

**Notice of Annual General Meeting**

Notice is hereby given that the **52<sup>nd</sup> Annual General Meeting** of the Shareholders of **Salfi Textile Mills Limited** will be held on **Thursday, the November 21, 2019 at 3:30 p.m. at 5<sup>th</sup> Floor, Textile Plaza, M. A. Jinnah Road, Karachi** to transact the following businesses:

**ORDINARY BUSINESS**

1. To confirm the minutes of the last Extra Ordinary General Meeting held on October 24, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, retiring and being eligible, have offered themselves for reappointment.

**SPECIAL BUSINESS**

**Ordinary Resolution**

4. To consider and pass the following ordinary resolutions:
  - a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 37 of the audited financial statements for the year ended June 30, 2019 be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indeutures as may be required in this regard on behalf of the Company."

**Special Resolution**

5. To consider and approve the adoption of revised Article of Association and if thought fit, to pass the following resolution as Special Resolutions, with or without modification so as to conform to the provisions of Companies Act, 2017 and other Rules / Regulations made thereunder from time to time.

## Salfi Textile Mills Ltd.

“**Resolved** that the changes/update in Articles of Association, as proposed by the Board of Directors, be and are hereby adopted.”

“**Further Resolved** that the Company Secretary, be and hereby authorized and empowered to do all acts, deeds and things that may be necessary to give effect to this resolution.”

“**Further Resolved** that in case the Securities Exchange Commission of Pakistan (SECP) suggests any correction in the text of the Articles of Association, the Company Secretary be and is hereby authorized to make necessary corrections in the documents as permitted under the law in letter and spirit.”

6. To transact any other ordinary business or businesses with the permission of the **Chairman**.

Statement under section 134(3) of the Companies Act, 2017 pertaining to the Special Business is being annexed.

**By Order of the Board of Directors**



**Muhammad Hussain**

**Company Secretary**

Karachi

Dated: October 30, 2019

### **Notes:**

1. The Register of Member and Share Transfer Books of the Company will remain closed from November 14, 2019 to November 21, 2019 (both days inclusive). Transfer received in order at the office of Share Register, M/s CDC Share Registrar Service Limited, CDC, House, 99-B, Block S.M.C.H.S., Main Shakra-e-Faisal, Karachi by the close of business on November 13, 2019 will be considered in time to attend and vote at the meeting.
2. A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order, must be received at the Company's Registered Office duly stamped and signed not later than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her Original CNIC or Passport to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the Board of Directors' resolution/power of attorney with specimen signature of the nominee.

4. Members are requested to notify their change of address, Zakat declaration (CZ-50) and tax exemption certificate (if any) immediately to Company's Share Registrar M/s CDC Share Registrar Service Limited.
5. Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission, all future dividend payments may be withheld.
6. **CNIC / NTN** Pursuant to the directive of the Securities Exchange Commission of Pakistan (SECP), CNIC of members are mandatorily required to be mentioned on Tax/ Zakat certificate. Members are therefore requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar M/s CDC Share Registrar Service Limited.
7. **UNCLAIMED DIVIDENDS & BONUS SHARES** Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact Company's Share Registrar M/s CDC Share Registrar Service Limited. to collect/ enquire about their unclaimed dividend or pending shares, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.
8. **E-DIVIDEND** As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s CDC Share Registrar Service Limited. on E-Dividend mandate form. Please note that after 31st October 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.
9. **E-Voting** 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.
10. **Video Conference** Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the information to the Share Registrar Office of the Company i.e. Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Shahrahe- Faisal, Karachi PABX No. (+9221) 111-111-500 and email [info@cdcpak.com](mailto:info@cdcpak.com)

- 11. CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS** With reference to SRO 787(I/2014 dated 8th September 2014 issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Shares Registrar, M/s CDC Share Registrar Services Limited at CDC House, 99-B, Block-B, S.M.C.H.S, Shahrah-e-Faisal, Karachi to update our record if they wish to receive Annual Audited Financial Statement and Notice of General Meeting through email. However, if a shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven (7) days of receipt of such request.
- 12. DEDUCTION OF INCOME TAX FROM DIVIDEND** Members are informed that the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, have been revised in case of person not appearing in Active Tax Payer List (ATL) which as under:

- a) For filers of income tax returns 15%. b) For non-filers of income tax returns 30%.

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, members whose names are not entered in to the ATL provided on website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL.

Further, according to clarification received from FBR, withholding tax will be determined separately on Filer/Non-Filer status of Principal Member as well as Join-holder(s) based on their shareholding proportions, in case of joint accounts.

- 13. PLACEMENT OF AUDITED FINANCIAL ON WEBSITE** Annual Audited Financial Statements of the Company for the year ended June 30,2019 have been placed on Company's website i.e. [www.tatapakistan.com/salfi-textile-mills](http://www.tatapakistan.com/salfi-textile-mills)

**Statement under Section 134(3)(B) of the Companies Act, 2017**

This statement is annexed to the notice of Annual General Meeting of the members of Salfi Textile Mills Ltd. to be held on November 21, 2019 and sets out the material facts concerning the following Special Business to be transacted at the meeting for approval of members.

**Ordinary Resolution**

1. Agenda Item No. 5(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Section 15 of Listed Companies Code of Corporate Governance Regulations 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions carried out during the financial year ended June 30, 2019 with associated companies shown in note No. 37 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

2. Agenda Item No. 5(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as an Ordinary Resolution.

The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of Section 15 of Listed Companies Code of Corporate Governance Regulations 2017, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2020.

### **Special Resolution**

#### **Revision of Article of Association of Company**

In order to comply with the requirements laid down in the Companies Act, 2017 and the rules and regulations introduced by the Commission for listed companies, it is proposed to substitute the present Articles of Association with new Article of Association and to pass the following resolution with or without modification, as Special Resolution;

“**Resolved** that the changes/update in Articles of Association, as proposed by the Board of Directors, be and are hereby adopted.”

“**Further Resolved** that the Company Secretary, be and hereby authorized and empowered to do all acts, deeds and things that may be necessary to give effect to this resolution.”

“**Further Resolved** that in case the Securities Exchange Commission of Pakistan(SECP) suggests any correction in the text of the Articles of Association, the Company Secretary be and is hereby authorized to make necessary corrections in the documents as permitted under the law in letter and spirit.”

S. No	Clause No. Subject	Present	Proposed Change / Amendments
1	General Updated/replaced in Whole Article of Association	Companies Ordinance 1984	Companies Act 2017
		Code of Corporate Governance	Listed Companies (Code of Corporate Governance) Regulations 2017
		Stock Exchange	Pakistan Stock Exchange
2	2 Interpretation	Code of Corporate Governance” means under the Listing Requirements as directed by the Commission in accordance with section 34 (4) of the Securities and Exchange Ordinance.	Code of Corporate Governance” means the Listed Companies (Code of Corporate Governance) Regulation 2017
		“Commission” means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission Act.	Commission” means the Securities and Exchange Commission of Pakistan.
		“Register” means, unless the context otherwise requires, both the Register of the Members to be kept at the office, pursuant to Section 147 of the Companies Ordinance 1984 and Central Depository Register.	“Register” means, unless the context otherwise requires, both the Register of the Members to be kept at the office, pursuant to Section 119 and 120 of the Act and Central Depository Register.
		“Registrar” means a registrar defined in Section 2(1)(31), performing the duty of registration of companies under the Ordinance.	“Registrar” means a registrar defined in Section 2(1) (57) performing the duty of registration of companies under the Companies Act 2017.
			“Share Registrar” means the Registrar appointed by Board of Directors possessing such qualification and performing such functions as specified by the Commission under the Share Registrar and Balloters Regulations 2017

S. No	Clause No. Subject	Present	Proposed Change / Amendments
		"Ordinance" means Companies Ordinance, 1984, applicable to Pakistan or any modification or re-enactment thereof for the time being in force	"Act" means the Companies Act, 2017, as in force and any amendment or re-enactment thereof for the time being in force
<b>Business</b>			
3	5 Commencement	Section 146	Section 19
<b>CAPITAL AND SHARES</b>			
4	9 Issue of Shares	Section 73	Section 68 to 70
5	11 Power To Issue Shares with Different Rights and Privileges	Section 90 , 85 and 95(4)	Section 58 , 86 and 87
6	13 Allotment of Shares under the control of the Directors	Section 73	Section 68 to 70
		Provided that upon issue of any shares the Directors shall comply with the provisions of Section 86 of the Ordinance	Deleted
7	14 Register of Members to be kept	Section 147	Section 119 and 120
<b>CERTIFICATE</b>			
8	26 Certificates	Section 74	Section 71
9	27 As to issue of new certificate in place of one defaced, lost or destroyed	Section 75	Section 73
		In case of loss or destruction, the Member to whom the new certificate is given shall repay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss and to such indemnity. Within 45 days	In case of loss or destruction, the Member to whom the new certificate is given shall repay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss and to such indemnity. Within 30 days
<b>LIEN</b>			
10	39 Company's lien on shares and dividends	section 251	section 241
<b>MEETINGS</b>			

S. No	Clause No. Subject	Present	Proposed Change / Amendments
11	44 When General Meetings to be held	A general meeting, to be called annual general meeting, shall be held in accordance with the section 158 and the Listing Requirements, within eighteen months from the date of incorporation of the company and thereafter once at least in every year within the period as per applicable law.	A general meeting, to be called annual general meeting, shall be held in accordance with the provisions of section 132 of the Act and the Rule book of Pakistan Stock Exchange, within sixteen months from the date of incorporation of the company and thereafter once in every calendar year within a period of one hundred and twenty days following the close of financial year or the period as per applicable law.  Annual general meetings shall be held in the town in which the registered office of the company is situate or in a nearest city
12	45 ordinary and Extraordinary Meetings	section 157 158	section 131 and 132
13	46-A Attendance at General Meeting through Video Conference	The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.	The company may provide video link facility to its Members on the demand residing in a city subject to the condition that Members collectively holding ten percent (10%) or more shareholding provide their consent to participate in the general meeting through video link at least seven days prior to the date of the general meeting.
14	47 Notice of Meeting	Section 132 of Act 2(1)(36)	Section 132 of Act 2(1)(36)
			In the case of an emergency affecting the business of the Company, hold, with permission of the Registrar and/or Commissioner Securities Exchange Commission of Pakistan



S. No	Clause No. Subject	Present	Proposed Change / Amendments
<b>PROCEEDINGS AT GENERAL MEETINGS</b>			
15	51 Quorum	At least Ten members or such other numbers as required by the applicable law, entitled to vote and present in person, representing not less than twenty five per cent of the total voting power either of their own account or as proxy shall be a quorum for General Meeting for all purposes.	Save as herein otherwise provided, not less than ten members having twenty five per cent of the voting power, present personally, or through video link or such other number as required by the applicable law, personally present shall be a quorum.
16	58 What is to be evidence of the passing of a resolution where poll not demanded	by proxy	through video link
17	59 Poll	Section 167 and 168	Section 143 and 145
<b>VOTES OF MEMBERS</b>			
18	63 Votes of members	Section 160	Section 134 and 135
19	63-A E-Voting	The provisions and requirements for E-voting as prescribed by the Commission from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein	A member may exercise his vote at a meeting by postal ballot or electronic means by e-voting in the manner prescribed by the Commission under the Companies (Postal Ballot Regulations, 2018 as may be in force from time to time.
20	68 Proxies permitted	Section 162	Section 138
21	69 Form of Proxy	Regulation 39	Regulation 42
<b>DIRECTORS</b>			
22	79 When office of Director is vacated	section 187, 188 , 217 and 195	section 153 , 171 ,,212 and 182
<b>ELECTION OF DIRECTORS</b>			
23	83 Term of office of Directors	Section 178	Section 159

<b>S. No</b>	<b>Clause No. Subject</b>	<b>Present</b>	<b>Proposed Change / Amendments</b>
24	84 Directors to fix number of Directors	section 174	section 154
25	86 Casual Vacancy	If at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the directors so retiring shall continue to perform their functions till their successors are elected: provided that the directors so continuing to perform their function shall take immediate steps to hold the election of directors and in case of any impediment the circumstances of the case shall be reported to the Registrar within fifteen days of the expiry of term laid down in applicable law.	The directors may at any time appoint any persons to be a Director to fill a casual vacancy in the Board within a period of ninety (90) days. Any director so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed
26	88 Removal of Director	Section 181 , 176 ,180 and 178	Section 163 , 157 or Section 161 and 159
<b>PROCEEDINGS OF DIRECTORS</b>			
27	89 Meeting of Directors	The Chief Executive Officer / Managing Director or any Director may at any time convene a meeting of the Directors. The Board may determine to hold a meeting through telephone and video conferencing or any other technology whereby all the Directors can simultaneously,	At least once in each quarter of a year. The Chairman may at any time, and shall on the written requisitions of the Managing Director, or of any two Directors, summon a meeting of the Board. At least seven days' notice shall be given to all the Directors for the meeting of the Board, and such notice shall set forth the purpose or purposes for which such meeting is summoned, and such notice shall be sent by courier, facsimile or email to the Directors. With the consent in writing of all the Directors entitled to receive notice of a meeting, or to attend or vote at any such meeting, a meeting of the Board may be convened by shorter notice than specified in this Article. The Board may determine to hold a meeting through telephone and video conferencing or any other technology whereby all the Directors can simultaneously,
<b>MINUTES</b>			
28	99 Register of Directors and officers to be kept at the Registered Office	Section 205 (1) , 219	Section 197 and 209

S. No	Clause No. Subject	Present	Proposed Change / Amendments
<b>POWERS OF DIRECTORS</b>			
29	104 Register of Mortgage debentures and charges be kept	section 135 , 121 , 122 , 130 and 132	section 112 , 100 , 107 and 109
<b>MANAGEMENT OF BUSINESS</b>			
30	107 The appointment of Managing Director or Chief Executive Officer	section 198 to 201	section 186 to 189
31	108 Other Principal Officers	Section 204(a)	Section 194 and 195
<b>THE SEAL</b>			
32	111 Official Seal	Section 213	Section 203
<b>DIVIDENDS AND RESERVE</b>			
33	112 Declaration of dividend	Section 248 to 251	Section 240 to 242 Dividend payable in cash shall only be paid through electronic mode directly in the bank account designated by the entitled Members. A notice of the foregoing seeking information from Member for payment of dividend through electronic mode shall be obtained by the Company in accordance with the provision of Section 242 of the Act. The Company shall place Standard Request Form for payment of dividend electronically on website of the Company.
34	119 Unclaimed Dividends	All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and all dividend unclaimed for three (3) years after having been declared may be forfeited by the Directors for the benefit of the company.	Dividends which have been declared by the Company and remained un-claimed or un-paid for a period of three (3) years from the date it is due and payable or any share which remained un-claimed for a period of three (3) years, the Company shall give ninety (90) days notice to the Member /Shareholders to file claim in accordance with the provisions of section 244 of the Act. After expiry of notice period of ninety (90) days, final notice in the specified form shall be published in two daily

S. No	Clause No. Subject	Present	Proposed Change / Amendments
			newspaper of which one will be in Urdu and one in English having wide circulation. If no claim is made before the Company by the Members /Shareholders, the Company shall after ninety (90) days from the date of publication of the notice, the un-claimed / un-paid dividends shall be deposited to the credit of the Federal Government. The un-claimed shares shall be reported and delivered to the Commission.
35	120 Dividend in specie	section 73	section 70
<b>CAPITALISATION OF RESERVES, ETC</b>			
36	121 Capitalization of Reserves	Section 86(2) , 73	Section 83 ,and 70
<b>ACCOUNTS</b>			
37	123 Place where Books of accounts to be kept	Section 230	Section 220
38	127 Transmission of Annual Audited Accounts and Quarterly Accounts	section 245 and the Listing Requirements	section 237 and the Listing Regulation
<b>AUDIT</b>			
39	128 Accounts to be audited	section 252 to 257	section 246 to 249 and 251
<b>INDEMNITY</b>			
40	133 Directors and other Right to Indemnity	Section 488	Section 492
<b>AMALGAMATION, DIVISION AND RECONSTRUCTION</b>			
41	136 Amalgamation, Division and Reconstruction	Section 287	Section 282

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

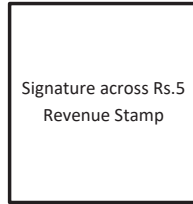




# Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Member of Salfi Textile Mills Limited, holder of \_\_\_\_\_, Ordinary Share(s) as per Register Folio No \_\_\_\_\_ hereby Appoint Mr. \_\_\_\_\_, having CNIC No. \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting of the company to be held on November 21, 2019 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.



Witness 1 \_\_\_\_\_

Witness 2 \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

CNIC # \_\_\_\_\_

CNIC # \_\_\_\_\_

**NOTES:**

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not member of the company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.
3. CDC Shareholders or their Proxies should bring their original CNICs or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detail procedure is given in Notes to the Notice of AGM.

