

# NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-first Annual General Meeting of the Members of the Company will be held on Monday, October 09, 2017 at 09:30 AM at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Clifton, Karachi to transact the following business:

## A. ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended June 30, 2017 together with the Reports of the Directors' and Auditors' Report and Chairman's review Report thereon.
2. To approve a final cash dividend of 320% (i.e. Rs. 16/- per share) for the year 2016-17 As recommended by the Board of Directors. This is in addition to the Interim Dividend of 75% i.e. Rs 3.75 per share already paid. The total dividend for 2016-17 will thus amount to 395% i.e. Rs 19.75 per share.
3. To appoint Auditors for the year 2017-18 and to fix their remuneration. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for reappointment.

## B. SPECIAL BUSINESS

4. To consider and if thought fit to increase the authorised share capital of the Company to Rs. 1,000 million by the creation of 100,000,000 ordinary shares of Rs. 5 each as and by way of an Ordinary Resolution and to accordingly amend as and by way of a Special Resolution, Clause IV of the Memorandum of Association of the Company, and to pass the following resolution:

RESOLVED as and by way of Special Resolution THAT Clause IV of the Memorandum of Association of the Company be and is hereby amended to read as follows:

“IV. The authorised capital of the Company is Rs. 1,000,000,000 (Rupees One billion) divided into 200,000,000 ordinary shares of Rs. 5 each.”

RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorised by and on behalf of the Company to singly complete all requisite legal formalities and to take all steps necessary or incidental for the purpose of increasing the authorized capital of the Company.

5. To amend the Article 76 of Articles of Association of the Company and for this purpose to pass the following resolution as a Special Resolution:

RESOLVED as and by way of a Special Resolution THAT the Articles of Association of the Company be altered by substituting for Article 76, the following new Article 76:

76. The qualification of a Director shall be the holding of shares in the Company of the nominal value of Rs. 5,000 at least in his own name but a Director representing an interest of a Member or Members holding shares of the nominal value of Rs. 5,000 or more shall require no share qualification. A Director shall not be qualified as representing the interests of a Member or Members holding shares of the requisite value unless he is appointed as such representative by the Member or Members concerned by notice in writing addressed to the Company specifying the shares of the requisite value appropriated for qualifying such Director. Shares thus appropriated for qualifying a Director shall not, while he continues to be such representative, be appropriated for qualifying any other Director.

6. To consider and if thought fit, to increase investment in the associated Company Thal Boshoku Pakistan (Private) Limited by subscribing upto 27,500,000 ordinary shares of Rs. 10 each in the proposed right issue of 50,000,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited, whereupon the Company shall increase its investment to Rs. 379,500,000

RESOLVED as and by way of Special Resolution THAT the Company do make a further investment in its associated company Thal Boshoku Pakistan (Private) Limited by subscribing to the Company's proportionate share of the proposed rights issue of 50,000,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited, that is, an investment of upto Rs. 275,000,000/- (Rupees Two hundred and seventy five million only) for 27,500,000 ordinary shares of Rs. 10 each, thereby continuing to maintain the Company's current shareholding of 55% in the share capital of Thal Boshoku Pakistan (Private) Limited, all on such terms and subject to such conditions as may be determined by the Board of Directors of the Company or by such person or persons as may be authorised by the Board of Directors of the Company, with each such person as may be authorised by the Board of Directors of the Company being authorised to do all such acts deeds and things and to execute and deliver all such documents, agreements declarations undertakings for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with the investment aforesaid, including without limiting the generality of the foregoing the preparation, finalization, execution and delivery of all agreements, deeds and other undertakings.

By Order of the Board



Umair Riaz Siddiqi  
Company Secretary

Karachi.  
Dated: August 29, 2017

## NOTES:

- (i) A statement under Section 134(3) of the Companies Act 2017 stating material facts regarding the special business to be transacted is annexed to this Notice.
- (ii) The Share Transfer Books of the Company will remain closed from October 02, 2017 to October 09, 2017 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on, October 01, 2017. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Share Registrar of the Company M/S. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharea Faisal Karachi. Tel:009-21-34380101-5,0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- (iii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
- (iv) CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

### A. For Attending the Meeting

- (a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- (b) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

### B. For Appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.
- (v) CNIC / NTN Number on Dividend Warrant (Mandatory)  
As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.RO. 275(1)/2016 dated March 31, 2016 read with Notification S.RO. 19(1)/2014 dated January 10, 2014 and Notification S.RO. 831 (1 )/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

- (vi) Withholding Tax on Dividend (Mandatory)  
Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

(a) For filers of income tax returns	15%
(b) For non-filers of income tax returns	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

- (vii) Withholding Tax on Dividend in case of Joint Account Holders

- (a) According to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.
- (b) 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 writing as follows:

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding Proportion (No.of Shares)	Name & CNIC No.	Shareholding Proportion (No.of Shares)

- (c) The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
- (d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part -IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (e) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-34312030 and email address tl@hoh.net and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk
- (f) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers

(viii) Payment of Cash Dividend Electronically (Optional)

The Securities and Exchange Commission of Pakistan ("SECP") had earlier initiated e-dividend mechanism through its letter No: 8(4)SM/CDC/2008 dated April 05, 2013. The Companies Act 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The SECP has subsequently issued Circular No. 18 of 2017 dated 1 August 2017, allowing companies a one-time relaxation upto 31 October 2017 to pay cash dividends to entitled shareholders by dividend warrants. Thereafter, as and from 1 November 2017 the Company will only be able to make payment of cash dividend to its shareholder through electronic mode. Therefore shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, M/s. FAMCO Associates (Private) Limited.

(ix) Consent for Electronic Transmission (Operational)

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan ("SECP") has under and pursuant to SRO No. 787(I)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Audited Financial Statements and notices of Annual General Meeting by email are requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notices of AGM through email. In order to avail this facility a Standard Request Form is available at the Company's website <http://www.thallimited.com>.

**STATEMENT 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 Annual General Meeting of the Company to be held on Monday, October 09, 2017.

**Item (4) of the Agenda**

In order to facilitate the expansion of its business operations, the Directors of the Company recommend that the authorised share capital of the Company be raised by Rs. 500,000,000 (Five Hundred Million) through the creation of 100,000,000 ordinary shares of Rs. 5 each. Accordingly the Board of Directors of the Company have recommended that the following resolution be passed as an ordinary resolution at the Annual General Meeting convened for Monday, October 09, 2017:

**RESOLVED THAT** the authorised share capital of the Company be and is hereby increased from Rs. 500,000,000 to Rs. 1,000,000,000 by the creation of 100,000,000 ordinary shares of Rs. 5 each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company.

**RESOLVED FURTHER THAT** the Chief Executive of the Company be and is hereby authorised by and on behalf of the Company to singly complete all requisite legal formalities and to take all steps necessary or incidental for the purpose of increasing the authorized capital of the Company.

Further, the increase in authorised share capital will also necessitate an amendment to Clause IV of the Memorandum of Association of the Company. The resolution required for the purpose of amending Clause IV of the Memorandum of Association is set forth at item No. 4 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

The Directors are not interested, directly or indirectly, in the above business.

**Item (5) of the Agenda**

The Board of Directors have deemed it appropriate to amend the provision relating to share qualification of directors in the Company's Articles of Association. Accordingly the Board of Directors recommended that the share qualification of directors in the Company's Articles of Association be revised from the nominal value of Rs. 25,000 to the nominal value of Rs. 5,000 and in this regard Article 76 of the Articles of Association be amended and substituted by a new Article 76.

The resolution required for the above purpose is set forth at item No. 5 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

The Directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors' Report.

**Item (6) of the Agenda**

The Company had signed a joint venture agreement with Toyota Boshoku Corporation, Kariya – Shi, Japan and Toyota Tsusho Corporation, Nagoya – Shi, Japan on April 26, 2013 to incorporate a private limited company, Thal Boshoku Pakistan (Private) Limited to undertake the development, production and marketing of certain automotive parts and offering after-sales services for such products in Pakistan and other countries. A copy of the said joint venture agreement between the Company and Toyota Boshoku Corporation and Toyota Tsusho Corporation, is available for review at the registered office of the Company, during business hours.

Thal Boshoku Pakistan (Private) Limited has recently indicated that it is considering the prospects of expanding and diversifying its business and would therefore be requiring capital for such expansion and would in due course decide to increase its issued share capital as and by way of a rights issue at par value of Rs. 10 per ordinary share. The expansion costs have been estimated by Thal Boshoku Pakistan (Private) Limited to be approximately Rs. 800 million, in view of which Thal Boshoku Pakistan (Private) Limited will require to do a rights issue of 50 Million ordinary shares, at par value of Rs. 10 per ordinary share. In such instance, the shares that the Company will be offered in proportion to the current shareholding of the Company in Thal Boshoku Pakistan (Private) Limited, will be 27,500,000 ordinary shares of Rs. 10 each.

During the Board of Directors meeting held on August 29, 2017, the Company decided to take steps to facilitate Thal Boshoku Pakistan (Private) Limited's proposed plans for expansion of its business, and hence the Board of Directors of the Company approved the further investment in due course of up to Rs. 275 Million for subscribing to 27,500,000 ordinary shares of Rs. 10 each of Thal Boshoku Pakistan (Private) Limited out of the total proposed rights issue of 50 Million ordinary shares, at par value of Rs. 10 per ordinary share. The approval of shareholders of the Company is accordingly being sought to make such further investment in due course.

Set out below are the required details of the further investment proposed to be made by the Company, in the associated company, Thal Boshoku Pakistan (Private) Limited:

S#	Description	Information Required
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Thal Boshoku Pakistan (Private) Limited, a private company, in which Thal Limited owns 55% of the issued share capital.
2.	Purpose, benefits and period of investment.	The purpose of further investment is to allow Thal Boshoku Pakistan (Private) Limited to expand and diversify the business opportunities in automotive parts.  The new investment would result in increased sales revenue for Thal Boshoku Pakistan (Private) Limited and enhanced profitability (EPS) through a dividend stream to Thal Limited.  The investment by the Company in Thal Boshoku Pakistan (Private) Limited is a long term investment.
3.	Maximum amount of investment.	Equity investment up to Rs. 275 million
4.	Maximum price at which securities will be acquired.	At par value of Rs. 10 per share.
5.	Maximum number of securities to be acquired.	Thal Limited will be allotted and issued further 27,500,000 ordinary shares of Thal Boshoku Pakistan (Private) Limited of Rs. 10.00 each at par
6.	Number of securities and percentage thereof held before and after the proposed investment	Before the proposed investment: 10,449,997 ordinary shares equal to 55% of paid up capital are held by the Company  After the proposed investment: 37,949,997 ordinary shares equal to 55% of paid up capital will be held by the Company
7.	In case of investment in unlisted securities, fair market value of such securities	Rs. 10 per share
8.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statement	As at June 30, 2017: Rs 22.8 per share, based on the Annual Audited Financial Statement for the year ended June 30, 2017
9.	Earnings per share of the associated company or associated undertaking for the last three years	Year ended June 30, 2015: Rs 2.76 per share Year ended June 30, 2016: Rs 5.37 per share Year ended June 30, 2017: Rs 5.02 per share
10.	Sources of fund from which securities will be acquired.	Thal Limited has sufficient cash balances and adequate retained earnings to further invest from its own resources in the share capital of Thal Boshoku Pakistan (Private) Limited.
11.	Direct or indirect interest of directors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The Directors / Chief Executive would be interested to the extent of their shareholding in Thal Boshoku Pakistan (Private) Limited.

The Directors of the Company have carried out the necessary due diligence in relation to the details of the further investment proposed to be made by the Company, in the associated company, Thal Boshoku Pakistan (Private) Limited and the due diligence report signed by the Directors will be available at the Annual General Meeting.

For the purpose of seeking the approval of the shareholders of the Company to the investment discussed above, the Board of Directors have proposed that the resolution set forth in the notice convening the Annual General Meeting of the Company be passed as and by way of a Special Resolution.