

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 44th Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Friday, December 30, 2016 at 10:00 a.m. at 11-E Main Gulberg, Lahore to deal with the following matters:-

**ORDINARY BUSINESS:**

1. To confirm the minutes of last AGM held on January 31, 2016.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2016 together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.
4. **SPECIAL BUSINESSES:**

To consider and if deem fit to pass the following resolutions as special resolutions, with or without modification, addition(s) or deletion(s):

- (i). Resolved that the Company be and is hereby authorized to raise the paid up capital from Rs. 650 million to Rs. 800 million by issuing 30,000,000 ordinary shares of Rs. 5/- each at Rs. 10/- (at premium of Rs. 5/-) to the directors Khawaja Muhammad Naveed and Khawaja Muhammad Kaleem without indulging in the exercise of Right Issue to the existing members in accordance with the provisions of Section 83 (1) of the Companies Ordinance, 2016 (Section 86(1) of repealed Companies Ordinance 1984) subject to the approval of SECP, Government of Pakistan and such shares to rank pari passu with existing shares of the Company in all respects.

Further resolved that the Chief Executive and Company Secretary be and are hereby authorized to apply for all requisite regulatory approvals and to do all such other acts and things as may be deemed necessary in this regard.

- (ii). Resolved that pursuant to Section 38 and other applicable provision, if any, of the Companies Ordinance 2016 (Section 28 and other applicable provisions, if any, of the Repealed Companies Ordinance, 1984) and any other law(s), Articles of Association of the Company be and are hereby amended by inserting new Articles 72-A and 72-B immediately after the existing Article 72 to read as under;

**72-A.** A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and nonmembers can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

**72-B.** An instrument of proxy in relation to E-voting shall be in the following form:

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of the \_\_\_\_\_, holder of \_\_\_\_\_ share(s) as per register Folio No. / CDC Account No. \_\_\_\_\_ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer \_\_\_\_\_ as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

Signed in the presence of;

\_\_\_\_\_  
Signature of Member

CNIC No \_\_\_\_\_

\_\_\_\_\_  
Signature of Witness

CNIC No \_\_\_\_\_

\_\_\_\_\_  
Signature of Witness

CNIC No \_\_\_\_\_

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents / statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

5. To transact any other business which may be brought forward with the permission of the Chair.

**BY ORDER OF THE BOARD**

Lahore:  
December 02, 2016

**HASSAN AHMAD KHAN**  
Company Secretary

**BOOK CLOSURE**

The Member's Register will remain closed from December 23, 2016 to December 30, 2016 (both days inclusive).

**NOTES:**

1. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
2. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
3. Transfer received in order by the close of business hours on December 22, 2016 will be treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of company be sent to our share registrar M/s Corp link (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.
4. In terms of SECP's SRO 787(1)/2014, members can now receive audited financial statements alongside notice of AGM electronically through email. Therefore members (physical or CDC shareholders) who are interested in receiving the same are required to send their email addresses and consent for electronic transmission to share registrar of the company or directly to their broker(participant)/CDC investor account services, as the case may be.
5. The company has also placed the audited financial statements for the year ended 30-6-2016 alongside directors and auditor's report thereon on its website <http://www.chakwalgroup.com/kohinoorspinningmillsLtd/home.php>.

**STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ORDINANCE 2016 (SECTION 160 (1) (b) OF THE REPEALED COMPANIES ORDINANCE, 1984)****1. Issuance of Shares Otherwise Than Right Issue**

The Board of directors (The "Board") of Kohinoor Spinning Mills Limited (the "Company") at their meeting held on December 02, 2016 has decided to increase paid up capital of the Company by Rs. 150 million by issuance of further ordinary shares of 30 million by conversion of Directors' Loan of Rs. 300 million out of total loan of Rs.700 million as appearing in the audited accounts for the year ended June 30, 2016. Total increase in equity capital would be Rs. 300 million as 30 million shares would be issued at a premium of Rs. 5/- per share. The Company is facing liquidity crisis due to continuous losses affecting the repayment capacity towards its creditors.

The management is of the opinion that in the presence of continuous losses, neither the existing members will opt for further issue of right shares nor the management has further funds at their disposal to inject in the Company except the two members (Khawaja Muhammad Naveed and Khawaja Muhammad Kaleem) who are also the directors and have already invested in the Company through directors' interest free loan. They have given their consent to convert their loan into equity. Further in case of issuance of right shares no Company/Financial Institution would agree to underwrite the unsubscribed shares of this loss making Company. Under the circumstances there is no way out for the management to increase the paid up capital except by conversion of Directors' loan into equity and only then the better equity will enable the banks to provide loan to the Company. If we do not avail this option, further expected erosion of equity would be detrimental to the interest of minority shareholders and the Company. Also, it would cast further doubts about the Company as a going concern and banks would not find it lucrative to invest further in the Company. The management believes that if this loan conversion into equity arrangement is approved by the Securities & Exchange Commission of Pakistan (SECP), the Company will positively revert to the profitability and is expecting better future prospects for the Company. Other relevant information is as below:

- i) Shares shall be issued to the Chief Executive of the Company Khawaja Muhammad Naveed (17,800,000 ordinary shares) and Director Khawaja Muhammad Kaleem (12,200,000 ordinary shares);
- ii) Market price of share is Rs. 7.50 as of today;
- iii) The directors' loan is Rs. 700 million till 30th June 2016 while 30 million shares will be issued to the above named directors of the Company;
- iv) Present shareholding of the sponsoring directors is 70.35% (as per latest available data) and after the proposed allotment of shares it will be 75.91%;
- v) Completion of procedural process of SECP will be the cut-off date;
- vi) Existing authorized capital of the Company is 300 million shares of Rs. 5/- each. Existing paid-up capital is 130 million shares of Rs. 5/- each;
- vii) All directors (including named in (i) above) have consented for conversion of loan and issuance of shares otherwise than right;
- viii) The directors Khawaja Muhammad Naveed and Khawaja Muhammad Kaleem are interested in proposed transaction to the extent of shares to be issued to them in lieu of repayment of their loan.
- ix) The directors have 70.35% shareholding in the Company. Shares are very nominally traded in the market. Therefore, the issuance of shares otherwise than right at premium of Rs. 5/- per share to the directors will not affect the rights of other shareholders.

**2. To amend Articles of Association of the Company to facilitate E-voting in general meetings of the Company in compliance with the requirements of The Companies (E-voting) Regulations, 2016**

The Board of Directors of the Company in their meeting held on December 02, 2016 recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to allow members of the Company to opt for E-voting in a general meeting of the Company in compliance with the requirements of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power. The Directors of the Company have no interest, directly or indirectly in the above business.