



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Wednesday, October 28, 2020 at 11: 30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2020 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 0.50 per share i.e. 5% for the year ended June 30, 2020 as recommended by the Board of Directors.
3. To appoint auditors for the year 2020-2021 and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if deemed appropriate, pass with or without modification, the following resolutions as Special Resolution for amending the Memorandum and Articles of Association to increase the Authorized Share Capital of the Company.

"RESOLVED THAT THE Authorized Capital of the company be and is hereby increased from Rs. 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 Ordinary Shares of Rs. 10/- each to Rs. 400,000,000 (Rupees Four Hundred Million) divided into 40,000,000 Ordinary Shares of Rs. 10/- each."

"RESOLVED FURHTER THAT the existing Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company be and are hereby amended accordingly to read as follows:

Clause V of the Memorandum of Association

The Authorized Capital of the Company is Rs. 400,000,000 divided into 40,000,000 Ordinary Shares of Rs. 10/- each with power to increase or reduce, the capital and to divide the shares into the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

Article 5 of the Articles of Association

The Share Capital of the Company is Rs. 400,000,000 divided into 40,000,000 Ordinary Shares of Rs. 10/- each.

"RESOLVED FURHTER THAT the Chief Executive and the Company Secretary of the Company be and is hereby authorized singly to take necessary steps and execute documents as may be expedient for the purpose of giving effect to the spirit and intent of the above resolutions."

ANY OTHER BUSINESS

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

By order of the Board

(Khurram Zahoor)
Company Secretary

LAHORE: September 29, 2020

**NOTES:**

- 1. Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2020 to October 28, 2020 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2020 will be treated in time for the purpose of above entitlement to the transferees.
- 2. Participation in General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.

- 3. Dividend Mandate (Mandatory):** In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

All shareholders who have still not provided their IBAN are once again requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The Dividend Mandate Form is placed on Company's website www.shadabtextile.com.

- 4. Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019 the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

- Persons appearing in Active Tax Payers List (ATL) 15%
- Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

The FBR has clarified that withholding tax will be determined separately on 'Filer/Non Filer' status of Principal shareholder as well as joint-holders(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in the following format:

| Folio No./CDS Account No. | Name of Principal Shareholder/ Joint Holders | Shareholding Proportions | CNIC/Passport No. (Copy attached) | Signature |
|---------------------------|--|--------------------------|-----------------------------------|-----------|
| | | | | |



The required information must reach our Share Registrar by the close of business on October 21, 2020 otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto October 21, 2020.

5. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadabtextile.com.

In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2020 are being placed on the Company's website: www.shadabtextile.com.

6. **Submission of Copies of Valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
7. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.

I/We. _____ of _____ being a member of SHADAB TEXTILE MILLS LIMITED, holder of _____ Ordinary Shares as per Registered Folio No./CDC A/C No. _____ hereby opt for Video conference Facility at _____.

Signature of members

8. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

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

This statement sets out the material facts concerning the Special Business to be transacted at the AGM of the Company to be held on October 28, 2020.

Item No. 4 of the notice – Increase in Authorized Capital

The amendments in the Memorandum and Articles of Association of the Company to increase the Authorized share capital are being carried out to cater for the future increase in the paid-up capital of the Company. Accordingly the Board of Directors of the Company had recommended to increase the Authorized share capital from Rs. 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 ordinary shares of Rs.10/- each to Rs. 400,000,000 (Rupees Four Hundred Million) divided into 40,000,000 ordinary shares of Rs.10/-each. The new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respect.

The directors of the Company are not interested directly or indirectly in the above Special Business except to the extent of their shareholdings.