

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of **Artistic Denim Mills Limited** will be held at Moosa D. Desai Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi, on Saturday, October 22, 2016 at 4:00 p.m. to transact the following business.

Ordinary Business

1. To confirm the Minutes of the 23rd Annual General Meeting held on October 24, 2015.
2. To receive and adopt the Audited Financial Statements for the year ended June 30, 2016, together with the Directors' and Auditors' Reports thereon.
3. To approve the Cash Dividend @ Rs. 0.00 per share (00%) as recommended by the Board of Directors.
4. To appoint the Auditors of the Company for the year 2016-2017 and to fix their remuneration.

Special Business

5. To ratify the transactions with Related Parties as disclosed in note No. 37 to the Financial Statements for the year ended June 30, 2016 by passing the following resolutions as an ordinary resolutions:
“RESOLVED that the related parties transactions with Casual Sportswear and Artistic Apparels (Private) Limited carried out during the year ended June 30, 2016 be and are hereby approved.”
“FURTHER RESOLVED that the Company is also authorized to carry out such transactions with the related parties' i.e. Casual Sportswear and Artistic Apparels (Private) Limited in future according to the industry norms and practice.”
6. To consider and if deemed fit, to substitute Clauses 94 and 120 of the Articles of Association of the Company, and pass the following resolutions, with or without modification, as a special resolutions:
“RESOLVED that the Articles of Association of the Company be amended by substituting Clauses 94 and 120 as follows respectively:
 94. *The remuneration of a Director for attending the meetings of the Board shall, from time to time be determined by the Board. The Directors shall be paid such travelling, boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board or general meeting of the Company from outstation, be and is hereby approved.”*
 120. *A resolution in writing circulated to the directors of the Company and signed by 1/3rd or four Directors, whichever is higher shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held at which they were present, be and is hereby approved.”*

For and on behalf of the Board

Karachi:
September 30, 2016.

Muhammad Ozair Qureshi
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 14, 2016 to October 22, 2016 (both days inclusive). Transfers received in order at the Company's Share Registrar M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi before the close of the business on October 13, 2016 will be treated in time for the entitlement of cash dividend and to attend and vote at the Meeting.
2. A member entitled to attend and vote at the General Meeting shall be entitled to appoint another member, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, with respect attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the

Company's Share Registrar's Office not later than 48 hours before the time of the meeting.

3. Members or their proxies are required to present their original CNIC or Passport along with the Participant's I.D. and Account Number(s) at the time of attending the Annual General Meeting in order to authenticate their identity.
4. Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original CNIC to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

- ii) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall authenticate identity by showing his / her original CNIC or original passport at the time of attending the Meeting.
- iii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of Meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or subaccount holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of Meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Pursuant to the provisions of Finance Act, 2016, effective July 01, 2016, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:
 - a) For filer of tax return - 12.5%
 - b) For non-filer of tax return - 20%

In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion (No. of shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

The CNIC/NTN number detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time. Since the list contains only CNIC/NTN number, we will be deducting tax @ 12.50% where CNIC/NTN number matches with the list provided by the FBR and in case of no match tax will be deducted at the rate of 20% as Tax Return Non-Filer.

In this connection, shareholders are hereby requested to provide to our Share Registrar attested copy of their CNIC/NTN to ascertain and match their CNIC/NTN with the list provided by the FBR for correct tax deduction from the dividend. In case you have already provided your CNIC/NTN please ignore this

notice.

6. In pursuance with the Securities and Exchange Commission of Pakistan (“SECP”) Notification No SRO.19(1) /2014 of January 10th, 2014 read with Notification No SRO.831 (1)/2012 of July 5th, 2012, SECP has directed all listed companies to mention CNIC/NTN number of the registered members on the dividend warrant and on every list submitted to the Commission including submission of Form-A (annual list of shareholders).

Shareholders (who have not still provided copies of their valid CNICs) are once again requested to immediately send a copy of their Computerized CNIC/Passport (for non-resident only) to our Share Registrar M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi.

In case of non-receipt of copy of valid CNIC and non-compliance of the above-mentioned SRO of SECP, the Company may be constrained to withhold dispatch of dividend warrants.

7. Shareholders are requested to immediately notify the change of address, if any to the Company’s Share Registrar.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement set out the material facts concerning the certain Special Business, given in agenda item no. 5 and 6 of the Notice to be transacted at the 24th Annual General Meeting of the Company.

ITEM NO. 5 OF THE AGENDA:

Artistic Denim Mills Limited is engaged in manufacture and sell rope dyed denim fabric, yarn and value added textile products. The Company in the normal course of business carries out transactions with its associated entities i.e. Casual Sportswear and Artistic Apparels (Private) Limited. The following is the summary of transactions carried out during the year with the said entities:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees in Million
1	Casual Sportswear	Sales	48.648
2	Artistic Apparels (Pvt) Ltd.	Sales	24.365

Mr. Muhammad Ali Ahmed Director of Artistic Denim Mills Limited is also the sole proprietor of Casual Sportswear and Mr. Muhammad Yousuf Ahmed Director of Artistic Denim Mills Limited is also Director of Artistic Apparels (Private) Limited. Both are brothers of Mr. Faisal Ahmed – CEO of Artistic Denim Mills Limited, another Director of the Company.

All related party transactions, during the year 2016, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm’s length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on transfer pricing as contained in the listing regulations of Pakistan Stock Exchange Limited.

Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Ordinance, 1984.

The above transactions with related parties are an ongoing process and will also be remain continued in future.

None of the Directors other than Mr. Muhammad Ali Ahmed and Mr. Muhammad Yousuf Ahmed have any direct or indirect interest in the Casual Sportswear and Artistic Apparels (Private) Limited and have no interest in the above business, other than shareholders of the Company.

ITEM NO. 6 OF THE AGENDA:

The Company was incorporated on May 18, 1992 and Articles of Association of the Company was drafted at that time. At that time the remuneration of Directors for attending the Board Meeting was fixed at Rs. 500/- per meeting. Now due to inflation and increase in other cost it requires to be changed. It is recommended that this be fixed by the Board of Directors from time to time according to the need of hour.

Further at present Clause 120 of the Articles of Association provides that a resolution by circular requires to be signed by all the Directors. However, some time some Directors are not available in the country and it makes difficult for the Company to take decisions in urgent matters. Therefore, it is required that Clause 120 be amended accordingly to make easy for the management to take decisions in case of exigency of the matter.

The Board of Directors recommends substituting Clauses 94 and 120 of the Articles of Association as under:

Clause No.	Existing Clause	Proposed Clause
94	<i>The remuneration of a director shall not exceed Rs. 500/- per meeting of the Board attended by him. The Director may allow and pay to any Director who for the time being is resident out of the place at which any meetings of the Directors may be held and who shall come to that place for the purpose of attending the meeting, such sum as the Directors consider fair and reasonable for his expenses in connection with his attending at the meeting in addition to his remuneration above specified.</i>	<i>The remuneration of a Director for attending the meetings of the Board shall, from time to time be determined by the Board. The Directors shall be paid such travelling, boarding, lodging and other expenses properly incurred by them in or about the performance of their duties or business if any of them has to come to attend the Board or general meeting of the Company from outstation.</i>
120	<i>Subject to section 196(2) of the Ordinance a Resolution in writing signed or initiated by all the directors shall be valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted. A certificate by the Chairman at the foot of any such resolution certifying that the Directors signing or initiating the resolution are all the Directors at the date of the resolution shall be final conclusive in that behalf.</i>	<i>A resolution in writing circulated to the directors of the Company and signed by 1/3rd or four Directors, whichever is higher shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held at which they were present.</i>

None of the Directors of the Company have any direct or indirect interest in the above special business other than as shareholders of the Company.