



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:06/12/2019

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

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

Dear Sir,

Enclosed please find a copy of the Notice of Extraordinary General Meeting to be held on Monday December 30, 2019 for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,

SEHRISH
Company Secretary



Encl: As Above

C.C to:

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



NETSOL TECHNOLOGIES LIMITED
NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General (“EOGM”) Meeting of **NetSol Technologies Limited** (the “Company”) will be held on **Monday, December 30, 2019 at 11:00 AM** at the registered office of the Company situated at NetSol Technologies Limited, NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., to transact the following business:

Special Business:

To consider and if deemed fit, to pass the following resolution as special resolution, with or without modification, addition(s) or deletion(s):

“Resolved that approval of the members of NetSol Technologies Limited (the “**Company**”) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, and the Company be and is hereby authorized to make long term equity investment of up to PKR 14,875,000 for purchase of 1,487,500 ordinary shares of NetSol Innovation (Pvt) Limited, an associated company, from The Innovation Group, United Kingdom to make the subsidiary a wholly owned subsidiary and as per terms and conditions disclosed to the members.”

Resolved Further that the Chief Executive Officer and/or Chief Financial Officer of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid special resolution.”

Statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the Special Business is annexed to the Notice of EOGM.

By Order of the Board

SEHRISH
Company Secretary

Lahore
December 09, 2019

NOTES:

1. Share transfer books of the Company will remain closed from December 24, 2019 to December 30, 2019 (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 December 23, 2019 will be treated in time for attending, speaking and voting at the meeting.
2. Shareholders are requested to notify the change of address, if any.
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 and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Extra Ordinary General Meeting as are available to the Member. 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. Proxy Form in English and Urdu languages is attached herewith.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular 1 dated 26 January 2000:



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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.

ATTENTION OF THE MEMBERS IS DRAWN TO THE FOLLOWING MATTERS:

5. Placement of EOGM Notice on the Company's website

The Notice of Extra-Ordinary General Meeting has been placed on the Company's website www.netsolpk.com in addition to its dispatch to the shareholders.

6. Video Conference Facility

The Company shall provide video conference facility to its members for attending the Extra-Ordinary General Meeting ("EOGM"), at places other than the town in which the EOGM 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 10 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.

In this regard, please fill the following form and submit to the registered address of the Company 10 days before holding of the EOGM;-

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



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

This statement sets out the material facts concerning the following Special Business to be transacted at the Extra Ordinary General Meeting of Shareholders of the Company to be held on December 30, 2019

NetSol Technologies Ltd. (the "Company") had established a subsidiary company called NetSol-Innovation (Private) Ltd. ("NIPL") in collaboration with a UK based partner The Innovation Group ("TIG"). The Company currently owns 50.52% shareholding in NIPL. NIPL is involved in providing outsourcing services to the joint venture partner. The Innovation Group was bought out few years ago and due to major shift in the new owners' business strategy, they decided to consolidate and decided to divest from the shareholding in NIPL and has offered its 1,487,500 shares in NIPL to the Company at par value which is PKR 10/- per share. After the purchase of this 49.48% shareholding, NIPL will become wholly owned subsidiary of the Company and the Company will be in a better position to exercise the necessary controls and supervision for improvement in its operations.

As per the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 information to be disclosed to members (1) The company shall disclose following information in the statement annexed to the notice, pursuant to sub-section (3) of section 134 of the Act, of a general meeting called for considering investment decision under section 199 of the Act-

Regulation No 3(1)(a)(A) - Disclosures for all types of investments,-

(A) Regarding associated company or associated undertaking:

(i) name of associated company or associated undertaking;

NetSol-Innovation (Pvt) Limited

(ii) basis of relationship;

Subsidiary Company with one common director

(iii) earnings per share for the last three years;

Year ended June 30, 2019 - Rs. 15.69

Year ended June 30, 2018 - Rs. 25.99

Year ended June 30, 2017 - Rs. 59.89

(iv) break-up value per share, based on latest audited financial statements;

Rs. 151.45 on the basis of audited financial statements for the year ended June 30, 2019

(v) financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and

Information as per the financial statements for the fiscal year ended June 30, 2019 is given below:

Total equity Rs. 455.32 million

Total assets Rs. 455.98 million

Total liability Rs. 0.66 million

Revenue Rs. 8.3 million

Profit before tax Rs. 49.56 million

Profit after tax Rs. 47.17 million

(vi) in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-

(I) description of the project and its history since conceptualization;

(II) starting date and expected date of completion of work;

(III) time by which such project shall become commercially operational;

(IV) expected time by which the project shall start paying return on investment; and



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(v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non- cash amounts;

Not Applicable

Regulations No. 3(1)(a)(B) General disclosures:

(i) maximum amount of investment to be made;

PKR 14,875,000

(ii) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;

Long-term strategic equity investment for return which will enhance the profitability of the Company and add to the value of the members

(iii) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-

I. justification for investment through borrowings;

II. detail of collateral, guarantees provided and assets pledged for obtaining such funds;and

III. cost benefit analysis;

Not Applicable. The investment will be made from Company's own funds.

(iv) salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;

After getting approval from the shareholders, the company will enter into a simple agreement with the seller for purchase of the shares with no restriction.

(v) 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;

Directors	Shares
Mr. Omar Ghauri	10
NetSol Technologies Ltd.	1,518,765

(vi) 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; and

As per the audited financial statements of NIPL for the year ended June 30, 2019, financial performance is given below:

Revenue (Rs.)	8,338,886
Net Profit before tax (Rs.)	49,561,211
Net profit after tax (Rs.)	47,166,213
Earnings per share (Rs.)	15.69
Breakup value per share (Rs.)	151.45
Impairment (Rs.)	145,000
Write offs	There is no write off

Justification for Impairment: - Impairment of 145,000 on fixed assets was charged to bring the fixed assets to net realizable value (NRV).

(vii) any other important details necessary for the members to understand the transaction;

None

Regulation No. 3(b) - In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-



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(i) maximum price at which securities will be acquired;

Securities will be acquired at par value of Rs. 10.

(ii) 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. The purchase price (Rs. 10) is less than fair value (Rs.12.74).

(iii) maximum number of securities to be acquired;

1,487,500 shares

(iv) Number of securities and percentage thereof held before and after the proposed investment;

1,518,765 shares (50.52 %) held to date i.e. before proposed investment. Number of shares and percentage after proposed investment will be 3,006,305 shares (100%)

(v) current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and

Not Applicable

(vi) fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;

Rs. 12.74

Regulation No. 3(3) - The directors of the investing company while presenting the special resolution for making investment in an associated company or associated undertaking shall certify to the members of the investing company that they have carried out necessary due diligence for the proposed investment before recommending it for members' approval.

The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of NetSol-Innovation (Private) Ltd.

Regulation No. 4(1) - Other information to be disclosed to the members. - (1) If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act.

No Director has any interest in the investing Company except in their individual capacities as "Directors" and/or as shareholders of the investing Company. The shareholding of the common Directors, Mr. Omar Ghauri is 10,509 shares only.