THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-4733 **N O T I C E** **September 09, 2009**

SAMIN TEXTILES LIMITED

*Source: "**BUSINESS RECORDER**" Dated: September 09, 2009*

SAMIN TEXTILES LIMITED

Notice of 20th Annual General Meeting

Notice is hereby given that the twentieth annual general meeting of the shareholders of the Company will be held on Wednesday, September 30, 2009 at 4:00 pm at the registered office of the Company, 50-C Main Gulberg, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last AGM held on October 28,2008.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors and Auditor's Report there on.
3. To appoint auditors of the Company for the year ending June 30, 2010 and fix their remuneration.
   The retiring auditors M/S Anjum Asim Shahid Rahman, Chartered Accountant, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and pass if deem fit, the following resolutions with or without modification(s).
   i). Resolved that approval be and is hereby accorded for conversion of Rs. 35 million of interest free Sponsor's loan from Mr. Samad Amin (Chief Executive Officer) into interest bearing loan at the average borrowing cost of the Company as will prevail at the time of accruing quarterly interest on the said loan w.e.f. July 01, 2009."
   ii). "Resolved that approval be and is hereby accorded for issuance of Company's 9,807,208 shares otherwise than right issue, at par against interest free sponsor's loan of Rs. 98,072,075, subject to approval of the SECP, in case of failure of said approval from SECP the said loan will be converted into interest bearing loan at the average borrowing cost of Company as will prevail at the time of accruing quarterly interest on the said loan w.e.f. July 1, 2009."
   iii). "Resolved that Mr. Saider Hussain Tariq, Director/Secretary of the Company is hereby authorized to do the needful for finalization of the above transactions and ensure compliance with the relevant regulatory authorities."
5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Lahore:
September 08, 2009

Saider Hussain Tariq
Company Secretary

Statement u/s 160(1)(b) of Companies Ordinance 1984.

Justifications:-

1- Company has interest free subordinated loan of Rs. 133.072 million from its Sponsors which was provided by the Sponsors from time to time for fulfilment of different financial needs of the Company since its commencement of business;

2- This loan was given with the intention to subsequently convert it into equity subject to the approval of shareholders and SECP;

3- International Accounting Standard (IAS) 39-Financial Instruments, "Reorganization and Measurement has required us that if the interest free loan was given to Company by the Sponsors as share deposit money then convert it into equity otherwise categorize it as a financial liability and measure and present according to any one of two prescribed methods of measurement i.e. treat it interest free loan and discounted it over its repayment period or convert it into interest bearing loan at prevailing average borrowing cost of Company."

4- The Sponsors are no more willing to keep their loan as interest free because they have provided loan to Company out of their personal borrowed funds from financial institution on which they have been paying financial cost. The Company's financial positions does not allow to bear additional finance cost of approximate Rs. 20.626 million at Company's average borrowing cost, if the said loan is converted into interest bearing loan. Company has paid financial expenses of Rs. 134.367 million during the year ended June 30, 2009 which is already on higher side;

5- Due to liquidity shortage, Company is unable to repay the loan amount to the Sponsors;

6- Presently the performance of the textile sector is not encouraging because of stiff competition, deteriorating law and order situation, high interest rates, costly inputs, gas load shedding and global economic slow down have further reduced demand of textile products. These factors have adversely effected the Company's financial position as it already has incurred losses of Rs. 20.080 million in year ended June 30, 2008 and Rs. 78.213 million in year ended June 30, 2009;

7- The equity base of the Company has been eroded rapidly because of continuous losses, which is making it vulnerable to the lending institutions to maintain existing debts and further lending. Company has been facing increasing pressure from lending institutions to increase capital base, in the present non conducive conditions of capital markets, it is highly unlikely to raise money and increase equity base of the Company through issue of right shares of the Company;

8- The purposes of issuance of shares against loan are to:-
   a. save annual interest cost on interest bearing sponsor's loan of Rs. 98.07 million;
   b. increase the equity base of the Company by Rs. 98.07 million without issuing right shares;
   c. ensure compliance with the requirements of the IAS-39-Financial Instruments: Reorganization and Measurement.

9- The Company will issue 9,807,208 shares at par (Rs. 10/- per share) against interest free sponsor's loan of Rs. 98,072,075 to the Sponsor's i.e Mr. Samad Amin and family, subject to approval of the Commission:-

10- Following are the status of existing shareholding of the Company before proposed issuance of the shares and after issuance of shares to the Sponsors viz-a-viz to increased Paid up capital of the

Shareholders	Status of Share Holding before Issuance of Shares		Status of Share holding after Issuance of Shares	
	No. of Shares held as at June 30, 2009	% to Total Share Capital	No. of Shares held as at June 30, 2009	% to Total Share Capital
i. Mr. Samad Amin and Family Holding	6,723,300	50.31%	16,530,508	71.34%
ii. General public and Others shareholders holdings	6,640,700	49.69%	6,640,700	28.66%
Total Shareholdings	13,364,000	100.00%	23,171,208	100.00%

11- Weighted average market price of the share of Company is Rs. 6.96/- based on share transactions during last six months starting from 1st March 2009 to August 31, 2009;

12- Currently the share of the Company is traded around Rs. 8-9 in the market;

13- The break up value of the share of Company share is Rs. 59.58 based on the audited Financial Statements for the year ended June 30, 2009;

14- The company has paid 5% cash dividend during last five years;

15- The proposed shares issued against Sponsor's loan of Rs. 98.07 million will rank pari passu in all respects with the existing shares of the Company.

16- The consents of the Sponsors for conversion of interest free Sponsor's loan of Rs. 98.07 million into shares of the Company have been received by the Company

17- The Authorized Capital of the Company is Rs. 300 million with subscribed and paid-up capital of Rs. 133.640 million. The production facilities are located at 6th Kilometer Manga Raiwind Road, District Kasur and annual gross sales revenue is Rs. 1685.780 million for the year ended June 30, 2009."

Notes:

i) The share transfer books of the Company will be closed from September 24, 2009 to September 30, 2009(both days inclusive).

ii) A member eligible to attend and vote at the meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at 50-C Main Gulberg, Lahore, the Registered Officer of the Company not less than 48 hours before the time fixed for holding the meeting and must be duly stamped, signed and witnessed.

iii) a.) CDC shareholders are requested to bring with them their National Identity Cards along with the participants ID numbers in CDC for the identification purposes at the time of attending the Annual General Meeting.

b.) In case of Corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provide earlier) at the time of meeting.

Shareholder are requested to promptly notify any change in their addresses to Company's share register i.e. M/S Corplink (Private) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore.
Tel: 092-042-5887262, 5839182