

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

This statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of Shahtaj Sugar Mills Limited to be held on 26 January 2024.

SPECIAL BUSINESS AT AGENDA ITEM NO. 5

The transactions carried out in the normal course of business with related parties are approved by the Board of Directors of the Company as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6(b) of the Rule Book of Pakistan Stock Exchange Limited under Code of Corporate Governance. In the case of related parties, as mentioned below, a majority of the Directors were common and / or shareholder in related parties and in accordance with the provisions of Section 207 of the Companies Act, 2017, the quorum of the directors could not be formed for approval of these transactions, as viewed by Securities and Exchange Commission of Pakistan. Therefore, these transactions are being placed before the shareholders of the Company for their approval through a special resolution proposed to be passed in the Annual General Meeting.

In view of the above, the normal business transactions conducted for the period from 01 October 2022 to 30 September 2023 with related parties as per following details are being placed before the shareholders of the Company for their consideration and approval/ratification.

| Name of Related Party | Nature of Transaction | Rs. in (thousand) |
|--|---------------------------------|--------------------------|
| Association on basis of Common directorship | | |
| Shahtaj Textile Limited | Dividend Received | 14,950 |
| Shahnawaz (Private) Limited | Purchases and Services Received | 706 |
| | Utilities paid | 509 |
| Shezan International Limited | Sale of Sugar | 884,105 |
| Information System Associates Limited | Services Received | 232 |
| Shezan Services (Pvt.) Limited | Interest Charged | 9,075 |
| Staff Provident Fund Trust | Contributions Paid | 5,819 |
| State Life Insurance Corporation of Pakistan | Premium Paid | 1,745 |
| Loan from Director- Muneer Nawaz | Loan obtained & repaid | 80,000 |

The name of Directors and nature of their interest in the proposed resolution is as under:

| Name of Directors | Shahtaj Textile Ltd. | Shezan International Limited | Shahnawaz (Pvt.) Ltd. | Information System Associates Ltd. | Shezan Services (Private) Limited | State Life Insurance Corporation of Pakistan |
|----------------------------|-----------------------------|-------------------------------------|------------------------------|---|--|---|
| Mr. Muneer Nawaz | Chairman | Chairman | Director | Chairman | Chairman | - |
| Mrs. Sadia Muhammad | Director | Director | - | - | - | - |
| Mr. Abid Nawaz | Director | Director | Director | - | Director | - |
| Mrs. Samia Shahnawaz Idris | Shareholder | Shareholder | - | - | - | - |
| Mr. Rashed Amjad Khalid | Shareholder | Director | Shareholder | Shareholder | Director | - |
| Mr. Toqueer Nawaz | Director | Shareholder | - | - | - | - |
| Mr. Mushtaq Ahmad | - | - | - | - | - | Key Management Personnel |

The Company would be conducting Transactions with related parties in the normal course of business. The majority of the Directors are common and/or shareholder in related parties as detailed herein above Agenda item no. 5 and in accordance with the provisions of section 207 of the Companies Act, 2017, the quorum of the Directors would not be forming for approval of related party transactions, as viewed by Securities and Exchange Commission of Pakistan. Therefore, in order to comply with the provisions of clause 5.19.6(b) of the Rule Book of Pakistan Stock Exchange Limited under Code of Corporate Governance, the shareholders of the Company may authorize the Chief Executive of the Company or his nominee to approve transactions already carried out from 01 October 2023 and to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company.

The names of Directors and nature and extent of their interest in the proposed resolution is the same as detailed in statement as above.