Sargodha Spinning Mills Limited

Manufacturer, Importer & Exporter

Registered Office: A-601/B, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
Ph: (042) 35768758-59 Fax: (042) 35788718 E-mail: shadstm@brain.net.pk NTN.: 0557821-7

Ref : SSM/PSX/16
Date : 28-04-2016

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

Subject: **Notice of Annual General Meeting**

Dear Sir,

Enclosed please find a copy of the Notice of the Annual General Meeting to be held on Friday, May 20, 2016 for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,
For SARGODHA SPINNING MILLS LIMITED

Company Secretary

Encl: As above.

MILLS:
8-k.m. Sargodha Road Faisalabad.
Ph. No. 0092-41-8868132-35
Fax: 0092-41-8868139
E-mail: sargo@fsd.paknet.com.pk

KARACHI OFFICE:
Room No. 351 3rd Floor
Trade Avenue,
Hasrat Mohani Road,
Karachi.
Phone: 021-32472354

Sargodha Spinning Mills Limited

Manufacturer, Importer & Exporter

Registered Office: A-601/B, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
Ph: (042) 35788758-59 Fax: (042) 35788718 E-mail: shadstm@brain.net.pk NTN.: 0657821-7

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given to all the shareholders of Sargodha Spinning Mills Limited (the "Company") that 29th Annual General Meeting of the Company will be held on Friday, May 20, 2016 at 11.00 a.m. at A-601/B, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2015 together with Directors' and Auditors' Reports thereon.
2. To appoint auditors for the year ended 2015-2016 and fix their remuneration.

SPECIAL BUSINESS

To consider and thought fit, approve the sale of plant and machinery of the Company located at Mills premises at Chak No. 120, J.B. Nanakpur, Tehsil & District, Faisalabad by passing following resolution as an ordinary resolution with or without any modification in term of Section 196(3)(a) of the Companies Ordinance, 1984 :

Resolved

"That consent of the general meeting be and is hereby accorded to the disposal and sale of Company plant, machinery, equipment and all other assets installed at Chak No. 120, J.B. Nanakpur, Tehsil & District, Faisalabad".

Resolved Further

"That Mr. Saad Naseem, Mr. Umair Abid and Mr. Salman Mohammad Aslam be and are hereby jointly authorized and empowered on behalf of the Company to do all acts, deeds and things and take all necessary steps including negotiations and signing of the documents, deeds and papers, agreements and all other documents as may be necessary in order to give effect to, implement and complete the sale of the assets as aforesaid and all matters connected, necessary and incidental thereto".

BY ORDER OF THE BOARD

(Mazhar Hussain)
Company Secretary

Dated: April 20, 2016.

Notes:

1. The Members' Register will remain closed from May 13, 2016 to May 20, 2016 (both days inclusive). Transfers received at Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Independent Share Registrar of the Company by the close of business on May 12, 2016 will be treated in time.

MILLS:
8-k.m, Sargodha Road Faisalabad.
Ph. No. 0092-41-8868132-35
Fax: 0092-41-8868139
E-mail: sargo@fsd.paknet.com.pk

KARACHI OFFICE:
Room No. 351 3rd Floor
Trade Avenue,
Hasrat Mohani Road,
Karachi.
Phone: 021-32472354

2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at Registered Office not later than 48 hours before the time for holding the Meeting.

3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a. For attending the meeting

i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

b. For Appointing Proxies

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

v) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Sargodha Spinning Mills Limited

Manufacturer, Importer & Exporter

Registered Office: A-601/B, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
Ph: (042) 35788758-59 Fax: (042) 35788718 E-mail: shadstm@brain.net.pk NTN.: 0657821-7

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company, scheduled to be held on May 20, 2016.

The Board of Directors had already approved the disposal of plant and machinery subject to the Approval of the Company's shareholders in an Annual General Meeting. The information required under Notification No. S.R.O. 1227/2005 dated December 12, 2005 is as follows:

i). The detail of assets to be sold:

Sr. No.	Detail of machinery	TOTAL
1	Blow Room	05 Lines
2	Cards	82 Nos.
3	Drawing Frames	37 Nos.
4	Simplex Frames	20 Nos.
5	Ring Frames	64 Nos. 54432 Spindles
6	Cone Winders	29 Nos.
7	Yarn Conditioning Machine	01 No.
8	Humidification, Air Conditioning & Filtration Plant	02 Units
9	Gas Generators (P. House)	04 Nos.
10	Laboratories & Testing Equipment	01 Units
11	LT/HT Panels, Transformers & Cabling	02 Sets

ii. Cost and Re-valued Amount:

(Rupees in '000')

Particulars of Asset	Cost	Re-valued Amount
Plant and Machinery	886.360	1,208.861
Total	886.360	1,208.861
Book Value	232.765	281.434

MILLS:
8-k.m, Sargodha Road Faisalabad.
Ph. No. 0092-41-8868132-35
Fax: 0092-41-8868139
E-mail: sargo@fsd.paknet.com.pk

KARACHI OFFICE:
Room No. 351 3rd Floor
Trade Avenue,
Hasrat Mohani Road,
Karachi.
Phone: 021-32472354

Approximate current market price/fair value rupees 300 million to 350 million

iii). The proposed manner of disposal

The assets will be disposed off in an open bidding through tender in newspaper.

iv). Reason for the disposal of assets

There are multiple factors which have been led to the decision by the Directors of the company to dispose off the assets, as aforesaid.

The company one unit was closed in April 2015 and second unit stopped its operation since September 2015 due to shortage of working capital and funds for balancing and modernization of existing old plant. The equity of the Company for the year ended showed negative balance of (Rs.57.796) million as compared to Rs. 82.909 million in the corresponding period 2014.

The management explores various options to run the plant but plans not worked due to heavy losses and current market condition; the bankers are reluctant to extend new facility to the company. Some banks have recalled their existing facilities and pressing the management to settle the outstanding balance.
The management has worked out tentative disposal plan of company assets to settle the company liabilities. The Board of Directors has approved the disposal plan as mentioned above.

v). Benefits expected to accrue to the shareholders

The proceeds from the disposal of the assets will be utilized for reduction of the Company's borrowings. Consequently, the borrowing cost will reduce substantially. This will result in better performance of the Company, as a whole and will enhance the shareholders value.

The Directors have no direct or indirect interest in the above said special business that would require further disclosure, save their shareholdings in and remuneration by the Company.