

ELLCOT SPINNING MILLS LTD.
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of members of ELLCOT SPINNING MILLS LTD. will be held on **Monday, October 26, 2020** at 11:30 a.m., electronically through video-link facility (Zoom App.), managed from registered office of the Company, to transact the following business:-

A. ORDINARY BUSINESS

- 1) To confirm minutes of the Extraordinary General Meeting held on January 27, 2020.
- 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, 2020.
- 3) To appoint Auditors for the year ending on June 30, 2021 and fix their remuneration.
- 4) To transact any other ordinary business with the permission of the Chair.

B. SPECIAL BUSINESS

To discuss, consider, approve and, if thought fit, pass the following special resolution with or without modification(s):

RESOLVED that pursuant to the requirements of Section 199 of the Companies Act, 2017, Ellcot Spinning Mills Ltd., (the "Company") be and is hereby authorized to make investment of up to PKR 100,000,000 (Rupees One Hundred Million Only) from time to time in each of the following associated companies (a) Prosperity Weaving Mills Ltd, (b) Nagina Cotton Mills Ltd, by way of advances and / loans, as and when required by these associated companies, provided that the return on such loans and / advances shall not be less than the average borrowing cost of the Company and that such loans / or advances shall be repayable within one year from the date of disbursement.

FURTHER RESOLVED that the above said resolution shall be valid for 5 (five) years and the Chief Executive Officer of the Company be and is hereby authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and the Chief Executive and/or Company Secretary be and are hereby singly authorized to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

Statements under Section 134(3) of the Companies Act, 2017 along with the information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 concerning special business is annexed.

Lahore: September 24, 2020

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 Tuesday, October 20, 2020 to Monday, October 26, 2020 (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 Monday, October 19, 2020 will be in time to attend the meeting.
- 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) Due to current COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

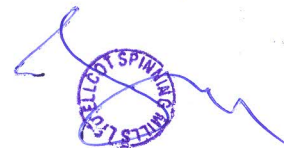
The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, members are required to email their Name, Folio Number, Cell Number and Number of shares held in their name with subject "Registration for Ellcot Spinning Mills Limited AGM-20" alongwith valid copy of both sides of Computerized National Identity Card (CNIC) at ellcot-agm20@nagina.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address ellcot-agm20@nagina.com.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.



- 6) 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.
- 7) 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) for future dividends, if any.
- 8) The financial statements for the year ended June 30, 2020 shall be uploaded on the Company's website www.nagina.com twenty-one days prior to the date of holding of annual general meeting.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) Members are requested to promptly notify the Company of any change in their registered address.
- 13) **IMPORTANT:**
 - a) Shareholders are again requested to provide copy of 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 Squire, Lahore.
 - b) Shareholders are requested to contact the Registered Office of the Company or the Share Registrar, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Squire, Lahore for collection of their unclaimed shares / unpaid dividend which they have not received due to any reasons.



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

This Statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2020.

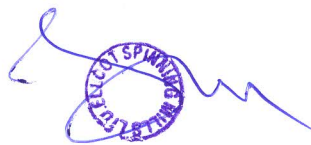
M/s. Prosperity Weaving Mills Ltd. (PWML) and Nagina Cotton Mills Ltd., (NCML) are not members of the Company. Their sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Sr. No.	Name	% of Shareholding
1.	Mr. Shahzada Ellahi Shaikh	2.22
2.	Mr. Shaukat Ellahi Shaikh	3.40
3.	Mr. Shafqat Ellahi Shaikh	2.60
4.	Mr. Raza Ellahi Shaikh	12.79
5.	Mr. Amin Ellahi Shaikh	12.79
6.	Mr. Haroon Shahzada Ellahi Shaikh	6.39
7.	Mr. Omer Ellahi Shaikh	6.39

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(a) Disclosure for all types of investments																																		
(A) Disclosure regarding associated company																																		
i.	Name of Associated Company or Associated Undertaking.	a) M/s. Prosperity Weaving Mills Ltd. (PWML) b) M/s. Nagina Cotton Mills Ltd., (NCML)																																
ii.	Basis of Relationship.	Common Directorship																																
iii.	Earnings / (Loss) per Share for the last three years.	<table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Earnings Per Share (Rs.)</th> </tr> <tr> <th>PWML</th> <th>NCML</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>8.37</td> <td>0.41</td> </tr> <tr> <td>2019</td> <td>11.37</td> <td>16.50</td> </tr> <tr> <td>2018</td> <td>2.96</td> <td>8.46</td> </tr> </tbody> </table>	Year	Earnings Per Share (Rs.)		PWML	NCML	2020	8.37	0.41	2019	11.37	16.50	2018	2.96	8.46																		
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iv.	Break-up value per Share, based on last audited financial statements.	PWML = Rs. 63.88 NCML = Rs. 100.56																																
v.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.	As on June 30, 2020 <table border="1"> <thead> <tr> <th rowspan="2">Description</th> <th>PWML</th> <th>NCML</th> </tr> <tr> <th colspan="2">Rupees in millions</th> </tr> </thead> <tbody> <tr> <td>Paid up Capital</td> <td>184.800</td> <td>187.000</td> </tr> <tr> <td>Non-current assets</td> <td>2,108.991</td> <td>2,973.353</td> </tr> <tr> <td>Current assets</td> <td>1,780.575</td> <td>3,950.960</td> </tr> <tr> <td>Non-Current Liability</td> <td>1,668.421</td> <td>2,371.566</td> </tr> <tr> <td>Current Liabilities</td> <td>1,040.698</td> <td>2,722.251</td> </tr> <tr> <td>Revenue</td> <td>6,018.541</td> <td>7,070.172</td> </tr> <tr> <td>Gross Profit</td> <td>529.557</td> <td>593.821</td> </tr> <tr> <td>Finance Cost</td> <td>118.847</td> <td>277.813</td> </tr> <tr> <td>Profit After Tax</td> <td>154.755</td> <td>7.629</td> </tr> </tbody> </table>	Description	PWML	NCML	Rupees in millions		Paid up Capital	184.800	187.000	Non-current assets	2,108.991	2,973.353	Current assets	1,780.575	3,950.960	Non-Current Liability	1,668.421	2,371.566	Current Liabilities	1,040.698	2,722.251	Revenue	6,018.541	7,070.172	Gross Profit	529.557	593.821	Finance Cost	118.847	277.813	Profit After Tax	154.755	7.629
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vi.	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,- (I) description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
(B) General Disclosures:		
i.	Maximum amount if investment to be made.	Loan investment upto Rs. 100,000,000/- (Rupees one hundred million only) to each of the following: a) Prosperity Weaving Mills Ltd. b) Nagina Cotton Mills Ltd.
ii.	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment.	To provide an option to the associated companies to avail finance as and when required and to park any surplus funds with the associated companies to earn a return over and above offered in the market.
iii.	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis;	Surplus funds of the Company N/A N/A N/A
v.	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.	Agreement will be signed after approval by the members. Other significant terms and conditions are as under: 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on or before 10 th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 2% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by associated company to the Company in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques.



v.	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.	The following directors of the Company are also the directors in the investee company, however, the directors have no director or indirect interest except to the extent of their shareholding / directorship in the investee company.														
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vi.	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs.	Not applicable														
vii.	any other important details necessary for the members to understand the transaction.	None														

Additional disclosure regarding investment in the form of Loan / Advance

i.	category-wise amount of investment.	Loan investment upto Rs. 100,000,000/- (Rupees one hundred million only) to each of the following: a) Prosperity Weaving Mills Ltd. b) Nagina Cotton Mills Ltd.
ii.	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period.	The current average borrowing cost of the Company for the year ended June 30, 2020 was 10.37%.
iii.	rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	Not less than average borrowing cost of the Company to be decided by Chief Executive Officer (Mg. Director).
iv.	particulars of collateral or security to be obtained in relation to the proposed investment,	No security to be obtained as all companies are under common management.
v.	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	None
vi.	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year with payment of interest due on monthly basis.



STATEMENT AS REQUIRED UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017.

Members had approved a special resolution u/s 208 of the repealed Companies Ordinance, 1984 (U/S 199 of the Companies Act, 2017) 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: i) Nagina Cotton Mills Ltd. (NCML) ii) Prosperity Weaving Mills Ltd. (PWML)																																			
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 2019-20.																																			
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.	<table border="1"> <thead> <tr> <th></th> <th align="center" colspan="2">Present Financial Position as on June 30, 2020</th> <th align="center" colspan="2">Financial Position at the time of Approval as on June 30, 2015</th> </tr> <tr> <th></th> <th align="center">NCML</th> <th align="center">PWML</th> <th align="center">NCML</th> <th align="center">PWML</th> </tr> <tr> <th></th> <th align="center" colspan="4">Rupees in Millions</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td align="right">7,070.172</td> <td align="right">6,018.541</td> <td align="right">4,208.114</td> <td align="right">5,811.482</td> </tr> <tr> <td>Gross profit</td> <td align="right">593.821</td> <td align="right">529.557</td> <td align="right">389.233</td> <td align="right">318.755</td> </tr> <tr> <td>Profit before tax</td> <td align="right">100.274</td> <td align="right">247.968</td> <td align="right">148.032</td> <td align="right">31.188</td> </tr> <tr> <td>Profit after tax</td> <td align="right">7.629</td> <td align="right">154.755</td> <td align="right">133.689</td> <td align="right">60.831</td> </tr> </tbody> </table>		Present Financial Position as on June 30, 2020		Financial Position at the time of Approval as on June 30, 2015			NCML	PWML	NCML	PWML		Rupees in Millions				Net sales	7,070.172	6,018.541	4,208.114	5,811.482	Gross profit	593.821	529.557	389.233	318.755	Profit before tax	100.274	247.968	148.032	31.188	Profit after tax	7.629	154.755	133.689	60.831
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