

KOHAT CEMENT COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 39th Annual General Meeting of the shareholders of **Kohat Cement Company Limited** (the "Company") will be held on Thursday, **October 25, 2018** at 10:00 A.M., at its registered office, Kohat Cement Factory, Rawalpindi Road, Kohat, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2018 together with Auditors' and Directors' Reports and Chairperson's Review.
2. To consider and approve, as recommended by the Board of Directors, payment of final cash dividend @ 50% i.e. Rs. 5/- per ordinary share for the year ended June 30, 2018.
3. To appoint Auditors and to fix their remuneration.

The present Auditors M/s. KPMG Taseer Hadi & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee and the Board of Directors have recommended their reappointment.

Special Business

4. To consider and approve, as recommended by the Board of Directors, issue of fully paid bonus shares @ 30% i.e. in proportion to three (3) ordinary shares for every ten (10) ordinary shares of Rs. 10 each held by the members by capitalizing a sum of Rs. 463,526,070 out of the profits of the Company for the year ended June 30, 2018.
5. To ratify and approve transactions carried out with Related Parties in the ordinary course of business during the financial year ended June 30, 2018, under the authority of the members as given in the last annual general meeting held on October 23, 2017.
6. To authorize the Company to purchase packing materials (empty cement bags) from M/s Ultra Pack (Pvt.) Limited, an associated company, in the ordinary course of business at arm's length basis.
7. To authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in ordinary course of business during the financial year ending June 30, 2019 and till the date of next annual general meeting, and to authorize the Chief Executive to take any and all necessary steps and to sign/execute any and all such documents/annexures on behalf of the Company as may be required.

By order of the Board:



Muhammad Asadullah Khan
Company Secretary
Lahore: October 4, 2018



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Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 25, 2018.

Item No. 4: Issuance of Bonus Shares

The Directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves up to Rs. 463,526,070. Therefore, the directors have recommended the issue of 46,352,607 bonus shares by capitalization of a part of free reserves of the Company. After the issue of bonus shares, the total paid up capital of the Company will increase to Rs. 2,008,612,970 divided into 200,861,297 ordinary shares of Rs. 10 each.

The directors have also proposed that the fractional entitlements shall be combined with Company Secretary (as Trustee) and the same be sold in the stock market and proceeds be donated to Prime Minister and Chief Justice of Pakistan Fund for Diamer Bhasha and Mohmand Dam .

The new ordinary shares when issued shall rank *pari passu* with the existing ordinary shares in all respects.

No Director or Chief Executive of the Company or their relatives has any interest in the proposed alteration, except to the extent of their entitlement to bonus shares as members of the Company.

The following resolution is proposed to be passed with or without modification(s) as an ordinary resolution:

“**Resolved that** a sum of Rs. 463,526,070 out of the profits of the Company for the year ended June 30, 2018 be capitalized and applied to issue of 46,352,607 ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to the members of the Company whose names appear on the register of the members of the Company as at the close of business on October 17, 2018 in the proportion of three (3) such new shares for every ten (10) existing ordinary shares held and that such new shares shall rank *pari passu* with the existing ordinary shares of the Company.

Further Resolved that fraction shares to be allotted as a result of distribution of Bonus Shares be consolidated with the Company Secretary (as Trustee) for sale in open market in due course and proceeds be donated to Prime Minister and Chief Justice of Pakistan Fund for Diamer Bhasha and Mohmand Dam.

Further Resolved that for the purpose of giving effect to the foregoing, the Chief Executive and the Company Secretary be and are hereby authorized *singly* to take all necessary actions under the law and to settle any questions or difficulties that may arise in the distribution of the said Bonus Shares or in disposal of fractions and payment of proceeds thereof”.

Item No. 5: Ratification / approval of Related Party Transactions

The Company carried out transactions as detailed in the below draft resolution with its related parties in the ordinary course of business under the authority of the special resolution of the members as approved by them during the last annual general meeting held on October 23, 2017. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the



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Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2018 with the related parties as mentioned in the below draft resolution, due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. The transactions with all related parties are entered on arms' length basis.

The following resolution is proposed to be passed as Special Resolution with or without any modification:

“Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the Related Parties during the financial year ended June 30, 2018 be and hereby ratified, approved and confirmed.

Related Party	Nature of Transaction	Amount (Rupees)
Ultra Pack (Pvt.) Limited	Purchase of packing material	585,480,400
Ultra Pack (Pvt.) Limited	Purchase of light vehicle	2,412,500
Palace Enterprises (Pvt.) Limited	Accommodation services received	407,131
Kohat Cement Educational Trust	Contributions made	1,904,961
Art Vision (Pvt.) Limited	Sale of light vehicle	1,957,000
Mrs. Hijab Tariq, substantial shareholder	Sale of light vehicle	2,000,000

The Directors and executives are interested in this business to the extent of their respective directorships and /or shareholdings / trusteeships / remuneration.

Item No. 6: Authorization to the Company to purchase Packing Materials from Ultra Pack (Pvt.) Ltd.

The Company in its ordinary course of business, uses polypropylene bags for packing of its cement which are procured from local market. M/s Ultra Pack (Pvt.) Limited, an associated company, is in the business of manufacturing and supply of these kinds of bags to cement industry. The management is of the view that procurement of these bags from Ultra Pack (Pvt.) Limited shall secure the in time and quality delivery of bags to the Company and is thus proposing to keep purchasing this packing material from this associated company during ordinary course of business at arm's length basis.

All the directors of the Company except Mr. Hasan Tariq Atta, are interested in this business to the extent that they are substantial shareholders of M/s ANS Capital (Pvt.) Limited which is the holding company of both Kohat Cement Company Limited and Ultra Pack (Pvt.) Limited.

The following resolution is proposed to be passed as Special Resolution with or without modification:

“Resolved that the Company be and is hereby authorized to purchase polypropylene empty bags (packing material) from M/s Ultra Pack (Pvt.) Limited, an associated company in the ordinary course of its business at arm's length basis.



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Resolved further that Chief Executive of the Company is hereby authorized to take any and all necessary steps and to sign/execute any purchase order / document on behalf of the Company as may be required and to authorize any other officer of the company to do so.”

Item No. 7: Authorization to CEO for approving Related Party Transactions

The Company shall continue to carry out transactions with the related parties in its ordinary course of business till next annual general meeting. The majority of the Directors are interested in these transactions due to their common directorships and / or shareholdings / trusteeship / remuneration in the related parties. Therefore, these transactions with related parties have to be approved by the shareholders in terms of Section 208 of the Companies Act, 2017 and Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

In order to ensure smooth business operations, the shareholders may authorize the Chief Executive to approve transactions to be carried out in normal course of business with related parties as mentioned in the following draft resolution till next annual general meeting. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

The following resolution is proposed to be passed as Special Resolution with or without modification:

“Resolved that the Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the ordinary course of its business at arm’s length basis during the year ending June 30, 2019.

Resolved further that these transactions shall be placed before the shareholders in the next annual general meeting for their ratification/approval.”

The Directors are not interested directly or indirectly in this business except to the extent of their common directorships and / or shareholdings / trusteeship / remuneration.

Notes:

1. Closure of Share Transfer Books

The register of members and the share transfer books of the Company will be closed from Thursday **October 18, 2018** to Thursday, **October 25, 2018** (both days inclusive). Physical transfers / CDS transactions IDs received in order at the Company’s Independent Share Registrar Office, **M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore**, up to the close of business on Wednesday **October 17, 2018** will be treated in time for the purpose of entitlement of dividend, bonus shares, if approved by the shareholders, and to attend the meeting.

2. Right to appoint Proxy

A member is entitled to appoint proxy in his/her place to attend and vote instead of him/her. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited at the Head Office of the Company, 37-P, Gulberg-II, Lahore not later than 48 hours (excluding non-working days) before the time of the meeting. A proxy must be a member of the Company. Form of proxy is enclosed herewith.

3. Attendance through Video-Conference



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The Company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the Company reside, provided the Company receives their demand to participate in the annual general meeting through video-link at least 7 days prior to the date of meeting.

4. **Intimation of Change in Address**

The members are requested to notify the change of their registered addresses, if any, duly accompanied with its valid certificates, immediately to Company's Independent Share Registrar.

5. **Electronic Payment of Dividend**

The provisions of Section 242 of the Companies Act, 2017 (the Act) read with Companies (Distribution of Dividends) Regulations, 2017 provide that any cash dividend declared by a listed company must be paid through electronic mode directly into the bank account designated by the entitled shareholder. In order to receive dividend directly into their bank account, shareholders are requested to communicate, if not already provided, below detailed information by filling in Electronic Credit Mandate Form available on Company's website (www.kohatcement.com) and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, in case of physical shares. In case shares are held in CDC, then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforesaid provisions of the Act and Regulations. Electronic Credit Mandate Form shall authorize the Company to credit their current and future cash dividends directly to their designated bank accounts.

- a) International Bank Account Number (IBAN)
- b) Name of Bank
- c) Branch name and address
- d) Valid copy of CNIC

6. **Income Tax Deduction from Dividend Payment**

The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are **15%** for Filers and **20%** for Non-Filers. To enable the Company to make tax deduction on the amount of Cash Dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall be treated as Non-Filers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 20%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Independent Share Registrar.

The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares



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and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio / CDS Account No	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC	Shareholding Proportion (No. of shares)	Name & CNIC	Shareholding Proportion (No. of shares)

In case the required information is not provided to our Share Registrar by October 17, 2018, it will be assumed that the shares are held in equal proportion by the principal shareholder and joint holder(s).

7. Exemption from Deduction of Income Tax / Zakat

Members seeking exemption from deduction of income tax or are eligible for deduction at reduced rate, are requested to submit a valid exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of Zakat are also required to submit a valid declaration for non-deduction of Zakat.

Moreover, as per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above clause must provide valid Tax Exemption Certificate to our Company's Independent Shares Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.

8. Placement of Annual Report on Web-site & its Circulation through DVD

The Annual Report of the Company containing financial statements of the Company for the year ended 30 June 2018 along with Auditors and Directors Report thereon, the Chairperson Review and notice of AGM etc. have been circulated through CDs and have also been placed on the company's website: www.kohatcement.com.

The shareholders who wish to receive hard copy of the Annual Report 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.

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form available on the Company's website: www.kohatcement.com and send the said form duly filled in and signed along with copy of his/her CNIC/Passport to the Company's Share Registrar.

9. Attendance at AGM



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A corporation or company being a member of the Company may appoint any of its officials or any other person through a resolution of its board of directors to attend and vote at the meeting.

The members should quote their folio number/ CDS IDs in all correspondence with the Company and should bring original document at the time of attending the Annual General Meeting.

CDC account holders will further have to follow the following guidelines as laid down in Circular No. 1 dated 26th January 2000 issued by the Securities & Exchange Commission of Pakistan.

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 uploaded as per the Regulations, shall authenticate his/her identity by showing his/ her original computerized national identity card (CNIC) 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 along with his original CNIC or original passport shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies

- 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 uploaded as per the Regulations, shall submit the proxy form as per the requirements stated above.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- iii) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature along with his original CNIC or original passport shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

10. **Unclaimed dividend and bonus/right shares**

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.



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