

DEWAN TEXTILE MILLS LIMITED

NOTICE OF EXTRA ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extra Ordinary General Meeting of **Dewan Textile Mills Limited** ("DTML" or "**the Company**") will be held on **Monday, May 18, 2015, at 10:30 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Thursday, October 30, 2014;
2. To consider any other business with the permission of the Chair.

SPECIAL BUSINESS:

1. To consider and pass a Special Resolution to increase the Authorized Capital of the Company from Rs. 300,000,000/-, divided into 30,000,000 ordinary shares of Rs. 10/- each, to Rs. 500,000,000/-, divided into 50,000,000 ordinary shares of Rs. 10/- each, and to resolve consequent alterations in the Memorandum and Articles of Association of the Company.
2. To pass a special resolution for conversion of outstanding loan from Directors into equity of the Company by way of a further issue of shares to the respective Director under the first proviso to Section 86(1) of the Companies Ordinance, 1984.

By order of the Board


Muhammad Hanif German
Company Secretary

Karachi: April 24, 2015

"Statement under Section 160(1)(b) of the Companies Ordinance, 1984, concerning the Special Business, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part hereof"

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from May 11, 2015 to May 18, 2015 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Annum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi, Pakistan.



DEWAN TEXTILE MILLS LIMITED

Registered & Corporate Office: 8th Floor, Block 'A', Finance & Trade Centre, Shahrah-e-Faisal, Karachi-75350 Pakistan
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3. A member of the Company entitled 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 abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) For Appointing Proxies:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
 - ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
 - iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.



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STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed as an integral part of the Notice of the Extra Ordinary General Meeting of Dewan Textile Mills Limited ("the Company" or "DTML") to be held on **Monday, May 18, 2015, at 10:30 a.m.**, at Dewan Cement Limited, Plant Site, Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Special Business

1. To consider and pass a Special Resolution to increase the Authorized Capital of the Company from Rs. 300,000,000/-, divided into 30,000,000 ordinary shares of Rs. 10/- each, to Rs. 500,000,000/-, divided into 50,000,000 ordinary shares of Rs. 10/- each, and to resolve consequent alterations in the Memorandum and Articles of Association of the Company.

The increase in authorized capital is nevertheless necessitated to accommodate the abovesaid further issue of shares. Capital increase fee, as prescribed under the Sixth Schedule to the Ordinance, shall be payable by the Company. The following resolution is proposed in this respect:

IT IS HEREBY RESOLVED:

"That the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following: The Authorized Capital of the Company is Rs. 500,000,000 (Rupees Five Hundred Million Only) divided into 50,000,000 (Fifty Million) shares of Rs. 10/- each, with the rights, privileges and conditions attaching thereto, as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company, and to divide the shares in the Capital for the time being, into several classes, and the existing Clause 4 of the Articles of Association of the Company be and is hereby substituted with the following: The Authorized Capital of the Company is Rs. 500,000,000/- (Five Hundred Million) divided into 50,000,000 (Fifty Million) Ordinary Shares of Rs. 10/- each."

2. To pass a special resolution for conversion of outstanding loan of Dewan Muhammad Yousuf Farooqui and Dewan Abdul Rehman Farooqui into equity of the Company under the provisions of Section 86(1) of the Companies Ordinance, 1984, for issuance of 27,930,000 and 4,630,000 respectively ordinary shares of Dewan Textile Mills Limited at Rs. 10/- (Rupees ten) each, total amounting to Rs. 325,600,000/- (Rupees Three Hundred Twenty Five Million Six Hundred Thousand Only), by way of otherwise than rights.

The Board of Directors of the Company ("the Board"), at its meeting held on Thursday, April 23, 2015, has approved the raising of further capital without any offer and issue of right shares, as per proposed special resolution; subject to the approval of the members of the Company, and the Securities and Exchange Commission of Pakistan ("SECP"). Material facts concerning the said special business are as follows:



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- 2.1 The outstanding loan from Dewan Muhammad Yousuf Farooqui, the Chairman Board of Directors and Dewan Abdul Rehman Farooqui Director of the Company ("Directors"), amounting to PKR. 279.3 million and 46.3 million respectively, shall be converted into ordinary shares of the Company at par value of Rs. 10/- per share, without any offer and/or rights issue. Thus, the number of shares proposed to be issued to Dewan Muhammad Yousuf Farooqui 27,930,000 and Dewan Abdul Rehman Farooqui 4,630,000, and the same shall rank *pari passu* to the existing shares of the company in all respects. This issue of shares otherwise than rights, following approval from the Shareholders, is subject to the approval of the Securities and Exchange Commission of Pakistan.

The scrip of the Company, at the close of trading hours at the Karachi Stock Exchange (Guarantee) Limited ("KSE"), on Thursday, April 23, 2015, was Rs. 7.35 per share. The preceding six-month and three-month volume weighted average price ("VWAP") of the share at the KSE, is Rs. 7.57 per share and Rs. 7.17 per share, respectively.

However, the Company is making conversion at par value which is justified mainly due to the reason that the current market scenario does not support the issuance of further shares under a right issue/secondary public offer, and that this loan was extended to the Company by the Directors without any security, markup/interest, and definitive terms of repayment. Also in the present business scenario it is impracticable to make any prediction for the repayment of this Loan. Therefore, it would be in the better interests of the Company, as well as its shareholders, to have its liabilities reduced, enhancement in capital base, creditors comforted, and to facilitate any future business prospects, without any impact on its cash flows.

The present Vs post-further share issuance of the respective Director, as contemplated hereby, together with the respective percentages to the total issued capital, now and then, shall comprise as follows:

| Sponsors | Present Shareholding | | Further issue of Shares (Number) under First Proviso to Section 86(1) of the Companies Ordinance, 1984, as contemplated hereby | Proposed Shareholding | |
|--------------------------------|-----------------------|---------------------------|--|-----------------------|---------------------------|
| | Number of Shares held | % to Total Issued Capital | | Number of Shares | % to Total Issued Capital |
| Dewan Muhammad Yousuf Farooqui | 3,110,518 | 23.03% | 27,930,000 | 31,040,518 | 67.38% |
| Dewan Abdul Rehman Farooqui | 1,669,053 | 12.36% | 4,630,000 | 6,299,053 | 13.67% |



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- 1.2 The above shares shall be issued to the Directors, *at par*, against the amount of loan extended by him to the Company.
- 1.3 The Directors to whom these shares will be issued has given written consent for the same.
- 1.4 The new shares shall rank *pari passu* in all respects with the existing shares of the Company.
- 1.5 The said Directors is interested in the transaction to the extent of issue of new shares in consideration of his outstanding loan amount.
- 1.6 Therefore, the following special resolutions are proposed to be passed, with or without modification(s):

IT IS HEREBY RESOLVED:

1. ***That the Company, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP" or the "Commission"), be and is hereby authorized to total issue 32,560,000 further ordinary shares of Rs. 10/- (Rupees ten) each (that is of Rs. 325,600,000/-), as fully paid-up and without the offer and/or issue of right shares, to Dewan Muhammad Yousuf Farooqui the Chairman Board of Directors and Dewan Abdul Rehman Farooqui Director ("Directors") of the Company, in lieu of his outstanding loan towards the Company, under the first proviso to Section 86(1) of the Companies Ordinance, 1984 ("the Ordinance");***
2. ***That the above shares shall be issued against the amount of loan extended by the Directors and that he has already consented for the same;***
3. ***That the new shares shall rank pari passu, in all respects, with the existing shares of the Company;***
4. ***That Mr. Haroon Iqbal, Director and Mr. Muhammad Hanif German, Company Secretary of the Company be and are hereby authorized to complete all necessary legal and corporate formalities with regard to the above Resolutions, and to take such actions as they may consider necessary or expedient to complete the process of raising further capital without issue of right shares; and***
5. ***That in case any error, omission, or mistake is pointed out in the aforesaid Resolutions by the Commission and/or any other competent authority, Mr. Haroon Iqbal, Director and Mr. Muhammad Hanif German, Company Secretary of the Company, be and are hereby authorized to make necessary amendments therein as permitted by the law.***



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