

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 44th 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 Friday, October 28, 2022 at 11:30 a.m. and via video link 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, 2022, 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 ratify and approve transactions carried out with Related Parties during the financial year ended June 30, 2022, under the authority of the special resolution passed in the last annual general meeting held on October 28, 2021 and to authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in the ordinary course of business during the financial year ending June 30, 2023 and till the date of next Annual General Meeting, and to further authorize him to take any and all necessary steps and to sign/execute any and all such documents/annexures on behalf of the Company as may be required and to pass the resolutions as proposed in the statement of material facts as special resolutions..

Statement of material facts along with draft Special Resolutions are attached to this Notice.

By order of the Board



(SYED IMRAN HAIDER)
Company Secretary

Place: Lahore
Dated: October 05, 2022

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 19, 2022 to October 28, 2022 (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, 2022 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 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
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10. Placement of Financial Statements

The Company has placed the Notice of AGM and Audited Annual Financial Statements for the year ended June 30, 2022 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:

As per instructions of Securities and Exchange Commission of Pakistan, the Company has arranged video link facility for online participation of members in the AGM. The meeting can be attended using smart phones/tablets/computers. 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 email corporate@shaheencotton.com on or before 26th October 2022.

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.

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, 2022.

Ratification / approval of Related Party Transactions

The Company carried out transactions with its related parties in the ordinary course of business at arms' length basis in accordance with the Policy of related party transactions approved by the Board of Directors as disclosed in Note No. 37 of the audited financial statements for the year ended June 30, 2022 and under the authority of special resolution of the members as approved by them in the last annual general meeting held on October 28, 2021. All the related party transactions summarized below were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis.

Name of Related Party	Nature of Interested Directors	Nature of Relationship	Description of Transaction	Pricing Policy	Amount (Rs.)
Sargodha Jute Mills Limited	Mr. Imran Aslam Mr. Irfan Aslam Mian Parvez Aslam Mr. Danish Aslam Mrs. Nazish Imran	Director Chief Executive Director Director Director	Purchase, Sales & Rental Income	Arms length basis	1,992,025
Mr. Imran Aslam	Mr. Imran Aslam Mr. Irfan Aslam Mrs. Nazish Imran Mr. Danish Aslam Mian Parvez Aslam	Director	Loan	Interest Free Loan	50,000,000

“Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the related parties, in accordance with the Policy of related party transactions approved by the Board of Directors of Shahzad Textile Mills Limited, during the financial year ended June 30, 2022 be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of Transaction	Amount (Rs.)
Sargodha Jute Mills Ltd	Purchase, Sales & Rental Income	1,992,025
Mr. Imran Aslam	Loan	50,000,000

Authorization to the Company to transact with certain related parties

The Company will continue to carry out transactions with its Related Parties in its ordinary course of business at arm's length basis during the financial year ending June 30, 2023 and till the date of next annual general meeting.

The majority of directors will be interested in the transactions with related parties, therefore, such related party transactions need approval of the members under the provisions of the Companies Act, 2017. Accordingly, these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The following resolutions are proposed to be passed as Special Resolutions with or without modification:

“Resolved that the Shahzad Textile Mills Limited (the Company) be and is hereby authorized to carry out the transactions with its Related Parties as and when required in the ordinary course of business at arm's length basis during the year ending June 30, 2023 and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

Further Resolved that Chief Executive / Company Secretary of the Company be and is hereby authorized to undertake the transaction and take all necessary steps and to sign/execute any purchase order/document /Agreement on behalf of the Company as may be required and to authorize any other officer of the Company to do so in order to implement the aforesaid Resolution(s).”

The Directors are interested in this business as disclosed hereinabove.

CHAIRMAN'S REVIEW REPORT**For the year ended June 30, 2022**

I am pleased to present the report on the overall performance of the Board and effectiveness of its role in achieving the company's objective.

The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant law and regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein. The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

The Board has carried out a review of its effectiveness and performance, which is satisfactory. The Board evaluation during the year 2022 robustly considered all aspects of the Board including the performance of individual Directors, and the Board as a whole. I appreciate the key role played by the Audit Committee in directing the management towards areas of improvements and recommending effective solutions. The Non-Executive and Independent Directors are equally involved in important decision of the company made by the board. I am pleased to report that Board overall performance remained satisfactory for year 2022.

The Company has developed a mechanism for the evaluation of performance of the Board of Directors and its Committees. During the year, a self –evaluation was carried out, as required. The purpose of this evaluations to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company for the financial year ended June 30, 2022. The board's overall performance and effectiveness has been assessed as satisfactory is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the organization's business activities, monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's business.

I wish to acknowledge the contribution of our employees, financial institutions, customers and stakeholders for their confidence and support extended to us.

Lahore:

Dated: October 05, 2022



MIAN PARVEZ ASLAM
Chairman