

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of the Company will be held on Saturday, October 26, 2019 at 10:15 AM at Khursheed Mahal, Avari Towers, Fatima Jinnah Road, Karachi to transact the following business:

A. ORDINARY BUSINESS

- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Directors' and Auditors' Report thereon.
- To approve a final cash dividend of 110% (i.e. Rs. 5.50 per share) for the year 2018-19 as recommended by the Board of Directors. This is in addition to the Interim Dividend, of 50% i.e. Rs 2.50 per share already paid. The total dividend for 2018-19 will thus amount to 160% i.e. Rs. 8.00 per share.
- To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
- To elect 07 (seven) directors of the Company as fixed by the Board of Directors in their meeting held on September 20, 2019 for a term of three years commencing from December 01, 2019, in accordance with the provisions of Section 159(1) of the Companies Act, 2017. The names of the retiring Directors who are eligible for re-election are:
 - Mr. Rafiq M. Habib
 - Mr. Ali S.Habib
 - Mr. Mohamedali R. Habib
 - Mr. Muhammad Tayyab Ahmad Tareen
 - Ms. Aliya Saeeda Khan
 - Mr. Asif Qadir
 - Mr. Salman Burney

B. SPECIAL BUSINESS.

- To consider, and if thought fit, pass the following resolutions as Special Resolution, with and without modification, to obtain consent from the Members for granting loan by the Company to its subsidiary company Thal Boshoku Pakistan (Private) Limited (TBPK):

RESOLVED as and by way of Special Resolution THAT the Company do provide to Thal Boshoku Pakistan (Private) Limited a loan up to a maximum aggregate principal sum of Rs. 275 million (Rupees Two hundred seventy five million only), all on such terms and subject to such conditions and for such consideration 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 deed and things and to execute and deliver all such deeds, agreements, declarations, undertakings, assurances, guarantees, indemnities 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 loan aforesaid or any one or more of them, including without limiting the generality of the foregoing the negotiation and finalization of the terms and conditions relating to such loan and preparation, finalization, execution and delivery of all agreements, guarantees, indemnities and other undertakings.

Karachi.
Dated: September 20, 2019

By Order of the Board
Salman Khalid
Company Secretary

NOTES:

- Closure of Share Transfer Books**
The Share Transfer Books of the Company will be closed from October 19, 2019 to October 26, 2019 (both days inclusive) for the purpose of the Annual General Meeting and payment of the final dividend. Transfer requests received by our Share Registrar, 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 at the close of business on October 18, 2019 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the Annual General Meeting.

- Proxy**

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his/her place at the Meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least forty eight hours before the time of the meeting.

To facilitate identification for right to attend the Annual General Meeting, Shareholder whose holdings are on the Central Depository System (CDS) or his/her Proxy should authenticate his/her identity by showing his/her original CNIC or original Passport at the time of attending the meeting; along with the Participant's Identity Number and Shareholder's account number allocated by the Central Depository Company.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- Change of Address**

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

- Submission of copies of CNIC not provided earlier**

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar, FAMCO Associates (Private) Limited. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend under the provisions of Section 243 of the Companies Act 2017.

- Withholding Tax on Dividend**

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

- For persons appearing in Active Tax Payer List (ATL): 15%
- For persons not appearing in Active Tax Payer List (ATL): 30%

Shareholders who have filled their return 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 persons not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

- Withholding tax on Dividend in case of Joint Account Holders**

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute

withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 18, 2019, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

7. Payment of Cash Dividend Electronically (E-mandate)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard has already been published earlier in newspapers as per Regulations. All shareholders are once again requested to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address; to Company's Share Registrar. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

8. Distribution of Annual Report through Email (Optional)

Pursuant to the provision of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their annual financial statements, along with auditor's report, directors' review report etc. ("Annual Report") and the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form (available on the Company's website), to the Company's Share Registrar.

9. Consent for the Facility of video-link

Pursuant to the provisions of the Companies Act 2017, the company may on the demand of members at least 7 days before the general meeting, residing in a city except Karachi, who hold at least 10% of the total paid up capital of the Company, provide the facility of video-link to such members enabling them to participate in its annual general meeting. If you wish to take benefit of this facility, please fill the form available on the Company's Website and submit it to the Company at its registered address at least 10 days prior to the date of the meeting.

The Company will intimate members the venue of the video conference facility, if required criteria have been fulfilled, at least 7 days before the date of general meeting along with complete information necessary to enable them to access such facility.

10. Election of Directors

Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office, 4th Floor, House of Habib, 3-JCHS, Block 7/8, Shahrah-E-Faisal, Karachi - 75350, not later than fourteen days before the date of the meeting, the following documents:

- (i) Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017;
- (ii) A detailed profile along with mailing address and other contact details as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;
- (iii) A candidate consenting for the election as director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.
- (iv) **A declaration confirming that:**
 - 1) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;
 - 2) He/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and any other applicable law, rules and regulations.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Pursuant to Companies (Postal Ballot) Regulation 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

Statement of Material Facts under Section 166(3) of the Companies Act, 2017 in respect of Election of Directors

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 ("the Act") and they shall meet the criteria laid down under Section 166(2) of the Act.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Statement under section 134(3)(B) of the Companies Act, 2017 regarding the Special Business.

This statement sets out the material facts concerning the Special Business given in the agenda item no. 5 of the notice, intended to be transacted at the Annual General Meeting of Thal Limited to be held on October 26, 2019.

Item 5 of the Notice

Loan to Thal Boshoku Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited is a joint venture Company of Thal Limited and Toyota Boshoku Corporation, Kariya – Shi, Japan, Toyota Tsusho Corporation, Nagoya – Shi, Japan and Toyota Boshoku Asia Corporation. Thal Boshoku Pakistan (Private) Limited, is engaged in the development, production and marketing of automotive parts including automotive seats, seat frames, seat adjusters, seat covers, rails, automotive pressed parts, welded parts, and painted parts, air cleaner and any other related automotive products and offering after-sales services for such products.

Thal Boshoku Pakistan (Private) Limited has recently completed expansion of its seat project. Due to devaluation of Pak Rupee and consequent cost overrun of the expansion project, Company requires finances to meet its capital and operating expenses. Thal Limited proposes to provide a loan for the aggregate amount of Rs. 275 Million (Rupees Two hundred seventy-five Million only). The other shareholders mentioned above will also provide loans. The loans to be provided by each shareholder is proportionate to their shareholding.

Set out below are the required details of the loan proposed to be extended by the Company, to Thal Boshoku Pakistan (Private) Limited:

S. No.	Description	Information Required
01.	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 holds 55% of the issued share capital.
02.	Amount of loans or advances	Aggregate amount of term loan of Rs. 275 million (Rupees Two hundred seventy five million only)
03.	Purpose, benefits likely to accrue to the investing company and its members from such loans or advances and period of Loan.	The purpose of Loan to allow Thal Boshoku Pakistan (Private) Limited to meet its financing needs. The investing company will earn mark-up income on the Loan. The period of loan would be initially for a one year and extendable for further four period's of one year each, if required by TBPK.
04.	Earnings per share for the last three years	Year ended June 30, 2017: Rs 5.02 per share Year ended June 30, 2018: Rs 4.52 per share Year ended June 30, 2019: Rs 0.19 per share
05.	Break-up value per share, based on latest audited financial statements	Rs. 14.96 as at June 30, 2019
06.	Financial position, including main items of financial position and profit and loss account on the basis of its latest financial statements of the associated company or associated undertaking	Total Assets: Rs. 1,444,668,000 Issued Share Capital: Rs. 690,000,000 Current Liabilities: Rs. 409,573,000 Profit after Tax: Rs. 13,396,000
07.	In case of investment in relation to a project of associated company or associated undertaking that has not commenced production	N.A.
08.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	3 months KIBOR plus 0.75% p.a.
09.	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 months KIBOR plus 0.75% p.a.
10.	Sources of funds from where loans or advances will be given	Thal Limited has adequate retained earnings and cash balances to extend a loan to Thal Boshoku Pakistan (Private) Limited.
11.	Particulars of collateral or security to be obtained in relation to the proposed investment	No collateral will be obtained since a proportionate loan will be granted by the other shareholders also and no shareholder will be taking any security/ collateral. Therefore all shareholders will be in the same position to the benefit of TBPK.
12.	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan will be repaid with markup after one year of disbursement. If the loan is extended by further period(s) of one year, repayment of principal and mark-up will be due at the end of each such period.

S. No.	Description	Information Required
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed loan	The agreement to be extended into will be based on the facts as per para 9, 11 and 12 above.
14.	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 shares in TBPK are held by Thal Limited itself and the directors, shareholders and their relatives, therefore have no direct interest in TBPK, only indirect interest by virtue of their shareholding in Thal Ltd.
15.	In case any investment in associated company or associated undertaking has already made, the performance review of such investment including information/justification for any impairment or write offs.	Equity investment already made of Rs. 104.5 million in 2013 and Rs. 275 million in 2018 for the expansion project. The Company has been profitable for the last 3 years however due to overrun in its expansion project, needs financial support from its shareholders. There have been no impairments or write-offs of Thal Limited's equity investment.

The Directors of the Company have carried out the necessary due diligence in relation to the proposed loan to 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 loan discussed above, the Board of Directors have proposed that the resolution set forth at item 5 of the notice convening the Annual General Meeting of the Company be passed as and by way of a Special Resolution.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017

Sindh Engro Coal Mining Company Limited

In the annual general meeting held on October 2nd 2018 the members of the Company had approved investment in Sindh Engro Coal Mining Company Limited ("SECMC"). SECMC achieved commercial operations on 10th July 2019; which marks a historic milestone for Pakistan's Energy sector. Phase I of the Thar mining and power generation projects comprise Pakistan's first indigenous open pit coal mine which supplies 3.8 million tons of lignite coal per annum to a 2x330 MW power generation plant set up by EPTL. For Phase I of SECMC, the Board of Directors of Thal Limited approved a total exposure of Pak Rupee equivalent of USD 36.1 million, which includes equity investment of USD 24.3 million, USD 5 million for cost over-run and USD 6.8 million for debt servicing reserve (adjustable due to LIBOR/KIBOR movement). Phase I of SECMC mining project has been completed within time and with significant cost savings. The Company had invested USD 17.49 million as of June 30, 2019 in SECMC

Phase II of SECMC is on its course to achieve Financial Close. The tariff has been determined by Thar Coal & Energy Board while the financing documents are in the process of being executed.

SECMC has entered into Coal Supply Agreements with ThalNova Power Thar (Pvt) Ltd and Thar Energy Ltd to supply additional 1.9 million tons of lignite per annum to each 330 MW power plant respectively.

Thal Power (Private) Limited

ThalNova Power Thar (Private) Limited ("ThalNova") is a joint venture between Thal Power, Nova Powergen Ltd (subsidiary of Novatex Ltd) and Hub Power Company to set up a 330 MW mine mouth coal-fired power generation plant located at Thar, Sindh. This power plant will be run on indigenous coal extracted from the mine operated by SECMC. In the extraordinary general meeting held on March 22, 2018, the members of the Company had approved a total exposure of USD 129.9 million, which includes equity investment of USD 58.7 million, cost overrun support in the form of equity and subordinated debt of USD 23.2 million each, debt servicing reserve LC and commercial risk LC of USD 12.4 million each in ThalNova. The Company, through its wholly-owned subsidiary, Thal Power (Private) Limited, had invested USD 5.8 million as of June 30, 2019 in ThalNova.

ThalNova has obtained the Letter of Support (LOS) from the Private Power Infrastructure Board (PPIB). National Electric Power Regulatory Authority (NEPRA) has issued the Generation License and awarded the Upfront Tariff on Thar coal to the project company. ThalNova has also been issued a No Objection Certificate (NOC) by the Sindh Environmental Protection Agency (SEPA).

China Machinery & Engineering Corporation has been appointed as the EPC Contractor. ThalNova has entered into Coal Supply Agreement (CSA) with SECMC to supply 1.9 million tons per annum lignite. It has also entered into a Power Purchase Agreement (PPA) with the Central Power Purchase Agency (Guarantee) Ltd. and the Implementation Agreement ("IA") with PPIB. China Development Bank ("CDB") and Habib Bank Limited ("HBL") have been engaged for arrangement of foreign and local currency project debt respectively. ThalNova executed key financial agreements with project lenders in July this year and is on course for achieving financial close.

ThalNova (through shareholder's equity) has given Mobilization Advance along with Limited Notice to Proceed to the EPC contractor i.e. China Machinery and Engineering Corporation to initiate work on the site and expedite the achievement of Commercial Operations Date of the Project.