

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 36th Annual General Meeting of the shareholders of Suraj Cotton Mills Limited will be held on October 28, 2020 at 10:30 A.M. at the Registered Office, 7-B 3, Aziz Avenue, Gulberg 5, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditor's reports thereon for the year ended June 30, 2020.
2. To approve as recommended by Directors, the payment of Cash Dividend @ 40% i.e. Rs. 4/- per share for the year ended June 30, 2020.
3. To appoint auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

4. **To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the capitalization of free reserves to issue bonus shares as recommended by the Directors.**

"RESOLVED THAT a sum of Rs. 36,671,320 be capitalized out of the free reserves of the Company and applied towards issue of 3,667,132 ordinary shares of Rs. 10 each, as 10% fully paid bonus shares i.e. in the proportion of one (01) ordinary share for every ten (10) ordinary shares held by the members of the Company whose names appear in the Members' Register as at the close of the business on October 20, 2020".

"FURTHER RESOLVED THAT the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards the future entitlements, however, these shares shall not be eligible for final dividend declared by the Company for the year ended June 30, 2020".

"FURTHER RESOLVED THAT member's fractional entitlement, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings shall be deposited into a charity account to be proposed and approved by the Shareholders in the Annual General Meeting on October 28, 2020".

"FURTHER RESOLVED THAT the Chief Executive and Company Secretary be and are hereby jointly and / or severally authorized to give effect to these resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and the deposit of sale proceeds of the fractions into aforementioned account".

5. To transact any other business with the permission of the Chair.

BOOK CLOSURE

The Members' Register will remain closed from October 21, 2020 to October 28, 2020 (both day inclusive)

NOTES:

1. Transfer received in order at the Registered Office by the close of business hours on October 20, 2020 will be treated in time.
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.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a

Notice of Annual General Meeting

notarial attested copy of the power of attorney must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.

4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular no. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or passport at the time of attending the meeting.
- ii. In case of 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 meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement.
- ii. Attested copies of valid CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original valid CNIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be produced (unless it has been provided earlier) at the time of meeting.

Deduction of Tax on Dividend Income – Finance Act, 2020

It is hereby informed that pursuant to the Finance Act, 2020, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

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|--|-----|
| i. Rate of tax deduction on dividend income for filer of income tax return | 15% |
| i. Rate of tax deduction on dividend income for non-filer of income tax return | 30% |

CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980

Notice of Annual General Meeting

Further you are therefore requested to please provide us the following details:

Name	Folio No. / CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Financial Statements for the year ended 30 June 2020 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.suraj.com

Shareholders are also requested to notify immediately any change in their E-mail address to the Share Registrar of the Company, M/s. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore. Ph. 042-35170335- 37

By Order of the Board

Lahore
October 06, 2020

Company Secretary

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

This statement set out all the material facts concerning Special Business under Agenda Item No.4 be transacted at the 36th Annual General Meeting.

AGENDA ITEM NO. 4

ISSUE OF BONUS SHARES BY CAPITALIATION OF FREE RESERVES

The Board of Directors in their meeting held on September 15, 2020, have recommended capitalization of a sum of Rs. 36,671,320 out of free reserves of the Company for issue of 3,667,132 ordinary shares of Rs. 10 each, as 10% fully paid bonus shares. The directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves.

The Directors of the Company have not, direct or indirect interest in this special business, except to the extent of their entitlements of bonus shares and their relatives who are also shareholders of the Company.