SAMIN TEXTILES LIMITED

DGM – Company Affairs **09 April 2021**

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road, Karachi

Director / HOD
Enforcement Department
Securities & Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue, Islamabad

Disclosure of Material Information – Rule Book of Pakistan Stock Exchange Limited (PSX) and applicable provisions of the Securities Act, 2015 (the Act)

Dear Sir,

It is hereby informed that Samin Textiles Limited ("SMTM" or the "Company") has received a Revival Plan of the Company from Mr. Haroon Ahmad Khan (the "**Acquirer**") through Integrated Equities Limited, who are acting as Manager to Offer for the Acquirer. The copy of the Revival Plan is enclosed for information.

The first proviso to Clause 5.11.2 (b) of the PSX Regulations provides that in case of change of management/revival of the company, the Exchange may request CDC / Registrar to allow transfer of such blocked shares to any other person(s) in the same form upon submission of a valid scheme of revival.

The Acquirer has followed the process provided in the law to acquire shares of Samin Textiles including compliance of take-over law, making public offer, seeking approval from the Competition Commission of Pakistan etc.

Due to the placement of Samin Textiles on the Defaulter's Segment and subsequent instruction of PSX to the Registrar and CDC, the Sponsor shares are currently frozen and are not being transferred. The revival of the Company is highly dependent on the expeditious conclusion of the acquisition for which we hereby request PSX to instruct the Registrar/CDC to allow the transfer of blocked shares of Sponsors, Directors and Senior Management of the Company. It is also further requested that the Company's name from the Defaulters' Segment should be removed in light of the submission of the Revival Plan by the Acquirer.

We look forward to your favorable consideration in respect of the above.
Yours sincerely
For Samin textiles Limited

M. Tayyab

Company Secretary

SAMIN TEXTILES LTD
50-C Main Gulberg Lahore

Enclosed: As above

Head Office:
50-Main Gulberg, #C, Lahore, Pakistan.
Tel: (92-42) 3575 3761 - 64 Fax: (92-42) 3575 3688
Email: samin@samintextille.com www.samintextile.com

Mills:
8-K.M Off, Manga Raiwind Road,
Tehsil & Distt. Kasur, Pakistan.
Tel: +92-42-3539 2593-5 Fax: +92-42-3539 2592

SAMIN TEXTILES LIMITED

Disclosure Form under the Securities Act, 2015

Name of the Company	Samin Textiles Limited
Date of Report (date of earliest event reported if applicable)	09 April 2021
Exact name of the Company as specified in its Memorandum	Samin Textiles Limited
Registered address of the Company	50-C, Main Gulberg, Lahore
Contact Information	Muhammad Tayyab Company Secretary Samin Textiles Limited Phone: +92-42-35753761, +92-345-4128193
Disclosure of inside information by the Company in terms of the Securities Act, 2015	It is hereby informed that Samin Textiles Limited ("SMTM" or the "Company") has received a Revival Plan of the Company from Mr. Haroon Ahmad Khan (the "**Acquirer**") through Integrated Equities Limited, who are acting as Manager to Offer for the Acquirer. The copy of the Revival Plan is enclosed for information.

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Muhammad Tayyab
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Samin Textiles Limited

Revival Plan

Executive Summary 1/2

- **Samin Textiles** Limited (the "Company") was incorporated in Pakistan in 1989 as a Public Limited Company. The Company was originally involved in manufacturing and exports etc. of a range of textile products such as apparel, fabrics, home textiles and more.
- The Company's **production activities closed** during month of August 2018 and the shareholders later disposed off the assets of its existing business including its land, building, plant and machinery and pursued with a new business plan which was deferred due to Covid-19. The Company was also placed on the Defaulter's counter by PSX.
- Subsequently, **Mr. Haroon Ahmad Khan** sent **Public Notice of Intention to Acquire majority equity** in the Company from the existing Sponsors/shareholders with a view to **revive** the Company.
- Mr. Haroon is currently **heading Waves Singer Pakistan Limited as CEO** and has **extensive experience** in managing appliances business having previously worked as **Managing Director** of a **leading listed appliance company**. He is also a fellow member of Institute of Chartered Accountants of Pakistan.
- Accordingly, the Acquirer sent Public Offer Notice was sent dated January 27, 2021 to shareholders of the Company (other than the Sponsor Seller shareholders) followed by the Offer Letters on February 01, 2021.

Executive Summary 2/2

- Plan to revive the operations of the Company by **establishing an extensive nationwide network of retail outlets** initially **specializing in sale of home appliance products**.
- Once a strong and coherent infrastructure for purchase and sale of home appliances has been established, **further product lines** (food, pharmaceuticals, furniture) etc. **will be introduced** to maximize the potential of the retail outlets.
- The Company may also **consider** joining hands with a **reputed local and/or international home appliance manufacturing brand** for manufacturing and distribution of the same.
- The Acquirer also intends to **change name of the Company** and/or **principal line of business** to **commensurate with each other** after transfer of shares.
- The **subsequent slides** reflect the **initial business plan** of the Company in respect of the distribution business and accordingly requests PSX to allow transfer of Sponsor's shares to the Acquirer.

Business Opportunity 1/2

Pakistan **Retail Market** is around **$152 Billion** and is growing at a rate of **8.2%** per annum foreseeing growth in distribution business (salesprofessionalforums)

E-commerce market is also expected to grow at CAGR of **7.55%** to reach **$7 billion** by 2025 which shows promising growth of distribution business (Statista)

Home Appliances revenue is projected to be **USD 1.2 billion** in 2021 with a CAGR (2021-2025) of **4.57%** providing a great potential of Distribution Business for this sector (Statista)

Total **17 approved SEZs** for businesses across the country out of which some are to be created, which is to increase the number of brands, production and products in the market to create need for Retail outlets etc.

Pakistan has the highest rate of **Urbanization** in South Asia. 36.4% of population is living in Urban Areas which is expected to reach **50% by 2025** which will increase the demand of products, increase the prices of products and ultimately increase distribution margins of distribution businesses (UNDP)

Business Opportunity 2/2

The **retail sector** in Pakistan, being the **third largest sector** in the country, and the **second-largest employer** employing **16 percent of the labour force**, is a **critical pillar** for the **country's economic growth**.

A **growing middle class** in the country with **enhanced purchasing** power and a **tech-savvy population** presents an **immense opportunity** for the sector to **digitalize and leverage technology** to revolutionize retail in the best interests of different players in the retail value chain.

From individual traits like age, gender, education and occupation to household characteristics like **family size, average monthly** household **income** and **ownership** of **transport modalities**, a range of factors are **affecting buying decisions** today.

Innumerate **retail investment opportunities exist** in a range of sectors in Pakistan like consumer electronics, food, apparel, footwear, health & beauty, and home furnishings

Business and Operating Plan 1/2

Establish a Nationwide Network of Retail Outlets Specializing in Sale of Home Appliances

- A Nationwide network of retail outlets with a **strong E-Commerce platform**
  - Products to be sold both on **cash and on instalment basis-** easy-to-pay installment plans.
  - **Initially** starting from **dealership of Waves and Singer** branded products;
  - Retail **outlets**/operations to start from the **Central region** of the country. Later, the Company will **expand** to **Northern and Southern** regions and **introduce** other **products of other brands**

    - ❑ Dawlance
    - ❑ Haier
    - ❑ PEL
    - ❑ Orient
    - ❑ TCL
    - ❑ Gree
    - ❑ Ecostar
    - ❑ Enviro
    - ❑ Hyundai etc.

  - **Once a robust infrastructure has been established**, company shall **diversify** its **retail product line**

    - ▪ FMCG
    - ▪ Furniture
    - ▪ Pharmaceuticals
    - ▪ Electronics
    - ▪ Home Decor
    - ▪ Toys etc.

Business and Operating Plan 2/2

- A **coherent management team** will be developed by inducting **experienced professionals** from the industry.

  - This orchestra of strong professionals will include various **business professionals**, Head of Sales, Procurement, Supply Chain, Distribution, Quality Assurance, Health & Safety, Maintenance, Credit Control, Marketing, Finance & Accounts, Budget & Planning, Cost & Tax, Corporate Affairs, IT & ERP, HR, Administration and Internal Audit.

- Retail **outlets** will be established on **rented premises** with some improvements requiring **minimum time** for upgradation and **start of operations**

- Company expected to **start formal operations** within **6-9 months** of acquisition by the new sponsors.

- **Total Funding** of **Rs. 250 Million** will be required for start of operations; **New Sponsor is willing to inject the said amount** which shall be repayable once the company is profitable

Home Appliance Product Range

** Waves Singer Product Range*

Business Strategy

- Pakistan is **expected** to witness a tremendous **growth** in **retail** consumption which stems from a multitude of **factors** like increasing **urbanization**, increase in **nuclear families**, **greater affluence**, attractive **socio-demography**, **global aspirations** and **inclination** towards **branded products**.

- Focus will be to **maximize customer footfall** and exploit **full** retail **potential** of the shop by providing a platform where customer can choose amongst different categories of products by **different brands under one roof**. With all the features and prices mentioned, customer can easily decide on the brand and product they can afford and be interested in.

- In addition to store sales, company also plans to establish a **robust e-commerce platform**. Pakistan is expected to become the world's one of the fastest growing **E-commerce market**, driven by rapid increase in the number of internet users. Various agencies have high expectations about growth of Pakistan's E-commerce market. E-commerce is probably creating the biggest revolution in retail industry, and this trend is likely to continue in the years to come. Accordingly, the company plans to **leverage digital retail channels (E-commerce)**.

- Will introduce **easy-to-pay installment plans**, enabling (specifically the salaried people) to buy necessary goods without worrying about their monthly budgets or having the need to acquire loans.

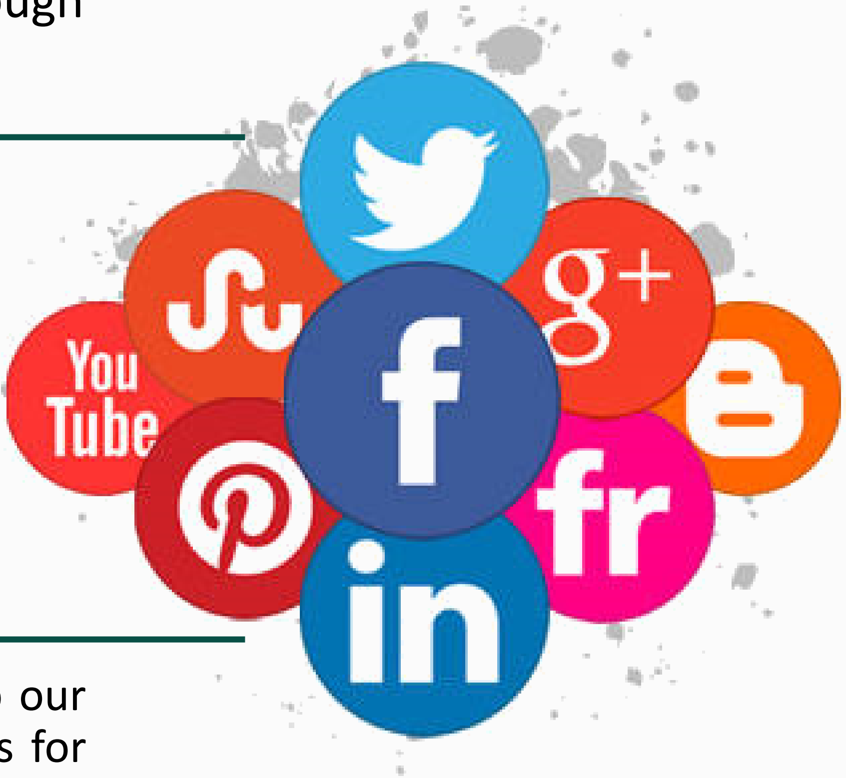
Marketing Plan

Advertisement through **Existing Clients**

Ensure high satisfaction of existing clients so they can be converted into advocates of the service

Advertisement through **Website**

Using SEO techniques to keep our website on top of all searches for better reach



Advertisement through **Media Outlets**

This can include Newspapers, Television ads and even the social media

Expected Timeline

Approval for Share Transfer

- Transfer of shares from the existing Sponsors to the new Sponsors and change in Management Control

Within 3 Months of Share Transfer

- Induction/Appointment of business professionals experienced in retail sale
- Discussions with the potential lenders for working capital finance
- Financial Close (Sponsors' subordinated loan and working capital from Lenders)
- Shortlisting of retail spaces for start of operations
- Dealership of Waves and Singer Branded Products

Within 6 Months of Share Transfer

- Change of the Company's name and/or the principal line of business
- Strategic Alliance / Partnerships with brands and execution of the Implementation Plan of the Company

Within 9 Months of Share Transfer

- Strategic Alliance / Partnerships with brands and execution of the Implementation Plan of the Company
- Opening of 1st retail outlet and start of operations

Key Assumptions

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
No. of Shops	10	18	26	34	40
Increase in Sale Price (%)	8%	8%	8%	8%	8%
Increase in Sale Volume (%)	4%	4%	4%	4%	4%
Sale per Transaction (PKR)	50,000	54,000	58,320	62,986	68,024
Cost of Sales (%)	90%	90%	90%	90%	90%
Distribution Margin (%)	10%	10%	10%	10%	10%
Cash Sale (%)	25%	25%	25%	25%	25%
Leased Sale	75%	75%	75%	75%	75%

Financial Projections 1/2

Summary Financial Performance (PKR)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	251,115,011	1,122,487,176	1,892,271,189	2,835,503,302	3,883,281,432
Cost of Sales	(220,437,045)	(980,382,642)	(1,652,023,641)	(2,474,994,766)	(3,388,745,531)
Gross Profit	**30,677,966**	**142,104,535**	**240,247,548**	**360,508,536**	**494,535,901**
Operating Expense	(42,848,778)	(106,623,187)	(156,618,202)	(211,889,633)	(266,961,388)
Finance Cost	(6,116,520)	(10,165,678)	(9,325,257)	(3,886,995)	(2,715,396)
Profit Before Taxation	(18,287,332)	25,315,670	74,304,090	144,731,908	224,859,118
Taxation	(3,766,725)	(16,837,308)	(28,384,068)	(43,178,755)	(65,209,144)
Profit After Taxation	**(22,054,057)**	**8,478,362**	**45,920,022**	**101,553,152**	**159,649,973**

Financial Projections 2/2

Summary Financial Position (PKR)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-Current Assets	145,526,949	207,694,322	261,510,388	307,193,484	325,519,798
Current Assets	116,235,921	188,308,666	297,631,857	475,720,267	678,736,242
Total Assets	**261,762,871**	**396,002,989**	**559,142,245**	**782,913,751**	**1,004,256,040**
Non-Current Liabilities	38,358,005	27,227,376	14,784,030	4,183,805	11,818,003
Current Liabilities	149,551,724	286,444,109	416,106,689	548,925,267	602,983,385
Total Equities	73,853,142	82,331,504	128,251,526	229,804,678	389,454,652
Total Equities & Liabilities	**261,762,871**	**396,002,989**	**559,142,245**	**782,913,751**	**1,004,256,040**

Summary Cash flow Position (PKR)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Operating Cash flow	(8,228,092)	81,853,005	149,574,829	198,068,081	271,275,584
Investing Cash flow	(191,064,666)	(129,441,396)	(141,801,783)	(156,425,701)	(141,789,430)
Financing Cash flow	208,328,123	76,341,510	56,501,104	48,160,955	(12,797,976)
Net Cash flow	**9,035,365**	**28,753,119**	**64,274,150**	**89,803,336**	**116,688,179**

Thank You