

Notice of Annual General Meeting



NOTICE is hereby given that the 62nd Annual General Meeting of the shareholders of EMCO Industries Limited (the "Company") will be held at 4th Floor, National Tower, 28-Egerton Road Lahore on 28th September 2017 at 10:30 a.m. to conduct the following business:

Ordinary Business:

1. To confirm the minutes of the last EOGM of the Company held on 22.06.2017.
2. Approval of Annual Accounts for the Year Ended 30.06.2017.
3. To Appoint Auditors for the next financial year and to fix their remuneration.

Special Business:

4. To consider and if deem fit to approve/pass the following resolutions as Special Business
 - (a) "Resolved that Asset 1 may be sold to any suitable buyer(s) on best available terms and price as may be deemed fit by the Committee".
 - (b) "Resolved further that Asset 2 may be sold to any suitable buyer(s) on best available terms and price as may be deemed fit by the Committee".
 - (c) "Resolved further that Asset 1 and Asset 2 may be sold, together or separately, to one or more suitable buyers".
 - (d) "Resolved further that, Mr. Tariq Rehman (CEO/Director) and Mr. Usman Haq (Director) be authorized, jointly, to execute, for and on behalf of the Company and in its name, any and all documents required in connection with sale of Asset 1 and Asset 2, including but not limited to Agreement to Sell, Sale Deed and all other relevant or connected documents."
5. To get consent & approval of the Shareholders of Emco Industries Limited as per SRO No. 470(1)2016 dated May 31, 2016 issued by the Securities & Exchange Commission of Pakistan (SECP), for the transmission of annual reports including annual audited accounts, notices of annual general meeting and other information contained therein of the Company commencing from the year ending 30th June, 2017 onwards through CD or DVD or USB instead of transmitting the same in hard copies.

"Resolved that consent & approval of the Shareholders of Emco Industries Limited be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meeting and other information contained therein of the Company commencing from the year ending 30th June, 2017 onwards through CD or DVD or USB instead of transmitting the same in hard copies."

"Further Resolved that the Chief Executive or Company Secretary be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be incidental for the purpose of implementing this resolution."

Statement under Section 134(3) of the Companies Act, 2017 pertaining to the Special business will be sent to the shareholders along with this notice.

Other Business:

Any other ordinary business with permission of the chair.

By order of the Board of Directors

Ahsan Suhail Mannan
(Company Secretary/Director)

Place: Lahore
Dated: 30.08.2017

NOTES:

- (a) The Share Transfer Books of the company will remain closed from 21st September 2017 to 28th September 2017 (both days inclusive).
- (b) A member entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office 4th floor, National Tower, 28-Egerton Road, Lahore not less than 48 (forty-eight) hours before the time of holding the meeting.
- (c) Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy, attested copy of shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
- (d) Members are requested to promptly notify the change in their address, if any, to the Company's Share Registrar M/s. Corp Link (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore.

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

Agenda Item No: 4

- (a) "Resolved that Asset 1 may be sold to any suitable buyer(s) on best available terms and price as may be deemed fit by the Committee".
- (b) "Resolved further that Asset 2 may be sold to any suitable buyer(s) on best available terms and price as may be deemed fit by the Committee".
- (c) "Resolved further that Asset 1 and Asset 2 may be sold, together or separately, to one or more suitable buyers".
- (d) "Resolved further that, Mr. Tariq Rehman (CEO/Director) and Mr. Usman Haq (Director) be authorized, jointly, to execute, for and on behalf of the Company and in its name, any and all documents required in connection with sale of Asset 1 and Asset 2, including but not limited to Agreement to Sell, Sale Deed and all other relevant or connected documents."

Note:

- 1) The Directors of the Company are not interested in the aforementioned special business.
- 2) The aforementioned special business is being undertaken in respect of the underlined objectives:
 - (a) To meet various liabilities, requirements and allied expenses of the Company. This will help the Company to bring down financial cost.
 - (b) The Management wants to re-focus the company on to its energy sector business and therefore, wants to sell the assets relating to Tile Plant.
- 3) The following information is material in respect of the aforementioned special business:
 - (a) Land measuring 84- Kanal, situated at 19-Km, Lahore Sheikhpura Road, (the "Asset 1"), The market price of Asset 1 is approximately Rs. [140 million]. Therefore, in light of the foregoing the Asset 1 may be sold to any suitable buyer(s) and on such terms as maybe deemed fit by the Committee.
 - (b) Machinery of tile plant (including spares) of the Company (the "Asset 2") is to be sold. The market price of Asset 2 is approximately Rs. [110 million]. Therefore, in light of the foregoing the Asset 2 may be sold to any suitable buyer(s) and on such terms as maybe deemed fit by the Committee.

Details of Assets

The Detail of Tangible Assets being disposed-off are as follows:

Assets	Cost Rs, '000	Book Value Rs, '000	Approx. Current Market Value Fair Rs, '000
Land Area 84 Kanals Location: 19-km, Lahore - Sheikhpura Road	2,541	122,700	140,000
Plant and Machinery (with Stores & Spares)	973,497	230,240	110,000

- 4) The proposed manner of selling Asset 1 and Asset 2 is as follow:
 - (a) The Committee created by the Board of Directors of the Company shall negotiate with various prospective buyers to finalize the maximum possible sale price for Asset 1 and Asset 2.
 - (b) The Company shall obtain No-Objection Certificate(s) from concerned creditors/Financial Institutions in respect of the sale of Asset 1 and Asset 2.
 - (c) Subject to approval from the shareholders, the Board has decided to sell Asset 1 and Asset 2, together or separately, to one or more buyer(s) with the objective to achieve the best possible terms and price.
 - (d) Subject to approval from the shareholders, Mr. Tariq Rehman (CEO/Director) and Mr. Usman Haq (Director) be authorized, jointly, to execute, for and on behalf of the Company and in its name, any and all documents required in connection with sale of Asset 1 and Asset 2, including but not limited to Agreement to Sell, Sale Deed and all other relevant or connected documents.
 - (e) The final sale price would be determined on the basis of offers received and negotiation with the prospective buyers
- 5) Reason for the disposal of assets:
 - (a) Non-availability of Natural Gas (NG) continuously.
 - (b) Expensive gas is available in form of mixture of NG and RLNG for which cost is almost doubled. Not feasible to run Tile plant on such an expensive gas.
 - (c) Tough market Competition due to Chinese products
 - (d) Technology change in Tile manufacturing machinery
 - (e) Want to reduce debt and liabilities.
- 6) Benefits expected to accrue to the shareholders:
 - (a) The proceeds from disposal of such assets will be utilized to BMR (Balancing, Modernization and Replacement) the Insulator plant and to reduce the banks borrowings and other liabilities thereby reducing debt burden of the Company and increasing efficiency in production.
 - (b) Profitability of the company will increase as there will be a reduced financial cost and production will be more cost effective and efficient.

Note

Directors of the Company or their spouses or relatives have no direct or indirect interest in the above said business except as shareholders of the Company.