

# notice of 33rd annual general meeting

Notice is hereby given that the 33rd Annual General Meeting of the members of Gadoon Textile Mills Limited (Company) is scheduled to be held on Wednesday, October 28, 2020 at 10:30 a.m. at 200-201, Gadoon Amazai Industrial Area, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

## Ordinary Business

1. To confirm the Minutes of 32nd Annual General Meeting held on September 28, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Chairman's Review Report, Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

## Special Business

1. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2020, by passing the following resolution:

"RESOLVED THAT the transactions carried out by the Company with related parties including ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, Lucky Textile Mills Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2020, be and are hereby approved."

2. To approve potential transactions with related parties intended to be carried out in the financial year 2020-2021 (including fiscal limits of the general transaction) and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed as special resolutions are as under:

"RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.13,000,000,000/- (Rupees Thirteen Billion Only) for the fiscal year 2020-21.

**FURTHER RESOLVED THAT** within the above parameters approved by the shareholders of the Company, the Board of Directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the Directors of the Company in any related party transaction which has been noted by the shareholders."

By order of the Board



**Abdul Sattar Abdullah**  
Company Secretary

Karachi: October 7, 2020

## Notes

### 1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from Wednesday, October 21, 2020 to Wednesday, October 28, 2020 (both days inclusive). Transfer received in order at our Share Registrar/Transfer agent, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400, at the close of business on Tuesday, October 20, 2020 will be considered in time for the purpose of above entitlement to the transferees.

### 2. PARTICIPATION IN GENERAL MEETING

All shareholders of the Company are entitled to attend and vote at the General Meeting of the Company after verification of their identity.

A member eligible to attend and vote 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 the Registered Office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Province of Khyber Pakhtunkhwa, at least 48 hours before the time of holding the meeting.

CDC account holders are advised to follow the following guidelines:

For attending the meeting:

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

For appointing proxies:

- i) In case of proxy for an individual beneficial owner of shares from CDC, attested copies of the beneficial owner's CNIC or Passport, Account and Participant's I.D. numbers must be deposited along with the form of proxy.
- ii) In case of proxy for representative of corporate members from CDC, Board of Directors' Resolution and Power of Attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of the meeting.
- iii) In order to be effective, the form of proxy duly completed, stamped, signed and witnessed along with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company at least 48 hours before the time of holding the meeting.
- iv) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

**3. NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS:**

The shareholders of the Company are requested to notify changes in their mailing addresses (if any), to our share registrar/transfer agent.

**4. SUBMISSION OF COPIES OF CNIC (MANDATORY):**

Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the Company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

**5. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL**

As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to the written consent of the shareholders.

Shareholders of the Company who wish to receive audited financial statements, a notice of General Meetings and other financial reports through e-mail are requested to fill the required information on the form earlier dispatched to the Shareholders of the Company. The form is also available under the Investor Information section at Company's website <http://gadoontextile.com/investor-information/> Filled forms may please forward to the Company's share registrar.

**6. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH CD/DVD/USB**

SECP through its SRO.470(I)/2016 dated May 31, 2016, have allowed companies to circulate their annual balance sheet, profit and loss account, auditors' report and directors' report to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report to the shareholders in the form of a CD/DVD. Any Member can send a request for a printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website <http://gadoontextile.com/investor-information/>

**7. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE**

The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website <http://gadoontextile.com/investor-information/#report>, in addition to annual and quarterly financial statements for the prior years.

**8. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018:**

Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

**9. UNCLAIMED DIVIDENDS:**

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 2, 2018.

Shareholders are requested to ensure that their claims for unclaimed dividends and shares are lodged timely. In case no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

**10. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:**

In accordance with the requirement of section 72 of Companies Act, 2017 every existing 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. The shareholder having physical shares may open the CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form.

**11. CONSENT FOR VIDEO CONFERENCE FACILITY:**

Pursuant to Section 132(2) of the Companies Act, 2017, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the 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 following information and submit to the registered office of the Company:

**Consent Form for Video Conference Facility**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a shareholder of Gadoon Textile Mills Limited, holder of \_\_\_\_\_ ordinary share(s) as per Register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member(s)

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE "SPECIAL BUSINESS" AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

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# statement under section 134(3) of the companies act, 2017 pertaining to special business

## **This statement sets out the material facts pertaining to the special business, being Items on the notice, intended to be transacted at the Annual General Meeting of the Company to be held on October 28, 2020**

As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), Gadoon Textile Mills Limited (the Company) had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the Board of Directors of the Company, the Board of Directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company's entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the Board of Directors for approval.

The transactions with related parties carried out during the fiscal year 2019-2020 to be ratified have been disclosed in the financial statements for the year ended June 30, 2020. All such transactions were recommended by the Audit Committee and were carried out at arm's length basis.

Furthermore, since such transactions are an ongoing process and are approved by the Board of Directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and Regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

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|--|---|
| 1. ICI Pakistan Limited                  | 2. KIA Lucky Motors Pakistan Limited    |
| 3. Lucky Cement Limited                  | 4. Lucky Energy (Private) Limited       |
| 5. Lucky Holdings Limited                | 6. Lucky Knits (Private) Limited        |
| 7. Lucky Landmark (Private) Limited      | 8. LuckyOne (Private) Limited           |
| 9. Lucky Textile Mills Limited           | 10. Lucky Wind Power Limited            |
| 11. Tricom Solar Power (Private) Limited | 12. Tricom Wind Power (Private) Limited |
| 13. Y.B. Holdings (Private) Limited      | 14. Y.B. Pakistan Limited               |
| 15. Yunus Energy Limited                 | 16. Yunus Textile Mills Limited         |
| 17. Yunus Wind Power Limited             |   |

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party/parties with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs. 13,000,000,000/- (Rupees Thirteen Billion Only) for the fiscal year 2020-21.

All such transactions are clearly stipulated at the end of the year in the Company's Annual Report. Furthermore, the Company and the Board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.