

NOTICE OF EXTRAORDINARY GENERAL MEETING



Notice is hereby given that an Extraordinary General Meeting ("EOGM") of Shahzad Textile Mills Limited (the "Company") will be held on Wednesday, the June 21, 2023 at 11:30 a.m. at 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore, to transact the following business:

Special Business:

1. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to increase the Authorized Capital of the Company:

Resolved that the Authorized Capital of the Company be and is hereby increased from Rs. 400,000,000, divided into 40,000,000 ordinary shares of Rs. 10 each to Rs. 2,400,000,000 divided into 240,000,000 ordinary shares of Rs. 10 each by creation of 200,000,000 additional ordinary shares of Rs. 10/- each of the Company and for that purpose Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby accordingly amended to read as under:

Clause V of the Memorandum of Association:

The authorized capital of the Company is Rs. 2,400,000,000 (Rupees Two Billion Four Hundred Million Only) divided into 240,000,000 ordinary shares of Rs. 10/- each. The Company shall have the power to increase, reduce or reorganize the capital of the Company and divide shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

Article 4 of the Articles of Association:

The authorized capital of the Company is Rs.2,400,000,000 divided into 240,000,000 ordinary shares of Rs. 10/- each with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with provisions of the Companies Ordinance 1984.

Further resolved that the additional shares when issued shall carry equal voting rights and rank *pari passu* with the existing ordinary shares in all respects/matters in conformity with the provisions of the Companies Act, 2017.

Further resolved that the Chief Executive and / or any Director of the Company be and are singly / jointly authorized to take all necessary steps and decisions to obtain all approvals required, if any and to sign, execute and deliver and file all requisite documents to the relevant authorities in this regard and to affix common seal of the Company on such document (s) / share certificates of title to the shareholders as may be deemed necessary.

2. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to substitute the clause 104 of the Articles of Association of the Company:

Resolved that pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017, Article 104 of the existing Articles of Association of the Company be and is hereby substituted to read as follows:



**SHAHZAD
TEXTILE**

104. Capitalization of Profits

The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution.

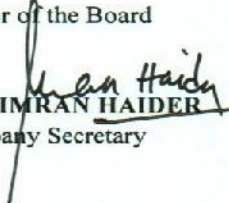
Further resolved that the Chief Executive and / or any Director of the Company be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration of Articles of Association of the Company and implementing this special resolution.

Further resolved that the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required, and such amendment, modification, addition or deletion shall not require fresh approval of members.

(Annexed to the notice being circulated to the shareholders is a statement of material facts pertaining to special business to be transacted at the EOGM).

Lahore
May 30, 2023

By Order of the Board


SYED IMRAN HAIDER
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from June 14, 2023 to June 21, 2023 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Hameed Majeed Associates (Private) Limited, H.M. House 7- Bank Square Lahore by the close of business on June 13, 2023 will be considered in time for the purpose to attend and vote at the EOGM.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint another member as his / her proxy to attend and vote in place of him / her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.

Shahzad Textile Mills Ltd.

T: +92 42 35754024, 35754027, 35791228 • F: +92 42 35712313

E: info@shahzadtex.com • A: 19-A, Off Zafar Ali Road, Gulberg V, Lahore, Pakistan.

www.shahzadtex.com

3. 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 in Circular No 1 of 2000.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose 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. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the 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.

4. The members can also participate in the Extraordinary General Meeting through video link facility.

To attend the EOGM through video link, members and their proxies are requested to register their following particulars by sending an e-mail at corporate@shaheencotton.com.

Folio/CDC Account No.	No. of Shares	Name	CNIC No.	Cell No.	Email address
--------------------------	------------------	------	----------	----------	------------------

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on June 16, 2023.

5. Procedure for E-Voting

- a. In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of e-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on June 13, 2023. Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before June 13, 2023.
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote for agenda item No.1 and 2 online from June 18, 2023 till June 20, 2023 5:00 p.m. Voting shall close on June 20, 2023, at 5:00 p.m. A vote once cast by a Member, shall not be allowed to be changed.

6. Procedure for Voting Through Postal Ballot

- a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.shahzadtext.com to download.
 - b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, 19-A, Off. Zafar Ali Road, Gulberg-V, or email at chairmanshahzad.com one day before the EOGM, i.e., on June 20, 2023 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.
7. For any query / information, the investors may contact the Shares Registrar: Mr. Mustasim Nawaz, Phone No.042-37235082, e-mail address: info@hmaconsultants.com and / or the Company: Mr. Rashid Imran Hashmi, Phone No. 0333-4352750, email address: corporate@shaheencotton.com.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY GENERAL MEETING:

This statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on June 21, 2023.

Item No. 1 of the Agenda - Increase in Authorized Share Capital of the Company and Consequent Amendment in the Memorandum of Association

In order to cater for future increase in paid up share capital as and when deemed necessary in accordance with growth plans and in the best interest of the Company and its stakeholders, the Board of Directors in their meeting held on May 30, 2023 have decided that the Authorized Share Capital of the company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 400,000,000 divided into 40,000,000 ordinary shares of Rs. 10 each to Rs. 2400,000,000 divided into 240,000,000 ordinary shares of Rs. 10 each by creation of additional 200,000,000 ordinary shares of Rs. 10/- each of the Company.

The new Ordinary Shares when issued shall carry same voting rights and rank *pari passu* with the existing Ordinary Shares in all respect/matters in conformity with the provisions of the Companies Act, 2017.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and Article 4 of the Articles of Association. Therefore, the Board of Directors have also recommended alteration in the Memorandum of Association and Articles of Association of the Company to reflect increase in Authorized Share Capital of the Company.

The Directors / CEO of the Company or their relatives have no interest, direct or indirect, in the special business save to the extent of their shareholding in the Company and in their capacity as Directors/CEO of the Company.

Reasons for increase in authorized share capital

It is being proposed to enhance the existing authorized capital in order to allow further issue of shares in future. Additional authorized capital of Rs.2,000,000,000 i.e., creation of additional 200,000,000 ordinary shares of Rs. 10- each is being proposed.

Reasons for Alteration in Memorandum and Articles of Association:

The Authorized Share Capital is being increased to cater future requirements of issue of further share capital. This necessitates the alteration of Clause V of the memorandum and Article 4 of the Articles of Association of the Company.

Existing Clause V of Memorandum of Association:

"The authorized capital of the Company is Rs.400,000,000 (Rupees Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rs. 10/- each. The Company shall have the power to increase, reduce or reorganize the capital of the Company and divide shares in the capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984."

Proposed Clause V of Memorandum of Association:

"The authorized capital of the Company is Rs. 2400,000,000 (Rupees Two Billion Four Hundred Million Only) divided into 240,000,000 ordinary shares of Rs. 10/- each. The Company shall have the power to increase, reduce or reorganize the capital of the Company and divide shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017."

Existing Clause 4 of Articles of Association:

"The authorized capital of the Company is Rs. 400,000,000 (Rupees Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rs. 10/- each with powers to increase, reduce, subdivide, consolidate or otherwise recognize the same in accordance with the provisions of the Ordinance."

Proposed Clause 4 of Articles of Association:

"The authorized share capital of the Company is Rs. 2400,000,000 (Rupees Two Billion Four Hundred Million Only) divided into 240,000,000 ordinary shares of Rs. 10/- each."

Statement by the Board of Directors:

We the Board of Directors of the Company hereby confirm that the proposed alterations in the Memorandum and Articles of Association for increase in authorized share capital of the Company are in line with the applicable provisions of the law and the regulatory framework.

Inspection:

A copy each of the existing and amended Memorandum of Association and Articles of Association identifying the changes proposed therein bearing the initial of the company secretary for identification purposes and the documents pertaining to proposed special resolution are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the Extraordinary General Meeting. The same shall also be available for inspection by the members in the Extraordinary General Meeting.

Item No. 2 of the Agenda - To amend the clause 104 of the Articles of Association of the Company

In order to allow the Board of Directors of the Company to approve issuance of bonus shares by way of capitalization any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, the Board of Directors of the Company in their meeting held on May 30, 2023 has recommended to substitute the Clause 104 of the Articles of Association of the Company accordingly.

Comparative Analysis**Existing Clause 104 of the Articles of Association****"104. Capitalization of Profits**

Any general meeting may, upon recommendation of the Board, resolved that any undistributed profits of the company (including profit carried and standing to the credit of any reserve or reserves or other special accounts or representing premium received on the issue of shares and standing to the credit of the share premium a/c and capital reserves arising from realized or unrealized appreciation of the assets or goodwill of the company or from any acquisition/sale

of interest in other undertakings) not required for paying the dividends of any shares issued with preferential or other special or privileges in regard to dividend, be capitalized such capitalized undistributed profits and reserves shall be distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend, and in the same proportion, on the footing that they become entitled thereto as capital. All or any part of such capitalized funds may be applied on behalf of such shareholders for payment in full or in part either at par or at such premium as the resolution may provide for any unissued shares or debentures of the company which shall be distributed accordingly, and such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

Proposed Clause 104 of the Articles of Association

"104. Capitalization of Profits

The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution."

Reason for Amendment in Articles of Association:

The Board is being allowed to capitalize the reserves /unappropriated profits by issuance of bonus shares for which the alteration in Article 104 has been recommended for approval of members.

Availability of Relevant Documents and Inspection

A copy each of the existing and proposed Articles of Association indicating the proposed amendments are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the Extraordinary General Meeting.

Interest of directors

The Directors I Chief Executive of the Company have no interest, directly or indirectly, in this Special Business and / or Special Resolution except in their capacities as Directors / Chief Executive I shareholders.

Statement of the Board of Directors

We, the members of the Board of Directors of the Company hereby confirm that the proposed amendment in Articles of Association of the Company is in line with the applicable provisions of the laws and regulatory framework.

Inspection

Copies of the Memorandum of Association and Articles of Association of the Company (existing and with proposed amendments) and other related documents have been placed at the Registered Office of the Company which can be inspected from the date of this notice till last working date before the date of the meeting. The same will also be available during the course of the meeting for inspection of members.



BALLOT PAPER FOR VOTING THROUGH POST

(in person and virtual Extraordinary General Meeting to be held at 11:30 a.m. on Wednesday, June 21, 2023)

Designated email address of the Chairman at which the duly filled in ballot paper may be sent:
chairman@shahzad.com

Name of shareholder / joint shareholders	
Registered Address	
Number of Shares held (on close of June 13, 2023) and folio number	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by picking tick (✓) mark in the appropriate box below:

Sr. No.	Name and Description of Resolutions	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	<p>Resolved that the Authorized Capital of the Company be and is hereby increased from Rs. 400,000,000, divided into 40,000,000 ordinary shares of Rs. 10 each to Rs.2,400,000,000 divided into 240,000,000 ordinary shares of Rs. 10 each by creation of 200,000,000 additional ordinary shares of Rs. 10/- each of the Company and for that purpose Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby accordingly amended to read as under:</p> <p><u>Clause V of the Memorandum of Association:</u> The authorized capital of the Company is Rs. 400,000,000, (Rupees Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rs. 10/- each with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with provisions of the Companies Act 2017.</p>		



	<p><u>Article 4 of the Articles of Association:</u></p> <p>The authorized capital of the Company is Rs. 400,000,000 (Rupees Four Hundred Million Only) divided into 40,000,000 ordinary shares of Rs. 10/- each with powers to increase, reduce sub-divide consolidate or otherwise reorganize the same in accordance with the provisions of the Companies Act, 2017.</p> <p>Further resolved that the additional shares when issued shall carry equal voting rights and rank pari passu with the existing ordinary shares in all respects/matters in conformity with the provisions of the Companies Act, 2017.</p> <p>Further resolved that the Chief Executive and / or any Director of the Company be and are singly / jointly authorized to take all necessary steps and decisions to obtain all approvals required, if any and to sign, execute and deliver and file all requisite documents to the relevant authorities in this regard and to affix common seal of the Company on such document (s) / share certificates of title to the shareholders as may be deemed necessary.</p>		
2	<p>Resolved that pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017, Article 104 of the existing Articles of Association of the Company be and is hereby substituted to read as follows:</p> <p>104. Capitalization of Profits</p> <p>The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution."</p> <p>Further resolved that the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required, and such amendment, modification, addition or deletion shall not require fresh approval of members.</p>		

Signature of Shareholder(s)

Place:

Date:

NOTES / PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

1. Duly filled and signed original postal ballot should be sent to the chairman, Mian Parvez Aslam , Shahzad Textile Mills Limited at 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore or a scanned copy of the original postal ballot to be emailed at: corporate@shaheencotton.com
2. Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot forms should reach chairman of the meeting on or before June 20, 2023 during working hours. Any Postal Ballot received after this date, will not be considered for voting.
4. Signature on Postal Ballot should match the signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, in correct, defaced, torn, mutilated, over written ballot papers will be rejected.
6. In case of representative of body corporate and corporation, Postal Ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act 2017, as applicable, unless these have already been submitted along with Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Pakistani Embassy having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.shahzadtex.com. Members may download the ballot paper form the website or use original/photocopy published in newspapers.