

notice of 34th annual general meeting

Notice is hereby given that the 34th Annual General Meeting (AGM) of Gadoon Textile Mills Limited (the Company) will be held on Tuesday, September 28, 2021 at 03:30 p.m., at the registered office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the Minutes of 33rd AGM held on October 28, 2020.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021, together with the Chairman Review, Directors' and Auditor's report thereon.
3. To approve the final cash dividend @ 120% i.e. Rs.12/- per ordinary 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. The present Auditors Yousuf Adil, Chartered Accountants retire and being eligible, offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

In consideration of the current COVID-19 situation and in furtherance to complying with the requirement of circular 4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the Video conference facility for those shareholders who are interested to participate virtually in the AGM.

Special Business

1. 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 resolution:

"RESOLVED THAT the transactions carried out by the Company with related parties including ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2021 be and are hereby approved."

2. To approve potential transactions with related parties intended to be carried out in the financial year 2021-2022 (including fiscal limits of the general transaction) and to authorize the Board of Directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed as special resolutions are as under:

"RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to, ICI Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Motor Corporation Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.15,000,000,000/- (Rupees Fifteen Billion Only) for the fiscal year 2021-22.

FURTHER RESOLVED THAT within the above parameters approved by the shareholders of the Company, the Board of Directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the Directors of the Company in any related party transaction which has been noted by the shareholders."

Karachi: September 07, 2021

By order of the Board



MUHAMMAD UMAIR
Company Secretary

Notes

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from Tuesday, September 21, 2021 to Tuesday, September 28, 2021 (both days inclusive). Transfer request received in order at our Share Registrar / Transfer agent, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, S.M.C.H. Society, Main Shahrāh-e-Faisal, Karachi 74400, at the close of business on Monday, September 20, 2021 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the AGM.

2. PARTICIPATION IN GENERAL MEETING

- i) All shareholders of the Company shall authenticate his/her identity by showing his / her original CNIC or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the representative shall be produced at the time of the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend, speak and vote in at the meeting.

For appointing proxies

- i) A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid. Proxy must be a member of the Company.
- ii) Instrument appointing a proxy must be received at the Registered Office of the Company duly signed at least 48 hours before the time of the meeting.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- v) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

3. Participation in AGM through Video Link

Pursuant to circular 4 of 2021 issued by SECP, Shareholders who wish to participate virtually in the AGM are requested to share below information at agm_2021@gadoontextile.com at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered email address within specified time. Furthermore, the said facility shall be login from the registered email address only.

4. NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS:

The shareholders of the Company are requested to promptly notify changes in their mailing addresses (if any), to our share registrar / transfer agent.

5. SUBMISSION OF COPIES OF CNIC (MANDATORY):

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017 (the Act) which will be released by the Share Registrar only upon submission of a valid copy of the CNIC.

6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM)

In accordance with Section 242 of the Act, cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their complete bank details along with 24-digit International Bank Account Number (IBAN) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. Shareholders are advised to ensure that title of bank account must be in the name of the shareholder. The subject Form is available at Company's website i.e. <http://gadoontextile.com/investor-information/>. The Company has already communicated through its letters addressed to the shareholders individually along-with newspapers publications requesting to provide IBAN.

7. WITHHOLDING TAX ON DIVIDEND

Pursuant to the provisions of Section 150 of the Income Tax Ordinance, 2001 the rates of deduction of Income tax from dividend payments will be as follows:

- i) Rate of tax deduction for persons who are appearing in the active taxpayers list: 15%.
- ii) Rate of tax deduction for persons who are not appearing in the active taxpayers list: 30%.

All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on Federal Board of Revenue (FBR) website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on 'Filer, Non-filer' status whereby tax on each joint-holder shall be deducted on the gross amount of dividend determined by bifurcating the shareholding of each joint holder on equal proportion except where the shareholding proportion is pre-defined as per the records of the Company's share registrar. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

8. TRANSMISSION / DISPATCH OF ANNUAL FINANCIAL STATEMENTS THROUGH CD / DVD / USB

The Company has circulated annual financial statements to its members through CD complying with SRO 470(I)/2016 dated May 31, 2016 at their registered address. Printed copy of above referred statements can be provided to members upon request. Request Form is available on the website of the Company i.e. <http://gadoontextile.com/investor-information/>

9. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL

Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with Auditor's Report, Directors' Report along with notice of Annual General Meetings ("Annual Report"), to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company's Annual Report by email are requested to provide the completed Consent Form available on the Company's website (<http://gadoontextile.com/investor-information/>), to the Company's Share Registrar.

10. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The audited financial statements of the Company for the year ended June 30, 2021 have been placed on the website of the Company <http://gadoontextile.com/investor-information/>

11. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018:

Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Act, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

12. UNCLAIMED DIVIDENDS AND / OR SHARES:

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the SECP for the credit of Federal Government after issuance of notices to the shareholders to file their claim. A notice in this respect was sent to shareholders dated January 31, 2018 and the final notice was published in the newspapers dated May 2, 2018.

Shareholders, whose dividends still remain unclaimed and / or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company on priority to claim their outstanding dividend amounts and/ or undelivered share certificates.

13. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:

In accordance with the requirement of section 72 of the Act, 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 this Act.

In this regard, a notice was sent dated June 17, 2021 to the shareholders of the Company holding physical shares wherein detailed guidelines were provided for the shareholder to open the CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate the shareholders to streamline their information in members' register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements.

14. CONSENT FOR VIDEO CONFERENCE FACILITY:

Pursuant to Section 134(1)(b) of the Act, if Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please provide the following information and submit to the registered office of the Company:

Consent Form for Video Conference Facility

I / We _____ of _____ being a shareholder of Gadoon Textile Mills Limited, holder of _____ ordinary share(s) as per Register Folio / CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of Member(s)

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE "SPECIAL BUSINESS" AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

statement under section 134(3) of the companies act, 2017 pertaining to special business

This statement sets out the material facts pertaining to the special business, being items on the notice, intended to be transacted at the annual general meeting of the Company to be held on September 28, 2021

As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), Gadoon Textile Mills Limited (the "Company") had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the board of directors of the Company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company's entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

The transactions with related parties carried out during the fiscal year 2020-2021 to be ratified have been disclosed in the financial statements for the year ended June 30, 2021. All such transactions were recommended by the Audit Committee and were carried out at arm's length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and Regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

1	ICI Pakistan Limited	2	Lucky Cement Limited
3	Lucky Energy (Private) Limited	4	Lucky Holdings Limited
5	Lucky Knits (Private) Limited	6	Lucky Landmark (Private) Limited
7	LuckyOne (Private) Limited	8	Lucky Motor Corporation Limited
9	Lucky Textile Mills Limited	10	Lucky Wind Power Limited
11	Tricom Solar Power (Private) Limited	12	Tricom Wind Power (Private) Limited
13	Y.B. Holdings (Private) Limited	14	Y.B. Pakistan Limited
15	Yunus Energy Limited	16	Yunus Textile Mills Limited
17	Yunus Wind Power Limited		

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party / parties with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs.15,000,000,000/- (Rupees Fifteen Billion Only) for the fiscal year 2021-22.

All such transactions are clearly stipulated at the end of the year in the Company's annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.