

## COLONY TEXTILE MILLS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of Colony Textile Mills Limited will be held on Thursday, October 27, 2023 at 10:00 hours at Ismail Aiwan-e-Science Building, 205-Ferozepur Road, Lahore to transact the following business:

1. To confirm the minutes of 12<sup>th</sup> Annual General Meeting held on October 27, 2022.
2. To receive, consider and adopt the Annual Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2023 together with Directors' and Auditors' Reports thereon.
3. To appoint the Company's Auditors and to fix their remuneration for the next Financial Year 2023-24.
4. To elect seven (07) directors as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The retiring directors are:
  - i. Mr. Mughis A. Sheikh
  - ii. Mr. Muhammad Tariq
  - iii. Mr. Muhammad Atta Ullah Khan
  - iv. Mr. Fareed Mughis Sheikh
  - v. Mr. Muhammad Asharf Saif
  - vi. Mr. Abdul Hakeem Khan Qasuria
  - vii. Mrs. Noshaba Faiz

#### Special Business

5. To consider and approve the sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) declared by the Board as per its policy and to pass the following resolutions with or without amendments as a special resolutions:

**RESOLVED** that the transaction of sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) be and is hereby approved.

**FURTHER RESOLVED** that the Chief Executive and / or Secretary of the Company be and is/are hereby authorized to comply with the legal and corporate formalities relating to this transaction and effectuate this resolution.
6. To approve transmission of Annual Audited Financial Statements to the Company's Shareholders through QR enabled code and weblink as allowed by the SECP via S.R.O. No. 389(I)/2023 dated March 21, 2023 and to consider and if deemed fit pass the following special resolution.

**RESOLVED** that the approval be and is hereby accorded and the Company is authorized to circulate the annual financial statements to shareholder through Quick Response (QR) enabled code and web-link instead of sending these through CD/DVD/USB, subject to the requirements of Notification No. S. R.O 389(1)/2023 of the Securities & Exchange Commission of Pakistan dated March 21, 2023".
7. Any other business with the permission of Chairman.

Statement of Material Facts as required under Section 134(3) and 166(3) of the Companies Act, 2017 concerning the special business and the manner of selection of Independent Directors is annexed.

By Order of the Board

Muhammad Tayyab  
Company Secretary

Lahore:  
October 06, 2023

## **NOTES:**

1. Pursuant to the instructions of Securities and Exchange Commission of Pakistan (SECP) facility of online meeting through Zoom Platform is also available for shareholders to attend Annual General Meeting to avoid the public gathering in order to protect the health of valued shareholders' and their well-being. To attend the General Meeting through video link, members and proxies are requested to register their particulars such as Name, CNIC Number, Folio/CDC Account Number, Cell Number and eMail Address by sending an e-mail at [corporate@colonytextiles.com](mailto:corporate@colonytextiles.com) at earliest but not later than 48 hours before the Meeting time with legible copy of valid CNIC/Passport.

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received in time as mentioned above. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the General Meeting on the above-mentioned e-mail address.

2. The Share Transfer Books of the Company will remain closed from October 20, 2023 to October 27, 2023 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Hameed Majeed Associates (Private) Limited, H.M. House, 7-Bank Square, Lahore, at the close of business on October 19, 2023 will be considered in time to determine voting rights of the shareholders for attending the meeting.
3. A member eligible to attend, speak and vote at meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be properly filled in and received at the Company's Registered Office not later than 48 hours before the scheduled time of meeting.
4. The Shareholders are requested to have their Folio/Account details (Participant ID and Sub-account) and original CNIC for identification purpose, readily available with them, at the time of meeting. In case of a Corporate Entity, Resolution of the Board of Directors or Power of Attorney with specimen signatures of the nominee should be produced.
5. Members holding in aggregate 10% or more shareholding residing at a geographical location may demand video conference facility. Provided that such request should reach the Company at least seven days prior to the date of general meeting with his complete particulars.
6. Any person who intends to contest the election to the office of Directors, file a notice of his/her intention to contest the election as Director. The said notice is required to be received by the Company at its Registered Office at Ismail Aiwana Science Building, 205-Ferozpur Road, Lahore not later than 14-days before the date of Annual General Meeting. The intention to contest the election of directors must accompanied with the following:
  - a) Consent of the candidate to act as director on Form 28 in terms of Section 167 of the Companies Act, 2017 duly filled and signed.
  - b) His/her folio no. /CDC Investor Account No. / CDC Participant No. / Sub-Account No.
  - c) A detailed profile along with his/her office address as required by the Securities and Exchange Commission of Pakistan vide its notification S.R.O. 1196(I)/2019 dated October 03, 2019.
  - d) Declaration that He/she is not ineligible to become a Director of a listed company under Section 153 of the Companies Act, 2017 and any other applicable laws and regulations.
  - e) In case of Independent Director, Declaration under clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 on non-judicial stamp paper that he/she qualifies the criteria of independence as stipulated under Section 166 of the Companies Act, 2017.
  - f) Confirmation of candidate that he/she is not serving as director in more than seven listed companies simultaneously, provided that his/her limit shall not include the directorship in the listed subsidiaries.
  - g) An attested and valid copy of CNIC and contact/mailing details.
  - h) Desirous candidate may contact the company at [corporate@colonytextiles.com](mailto:corporate@colonytextiles.com) for any queries or assistance.
7. Election of Directors shall be held in following each category. Accordingly, a member who seeks to contest for election may select any one category in which he / she intends to contest election of directors.

|                         |            |
|-------------------------|------------|
| a) Female Category      | One Seat   |
| b) Independent Category | Two Seats  |
| c) Other Directors      | Four Seats |

8. The member in their discretion may vote to any candidate consenting in each of the above categories. It must, however, be noted that division of votes available to each member for the category shall be in the proportion to the number of seats of directors under each category, which is as follows:
- |                         |            |           |
|-------------------------|------------|-----------|
| a) Female Category      | One Seat   | 1/7 votes |
| b) Independent Category | Two Seats  | 2/7 votes |
| c) Other Directors      | Four Seats | 4/7 votes |
9. Members of the Company can exercise their right to demand a poll subject to sections 143 and 144 of the Companies Act, 2017 and the applicable clauses of the "Companies (Postal Ballot) Regulations, 2018" (the "Regulations"). The right to vote through electronic voting facility and voting by post shall be provided to members of company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

#### **Procedure for E-Voting**

- Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 19, 2023.
- The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of Hameed Majeed Associates (Pvt) Limited (being the e-voting service provider).
- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- E-Voting lines will start from 24-10-2023, 09:00 a.m. and shall close on 26-10-2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is casted by a Member, he / she shall not be allowed to change it subsequently.

#### **Procedure for Voting Through Postal Ballot**

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Ismail Aiwan e Science Building, 205-Ferozepur Road, Lahore, Pakistan or email at [chairman@colonytextiles.com](mailto:chairman@colonytextiles.com) one day before the Annual General Meeting on 26-10- 2023 up to 5 p.m. The signature on the ballot paper shall match the signature on CNIC. This postal Poll paper is also available for download from the website of the Company at [www.colonytextiles.com](http://www.colonytextiles.com) or use the same as attached to this Notice and published in newspapers. Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority. E-voting Service Provider: CDC Share Registrar Services Limited.

10. The Annual Financial Statements are being transmitted to Shareholders through DVD and also have been placed at website of the Company at [www.colonytextiles.com](http://www.colonytextiles.com). However, the company shall send printed copy of its Financial Statements to desirous Shareholders within a week of such request.
11. Shareholders having physical shares are requested to open sub-account with any of the broker or Investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, at any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange.
12. Shareholders are advised to:
- Send valid copy of CNIC/NICOP, if not provided earlier to our Share Registrar.
  - Notify any change of address immediately, if any.

#### **Statement Under Section 166(3) Of The Companies Act, 2017**

The Term of Office of the Retiring Directors will expire on October 31, 2023 and the Board of Directors of Colony Textile Mills Limited ("the Company") will be re-constituted for the next term of three years by electing seven (7) directors including two (2) independent directors and one (1) female director in Annual General Meeting to be held on October 27, 2023. Section 166(3) of the Companies Act 2017 provides that a statement of material facts is annexed to the Notice of the General Meeting called for the purpose of Election of Directors which shall indicate the justification for choosing the appointee for appointment as Independent Director. Pursuant to the above-mentioned provision, Independent Directors will be elected through the process of election of directors as laid down under Section 159 of the Companies Act, 2017. The Company will ensure that the Independent Directors to be elected meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and regulations issued thereunder and their names are listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance. The Company while selecting Independent Directors shall assess respective competencies, diversity, skill, knowledge and experience of the

Candidate.

The candidates are requested to read the relevant provisions/requirements relating to the Appointment/Election of Directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the / same in letter and spirit.

If the number of members who offer themselves in each category is not more than the number of directors to be elected in each category, such members will be elected unopposed without the voting process.

None of the Directors have direct or indirect interest in the above said business, except as shareholders and that they may consent for election of directors.

#### **Statement 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 Annual General Meeting of the Company to be held on October 27, 2023.

#### **Item No. 5 of the Agenda - Sale of wholly owned Subsidiary**

The statement sets out the material facts concerning the Special Business, given in the agenda item No. 5 of the Notice that will be considered by the members.

The board has decided to sale the 100% owned subsidiary of Colony Textile Mills Limited, engaged in business of garments manufacturing, namely StitchRite (Private) Limited. Bids were called by the management of the Company from private investors. The highest bid was received at Rs. 170,000,000 from Mr. Ismaeel Fareed Sheikh and Mr. Shameel Fareed Sheikh, who are related to chief executive / director, and the chief executive / director has recused himself from voting on the resolution in which this bid was considered and approved.

|             |  |  |
|-------------|--|--|
| <b>i)</b>   | Name of the subsidiary   | StitchRite (Pvt) Limited;<br>a 100% subsidiary of Colony Textile Mills Limited   |
| <b>ii)</b>  | Cost and book value of investment in subsidiary  | Cost: Rs. 160 million<br>Book Value: Rs. 160 million   |
| <b>iii)</b> | Total market value of subsidiary based on value of the shares of the subsidiary company:<br><b>a)</b> In case of listed subsidiary company :<br>quoted price of shares of subsidiary on day of decision of the board for disposal;<br><b>b)</b> In case of non-listed subsidiary:<br>Value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer. | N.A.<br><br>Valuation was conducted by HLB Ijaz Tabussum & Co., Chartered Accountants. Value was determined/assessed at Rs. 166,240,000 (Rupees 10.39 per share).  |
| <b>iv)</b>  | Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available;  | Net worth as per Audited Accounts of June 30, 2023 is Rs. 156,748,233. Interim Accounts of the Subsidiary are not applicable after the audited Accounts of 30 June 2023.   |
| <b>v)</b>   | Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization;   | Consideration for disposal is Rs. 170,000,000. The management entrusted HLB Ijaz Tabussum & Co., Chartered Accountants to work out the value of the business, based on which a floor of Rs. 166,240,000 was decided. Offers for bids were invited privately and the highest bidder was selected by the board. Funds from the sale of the subsidiary will be utilized to settle the liabilities of the Company. |
| <b>vi)</b>  | Quantitative and qualitative benefits expected to accrue to the members.   | A capital gain of Rs. 10,000,000 will arise, improving EPS of the Company. Disposal will allow the management to concentrate on its core business of Spinning and Weaving.   |

**Item No. 6 of the Agenda - Circulation of Annual Audited Financial Reports through QR enabled Code and Weblink**

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023 has allowed companies to circulate annual audited financial statements to its members through QR enabled code and Weblink. In order to benefit the use of technology, the Board of Directors of Imperial Limited (“the Company”) in its meeting held on October 5, 2023 has recommended the transmission of Annual Reports including Audited Financial Statements of the Company to its members through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB. However, hard copy of the annual audited financial statements will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

The documents pertaining to foregoing special businesses are available for inspection at the registered office of the Company on any working day upto October 27, 2023 during business hours and also at the time of General Meeting.

None of the Directors of the Company have any direct or indirect interest in this special business except in their capacity as Shareholders or Directors of the Company.



## BALLOT PAPER FOR VOTING THROUGH POST COLONY TEXTILE MILLS LIMITED

Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore

Tel: 042-35758970-2 website: [www.colonytextiles.com](http://www.colonytextiles.com)

**Ballot Paper for voting through Post for Poll to be held on**

**October 27, 2023 at 10.00 a.m. at Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore**

Designated email address of the Chairman at which duly filled in ballot paper may be sent: [chairman@colonytextiles.com](mailto:chairman@colonytextiles.com)

|   |  |
|---|--|
| Name of shareholder/joint shareholders  |  |
| Registered Address  |  |
| Folio No./CDC Participant / Investor ID with sub account No.  |  |
| Number of shares held   |  |
| CNIC, NICOP/Passport No.(in case of foreigner) (copy to be attached)  |  |
| <b>Additional Information and enclosures</b><br>(In case of representative of body corporate, corporation and Federal Government) |  |
| Name of Authorized Signatory  |  |
| CNIC, NICOP/Passport No.(in case of foreigner) of Authorized Signatory (copy to be attached)                                      |  |

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

| Special Resolutions   |
|---|
| <p><b>Agenda Item 5.</b> To consider and approve the sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) declared by the Board as per its policy and to pass the following resolutions with or without amendments as a special resolutions:</p> <p><b>RESOLVED</b> that the transaction of sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) be and is hereby approved.</p> <p><b>FURTHER RESOLVED</b> that the Chief Executive and / or Secretary of the Company be and is/are hereby authorized to comply with the legal and corporate formalities relating to this transaction and effectuate this resolution.</p> <p><b>Agenda Item 6.</b> To approve transmission of Annual Audited Financial Statements to the Company's Shareholders through QR enabled code and weblink as allowed by the SECP via S.R.O. No. 389(I)/2023 dated March 21, 2023 and to consider and if deemed fit pass the following special resolution.</p> <p><b>RESOLVED</b> that the approval be and is hereby accorded and the Company is authorized to circulate the annual financial statements to shareholder through Quick Response (QR) enabled code and web-link instead of sending these through CD/DVD/USB, subject to the requirements of Notification No. S. R.O 389(1)/2023 of the Securities &amp; Exchange Commission of Pakistan dated March 21, 2023".</p> |

I/we hereby exercise my/our vote in respect of the above resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

| Sr. No. | Nature and Description of resolutions                           | I/We assent to the Resolutions<br>(FOR) | I/We dissent to the Resolutions<br>(AGAINST) |
|---------|---|---|--|
| 1.      | Special Resolution as per Agenda Item No. 5<br>(as given above) |   |  |
| 2.      | Special Resolution as per Agenda Item No. 6<br>(as given above) |   |  |

Signature of Shareholder/Proxy

(in case of Corporate Entity, please affix company stamp)

Joint Holder 1 (if any)

Joint Holder 2 (if any)

Place:

Date:

Notes/Instructions:

- Please fill the above Form carefully.
- Dully filled postal ballot should be sent to Chairman (Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore, E-Mail at [chairman@colonytextiles.com](mailto:chairman@colonytextiles.com))
- Clear and valid Copy of CNIC should be enclosed with the postal ballot form.
- Postal ballot forms should reach chairman of the meeting on or before October 26, 2023 during business hours. Any postal ballot received after this date and time, will not be considered for voting.
- Signature on postal ballot should match with signature on CNIC.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.