



KOHINOOR SPINNING MILLS LIMITED



7/1, E-3, Main Boulevard, Gulberg - III, Lahore, Pakistan.
Tel: +92-42-35757108, 35717510 - 17 Fax: +92-42-35764036, 35764043, 35757105
Email: ksml@pol.com.pk

30.12.2022

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Notice of Extraordinary General Meeting

Dear Sir,

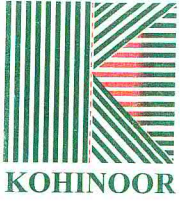
Enclosed please find a copy of the Notice of the Extraordinary General Meeting of the Company to be held on Saturday, 21 January, 2023 at 10:30 A.M. at the Registered Office of the Company, 7/1-E-3, Main Boulevard, Gulberg III, Lahore for circulation amongst the TRE Certificate Holders of the Exchange. The notice will be published in daily newspapers on 31.12.2022.

Yours Sincerely,


Hasan Ahmad Khan
Company Secretary

Encl: As above.

CC: Executive Director/HOD, Offsite-II Department, Supervision Division, SECP, Islamabad.



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Notice of Extra Ordinary General Meeting

Notice is hereby given that an Extra Ordinary General Meeting of the shareholders of **Kohinoor Spinning Mills Limited**("Company") will be held on Saturday, 21 January, 2023 at 10:30 A.M. at the Registered Office of the Company, 7/1-E-3, Main Boulevard, Gulberg III, Lahore to transact the following **Special Business**;

1. To consider and, if thought fit, to pass with or without modification(s), addition(s) or deletion(s), the following resolutions as special resolution(s), under Section 83 of the Companies Act, 2017 ("Act"):

"Resolved that, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions, and sanctions, including the approvals of the Securities and Exchange Commission of Pakistan (the "SECP") under proviso to Section 83 of the Companies Act, 2017 ("Act") approval be and is hereby accorded to Kohinoor Spinning Mills Limited (the "**Company**") to increase the paid-up capital of the Company from PKR 1,078,571,425 to PKR 2,178,571,425 by the issuance of additional 220,000,000 Ordinary Shares of the face value of PKR 5 each by way of otherwise than right shares at a price of PKR 5 each, total PKR. 1,100,000,000 to the following directors of the Company/ their relatives against the amount of PKR 1,100,000,000 in aggregate already provided by them to the Company as an interest-free loan:

1- Mohammad Naveed	Rs.819,547,560.00
2- Khawaja Muhammad Jahangir	Rs.118,037,500.00
3- Mohammad Hamza Yousaf	Rs.136,003,940.00
4- Khawaja Muhammad Nadeem	Rs. 20,581,000.00
5- Khawaja Shahzad Younas	<u>Rs. 5,830,000.00</u>
Total:-	<u>Rs.1,100,000,000</u>

Further resolved that the shares when issued shall from the date of their allotment, rank *pari passu* in all respects with the existing fully paid Ordinary Shares and the recipient of such shares shall enjoy similar rights and entitlements in respect of these shares as in respect of previously held shares from the date of allotment.

Further resolved that the Company Secretary of the Company, be and is hereby authorized singly ("**Authorized Persons**") to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares.



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Further resolved that the Authorized Persons, be and are hereby further authorized to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares including but not limited to obtaining all requisite regulatory approvals, preparation and circulation of the notice of the General Meeting, preparing the resolutions to be placed before the General Meeting; engaging legal advisor(s) and 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 and all other matters incidental or ancillary thereto.

Further Resolved That the Company be and is hereby authorized to take all such actions including but not limited to the filing the requisite applications (through the Authorized Persons or their appointed consultants) for seeking permission from the Securities and Exchange Commission of Pakistan and such other regulatory authorities as may be required for issuance of further capital without right offering and all matters relating thereto.

Resolved further that all acts, deeds, and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds, and things done by the Company.

Resolved further that the aforesaid special resolution(s) shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the shareholders, SECP and / or any other regulatory body which suggestion, direction and advice shall be deemed to be part of these Special resolution(s) without the need of the shareholders to pass fresh Special Resolution(s)."

31 December, 2022
Lahore

By order of the Board

Hasan Ahmad Khan
Company Secretary



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Notes:

1. A statement of material facts under Section 134 of the Companies Act, 2017 concerning the special business to be transacted at EOGM is being sent to the members with the notice of this meeting.
2. The share transfer books of the Company will remain closed from 14th January, 2023 to 21st January, 2023 (both days inclusive). Transfers received at the Company's Share Registrar's Office by the close of the business on 13th January, 2023 will be considered in time for the purpose of attending and voting at the EOGM.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary of the Company at Registered Office of the Company not less than 48 hours before the time of holding the meeting. No persons shall be appointed as a Proxy unless he/she is a member of the company.
4. 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 and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

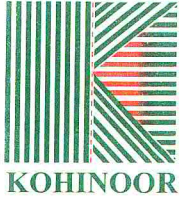


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- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
 6. Shareholders are requested to notify any change in their addresses immediately.



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Statement Under Section 134 of the Companies Act, 2017 concerning the Special Business:

The statement set out the material facts concerning the special business to be transacted at the Extra Ordinary General Meeting of the Company to be held on 21 January, 2023.

Issuance of Shares otherwise than right Offering:

1. The Board of Directors of M/s. Kohinoor Spinning Mills Limited (the "Company") in their meeting held on 23 December, 2022 has decided to raise further issue of capital amounting to Rs. 1,1,000,00,000 divided into 220,000,000 ordinary shares of PKR 5 each to the director/relatives against their outstanding loans towards the Company without right offering as proposed in the special resolution subject to approval of shareholders and permission from the Securities and Exchange Commission of Pakistan in terms of proviso to the Section 83 of the Companies Act, 2017 (the "Act") and subject to the completion of all legal formalities and compliances.
2. The proposed shares shall be issued at PAR against conversion of loans provided by the directors/relatives to the Company and payable to them.
3. In this regard, the Company provides the following further material information:

(a) Proposal by the Board

The issue of shares by way of other than right shares has been proposed by the Board of Directors of the Company.

(b) Quantum of Issue

220,000,000,000 ordinary shares of PKR 5 each
%age before the issue - 101.99%
%age after the issue-50.49%

(c) Issue price per share and justification

PKR 5 each. The shares will be issued at PAR value of PKR 5/- per share. This price is substantially above the prevailing market price of the share i.e., PKR 2.27 each. It is also above the break-up value per share which is negative.



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(d) Consideration

Cash. The amount has already been provided to the Company as loans.

(e) Information of Person to whom Shares are to be issued.

Name of Directors/Relatives	Existing Shareholding (No. of Shares)
Mohammad Naveed	46,293.028
Khawaja Mohammad Jahangir	181.500
Mohammad Hamza Yousaf	1,711,500
Khawaja Muhammad Nadeem	143
Khawaja Shahzad Younas	4,324,500

(f) Purpose of the Issue:

To reduce the liabilities, improvement of capital base of the Company and breakup value of the share of the Company.

(g) Justification for Issue of Shares Otherwise than Right Shares:

Due to continued losses suffered by the Company, the equity of the Company has been completely eroded and its equity net of losses amounts to negative 1,527.5 million as of 30 June 2022 on the basis of audited account. As the share, the Company is trading at Pakistan Stock Exchange Limited below its Par value of PKR 5, therefore, it is unlikely that Shareholders will subscribe any right offering. The issue of shares at par value to the director is justified due to the reason that the same are issued at Par Value of PKR 5 each and the director have not charged any markup/interest and without any security. Further, it is unlikely that the outstanding loan of the directors would be repaid. Therefore, it will be in the interest of the Company as well as its shareholders to reduce its liabilities which will enhance the capital base and give comfort to the creditors and facilitate future



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(h) Benefits of the Issue

In addition to the benefits mentioned above, the proposed issuance of shares would enhance the borrowing capacity of the Company thereby improving liquidity position and improvement in the business and returns for the company and value of its shareholders which in turn will be beneficial for the capital market;

(i) Latest Market Price of Share

Rs. 2.27 as of 28th December 2022 as per closing rate at Pakistan Stock Exchange Limited.

(j) Average Market Price of Share

Average market price for share during last three months preceding the Board's decision is Rs. 3.06.

(k) Break-up value per Share:

Break-up value per shares as of 30 June, 2022 on the basis of audited accounts of the Company is negative PKR 7.08 and Break-up value per shares as of 30 September, 2022 on the basis of unaudited quarterly accounts of the Company is negative PKR 7.60.

(l) Consent of persons to whom the proposed shares are to be issued:

The director/relatives named above have consented in writing to the acquisition of proposed shares if approved by the shareholders and the Securities and Exchange Commission of Pakistan.

(m) Ranking of shares:

The proposed shares when issued will rank *par ipassu* with the existing ordinary shares of the Company.

(n) Book Entry Shares

The shares shall be issued only in book entry form within 60 days from the date of approval by the SECP.



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(o) **Approval:**

The proposed issuance of shares shall be subject to approval of the Securities and Exchange Commission of Pakistan.

4. The Board of Directors of the Company has recommended that the special resolutions as set out in the notice are passed at the Extraordinary General Meeting.
5. The director/relatives named above are interested in the proposed issuance of shares of the Company in consideration of his outstanding loans. Other directors have no interest in the issue of shares, whether directly or indirectly.