

**ELLCOT SPINNING MILLS LTD.**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 28<sup>th</sup> 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 Friday, October 28, 2016 11:30 a.m. to transact the following business:-

**A. Ordinary Business**

- 1) To confirm minutes of the Annual General Meeting held on October 28, 2015.
- 2) To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2016 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 for the year ending June 30, 2017 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 resolutions with or without modification(s):
  - a) **RESOLVED** that, subject to obtaining the requisite permissions and clearances, the insertion of the following new Article 54A, appearing after the existing Article 54, in the Articles of Association of the Company be and is hereby approved"

54A The Company shall comply with the provisions and requirements prescribed under the applicable laws with respect to the use of electronic voting by its members at general meetings. The same shall be deemed to be incorporated in this Article notwithstanding the other provisions of these Articles of Association including anything contradictory herein. Members may be allowed to appoint members as well as non-members as proxies for purposes of electronic voting to the extent permitted under the applicable laws.

**FURTHER RESOLVED** that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company, and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.
  - b) **RESOLVED** that transmission of annual audited accounts to the shareholders in soft form i.e. CD/DVD/USB as notified by Securities & Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated May 31, 2016 or in hard copy be and is hereby approved.

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

Lahore: September 29, 2016

By Order of the Board

**Syed Mohsin Gilani**  
Corporate Secretary



## NOTES:

- 1) The share transfer books for ordinary shares of the Company will be closed from Saturday, October 22, 2016 to Friday, October, 28, 2016 (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 Friday, October 21, 2016 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. 275(I)/2016 dated March 31, 2016 read with Notification S.R.O. 19(I)/2014 dated January 10, 2014 and 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, 2016 shall be uploaded on the Company's website on or before October 7, 2016.
- 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 provisions of the Finance Act 2016, effective from July 1, 2016, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:
- i) Rate of tax deduction for filer of income tax return 12.5%
  - ii) Rate of tax deduction for non-filers of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @12.5% instead of 20%, shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @20% instead of 12.5%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts.

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**

This statement sets out the material facts concerning the special business, given in agenda item No.1 (a) and (b) of Special Business:

#### **a) Amendments in the Articles of Association:**

The amendments to the Articles of Association of the Company are being carried out in order to give effect to the requirements of newly announced Companies (E-voting) Regulations, 2016 by the Securities and Exchange Commission of Pakistan. The detail of amendments proposed in the Articles of Association is part of the resolution mentioned in the Notice.

#### **b) Dissemination of information regarding Annual Audited Accounts to the shareholder through CD/DVD/USB**

In order to implement SECP directions with respect to transmit / circulate information such as annual audited accounts through CD/DVD/USB or in hard copies, resolution is part of the notice for concurrence of shareholders to adopt the newly inducted mode of transmission.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.



**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 28, 2015. The Company has not made any investment under the resolution. Following is the status:

|                                                                                                                                                                            |                                                                                                                                                                                                    |           |                                                                |           |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|-----------|
| a. Total investment approved.                                                                                                                                              | Rs.75,000,000/= (Rupees seventy five million only) to each of the following associated company:<br>i) Nagina Cotton Mills Ltd. (NCML)<br>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 2015-16. |           |                                                                |           |           |
| 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. | Present Financial Position as on June, 30, 2016                                                                                                                                                    |           | Financial Position at the time of approval as on June 30, 2015 |           |           |
|                                                                                                                                                                            | NCML                                                                                                                                                                                               | PWML      | NCML                                                           | PWML      |           |
|                                                                                                                                                                            | Rupees in Millions                                                                                                                                                                                 |           |                                                                |           |           |
|                                                                                                                                                                            | Net sales                                                                                                                                                                                          | 4,267.869 | 5,211.429                                                      | 4,208.114 | 5,811.482 |
|                                                                                                                                                                            | Gross Profit                                                                                                                                                                                       | 151.481   | 359.653                                                        | 389.233   | 318.755   |
|                                                                                                                                                                            | Profit / (Loss) before tax                                                                                                                                                                         | (64.422)  | 72.362                                                         | 148.032   | 31.188    |
|                                                                                                                                                                            | Profit / (Loss) after tax                                                                                                                                                                          | (92.945)  | 39.972                                                         | 133.689   | 60.831    |


