

**NOTICE OF
EXTRA-ORDINARY
GENERAL MEETING**

NAZIR COTTON MILLS LIMITED

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Notice is hereby given that an Extra-Ordinary General Meeting of the Company will be held on Wednesday 22nd day of May 2019, at 10:00 a.m. at the Company's registered office, 61-K, Gulberg III, Lahore, to transact the following business:-

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the company held on October 29, 2018.

Special Business:

To consider and if thought fit, to approve, the following special resolutions seeking approval of members to dispose the Obsolete Machinery of Unit – II which has been scraped since 2000. And Sale a piece of Land, situated at Moza Jamber District Pattoki, Measuring 5 Kanal 16 Marla, to indulge in the activities proposed as alternate business plan of the Company along with the amount generated on account of renting/letting out of the company's premises. Now, the Company is in a view and is confident that it will be able to fetch suitable offer for the disposal of its Scraped Machinery and Land Situated at Moza Jamber District Pattoki to proceed for implementation of its Business Plan as approved by the Board in its meeting held on February 28, 2019. Couple of prospective buyers is keenly interested in the purchase of company's assets and the management is hopeful for getting a reasonable price;

- i. "RESOLVED THAT approval be accorded to dispose off the Scraped Machinery and Land measuring 5 Kanal 16 Marlas situated at Moza Jamber District Pattoki, to utilize the sales proceeds to start the new business as per 'Business Plan' approved by the Board under the prevailing circumstances along with the amount generated on account of renting/letting out of the company's premises."
- ii. A copy of the 'Future Business Plan' of the Company duly supported by a 'Feasibility Report', as approved by the Board in its meeting held on February 28, 2019 has been posted on the Company's website: and is also available for inspection during business hours at Registered Office of the Company.

"The Future Business Plan of the company as recommended by the Board in its meeting held on February 28, 2019 was considered and it was further RESOLVED THAT the Future Business Plan of the company as available for inspection during business hours at Registered Office of the Company and also posted on Company's website: www.nazircottonmills.com be and is hereby approved without any change therein,"

- iii. "**FURTHER RESOLVED THAT**, that Mr. Shahzad Aslam the Chief Executive of the Company be and is hereby singly authorized and empowered to do all acts, deeds and things and take all necessary steps including negotiations and signing of the documents, deeds and papers, agreements and all other documents as may be necessary in order to give effect to, implement and complete the sale of above said Land, Building and other assets of the Company and all matters connected and incidental thereto." A statement of material facts as required under Section 134(3) of the Companies Act, 2017 relating to the aforesaid Special Business to be transacted at the EOGM is annexed with this Notice of EOGM.

2. To transact any other business, as may be placed before the meeting with the permission of the Chair.

BY ORDER OF THE BOARD

Lahore Dated: April 29, 2019

COMPANY SECRETAR

NOTES:

1. The Share transfer books of the Company will remain closed from May 16, 2019 to May 22, 2019 (both days inclusive). Physical transfers received in order by the Company's shares Registrar M/s, Corplink (Pvt) Ltd 1-K Commercial, Model Town, Lahore by the close of business on May 15, 2019 will be treated in time to determine voting rights of the members for attending the meeting.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy forms duly completed must reach the company at its Registered Office at least 48 hours before the time of the meeting. Form of proxy is attached.
3. Members are requested to send copies of their CNICs to the Company's share Registrar to enable the Company to comply with direction of the Securities and Exchange Commission of Pakistan contained in SRO-831(1) 2012.

4. **For attending the meeting personally:**

An individual beneficial owner of CDC entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of a corporate entity, the Board's resolution/power of attorney with specimen signature should be furnished along with the proxy form to the Company.

5. **Video Conference Facility**

Pursuant to the provisions of the Companies Act, 2017, the members residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide them facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address mentioned above, at least 10 days prior to the date of the meeting on the Standard Form available on the company's website: www.nazircottonmills.com.

(The Statement under section 134(3) of the Companies Act, 2017 has been enclosed with the Notice of EOGM)

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

This statement sets out the material facts pertaining to the special business to be transacted at the Extra-Ordinary General Meeting of the Company, scheduled to be held on May 22, 2019.

AGENDA ITEM: 2

The Board has now assessed the market conditions in view of the efforts of the present Government and seeks reconfirmation of the members of their previous decision to dispose of the Scraped Machinery and Land of the Company and also suggested a Business Plan.

The information required under Notification No. SRO 1227/2005 dated: December 12, 2005 is as follows:

1(i). The detail of assets to be sold:

- a. Land of the Company measuring 5 Kanal 16 Marlas located at Moza Jamber , District: Pattoki.
(Rs in million)

Particulars of Asset	Cost	Revalued Amount	Book Value	Expected Market Price/Fair Value
5 Kanal 16 Marla	167,433	00.000	167,433	Ranging from 15 to 20 Million 15,000,000
Total	167,433	00.000	167,433	15,000,000

Scraped Machinery	32 Million	0.000	32 Million	Ranging from 20 to
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Unit-II				25 Million
Total				25,000,000

1(ii). The proposed manner of disposal

The assets shall be disposed off through tender in newspaper.

1(iii). Reasons for the Disposal of Assets

The Company had already suspended its manufacturing operations since December 2006 due to shortage of working capital, unfavorable market conditions and continuous losses. At the balance sheet date, the Company's accumulated losses stood at Rs.450.22 million. The Management has now re-assessed the market conditions in view of the efforts of the present Government and reconfirmed their previous decision to dispose of the Scrapped Machinery and Land situated at Moza Jamber District Pattoki of the Company and also suggested a Business Plan. Financial Projection of the proposed business plan is attached with this Notice as Annexure 'A'. The Board of Directors has approved the aforesaid disposal plan.

2. Future Business Plan

The Management has proposed to dispose off the Scrapped Machinery and Land at Moza Jamber District Pattoki, of the Company and to enter into the Business of Dairy Farming. Financial Projection of the proposed business plan is attached with this Notice as Annexure A. The above objects are lawful and also provided in the Memorandum of Association of the Company. Copy of the Detailed Feasibility Report of the proposed business plan is available for inspection at Registered Office of the Company as well as on Company's website: www.nazircottonmills.com

The expected total cost of this project is around Rs. 60 million expected to be available from sale of Scrapped Machinery, the above said Land at Moza Jamber District Pattoki and Sponsor Loan.

3. Benefits Expected to Accrue to the Shareholders

Due to change in the line of business and future profitability, the Management is expecting dividend to its shareholders in the second year of restructuring. This will also result in better performance of the Company as a whole and will enhance the shareholders' value.

The Directors have no direct or indirect interest in the above said special business except repayment of sponsors/directors loan, shareholding and remuneration that would require further disclosure.

Estimated Profit and Loss Account						
Particulars	30th June					
	2020	2021	2022	#	2023	2024
Sale Revenue	60,750,000	74,250,000	81,675,000		134,763,750	148,240,125
Cost of goods sold						
s						
Fodder	17,082,000	18,790,200	20,669,220		34,104,213	37,514,634
Wanda	14,016,000	15,417,600	16,959,360		27,982,944	30,781,238
Medicine	300,000	330,000	363,000		598,950	658,845
Labour	10,200,000	11,220,000	12,342,000		20,364,300	22,400,730
Other						
Manufacturing Expenses						
Depreciation						
	41,598,000	45,757,800	50,333,580		83,050,407	91,355,448
Gross Profit	19,152,000	28,492,200	31,341,420		51,713,343	56,884,677
Operating Expenses						
Admin and General	1,800,000	1,980,000	2,178,000		7,986,000	8,784,600
Admin Exp	1,500,000	1,650,000	1,815,000		2,994,750	3,294,225
	3,300,000	10,260,250	11,286,275		12,414,903	13,656,393
Operating Profit	15,852,000	18,231,950	20,055,145		39,298,441	43,228,285
Other Income	-	-	-		-	-
	15,852,000	18,231,950	20,055,145		39,298,441	43,228,285
Financial Charges	-	-	-		-	-
Net Profit before Taxation	15,852,000	18,231,950	20,055,145		39,298,441	43,228,285
Taxation	-	-	-		-	-
Net Profit after Taxation	15,852,000	18,231,950	20,055,145		39,298,441	43,228,285
ASSUMPTIONS:						
It is assumed that:	The Number of Bufflos will be 225 and number of cows will be 75					
	Average rate of purchase of cow and buffallow will be Rs. 180,000					
	Average Milk Per Cattle per day is 9 KG					
	Average rate of milk for the Base year Rs. 75 per KG for the base year 2020 which will increase 10% every year					
	Depreciation and appreciation will be equal					
	After 3 year the number of milky cattle will increased by 50%					