



**SHAHZAD
TEXTILE**

FORM-4

Date: - 05-10-2021

THE GENERAL MANAGER
Pakistan Stock Exchange Limited,
Stock Exchange Building
Stock Exchange Road,
Karachi.

Subject: Notice of Annual General Meeting

Dear Sir,

Enclosed please find a copy of the Notice of the Annual General Meeting to be held on Thursday, October 28, 2021 at 11:30 a.m. for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,
for **SHAHZAD TEXTILE MILLS LIMITED**


COMPANY SECRETARY

Encl: as above

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 43rd Annual General Meeting ("AGM") of the Shareholders of **SHAHZAD TEXTILE MILLS LIMITED** (the "Company") will be held at Company's Registered Office, 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore on Thursday, October 28, 2021 at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Chairman's Review Report, Directors' and Auditors' Report thereon.
2. To appoint Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for appointment as auditors of the Company.

SPECIAL BUSINESS

3. To consider and, if deemed fit, to pass the following resolution as Special Resolution with or without modification for ratification of transactions with related parties as per Note No. 37 of Audited Accounts 2021.

RESOLVED that the related party transactions carried out by the Company with related parties during the year ended June 30, 2021 be and are hereby approved.

RESOLVED FURTHER that Chief Executive of the Company be and is hereby authorized to approve transactions to be carried out with the related parties during the year ending June 30, 2022 and till the date of next annual general meeting.

By order of the Board

Place: Lahore
Dated: October 05, 2021

(SYED IMRAN HAIDER)
Company Secretary

NOTES:

1. Closure of Share Transfer Books
The Share Transfer Books of the Company will remain closed from October 19, 2021 to October 28, 2021 (both days inclusive). Transfers received in order at Company's Independent Share Registrar's Office, Hameed Majeed Associates (Pvt) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 18, 2021 will be treated in time for the purpose of attending speaking and voting at the annual general meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above e requirements.
- b. Two persons, whose name, addresses and CNIC numbers shall be mentioned on the form, shall witness the proxy form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Change of Address

The shareholders are requested to promptly notify change in their address, if any to the Company's Share Registrar

6. 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 provide to the CDS participants for updating and forwarding to the Company. In case of non-submission, of CNIC / IBAN all future dividend payments may be withheld.

7. Zakat Declarations:

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

8. Circulations of Annual Reports through E-mail

The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.shahzadtex.com.

9. Tax Deductions from Filer and Non-Filers

The deduction of income tax from dividend payments shall be made on the basis of filers and non-filers

| S.No. | Nature of Shareholders | Rate of deduction |
|-------|------------------------|-------------------|
| 1 | Filers | 15.0 % |
| 2 | Non-Filers | 30.0 % |

Tax deduction will be made on the basis of Active Tax Payers List provided on the website of Feral Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid withholding tax exemption certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

| Folio /CDC Account No. | Name of shareholder | CNIC | Shareholding | Total Shares | Principal/Joint Shareholder |
|------------------------|---------------------|------|--------------|--------------|-----------------------------|
|------------------------|---------------------|------|--------------|--------------|-----------------------------|

10. Placement of Financial Statements

The Company has placed the Notice of AGM and Audited Annual Financial Statements for the year ended June 30, 2021 along with Auditors, Directors and Chairman's Reports thereon on its website: www.shahzadtex.com

11. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any are advised to contact our Share Registrar M/s Hameed Majeed Associates (Private) Limited, 7-Bank Square, Lahore, to collect enquire about their unclaimed dividend or pending shares, if any.

12. Online Participation in the Annual General Meeting:

Due to COVID-19 Pandemic and the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and request the members to consolidate their attendance and voting at the AGM through proxies. The meeting can be attended using smart phones/tablets/computer. To attend the meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC / Passport / certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for Shahzad Textile Mills Limited AGM" through emailcorporate@shaheencotton.com on or before 26 October, 2021.

| Name of Member | CNIC No. | CDC Account No/ Folio No. | Cell Number. | Email address |
|----------------|----------|------------------------------|--------------|---------------|
| | | | | |

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email with the Company with. The login facility will remain open from start of the meeting till its proceedings are concluded.

The shareholders who wish to send their comments/suggestions on the agenda of the AGM can email the Company at email:corporate@shaheencotton.com or WhatsApp at 0333-4352750. The Company shall ensure that comments / suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

13. Deposit of Physical Shares in CDC account

As per Section 72 of the 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 SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

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

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2021.

Ratification / approval of Related Party Transactions

The Company carried out transactions as per Note No. 37 of Audited Accounts 2021 with its related parties in the ordinary course of business under the authority of the special resolution of the members as approved by them during the last annual general meeting held on October 31, 2020. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis.

Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2021 with the related parties due to their common directorship (Mr. Irfan Aslam and Mr. Imran Aslam) and shareholding in these associated undertaking, therefore, these transactions have been placed before the members of the Company for their approval in the General meeting. The transactions with all related parties are entered on arms' length basis

Related Parties Transactions

| <u>NAME OF RELATED PARTY</u> | <u>NATURE OF RELATIONSHIP</u> | <u>NATURE OF TRANSACTION</u> | <u>AMOUNT OF TRANSACTION (RUPEES)</u> | <u>TERMS AND CONDITIONS</u> |
|--------------------------------------|-----------------------------------|----------------------------------|---|---------------------------------|
| Sargodha Jute Mills Limited | Associated undertaking | Purchases (Jute Twin) | 624,563.00 | Market Price |
| Sargodha Jute Mills Limited | Associated Undertaking | Amount received-net | 604,942.00 | - |
| Sargodha Jute Mills Limited | Associated undertaking | Sales (Spinning Waste) | 432,074.00 | Market Price |
| Sargodha Jute Mills Limited | Associated undertaking | Rental Income (Godown Rent) | 480,000.00 | - |

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to transaction with related parties in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Audit Committee, such transactions are placed before the Board of directors for approval.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2022 and till the next annual general meeting on an arm's length basis as per the approved policy with respect to transactions with related parties' in the normal course of business.

The Directors are interested in this business to the extent of their respective directorships and / or shareholdings.