

**ADVICE FOR INVESTORS**

INVESTMENT IN EQUITY SECURITIES AND EQUITY RELATED SECURITIES INVOLVES A CERTAIN DEGREE OF RISKS. THE INVESTORS ARE REQUIRED TO READ THE RIGHTS SHARE OFFER DOCUMENT (HEREIN REFERRED TO AS 'OFFER DOCUMENT') AND RISK FACTORS CAREFULLY, ASSESS THEIR OWN FINANCIAL CONDITIONS AND RISK-TAKING ABILITY BEFORE MAKING THEIR INVESTMENT DECISIONS IN THIS OFFERING.

RIGHT ENTITLEMENT LETTER IS TRADABLE ON PSX, RISKS AND REWARDS ARISING OUT OF IT SHALL BE SOLE LIABILITY OF THE INVESTORS.

THIS DOCUMENT IS ISSUED FOR THE PURPOSE OF PROVIDING INFORMATION TO SHAREHOLDERS OF THE COMPANY AND TO THE PUBLIC IN GENERAL IN RELATION TO THE RIGHTS ISSUE OF PKR 2,329,005,356/- CONSISTING OF (53,540,353) NEW ORDINARY SHARES OF PKR 43.50/- EACH BY STYLERS INTERNATIONAL LIMITED. A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE SECURITIES EXCHANGE. THIS OFFER DOCUMENT IS VALID TILL. OCTOBER 5, 2024 (60 days from the last day of payment of subscription amount)



**Stylers International Limited  
Right Share – Offer Document**

**Registered Office:** 20-KM Ferozepur Road Glaxo Town Lahore - 74000, Pakistan, **Contact Details:** UA Phone + 92 042 35274471-3, **Email:** [tariq.majeed@stylersintl.com](mailto:tariq.majeed@stylersintl.com), **Website:** [www.stylersintl.com](http://www.stylersintl.com), **Contact Person:** Tariq Majeed – Company Secretary, **Date of Incorporation:** 27th November 1991, **Company Registration No.:** 0025799, **Share Registrar:** F.D. Registrar Services (SMC-Pvt.) Limited, **Address:** Suit 1705 – A. 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi – 74400, **Tel:** (92-21) 32271905-6. **Fax:** (92-21) 32621233 **Email:** [info@fdregistrar.com](mailto:info@fdregistrar.com), **website:** [www.fdregistrar.com](http://www.fdregistrar.com)

Circular under Section 83(3) of the Companies Act, 2017 and Schedule 1 under the Companies (Further Issue of Shares) Regulations, 2020 for issue of 53,540,353 (Fifty Three Million Five Hundred and Forty Thousand Three Hundred and Fifty Three) ordinary shares by way of Rights (i.e. 12.30% of the existing paid-up capital of Stylers International Limited) at an offer price of PKR 43.50/- per share (i.e. including a premium of PKR 33.50/- per share) for an aggregate issue size of PKR 2,329,005,356/- (Pak Rupees Two Billion Three Hundred and Twenty-Nine Million Five Thousand Three Hundred and Fifty-Six) at a ratio of 12.30 rights shares for every 100 shares held.

Date of placing offer document on PSX for Public Comments	Not opted for Public comments
Date of Final Offer Letter	June 13, 2024
Date of Book Closure	From June 24, 2024 to July 01, 2024
Dates for Payment of Subscription Amounts	From July 8, 2024 to August 6, 2024
Trading Dates for Letter of Rights	From July 8, 2024 to July 30, 2024
Website address to download Offer Document	<a href="http://www.stylersintl.com">www.stylersintl.com</a>

**Details of Relevant Contact Person**

Description	Name of person	Designation	Contact Number	Office Address	Email ID
Authorized Officer of the Issuer	Mr. Tariq Majeed	Company Secretary	+92 333 4225449	20-KM Ferozepur Road Glaxo Town Lahore - 74000	<a href="mailto:tariq.majeed@stylersintl.com">tariq.majeed@stylersintl.com</a>

**Underwriters:**

Underwriter	Name of person	Designation	Contact Number	Office Address	Email ID
Meezan Bank Limited	Mr. Ovais Siddiqi	Assistant Vice President – Financial Advisory & Structured finance	+92 021 38103500 Ext: 3008	2 <sup>nd</sup> Floor, C-25, Estate Avenue, SITE,	Ovais.siddiqi@meezanbank.com
Topline Securities Limited	Mr. Omar Salah	Head of Corporate Finance and Advisory	+92 21 35303330	8th Floor, Horizon Tower, Plot # 2/6 Block-3, Clifton, Karachi	omar@topline.com.pk

**Bankers to the Issue:**

Bankers	Name of person	Designation	Contact Number	Office Address	Email ID
Meezan Bank Limited	Shah Muhammad Ammar Farooqi	Vice President/Deputy Manager Capital Market	0333-2315178	Utility Building 3rd Floor Meezan House C-25 Estate Avenue Karachi	Ammar.farooqi@meezanbank.com

**ISSUER UNDERTAKING:****UNDERTAKING BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER**

Date: \_\_\_\_\_

“WE, THE UNDERSIGNED OF **STYLERS INTERNATIONAL LIMITED** CERTIFY THAT;

- I. THE OFFER DOCUMENT CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
- II. THE INFORMATION CONTAINED IN THE OFFER DOCUMENT IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
- III. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
- IV. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THE OFFER DOCUMENT AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
- V. ALL REQUIREMENTS OF THE COMPANIES ACT, 2017, THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020, THE CENTRAL DEPOSITORY COMPANY AND THAT OF PSX PERTAINING TO THE RIGHT ISSUE HAVE BEEN FULFILLED.”

FOR AND ON BEHALF OF **STYLERS INTERNATIONAL LIMITED**

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**MR. UMER KIBRIA MAJAL**  
**CHIEF FINANCIAL OFFICER**

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**MR. MUSTANSER AHMED**  
**CHIEF EXECUTIVE OFFICER**

**UNDERTAKING BY BOARD OF DIRECTORS:**

Undertaking by the Board of Directors (Board) [or an officer of the Company authorized by them in this behalf]

WE, THE BOARD \_\_\_\_\_ HEREBY CONFIRM THAT:

- I. ALL MATERIAL INFORMATION AS REQUIRED UNDER THE COMPANIES ACT, 2017, THE SECURITIES ACT, 2015, COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020, THE LISTING OF COMPANIES AND SECURITIES REGULATIONS OF THE PAKISTAN STOCK EXCHANGE LIMITED HAS BEEN DISCLOSED IN THIS OFFER DOCUMENT AND THAT WHATEVER IS STATED IN OFFER DOCUMENT AND IN THE SUPPORTING DOCUMENTS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF AND THAT NOTHING HAS BEEN CONCEALED.
- II. WE UNDERTAKE THAT ALL MATERIAL INFORMATION, INCLUDING RISKS THAT WOULD ENABLE THE INVESTOR TO MAKE AN INFORMED DECISION, HAS BEEN DISCLOSED IN THE OFFER DOCUMENT.
- III. RIGHT ISSUE IS THE DISCRETION OF BOARD OF THE ISSUER AND IT NEITHER REQUIRE APPROVAL OF THE COMMISSION NOR THE SECURITIES EXCHANGE.
- IV. THE DRAFT OFFER DOCUMENT WAS PLACED ON THE WEBSITE OF THE SECURITIES EXCHANGE AND THE ISSUER ON \_\_\_\_\_ (I.E. WITHIN 45 DAYS OF THE DATE OF ANNOUNCEMENT BY THE BOARD.
- V. COMMENTS FROM SECURITIES EXCHANGE AND THE SECP WERE RECEIVED ON \_\_\_\_\_
- VI. THE BOARD HAS ENSURED THAT DRAFT OFFER DOCUMENT IS UPDATED IN LIGHT OF THE PUBLIC COMMENTS (IF SOUGHT), SECURITIES EXCHANGE AND SECP COMMENTS.
- VII. THE BOARD HAS DISCLOSED ON PSX'S AND COMPANY'S WEBSITE, ALL THE COMMENTS RECEIVED ALONG WITH THE EXPLANATIONS AS TO HOW THEY ARE ADDRESSED.
- VIII. THE FINAL OFFER DOCUMENT WAS SUBMITTED TO THE COMMISSION AND PLACED ON SECURITIES EXCHANGE WEBSITE ON \_\_\_\_\_ ALONG WITH THE BOOK CLOSURE DATES AND RELEVANT RIGHT ISSUANCE TIMELINES. (I.E. WITHIN 20 WORKING DAYS FROM THE DATE OF RECEIPT OF COMMENTS OF PSX and SECP)
- IX. THE STATUTORY AUDITOR M/s. \_\_\_\_\_ OF THE ISSUER SHALL SUBMIT HALF YEARLY REPORT TO THE ISSUER REGARDING UTILIZATION OF PROCEEDS IN THE MANNER REFERRED TO IN THE FINAL OFFER DOCUMENT. THE ISSUER WILL INCLUDE THE REPORT OF THE STATUTORY AUDITOR, ALONG WITH ITS COMMENTS THEREON, IF ANY, IN ITS HALF YEARLY AND ANNUAL FINANCIAL STATEMENTS.

**1. DISCLAIMER:**

In line with the Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020, this document does not require approval of the Securities Exchange and the Securities and Exchange Commission of Pakistan (SECP).

The Securities Exchange and the SECP disclaim:

- a) Any liability whatsoever for any loss however arising from or in reliance upon this document to anyone, arising from any reason, including, but not limited to, inaccuracies, incompleteness and/or mistakes, for decisions and/or actions taken, based on this document.
- b) Any responsibility for the financial soundness of the Company and any of its schemes/projects stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Offer document.
- c) Any responsibility with respect to the quality of the issue.

It is clarified that information in this Offer document should not be construed as advice on any particular matter by the SECP and the Securities Exchange and must not be treated as a substitute for specific advice.

**GLOSSARY OF TERMS & DEFINITIONS**

BoD	Board of Directors
Company or Issuer	Stylers International Limited
Companies Act	Companies Act, 2017
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
PKR or Rs	Pakistani Rupees
PSX or Securities Exchange	Pakistan Stock Exchange Limited
SECP or Commission	Securities & Exchange Commission of Pakistan

## DEFINITIONS

<b>Banker to the Issue</b>	Any bank with whom an account is opened and maintained by the Issuer for keeping the issue amount.  Meezan Bank Limited has been appointed as Bankers to the Issue, in this Right Issue
<b>Book Closure Dates</b>	The Book Closure shall commence from June 24, 2024 to July 1, 2024 (both days inclusive).
<b>Issue</b>	Issue of 53,540,353 right shares representing 12.30% of the total paid-up capital of the Company.
<b>Issue Price</b>	The price at which right shares of the Company are offered to the existing shareholders.
<b>Market Price</b>	The latest available closing price of the share.
<b>Net Worth</b>	Total assets minus total liabilities.
<b>Ordinary Shares</b>	Ordinary Shares of Stylers International Limited having face value of PKR10/- each.
<b>Regulations</b>	The Companies (Further Issue of Shares) Regulations, 2020 <a href="https://www.secp.gov.pk/document/the-companies-further-issue-of-capital-regulations-2020-amended-till-september-16-2022/?wpdmdl=45863&amp;refresh=646da0f53433c1684906229">https://www.secp.gov.pk/document/the-companies-further-issue-of-capital-regulations-2020-amended-till-september-16-2022/?wpdmdl=45863&amp;refresh=646da0f53433c1684906229</a>
<b>Right Issue</b>	Shares offered by a company to its members strictly in proportion to the shares already held in respective kinds and classes.
<b>Sponsor</b>	A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;  A person who replaces the person referred to above; and A person or group of persons who has control of the issuing company whether directly or indirectly.

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## 1 SALIENT FEATURES OF THE RIGHT ISSUE

### 1.1. Brief Terms of the Rights Issue:

a)	Description of issue	Issuance of new ordinary shares by way of rights to existing shareholders of the Company, at PKR 43.50/- (Pak Rupees Forty-Three point Five Zero only) per share, as per their proportional entitlement.
b)	Size of the proposed issue	The Company shall issue 53,540,353 ((Fifty-Three Million Five Hundred and Forty Thousand Three Hundred and Fifty-Three) ordinary shares, at a price of PKR 43.50/- (Pak Rupees Forty-Three point Five Zero only) per share, aggregating to PKR 2,329,005,356/- (Pak Rupees Two Billion Three Hundred and Twenty-Nine Million Five Thousand Three Hundred and Fifty-Six).
c)	Face value of the share	PKR 10/- each
d)	Basis of determination of price of the Right Issue	The Right Issue is being carried out at a premium. Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice. In fact, the Right Issue price constitutes a discount of approximately 13% to the prevailing market price (as of April 30, 2024 being the date of announcement of the Right Issue).
e)	Proportion of new issue to existing issued shares with condition, if any	12.30 right shares for every 100 ordinary shares held by existing shareholders.
f)	Date of meeting of the BoD wherein the Right Issue was approved	30 April 2024
g)	Names of directors attending the BoD meeting	<ol style="list-style-type: none"> <li>1. Mr. Javed Arshad Bhatti - Chairman</li> <li>2. Mr. Mian Muhammad Ahsan – Non-Executive Director</li> <li>3. Mr. Muhammad Umer - Non- Executive Director</li> <li>4. Mr. Mustanser Ahmed – Chief Executive Officer</li> <li>5. Mr. Jehanzeb Khan – Independent Director</li> </ol>
h)	Brief purpose of utilization of Right Issue proceeds	The proceeds from the Right Issue will be primarily utilized for repayment of funding from associated Company / directors and for capital expenditure for completion of the project.
i)	Purpose of the Right Issue - Details of the main objects for raising funds	The purpose of the Right Issue is to secure funds for an expansion initiative. The proceed of Right

	through present Right Issue	Issue will be utilized as follows: <ul style="list-style-type: none"> <li>• repayment of financing obtained to be obtained from Associated Company / Directors.</li> <li>• and for further expenditure required for the successful completion of the expansion project.</li> </ul>
j)	Minimum level of subscription (MLS)	Not Applicable
k)	“Application Supported by Blocked amount” (ASBA) facility, if any, will be provided for subscription of right shares.	Not Applicable

## 1.2. Principal Purpose of the Issue and funding arrangements:

The purpose of the Right Issue is to secure funds for an expansion initiative integral to Company’s long term business Sustainability and Growth strategy. The project is designed to meet the escalating demand of its customers more efficiently and aims to attain the esteemed Leeds certification. With this expansion Company will effectively execute its Growth strategy, thereby enhancing its profitability and giving greater returns to the shareholders. These funds will be allocated towards repayment of financing obtained and for further expenditure required for the successful completion of the expansion project including civil construction, MEP, Plant & Machinery etc.

Brief components of estimated project cost are described below:

Description	PKR Mn
Building (Including Hostel)	3,805
Plant & Machinery (Including Boiler, Genset, Air Compressor, Effluent Treatment Plant (ETP), Automation etc.)	2,807
Mechanical, Electrical and Plumbing	613
Pre-operating Expenses & Fixtures	248
Fire Equipment, Hydrants etc.	197
Solar System	156
Govt. Licenses (Gas, LESCO etc.)	80
LEED Certification Gold (Includes Work to qualify for Certification)	15
IT Equipment Infrastructure	13
Contingencies and Others	84
<b>Total</b>	<b>8,019</b>

The project envisages a LEED Certified state-of-the-art facility with Building Capacity of 6 million garments annual capacity and installed Plant & Machinery Capacity of 4 million garments annually. Spanning across 35 acres of land, a covered area of 500,000 sqft. with Miyawaki forest of 36,500 sqft. Project is located at 3km off Raiwind Manga Road Distt. Lahore.

Plant & Machinery includes Boilers, Genset, Air Compressor, Effluent Treatment Plant (ETP) and Automation etc. By deploying cutting edge technology / latest machinery & equipment like Rain forest Laundry Machines, Ozone Technology, Green Series Dryers (which will significantly reduce usage of resources water, steam & chemicals while shorting the process time).

The total cost of the project is PKR 8.0 billion and is being financed by internal generation of funds and funding from an associated Company / Directors. The major portion of the Right issue proceed will be utilized for re-payment of funding and partially for further financing of the project. No additional requirement of working capital is envisaged at this stage, in case there is any it will be funded from the company own generation.

Purpose of the Issue	Proceeds Utilization (PKR)	% of Right Issue Proceeds
Repayment of loan from associate / directors	1.567 billion	67%
Capital expenditure required for completion of expansion project.	0.762 billion	33%
Total	2.329 billion	100%

### 1.3. Financial Effects Arising from Right Issue:

As at 31 March 2024	Measurement Unit	Pre-Issue	Post-Issue	Increase in Percentage
Authorized Share Capital	Shares	560,000,000	560,000,000	Nil
Paid-up Capital	Shares	435,287,420	488,827,773	12.30%
Net Asset/Breakup value per share	PKR	22.82	25.08	9.9%
Gearing Ratio	Percentage	19.86	16.72	-15.81
*Production Capacity	Garments /day	30,000	35,000	5,000
**Market Share	Percentage			

\*In 2022, SIL was operating at an installed capacity of 30,000 garments per day. After closure of one rental facility in 2023, the capacity was reduced to 23,000 garments per day. The capacity level is expected to increase by 12,000 to 35,000 garments per day after commissioning of Sunshine project. The project infrastructure is however planned to cater capacity level of up to 43,000 garments per day in future.

\*\* Market share is indeterminable due to different types of garments being manufactured by different companies. However, an estimated number would be between 5%-7%.

### 1.4. Total expenses to the issue:

Underwriting Commission	1.50%
Underwriter Take-up Commission	2.50%
PSX Fee (0.2% of increase in paid-up capital)	Upto PKR 1,070,807
SECP Supervisory Fee (10% of fees paid to PSX)	Upto PKR 107,081
CDC Fee – Fresh Issue Fee	0.144% of the new share capital
Stamp Duty for Additional Shares 0.15% of face value in book entry form 1.50% on physical shares	Upto PKR 1 million
Auditor Fee for Auditor Certificates	Upto PKR 200,000
Legal Advisor Fee	Upto PKR 200,000

### 1.5. Details of Underwriters:

Name of the Underwriter	Amount Underwritten (PKR)	Associated Company/ Associated undertaking of the Issuer (YES /NO)
Meezan Bank Limited	PKR 13 million	No
Topline Securities	PKR 13 million	No

### 1.6. Commitments from substantial shareholders/directors:

Name of the Person	Status (Substantial / Director)	Number of Shares	Amount committed to be Subscribed	Shareholding %-pre-issuance	Shareholding %-post issuance**
Mr. Javed Arshad Bhatti	Chairman & Director	53,809,677	287,908,677	12.36	12.36
Mr.Muhammad Siddique Bhatti	Substantial Shareholder	33,263,767	177,977,785	7.64	7.64
Mr.Muhammad Saqib	Director	33,263,367	177,975,645	7.64	7.64
Mr.Sohaib Javed	Substantial Shareholder	33,263,767	177,977,785	7.64	7.64
Mrs. Ayesha Haroon	Substantial Shareholder	16,623,872	88,946,027	3.82	3.82
Mr.Mian Muhammad Ahsan	Director	15,005,120	80,284,895	3.45	3.45
Mrs. Shabum Ahsan.	Substantial Shareholder	133,693,858	715,328,987	30.71	30.71
Mr.Muhammad Umer	Director	5,381,193	28,792,073	1.24	1.24
Mr.Ali Ahsan	Substantial Shareholder	5,381,093	28,791,538	1.24	1.24
Mr.Usman Ahsan	Substantial Shareholder	5,381,593	28,794,213	1.24	1.24
Mr. Mian Salman Ahsan	Substantial Shareholder	5,381,093	28,791,538	1.24	1.24
Mr. Mustanser Ahmed	CEO & Director	100	535	0.00	0.00
Ms.Salma Bashir	Independent Director	400	2,140	0.00	0.00
Mr. Jehanzeb Khan	Independent Director	100	535	0.00	0.00
Naimat Saleem Trust	Associated	90,038,220	481,749,496	20.68	20.68

*\*Subject to subscription of additional shares which may be unsubscribed, or disposal of shares otherwise held, or shares entitlement subscribed by persons arranged by such substantial shareholder/ director in accordance with the applicable laws*

*\*\* Including through persons arranged by such substantial shareholders/ directors*

The above are updated numbers and will not match with data in 4.5 (a) and 4.5 (b) "Pattern of Shareholding" which are as at March 31<sup>st</sup> 2024 accounts as uploaded on PSX website. This is due to change in shareholding as a result of transfer of share to heirs of deceased major shareholder.

### 1.7. Fractional Rights Shares:

The Board of Directors of the Company have resolved in their meeting held on April 30, 2024 that all fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust), and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements as per the applicable Regulations.

## 1.8. Important Dates:

Stylers International Limited Tentative Schedule for Issuance of Letter of Rights Book Closure: 13 <sup>th</sup> June 2024 to 20 <sup>th</sup> June 2024 (both days inclusive)			
S. No.	Procedure	Day	Date
1	Credit of Unpaid Rights into CDC in Book Entry Form	Tuesday	July 2, 2024
2	Dispatch of Letter of Right (LOR) to physical shareholders	Friday	July 5, 2024
3	Intimation to Stock Exchange for dispatch/credit of physical Letter of Rights	Friday	July 5, 2024
4	Commencement of trading of unpaid Rights on Pakistan Stock Exchange Limited	Monday	July 8, 2024
5	Payment of subscription amount start date	Monday	July 8, 2024
6	Last date for splitting and deposit of Requests into CDS	Monday	July 22, 2024
7	Last date of trading of Letter of Rights	Tuesday	July 30, 2024
8	Last date for acceptance of payment	Tuesday	August 6, 2024
9	Allotment of shares and credit of Shares into CDS	Monday	August 12, 2024
10	Date of dispatch of physical shares certificates	Tuesday	August 13, 2024

## 2. SUBSCRIPTION AMOUNT PAYMENT PROCEDURE:

- (i) Payment as indicated above should be made by cash or crossed cheque or demand draft or pay order made out to the credit of “Stylers International Limited-Right Shares Subscription Account” through any of the authorized branches of above-mentioned bank(s) on or before August 6, 2024 along with this Right Subscription Request duly filled in and signed by the subscriber(s).
- (ii) Right Subscription Request can be downloaded from the Company website [www.stylersintl.com](http://www.stylersintl.com)
- (iii) In case of Non-Resident Pakistani / Foreign shareholder, the demand draft of the equivalent amount in Pak Rupees should be sent to the Company Secretary, (Mr. Tariq Majeed) at the registered office of the issuer along with Right Subscription Request (both copies) duly filed and signed by the subscriber(s) with certified copy of NICOP / Passport well before the last date of payment.
- (iv) All cheques and drafts must be drawn on a bank situated in the same city where the Right Subscription Request is deposited. Cheque is subject to realization.
- (v) The Banker(s) to the Issue will not accept Right Subscription Requests delivered by post which may reach after the closure of business on July 25, 2024 unless evidence is available that these have been posted before the last date of payment.
- (vi) Payment of the amount indicated above to the Issuer’s Banker(s) to the Issue on or before July 25, 2024 shall be treated as acceptance of the Right offer.
- (vii) After payment has been received by the Banker(s) to the Issue, the Right Securities will be credited into respective CDS Accounts within 14 business days from the last payment date. Paid Right Subscription Request will not be traded or transferred.

### 3. PROFILE OF BOARD OF DIRECTORS OF THE COMPANY AND SPONSORS

Board of Directors		
Name	Position	Tenure of Directorship
Mr. Javed Arshad Bhatti	Chairman	Since January 5, 2023
Mr. Mian Muhammad Ahsan	Non- Executive Director	Since January 5, 2023
Mr. Muhammad Umer	Non- Executive Director	Since January 5, 2023
Mr. Muhammad Saqib	Non- Executive Director	Since January 5, 2023
Mr. Mustanser Ahmed	Chief Executive Officer	Since January 5, 2023
Mr. Jehanzeb Khan	Independent Director	Since April 15, 2024
Ms. Salma Bashir	Independent Director.	Since December 23, 2023

#### 3.1. Profile of the Board of Directors of the Company

##### MR. JAVED ARSHAD BHATTI CHAIRMAN – SINCE 2023

Mr. Javed Arshad Bhatti is a visionary leader and Government College Lahore graduate, excels in the domain of finance and champions philanthropy. As co-founder and chairman of US Group, he oversees 23,000 employees worldwide, generating \$450 million annually. His philanthropic efforts notably support health, education, and food programs globally.

He embarked on his professional journey alongside his co-founder Mian Muhammad Ahsan in 1975. With a deep grasp of accounting principles and natural entrepreneurial flair, he guided US Group through challenges, shaping it into a prominent force in the corporate world. Today, US Group is amongst top exporters of the county with its offices in London, New York, and Turkey.

Mr. Javed Arshad Bhatti's philanthropy mirrors his compassionate nature. He dedicates resources and personal time to tackle societal issues, focusing on health, education, and food security. He co-founded the AJ Foundation/Naimat Saleem Trust, that offers free healthcare to the underprivileged. He also co-founded RTEHT, overseeing 7 hospitals and 2 blood centers, and the AAS Rehabilitation Center Lahore for addiction care. The Indus Hospital & Health Network, Lahore, aims to provide free tertiary care to over 1 million patients yearly as a 600-bed facility.

His unwavering commitment to education is evident through scholarships, vocational trainings, and infrastructure development. He actively supports educational organizations such as Message Grammar School, Iqra Rozatul Itfaal Trust with 90 branches across Pakistan from Gilgit to Karachi, and Jamiat Taleem-ul-Qur'an Trust dedicated for prisoners' education.

The renowned, Aitchison College, benefits from his generosity, notably through the establishment of the "Ahsan Javed Science and Innovation Centre and the Ahsan Javed Quadrangle. These facilities aim to equip Pakistani students with tools for excellence in fields like AI, Robotics, Quantum Physics, and the Metaverse. The Lahore University of Management Sciences (LUMS), is also amongst notable beneficiaries of his philanthropic collaborations, recognizing the importance of education in shaping the future. A collaboration with LUMS under their National Outreach Program exemplifies his firm dedication to fostering equal opportunities for the youth of Pakistan.

His advocacy for food security drives innovative initiatives to combat hunger and malnutrition. His strategic partnerships and collaborative projects alleviate immediate suffering while laying the groundwork for long-term resilience and prosperity.

Javed Arshad Bhatti's legacy extends beyond corporate triumphs, embodying a deep devotion to social responsibility and a firm belief in collective impact. His unwavering commitment to improving lives has inspired many to unite for a fairer, more compassionate world.

#### **Directorships in other Companies**

- AJ Holdings (Pvt) Limited
- US Apparel and Textiles (Pvt) Ltd.
- US Denim Mills (Pvt) Ltd
- United Apparel (Pvt.) Ltd
- Automotive Plastics (Pvt) Ltd.
- NEXUS Fashion (Pvt) Ltd.
- US Apparel (UK) Ltd.
- AJ Investments Ltd.
- Naimat Saleem Trust (Trustee)
- AJ Foundation (Trustee)
- Lahore Institute of Health Sciences (Trustee)
- US Fashion (Pvt) Ltd

#### **MR. MIAN MUHAMMAD AHSAN**

##### **NON- EXECUTIVE DIRECTOR – SINCE 2023**

Mian Muhammad Ahsan is a distinguished entrepreneur, esteemed business leader, and dedicated philanthropist. He serves as both the founding member and Chief Executive Officer of the US Group. An alumnus of Government College Lahore and a marketing expert, he oversees 23,000 employees worldwide, generating an annual revenue of \$450 million. Today, US Group is amongst top exporters of the county with its offices in London, New York, and Turkey.

He commenced his professional journey alongside his co-founder, Javed Arshad Bhatti, in 1975. His philanthropic endeavors reflect his compassionate nature, as he dedicates resources and personal time to address societal issues, with a focus on health, education, and food security. As a co-founder of the AJ Foundation/Naimat Saleem Trust, he has established sustainable charitable organizations.

Mian Muhammad Ahsan has pioneered numerous food programs aimed at delivering nutritious meals to those in need. Additionally, he serves as a Board Member of the Lahore Institute of Health Sciences (LIHS). He co-founded RTEHT, overseeing 7 hospitals and 2 blood centers, and the AAS Rehabilitation Center Lahore for addiction care. The Indus Hospital & Health Network, Lahore, aims to provide free tertiary care to over 1 million patients yearly as a 600-bed facility.

His unwavering commitment to education is evident through scholarships, vocational trainings, and infrastructure development. He actively supports educational organizations such as Message Grammar School, Iqra Rozatul Itfaal Trust with 90 branches across Pakistan from Gilgit to Karachi, and Jamiat Taleem-ul-Qur'an Trust dedicated for prisoners' education. The renowned, Aitchison College, benefits from his generosity, notably through the establishment of the "Ahsan Javed Science and Innovation Centre and



the Ahsan Javed Quadrangle. These facilities aim to equip Pakistani students with tools for excellence in fields like AI, Robotics, Quantum Physics, and the Metaverse.

The Lahore University of Management Sciences (LUMS), is also amongst notable beneficiaries of his philanthropic collaborations, recognizing the importance of education in shaping the future. A collaboration with LUMS under their National Outreach Program exemplifies his firm dedication to fostering equal opportunities for the youth of Pakistan.

Recognizing his outstanding contributions, Mian Mohammad Ahsan was awarded an honorary PhD degree from the University of Engineering and Technology in 2020. Furthermore, he was honored with the Shaan-e-Pakistan President Award in 2020 for his exceptional relief efforts benefiting the people of Pakistan.

#### **Directorships in other Companies**

- AJ Holdings (Pvt) Limited
- US Apparel and Textiles (Pvt) Ltd.
- US Denim Mills (Pvt) Ltd.
- United Apparel (Pvt.) Ltd.
- Automotive Plastics (Pvt) Ltd.
- NEXUS Fashion (Pvt) Ltd.,
- US Apparel (UK) Ltd.
- AJ Investments Ltd.
- Naimat Saleem Trust (Trustee)
- AJ Foundation (Trustee)
- Indus Hospital & Health Network
- Lahore Institute of Health Sciences (Trustee)

#### **MR. MUHAMMAD UMER**

##### **NON- EXECUTIVE DIRECTOR – SINCE 2023**

Muhammad Umer is a dynamic business leader who embarked on his professional journey with US Group in the year 2000 after completing his education, bringing fresh perspectives and a commitment to excellence. Armed with a comprehensive training program that delved into critical business functions such as Business Development, Marketing, Strategy Planning, Financial Management, Operations & Supply Chain. He is a Certified Director from the Pakistan Institute of Corporate Governance.

Over the years, Muhammad Umer has evolved into a seasoned professional, leveraging his diverse expertise to drive growth and innovation within US Group and beyond.

At the helm of various companies under US Group and all four verticals of Apparel, Fabrics, New Ventures and Logistics, Muhammad Umer plays an instrumental role as an active member of all Boards, contributing invaluable insights and strategic guidance to steer these organizations towards sustainable growth and success. With a keen eye for emerging trends and a passion for leveraging technology to drive efficiencies, he remains at the forefront of industry advancements, ensuring that US Group stays ahead of the curve in today's fast-paced business landscape.

He plays a key role in cascading down the Company's agenda of fostering sustainable business by changing mindsets of all stakeholders around the fact that sustainability is not just a moral imperative but also a strategic imperative, essential for long-term business resilience and growth. He ensures



providing the necessary support, resources, and oversight to the company's Sustainability initiatives. It is under his patronage that US Group is amongst the industry leaders when it comes to publishing 3rd party audited sustainability reports on GRI standards in Pakistan.

US Group has made substantial investments in a range of projects aimed at promoting environmental stewardship and sustainability. Notably, initiatives such as Rainwater Harvesting, the Effluent Treatment Plant (ETP), establishment of a 7 MW solar plant, and construction of a Bio Mass Plant showcase the company's unwavering dedication to advancing sustainable practices. These investments epitomize US Group's drive to create a greener, more resilient future.

#### **Directorships in other Companies**

- AJ Holdings (Pvt) Limited
- US Apparel and Textiles (Pvt) Ltd.
- US Denim Mills (Pvt) Ltd.
- US & Dynamo Mills (Pvt.) Ltd.,
- US Apparel (UK) Ltd.
- AJ Investments Ltd.
- Sands Holdings Ltd.
- Naimat Saleem Trust (Trustee)
- AJ Foundation (Trustee)
- US Fashion (Pvt) Ltd

#### **MR. MUHAMMAD SAQIB**

##### **NON- EXECUTIVE DIRECTOR – SINCE 2023**

Muhammad Saqib leadership philosophy is rooted in a profound respect for tradition, coupled with a keen drive to embrace cutting-edge technologies ensuring that the company remains agile and adaptive in an ever-evolving business landscape.

Educated at the esteemed Aitchison College Lahore, he later pursued studies in Finance and Business Management, laying the foundation for his career ahead. With a total of 18 years of work experience, he joined his family business at US Group in 2006, immersing himself in various departments such as finance, operations, and marketing, honing his business acumen along the way.

Currently, he holds pivotal roles on the boards of all four verticals of US Group namely; Apparel, Fabrics, New Ventures and Logistics within the US Group and serves as the Chairman of its Holding Company, AJ Holdings. His vision for the US Group is ambitious yet noble: to establish it as a family-owned, professionally managed, sustainable institution that thrives by giving back to society. Ultimately becoming a top performing company with regional footprint, operating responsibly and serving the interests of all stakeholders.

Muhammad Saqib philanthropic vision extend far beyond the realm of business, reflecting his profound commitment to uplifting the youth of Pakistan. Under the philanthropic initiatives of the company, generous contributions were made to his alma mater, Aitchison College, which stand as a testament to his dedication to education and innovation in shape of the establishment of the "Ahsan Javed Science and Innovation Centre and the Ahsan Javed Quadrangle." This state-of-the-art facility is meticulously designed to equip the bright minds of Pakistan with the necessary tools and resources to excel in contemporary fields such as AI, Robotics, Quantum Physics, and the Metaverse.

The Lahore University of Management Sciences (LUMS), is also amongst notable beneficiaries of philanthropic collaborations by the company, recognizing the importance of education in shaping the future. A collaboration with LUMS under their National Outreach Program exemplifies the Group's firm dedication to fostering equal opportunities for the youth of Pakistan.

**Directorships in other Companies**

- AJ Holdings (Pvt) Limited
- US Apparel and Textiles (Pvt) Ltd.
- US Denim Mills (Pvt) Ltd.
- Leeds Apparel (Pvt) Ltd.
- US Apparel & Textiles (BD) Ltd.
- US Apparel (UK) Ltd.
- US Fashion – Turkey.
- Sands Holdings Ltd.
- Naimat Saleem Trust (Trustee)
- AJ Foundation (Trustee)
- US Fashion (Pvt) Ltd
- US footwear (Pvt) Ltd

**MR. MUSTANSER AHMED****CHIEF EXECUTIVE OFFICER – SINCE 2023**

Hafiz Mustanser serves as the Chief Executive Officer of Stylers International Limited and in addition to this he is also responsible for US Workwear - a US Group venture. In this capacity, he is responsible for all facets of the business operations, including Marketing, Manufacturing, Materials & Logistics, Product Development, Human Resources, Finance, Strategy, Sustainability, Project Management and Profit & Loss accountability.

Having earned his MBA in Marketing, Hafiz Mustanser commenced his journey with US Group as a Management Trainee in 1998. Throughout his tenure, he navigated through various roles within the marketing domain, including two notable assignments at the company's UK office. His trajectory within the organization, spanning over two decades, underscores his exceptional aptitude and the significant contributions across different managerial levels.

Mustanser Ahmed is a key member of the Executive Committee, actively contributing to strategic decision-making processes of the Group. As an alumnus of INSEAD Business School, he brings a wealth of knowledge and expertise to drive transformative initiatives within the company, particularly in fostering cultural evolution. His leadership is instrumental in steering Stylers International towards a future defined by innovation, adaptability, and sustained growth.

**Directorships in other Companies:** None

**MR. JEHANZEB KHAN****INDEPENDENT DIRECTOR – SINCE 2024**

Completing his career in 2017 as CEO of AkzoNobel Pakistan, Jehanzeb Khan has gained robust business and leadership experience in diverse industries such as pharmaceuticals, chemicals, and paints, delivering mentorship and direction in areas of his responsibility, and continues to embody simple core values of ownership, accountability, and hard work. While his focus has been business leadership, he has enjoyed

taking time to squeeze out supply chain efficiencies and developing talent, using his key principles of simplicity, sustainability and integrity.

He has managed and overseen international and local business relationships, and led the delicate demerger of AkzoNobel Pakistan from ICI Pakistan, and established AkzoNobel Pakistan as an independent company in this business landscape.

Mr. Jehanzeb Khan serves as an independent director on the boards of Nouryon Chemicals SMC Private Ltd, and of Descon Oxychem Ltd.

His primary education was at Burn Hall in Abbottabad, and he has a degree in Auto Diesel Technology from the Oregon Institute of Technology, and an MBA from the University of Virginia. He has also attended several management programs including INSEAD and Oxford University, and believes there's always more to be learned.

**Directorships in other Companies:**

- Nouryon Chemicals SMC Private Ltd,
- Descon Oxychem Ltd.

**MS. SALMA BASHIR**

**INDEPENDENT DIRECTOR – SINCE 2023**

Ms. Salma Bashir is an experienced HR professional with a wealth of knowledge and experience spanning over a decade in human resources management. She brings invaluable insight, strategic vision and deep understanding of organizational dynamics to Stylers International. Ensuring that the company thrives in nurturing talent, fostering inclusive workplaces, and driving sustainable growth.

Ms. Salma Bashir holds a Master's degree in Human Resource Management, from University of Management & Technology, Lahore.

With over 13 years of dedicated service within the public sector, she brings great expertise, particularly in the dynamic realm of infrastructure development within Punjab province's industrial estates. She has spearheaded various initiatives aimed at bolstering the region's industrial landscape, leveraging her expertise in human resources to enhance organizational practices and systems.

She has a keen eye for opportunity and a deep-rooted dedication to driving positive change. With a heart deeply rooted in philanthropy, she actively seeks opportunities to make a meaningful impact in the lives of others. Her fervent belief in the power of giving back resonates in all she does.

**Directorships in other Companies:**

None.

### 3.2 Profile of Sponsors of the Company

Stylers International Limited was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 27 November 1991, was converted into a public limited company with effect from 21 May 2021 and was listed on Pakistan Stock exchange on January 21st 2024. The company is principally engaged in carrying out manufacturing, marketing and export of ready-made garments.

Stylers International is a manufacturer and exporter of woven denim garments. Company is part of US Group, one of the biggest vertically designed Denim Fabric and Apparel manufacturers in Pakistan. The group is employing almost 23,000+ employees and a total turnover of more than \$400 million/year. Stylers employees are around 5,000 and its turnover is around \$50 million/year. The Company is currently supplying garments to some of the best fashion houses of the world.

#### 4. FINANCIAL DETAILS OF THE ISSUER:

##### 4.1. Financial highlights of Issuer for last three years

Description	31-Mar-2024	30-Jun-2023 (Revised)	30-Jun-23	30-Jun-22	30-Jun-21
Name of the Statutory Auditors	Unaudited Accounts	M/s. Riaz Ahmad & Company Chartered Accountants	M/s. Riaz Ahmad & Company Chartered Accountants	M/S. EY Ford Rhodes Chartered Accountants	M/s. EY Ford Rhodes Chartered Accountants
Revenue	9,818,867,464	15,215,983,574	15,215,230,383	14,168,974,876	10,690,382,982
COGS	(7,687,911,840)	(11,652,671,692)	(11,652,671,692)	(12,177,279,452)	(8,564,711,948)
Gross Profit	2,130,955,624	3,563,311,882	3,562,558,691	1,991,695,424	2,125,671,034
Expenses	(954,736,607)	(1,519,510,306)	(1,518,075,750)	(1,353,939,460)	(781,433,575)
Other Income	176,112,734	897,950,900	895,116,051	298,083,163	58,548,885
Profit before Interest	1,352,331,751	2,941,752,476	2,939,598,992	935,839,127	1,402,786,344
Finance Cost	(179,571,131)	(187,120,198)	(187,119,997)	(141,583,212)	(116,106,368)
Profit Before Tax	1,172,760,620	2,754,632,278	2,752,478,995	794,255,915	1,286,679,976
Taxation	(156,151,673)	(236,296,649)	(235,672,197)	(144,411,850)	(124,731,794)
Profit After Taxation	1,016,608,947	2,518,335,629	2,516,806,798	649,844,065	1,161,948,182

Accumulated Profit / (Loss)	4,057,396,062	3,457,493,668	3,455,964,837	920,496,200	277,152,605
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Total Assets	15,477,653,806	12,905,571,251	12,838,599,041	9,948,989,106	7,946,683,870
Total Liabilities	5,544,607,637	3,553,846,608	3,552,939,231	4,073,424,233	2,911,990,521
Net Equity	9,933,046,169	9,351,724,643	9,285,659,810	5,875,564,873	5,034,693,349

Number of Share	435,287,420	430,487,420	430,487,420	430,487,420	430,487,420
W. Avg number of ordinary shares	435,287,420	431,687,420	430,487,420	430,487,420	430,487,420

Breakup Value Per Share	22.82	21.72	21.57	13.65	11.7
Earnings Per Share	2.34	5.83	5.85	1.51	2.7
Dividend	10% (I) Dividend	-	-	-	-

The accounts as at 30 June 2023 were revised to incorporate effect of reverse Merger with AEL Textiles Limited.

#### 4.2. Financial highlights for the preceding year of consolidated financial:

Not Applicable

#### 4.3. Detail of issue of capital in previous five years:

Description	Mar 31, 2024 (9 months ended)	2023	2022	2021	2020	2019
<b>Opening Shares (No.)</b>	430,487,420	430,487,420	430,487,420	41,000	41,000	41,000
<b>Face Value</b>	10	10	10	100	100	100
<b>Share Capital</b>	4,304,874,200	4,304,874,200	4,304,874,200	4,100,000	4,100,000	4,100,000
Bonus Issue	-	-	-	310,000,000	-	-
Right Issue	-	-	-	120,000,000	-	-
Ordinary Shares Issued due to Court Order	-	-	-	7,742	-	-
Increase in number of shares due to change in face value	-	-	-	438,678	-	-
Shares issued as a result of Scheme of Arrangement for merger with AEL Textiles limited.	4,800,000	-	-	-	-	-
<b>Closing Share (No.)</b>	435,287,420	430,487,420	430,487,420	430,487,420	41,000	41,000
<b>Face Value</b>	10	10	10	10	100	100
<b>Share Capital</b>	4,352,874,200	4,304,874,200	4,304,874,200	4,304,874,200	4,100,000	4,100,000

#### 4.4. Average market price of the share of the Issuer during the last six months:

PKR 52.83/- per share observed from \*Jan 22, 2024 to April 28, 2024.

\* The company was Listed in January 2024 so less than six-months period has been observed for determination of average share price).

#### 4.5. Share Capital and Related Matters (as at March 31<sup>st</sup> 2024)

##### a) Pattern of shareholding of the issuer in both relative and absolute terms.

S. No.	Categories of Share holders	Shares Held	% Age
<b>1</b>	<b>Associated Companies</b>	<b>93,246,702</b>	<b>21.42</b>
	Naimat Saleem Trust	90,038,220	
	Automotive Plastic (Private) Limited	3,114,982	
	SJ Holdings (Private) Limited (Mr. Sohaib)	93,200	
	A.J. Holdings (Private) Limited	300	
<b>3</b>	<b>Sponsors, Directors, CEO their Spouses and Minor Children</b>	<b>340,448,100</b>	<b>78.21</b>
	Mrs. Shabnum	155,218,230	
	Mrs. Shama Javed	155,218,230	
	Mr. Mian Muhammad Ahsan	15,005,120	

	Mr. Javed Arshad Bhatti	15,005,120	
	Mr. Mustanser Ahmed	400	
	Mr. Muhammad Saqib	400	
	Mr. Muhammad Umer	100	
	Ms. Salma Bashir	500	
4	<b>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas, Pension Funds and Others</b>	<b>185,899</b>	<b>0.04</b>
5	<b>General Public</b>	<b>1,406,719</b>	<b>0.32</b>
	<b>Total</b>	<b>435,287,420</b>	<b>100.00</b>

**b) Number of shares held by the directors, sponsors & substantial shareholders of the Issuer (both existing and post right issue).**

S. No.	Directors/Sponsors/Substantial Shareholder	No. of Existing Shares	No. of Shares after Right Shares
1	Mrs. Shabnum	155,218,230	174,310,072
2	Mrs. Shama Javed	155,218,230	174,310,072
3	Mr. Mian Muhammad Ahsan	15,005,120	16,850,750
4	Mr. Javed Arshad Bhatti	15,005,120	16,850,750
5	Mr. Mustanser Ahmed	400	449
6	Mr. Muhammad Saqib	400	449
7	Mr. Muhammad Umer	100	112
8	Ms. Salma Bashir	500	562
9	Naimat Saleem Trust	90,038,220	101,112,921
10	Automotive Plastic (Private) Limited	3,114,982	3,498,125

The above is as at March 31 2024 Financial Statements as uploaded on PSX website. These numbers will not match with data in 1.6 “Commitments from substantial shareholders/directors” since in 1.6 the numbers are updated. This is due to change in shareholding as a result of transfer of share to heirs of deceased major shareholder.

**c) Details and shareholding of the holding company, if any.**

Not Applicable

## 5. RISK FACTORS

### 5.1 Risk Associated with the rights issue

#### A. Undersubscription Risk

There is a risk that the Right Issue may get undersubscribed due to lack of interest from shareholders of the Company. The Right Issue is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws.

## 5.2 Risk Associated with the issuer

### A. Internal Risk Factors

#### a) Operational Risk

Operational risk within the context of day-to-day operations, particularly in plant management, arises from internal process disruptions, human errors, and system failures. Emphasis is placed on adhering to strict ethical and safety standards to mitigate these risks; any deviation could impact service delivery.

The Expansion project has ensured stably increased production. Challenges related to energy price fluctuations are being countered through cost efficiencies and margin improvement plan while maintaining a commitment to consistent service delivery.

#### b) Financial Risk

Financial risk involves potential uncertainties and adverse events related to financial assets and liabilities. It is imperative that this is diligently managed to secure financial stability and stakeholder interests.

The Company maintains a limited overall risk exposure concerning its financial assets and liabilities. It firmly believes that there is no significant concentration of credit risk to which it is exposed. Any potential exposure to credit risk is proactively managed through the prudent application of credit limits to its customers.

#### c) Credit Risk

Credit risk represents the risk of financial loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company's credit risk is primarily attributable to its receivables and its balances at bank. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Deposits are provided to suppliers or counterparties as per agreement and are refundable upon termination of agreement with them.

#### d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### e) Risk of Non-compliance with Regulations of SECP and PSX

In the event of non-compliance with any regulatory requirements of SECP or PSX, the Company may be placed on the Defaulter Segment of PSX which may potentially hamper trading in the Company's shares leading to potential suspension in trading of its shares as well as delisting. The Company has instituted a strong governance and legal framework to ensure compliance not only with applicable laws and regulations but also to stay at par with best international practices.

### 5.3 External Risk Factors

#### A. Business Risk

Business risk refers to the chance that the Company might report profits that fall below expectations or incur losses, and this can occur due to various factors, including:

- Reduction in demand due to overall macro-economic slowdown.
- The risk of consumer orders not materializing.

The Company is focused on mitigating these risks with its diversified portfolio of customers from different countries and a strong customer centric approach.

#### B. Interest Rate Risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period.

As at March 31, 2024, there is NIL debt from any financial institution or third party. The interest / profit bearing financial instruments comprised bank balances in savings accounts.

#### C. Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Since 98% of company revenue is export based, the company is managing its Forex Risk through forward booking and availing early payment facility from customers.

#### D. Risk in the Global Economic and Financial Markets

Ongoing geopolitical disruptions have led to elevated commodity prices, impacting major economies worldwide, including the USA, UK, and European nations, with rising inflationary pressures. Some prominent global financial institutions are detecting indications of potential recessions in major countries, introducing volatility in international financial markets. This turbulence may have adverse repercussions on the Pakistani economy and financial markets, potentially influencing the overall macroeconomic situation in the country. Additionally, it may limit the government's capacity to secure fresh debt from global markets, with potential consequences for the PKR/USD exchange rate.

#### E. Regulatory Risk

Regulatory risk pertains to the possibility of future changes in government policies and regulations which could potentially impact the various business segments the Company operates in. Modifications in the regulatory landscape, such as the introduction of stricter tariffs on imported materials, have the potential to notably impact the industry's overall performance. Additionally, any escalations in regulatory duties or taxes related to the import of raw materials or finished products could directly affect the Company's profitability and operational efficiency.



**CONFIRMATION STATEMENT**

We, the undersigned of Stylers International Limited certify and hereby solemnly affirm and state that whatever is stated above and in the corresponding annexures with respect to the risk factors associated with the proposed rights issue is true and correct to the best of our knowledge and belief, and nothing has been concealed thereto.

Chairman

Director

**6. LEGAL PROCEEDINGS:****6.1. Outstanding Legal Proceedings of the Company**

- i) Deputy Commissioner Inland Revenue (DCIR) issued notices under section 122 of Income Tax Ordinance, 2001 for the tax year 2018 and 2019 dated 21 Sep, 2020. After various hearings, complete data was submitted by company on 18 Aug, 2023. Order is awaited for tax year 2019 whereas, for tax year 2018, DCIR passed an order creating a demand of Rs. 464 million. The company has filed Appeal against the order to Commissioner Appeal Inland Revenue. The Commissioner Appeals have remanded back the proceedings to DCIR while annulling most of the demand points. Being aggrieved, the Company filed an appeal before Appellant Tribunal Inland revenue (ATIR) against remanding back the remaining points which is pending adjudication.
- ii) ADCIR Issued notice under section 11, 14 and 19 of PRA Sales Tax on Services Act 2012 dated 19 Sep 2023 and passed an order thereon dated 22 Nov 2023 creating a demand of Rs. 205 million. SIL has preferred appeal before Commissioner Appeals dated 28 Dec 2023 which is pending adjudication.
- iii) DCIR issued show cause notice dated 10 January, 2024 under section 8,11 and 25 of Sales Tax Act, 1990 and rule 36 of Sales Tax Rules, 2006. An amount of Rs. 38 million is related to alleged non-compliance of section 8, whereas an amount of Rs. 447 million is related to alleged non-compliance of section 73 of the Act. An amount of Rs. 449 million is calculated hypothetically comparing stocks of Audited Accounts with stock in Annex-H of Sales Tax Return. Company has duly submitted its reply. Response awaited.

The Company is actively pursuing the above matters at respective forums. Based on the advice of the legal counsel, the Company is hopeful for the favorable outcome of the matters. Hence, no provision has been made in these financial statements.

There are no outstanding legal proceedings other than in the normal course of business involving the Issuer, its Sponsors, substantial shareholders, directors and associated companies as explained above, that could have a material impact on the Company.

**6.2. Action taken by the Securities Exchange against the issuer or associated listed companies of the Issuer during the last three years due to noncompliance of the its Regulations**

None

**6.3. Any outstanding legal proceeding other than the normal course of business involving the Issuer, its sponsors, substantial shareholders, directors and associated companies, over which the issuer has control, that could have material impact on the issue**

None

**7 SIGNATORIES TO THE OFFER DOCUMENT**

List of the signatories to the offer document and their signatures in original duly dated and witnessed.

**Chairman**

**Director**