



ESCORTS INVESTMENT
BANK LIMITED

August 03, 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of **Escorts Investment Bank Ltd ('The Company')** will be held on the 28th of August 2017 at Escorts House, 26 Davis Road, Lahore at 03:00 p.m. to transact the following business:

SPECIAL BUSINESS

1. That, following the in-principle approval from the Securities and Exchange Commission of Pakistan ("SECP") granted vide their letter No. SC/NBFC-EIBL/34/2017-262 dated April 28, 2017, Bahria Town (Private) Limited, a private company limited by shares incorporated under the laws of Pakistan ("BTPL") is in the process of acquiring majority shares and management control of the Company. In this regard pursuant to the Board of Directors' Resolution dated May 12, 2017, the Company along with the sponsor shareholders of the Company had entered into various transaction agreements with BTPL. All parties to the various transaction agreements with BTPL are collaborating in order to fulfil the various condition precedents set out in the transaction documents so that the transaction can be finalized and completed. However, in this regard certain steps need to be taken by the Company which require action by the General Body of the Company.
 - i. As per Clause 2.1 (a) of the Share Subscription Agreement dated May 23, 2017, the Company is required to pass a special resolution through which the Authorized Capital of the Company shall be increased to PKR 2,000,000,000 (Rupees Two Billion only)/- consisting of 200,000,000 (Two Hundred Million) ordinary shares of

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PKR 10/- (Rupees Ten) each. The afore-mentioned increase in Authorized Capital, in addition to This is not only a contractual obligation of the Company, but is also necessary for the injection of fresh equity into the Company, which is crucial for reviving the Company.

- ii. Furthermore, a special resolution needs to be passed in terms of the Companies Act, 2017 and subject to all other applicable laws and regulations for the proposed divestment of entire shareholding of Escorts Capital Limited ('**ESCAP**') by the Company as per the Share Purchase Agreement dated May 23, 2017 for the sale and transfer of 100% issued shares together with management control of ESCAP against consideration of PKR 175 million by the Company to BTPL ("**SPA (ESCAP)**"). The General Body is apprised, through this notice, that in order to transfer the shares and control of ESCAP various approvals/clearances are required, including, without limitation, the afore-mentioned approval/special resolution of the shareholders of the Company, required pursuant to Section 183 (b) and 199 (4) of the Companies Act, 2017. The General Body will also be intimated that an application for clearance of "Fit and Proper Criteria" has been submitted by BTPL to the Securities and Exchange Commission of Pakistan as well as the Pakistan Stock Exchange ("**PSX**") on June 16, 2017.
2. That the Board of Directors of the Company has vide its resolution dated 31st July 2017 approved the above-referred transactions in principle, subject to, as applicable: (i) approval by the shareholders; and/or (ii) approval by the concerned regulatory bodies, including the SECP.
 3. That in the foregoing background the Shareholders shall, if thought fit, pass the following resolutions, as special resolutions, with or without modifications, additions or deletions:



“RESOLVED AS AND BY WAY OF SPECIAL RESOLUTION:

- i. That Clause VI of the Memorandum of Association of the Company be deleted and replaced with the following:

“Capital

VI. The Authorized Capital of the Company is PKR 2,000,000,000 (Rupees Two Billion only)/- consisting of 200,000,000 (Two Hundred Million) ordinary shares of PKR 10/- (Rupees Ten) each with powers to the Company from time to time to increase and reduce its capital.”

- ii. That Clause 4 of the Articles of Association of the Company be deleted and replaced with the following:

“Capital

4. The Authorized Capital of the Company is PKR 2,000,000,000 (Rupees Two Billion only)/- consisting of 200,000,000 (Two Hundred Million) ordinary shares of PKR 10/- (Rupees Ten) each with powers to the Company from time to time to increase and reduce its capital. Minimum subscription will be 200,000,000.”

- iii. That the Company may, subject to (i) “Fit and Proper” clearance of Bahria Town (Private) Limited and its proposed directors under the Securities Act, 2015 read with the Securities Brokers (Licensing and Operations) Regulations 2016, and (ii) approval by SECP in terms of Rule 7 (2) (c) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, sell and transfer 100% of its shareholding together with management control of its wholly-owned subsidiary Escorts Capital Limited in accordance with the terms of the relevant Share Purchase Agreement dated May 23, 2017, to BTPL, and in accordance with all other applicable laws. In the event any of the afore-said regulatory consents/approvals is not forthcoming, this resolution shall stand withdrawn.



B. Also unanimously resolved that a certified true copy of these resolutions be communicated to whom it may concern and that, subject to (iii) above, these resolutions shall remain in force until a resolution to the contrary is passed by the General Body of the Company.”

4. A Statement of Material Facts under section 134 of the Companies Act 2017 relating to the aforesaid Special Business to be transacted at the said Extraordinary General Meeting is annexed to this notice being dispatched the members.

ANY OTHER BUSINESS

1. To transact any other business with the permission of the Chair.

Muhammad Mukarram
Company Secretary

NOTES

1. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her/. Proxies (in the format attached), in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped and signed.
2. Members are requested to notify any change in their address (if any) to the Company immediately.
3. The Share Transfer Books of the Company will be closed from 22nd August, 2017 to 28th August, 2017 (both days inclusive).
4. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:



A. For attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
- (ii) 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.

B. For appointment of Proxies:

- (i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- (ii) The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his original NIC or original passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.



STATEMENT OF MATERIAL FACTS UNDER SECTION 134 OF THE COMPANIES ACT 2017

This statement is annexed to the Notice of the Extraordinary General Meeting of Escorts Investment Bank Limited, to be held on the 28th of August 2017 at 03:00 PM at Escorts House, 26 Davis Road, Lahore, Pakistan at which certain special business is to be transacted, and the purpose of this statement is to set out all material facts concerning such special business.

OVERVIEW OF THE TRANSACTION

Bahria Town (Private) Limited (“**BTPL**”) is in the process of acquiring 71.168% issued shares and management control of Escorts Investment Bank Ltd (“**EIBL**”). The Securities and Exchange Commission of Pakistan (“**SECP**”) has already through its letter No. SC /NBFC-EIBL/34 /2017-262 dated April 28, 2017 conveyed its in-principle approval to the above transaction under Rule 5 (6) (f) of the NBFC Rules, 2003 (hereinafter “**FPT Clearance (EIBL)**”). Pursuant to the FPT Clearance (EIBL), the concerned parties have taken significant steps including execution of various transaction agreements, for the proposed parallel takeovers of EIBL as well as its wholly-owned subsidiary, Escorts Capital Limited, a securities brokerage company (“**ESCAP**”).

In terms of the agreed transaction structuring, two parallel, but simultaneous, core transactions are envisaged:

- (a) The acquisition by BTPL of 71.168% of the issued shares of EIBL from EIBL’s sponsor shareholders (as well as such other shares of EIBL as may be tendered pursuant to a public offer in accordance with the requirements of Takeover laws) along with management control of EIBL (“**EIBL Acquisition**”); and
- (b) The acquisition by BTPL of 100% of the issued shares of ESCAP from EIBL (and its nominee directors) along with management control of ESCAP (“**ESCAP Acquisition**”).



The transaction entails injection of funds by BTPL into EIBL to revive it and to enable it to meet its respective regulatory and operational requirements.

INCREASE IN AUTHORIZED SHARE CAPITAL

In order to meet the Minimum Equity Requirement shortfall of EIBL, a Share Subscription Agreement (“SSA”) has been executed between BTPL, EIBL’s outgoing sponsors and EIBL. This envisages an injection of at least PKR 650 million as equity or sponsors’ loan convertible into equity. In order to achieve this, as per Clause 2.1 (a) of the SSA, the Company is required to pass a special resolution through which the Authorized Capital of the Company shall be increased to PKR 2,000,000,000 (Rupees Two Billion only)/- consisting of 200,000,000 (Two Hundred Million) ordinary shares of PKR 10/- (Rupees Ten) each. The formal process for rights issue of shares will be initiated after completion of the takeover formalities by BTPL.

DIVESTMENT OF ESCAP SHAREHOLDING

Furthermore, BTPL has entered into a Share Purchase Agreement dated May 23, 2017 with, inter alia, EIBL for the transfer of 100% of issued shares together with management control of ESCAP to BTPL against payment of PKR 175 million, simultaneously with the proposed acquisition of shares of EIBL. The Share Purchase Agreement also includes funding commitments by BTPL to enable ESCAP to progressively repay its financial obligations to EIBL.

INTERESTED DIRECTORS

In respect of the resolutions pertaining to the transactions entered into by the Company with its associated companies or undertakings the following directors are concerned or interested:

- i. Miss Shazia Bashir;
- ii. Mr. Mutahir Ahmed; and
- iii. Mr. Bairam Qureshi.

The abovementioned Directors adequately disclosed their interest as per section 205 & 207 of the Companies Act 2017 and abstained from voting in any matter pertaining to the approval or regularization of the transaction with the abovementioned associated companies.



FORM OF PROXY FOR ESCORTS INVESTMENT BANK LTD

I _____ of _____ in the district of _____ being a member of Escorts Investment Bank Limited hereby appoint _____ of _____ as my proxy to vote for me and on my behalf at the Extraordinary General Meeting of the Company to be held on 28th August 2017 at 03:00 PM. or at any adjournment thereof.

Signed this _____ day of _____ 2017.

AUTHORIZED SIGNATURE

STAMP (IF APPLICABLE)

Note:

This proxy instrument should be signed, stamped (if applicable) and returned to the Company Secretary of Escorts Investment Bank Limited before the time fixed for the meeting.