

NADEEM TEXTILE MILLS LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Nadeem Textile Mills Limited will be held on Saturday, July 18, 2020 at 04:00 p.m. at 801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

1. Ordinary Business

To approve the minutes of last Annual General Meeting held on 28th October, 2019.

2. Special Business

To pass the following resolution under Section 83(1)(b) of the Companies Act, 2017 as Special Resolution:

“Subject to approval of Securities and Exchange Commission of Pakistan, resolved that the issuance of 2,300,000 ordinary shares of the Company be and is hereby approved to be issued as other than right Issue to the Director of the Company, at Rs. 52/- per share against the face value of Rs. 10/- i.e. at premium of Rs. 42/- per share in consideration of satisfaction of outstanding amount of loan to the extent of Rs. 119,600,000/- (Rupees One Hundred Nineteen Million and Six Hundred Thousand Only).”

“Further resolved that the Chief Executive of the Company or the Company Secretary be and is/are hereby authorized to fulfill all statutory requirements for further issue of shares without Right Issue.”

3. Any Other Business

To transact any other business with the permission of the chair.

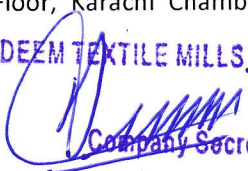
Karachi
June 26, 2020

By order of the Board
Company Secretary

Notes:-

- 1) The share transfer books of the Company will remain closed from July 11, 2020 to July 18, 2020 (both days inclusive). Transfers received at the office of share Registrar, Hameed Majeed Associates (Private) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi by July 10, 2020 will be treated in time for the entitlement to attend the Extraordinary General Meeting.
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him. A proxy must be a member of the Company.
- 3) The instrument appointing a proxy, in order to be valid must be received at the Head Office at 801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
- 4) Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub-account number along with original Computerized National Identity Card (CNIC) or Passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
- 5) Members are requested to immediately inform of any change in their addresses to our Share Registrar at Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

For NADEEM TEXTILE MILLS LTD.,


Company Secretary.

**STATEMENT OF MATERIAL INFORMATION UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017
REGARDING SPECIAL BUSINESS TO BE TRANSACTED IN EXTRA ORDINARY GENERAL MEETING TO BE
HELD ON JULY 18, 2020**

THE COMPANY

Nadeem Textile Mills Limited ("The Company") was incorporated in Pakistan as public limited company on July 15, 1984 and its shares are listed on the Pakistan Stock Exchange Limited. It was listed on the Stock Exchange in 1995. The registered office of the Company is situated at 801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi. The main business of the Company is manufacture and sale of yarn.

The authorized capital of the Company is Rs. 250,000,000/- divided into 25,000,000 ordinary shares of Rs. 10/- each and paid up capital of the Company is Rs. 192,119,850/- divided into 19,211,985 ordinary shares of Rs. 10/- each. To increase the leverage it is required to increase the paid up capital of the Company, which is also demanded by the lender Financial Institutions.

**Material Information about the Right Issue as required by Regulation
No. 5 of the Companies (Further Issue of Shares) Regulations 2020**

(i) Board of Directors Approval

The Board of Directors of the Company in their meeting held on June,26 2020 has approved the issuance of 2,300,000 ordinary shares of Rs. 10/- each of the Company at a premium of Rs. 42/- per share, as other than Right Issue to Director of the Company, in consideration of satisfaction of her outstanding amount of loan to the extent of Rs. 119,600,000/- (Rupees One Hundred Nineteen Million and Six Hundred Thousand Only), thereby reducing the liabilities of the Company to that extent.

(ii) Approval of Shareholders and Commission

The Board decision for issuance of right shares as other than right is subject to the approval of Shareholders and Commission

(iii) Quantum of the Issue

- Number of Shares to be Issued 2,300,000 Ordinary Shares of Rs. 10/- each
- Percentage of the Issue
 - Before Issue 11.972% of the Paid up Capital
 - After Issue 10.692% of the Post Issue Paid up Capital

(iv) Issue Price per Share and Justification for the same

The shares are being issued at Rs. 52/- per share i.e. at a premium of Rs. 42/- per share. The issue price is Rs. 2.05 or 4.104% more than the breakup value (without revaluation reserve) of Rs. 49.95 per share as per reviewed accounts as of December 31, 2019 and Rs. 22.60 or 76.87% more than the market price of Rs. 29.40 quoted on Pakistan Stock Exchange Limited (PSX) as per Daily Quotation of PSX dated June 25, 2020.

(v) Consideration

The shares are being issued for cash. The Company has already obtained loan from Director and utilized as working capital of the Company.

For NADEEM TEXTILE MILLS LTD.;


Company Secretary.

(vi) **Name of Person, her Brief Profile and Existing Shareholding to Whom the Shares are Proposed to be Issued**

1	Name	Mrs. Naila Zahid
2	Brief profile	Mrs. Naila Zahid is Chair Person and director of the company. She is sponsor of the company since its incorporation. She holds degree of senior of Cambridge. She looks after the overall business activities of the Company.
3	Existing shareholding	1,745,565 shares of Rs.10/- each.
4	Percentage of holding	9.09% of the total paid up capital.

(vii) **Purpose of the Issue**

To increase the leverage of the Company, which will ultimately ease the borrowing from Financial Institutions. The lending Institutions also demand the increase in paid up capital.

(viii) **Justification for Issue of the Shares by way of other than Right**

Out of the paid up capital of the Company of 19,211,985 shares only 4,507 shares are held by the General Public and balance 19,207,478 shares are held by the Directors, their family members and friends. The brief detail of shareholding is as under:

Description	No. of Shares	Percentage
Directors of the Company	13,580,715	70.689
Family Members of the Directors	2,020,586	15.517
Associated Company	3,604,500	13.762
Friends of the Directors	1,677	0.009
General Public	4,507	0.023
Total	19,211,985	100.00

As per the above statistics only 0.023% of the total right could be taken by the General Public and balance by the Directors, their family members and friends. On the other side none of the shares of the Company have been traded on the Stock Exchange from December 20, 2013 to date. The price of Rs. 52/- per share including premium of Rs. 42/- per share, at which the Right Shares are being issued is more than the break-up value of Rs. 49.95 per share as on December 31, 2019 and last share price quoted on Stock Exchange is Rs. 31.50 on November 12, 2018 (but no trade). The share price of the Company increased from Rs. 20.663 to Rs. 36.94 per share from January 01, 2014 to November 12, 2018 but no share was traded.

The present right issue is 11.972% of the total paid up capital of 19,211,985 ordinary shares of Rs. 10/- each and general public portion works out to 530 shares only. In case of normal right issue 530 shares are required to be underwritten by two different underwrites i.e. each underwriter has to underwrite 265 shares and none of the registered underwriter will agree to underwrite 265 shares, keeping in view the quantum of shares underwriting commission and related formalities. Further in 2017 Company issued 23% right shares at a premium of Rs. 15/- per share i.e. at issue price of Rs. 25/- per share, but none of the general public shareholder subscribed any single share. Further the Company has already obtained loan from Director and utilized as working capital of the Company.

For NADEEM TEXTILE MILLS LTD.

Company Secretary.

(ix) **Benefits of the Issue to the Company and its Members**

By increase of paid up capital, the leverage and borrowing capacity of the Company will increase, which will ultimately benefit the Company and its members in the shape of increased profits.

(x) **Breakup Value per Share as per the Audited and Reviewed Accounts**

(a) As per audited accounts as at June 30, 2019:	
- Without revaluation reserve	Rs. 47.27
- With revaluation reserve	Rs. 63.52
(b) As per reviewed accounts as at Dec. 31, 2019:	
- Without revaluation reserve	Rs. 49.95
- With revaluation reserve	Rs. 65.89

(xi) **Consent of the Person to whom the shares is to be issued**

Consent of the person to whom the shares are to be issued has been obtained in writing.

(xii) **Ranking of the Shares**

The proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the Company in all matters including the right to bonus or right shares and dividend, subsequent to the issuance of such new Ordinary Shares.

(xiii) **Average Market Price of the Shares during the last three months**

The shares of the Company are not frequently traded in the market. The last trade in the market was on December 19, 2013 for 500 shares at Rs. 18.60. Subsequently the rate was increased to Rs. 36.94 upto February 10, 2014 but no share was traded. The share price of the Company increased from Rs. 20.663 to Rs. 36.94 per share from January 01, 2014 to November 12, 2018 but no share was traded and last share price quoted on Stock Exchange is Rs. 31.50 on November 12, 2018 (but no trade). At present, as per daily quotation of Pakistan Stock Exchange Limited the rate is quoted at Rs. 29.40. No share has been traded in the market after December 19, 2013 which reflect no interest of general public in the shares of the Company.

(xiv) **Consideration**

The shares are being issued for cash against settlement of Director's loan which Company has already obtained and utilized as working capital of the Company.

(xv) **Existing and after issuance of proposed shares shareholding of the Director's to whom the shares are being issued**

1	Name	Mrs. Naila Zahid
2	Existing shareholding	1,745,565 shares of Rs.10/- each.
3	Percentage of holding	9.09% of the total paid up capital.
4	Shares to be issued	2,300,000 shares of Rs.10/- each.
5	Total shareholding after the proposed issue.	4,045,565 shares of Rs.10/- each.
6	Percentage of holding after the proposed issue.	18.806%

For NADEEM TEXTILE MILLS LTD.

Company Secretary.

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(xvi) **Provision of the Companies Act, 2017**

The Special Resolution is being passed under the provisions of Section 83(1)(b) of the Companies Act, 2017.

(xvii) **Total amount of the issue**

1	Total No. of shares to be issued	2,300,000
2	Face value per share	Rs.10/-
3	Premium per share	Rs.42/-
4	Total issue price per share	Rs.52/-
5	Total amount of issue	Rs.119,600,000/-

(xviii) **Interest of Director in the Special Business**

Mrs. Naila Zahid Chairperson / Director of the Company is interested in the special business to the extent of her present shareholding in the Company and she is also interested in the shares to be issued to her as other than right shares. Mr. Zahid Mazhar, Mr. Omer Bin Zahid and Mr. Hassan Bin Zahid are also interested indirectly in the shares to be issued to Mrs. Naila Zahid. All Directors and also interested in the special business to the extent of their shareholding in the Company.

In the light of above the Board of Directors has decided to issue 2,300,000 ordinary shares of Rs. 10/- each of the Company at Rs. 52/- per share i.e. at a premium of Rs. 42/- per share against settlement of loan of Director to the extent of Rs. 119,600,000/-. Therefore, the shareholders are requested to pass the following resolutions as Special Resolutions under Section 83(1)(b) of the Companies Act, 2017 with or without amendments.

“Subject to approval of Securities and Exchange Commission of Pakistan, resolved that the issuance of 2,300,000 ordinary shares of the Company be and is hereby approved to be issued as other than right Issue to the Director of the Company, at Rs. 52/- per share against the face value of Rs. 10/- i.e. at premium of Rs. 42/- per share in consideration of satisfaction of outstanding amount of loan to the extent of Rs. 119,600,000/- (Rupees One Hundred Nineteen Million and Six Hundred Thousand Only).”

“Further resolved that the Chief Executive of the Company or the Company Secretary be and is/are hereby authorized to fulfill all statutory requirements for further issue of shares without Right Issue.”

For **NADEEM TEXTILE MILLS LTD.**

Company Secretary.