

ELLCOT SPINNING MILLS LTD.
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held at the Registered Office of the Company, situated at Nagina House, 91-B-1, M.M. Alam Road, Gulberg-III, Lahore-54660 on Wednesday, October 28, 2015 at 11:30 a.m. to transact the following business:-

A. Ordinary Business

- 1) To confirm minutes of the Annual General Meeting held on October 27, 2014.
- 2) To receive and adopt Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
- 3) To approve and declare final dividend as recommended by the Board of Directors.
- 4) To appoint Auditors and fix their remuneration.
- 5) To transact any other ordinary business with the permission of the Chair.

B. Special Business

- 1) To discuss, consider, approve and, if thought fit, pass the following special resolution with or without modification(s):

RESOLVED that pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, **Ellicot Spinning Mills Ltd.**, (the "Company") be and is hereby authorized to make investment of up to PKR 75,000,000 (Rupees Seventy Five Million Only) from time to time in each of the following associated companies (a) Nagina Cotton Mills Ltd, (b) Prosperity Weaving Mills Ltd, by way of advances and / loans, as and when required by these associated companies provided that the return on such loans and / advances shall not be less than the average borrowing cost of the Company and that such loans / or advances shall be repayable within one year from the date of disbursement.

FURTHER RESOLVED that the above said resolution shall be valid for 5 (five) years and the Chief Executive Officer of the Company be and is hereby authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and the Chief Executive and/or Company Secretary be and are hereby singly authorized to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

A statement under Section 160(1) (b) of the Companies Ordinance, 1984, along with the information required under Clause (b) of sub-regulation (1) of Regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 is annexed.

By Order of the Board


Syed Mohsin Gilani
Corporate Secretary

September 29, 2015

NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Thursday, October 22, 2015 to Wednesday, October 28, 2015 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on Wednesday, October 21, 2015 will be in time to be passed for payment of dividend to the transferee(s).
- 2) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerised National Identity Card (CNIC) with the proxy form.
- 3) The shareholders through CDC, who wish to attend the Annual General Meeting are requested to please bring, original CNIC with copy thereof duly attested by their bankers, account number and participant I.D number for identification purpose.
- 4) In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
- 5) Members who have not submitted copy of valid CNIC are once again advised to submit the same without further delay to ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) Notification S.R.O. 19(I)/2014 dated January 10, 2014 read with Notification S.R.O. 831(I)/2012 dated July 5, 2012.

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

- 6) SECP has taken new initiative to make the process of payment of cash dividend to shareholders more efficient through e – Dividend mechanism where shareholders can get amount of dividend credited to their respective bank accounts electronically without delay. In order to avail this benefit the members are encouraged to provide dividend mandates (i.e. bank detail for deposit of dividend). The e-Dividend Mandate forms are available with the Company Secretary.
- 7) The financial statements for the year ended June 30, 2015 shall be uploaded on the Company's website on or before October 7, 2015.
- 8) Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
- 9) Members are requested to promptly notify the Company of any change in their registered address.

10) IMPORTANT:

- a) Pursuant to the Finance Act 2015, effective July 1, 2015, all individuals/ companies / association of persons whose CNIC/NTN is **NOT** included in the "**List of FILERS**" available at Federal Board of Revenue's website (<http://www.fbr.gov.pk>) are liable to deduction of a tax at source at higher rate (@17.50%) on dividend.



In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

- b) Shareholders are requested to provide CNIC/NTN, e-dividend information and change of address to (i) respective Central Depository System (CDS) Participant and (ii) in case of physical securities to the Company's Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore.



**STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (B) OF THE
COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS**

Ref. #	Requirement	Information																																	
i.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	a) M/s. Prosperity Weaving Mills Ltd. (PWML) due to common directorship by the following directors: 1. Mr. Shaikh Enam Ellahi 2. Mr. Shahzada Ellahi Shaikh 3. Mr. Shaukat Ellahi Shaikh 4. Mr. Shafqat Ellahi Shaikh b) M/s. Nagina Cotton Mills Ltd., (NCML) due to common directorship by the following directors: 1. Mr. Shaikh Enam Ellahi 2. Mr. Shahzada Ellahi Shaikh 3. Mr. Shaukat Ellahi Shaikh 4. Mr. Shafqat Ellahi Shaikh																																	
ii.	Amount of loans or advances.	Rs.75.00 million as a running finance facility in each of the associated company mentioned above.																																	
iii.	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advance.	To provide an option to the associated companies to avail finance as and when required and to park any surplus funds with the associated companies to earn a return over and above offered in the market.																																	
iv.	In case of any loan has already been granted to the said associated company or associated undertakings, the complete details thereof.	None																																	
v.	Financial position including main items of balance sheet and profit and loss account of the associated company(s) or associated undertaking(s) on the basis of its latest financial statements for the year ended June 30, 2015.	<table> <thead> <tr> <th></th><th>NCML</th><th>PWML</th></tr> <tr> <th></th><th colspan="2">Rupees in millions</th></tr> </thead> <tbody> <tr> <td>Paid Up Capital</td><td>187.000</td><td>184.800</td></tr> <tr> <td>Non-Current Liabilities</td><td>482.482</td><td>1,329.552</td></tr> <tr> <td>Current Liabilities</td><td>415.609</td><td>510.637</td></tr> <tr> <td>Non-Current Assets</td><td>1,331.674</td><td>1,913.202</td></tr> <tr> <td>Current Assets</td><td>1,436.633</td><td>875.917</td></tr> <tr> <td>Sales</td><td>4,208.114</td><td>5,811.482</td></tr> <tr> <td>Gross Profit</td><td>389.233</td><td>318.755</td></tr> <tr> <td>Finance Cost</td><td>69.959</td><td>107.221</td></tr> <tr> <td>Profit After Tax</td><td>113.689</td><td>60.831</td></tr> </tbody> </table>		NCML	PWML		Rupees in millions		Paid Up Capital	187.000	184.800	Non-Current Liabilities	482.482	1,329.552	Current Liabilities	415.609	510.637	Non-Current Assets	1,331.674	1,913.202	Current Assets	1,436.633	875.917	Sales	4,208.114	5,811.482	Gross Profit	389.233	318.755	Finance Cost	69.959	107.221	Profit After Tax	113.689	60.831
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vi.	Average borrowing cost of the investing company.	10.17% for the year ended June 30, 2015.																																	
vii.	Rate of interest, mark-up, profit, fees or commission etc., to be charged.	Not less than average borrowing cost of the Company to be decided by Chief Executive (Mg. Director).																																	
viii.	Sources of funds from where loans or advances will be given.	Surplus funds of the Company																																	



Ref. #	Requirement	Information
ix.	Where loans or advances are being granted using borrowed funds:- (I) Justification for granting loan or advance out of borrowed funds; (II) Detail of guarantees/ assets pledged for obtaining such funds, if any; (III) Repayment schedules of borrowing of the investing company.	Not applicable.
x.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	No security to be obtained as all companies are under common management.
xi.	If the loan or advances carry conversion feature.	Not applicable
xii.	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of loan will be made in one year from the date of disbursement or such shorter period as may be mutually decided.
xiii.	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment.	Agreement will be executed before extending the loan on the basis of the terms and conditions as approved by the shareholders.
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The Directors, sponsors, majority shareholders and their relatives are interested in the business to the extent of their shareholding of the aforesaid associated companies.
xv.	Any other important details necessary for the members to understand the transaction.	None



Ref. #	Requirement	Information
xvi.	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely:- (I) a description of the project and its history since conceptualization; (II) starting date and expected date of completion; (III) time by which such project shall become commercially operational; (IV) expected return on total capital employed in the project; and (V) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts.	Not applicable

As per the disclosure requirement of regulation 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, it is informed that the following Directors of the Company are also the Directors in the investee company; however, they have no interest except to the extent of shareholding in the investee company:

Nagina Cotton Mills Ltd.	Prosperity Weaving Mills Ltd.
1. Mr. Shaikh Enam Ellahi 2. Mr. Shahzada Ellahi Shaikh 3. Mr. Shaukat Ellahi Shaikh 4. Mr. Shafqat Ellahi Shaikh	1. Mr. Shaikh Enam Ellahi 2. Mr. Shahzada Ellahi Shaikh 3. Mr. Shaukat Ellahi Shaikh 4. Mr. Shafqat Ellahi Shaikh



STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012.

Members had approved a special resolution u/s 208 of the Companies Ordinance, 1984 on October 27, 2014. The Company has not made any investment under the resolution. The following is the status:

a. Total investment approved.	Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company: i) Nagina Cotton Mills Ltd. (NCML) ii) Prosperity Weaving Mills Ltd. (PWML)																																						
b. Amount of investment made to date:	Nil																																						
c. Reason for not having made complete investment so far where resolution required it to be implemented in specified time.	Due to better cash flows, the associated companies did not need funds envisaged u/s 208 of the Companies Ordinance, 1984. Therefore, no investment transaction took place during the year 2014-15.																																						
d. Material change in Financial Statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	<table border="1"> <thead> <tr> <th></th><th colspan="2">Present Financial Position as on June, 30, 2015</th><th colspan="2">Financial Position at the time of approval as on June 30, 2014</th></tr> <tr> <th></th><th>NCML</th><th>PWML</th><th>NCML</th><th>PWML</th></tr> </thead> <tbody> <tr> <td></td><td align="center" colspan="4">Rupees in Millions</td></tr> <tr> <td>Net sales</td><td>4,208.114</td><td>5,811.482</td><td>4,569.161</td><td>6,346.901</td></tr> <tr> <td>Gross profit</td><td>389.233</td><td>318.755</td><td>566.856</td><td>480.701</td></tr> <tr> <td>Profit before tax</td><td>148.032</td><td>31.188</td><td>270.460</td><td>243.114</td></tr> <tr> <td>Profit after tax</td><td>133.689</td><td>60.831</td><td>253.833</td><td>182.417</td></tr> </tbody> </table>					Present Financial Position as on June, 30, 2015		Financial Position at the time of approval as on June 30, 2014			NCML	PWML	NCML	PWML		Rupees in Millions				Net sales	4,208.114	5,811.482	4,569.161	6,346.901	Gross profit	389.233	318.755	566.856	480.701	Profit before tax	148.032	31.188	270.460	243.114	Profit after tax	133.689	60.831	253.833	182.417
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