



## FAISAL SPINNING MILLS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the members of **Faisal Spinning Mills Limited** will be held on Wednesday, 27<sup>th</sup> October 2021 at 12:00 noon.

As we are still struggling in containing severity of Covid 19 in country and there are deep concerns for the prevailing fourth wave that has grown, amid the emergence of the delta variant strain of coronavirus. Hence, in pursuant to Circular 6 dated March 3, 2021 issued by the Securities and Exchange Commission of Pakistan and to ensure the safety and well- being of our shareholders, the meeting will be held virtually through video link facility, "Zoom" which is available on Google Play and Apple App Store.

The following ordinary and special business is proposed to be conducted in the meeting:

#### Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting held on 30<sup>th</sup> January 2021.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30<sup>th</sup> June, 2021 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 214.50% (PKR 21.45 per share) for the year ended 30<sup>th</sup> June, 2021, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2021-2022 and fix their remuneration. The retiring auditor M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.

#### 5. Special Business:

**(A)** To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions under the provisions of Section 208 of the Companies Act, 2017:

**(i) "Resolved That** Related Parties Transactions carried out during the year as disclosed in the note 42 of the financial statements for the year ended June 30, 2021, be and are hereby ratified, approved and confirmed."

**(ii) "Resolved That** the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the financial year ending June 30, 2022.

**Further Resolved That** that transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next general meeting for their formal ratification/approval."

**(B)** The consent of the members is hereby sought to approve the related party transactions conducted during the financial year ended June 30, 2019 and June 30, 2020.

**(iii) "Resolved That** Related Parties Transactions carried out at arm's length during the normal course of business activity during the fiscal year ended June 30, 2019 and 2020 as disclosed in the notes of financial statements of respective year be and are hereby ratified, approved and confirmed.

#### 6. Any Other Business:

To transact any other business with the permission of the chairman.

The statement of material facts in relation to aforesaid special business as required under section 134(3) of the Act and SRO 423 (I)/2018 is enclosed.

Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded placed on company website at "[www.umergroup.com](http://www.umergroup.com)".

The copy of minutes of the extraordinary general meeting of the company held on 30<sup>th</sup> January, 2021 has also been enclosed and uploaded with aforesaid notice of AGM.

**Karachi:**

**Dated: 27<sup>th</sup> September, 2021**

**(By the order of the Board)**

**Adeel-ur-Rehman Ansari  
Company Secretary**

**Notes:**

**1. For attending meeting electronically due to COVID 19 Pandemic**

In pursuance of Circular 6 date March 3, 2021 issued by SECP to facilitate the shareholder(s) for attending the Annual General Meeting (AGM) of the company electronically through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) are requested to get themselves registered at least 2 working days before holding of the time of AGM at [fsm.corporate@umergroup.com](mailto:fsm.corporate@umergroup.com) by providing the details on the following format:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

- The company will send login details to the members email address for participation in AGM proceedings either through their smart phones or computer devices.
  - The login facility will be opened (10) ten minutes prior to the schedule of meeting for verification process.
  - While accessing the application "Zoom" members are requested to enter full name and folio number on the following format "Full Name - Folio Number" to mark proper attendance.
  - Members are requested to stay on 'Mute' and 'off Camera' unless moderator request for the members consent/comments/questions to approve the resolutions for ordinary and special business.
2. The Shares Transfer Books of the Company will remain closed from 19<sup>th</sup> October 2021 to 27<sup>th</sup> October, 2021 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 18<sup>th</sup> October 2021 will be treated in time for the purpose of entitlement of dividend and to attend the Annual General Meeting of the company.
3. Members interested to attend the virtual meeting through some other member as proxy are requested to send their proxy form (Enclosed) via email at [fsm.corporate@umergroup.com](mailto:fsm.corporate@umergroup.com) or at the registered office of the company not later than 48 hours before the time of holding the meeting.
4. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the

Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

*"I/We, \_\_\_\_\_ being a member of **Faisal Spinning Mills Limited**, holder of \_\_\_\_\_ Ordinary Shares vide folio \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."*

\_\_\_\_\_  
*Signature of Member*

5. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares and dividend or modarba certificates as on June 30, 2021 have been uploaded on our website: [www.umergroup.com](http://www.umergroup.com). In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.
6. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
7. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.umergroup.com](http://www.umergroup.com). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
8. 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.
9. Under the provision of Section 72 of the Act, the shareholders are now required to replace their physical shares with book-entry form at earliest. Accordingly, the physical shares are now required to be converted into Book-Entry Form and kept by Shareholders in their Central Depository System (CDS) Accounts. The CDS Account can be opened and maintained by any CDC Participant {Stock Broker or CDC Investor Account Services Department (CDC IAS) of Central Depository Company of Pakistan Limited situated at Karachi, Lahore and Islamabad.

The following are key features of holding shares in book-entry form in CDC:

- Book-Entry shares cannot be lost, stolen or spoiled.
- No need for issuance of duplicate shares.
- Book-Entry shares can instantly be traded (Sell/Purchase) in Stock Market.
- No requirement of transfer deed for transfer/sale of Book-Entry shares.
- Book-Entry shares can be pledged for availing of any financing facility.
- Instant credit of Bonus and Right shares entitlements in Book-Entry form.
- 24/07 online access of CDS Accounts for reviewing portfolio information.
- Easy access of periodic Account statements of CDS Accounts.

## **Statement of Material Facts Under Section 134 (3) Of The Companies Act, 2017**

Items pertaining to 5(A)(i) of the notice for ratification and approval of the related party transactions during the year ended June 30, 2021.

The related party transactions (RPT) were carried out at arm's length during the normal course of business activity during the year ended June 30, 2021 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws, regulations compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the note 42 to the financial statements for the year ended June 30, 2021

The transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments and divestment made (in accordance with the approval of shareholders and board where applicable). The nature of relationship with these related parties has also been stated in the note 42 to the financial statements for the year ended June 30, 2021.

Items pertaining to 5(A)(ii) of the notice for board authorization to approve related party transactions that will be conducted during the period July 1, 2021 to June 30, 2022.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business activity. Since, there has been common directorship in the related party transactions, the Board seeks member's consent to approve such transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2022 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above and these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

Items pertaining to 5(B)(iii) of the notice for ratification and approval of the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

The transactions were conducted at arm's length during the normal course of business activity as per company's policy in place along with adequate disclosure by complying the requirement under IAS 24. Since, common directorship exists between the related parties, the member's approval is hereby required to ratify the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

The transactions were duly disclosed in the notes to the respective financial years for 2019 and 2020 and unaltered extracts from financial statements of RPT are reproduced below:

### Related Party Transactions

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out sale and purchase of goods and services transactions with various related parties. Names, basis of relationship, nature and description of related party transactions along with monetary value are as follows:

Name of the Company	Basis of relationship	Percentage of shareholding	
Bhanero Textiles Mills Limited	Common directorship	N/A	
Blessed Textiles Limited	Common directorship	18.49%	
Bhanero Energy Limited	Common directorship	N/A	
Firhaj Footwear (Private) Limited	Common directorship	N/A	
Admiral (Private) Limited	Directorship of close family relative	N/A	
Mohammad Salim	Director	0.29%	
Yasmeen Begum	Directorship of close family relative	2.39%	
Khurram Salim	Director	2.00%	
Farrukh Salim	Directorship of close family relative	1.37%	
Yousaf Salim	Directorship of close family relative	3.13%	
Saqib Salim	Directorship of close family relative	1.99%	
Amna Khurram	Directorship of close family relative	1.10%	
Sadaf Farrukh	Directorship of close family relative	2.74%	
Saba Yousaf	Directorship of close family relative	0.98%	
Saba Saqib	Directorship of close family relative	2.12%	
Muhammad Umer	Directorship of close family relative	0.97%	
Samia Bilal	Directorship of close family relative	5.34%	
Abdullah Bilal	Directorship of close family relative	3.37%	
Ali Bilal	Directorship of close family relative	3.37%	
Azan Bilal	Directorship of close family relative	3.37%	
Mohammad Shaheen	Director	0.33%	
Seema Shaheen	Directorship of close family relative	3.35%	
Mohammad Amin	Director	4.61%	
Mohammad Qasim	Directorship of close family relative	3.95%	
Fatima Amin	Directorship of close family relative	4.51%	
Mohammad Shakeel	Directorship of close family relative	0.48%	
Nazli Shakeel	Directorship of close family relative	4.29%	
Adil Shakeel	Directorship of close family relative	4.77%	
Faisal Shakeel	Directorship of close family relative	4.77%	
Hamza Shakeel	Director	4.77%	

  

Nature of relationship	Nature of transactions	2020 Rupees	2019 Rupees
Associated undertaking	Sales of fabric	104,724,292	7,439,399
	Sales of yarn	61,067,062	15,168,782
	Sale of stores & spares	-	2,340,000
	Purchase of yarn	1,343,879,549	1,191,613,610
	Purchase of cotton & polyester	257,388,684	376,089,802
	Purchase of fabric	21,573,104	3,264,339
	Services received	309,000	309,000
	Dividend received	51,371,712	27,350,680
	Electricity purchased	590,760	83,670,953
	Loan received from directors and sponsors	479,337,000	-