

## NOTICE OF 12<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 12<sup>th</sup> Annual General Meeting of the shareholders of Dawood Family Takaful Limited “the Company” will be held at 09:00 a.m. on Monday, April 29, 2019 at 17<sup>th</sup> Floor, Saima Trade Towers – A, I.I. Chundrigar Road, Karachi to transact the following business;

### ORDINARY BUSINESS:

1. To confirm the minutes of the 11<sup>th</sup> Annual General Meeting of the Company held on April 30, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2018 together with the Directors’ and Auditors’ Reports thereon.
3. To appoint auditors and fix their remuneration for the year ending December 31, 2019. The present auditor M/s Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible offer themselves for reappointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, approve short term placement/ Musharakah / other mode of investment upto Rs.50 million in tranches for short term tenor between 3 months to 6 months at a profit rate of Karachi Inter Bank Offered rate + 100bps expected with BRR Guardian Modaraba and pass the following proposed resolution as special resolution with or without modification under section 199 of the Companies Act, 2017 as proposed by the Board of Directors of the Company.

### PROPOSED SPECIAL RESOLUTION:

“**RESOLVED** that the company be and is hereby authorized for short term placement/ Musharakah / other mode of investment upto Rs.50 million in tranches for short term tenor between 3 months to 6 months at a profit rate of Karachi Inter Bank Offered rate + 100bps expected with BRR Guardian Modaraba an associated company subject to compliance of rules and regulation as applicable and approvals of the regulatory authority if any. This placement be made from time to time as the chief executive of the company may deem fit.”

“**FURTHER RESOLVED** that the Chief Executive and Company Secretary be and is hereby authorized severally to do all the acts, deeds and things necessary to implement this resolution.”

“**FURTHER RESOLVED** that the special resolution be and is hereby passed for the approval of the special resolution for investment pursuant to section 199 of the Companies Act, 2017.”

5. Any other business with the permission of the Chair.

Attached to this notice of meeting, following statements being sent to the members;

- Statement under section 134 (3) of the Companies Act, 2017 pertaining to the special business is annexed herewith
- Statement under the Companies (investment in associated companies or associated undertakings) Regulations, 2017, setting forth status of previous approval of investment in associated company.

By Order of the Board

Karachi  
April 08, 2019

**Naveed Ahmed**  
Company Secretary

**Notes:**

1. The share transfer books of the Company shall remain closed from April 22, 2019 to April 29, 2019 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. Members are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Members having shares in their CDC accounts are required to have their addresses updated with their respective participants.

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

**A. For attending the Meeting:**

- i) In case of individuals, the account holders or sub-account holders 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 computerized National Identity Card (CNIC) or original passport at the time of attending.
- ii) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier)

**B. For Appointing Proxies:**

- i) In case of individuals, the account holders or sub- account holders and or / persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy form accordingly.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.
  - iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.
  - v) In respect of corporate entity, the Board of Directors Resolution / power of attorney with specimen signatures be produced at the time of meeting on behalf of entity.
4. Disclosure of SRO No. 1027(I)/ 2014 dated November 13, 2014 clause 1(b) for video facility for general meeting. “the company may provide video conference facility to its members for attending the general meeting at place other than the town in which 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 10 days prior to date of meeting. The company shall arrange video conference facility in that city subject to availability of such facility in that city”
  5. Pursuant to Notification vide SRO 787(I) / 2014 of September 08, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the company through mail in future. In this respect members are requested to convey their consent via email on a standard request form which is available at the company website i.e. <https://dawoodtakaful.com/NoticeOfAnnualGeneralMeeting/ConsentforAnnualFsthroughEmail.pdf>

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

This statement sets out the material facts concerning the special business to be transacted at the AGM of the Company to be held on April 29, 2019.

**Item No 4 regarding placement in associated company:**

Information required to be disclosed to the members under the Companies (investment in associated companies or associated undertakings) Regulations, 2017, as follows;

**Regulation 3(1) (a) A:**

i.	Name of the associated company	B.R.R. Guardian Modaraba
ii.	Basis of Relationship	Common Directorship
iii.	Earnings Per Share for the last three years	June 30, 2016   Rs.0.60 June 30, 2017   Rs.2.17 June 30, 2018   Rs.0.75
iv.	Break-up value per share, based the latest audited financial statements.	June 30, 2018   Rs.16.12
v.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.	<b>Rs. in million</b> i) Operating income                         254.01 ii) Other income                               11.65 iii) Amortization on Ijarah assets        39.68 iv) Financial charges                         11.84 v) Administrative expenses               139.45 vi) Provision of doubtful debts           (38.18) vii) Unrealized loss / (gain) on revaluation   60.85 viii) Net Profit                                64.92 ix) Dividend                                    29.36
vi.	In case of investment in relation to a project of associated company that has not commenced operations, following further information; I. Description of the project and its history since conceptualization; II. Starting and expected date of completion of work; III. Time by which such project shall become commercially operational; and IV. Expected time by which the project shall start paying return on investment. 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
<b>Regulation 3(1) (a) B:</b>		
i	Maximum amount of investment to be made	Upto Rs.50 Million
ii	Purpose	To earn a good return
	Benefits	To earn profit rate Kibor + 100 bps (expected).
	period of investment	Short term placement in tranches between 3 to 6 months, from time to time as chief executive of the company may deem fit.

iii	Source 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
iv	Salient features of the agreement with associated company with regards to proposed investment	Arm's length
v	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the transaction under consideration	None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed placement/ Musharakah / other mode of investment, except to the extent of their certificate in the associated company.
vi	In case of any Investment in associated company has already been made, the performance review of such investment including complete information /justification for any impairment or write offs;	Dawood Family Takaful Limited had invested Rs.120 Million in the Sukuks of B.R.R. Guardian Modaraba in the year of 2008 and 2012 respectively. The current profit rates on the said sukuks is 1 Month Kibor + 1.50% which will be paid on monthly basis along with its monthly principal coupon redemption. The remaining principal exposure as of March 2019 stands at Rs.1.56 million which will be mature in the month of April 2019.
vii	Any other important details necessary for the members to understand the transaction	NIL
	<b>Regulation 3(1) (c):</b>	
i	Category wise amount of investment	Upto Rs.50 million in placement / Musharakah/ other mode of investment.
ii	Average borrowing cost of the investment company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period of return for shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Not Applicable
iii	Rate of profit to be charged by investing company	Karachi Inter Bank Offered Rate (KIBOR) + 100bps (expected)
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	NIL
v	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	NIL
vi	Repayment schedule and terms and conditions of loans or advances to be given to the associated company.	For short term i.e. Between 3 months to 6 months at a profit rate KIBOR + 100bps (expected)

### **Regulation No. 3(3)**

The directors of the investing company while presenting the special resolution for making investment in its associated company, 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 certified that they have carried out necessary due diligence for the proposed placement/ Musharakah/ other mode of investment with B.R.R. Guardian Modaraba.

### **Regulation No. 4: 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.

BRR Guardian Modaraba is holding 7,400,000 shares of Dawood Family Takaful Ltd (investing company). No director or chief executive has any interest in the investing company except in their individual capacities as directors and or shareholder of the investing company. The shareholdings of the directors are, Mr. Rafique Dawood 485,000 and Mr. Ayaz Dawood 6,898,500.

### **Status of previous approval for investment in associated company**

As required under regulation no. 4(2) of the Companies (investment in associated companies or associated undertakings) Regulations, 2017, the status of investment in associated company BRR Guardian Modaraba against approval obtained by the company in Annual General Meeting held on March 31, 2017 is as under:

a	Total Investment approved	Rs.70 Million approved by the shareholders at Annual General Meeting held on March 31, 2017 to be invested with in a period of three years.
b	Amount of investment made to date	Amount of investment as on March 31, 2019 is Rs.40,166,077/-.
c	Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	The period in which the investment is to be made as approved by the shareholders is three years i.e. till March 31, 2020.
d	Material change in financial statements of associated company since date of the resolution passed for approval of investment.	Since the passing of resolution by the shareholders of the Company on March 31, 2017, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 01, 2017. On the scheme becoming effective the authorized Modaraba capital of CSM of Rs.25million merged with the authorized capital of BRRGM; consequently the merged authorized capital stands increased to Rs.1,400million divided into 140million Modaraba certificates of Rs.10 each. Further the paid up certificate capital of CSM of Rs. 200million merged with the paid-up certificate capital of BRRGM, consequently the Issued, subscribed and paid-up certificate capital of BRRGM stands increased to Rs.863,622,630 divided into 86,362,263 Modaraba certificates of Rs.10 each at a swap ratio of 1:00 : 2.405 (BRRGM : CSM)