

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

Notice is hereby given that the 34<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 **Thursday, October 27, 2022** at 11:30 a.m to transact the following business:-

**ORDINARY BUSINESS**

- 1) To confirm minutes of the Annual General Meeting held on October 28, 2021.
- 2) To receive, consider and adopt Audited Financial statement of the Company together with the Chairman's Review Report, Directors' and Auditors' reports thereon for the year ended June 30, 2022.
- 3) To approve and declare final cash dividend at Rs. 10/- per share i.e. 100% for the year ended June 30, 2022, as recommended by the Board of Directors.
- 4) To appoint Auditors for the year ending on June 30, 2023 and fix their remuneration.

**SPECIAL BUSINESS**

- 5) To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 and authorize the Board of Directors of the Company to approve transactions with related parties by passing the following special resolutions with or without modifications:
  - a) **"RESOLVED** that the transactions conducted with Related Parties as disclosed in Note 38 & 38.1 of the financial statements for the year ended June 30, 2022 be and are hereby ratified, approved and confirmed"
  - b) **"FURTHER RESOLVED** that the Board of Directors of the Company be and is authorized to approve all related party transactions to be carried out during the financial year 2023. These transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval."
- 6) To transact any other ordinary business with the permission of the Chair.

Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017 and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed.

Lahore: September 28, 2022

By Order of the Board

  
**Syed Monsin Gilani**  
Corporate Secretary



NOTES:

- 1) The share transfer books for ordinary shares of the Company will remain closed from Friday, October 21, 2022 to Thursday, October 27, 2022 (both days inclusive). Valid transfer(s) received in order by Company's Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on Thursday, October 20, 2022 will be considered in time to entitle the transferees to attend the AGM and 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 Computerized 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) Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM through following means:

- a) Mobile/WhatsApp: 0333-4524559
- b) E-mail: [ellcot-agm22@nagina.com](mailto:ellcot-agm22@nagina.com)

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address. Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices. In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

- 6) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the particulars relating to name, folio number, bank account number, IBAN Number,

title of account and complete mailing address of the bank directly to the Company's Share Registrar in case of physical shareholders and directly to the relevant Participant / CDC Investor Account Service in case of maintaining shareholding under Central Depository System (CDS).

In case of non-receipt of above information, the dividend shall be withheld.

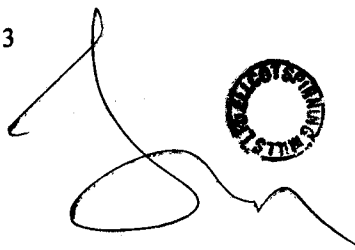
- 7) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

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|--|-----|
| i) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL.      | 15% |
| ii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL. | 30% |

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

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).

- 8) Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, M/s Hameed Majeed Associates (Pvt.) Limited, 1<sup>st</sup> Floor, H.M. House, 7-Bank Square, Lahore. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued there under.
- 9) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, 1<sup>st</sup> Floor, H.M. House, 7-Bank Square, Lahore, for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.
- 10) The financial statements for the year ended June 30, 2022 shall be uploaded on the Company's website [www.nagina.com](http://www.nagina.com) twenty-one days prior to the date of holding of annual general meeting.
- 11) 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

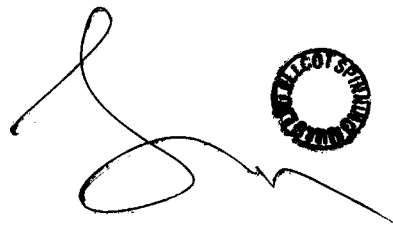
A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "NAGINA" at the top and "PVT. LTD." at the bottom, with a central emblem.

notices through e-mail by submitting Standard Request Form available on Company's website.

- 12) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
- 13) If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
- 14) As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

- 15) Members are requested to promptly notify the Company of any change in their registered address.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "PACIFIC SECURITIES" around the perimeter and "PSE" in the center.

## STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting (AGM) of Ellicot Spinning Mills Limited, (the "Company" or "ESML") to be held on **Thursday, October 27, 2022** at 11:30 a.m at registered office of the Company.

### 1. Agenda item No. 5 (a) - Ratification and Approval of Related Party Transactions

All the transactions carried out by the Company with related parties during the financial year ended June 30, 2022 given in the related party note 38 & 38.1 of the Annual Financial Statements of the Company for the year ended June 30, 2022,

The Company carried out transactions with Related Parties on arm's length basis as per the approved Related Party Transactions Policy in the normal course of business and periodically reviewed by the Board Audit Committee pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

The transactions with related parties have been approved by the Board in the quarterly / annual financial statements during the fiscal year 2021-22, however, the Board decided to place above related party transaction concluded during the fiscal year 2021-22 before the shareholders in AGM for ratification and approval due to the interests/concerns of some of the directors due to common directorship.

### 2. Agenda item No. 5 (b) - Authorization for the Board of Directors to approve related party transactions during the financial year ending June 30, 2023

The Company shall be conducting transactions with the related parties during the year ending June 30, 2023 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into or to be entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties for the year ending June 30, 2023, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties.

## STATEMENT UNDER RULE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

a) Total investment approved;	Rs.100,000,000/= (Rupees one hundred million only) to each of the following associated company: i) Prosperity Weaving Mills Ltd. (PWML) ii) Nagina Cotton Mills Ltd. (NCML)
b) Amount of investment made to date;	Nil



c) Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	Due to better cash flows, the associated companies did not need funds envisaged u/s 199 of the Companies Act, 2017. Therefore, no investment transaction took place during the year 2021-22.																																			
d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	<table><tr><td></td><td colspan="2">Present Financial Position as on June 30, 2022</td><td colspan="2">Financial Position at the time of Approval as on June 30, 2020</td></tr><tr><td></td><td>PWML</td><td>NCML</td><td>PWML</td><td>NCML</td></tr><tr><td></td><td colspan="4">Rupees in Millions</td></tr><tr><td>Net sales</td><td>12,860.619</td><td>11,235.579</td><td>6,018.541</td><td>7,070.172</td></tr><tr><td>Gross profit</td><td>1,095.646</td><td>2,507.668</td><td>529.557</td><td>593.821</td></tr><tr><td>Profit before tax</td><td>624.550</td><td>1,826.779</td><td>247.969</td><td>100.274</td></tr><tr><td>Profit after tax</td><td>349.904</td><td>1,812.562</td><td>154.755</td><td>7.629</td></tr></table>		Present Financial Position as on June 30, 2022		Financial Position at the time of Approval as on June 30, 2020			PWML	NCML	PWML	NCML		Rupees in Millions				Net sales	12,860.619	11,235.579	6,018.541	7,070.172	Gross profit	1,095.646	2,507.668	529.557	593.821	Profit before tax	624.550	1,826.779	247.969	100.274	Profit after tax	349.904	1,812.562	154.755	7.629
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