

SURAJ COTTON MILLS LIMITED

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that Extra-Ordinary General Meeting of **SURAJ COTTON MILLS LIMITED** will be held on **Monday, June 28, 2021 at 10:30 A.M.** Due to prevailing conditions owing to COVID-19 Pandemic, the meeting will be held through video-conference facility to transact the following business:

Special Business:

To consider and if thought fit, to pass with or without modification(s), the resolution appearing below as Special Resolution for Investment in the Right Shares of Associated Company as recommended by the board of Directors of the Company.

RESOLVED THAT approval of the members of Suraj Cotton Mills Limited ("The Company") be and is hereby accorded and the Company be and is hereby authorized in terms of section 199 and other applicable provisions of the Companies Act, 2017 to make further long term equity investment upto Rs. 8,242,500/- (Eight Million Two Hundred Forty-Two Thousand & Five Hundred Rupees Only) by way of subscription of 412,125 Right Shares at a price of Rs. 20/- each including a premium of Rs. 10/- each of **M/s The Crescent Textile Mills Limited** an associated Company.

RESOLVED FURTHER that Mr. Ahsan Bashir, Director, Mr. Adil Bashir, Director and Mr. Muhammad Naeem Sheikh, Chief Financial Officer of the Company be and are hereby Jointly (any two) empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions to complete all legal formalities as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

Attached to this notice is a Statement of Material Facts along with draft resolutions proposed to be passed as Special Resolutions in relation to the aforesaid special business, as required under Section 134(3) of the Companies Act, 2017.

By Order of the Board



Company Secretary

Lahore: June 07, 2021

BOOK CLOSURE:

The Members' Register will remain closed **from June 21, 2021 to June 28, 2021 (Both Days Inclusive).**

NOTES:

1. Transfers received in order at the company's Share Registrar Office, Corptec Associates Private Limited, 503-E, Johar Town, Lahore by the close of business hours on or before **June 20, 2021** will be considered in time.
2. Due to COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 issued on March 17, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this EOGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at EOGM through proxies.

Shareholders interested to participate in the EOGM are requested to share below information at info@corptec.com.pk for their appointment and proxy's verification by or before Friday, June 25, 2021 by 3:00 P.M.

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	E-mail Address

Shareholders who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will be available at the start of EOGM till the end of the meeting. Shareholders can also provide their comments and questions for the agenda items of EOGM at aforementioned e-mail on or before Friday, June 25, 2021 by 05:00 p.m.

3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy form is annexed to the notice sent to the members. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.
4. The notice of Extra – Ordinary General Meeting has been placed on the Company's website <https://www.suraj.com/>
5. As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by The SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in

physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investor account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

STATEMENT OF MATERIAL FACTS

Under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted in the Extra Ordinary General Meeting of the Company to be held on Monday, June 28, 2021.

Approval & Authorization for Investment in the Right Shares of Associated Company i.e. The Crescent Textile Mills Limited.

The Crescent Textile Mills Limited an associated company of Suraj Cotton Mills Limited has decided in their meeting of board of directors held on April 29, 2021 to issue further capital by offering 20,000,000 (Twenty Million) Ordinary Right Shares of Rs. 10/- each, in the proportion of 25 right shares for every 100 Ordinary Shares held at a price of Rs. 20 per right share (Inclusive of a Premium of Rs. 10/- Per Right Share).

As Suraj Cotton Mills Limited beneficially owns 1,648,500 ordinary shares of The Crescent Textile Mills Limited therefore the company has offered 412,125 Ordinary shares to Suraj Cotton Mills Limited being offered as Right shares at a price of Rs. 20/- per share (Inclusive of a Premium of Rs. 10/- Per Right Share) to be subscribed before the last date i.e. July 06, 2021 for subscription of Right shares. Total Right Subscription amount would be Rs. 8,242,500/- (Eight Million Two Hundred Forty-Two Thousand & Five Hundred Rupees Only).

Due Diligence:

The necessary due diligence for the proposed investment was carried out by the management and duly endorsed by the board of Directors. The due diligence report shall be made available for inspection of members in the EOGM called for approval of the Special Resolution for investment pursuant to Section 199 of the Companies Act, 2017. The names of Common Directors are:

1. Mr. Khalid Bashir
2. Mr. Amjad Mahmood

Audited Financial Statements of Associated Company:

As required by Regulation No. 4(3) of The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 the Audited Financial Statements of The Crescent Textile Mills Limited shall be made available to the members for inspection at the EOGM.

The following resolution is proposed to be passed as special Resolution:

RESOLVED THAT approval of the members of Suraj Cotton Mills Limited ("The Company") be and is hereby accorded and the Company be and is hereby authorized in terms of section 199 and other applicable provisions of the Companies Act, 2017 to make further long term equity investment upto Rs. 8,242,500/- (Eight Million Two Hundred

Forty-Two Thousand & Five Hundred Rupees Only) by way of subscription of 412,125 Right Shares at a price of Rs. 20/- each including a premium of Rs. 10/- each of **M/s The Crescent Textile Mills Limited** an associated Company.

RESOLVED FURTHER that Mr. Ahsan Bashir, Director, Mr. Adil Bashir, Director and Mr. Muhammad Naeem Sheikh, Chief Financial Officer of the Company be and are hereby Jointly (any two) empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions to complete all legal formalities as may be necessary or incidental for the purpose of implementing the aforesaid resolution.

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Investment in the Right Shares of The Crescent Textile Mills Limited

Sr. No.	Description	Information Required	
(a) Disclosure for all types of investments			
(A) Disclosure regarding Associated Company			
(i)	Name of Associated Company or Associated Undertaking	The Crescent Textile Mills Limited	
(ii)	Basis of Relationship	Common Directorship	
(iii)	Earnings per share for the last three years	Year	EPS in PKR
		2018	0.11
		2019	2.98
		2020	0.42
(iv)	Break-up value per share, based on latest Audited Financial Statements	PKR 108	
(v)	Financial Position, including main items of statement of financial position and profit and loss account on the basis of its latest Financial Statements	As per the Audited Financial Statements for the Year Ended June 30, 2020	
		Financial Position Details	PKR in Million
		Authorized Capital	1,000
		Issued Subscribed and Paid up Share Capital	800
		Total Equity	8,639
		Non-Current Liabilities	1,120
		Current Liabilities	9,034
		Non-Current Assets	11,253
		Current Assets	7,541
		Profit & Loss Account Details	PKR in Million
Revenue	13,264		

		Gross Profit	1,549
		Finance Cost	481
		Profit After Tax	33.60
(B) General Disclosures			
(i)	Maximum amount of investment to be made	Upto Rs. 8,242,500/- (Eight Million Two Hundred Forty-Two Thousand & Five Hundred Rupees Only) by acquiring 412,125 Right Shares at a price of Rs. 20/- per share (Including Premium of Rs. 10/- Per Share).	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To earn Dividend and Capital Gain. Investment in Associated Company is for Long Term.	
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from own sources of the Company.	
	(I) Justification for investment through borrowings	NA	
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA	
	(III) Cost benefit analysis	NA	
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA	
(v)	Director or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The Directors have no interest, directly or indirectly in the investment in The Crescent Textile Mills Limited except that they are shareholders / directors in the company.	
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete	NA	

	information/justification for any impairment or write offs;			
(vii)	any other important details necessary for the members to understand the transaction;	None		
(b) Additional Disclosure regarding Equity Investment				
(i)	maximum price at which securities will be acquired;	Rs. 20/- per Right Share Including Premium of Rs. 10/- Per Share.		
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Purchase Price is less than the Current Market Price of the shares of M/s The Crescent Textile Mills Limited.		
(iii)	Maximum number of Securities to be acquired	412,125 Right Shares		
(iv)	number of securities and percentage thereof held before and after the proposed investment;			
		Before	No. of Shares 1,648,500	Percentage 2.06%
		After	2,060,625	2.06%
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	Rs. 17.75 to 40.77		
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	N/A		

Information Under Regulation 4 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company	Below mentioned two individuals are common directors in the investing and investee company. Names and their holding in investing company is provided hereunder: Name of Director Holding in Investing Company 1. Mr. Khalid Bashir 1,686,900 Shares 2. Mr. Amjad Mahmood 16,106 Shares
Name of Investee Company	THE CRESCENT TEXTILE MILLS LIMITED

Total Investment Approved	NA
Amount of Investment made to date:	PKR 37,612,562 against 1,648,500 Shares
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	NA
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	There is no material Change in the financial Statements of Associated Company.