



BESTWAY CEMENT LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Bestway Cement Limited, will be held at its registered office at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad, on Wednesday, May 4, 2016 at 3:00 p.m. to transact the following business:-

Bestway Building,
19-A, College Road, F-7 Markaz,
Islamabad, 44000 Pakistan.
Tel: +92 51 2654856
Fax: +92 51 2654865
www.bestway.com.pk

1. Ordinary Business

Approval of Minutes of Annual General Meeting held on October 14, 2015

2. Special Business

Approval of the Scheme of Amalgamation

To approve the proposed Scheme of Amalgamation for merging Pakcem Limited with and in to Bestway Cement Limited in accordance with section 284 to 288 of the Companies Ordinance, 1984 (the "Scheme"), subject to all regulatory approvals and to consider, and if thought fit to pass, the following resolution, with or without modification(s):

"RESOLVED that the amalgamation of Pakcem Limited with and into Bestway Cement Limited ("Bestway") in accordance with the Scheme for amalgamation approved by the Board of Directors of Bestway and circulated to the members of Bestway be and is hereby approved with effect from 01 January, 2016 or a date as may be approved by the Court".

FURTHER RESOLVED that the Scheme substantially in form and substance, circulated to the members of Bestway be and is hereby approved, subject to any modification which may be required by Court/SECP and/or for clarification/elaboration of any procedural matter concerning the scheme or correction of any error or omission therein and the Chief Financial Officer and or Company Secretary of Bestway be and is hereby authorized to take all necessary actions required for implementing the scheme and is vested with the power to authorized the permissible modifications as above and take all action(s) incidental to or necessary or desirable in respect of the same".

3. Other Business

To transact any other business with the permission of the Chair

By Order of the Board

Ms. Sehar Husain
Company Secretary

Islamabad:
April 13, 2016

Notes:

1. The share transfer books of the Company will remain closed from 28-04-2016 to 04-05-2016 (both days inclusive) to determine entitlement for attending Extraordinary General Meeting.

BUILDING ON STRENGTH

Marketing Head Office: 293 - A, Main Peshawar Road, Near Traffic Police Office, Rawalpindi Cantt, Punjab, Pakistan. Tel: +92 51 5513110
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2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. CDC shareholders entitled to attend and vote at this meeting shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify to M/s THK Associates (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.
5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.

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STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This Statement sets out material facts concerning the Special Business to be transacted at the Extraordinary General Meeting.

Introduction

Bestway Cement Limited and Pakcem Limited belong to one Bestway Group of companies and are interlinked as parent and subsidiary. Both entities operate in same business domain i.e. manufacture and sale of cement.

The main object of amalgamation of these companies is to conduct their business as a unified entity under one management and achieve savings through economies of scale and synergies thus running the business more efficiently and effectively.

Majority of directors of the two companies are also common and as such the interest of shareholders will not be affected post-merger and one unified Board will be better able to dedicate its time and efforts in steering the company towards greater success.

Operational flexibility

The amalgamated company will have multiple production facilities enabling the company to cater to its customers' needs without disruptions and with a wider product range. The company would be able to continue supplies from one operating facility while the other may stand closed for planned maintenance or forced stoppages.

Larger equity and asset-base

The merger of entities would result in a larger equity and asset-base. This would provide greater comfort to all stakeholders including but not limited to existing and future creditors, financial institutions and rating agencies. Larger asset-base would also enable the company to have wider access to external sources of funds at more competitive rates facilitating the unified entity in pursuing further avenues of business growth.

Better risk absorption capacity

By virtue of its larger footprint and greater flexibility, the merged company would have better risk absorption capacity. The company would be able to respond and adapt to various changes in business environment more swiftly and effectively compared with its competitors. In the long run, this factor would provide greater stability and sustainability in operations and assist the company in achieving sustained growth targets.

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Efficient utilization of assets

Unification would enable the company to employ and utilize its assets more efficiently. The merging entities would be able to leverage each other's resource pools and expertise in order to optimize overall operations and asset utilization.

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Stores, spares and consumables

Under the merged entity, stores facilities would be integrated thereby reducing the need to maintain independent inventory of common stores, spares and consumables resulting in lower working capital requirements.

Stronger negotiating capability

Merged company would have stronger negotiating power thus resulting in savings through more competitive commercial terms for its various inputs.

Administrative workload and resource consumption

Under the existing arrangement, maintenance of separate selling, purchasing, marketing, legal, administrative, secretarial and other records under various laws results in duplication of effort and resource utilization causing inefficiencies and higher costs. Merger would result in minimizing, if not eliminating altogether, duplication in consumption of resources and reduction in administrative workload.

The merger would result in saving in administrative costs and fetch economies of scale, leading to enhanced profitability as the merger would enable the merged entity to carry business transactions with the commercial banks through single operations accounts, besides administration, human resource, treasury and MIS department will be managed with one set of management and staff. Further area of resource optimization include:

- Single teams looking after various aspects of business e.g. finance, sales, procurement, marketing etc. of the merged entity
- Single Board of Directors
- One Annual General Meeting to be held and one set of annual, half yearly and quarterly accounts required to be published and circulated
- One register of shareholders and one set of books and records to be maintained and one set of forms to be filed with the various corporate/Government/Regulatory Agencies
- Single assessment for income tax and their filing and record keeping
- Savings in the operational of systems and technology through adoption of one IT platform instead of having to run 2 parallel systems

Human resources

Merger of the companies would result in improved administration of personnel affairs. HR policies would be harmonized which should enhance employee satisfaction. A larger, unified entity would also enable the company to attract better quality of human resource.

Increase in Trading Volumes in Stock Market

Increase in number of paid up shares of Bestway Cement Limited by allotment of fully paid ordinary shares of Bestway Cement Limited to the shareholders of Pakcem Limited in lieu of shares held by them should result in higher trading volume of Bestway Cement shares in the market thus enhancing liquidity of its shares which would be more advantageous for shareholders and investors.

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No disruption of the business activity

Bestway Cement Limited and Pakcem Limited are associated companies under common management and control. Therefore, as the same team of key management and technical personnel will continue there will be no disruption of the business activity during or post-amalgamation.

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The afore-stated are the salient advantages of the proposed Scheme of Amalgamation which would help in optimum utilization of resources for ensuring better return for all the stakeholders including the shareholders, creditors and employees of the two entities. This Statement however, is by no means an exhaustive list of all potential benefits which will flow from the merger, enabling the merged company to further strengthen its position as the leading cement manufacturer in Pakistan.

The summary of Financial Data and Scheme of Amalgamation is being sent to shareholders along with this notice.

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