

FINANCE DIVISION
Plot No. HT/3A, Landhi,
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Pakistan

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting of Gul Ahmed Textile Mills Limited will be held at Moosa D. Dessai ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 28, 2017 at 9:30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.
2. To consider and approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 10% i.e., Re.1.00/= per share.
3. To appoint Auditors for the financial year ending June 30, 2018 and fix their remuneration.
4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

SPECIAL BUSINESS:

5. To consider and approve increase in Authorized Share Capital of the Company from Rs.4,000 million to Rs.7,500 million and to approve the amendments in the Memorandum of Association of the Company resulting from this increase and to pass special resolution given in the statement under section 134(3) of the Companies Act, 2017.
6. To consider and pass the following resolution as Special Resolution with or without modification:

"Resolved as a special resolution that consent and approval of the Company be and is hereby accorded under Section 199 of the Companies Act, 2017, to provide corporate guarantees and bank guarantees in foreign currency equivalent upto US Dollar (USD) 2 (Two) million (which is presently equivalent to Rs. 211 million approximately) as may be required to the Bankers of GTM USA Corp. – USA, Sky Home Corporation – USA and GTM (Europe) Limited- UK (wholly owned ultimate subsidiary companies of the Company) as security for bank borrowings by GTM USA Corp. – USA, Sky Home Corporation – USA and GTM (Europe) Limited- UK."

"Further Resolved that the Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental to implement this Resolution."

A statement under section 134(3) of the Companies Act, 2017, pertaining to the special businesses is being sent to the shareholders with this notice.

By Order of the Board



MOHAMMED SALIM GHAFFAR
Company Secretary

Karachi
September 23, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 28, 2017 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Share Registrar M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of the business on October 19, 2017 will be in time for the purpose of payment of final cash dividend to the transferees.
2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting. A proxy must be a member of the Company.
3. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNICs at the time of attending the meeting for identification purpose.
4. The directive of the SECP contained in S.R.O. 83(I)/2012 dated July 5, 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated June 3, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar.
5. Under the provisions of Section 244 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In this regard and in pursuance of the directives of the SECP vide Circular No.18 of 2017 dated August 1, 2017 shareholders are requested to submit their written request (if not already provided) to the Company's Share Registrar, giving particulars of their bank account details. CDC account-holders should submit their request directly to their broker (participant) / CDC IAS. In the absence of a member's valid bank account details updated before October 20, 2017, the Company will be constrained to withhold dispatch of dividend to such members.
6. Securities and Exchange Commission of Pakistan vide its S.R.O.787(I)/2014 has facilitated the Companies to circulate Audited Financial Statements through email after obtaining prior written consent of its members. The members who intend to receive the Financial Statements through email are therefore, requested to kindly send their written consent alongwith email address to the Share Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (participant)/CDC Investor account services.
7. In compliance with SECP notification No.634 (1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2017 are being placed on the Company's website: www.gulahmed.com for the information and review of shareholders.
8. Pursuant to the provisions of the Finance Act, 2017, effective July 1, 2017 the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

a) For Filers of Income Tax return	15.00%
b) For Non-Filers of Income Tax return	20.00%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20.00% instead of 15.00%.

9. The FBR has clarified that where the shares are held in joint accounts/names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding proportions to the Share Registrar of the Company latest by October 19, 2017, in the following format:

Folio / CDC A/c No.	Name of Shareholders (principle / joint holders)	No. of Shares or Percentage(Proportion)	CNIC No.	Signature

If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

10. Withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to the Share Registrar of the Company before the first day of Book Closure otherwise tax will be deducted on dividend as per applicable rates.
11. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective CDC participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.
12. Shareholders are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.
13. Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of Gul Ahmed Textile Mills Limited, holder of _____ ordinary share (s) as per Register Folio/CDC AccountNo. _____ hereby opt for video conference facility at _____

Signature of Members

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING THE SPECIAL BUSINESS

The statement sets out the material facts pertaining to the special businesses to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 28, 2017. The Directors in their meeting held on September 23, 2017 have recommended to the shareholders to pass following special resolutions in respect of the following items;

ITEM (5) OF THE AGENDA
INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY

It is proposed to increase the Authorized Share Capital from Rs.4,000 million to Rs.7,500 million to facilitate further issue of capital according to the requirements of the Company. For this purpose it is intended to pass with or without modification the following resolutions as Special Resolutions:

- a) **Resolved** that the Authorized Share Capital of the Company be and is hereby increased from Rs.4,000 million to Rs.7,500 million by the creation of 350,000,000 ordinary shares of Rs.10/- each. Such new shares, whenever issued, shall rank pari passu with the existing shares.
- b) **Further Resolved** that in view of the increase in Authorized Share Capital, Clause 5 of the Memorandum of Association be and is hereby amended to read as under:

 "The capital of the Company is Rs.7,500,000,000 (Rupees seven thousand five hundred thousand million) divided into 750,000,000 ordinary shares of Rs.10/- (Rupees ten) each. The Company shall have the power to increase, reduce or re-organize the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017."
- c) **Further Resolved** that the Chief Executive Officer or Secretary of the Company be and are hereby authorized singly to comply with all formalities in this regard.

The Directors of the Company are interested in the above business only to the extent of their shareholding in the Company.

ITEM (6) OF THE AGENDA
TO PROVIDE CORPORATE GUARANTEES AND BANK GUARANTEES

Pursuant to Section 199 of the Companies Act, 2017, any investments in associated companies should be made under the authority of a special resolution..

In the year 2002 Gul Ahmed Textile Mills Limited (Company) established Gul Ahmed International Limited (FZC) (GAILFZC), a wholly owned subsidiary, based in United Arab Emirates, to meet the needs of its customers. To meet the global challenge as the world has transformed into a global village due to lifting of trade blocks and availability of excellent communication channel, GAILFZC established a wholly owned subsidiary, GTM (Europe) Limited (GTMEU), in UK and GTM (Europe) Limited – UK established a wholly owned subsidiaries GTM USA Corp. – USA and Sky Home Corporation - USA.

All subsidiary companies are engaged in trading of textile related products.

Mr. Mohamed Bashir, Chairman, Mr. Mohammed Zaki Bashir, Chief Executive Officer, Mr. Zain Bashir and Mr. Ziad Bashir, Directors of the Company are also Nominee Directors in all the above subsidiary companies.

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 ("Regulations") is provided below:

In case of Loans and Advances:

S.No.	Description	Information required under the SRO																																																						
(i).	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	a. GTM USA Corp. – USA b. Sky Home Corporation – USA c. GTM (Europe) Limited – UK (Wholly owned ultimate subsidiary companies of Gul Ahmed Textile Mills Ltd. (Company))																																																						
(ii).	Amount.	Corporate Guarantees and Bank Guarantees in foreign currency equivalent upto US Dollar (USD) 2 (two) Million (which is presently equivalent to Rs. 211 million approximately) as may be required, as security for bank borrowings by GTM USA Corp. – USA, Sky Home Corporation – USA and GTM (Europe) Limited. –UK																																																						
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances.	Provide security to the Bankers of GTM USA Corp. – USA, Sky Home Corporation – USA and GTM Europe Limited–UK for their banks borrowings.																																																						
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	In 2007 approval of Corporate Guarantee in foreign currency equivalent upto USD 1.6 million to the Bankers of GTM (Europe) Limited - UK was obtained from the members of the Company.																																																						
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements.	1. GTM (Europe) Limited – UK As on 30-06-2017 <table> <thead> <tr> <th></th><th>GBP £</th><th>Equivalent PKR</th></tr> </thead> <tbody> <tr> <td>Paid-up Capital</td><td>10,000</td><td>1,425,600</td></tr> <tr> <td>Reserves</td><td>267,189</td><td>38,090,464</td></tr> <tr> <td>Total Equity As on 30-06-2017</td><td>277,189</td><td>39,516,064</td></tr> <tr> <td>Break up Value per Share as on 30-06-2017</td><td>27.72</td><td>3,951.61</td></tr> <tr> <td>Earning per share for the year ended 30-06-2017</td><td>11.43</td><td>1,629.67</td></tr> </tbody> </table> 2. GTM USA Corp. – USA As on 30-06-2017 <table> <thead> <tr> <th></th><th>USD \$</th><th>Equivalent PKR</th></tr> </thead> <tbody> <tr> <td>Paid-up Capital</td><td>50,000</td><td>5,275,000</td></tr> <tr> <td>Reserves</td><td>85,906</td><td>9,063,083</td></tr> <tr> <td>Total Equity As on 30-06-2017</td><td>135,906</td><td>14,338,083</td></tr> <tr> <td>Break up Value per Share as on 30-06-2017</td><td>2.72</td><td>286.76</td></tr> <tr> <td>Earning per share for the year ended 30-06-2017</td><td>(0.59)</td><td>(62.61)</td></tr> </tbody> </table> 3. Sky Home Corporation – USA As on 30-06-2017 <table> <thead> <tr> <th></th><th>USD \$</th><th>Equivalent PKR</th></tr> </thead> <tbody> <tr> <td>Paid-up Capital</td><td>10,000</td><td>1,055,000</td></tr> <tr> <td>Reserves</td><td>-168,326</td><td>-17,758,393</td></tr> <tr> <td>Total Equity As on 30-06-2017</td><td>-158,326</td><td>-16,703,393</td></tr> <tr> <td>Break up Value per Share as on 30-06-2017</td><td>(15.83)</td><td>(1,670.34)</td></tr> <tr> <td>Earning per share for the year ended 30-06-2017</td><td>(16.83)</td><td>(1,775.84)</td></tr> </tbody> </table>		GBP £	Equivalent PKR	Paid-up Capital	10,000	1,425,600	Reserves	267,189	38,090,464	Total Equity As on 30-06-2017	277,189	39,516,064	Break up Value per Share as on 30-06-2017	27.72	3,951.61	Earning per share for the year ended 30-06-2017	11.43	1,629.67		USD \$	Equivalent PKR	Paid-up Capital	50,000	5,275,000	Reserves	85,906	9,063,083	Total Equity As on 30-06-2017	135,906	14,338,083	Break up Value per Share as on 30-06-2017	2.72	286.76	Earning per share for the year ended 30-06-2017	(0.59)	(62.61)		USD \$	Equivalent PKR	Paid-up Capital	10,000	1,055,000	Reserves	-168,326	-17,758,393	Total Equity As on 30-06-2017	-158,326	-16,703,393	Break up Value per Share as on 30-06-2017	(15.83)	(1,670.34)	Earning per share for the year ended 30-06-2017	(16.83)	(1,775.84)
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(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period.	This is a Non funded facility and only Corporate Guarantees and Bank Guarantees will be given, Cost of which shall also be borne by subsidiary companies; However ultimately this will also have no effect as the Company owns the subsidiary companies.																																																						

(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged.	Not Applicable – Markup Cost will be incurred by - GTM USA Corp. – USA - Sky Home Corporation – USA and - GTM (Europe) Limited – UK as the financing will be availed by them.
(viii)	Sources of funds from where loans or advances will be given.	Non funded and only Corporate Guarantees and Bank Guarantees will be given.
(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; and (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;	Not Applicable
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not Applicable
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	Not Applicable
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	This is non-funded arrangement and since the Subsidiary Companies are wholly owned by the Company, hence it will have no aggregate impact.
(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	All three companies are 100% wholly owned subsidiaries of Gul Ahmed Textile Mills Ltd. And there are no any other shareholder Mr. Mohamed Bashir, Chairman, Mr. Mohammed Zaki Bashir, Chief Executive Officer, Mr. Zain Bashir and Mr. Ziad Bashir, Directors of the Company are also Nominee Directors in all the above subsidiary companies.
(xv)	Any other important details necessary for the members to understand the transaction; and	Nil
(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

The Directors, Sponsors and majority shareholders are not interested in the above Special Business except as shareholders of the Company.