

# NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting (EGM) of Pakistan Stock Exchange Limited (PSX or the Company) will be held on Thursday, January 21, 2021, at 11:00 am via video-conferencing, to transact the following business:

## SPECIAL BUSINESS

To approve the proposal for additional equity investment in the National Clearing Company of Pakistan Limited (NCCPL), an associated company of PSX, amounting to Rs.69,411,706/- divided into 2,669,681 ordinary shares of Rs.10/- each to be acquired from Pakistan Kuwait Investment Company (Private) Limited (PKIC), one of the shareholders of NCCPL, at a price of Rs.26/- per share, including a premium of Rs.16/- per share, and for this purpose, to pass with or without modification, the following resolution as a "SPECIAL RESOLUTION":

"RESOLVED THAT approval be and is hereby granted under section 199 of the Companies Act, 2017 that the PSX makes additional equity investment of Rs.69,411,706/- (Rupees Sixty Nine Million Four Hundred and Eleven Thousand Seven Hundred and Six Only) in NCCPL by acquiring from PKIC a total of 2,669,681 ordinary shares of Rs.10/- each in NCCPL at a price of Rs.26/- per share (the Transaction).

RESOLVED FURTHER THAT Mr. Farrukh H. Khan, the Managing Director of PSX and Dr. Fakhara Rizwan, the Company Secretary of PSX, be and is/are hereby authorised to do all such things, acts, deeds, etc., which may be necessary to bring the Transaction to a successful conclusion."

By Order of the Board of Directors

Karachi:  
Dated: December 31, 2020

**DR. FAKHARA RIZWAN**  
Company Secretary

## Note:

A statement under section 134(3) of the Companies Act, 2017, setting out all material facts concerning the special business described in the Agenda and information as required under Regulation 3(1) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, are annexed to this notice.

## NOTES:

1. The Register of Members will remain closed from January 15, 2021, to January 21, 2021 (both days inclusive). The members whose names appear on the Register of Members as on January 14, 2021, shall be entitled to attend and vote at the EGM.
2. A member entitled to attend, speak and vote at the meeting shall also be entitled to appoint any person as his/her Proxy to attend, speak and vote instead of him/her. A proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to the respective member. The Company must receive the duly signed Instrument of Proxy and the certified copy of the notarised Power of Attorney, at least 48 hours before the meeting. A proxy need not be a member of the Company. The Form of Proxy is enclosed with this notice.
3. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or Proxy signed by authorised officers, authorise any of its officials or any other person to act as its representative at the meeting and the person so authorised shall be entitled to exercise the same powers as if he/she were an individual member of the Company.

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4. Members are requested to notify the change of their registered address, if any, immediately but before the first day of book closure, to their Participant/CDC Investor Account Services which maintains their CDC account.
5. Mode of Attending the EGM in view of COVID-19  
Due to the existing situation of Coronavirus (COVID-19), the Securities & Exchange Commission of Pakistan (SECP), vide its Circular No. 33 of 2020 dated November 05, 2020, has advised the companies to modify their usual planning for general meetings to be held up till January 31, 2021, in order to protect the well-being of the members/shareholders. Therefore, the Exchange's EGM will be held via video conference.

The shareholders who are interested in attending the EGM, are hereby requested to get themselves registered with the Company Secretariat by providing the requisite details at the earliest but not later than 48 hours before the time of the EGM (i.e. by 11:00 am on Tuesday, January 19, 2021) through e-mail to be sent at [shareholders.affairs@psx.com.pk](mailto:shareholders.affairs@psx.com.pk).

For this purpose, the shareholders are advised to provide the following particulars, along with the scanned copy of their CNIC and that of their proxies, if so appointed. Moreover, in case of a corporate member, the scanned copy of the resolution of the Board of Directors/Power of Attorney with a specimen signature of the nominee must also be provided.

Name of shareholder*	CNIC No./NTN	CDC Account No.	Cell No.	E-mail address
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\* Where applicable, please also give the above particulars of proxy-holder or nominee of the shareholder.

Upon receipt of the above information from the interested shareholders, the Company will send relevant video-link and log-in credentials at their e-mail addresses. Accordingly, the shareholders will be able to participate in EGM proceedings through their smartphones or computer devices. In addition to above, the shareholders can also provide their comments and/or suggestions in connection with the agenda item of the EGM by using the aforesaid means.

The above arrangement would also cover the requirement of Section 134(1)(b) of the Companies Act, 2017, in relation to providing video link facility to the members holding 10% or more shareholding (in aggregate) in the Company, residing at a geographical location.

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

This statement sets out the material facts concerning the Special Business, as specified in the Agenda of the notice, to be transacted at the PSX's EGM, to be held on January 21, 2021:

- (a) NCCPL was incorporated as a public limited company on July 03, 2001. The Company manages and operates the National Clearing & Settlement System (NCSS) in a fully automated electronic settlement system of securities traded at PSX.
- (b) PSX is one of the initial and major shareholders of NCCPL, presently holding 47,460,917 shares, i.e. 47.06% of its total paid-up capital of Rs.1,008.54 million. As per the definition provided in the Companies Act, 2017 (the Act), NCCPL and PSX are associated companies.

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(c) The current shareholding structure of NCCPL is as follows:

Name of Shareholder	Shareholding	%age Holding
Pakistan Stock Exchange Limited	47,460,917	47.06%
LSE Financial Services Limited (LSE)	23,730,461	23.53%
ISE Towers REIT Management Company Limited (ISE)	11,865,238	11.76%
Pakistan Kuwait Investment Company (Pvt.) Ltd. (PKIC)	17,797,853	17.65%
General Public	11	-
	<b>100,854,480</b>	<b>100.00%</b>

(d) Under the Securities Act, 2015 to be read with the Clearing Houses (Licensing and Operations) Regulations, 2016 (the Clearing Houses Regulations), the shareholding in a clearing house, is subject to the following restrictions:

- i. The collective shareholding of all eligible shareholders (other than securities/futures exchange or its connected company or its majority shareholder or associate of majority shareholder) shall not exceed 49%; and
- ii. The direct or indirect shareholding of a single shareholder (other than a securities/futures exchange), shall not exceed 15%.

(e) In the given circumstances, PSX and PKIC have entered into a Sale and Purchase Agreement whereby PKIC has agreed to sell to PSX 2.65% of its shareholding in NCCPL (i.e. 2,669,681 shares), which are more than the threshold prescribed by the Regulations, for PKR26.00 per share, subject to all internal and regulatory approvals and other conditions to be agreed.

(f) The Board of Directors of PSX, in its meeting held on December 23, 2020, has approved the equity investment of Rs.69,411,706/- in NCCPL, subject to the consent of PSX's shareholders as required under Section 199 of the Act. In this respect, the Board certifies that due diligence on the proposal was carried out and accordingly, the Board recommends to the shareholders to approve the same.

(g) As required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, Arif Habib Limited (AHL) was engaged by PSX to determine the fair market value of the share of NCCPL which came to Rs.23 to Rs.26. Since the price being offered for acquisition of NCCPL's shares is within the fair value range recommended by AHL, and due to PSX's strategic nature in NCCPL, the shareholders may consider approving the proposed investment.

(h) The directors of PSX do not have any interest in the proposed investment, except that Mr. Farrukh H. Khan, Mr. You Hang, Mr. Muhammad Ashraf Bawany and Mr. Ahmed Chinoy, serve on the Board of NCCPL as the nominee directors of the Exchange.

(i) The information required under Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, is provided in the enclosed Annexure-A.

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ANNEXURE-A

## Information required under Regulation 3(1) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

S.No.	Description	Information required						
1	Name of the associated company or associated undertaking	National Clearing Company of Pakistan Limited (NCCPL)						
2	Basis of relationship	NCCPL is an associated company of PSX since Mr. Farrukh H. Khan, Mr. You Hang, Mr. Muhammad Ashraf Bawany and Mr. Ahmed Chinoy are directors on the Boards of both the companies.						
3	Earnings per share for the last three years	<table> <tr> <td>June 30, 2020</td> <td>Rs. 2.50</td> </tr> <tr> <td>June 30, 2019</td> <td>Rs. 2.01</td> </tr> <tr> <td>June 30, 2018</td> <td>Rs. 2.02</td> </tr> </table>	June 30, 2020	Rs. 2.50	June 30, 2019	Rs. 2.01	June 30, 2018	Rs. 2.02
June 30, 2020	Rs. 2.50							
June 30, 2019	Rs. 2.01							
June 30, 2018	Rs. 2.02							
4	Break-up value per share, based on the latest audited financial statements	Rs.17.23 per share as on June 30, 2020						
5	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	The Balance Sheet as of June 30, 2020, and Profit & Loss Account of NCCPL for the year ended June 30, 2020 are enclosed.						
6	<p>In case of investment in relation to a project of the associated company that has not commenced operations –</p> <p>(I) Description of the project and its history since conceptualisation</p> <p>(II) Starting and expected date of completion of work</p> <p>(III) Time by which such project shall become commercially operational</p> <p>(IV) Expected time by which the project shall start paying return on investment</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</p>	Not applicable						
7	The maximum amount of investment to be made	Rs.69,411,706/-						
8	Purpose, benefits likely to accrue to the investing company and its members from	To consolidate shareholding in NCCPL with a view to make it a subsidiary while						

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S.No.	Description	Information required																				
	such investment and period of investment	facilitating the compliance of applicable Regulations by NCCPL and its shareholders																				
9	<p>Sources of funds to be utilised for investment and where the investment is intended to be made using borrowed funds –</p> <p>(I) Justification for investment through borrowings</p> <p>(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds</p> <p>(III) Cost-benefit analysis</p>	PSX intends to utilize its own funds for the investment.																				
10	Salient features of the agreement(s), if any, with the associated company concerning the proposed investment	Not applicable																				
11	The direct/indirect interest of directors, sponsors, majority shareholders and their relatives, in the associated company or the transaction under consideration	The directors of PSX do not have any interest in the proposed investment, except that Mr. Farrukh H. Khan, Mr. You Hang, Mr. Muhammad Ashraf Bawany and Mr. Ahmed Chinoy serve on the Board of NCCPL as the nominee directors of the Exchange.																				
12	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write-offs	<p>The Company currently holds 47.06% of the shareholding in NCCPL, and during the FY 2020, profit attributable to the Company amounted to Rs.118.6 million. No impairment of investment in NCCPL has been recognised by the Company.</p> <p>Performance of investment in NCCPL over the past three years:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Investment*</th> <th>Share of Profit</th> <th>Return</th> </tr> <tr> <th></th> <th colspan="2">Rs. in '000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>611,680</td> <td>71,932</td> <td>11.76</td> </tr> <tr> <td>2019</td> <td>704,854</td> <td>95,230</td> <td>13.51</td> </tr> <tr> <td>2020</td> <td>820,295</td> <td>118,578</td> <td>14.46</td> </tr> </tbody> </table> <p>*Computed using equity method of accounting</p>		Investment*	Share of Profit	Return		Rs. in '000		%	2018	611,680	71,932	11.76	2019	704,854	95,230	13.51	2020	820,295	118,578	14.46
	Investment*	Share of Profit	Return																			
	Rs. in '000		%																			
2018	611,680	71,932	11.76																			
2019	704,854	95,230	13.51																			
2020	820,295	118,578	14.46																			
13	Any other important details necessary for the members to understand the transaction	None																				

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S.No.	Description	Information required									
14	The maximum price at which securities will be acquired	Rs.26/- per share									
15	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not applicable									
16	Maximum number of securities to be acquired	2,669,681 ordinary shares of Rs.10/- each									
17	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th></th> <th>Number of securities held</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>47,460,917</td> <td>47.06%</td> </tr> <tr> <td>After</td> <td>50,130,598</td> <td>49.71%</td> </tr> </tbody> </table>		Number of securities held	Percentage	Before	47,460,917	47.06%	After	50,130,598	49.71%
	Number of securities held	Percentage									
Before	47,460,917	47.06%									
After	50,130,598	49.71%									
18	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	Not applicable									
19	Fair value determined in terms of Sub-Regulation (1) of Regulation 5 for investments in unlisted securities	The fair value of a share of NCCPL, as of June 30, 2020, as determined by the valuer, comes to Rs.23 to Rs.26.									

## Statement of Financial Position

As at 30 June 2020

	2020	2019
	(Rupees in '000)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	220,660	222,633
Intangible assets	121,673	106,012
Long-term loans	23,477	28,284
Investments	376,647	-
	742,457	356,929
<b>Current assets</b>		
Trade receivables	134,332	115,448
Loans and advances	13,457	12,171
Short-term prepayments, deposits and other receivables	53,164	46,345
Investments	1,160,551	1,131,777
Mark-up accrued	42,921	49,160
Securities transactions settlement receivables	2,871,183	3,932,961
Advance tax - net	165,461	76,549
Bank balance held for Federal Board of Revenue (FBR) in respect of Capital Gain Tax (CGT) and Dividend	2,036,687	411,343
Cash and bank balances	7,540,428	7,312,397
	14,018,184	13,088,151
<b>Total assets</b>	<b>14,760,641</b>	<b>13,445,080</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Authorized share capital</b>		
110,000,000 (30 June 2019: 110,000,000) ordinary shares of Rs. 10 each	1,100,000	1,100,000
Issued, subscribed and paid-up share capital	1,008,545	756,408
Reserves	729,590	736,419
	1,738,135	1,492,827
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Employee benefits	8,922	8,070
Lease liabilities	13,264	-
Deferred taxation	5,279	1,980
	27,465	10,050
<b>Current liabilities</b>		
Deposits, accrued and other liabilities	8,055,266	7,597,899
Current portion of lease liabilities	31,905	-
CGT and Dividend payable to FBR	2,036,687	411,343
Securities transactions settlement payables	2,871,183	3,932,961
	12,995,041	11,942,203
<b>Total equity and liabilities</b>	<b>14,760,641</b>	<b>13,445,080</b>

# Statement of Profit or Loss

For the year ended 30 June 2020

	2020	2019
	(Rupees in '000)	
<b>INCOME</b>		
Operating income - net	808,095	794,100
Other income	207,514	130,932
<b>Total income</b>	<b>1,015,609</b>	<b>925,032</b>
<b>EXPENSES</b>		
Operating and administrative expenses	(655,110)	(634,953)
Supervision fee	(8,081)	(7,941)
Other charges	(1,945)	(2,310)
<b>Total expenses</b>	<b>(665,136)</b>	<b>(645,204)</b>
<b>Profit before taxation</b>	<b>350,473</b>	<b>279,828</b>
Taxation	(98,500)	(77,470)
<b>Profit after taxation</b>	<b>251,973</b>	<b>202,358</b>
	(Rupees)	
	<i>(Restated)</i>	
<b>Earnings per share - Basic and Diluted</b>	<b>2.50</b>	<b>2.01</b>



# FORM OF PROXY

## Extraordinary General Meeting

I/We, \_\_\_\_\_ of \_\_\_\_\_, holding Computerized National Identity Card (CNIC)/Passport No. \_\_\_\_\_ and being a member of Pakistan Stock Exchange Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, or failing him/her hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company, to be held on the 21st day of January 2021 and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_, 2020

### Witnesses:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_
2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_

CDC Account No.

Revenue Stamp of  
PKR 5/-

To be signed by the above named shareholder

### Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with Proxy Form.

# پراکسی فارم غیر معمولی عمومی اجلاس

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ حامل کمپیوٹرائزڈ شناختی کارڈ (CNIC) / پاسپورٹ نمبر \_\_\_\_\_ اور بلطوررکن پاکستان اسٹاک ایکسچینج لمیٹڈ \_\_\_\_\_ حامل CNIC / پاسپورٹ نمبر \_\_\_\_\_ یا اس کی عدم موجودگی میں \_\_\_\_\_ حامل CNIC / پاسپورٹ نمبر \_\_\_\_\_ کو اپنا ہمارا نمائندہ مقرر کرتا ہوں کہ کہ میری ہماری طرف سے کمپنی کی مورخہ 21 جنوری 2021 کو منعقد ہونے والے غیر معمولی عمومی اجلاس میں یا اس کے اتوا کی صورت میں ووٹ ڈال سکیں گواہان کی موجودگی میں میرے / ہمارے دستخط / مہر بروز \_\_\_\_\_ 2020 کو ثبت کیے گئے / کی گئی۔

گواہان:

1- \_\_\_\_\_ دستخط

\_\_\_\_\_ نام

\_\_\_\_\_ پتہ

\_\_\_\_\_ کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر

2- \_\_\_\_\_ دستخط

\_\_\_\_\_ نام

\_\_\_\_\_ پتہ

\_\_\_\_\_ کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ نمبر

سی ڈی سی اکاؤنٹ

پانچ روپے کار یونین اسٹمپ

حصص یافتہ کے دستخط

ضروری اطلاع:

- 1- صحیح اور دستخط شدہ نمائندگی فارم کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے 48 گھنٹے قبل موصول ہو جانا چاہیے۔ نمائندہ کے لیے کمپنی کارکن ہونا ضروری نہیں ہے۔
- 2- نمائندگی فارم پر دو گواہان کے دستخط ہونے چاہئیں جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- 3- مقرر کرنے والے شخص اور مقرر کیے جانے والے شخص کی قومی شناختی کارڈ کی تصدیق شدہ کاپیاں نمائندگی فارم کے ساتھ جمع کرانا ہوں گی۔
- 4- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا پورا آف انارنی اور نمونہ دستخط نمائندگی فارم کے ساتھ جمع کرانا ہوگا۔