



# ARTISTIC DENIM MILLS LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Members of Artistic Denim Mills Limited (the Company) will be held on Saturday, October 19, 2019 at 4:00 p.m. at the premises of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi to transact the following business.

### Ordinary Business

- To confirm the Minutes of the Annual General Meeting held on October 27, 2018.
- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Directors' and the Auditors' Reports thereon.
- To consider and approve the payment of final cash dividend @ Rs. 3.00 per share (30%) for the financial year ended June 30, 2019 as recommended by the Board of Directors.
- To appoint the Auditors of the Company for the year ending June 30, 2020 and to fix their remuneration.
- To transact any other business of the Company with the permission of the Chair.

### Special Business

- To approve / ratify the transactions with Related Parties as disclosed in note No. 39 to the Financial Statements for the year ended June 30, 2019 by passing with or without modification(s), the following resolutions as an Ordinary Resolutions:

"RESOLVED that the related parties transactions with:

- Casual Sportswear;
- Artistic Apparels (Private) Limited;
- Artistic Fabric & Garment Industries (Private) Limited;
- DL1961 Premium Denim Inc.;
- Premium Distributors;

carried out in the normal course of business during the year ended June 30, 2019, be and are hereby ratified and approved."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out in the normal course of business during the ensuing year ending June 30, 2020 including but not limited to the following related parties' i.e.:

- Casual Sportswear;
- Artistic Apparels (Private) Limited;
- Artistic Fabric & Garment Industries (Private) Limited;
- DL1961 Premium Denim Inc.;
- Premium Distributors."

By Order of the Board of Directors

Muhammad Ozair Qureshi  
Company Secretary

Karachi: September 28, 2019

### Notes:

#### 1. Closure of Shares Transfer Books:

The share transfer books of the Company will remain closed from October 11, 2019 to October 19, 2019 (both days inclusive). The transfers received in order at the office of the Company's Share Registrar M/s. F. D. Registrar Services (SMC-Pvt) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar, Road, Karachi before the close of the business on October 10, 2019 will be treated in time for the entitlement of final cash dividend and to attend and vote at the Meeting.

#### 2. Participation in Annual General Meeting:

A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the Company's Share Registrar's Office not later than 48 hours before the time of the Meeting.

Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

#### A. For attending the Meeting:

- In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing his / her original CNIC or original passport at the time of attending the Meeting.
- Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

#### B. For appointing proxies:

- In case of individuals, the account holder or subaccount 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.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### 3. Payment of Cash Dividend Electronically (Mandatory Requirement):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, a listed company, is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

Those shareholders who have still not provided their International Bank Account Number (IBAN) are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant/CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar (in case of shareholding in Physical Form).

(I) Shareholders' details:	
Name of the Shareholder(s)	
Folio # / CDS Account No(s)	
CNIC No (Copy attached)	
Mobile / Landline No	
(II) Shareholders' Bank details:	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and address	

In the absence of IBAN, or in case of incomplete details, the Company will have to withhold the payment of cash dividends under the Companies (Distribution of Dividends) Regulations, 2017.

#### 4. Withholding Tax on Dividend:

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2019, effective July 01, 2019, withholding of tax on dividend based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

In case of joint account, each holder is to be treated individually as either 'Active' or 'Non-Active' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total No. of Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion (No. of shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

The required information must reach the Share Registrar of the Company before the close of the business on October 10, 2019 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to the Company's Share Registrar M/s. F. D. Registrar Services (SMC-Pvt) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

#### 5. Unclaimed Dividend:

In compliance of Section 244 of the Companies Act, 2017, once the Company has completed stipulated formalities, any unclaimed dividend and/or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who could not collect their dividend/physical shares are advised to contact Company's Share Registrar to collect/inquire about their unclaimed dividend or shares, if any.

#### 6. Electronic Transmission of Audited Financial Statements & Notices

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787/1(2014) dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its Members through e-mail. Accordingly, Members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice. Annual Financial Statements will be sent at your registered address, as per normal practice.

#### 7. Video Conference Facility

Members can avail video conference facility, in this regard, please fill the following and submit to head office 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 the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/we, \_\_\_\_\_ of \_\_\_\_\_, being a member of Artistic Denim Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

#### 8. Zakat Declaration:

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form with our Share Registrar. Physical shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Artistic Denim Mills Limited's name and their respective CDS A/C # or Folio numbers on Zakat Declarations at relevant place.

#### 9. Change of Address:

Shareholders are requested to immediately notify the change of address, if any to the Company's Share Registrar.

#### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 27th Annual General Meeting of the Company.

#### ITEM NO. 6 OF THE AGENDA:

Artistic Denim Mills Limited is engaged in manufacture and sale of rope dyed denim fabric, yarn and value added textile products. The Company in the normal course of business carries out transactions with its associated companies. Summary of transactions carried out during the year with the associated companies is as follows:

S. No.	Name of Associated Company	Concerned / Interested Director	Nature of Transactions	Rupees in "000"
1	Casual Sportswear	Mr. Muhammad Ali Ahmed	Sales	84,731
2	Artistic Apparels (Pvt) Ltd.	Mr. Muhammad Yousuf Ahmed	Other	116
3	DL1961 Premium Denim Inc.	Mrs. Malha Faisal	Sales Reimbursement of expenses	795,809 51,435
4	Artistic Fabric & Garment Industries (Pvt) Ltd.	Mr. Muhammad Iqbal Ahmed	Sales Purchases Services rendered	56,463 46,958 7,760
5	Premium Distributors	Mr. Muhammad Ali Ahmed	Sales	64,625

Majority of Directors of the Company were interested in these transactions due to common directorship in the associated companies, the required quantum of directors seemingly could not be formed for approval of these transactions which have to be approved by the shareholders in the General Meeting. Therefore, the transactions carried out during the financial year ended June 30, 2019 are being placed before the shareholders for their consideration and approval/ratification.

All related party transactions, during the year 2019, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

The concerned Directors abstained while the Board approved the above transactions in accordance with the requirements of relevant provision of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017.

The above transactions with related parties are an ongoing process and will also remain continued in future.

None of the Directors other than the concerned Directors have any direct or indirect interest in the above mentioned associated companies and have no interest in the above business, other than shareholders of the Company.

