



DAR ES SALAAM
TEXTILE MILLS LIMITED

176-N, Scotch Corner, Upper Mall
LAHORE 54662, PAKISTAN

Phone: +92 42 35878 643-4
Fax: +92 42 35878 642

MILLS: 10th Km, Muridke-Sheikhupura Road,
Muridke
Phone: +92 42 7990 982-83
Fax: +92 42 7990 984
E-mail: dsm@nexlink.net.pk

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General meeting of the members of the Company will be held on 30 April 2018, Monday at 10:00 a.m. at the Company's registered office, located at 176 N, Scotch Corner Upper Mall, Lahore, to transact the following businesses: -

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting of the Company held on 27 November 2017.

Special Business:

2. To consider and if thought fit, to approve following special resolutions seeking disposal of freehold land, buildings, plant and machinery and other assets to settle liabilities towards lenders and creditors and to utilize surplus amount in implementation of alternate business as permissible under the Memorandum of Association of the Company by passing following resolution(s) as special resolution(s) with or without any modification, addition or deletion in terms of Section 183(3)(a) of the Companies Act, 2017:

RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of Section 183(3)(a) of the Companies Act, 2017 to dispose off freehold land, buildings, plant and machinery, electric fittings and installations, factory tools and equipment and other assets. The Company is also authorized to lease out its premises (freehold land and building), if required, till disposal thereof.

RESOLVED FURTHER THAT approval be and is hereby accorded for utilization of the proceeds from sale of freehold land, building and plant and machinery and other assets to settle the Company's liabilities towards lenders and other creditors and to utilize available funds for implementation of alternate business plan as recommended by the Board of Directors of the Company.

RESOLVED FURTHER THAT alternate business plan as recommended by the Board of Directors of the Company, placed before the meeting, be and is hereby approved and adopted.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to sell freehold land, buildings, plant and machinery and other assets and delegate any or all of its powers in this regard to the Chief Executive Officer or any other person on such terms and conditions as they deem fit, to act on behalf of the Company in

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carrying out and performing all acts, matters, things and deeds to implement and/or give effect to sell plant and machinery and utilization of the proceeds thereof.

RESOLVED FURTHER THAT Chief Executive Officer and/or Company Secretary be and are hereby authorized and empowered on behalf of the Company to do all acts, deeds and take all necessary steps including negotiations and signing/execution of the agreements and all other documents as may be necessary in order to give effect to, implement and complete sale of freehold land, buildings, plant and machinery and other assets of the Company and to lease Company's premises.

RESOLVED FURTHER THAT the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed/required by Securities and Exchange Commission of Pakistan without the need for passing any fresh resolution by the members.

RESOLVED FURTHER THAT the above authority shall remain in-force until revoked by the shareholders of the Company.

RESOLVED FURTHER THAT certified copies of this resolution be communicated to the concerned authorities, wherever required and shall remain in force until notice in writing to the contrary be given.

(Statement under Section 134(3) of the Companies Act, 2017, pertaining to the Special Business referred to the above is annexed to this notice of meeting, being sent to the shareholders)

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

Lahore

Dated: 09 April 2018

BY ORDER OF THE BOARD
Shahid Amin Chaudhry
Company Secretary

Notes:

1. The Share transfer books of the Company will remain closed from 23 April 2018 to 30 April 2018 (both days inclusive).
2. A member entitled to attend and vote at the Extra-ordinary General Meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at the

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registered office of the company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.

3. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card with him/her to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring with the usual documents required for such purpose.
4. Shareholders are requested to send the copies of their CNICs to meet the compliance with the requirements of insertion of CNIC number in Transfer Deed and Form-A in accordance with the Provisions of the first and third schedule of the Companies Act, 2017.
5. Shareholders are also requested to promptly communicate any change in their addresses to our Company's Share Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1- K Commercial, Model Town, Lahore.

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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 at the Extra-Ordinary General Meeting of the Company to be held on 30 April 2018.

The Company had already obtained in-principle approval from members for disposal of property, plant and equipment in its Annual General Meeting held on 27 November 2017 to settle the liabilities of lenders and creditors. The board of directors of the Company has now decided to dispose off freehold land, buildings on freehold land, plant and machinery and related stores and spares, electric fittings and installations and also proposed a new business plan. The information required under SRO 423(I)/2018 of April 03, 2018 is as follows:

1. The detail of the asset to be sold:

a) Land

126 Kanals and 13 marlas of land located at 10 Kilometer Muridke-Sheikhupura Road, Lahore was acquired on 16th December 1989.

b) Building on freehold land

Building on freehold land having covered area of 250,417 SFT located at 10 Kilometer Muridke-Sheikhupura Road, Lahore was constructed on or after 16th December 1989.

c) Plant and machinery

Sr. No.	Particulars of plant and machinery	Number / Set
1	Blow room	1
2	Lines	2
3	Cards	30
4	Comber	7
5	Drawing Frames	13
6	Simplex Frame	9
7	Ring Frames	26
8	Spindles	16,320
9	Cone Winders	11
10	Yarn Conditioning machine	1
11	Humidification, Air conditioning and filtration plant	2
12	Air compressor	8 sets
13	Laboratories and testing equipment	5
14	Workshop machines	2

Handwritten signature:



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Items of plant and machinery was acquired during the period from 1989 to 2005 and it is impractical to mention acquisition date of each item of plant and machinery.

d) Other assets

Sr. No.	Particulars of other assets	Number
1	Stores, spares and loose tools	Multiple items

It is impractical to mention the purchase date of each item of stores and spares.

2. Cost, book value, revalued amount and fair / market value of assets are as under:

Sr. No.	Particulars	Cost	Book Value	Revaluation Surplus**	Fair / Market value
Rupees					
1	Land*	2,346,030	43,733,830	41,387,800	74,010,000 to 87,071,000
2	Building*	89,210,727	134,170,741	44,960,014	195,047,000 to 243,809,000
3	Plan and machinery*	99,127,410	404,345,871	305,318,461	62,000,000 to 77,330,000
4	Stores, spares and loose tools	2,938,850	2,938,850	N.A.	1,500,000

*Fair values of freehold land, building on freehold land and plant and machinery were determined by an independent valuer on 29 May 2017 and 24 November 2017 respectively.

**Revaluation surplus represents carrying amounts as at 31 December 2017 whereas latest revaluation of land, building and plant and machinery were carried out by independent valuer on 30th June 2007, 30th June 2011 and 30th June 2014 respectively.

3. The proposed manner of disposal

The assets shall be disposed off through tenders in newspapers and/or negotiation, if required. The Company has already identified interested and independent buyer for partly disposal of plant and machinery in line with in-principle approval obtained from the shareholders in 28th Annual General Meeting of the Company held on 27 November 2017.

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4. Reason for the Disposal of the Assets

The Company had already suspended its operations since September 2016 due to shortage of working capital, unfavorable market conditions and continuous losses. As on 31 December 2017, the Company's accumulated losses stood at Rupees 453.985 million. Its equity is eroded by Rupees 319.401 million and its current liabilities exceeded its current assets by Rupees 524.722 million. The management explored various options to run the plant but the plans could not work out despite its best efforts. Meanwhile, the lenders of the Company were pressing for their overdue payments as their concerns sparked with the closure of mill operations. As of 31 December 2017; the Company was liable to commercial banks against short term and long term borrowings to extent of Rupees 307.908 million in addition to accrued mark-up of Rupees 109.626 million. The borrowings from commercial banks are secured against joint pari passu first charge over non-current assets and first charge over current assets of the Company. The Banks have agreed to settle the loans against sale of land, building and plant and machinery and committed remission/waiver of substantial amount of markup subject to repayment of loans as per settlement. The Company has already obtained NOCs from The Bank of Punjab and United Bank Limited constituting major part of loans whereas NOC from National Bank of Pakistan is expected to be issued before the convening of extraordinary general meeting. The NOC so received from all the banks including National Bank of Pakistan would be made available to shareholders for inspection of the same.

For the foregoing, the Board has proposed to dispose off freehold land, buildings, plant and machinery including related spares parts and other assets to settle amounts due to lenders, creditors and to utilize available funds in trading activities along with renting / letting of Company's premises till the disposal of land and building as permitted by Memorandum of Association of the Company. It is expected that land and building would fetch more than carrying amounts; however, in case of plant and machinery; the Company may not be able to sell at carrying value owing to lower demand of machinery, options available to buyers due to closure of various textile units in Pakistan and machinery being non-operational for quite sometimes. The Board of Directors has approved the aforesaid disposal plan along with alternate business plan. It is brought to the knowledge of members that the directors of the Company have carried out necessary due diligence before making decision with regard to disposal of land, building, plant and machinery and other assets.

5. Future Business Plan

The management has assessed the liquidity requirements of the Company keeping in mind market conditions and proposed to freehold land, buildings, plant and machinery, electric fittings and installations and stores and spares and to enter into trading of man-made fibers (including but not limited to polyester, viscose and acrylic), yarn and shares. The

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management has also proposed to let out the Company's premises subsequent to sale of machinery till the time land and building could be sold. It will provide the Company an opportunity to generate reasonable cash flows to meet operational requirements of the Company. It is expected that the Company would be able to recommence its operations before the close of financial year ending on June 30, 2019. The above objects are authorized by the Memorandum of Association of the Company. Financial Projection of the proposed business plan is attached with this notice as Annexure 'A'. Copy of the detailed feasibility report of the proposed business plan is available for inspection from the Registered Office of the Company as well as on Company's website: <http://www.daressalaamtextilemills.com>. The expected total cost of the project is around Rupees 80 million to manage working capital requirements and capital expenditure and expected to be implemented in next financial year.

6. Benefits Expected to Accrue to the Shareholders

Due to change in the line of business and future profitability, the management is expecting to pay dividend to its members in the third year of implementation of alternate business plan. This will also result in better performance of the Company as a whole and will enhance the members' value.

7. Inspection of Documents

Information pertaining to company's Memorandum and Articles of Association, financial projections, due diligence report for disposal of assets and other related information of the Company may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Extraordinary General Meeting.

8. Interest of directors and their relatives

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings in the Company.

Muridke