



NetSol Technologies Ltd.

NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan.

Email: info@netsolpk.com

Phone: +92 42 111-44-88-00

Web: www.netsolpk.com

Date: 29/09/2017

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **Notice of Annual General Meeting (Prior to Publication)**

Dear Sir,

Enclosed please find a copy of the Notice (Annexure-I) and statement of material facts under Section 134 (3) of the Companies Act, 2017 (Annexure-II) for Annual General Meeting of the Company to be held on Tuesday, October 24, 2017 for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,


BOO-ALI SIDDIQUI
Company Secretary



Encl: As Above

C.C to:

**Securities and Exchange
Commission Of Pakistan**
N.I.C Building, Jinnah
Avenue,
Islamabad.

Lahore
Pakistan

Horsham
UK

Sydney
Australia

Beijing
China

Shanghai
China

Bangkok
Thailand

Jakarta
Indonesia

Calabasas
USA



**NETSOL TECHNOLOGIES LIMITED
NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the shareholders of NetSol Technologies Limited will be held on Tuesday October 24, 2017 at 11:00 AM at the Registered Office of the the Company situated at NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Reports of Directors, Chairman and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2017.
2. To approve the payment of cash dividend of Rs. 1.45 per share (i.e., 14.5%) as recommended by the board of directors.
3. To appoint auditors and fix their remuneration.

Special Business

4. To consider and if thought fit, pass the following Special Resolution with or without modification under Section 199 of the Companies Act, 2017 for investment in associated company:

RESOLVED THAT:

“The approval of the members of NetSol Technologies Limited (the “Company”) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for investment of upto Rs. 50 million in the form of revolving credit to M/s. NetSol-Innovation (Pvt) Limited, an associated company for a period of one (01) year from the date of passing of this resolution at the mark up rate of Six months KIBOR +1% on the daily product basis on the outstanding amount of advance and as per other terms and conditions of the agreement in writing and as disclosed to the members.”

RESOLVED FURTHER THAT:

“The Chief Executive Officer and the Company Secretary be are hereby jointly and/or severally authorized to complete all necessary corporate and legal formalities and to do all necessary deeds, acts and things as may be deemed necessary to give effect to the above mentioned resolution and to sign the agreements and other documents and file all necessary documents with the Securities & Exchange Commission of Pakistan.”

A statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the above matters mentioned in item No.4 is annexed.

By Order of the Board

Boo-Ali Siddiqui
Company Secretary

Lahore
October 03, 2017

NOTE:

1. Share transfer books of the Company will remain closed from October 18, 2017 to October 24, 2017 (both days inclusive). Physical / CDC transfers received in order at the Shares Registrar, *M/s Vision Consulting Ltd.*, 3-C, LDA Flats, Lawrence Road, Lahore Tel: (92 42) 36283096, 36283097 and Fax: (+92 42) 36312550 by the close of business on October 17, 2017 will be treated in time for determining the entitlement of cash dividend to the transferees and to attend and vote at the meeting.
2. Shareholders are requested to notify the change of addresses, if any.



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3. A member entitled to attend and vote at the general meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. In order to be effective, proxies, complete in all respect, must be received at the registered office of the company not less than 48 hours before the scheduled time of the meeting.

4. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A) For Attending the Meeting:

a) In case of individuals, the account holder or sub-account holder and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations shall authenticate their identity by showing their original computerized national identity cards (CNICs) or original passport at the time of attending the meeting.

b) In case of corporate entity, the board of directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder and/or persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirements.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

e) In case of corporate entity, the board of directors' resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. CNIC & Zakat

a) Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may be withheld.

b) Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

6. E-DIVIDENDS

As per Section 242 of the Companies Act, 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants and in case of physical shares, to provide bank account details to our Share Registrar, M/s Vision Consulting Ltd. E-Dividend form is provided in the annual report and also available on the website of the Company, www.netsolpk.com

Please note that after October 31, 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

7. Unclaimed Dividends & Bonus Shares



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Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Vision Consulting Ltd., to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities and Exchange Commission of Pakistan.

8. Deduction of Income Tax from Dividend at Revised Rates

- i) The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

| S. No. | Nature of Shareholders | Rate of deduction |
|--------|------------------------|-------------------|
| 1 | Filers | 15.0% |
| 2 | Non-Filers | 20.0% |

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) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting of October 24, 2017 otherwise tax on their cash dividend will be deducted @ 20% instead at @ 15%.

- ii) For any query/problem/information, the investors may contact the Company and /or the Share Registrar at the following phone Numbers, email address:

The Manager Shares
M/s Vision Consulting Ltd.,
3-C, LDA Flats, Lawrence Road, Lahore
Tel: (92 42) 36283096, 36283097
Fax: (+92 42) 36312550
E-mail: shares@vcl.com.pk

- iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to the company or its Share Registrar i.e. M/s Vision Consulting Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name their respective folio numbers.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by company accordingly on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.

9. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended June 30, 2017 along with Auditors' and Directors' Reports thereon on company's website i.e. <http://www.netsolpk.com/investor-information/> at least twenty one (21) days prior to the date of the Annual General Meeting.

Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to the consent of shareholders and compliance with certain other conditions, the Company has obtained shareholder's approval in its Annual General Meeting held on October 25, 2016. Accordingly, annual audited accounts of the Company for the year ended June 30, 2017 are being dispatched to the shareholders through CD. The shareholders may request a hard copy of annual audited accounts, which shall be provided free of cost within seven days of receipt of such request.



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Further, in terms of SRO No. 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss accounts, auditors' report and directors' report etc., along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID to provide you the same via email.

For the convenience of shareholders, a Standard Request Form (for the provision of had copies of the annual reports) is enclosed and also available at the company's website. i.e. www.netsolpk.com

10. Video Conference Facility

The Company shall provide video conference facility to its members for attending the Annual General Meeting, at places other than the town in which the Annual General Meeting is taking place, after considering the geographical dispersal of its members: provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 7 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of videoconference facility at least 5 days before the date of General Meeting along complete information necessary to enable them to access the facility.

In this regard, please fill the following form and submit to the registered address of the Company 10 days before holding of the Annual General Meeting:-

I/We, _____ of _____ being a member of NetSol Technologies Limited, holder of _____ Ordinary shares as per Register Folio No. _____ hereby opt for video conference facility at _____.

Signature of member



(Amended - 1)

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STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS

This statement is annexed to the Notice of Annual General Meeting of NetSol Technologies Limited to be held on October 24, 2017 at which a resolution U/S 199 of the Companies Act, 2017 is to be transacted, and the purpose of this statement is to set out all material facts concerning such special business in accordance with Section 134(3) of the Companies Act, 2017.

Shareholders of the Company, in their meeting held on October 23, 2012, had approved renewal of the advance facility to the subsidiary company, NetSol Innovation (Pvt) Limited, upto PKR 50 million to another five years. Advance was given to the subsidiary company on need basis and the amounts so advanced have been fully repaid. The Board of Directors in their meeting held on September 22, 2017 has recommended renewal of the facility of PKR 50 million at terms and conditions given hereunder.

The directors of the Company certify / undertake that the investment is being made after due diligence and financial health of the borrowing company is such that it has the ability to repay the advance as per agreement.

As required by under Section 199 of the Companies Act, 2017 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012, the requisite information is given below.

| Sr. No. | Description | Information Required |
|---------|--|---|
| (i) | Name of the associated company or associated undertaking alongwith criteria based on which the associated relationship is to established; | "NetSol-Innovation (Pvt) Limited A subsidiary company" |
| (ii) | Amount of loans or advances; | Renewal up to Rs. 50 Million Disbursement of funds will be made as and when required. |
| (iii) | Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances; | Meeting the cash flow requirements of the subsidiary. |
| (iv) | In case any loan has already been granted to the said associated company or associated undertaking. The complete details thereof; | The shareholders' had approved a limit of Rs. 50 million of advance which is expiring by the end of October 2017. As of June 30 th , 2017 the balance outstanding was PKR. NIL. |
| (v) | Financial position, including main items or balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements; | As per the financial statements for the fiscal year ended June 30, 2017, total Equity, Total assets and total liability amounting to Rs. 330 million, Rs. 415 million and Rs. 85 million respectively. Gross profit, Profit before tax and Profit after tax amounting to Rs. 198 million, Rs. 181 million and Rs. 180 million respectively. |
| (vi) | Average borrowing cost of the investing company or in case of absence of borrowing the Karachi inter Bank Offered Rate for the relevant period; | Average borrowing cost is 4.42% per annum |
| (vii) | Rate of interest, mark up, profit, fees or commission etc. to be charged; | Six months KIBOR + 1% on the daily product basis of outstanding amount. |
| (viii) | Source of funds from where loans or advances will be given | Company's own funds. |
| (ix) | Where loans or advances are being granted using borrowed funds; | N/A |
| | (I) Justification for granting loan or advance out of borrowed funds | N/A |
| | (II) Detail of guarantees/assets pledged for obtaining such funds, if any | N/A |
| | (III) repayment schedules of borrowing of the investing company | N/A |
| (x) | Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any; | Not considered necessary as both companies are under common management control. |
| (xi) | If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; | N/A |
| (xii) | Repayment schedule and terms of loans or advance to be given to the investee company; | As this is a revolving credit, subsidiary will make payment as soon it has funds but not later than one year |
| (xiii) | Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment; | No such salient features. The credit is to support cash flow and working capital requirements of the subsidiary company |
| (xiv) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration; | Mr. Salim Ghauri is the CEO & Mr. Omar Ghauri is one of the directors of the subsidiary company. Both of them are also directors of the investing company. However, none of them have any direct or indirect interest in this transaction. |
| (xv) | Any other important details necessary for the members to understand the transaction; | No such other important details |
| (xvi) | In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely; | N/A |
| | (I) a description of the project and its history since conceptualization | N/A |
| | (II) starting date and expected date of completion | N/A |
| | (III) time by which such project shall become commercially operational | N/A |
| | (IV) expected return on total capital employed in the project | N/A |
| | (V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts | N/A |



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STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, IN COMPLIANCE WITH REGULATION 4(2) OF COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012, FOR DECISION TO MAKE INVESTMENT UNDER THE AUTHORITY OF A RESOLUTION PASSED PURSUANT TO PROVISIONS OF SECTION 199 OF THE COMPANIES ACT, 2017 IS NOT IMPLEMENTED EITHER FULLY OR PARTIALLY:

The Company in its previous Annual General Meeting held on October 23, 2012 had sought approval under section 208 of the Companies Ordinance, 1984 for making advance to NetSol-Innovation (Pvt.) Limited upto PKR 50 million for a period of five years. Approval of renewal of the limit of advance is hereby sought as per following details.

| Sr. No. | Description | Advances | | | | | |
|---------|---|--|-------------|-------------|-------------|-------------|-------------|
| | | June 2017 | June 2016 | June 2015 | June 2014 | June 2013 | June 2012 |
| a) | Total investment approved | Rs. 50,000,000 | | | | | |
| b) | Amount of investment made to date | Advance is given as and when required and paid back when the subsidiary has excess cash flow | | | | | |
| c) | Reasons for not having made complete investment so far where resolution required it to be implemented in specified time ; and | N/A | | | | | |
| d) | Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company: | | | | | | |
| i | Earnings per share | 59.89 | 120.46 | 89.72 | 72.18 | 36.19 | 32.93 |
| ii | Net Profit | 180,039,227 | 362,149,849 | 269,729,880 | 217,007,185 | 108,797,280 | 99,009,303 |
| iii | Shareholders' Equity | 330,024,126 | 574,779,629 | 421,393,780 | 306,013,900 | 235,856,715 | 205,459,435 |
| iv | Total Assets | 414,424,215 | 775,420,330 | 472,093,790 | 337,936,122 | 268,007,704 | 232,418,846 |
| V | Break-up value | 109.78 | 191.19 | 140.17 | 101.79 | 78.45 | 68.34 |