



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of **Sazgar Engineering Works Limited** will be held at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM-Raiwind Road, Lahore on Thursday, October 26, 2017 at 11:00 A.M. to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2017 together with the Directors' and Auditors' Reports thereon and Chairperson's Review Report.
2. To appoint Auditors and to fix their remuneration for the year ending June 30, 2018. The present auditors M/s H.Y.K & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.

SPECIAL BUSINESSES:

3. To approve the issuance of bonus shares @ 20% i.e. 20 ordinary shares for every 100 ordinary shares held as recommended by the Board of Directors by capitalizing Free Reserves of Rs. 35,944,740/-.
4. To alter the Articles of Association of the Company in order to allow the members of the Company to appoint either a member or a non-member as Proxy in case of e-voting.

By order of the Board

Lahore
October 05, 2017


Arshad Mahmood
(Company Secretary)

Notes:

- a. The share transfer books of the company will remain closed from October 20, 2017 to October 26, 2017 (both days inclusive). Transfers received in order at the share registrar office M/s Corp Tec Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore at the close of business on 19th October, 2017 will be treated in time for entitlement of bonus shares and to attend the Annual General Meeting.
- b. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for his/her behalf. Proxies in order to be effective must be received at the Share Registrar Office duly stamped and signed not less than 48 hours (working days only) before the time of holding of the meeting.

CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.

- c. Members are requested to promptly communicate the change in their addresses, if any, to the Company's share registrar.
- d. In accordance with the provision of section 223 (7) of the Companies Act 2017, the financial statements and reports of the Company for the year ended June 30, 2017 have been placed on the Company's web site www.sazgarautos.com for the information of shareholders.

e. Consent for Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, members can avail video conference facility to participate in this Annual General Meeting provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing in a city, at least seven(7) days prior to the date of meeting. Subject to the fulfillment of the above conditions, members shall be informed of the venue along with complete information necessary to access the facility. Format of request form has been placed on the Company's website.

- f. Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the Company in EOGM of the Company held on 18th March 2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website.

g. Tax on Bonus Shares

As per Section 236 M of the Income Tax Ordinance, 2001, the Company will be required to withhold five percent (5%) of the Bonus Shares issued to every Member. The Bonus Shares withheld will only be issued to a Member if the Company collects from such Member



tax equal to five percent (5) of the value of Bonus Shares issued to such Member, including the Bonus Shares withheld, determined on the basis of day-end price on the first day of closure of book. The said tax will be required to collect by the Company within fifteen (15) days of the first day of closure of book. If a Member fails to make the payment of such tax, within fifteen (15) days or the Company fails to collect the said tax within fifteen (15) days, the Company shall deposit the Bonus Shares withheld in the Central Depository Company of Pakistan (CDC) or any other entity as may be prescribed. Bonus Shares deposited in CDC or other entity shall be disposed off in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner Inland Revenue by way of credit to the Federal Government.

The letters for collection of tax amount on Bonus Shares will be dispatched to all entitled shareholders within due course of time.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 SETTING OUT THE MATERIAL FACTS PERTAINING TO THE SPECIAL BUSINESSES:

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting of the Company to be held on Thursday, October 26, 2017.

ITEM NO. 3 OF THE AGENDA

The Board of Directors had already declared and paid an interim cash dividend @12.50% i.e. Rs. 1.25 per share, however, keeping in view the cash requirements for the business expansion, the Board of Directors of the Company has recommended issuance of 20% bonus shares from the Company's Free Reserves by capitalization of a sum of Rs. 35,944,740/- for the issuance of 3,594,474 fully paid bonus shares. For this purpose following resolutions are proposed to be passed as ordinary resolutions with or without any modification, addition or deletion:

- (i) *"Resolved that a sum of Rs. 35,944,740/- out of the Company's Free Reserves be capitalized and applied for the issue of 3,594,474 fully paid ordinary shares of Rs. 10/- each as bonus shares and be allotted to those shareholders whose names appear in the register of members at the close of the business on October 19, 2017 in the proportion of twenty (20) ordinary shares for every hundred (100) ordinary shares held by a member. These bonus shares shall rank pari passu in all respects with the existing shares of the Company."*
- (ii) *"Further resolved that all the fractional Bonus Shares shall be consolidated into whole shares and shall be sold in the Stock Market. The proceeds of sale of consolidated fractional shares when realized shall be paid to a charitable institution approved under the Income Tax Ordinance, 2001."*
- (iii) *"Further resolved that directors and company secretary be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give effect to these resolutions for the issue, allotment and distribution of bonus shares."*

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent of their entitlement to bonus shares as shareholders of the Company.

ITEM NO. 4 OF THE AGENDA

The Securities and Exchange Commission of Pakistan has issued the Companies (E-Voting) Regulation, 2016 vide SRO No. 43(I)/2016 dated 22nd January, 2016 amended from time to time, for voting in general meetings through electronic means. In order to comply with requirements of these regulations, the Company is required to make necessary alteration in Articles of Association of the Company for allowing the members to appoint both members and non-members as proxy in case of E-Voting. For this purpose following resolutions are proposed to be passed as special resolutions with or without any modification, addition or deletion:

- (i) *"Resolved that the existing Clause 41 of the Articles of Association of the Company be and is hereby replaced with the following clause:*

41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be a member of the Company. However, in case of E-Voting both members and non-members can be appointed as proxy."
- (ii) *"Further resolved that the Directors and Company Secretary of the Company be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give legal effect to these resolutions for making alteration in Articles of Association of the Company."*

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent that they are shareholders of the Company.

A comparative statement of existing and proposed 41 Clause of Articles of Association of the Company is given below:

COMPARATIVE STATEMENT OF EXISTING AND PROPOSED/ REPLACED CLAUSE OF ARTICLES OF ASSOCIATION

EXISTING CLAUSE	PROPOSED CLAUSE
41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be member of the Company.	41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be a member of the Company. However, in case of E-Voting both members and non-members can be appointed as proxy.

Amended copy of Articles of Association of the Company is available at the Company's registered office for the inspection of members during working hours (10:00-13:00hrs) up to the date of Annual General Meeting.