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**NOTICE OF
EXTRA ORDINARY
GENERAL MEETING
MAY 31, 2018**



Chakwal Spinning Mills Limited



NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting of the shareholders of Chakwal Spinning Mills Limited ("Company") will be held on Thursday, 31 May, 2018 at 11.00A.M. At the 7/1, E-3, Main Boulevard Gulberg-III, Lahore to transact the following Special Business;

1. To confirm the minutes of last meeting
2. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Special Resolutions:

RESOLVED THAT, the Authorized Share Capital of the Company be and is hereby increased from Rs. 500,000,000/- divided into 100,000,000 ordinary shares of Rs. 5 each to Rs. 700,000,000 /- divided into 140,000,000 ordinary shares of Rs. 5 each.

FURTHER RESOLVED THAT, the figures and words Rs. 500,000,000/- divided into 100,000,000 ordinary shares of Rs. 5 each be and are hereby replaced with the figures and words Rs. 700,000,000 /- divided into 140,000,000 ordinary shares of Rs. 5 each in Clause-V of the Memorandum of Association and Article 4(a) of the Article of Association of the Company.

FURTHER RESOLVED THAT, The Chief Executive Officer or Company Secretary be and are hereby singly authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal and corporate formalities and file all requisite documents with the Registrar to effectuate and implement this resolution."

3. To consider and, if thought fit, to pass with or without modification(s), addition(s) or deletion(s), the following resolutions as special resolution(s), under Section 83(1)(b) of the Companies Act, 2017.

"RESOLVED THAT, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions and sanctions, including the approvals of the Securities and Exchange Commission of Pakistan (the "SECP") under Section 83 (1)(b) of the Companies Act, 2017, approval of the shareholders of the Company be and is hereby accorded to increase the paid up share capital of the Company from Rs. 200 million divided into 40 million ordinary shares of PKR 5 each to Rs. 622.956 million divided into 124,591,200 Ordinary Shares of PKR 5 each by the issuance of additional 84,591,200 Ordinary Shares AT PAR value of PKR 5 each by way of otherwise than right shares at a price of PKR 5 each to the following Directors of the Company against their outstanding loans towards the Company"

Mr. Khawaja Mohammad Jawed	PKR. 124.205 Million
Mr. Khawaja Mohammad Kaleem	PKR. 280.751 Million
Mr. Khawaja Mohammad Jahangir	PKR. 18.000 Million



FURTHER RESOLVED THAT, the Chief Executive Officer and / or Company Secretary of the Company, be and are hereby authorized singly and / or jointly ("Authorized Persons") to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares.

FURTHER RESOLVED THAT, the Authorized Persons, be and are hereby further authorized singly and / or jointly, to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares including but not limited to obtaining all requisite regulatory approvals, preparation and circulation of the notice of the General Meeting, preparing the resolutions to be placed before the General Meeting; engaging legal advisor(s) and consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right shares and all other matters incidental or ancillary thereto.

FURTHER RESOLVED THAT, the Company be and is hereby authorized to take all such actions including but not limited to the filing the requisite applications (through the Authorized Persons or their appointed consultants) for seeking permission from the Securities and Exchange Commission of Pakistan and such other regulatory authorities as may be required for issuance of further capital without right offering and all matters relating thereto.

FURTHER RESOLVED THAT, all acts, deeds, and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company.

FURTHER RESOLVED THAT, the aforesaid special resolution(s) shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the shareholders, SECP and / or any other regulatory body which suggestion, direction and advice shall be deemed to be part of these Special resolution(s) without the need of the shareholders to pass fresh Special Resolution(s)."

9 May, 2018
Lahore

By order of the Board

(Nadeem Anwar)
Company Secretary



Notes:

1. A statement of material facts under Section 134 of the Companies Act, 2017 concerning the special business to be transacted at EOGM is being sent to the members with the notice of the meeting.
2. The share transfer books of the Company will remain closed from May 24, 2018 to May 31, 2018 (both days inclusive). Transfers received at the Company's Share Registrar's Office by the close of the business on May 23, 2018 will be considered in time for the purpose of attending and voting at the EOGM.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary at Registered Office of the Company not less than 48 hours before the time of holding the meeting. No persons shall be appointed as a Proxy unless he/she is a member of the company.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.



- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
- 5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
- 6. Shareholders are requested to notify any change in their addresses immediately to Company's Share Registrar office at Corplink (Pvt) Ltd, 1-K, Commercial, Model town, Lahore.



**STATEMENT UNDER SECTION 134 OF THE COMPANIES
ACT, 2017 CONCERNING THE SPECIAL BUSINESS:**

1. The authorized share capital is being increased for issuance of further shares as otherwise than right shares.
2. The Board of Directors in their meeting held on 28 April, 2018 decided to raise paid-up capital amounting to Rs. 422.956 million divided into 84,591,200 ordinary shares of Rs. 5 each to the directors against their outstanding loans without right offering subject to approval of shareholders and permission from the SECP.
3. The Directors have no interest in the increase in authorized capital, whether directly or indirectly except to the extent of their shareholdings in the Company and the Directors named herein who have provided loans to the Company are interested in the proposed issuance of shares otherwise than right offering against their outstanding loans.
4. The proposed shares shall be issued at PAR against conversion of loans provided by the directors to the Company and the new ordinary shares shall rank parri passu with the existing ordinary shares in all respects.
5. A copy of Memorandum and Articles of Association has been kept at the registered Office of the Company and may be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the general meeting.
6. In this regard, the Company provides the following further material information:

(a) Justification for Issue of Shares Otherwise than Right Shares:

Due to continued losses suffered by the Company, the equity has been reduced into negative, net of losses amounting PKR 399.371 million as is evident from the audited accounts for the year ended 30 June 2017. The share price is being quoted around Rs.4/-for quite some time. Therefore, there are remote chances that shareholders will subscribe the right offering particularly in view of the fact that the Company will not be able to declare any dividend in near future. On the other hand the directors who have provided loan to the company in the needy hour without charging any mark-up and without any security are agreeable to take shares at PAR value in order to improve the balance sheet of the company. In the current circumstances prevailing in the textile sector where more than 100 spinning mills have closed down their operations, it is very unlikely that the outstanding loan of the directors could be repaid. Therefore, it will be in the best interest of the Company and ultimately to the benefit of shareholders that the liabilities be reduced by issuing shares against directors' loan which will enhance the capital base and give comfort to the creditors and facilitate future business prospects without having any negative impact on the cash flows.

(b) Name of the persons to whom the proposed shares will be issued

Mr. Khawaja Mohammad Jawed	PKR. 124.205 Million
Mr. Khawaja Mohammad Kaleem	PKR. 280.751 Million
Mr. Khawaja Mohammad Jahangir	PKR. 18.00 Million



(c) Break-up value per Share:

Break-up value per shares as of March 31, 2018 on the basis of un-audited accounts of the Company for the Quarter Ended March 31, 2018, inclusive of surplus on revaluation of property plant & equipment is Rs. (7.62) and exclusive of surplus on revaluation of property plant & equipment is Rs. (11.71).

(d) Consideration for issue of Shares:

The consideration for the proposed issuance of shares will be conversion of director's loans extended by them to the Company as detailed above.

(e) Purpose, Utilization and benefits:

Purpose: To reduce the liabilities and improvement of capital base of the Company and breakup value of the Company.

Utilization: The issuance of the Shares will be against the outstanding loans of the directors.

Benefits: This will enhance the borrowing capacity of the company thereby improving liquidity position and improvement in the business and returns for the Company and value for its shareholders.

(f) Existing shareholding of the persons to whom Shares are proposed to be issued:

Mr. Khawaja Mohammad Jawed	2,432,729	shares i.e.	6.081 % of the paid up share capital.
Mr. Khawaja Mohammad Kaleem	7,962,213	shares i.e.	19.906 % of the paid up share capital.
Mr. Khawaja Mohammad Jahangir	2,831,750	shares i.e.	7.079 % of the paid up share capital.

(g) Total shareholding of the persons after the proposed issuance of Shares:

Mr. Khawaja Mohammad Jawed	27,273,729	shares i.e.	21.890% of the paid up share capital.
Mr. Khawaja Mohammad Kaleem	64,112,413	shares i.e.	51.458 % of the paid up share capital.
Mr. Khawaja Mohammad Jahangir	6,431,750	shares i.e.	5.162 % of the paid up share capital.



(h) Consent of persons to whom the proposed shares are to be issued:

The directors named above have consented in writing to the acquisition of proposed shares if approved by the shareholders and the Securities and Exchange Commission of Pakistan.

(i) Shares issued in past two years:

No shares have been issued in the past two years:

7. The Directors named above are respectively interested in the proposed issuance of shares of the Company in consideration of their outstanding loans. Other directors have no interest in the issue of shares, whether directly or indirectly.



Chakwal Spinning Mills Limited

FORM OF PROXY EXTRA ORDINARY GENERAL MEETING

The Corporate Secretary
Chakwal Spinning Mills Limited
7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of _____
being a member (s) of CHAKWAL SPINNING MILLS LIMITED hold _____ ordinary shares hereby appoint
Mr./Mrs./Miss _____ of _____ or
failing him/her _____ of _____ as my /our
Proxy to attend and vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the Company
to be held on thursday, 31st May 2018 at 11:00 am at 7/1 E-3 Main Boulevard Gulberg III, Lahore and at every
adjournment thereof.

Signed this _____ day of _____ 2018.

NOTE

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less then 48 hours before the time of holding the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with this Proxy Form before submission to the Company.

1. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____

**AFFIX
REVENUE
STAMP OF FIVE RUPEES**

2. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____

Signature: _____

(Signature appended above should agree
with the specimen signatures registered
with the Company.)



سیکرٹری
چکوال سپنگ ملز لمیٹڈ
E-3 7/1 مین بولیوار ڈگلیز - III لاہور۔

کراچی، یکدہ روز جمعہ مورخہ 31 مئی 2018 بوقت 11:00 بجے صبح بمقام: E-3/7/1 میں لیڈار ڈیگبرگ III-البور میں منعقد ہوا ملتوی ہونے والے غیر معمولی اجلاس میں رائے دہندگی کیلئے نمائندہ مقرر کرتا کرتی ہوں۔

1۔ پراسیسز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کے رجسٹرڈ آفس کو موصول ہوں۔

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Book Post
Printed Matter

If undelivered please return to:

Chakwal Spinning Mills Limited

7/1-E-3, Main Boulevard, Gulberg III, Lahore.

Tel: (042) 35757108 Fax: (042) 3575 5760