	<p>Average market price of the share during last three months preceding the Board decision is Rs. 8.78.</p> <p>The latest available market price, as on 1st November 2023 is Rs. 9.45 as per closing rate at Pakistan Stock Exchange Limited.</p>