



**RAVI TEXTILE MILLS
LIMITED**

REGST. OFFICE: BUNGALOW NO. 120
DEFENCE OFFICERS HOUSING
SCHEME, SHER SHAH ROAD
MULTAN CANTT-PAKISTAN
TEL: +92-61-4503620-4503630
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E-mail: info@ravitextile.com

RAVI TEXTILE MILLS LIMITED

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the members of **RAVI TEXTILE MILLS LIMITED** (the "Company") will be held on Tuesday, May 11, 2021, at 11:00 AM through video-conference facility, conducted from **13, F-1, Valencia Town, Lahore**, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2020.

SPECIAL BUSINESS

1. To consider and, if deemed fit, change the name of the Company to "BECO Steel Limited", subject to subsequently obtaining the approval of the Registrar, along with approving the consequential amendments to the Memorandum and Articles of Association of the Company, and in that connection to pass the following resolutions as special resolutions, with or without modifications, additions or deletions:

"RESOLVED THAT the name of the Company be changed from "Ravi Textile Mills Limited" to "BECO Steel Limited", subject to approval of the Registrar.

FURTHER RESOLVED THAT the name Ravi Textile Mills Limited, wherever occurring in the Memorandum and Articles of Association of the Company and / or any other deed, document, titles etc. be substituted with the name "BECO Steel Limited", and the Memorandum and Articles of Association of the Company be updated / amended accordingly in accordance with the Companies Act, 2017 and all other formalities be completed in respect thereof.

FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary of the Company be and are hereby, jointly and / or severally, authorized to do all such acts, deeds and things as they may, in their absolute discretion, deem necessary or incidental, and to complete all legal formalities and steps, including to file all necessary documents with the Securities and Exchange Commission of Pakistan and other parties, and take all requisite actions as may be necessary for the purpose of implementing the aforesaid resolutions."

2. To consider and, if deemed fit, change the Company's principal line of business to manufacturing of steel and allied products, along with approving the alterations to the Memorandum of Association



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of the Company, and in that connection to pass the following resolutions as special resolutions, with or without modifications, additions or deletions:

“RESOLVED THAT the principal line of business of the Company be changed from “To manufacture and carry on the business of textile mills and to establish, run, work, maintain and control textile mills” to “carry out the business of manufacturing of steel and allied products, along with ancillary activities thereto”.

FURTHER RESOLVED THAT, in accordance with the change in the principal line of business of the Company, the existing Clause III of the Memorandum of Association of the Company be and is hereby replaced in its entirety to read as follows:

- (i) The principal line of business of the Company shall be to carry out the business of manufacturing of steel and allied products, along with ancillary activities thereto.
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the Company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
- (iv) It is hereby undertaken that the Company shall not:
 - a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
 - b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.



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FURTHER RESOLVED THAT the aforesaid alteration in the Memorandum of Association of the Company shall be subject to any amendments, modifications, additions or deletions as may be deemed appropriate by the authorized person or as may be suggested, directed and advised by the Securities and Exchange Commission of Pakistan (or other regulatory authority) which suggestion, direction and advice shall be deemed to have been approved and incorporated as part of the aforementioned special resolutions without the need of the members to pass separate resolutions.

FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary be and are hereby, jointly and / or severally, authorized to do all acts, deeds and thing, take any or all necessary actions to complete all legal and corporate formalities, make amendments, modifications, additions or deletions, and file all requisite documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions, as well as carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the objects of the aforesaid resolutions, including, inter alia, obtaining any approvals (if required) and carrying out any filings with the Securities and Exchange Commission of Pakistan or other regulatory bodies.”

3. To consider and, if deemed fit, increase the authorized share capital of the Company from PKR 300,000,000/- (Pak Rupees Three Hundred Million) to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million), and approve the consequential amendments to the Memorandum of Association of the Company, and in that connection pass the following resolutions as special resolutions, with or without modifications, additions or deletions:

“RESOLVED THAT the authorized share capital of the Company be and is hereby increased from PKR 300,000,000/- (Pak Rupees Three Hundred Million) to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million).

FURTHER RESOLVED THAT, as a consequence of the said increase in the authorized share capital of the Company, the existing Capital Clause of the Memorandum of Association of the Company be and is hereby replaced accordingly to read as follows:

“The capital of the Company is Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million), divided into 150,000,000 (One Hundred Fifty Million) ordinary shares of Rs. 10 (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the applicable laws.”



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FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary of the Company be and are hereby, jointly and / or severally, authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions, as well as carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the objects of the aforesaid resolutions, including, inter alia, obtaining any approvals (If required) and carrying out any filings with the Securities and Exchange Commission of Pakistan or other regulatory bodies.”

4. To consider and, if deemed fit, change the registered office of the Company from the city of Multan to the city of Lahore, and in that connection pass the following resolutions as special resolutions, with or without modifications, additions or deletions:

“**RESOLVED THAT** approval be and is hereby given for the change of the registered office of the Company from the city of Multan to the city of Lahore.

FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary of the Company be and are hereby, jointly and / or severally, authorized to do all such acts, deeds and things as they may, in their absolute discretion, deem necessary or incidental, and to complete all legal formalities and steps, including to file all necessary documents with the Securities and Exchange Commission of Pakistan and other parties, and take all requisite actions as may be necessary for the purpose of implementing the aforesaid resolution.”

5. To consider and, if deemed fit, pass, with or without modifications, additions or deletions, the following resolutions, as special resolutions (to the extent applicable), under Sections 83(1)(b), 208 and 211 of the Companies Act, 2017, for the issuance of ordinary shares of the Company, other than by way of right, for consideration other than cash, in favour of the associated company and directors / related parties of the Company, against the acquisition of immovable properties, plant and machinery by the Company:

“**RESOLVED THAT**, subject to compliance with all applicable laws and obtaining all requisite regulatory approvals, permissions and sanctions, including the approval of the SECP under Sections 83(1)(b) of the Companies Act, 2017 (“the Act”), approval of the shareholders of the Company be and is hereby accorded for the issuance of an aggregate of 29,466,663 (Twenty-Nine Million Four Hundred Sixty-Six Thousand Six Hundred Sixty-Three) ordinary shares of the Company, having face value of PKR 10/- (Pak Rupees Ten) each, directly and other than by way of right, to the persons listed below, in consideration for the acquisition of the immovable properties from the said persons, the details of which have been shared with the members, having an aggregate valued of PKR 883,999,890/- (Pak Rupees Eight Hundred Eight-Three Million Nine Hundred Ninety-Nine Thousand Eight Hundred Ninety Only):



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Name	Number of shares	Total Value (PKR)
Ch. Muhammad Shafique	4,533,333	135,999,990
Sarwar Sultana	13,600,000	408,000,000
Muhammad Zafar	2,266,666	67,999,980
Najma Aziz	2,266,666	67,999,980
Salma Aziz	2,266,666	67,999,980
Shabana Aziz	2,266,666	67,999,980
Uzma Zafar	2,266,666	67,999,980
Total	29,466,663	883,999,890

FURTHER RESOLVED THAT, subject to compliance with all applicable laws and obtaining all requisite regulatory approvals, permissions and sanctions, including the approval of the SECP under Sections 83(1)(b) of the Act, approval of the shareholders of the Company be and is hereby accorded for the issuance of an aggregate of 46,694,844 (Forty-Six Million Six Hundred Ninety-Four Thousand Eight Hundred Forty-Four) ordinary shares of the Company, having face value of PKR 10/- (Pak Rupees Ten) each, directly and other than by way of right, to Ch. Muhammad Shafique, in consideration for the acquisition of the immovable properties from the said person, the details of which have been shared with the members, having an aggregate valued of PKR 1,400,845,320/- (Pak Rupees One Billion Four Hundred Million Eight Hundred Forty-Five Thousand Three Hundred Twenty Only).

FURTHER RESOLVED THAT, subject to compliance with all applicable laws and obtaining all requisite regulatory approvals, permissions and sanctions, including the approval of the SECP under Sections 83(1)(b) of the Act, approval of the shareholders of the Company be and is hereby accorded for the issuance of 25,721,450 (Twenty Five Million Seven Hundred Twenty-One Thousand Four Hundred Fifty) ordinary shares of the Company, having face value of PKR 10/- (Pak Rupees Ten) each, directly and other than by way of right, to Chaudhry Steel Re-Rolling Mills Limited, in consideration for the acquisition of buildings, and plant and machinery, the details of which have been shared with the members, having an aggregate valued of PKR 771,643,500/- (Pak Rupees Seven Hundred Seventy One Million Six Hundred Forty Three Thousand Five Hundred Only).

FURTHER RESOLVED THAT the aforementioned shares shall, from the date of their allotment, rank pari passu in all respects with the existing fully paid up ordinary shares of the



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Company, and the recipients of such shares shall enjoy similar rights and entitlements in respect of the newly issued shares.

FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary of the Company, be and are hereby, jointly and / or severally, authorized and empowered 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 advisor(s) and other consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right shares, executing all necessary agreements, deeds and documents for the acquisition of the assets and registration thereof (to the extent applicable), and all other matters incidental or ancillary thereto.”

FURTHER RESOLVED THAT in case any error, omission or mistake is pointed by SECP and / or any other competent authority or that the SECP and / or any competent authority require any amendments, modifications, additions or deletions in the aforesaid resolution(s), the Chief Executive and /or Company Secretary be and are hereby, jointly and severally, authorized to make such amendment, modification, addition or deletion as may be required without requiring the approval of the members.”

6. To transact any other business, as may be placed before the meeting with the permission of the Chair.

Lahore:
April 20, 2021

By order of the Board
Company Secretary

NOTES:

- a) The register of members of the Company will remain closed from May 05, 2021 to May 11, 2021, (both days inclusive). Transfers received in order at the office of the Company's Share Registrar i.e. M/s Hameed Majeed Associates (Pvt) Limited, situated at HM House, 7-Bank Square, Lahore by the close of business on May 03, 2021 shall be treated in time for the purpose of attending the Extraordinary General Meeting.
- b) Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrar, M/s Hameed Majeed Associates (Pvt) Limited HM House, 7-Bank Square, Lahore.



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- c) A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies may also be appointed by e-mailing a scanned copy of signed letter by shareholder authorising proxy along with e-mail address of proxy and the relevant details (as below) to secretary@ravitextile.com. Proxies, in order to be effective, must be received either in hardcopy at the registered office of the Company or at the email address specified above not later than 48 hours before the meeting. A proxy need not be a member of the Company.
- d) Members and their proxies are required to present their original CNIC or Passport along with Participant's I.D. and Account Number(s) at the time of attending the Extraordinary General Meeting through video-conference in order to authenticate their identity.
- e) A form of Proxy is enclosed with the Notice of the Meeting being sent to the members.
- f) For attending the meeting, members are required to e-mail their name, folio number, valid e-mail address and number of shares held in their name to secretary@ravitextile.com with the subject "Registration for RTML's EOGM".
- g) Video-link and login credentials will be shared with only those members /proxies whose e-mails containing all the required particulars are received at the given e-mail address by or before the close of business hours on May 08, 2021. The shareholders can also provide their comments and questions for the agenda items of the Extraordinary General Meeting on secretary@ravitextile.com.
- h) Members are requested to submit copies of their CNICs and promptly notify any change in their address by writing to the office of the Company's registrar.

In pursuance of SECP Circular No. 4 of 2021 dated 15 February 2021 regarding regulatory relief to dilute impact of Corona Virus (COVID-19) for Corporate Sector, the shareholders interested in attending the General Meetings through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to register with the Company Secretary's office at least two working days before the holding of the time of the EOGM at 13, F-1, Valencia Town, Lahore or through share registrar of the Company (Hameed Majeed Associates (Private) Limited H.M House 7-Bank square, Lahore) by providing the following details:

Name of Shareholders	CNIC No.	Folio / CDC	Cell No.	Email Address
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- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
 - On the day of the meeting, such shareholders will be able to login and participate in the meeting proceedings through their smart phone or computer devices from their convenient locations.
 - The login facility will be opened twenty (20) minutes before the meeting time to enable the participants to join the meeting, for the Company to conduct an identification and verification process.
- i) Members can also exercise their right of e-Voting subject to the requirements of Section 143 to 145 of the Companies Act, 2017 and the applicable provisions of the Companies (Postal Ballot) Regulations, 2018
- j) 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
- a. In case of Individuals, the account holder and/or sub-account holder whose 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.
 - b. In case of corporate entity, the relevant boards 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 whose 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.



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- e. In case of corporate entity, the relevant 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.

- k) Members can exercise their right to demand a poll subject to meeting requirements of section 143 to section 145 of the Companies Act, 2017 and applicable provisions of Companies (Postal Ballot) Regulations.



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STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement is annexed as an integral part of the Notice of the Extra Ordinary General Meeting of Ravi Textile Mills Limited (the “Company”) to be held on May 10, 2021, and set out the material facts concerning the Special Business to be transacted at the Meeting.

1. CHANGE OF NAME OF THE COMPANY

In order to ensure that the new principal line of business of the Company (as discussed below, and for which approval is also being sought from the members) is commensurate with the name of the Company, it has been resolved by the Board of Directors of the Company (the “Board”) that the name of the Company be changed from “Ravi Textile Mills Limited” to “**BECO Steel Limited**”. The availability of the said name for use by the Company has been confirmed by the office of the Registrar of Companies, Securities and Exchange Commission of Pakistan (“SECP”), Lahore. The intention (as further discussed below) is to establish and implement a new direction and business for the Company, including its identity, with the aim to revive the Company, which is expected to benefit the members.

For the purposes of the change in the name of the Company, necessary alterations in Memorandum and Articles of Association of the Company would also be required. Since prior consent of the members, by way of a special resolution, is required for changing the Company’s name in accordance with Section 12 of the Companies Act, 2017 (the “Act”), consent of the members, as aforesaid, is being sought in terms of the resolutions (to be passed as special resolutions) set out in the Notice.

Upon obtaining the approval of the members, the Company shall make an application to the Registrar of Companies, SECP, Lahore for the change in the name of the Company and issuance of a certificate of incorporation on change of name to the Company.

It is hereby confirmed that the proposed name of the Company i.e. BECO Steel Limited will not be incommensurate with the new proposed principal line of business of the Company (subject to the approval of the same by the members). As the new principal line of business of the Company shall be to carry out business of manufacturing of steel and allied products (along with ancillary activities thereto), the change of name to BECO Steel Limited is necessitated.

The Directors of the Company have no personal interest in the resolutions pertaining to the said agenda item except in their capacity as shareholders of the Company to the extent of their respective shareholding. Having said that, it is clarified that Mr. Muhammad Ahmad Raza is the CEO / Director of Beco Steel Re-Rolling Mills (Private) Limited, being an associated company of the Company, which has issued its no-objection for use of the name “BECO”.



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2. ALTERATION OF MEMORANDUM OF ASSOCIATION WITH RESPECT TO PRINCIPAL LINE OF BUSINESS

By way of background it is worth highlighting that during the year 2012, the Company suspended its textile business operations due to lack of working capital; however, the operations of the mill were resumed during the year ended June 30, 2015 after more than three years, with the support of loans from the directors (at that time). However, in August 2015, the operations of mill were again suspended as it was beyond the control of the then management of the Company to run the Company at an economically viable level due to unfavourable circumstances prevailing in the yarn market, squeezed liquidity position of the Company and non-availability of fresh credit facilities from the banks to continue business operations. Consequently, the management disposed of the Company's assets related to the textile business and utilized the proceeds from the sale thereof to partially repay the liabilities of the Company and to utilize the remaining proceeds to start an alternate business of cotton ginning, as approved and recommended by the Board of Directors of the Company in their meeting held on February 06, 2018, and which was subsequently approved and adopted by the shareholders in the extra ordinary general meeting held on March 02, 2018.

For the purposes of the above, the Company had signed a lease agreement with M/s Noman Cotton Ginning Pressing Factory (a partnership firm) and took over possession of its factory situated Lalaka Road, Haroonanabad, District Bahawalnagar on August 13, 2020. It may be noted that the agreed annual rent of the aforementioned cotton factory amounted to PKR 1,600,000/- for the year 2020-21, and such amount has been paid. Thereafter the Company, after making necessary repairs and maintenance, initiated the operations of cotton ginning and its financial results were duly declared in the quarterly financial statements for the period ended September 30, 2020.

Subsequent to the same, effective from March 03, 2021, the current management has assumed management control of the Company after acquiring the majority shares of the Company. As is evident from the disclosures made to the Pakistan Stock Exchange Limited and the SECP under Securities Act, 2015 via a Public Announcement of Intention dated October 19, 2020 and Announcement of Public Offer dated December 21, 2020, the current management has an excellent track record in running the business of manufacturing steel and allied products and is therefore desirous to change the principal line of business of the Company in order to carry out the business of manufacturing of steel and allied products, along with ancillary activities thereto. This is necessary step to revive the Company and enable the Board to implement the alternate business plan which has been approved by the Board, thus taking the Company in a new and potentially successful direction.

Existing and proposed principal line of business of the Company

The existing principal line of business of the Company, as stipulated in the Memorandum of Association of the Company, involves manufacturing and carrying on the business of textile mills, including to



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establish, run, work, maintain and control textile mills. The proposed principal line of the business of the Company is to carry out the business of manufacturing of steel and allied products, along with ancillary activities thereto.

Reasons for change in the principal line of business

In continuation of the rationale provided in the background above, it is highlighted that under the Act, a Company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities. Having said that, the principal line of business of the Company is required to be stated in the Memorandum of Association of the Company which shall always be commensurate with name of the Company in accordance with Section 26 of the Act. The 'principal line of business' has been defined to mean the business in which substantial assets are held or likely to be held or substantial revenue is earned or likely to be earned by a company, whichever is higher.

The object stated at serial number 1 of the object clause of the existing Memorandum of Association of the Company (treated as the principal line of business under the Act) pertains to textile mills. As the Company has disposed of its textile machinery & related assets, hence manufacturing and sale of textile products is no more the business of the Company. Since the new principal line of business of the Company shall be to carry out business of manufacturing of steel and allied products along with ancillary activities thereto, hence alteration of Memorandum of Association with respect to principal line of business is required, which will also be consistent with the new proposed name of the Company and the business direction being adopted. The Company, subject to acquiring assets with the approval of the members (as detailed below), is expected to have substantial assets in steel & allied products pursuant to which it is expected to derive substantial revenues from this business, for the benefit of its shareholders.

Benefits likely to accrue to the Company and its members from the proposed change

The proposed change shall enable the management to implement its new business plan, acquire assets in the field of steel and allied products and commence operations, with the intention to revive the Company for the benefit of the shareholders. Expected benefits likely to accrue to the Company and its members from this change and financial projections are summarized in the ensuing paragraphs.

Financial projections, including, inter alia, project cost for new proposed principal business, sources of funds to cover the project cost, revenues, expenses etc. along with underlying assumptions:



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Projected Results	2022	2023	2024	2025	2026
Sales - net	11,039,201,538	13,625,162,354	15,822,566,303	18,301,717,079	20,203,024,342
Expenses including taxation	(10,131,794,528)	(12,352,843,508)	(14,364,496,133)	(16,276,158,603)	(17,808,763,849)
Profit after taxation	<u>907,407,011</u>	<u>1,272,318,846</u>	<u>1,458,070,170</u>	<u>2,025,558,476</u>	<u>2,394,260,493</u>

The project cost for new proposed principal business is estimated as PKR 3,056,488,770/- which includes acquisition of land, building and plant & machinery which will be acquired from the associated company and other related parties against the direct issuance of shares of the Company.

It is assumed (for the purposes of the above) that the above proposed acquisition of land, building and plant & machinery will be approved by the members through special resolutions and will also be sanctioned by the SECP and other regulators (if any).

Impact on existing line of business of the company

As a result of change in principal line of business of the Company, the existing line of business will be closed. As such, it is highlighted that the existing business of the Company is not active and serves no purpose for the Company.

Expected time period when proposed change is expected to be implemented

The change in business line is connected with the alternative business plan that has been adopted, which in turn is subject to the acquisition of assets against issuance of shares. The same is subject to, inter alia, the approval of the shareholders (discussed below) and the SECP. Accordingly, the Board expects that alternative business plan will be implemented immediately subject to receiving the applicable corporate and regulatory approvals, pursuant to which steps shall be taken for the acquisition of the assets.

The Board is of the considered view that the proposed change will not be detrimental to the interest of the Company or its members as a whole.

The Directors of the Company have no personal interest in the resolutions pertaining to the said agenda item except in their capacity as shareholders of the Company to the extent of their respective shareholding. Having said that Mr. Ch. Muhammad Shafique, Ms. Sarwar Sultana, Ms. Aniq Shafique, Mr. Waheed Akbar and Mr. Muhammad Ilyas Butt, being the shareholders of the Company are also shareholders and directors (in each case, to the extent applicable) in Chaudhry Steel Re-Rolling Mills Limited.



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A copy of the existing Memorandum of Association along with the amended copy with the proposed changes therein have been kept at the Registered Office of the Company and may be inspected during business hours on any working day from the date of publication / issue of this Notice till the conclusion of the Extraordinary General Meeting.

3. INCREASE IN THE AUTHORIZED CAPITAL OF THE COMPANY

In order to cater for future increases in the issued and paid up share capital of the Company, including the proposed issuance of share of the Company other than by way of right in the manner detailed in below, for which purpose approval from the shareholders is also being sought, the authorized share capital of the Company is required to be increased.

In the light of the same and for future potential issuance of shares, the Board has resolved (subject to obtaining the approval of the shareholders of the Company) that the authorized share capital of the Company be increased from PKR 300,000,000/- (Pak Rupees Three Hundred Million), divided into 30,000,000 (Thirty Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million), divided into 150,000,000 (One Hundred Fifty Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each. Accordingly, the amount of increase in authorized share capital of the Company will be equal to PKR 1,200,000,000/- (Pak Rupees One Billion Two Hundred Million), comprising 120,000,000 ordinary shares of PKR 10/- (Pak Rupees Ten) each.

For the purposes of the same, corresponding amendments are required to be made to the Memorandum of Association of the Company to reflect the increase in the authorized share capital of the Company, as detailed in the proposed resolutions appearing in the notice of the general meeting.

The Board has confirmed that the requisite alterations to the Memorandum of Association of the Company are in line with the applicable provisions of the law and regulatory framework.

The Directors of the Company have no personal interest in the resolutions except in their capacity as shareholders of the Company to the extent of their respective shareholdings. Having said that Mr. Ch. Muhammad Shafique, Ms. Sarwar Sultana, Ms. Aniq Shafique, Mr. Waheed Akbar and Mr. Muhammad Ilyas Butt, being the shareholders of the Company are also shareholders and directors (in each case, to the extent applicable) in Chaudhry Steel Re-Rolling Mills Limited from whom the Company plans to acquire plant and machinery against direct issuance of shares subject to approval of the members and sanction of the SECP, and other family members of Ch. Muhammad Shafiq (being related parties) from whom the Company plans to acquire land and building against direct issuance of shares subject to approval of the members and sanction of the SECP.

4. CHANGE IN THE REGISTERED OFFICE OF THE COMPANY



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(i) Information on the existing registered office and new proposed registered office;

The existing registered office of the Company is situated at Bungalow No. 120, Defence Housing Scheme Sher Shah Road, Multan Cantt. Multan. The Board has resolved to change the Company's registered office to Lahore, and for the time being, the same shall be situated at 13, F-1, Valencia Town, Lahore.

(ii) Reasons and effects of change in registered office;

The Board seeks to change the registered office as the city of Lahore is more suitable to the new business line and direction of the Company in light of the steel mill/units to be acquired by the Company subject to applicable approvals are situated in Lahore. While the city of Multan was suitable for business involving textile, the same would not be as beneficial for a steel business.

(iii) Geographical dispersion of the members of the company (of total as well as of those who attended last three annual general meetings);

Since the Company is listed, the change in the registered office from Multan to Lahore should not have an impact from the perspective of geographical dispersion since the shareholders of the Company keep fluctuating. Having said that, the new majority shareholders and management are based in Lahore. Furthermore, since general meetings are often held virtually and through video facilities, the Board is confident that no shareholders shall be detrimentally affected. Further the last three Annual General Meetings were attended by the members which primarily belonged from the Province of Punjab.

(iv) A brief of cost-benefit analysis

The Steel mill/Units to be acquired by the Company, subject to applicable approvals, are situated in Lahore; therefore, keeping the registered office in the city of Multan has no economic rationale. Consequently, the Company would be able to save unnecessary costs to hold general meetings and maintain offices etc. in the City of Multan.

(v) Information on inquiry, inspection or investigation, which has been initiated against the company or prosecution pending against the company, if any.

There is no inquiry, inspection or investigation initiated against the Company or prosecution pending against the Company, which would be affected by the change in the registered office of the Company.

Other than as stated above, the Directors of the Company have no personal interest in the resolutions except in their capacity as shareholders of the Company to the extent of their respective shareholdings.



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5. ISSUANCE OF SHARES OTHER THAN BY WAY OF RIGHT AND FOR CONSIDERATION OTHER THAN CASH, ALONG WITH ACQUISITION OF ASSETS FROM THE ASSOCIATED COMPANY, RELATED PARTIES AND DIRECTORS OF THE COMPANY

It is important to highlight that based on the half yearly accounts of the Company as of December 31, 2020, the breakup value of the shares of the Company is PKR 0.76/- per share while at the date of transfer of majority shareholding alongwith management i.e. March 03, 2021, the Company has nominal net assets therefore raising any equity or debt finance on existing balance sheet does not seem a viable option. For this very reason, and for the purposes of enabling the Company to commence operations in a new and viable direction, subject to obtaining the requisite approval from the members of the Company, along with the necessary regulatory approvals, including from the SECP, the Board has resolved to issue ordinary shares without right offering for consideration other than cash, i.e. against acquisition of land, building, plant and machinery from the associated company, directors and related parties of the Company.

The Company intends to issue an aggregate of 101,882,961 (One Hundred One Million Eight Hundred Eighty Two Thousand Nine Hundred Sixty One) ordinary shares of face value PKR 10/- (Pak Rupees Ten) each, having an aggregate face value of PKR 1,018,829,611/- (Pak Rupees One Billion Eighteen Million Eight Hundred Twenty Nine Thousand Six Hundred and Eleven). The same shall comprise approximately 407.53% of the existing issued and paid up share capital of the Company, and approximately 80.30% of the post-issuance issued and paid up share capital.

The transaction involves the acquisition of 2 (two) steel units which include land, building and machinery (details of which are provided below) from its associated company, related parties and directors, in consideration for which ordinary shares of the Company shall be issued in favour of the said persons (as detailed further below).

Unit # 1

The same comprises the following details of land and assets.

- Land measuring 6 Kanals and 10 Marlas, with built up structure having covered area of approximately 10,771 square feet with a boundary wall and main gain, situated at Sheikhabad, Mouza Bela Basti, Ram Noor, Badami Bagh, Opposite TNT Flat Tehsil & District Lahore.
- Plant & Machinery having total melting capacity (as part of such unit) of 200 Metric Tons within 24 hours per day approved WAPDA Load 5,000 KW and Load Consumption 3,800 KW.



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Unit # 2

The same comprises following details of land and assets.

- Land measuring 10 Kanals, 6 Marlas and 1.5 square feet, with built up structure having covered area of approximately 5,736 square feet with a boundary wall and main gain, situated at Sadiqia Colony, Mouza Bela Basti, Ram Noor, Badami Bagh, Tehsil & District Lahore.
- Plant & Machinery comprising Large Girders Re-Rolling Mills, with new specialized technology for manufacturing of various sizes of girders, channels and angles. An extremely specialized melting furnace of 6 tons with melting capacity of 105 metric tons 24 hours per day, approved WAPDA Load 4,000 KW and Load Consumption 3,800 KW. The Re-Rolling Mills Capacity Girders mills 300 Metric Tons, 20 Hours Per Day.

Both the units to be acquired have registered electricity connections therefore operations can be started soon after the formal acquisition of the assets is completed for which the Company will also need to obtain necessary regulatory approvals. Steps will also be taken to transfer these electricity connections in the name of the Company.

At the meeting of Board of Directors of the Company held on March 12, 2021, the Board considered and resolved in-principle to change the Company's principal line of business to manufacturing of Steel and Allied products, along with ancillary activities thereto, subject to obtaining the requisite corporate approvals and fulfilling regulatory steps. Furthermore, in order to enter into this new business line and revive the Company, the Board resolved to explore the viability of acquiring certain assets, i.e. property, plant and machinery from its associated company, related parties and directors, including authorizing persons to appoint a valuator to carry out a valuation / assessment of the same and enter into negotiations for such potential acquisition.

Subsequent to the above, the management considered the PBA Approved Panel of Valuators and appointed Al-Wazzan Associates (Private) Limited ("**Valuator**") to carry out valuations of the land, building, plant & machinery available for acquisition from the associated company, related parties and directors of the Company. The Valuator has assigned following valuations vide its report dated March 29, 2021:

Owner(s)	Assets	CC Unit 1 (PKR)	Unit 2 (Guarder Mill) (PKR)	Total (PKR)
Ch. Muhammad Shafique & family	Land		884,000,000	884,000,000



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Ch. Muhammad Shafique			
	Land	1,400,845,333	1,400,845,333
Sub-total	884,000,000	1,400,845,333	2,284,845,333
Choudhry Steel Re-Rolling Mills Ltd			
	Plant & Machinery	157,252,500	492,270,300
	Building	110,369,500	11,751,200
Sub-total	267,622,000	504,021,500	771,643,500
Total	1,151,622,000	1,904,866,833	3,056,488,833

Post valuation, the authorized persons of the Company entered into the negotiations and agreed to acquire the assets valued above by the Valuator against which the Company, subject to compliance with the provisions of all applicable laws and obtaining the requisite regulatory approvals, permissions and sanctions including the approval of SECP, will issue 101,882,957 (One Hundred One Million Eight Hundred Eighty-Two Thousand Nine Hundred Fifty-Seven) ordinary shares of the Company, other than by way of right offering, to the relevant persons / sellers (detailed below).

It is emphasized that notwithstanding the value of the assets, stipulated above, as determined by the Valuator, vis-à-vis the value of the shares of the Company, the proposed allottees have agreed to transfer / sell the assets to the Company at a significant discount i.e. for an aggregate face value of shares equal to only PKR 1,018,829,570/- (One Billion Eighteen Million Eight Hundred Twenty-Nine Thousand Five Hundred Seventy Only), even though the assets are collectively valued at PKR 3,056,488,833/- (Three Billion Fifty-Six Million Four Hundred Eighty-Eight Thousand Eight Hundred Thirty-Three). In this respect the shares are effectively being issued at a premium of approximately PKR 20/- each, which will be beneficial to the Company and its minority shareholders.

Furthermore, based on the half yearly accounts of the Company as of December 31, 2020, the breakup value of the shares of the Company is only PKR 0.76/- per share. Consequently, it is evident that the assets are being sold / transferred to the Company at a steep discount for the benefit of the Company, and particularly the minority shareholders. The sellers, being the sponsors, directors and related parties of the Company seek to benefit the Company and have a long-term vision regarding its growth and stability and hence have agreed to such an arrangement. It is added that the average market price of the shares of the Company during the last 3 months was PKR 13.91/-, while the latest market price is PKR 14.39/-, which increase has only occurred due to the sponsors announcing to acquire and thereafter acquiring the majority shareholding of the Company, along with taking steps to revitalize the Company and its business.

Since the shares are to be issued for consideration other than cash, and acquisition of assets from specific persons, it is necessary to carry out such issuance other than by way of right offer. The same will enable



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the Company to acquire assets without having to pay cash consideration. Furthermore, the Company will be in a position to commence its new line of business and undertake the new direction, as envisaged by the management.

The new management have un-matched 50 years' experience in the steel business and enjoy a very good reputation in the relevant business circles which will help to procure raw material on credit followed by borrowings from banks and financial institutions, against the mortgage of immovable property and hypothecation of other assets, including plant and machinery of the Company.

The details of the persons / entity to whom such shares are intended to be issued are detailed below, along with a brief profile thereof, their existing shareholding in the Company (if any), nature of relationship, interest or concern, and other relevant information:

1. Ch. Muhammad Shafique
Existing number of shares: 14,353,746 shares
Number of shares proposed to be issued: 51,228,177 shares
Nature of relationship / interest: Shareholder/Director of Ch. Steel Re-Rolling Mills Ltd and owner of the land to be acquired by the Company.
2. Sarwar Sultana
Existing number of shares: 2,500 shares
Number of shares proposed to be issued: 13,600,000 shares
Nature of relationship / interest: Shareholder/Director of Ch. Steel Re-Rolling Mills Ltd and owner of a portion of the land to be acquired by the Company.
3. Muhammad Zafar
Existing number of shares: NIL
Number of shares proposed to be issued: 2,266,666 shares
Nature of relationship / interest: Relative of Ch. Shafique and Sarwar Sultana and owner of a portion of the land to be acquired by the Company.
4. Najma Aziz
Existing number of shares: NIL
Number of shares proposed to be issued: 2,266,666 shares
Nature of relationship / interest: Relative of Ch. Shafique and Sarwar Sultana and owner of a portion of the land to be acquired by the Company.
5. Salma Aziz
Existing number of shares: NIL



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Number of shares proposed to be issued: 2,266,666 shares
Nature of relationship / interest: Relative of Ch. Shafique and Sarwar Sultana and owner of a portion of the land to be acquired by the Company.

6. Shabana Aziz
Existing number of shares: NIL
Number of shares proposed to be issued: 2,266,666 shares
Nature of relationship / interest: Relative of Ch. Shafique and Sarwar Sultana and owner of a portion of the land to be acquired by the Company.
7. Uzma Zafar
Existing number of shares: NIL
Number of shares proposed to be issued: 2,266,666 shares
Nature of relationship / interest: Relative of Ch. Shafique and Sarwar Sultana and owner of a portion of the land to be acquired by the Company.
8. Choudhry Steel Re-Rolling Mills Limited
The Company is engaged in manufacturing of steel and allied products and is based at Lahore.
Existing number of shares: NIL
Number of shares proposed to be issued: 25,721,450 shares
Nature of relationship / interest: Current owner of Plant & Machinery and building to be acquired against issuance of shares. The said entity is an associated company of the Company by virtue of common shareholding and common directors.

The shares to be issued by the Company in the manner detailed above shall, from the date of their allotment, rank pari passu in all respects with the existing fully paid up ordinary shares of the Company, and the recipients of such shares shall enjoy similar rights and entitlements in respect of the newly issued shares.

In light of the above, the Board of Directors has recommended the transaction. It is added that the audit committee of the Company has also recommended the transaction.

The interests of the Directors have been disclosed above.