SHAHZAD TEXTILE MILLS LIMITED
MANUFACTURERS AND EXPORTERS OF YARN

Certified SG06/00526

Date: 19-12-2018

**THE GENERAL MANAGER**
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI-74000

**SUBJECT: ADDENDUM TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING**

Dear Sir,

Please find enclosed a copy of the Addendum to the Notice of Extraordinary General Meeting to be held on December 29, 2018 for circulation amongst the TRE Certificate Holders of the Exchange.

Thanking You.

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

**COMPANY SECRETARY**

Encl: as above.

19/A, OFF ZAFAR ALI ROAD, GULBERG-V, LAHORE (PAKISTAN)
PHONES NO 35754024 - 35754027 - 35791228 WEBSITE www.shahzadtex.com, www.shaheencotton.com
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**SHAHZAD TEXTILE MILLS LIMITED**

**ADDENDUM TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING**

The following addendum is being issued to the notice of extraordinary general meeting ("EOGM") of Shahzad Textile Mills Limited (the "Company") sent to the shareholders of the Company and published on Saturday 8th December 2018 in the daily Business Recorder and Daily Nawa-e-Waqt to be held on 29 December 2018 at 11:30 a.m at the Registered Office located at 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore.

In this regard, the following revised statement of material facts regarding special business to be transacted at the aforesaid EOGM is provided as required under Section 134 of the Companies Act, 2017.

**Statement of Material Facts pertaining to the special business to be transacted at the EOGM to be held on 29 December 2018:**

**DISPOSAL OF ASSETS:**

The Board of Directors has decided to dispose of the obsolete machinery comprising of 18,552 spindles out of total 79,800 spindles. These spindles are continuously running into losses.

The Board of Directors has approved the disposal of machinery and to utilize the proceeds thereof for capital expenditure to install a socks manufacturing plant, subject to approval of the Company's members in Extraordinary General Meeting.

The information prescribed under SRO 423 (I)/2018 dated 03 April, 2018 is as follows:

**DETAIL OF ASSETS**

Assets comprising obsolete machinery of 18,552 spindles out of total 79,800 spindles which were purchased during 1978-79 to 2018-19. Fixed Assets Register till November 30, 2018 is placed at Registered Office of the Company for inspection of the Shareholders.

* The total cost of the machinery is PKR. 61.05 million as at 30 June, 2018.

* The revaluation of machinery was carried out as on 30 June 2018 by M/s Masud Associates (Pvt.) Limited that determined the value at PKR. 72.575 million. Therefore, the book value and revalued amount are same at June 30, 2018.

*** Approximate current market price/fair value;**

The expected amount of realization is approximately PKR 30 million to 40 million, however, exact amount will be known after receipt of bids which may be more or less than the estimated value of machinery under disposal.

**In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof;**

The machinery was purchased during the year 1978-79 to 2018-19 and, therefore, is very old and has become obsolete and inefficient because the latest machinery is much more efficient in production and consumes less energy and compressed air. As such realizable market price is expected to be lessor than the book value/revalued amount.

**In case of lease of assets, tenure, lease rentals, increment rate; mode/basis of determination of lease rentals; and other important terms and conditions of the lease;**

**N/A**

**Additional information in case of disposal of land:**

**N/A**

**THE PROPOSED MANNER OF DISPOSAL OF THE SAID ASSETS.**

**The sale of machinery will be made through tender in the newspapers**

**IN CASE THE COMPANY HAS IDENTIFIED A BUYER, WHO IS A RELATED PARTY THE FACT SHALL BE DISCLOSED IN THE STATEMENT OF MATERIAL FACTS.**

**The Company has not identified a buyer, hence NA**

**PURPOSE OF SALE OF ASSETS**

There are multiple factors which have led to the decision by the Directors of the Company to dispose of the plant, as aforesaid. Due to poor economic/market conditions for the spinning sector, higher production cost, scheduled and unscheduled load shedding of electricity, the operation of textile mill which has become obsolete and hence inefficient cannot be run profitably.

The Board of Directors, after considering all alternatives, has now decided to close the obsolete plant. The members are being informed that the plant under reference can only be disposed of by obtaining NOCs from the lender banks.

**Utilization of proceeds**

The Company will utilize the proceeds of the machinery sale for setting up socks manufacturing unit.

**Effect on operational capacity of the Company, if any.**

Although production from spinning process would declined due to reduction in number of spindles but addition of socks unit, it is hoped, will compensate this reduction in due course.

**Quantitative and Qualitative Benefits expected to accrue to the members**

Better financial results are expected due to diversification and disposal of loss-making unit. This will result in better performance of the Company as a whole and will enhance the shareholders' value.

**Dated: December 17, 2018**

**Hassan ud Din Ansari**
**Company Secretary**

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