

NADEEM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of **Nadeem Textile Mills Limited** will be held on Thursday, October 28, 2021 at 5:30 p.m. at 801-804, 8th Floor, Lakson Square Building No.3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on 28th October, 2020.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2021 together with the Directors' and Auditors' Reports thereon.
3. To approve the cash dividend @30% (Rs.3/=per share) for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2022.
5. To transact any other business with the permission of the Chair.

Special Business:

6. To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2021 by passing the following resolutions as ordinary resolutions:

“RESOLVED that the related parties transactions carried out by the Company with Nadeem Power Generation (Pvt.) Ltd. and Nadeem International (Pvt.) Ltd. related parties during the year ended June 30, 2021 be and are hereby approved.”

FURTHER RESOLVED THAT the Company may carry out transactions including, but not limited to, the sale/purchase of yarn, sale/purchase of cotton/fibre, sale/purchase of electricity, reprocessing of yarns, rent/lease of assets, sale/purchase of machinery and equipment and other necessary goods, including receipt and payment of dividends, with related parties from time to time for the financial year 2021-22.

Karachi:
5th October, 2021

By order of the Board

Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company at A -801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.
5. CDC Account Holders will also have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

7. Payment of cash Dividend Electronically

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

All shareholders are requested to provide the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number: (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar M/S Hameed Majeed Associates (Pvt.) Ltd., Karachi.

8. Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant shall mandatory bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, Hameed Majeed Associates (Pvt.) Ltd., Karachi, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend in terms of Clause (a) of proviso under Section 243(2) of the Companies Act 2017, which will be released by the Share Registrar, only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

Pursuant to the provision of the Finance Act, 2017 effective July 1, 2017 the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

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|-----|---------------------------------------|-----|
| (a) | For filers of income tax returns: | 15% |
| (b) | For non-filers of income tax returns: | 30% |

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

Withholding tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 20, 2021, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

9. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar: M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi to collect / enquire their unclaimed dividend, if any.

In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure all such dividend outstanding for a period of three years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend, shall be delivered to the SECP.

10. Deposit of Physical Shares into CDC Accounts:

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 Commission, within a period not exceeding four years from the commencement of the Companies Act, 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, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Ltd.

11. Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed on the website of the Company: <http://www.nadeem.com.pk>

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

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 35th Annual General Meeting of the Company.

ITEM NO. 6 OF THE AGENDA:

Nadeem Textile Mills Limited is engaged in manufacture and sale of yarn. The Company in the normal course of business carries out transactions with its associated entities. Summary of transactions carried out during the year with the associated entities is as follow:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem Power Generation (Pvt) Ltd.	Purchase of Power	302,289,786
2	Nadeem Power Generation (Pvt) Ltd.	Loan Received	33,900,000
3	Nadeem Power Generation (Pvt) Ltd.	Loan Re-Paid	15,505,000
4	Nadeem Power Generation (Pvt) Ltd.	Rental Income	10,000
5	Nadeem International (Pvt) Ltd.	Loan Received	13,500,000
6	Nadeem International (Pvt) Ltd.	Loan Re-Paid	14,100,000
7	Nadeem International (Pvt) Ltd.	Weigh Bridge Expenses	180,000

Mr. Zahid Mazhar, Mr. Omer Bin Zahid and Mr. Hassan Bin Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem Power Generation (Private) Limited.

Mr. Zahid Mazhar, Mr. Omer Bin Zahid, Mr. Hassan Bin Zahid and Mrs. Naila Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem International (Private) Limited.

All related party transactions, during the year 2021, 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 above concerned Directors abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Act, 2017 and listed Companies (Code of Corporate Governance) Regulations 2017.

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

None of the Directors other than the above concerned directors have any direct or indirect interest in the above mentioned associated entities and have no interest in the above business, other than shareholders of the Company.