



CHERAT CEMENT COMPANY LIMITED

MODERN MOTORS HOUSE, BEAUMONT ROAD, KARACHI-75530, PAKISTAN.

UAN : (9221) 111-000-009

TEL : (9221) 35683566-35683567-35688348-35689538

FAX : (9221) 35683425

E-MAIL : cherat@gfg.com.pk

WEB : www.gfg.com.pk



Ghulam Faruque
Group

CCCL/AAV/005
September 21, 2017

The General Manager
Pakistan Stock Exchange Ltd.
Stock Exchange Building
Stock Exchange Road
Off: I. I. Chundrigar Road
Karachi.

Dear Sir,

NOTICE OF ANNUAL GENERAL MEETING

Please refer to your letter no. PSX/C-534-6037 dated September 13, 2017.

We are enclosing copy of the notice of Annual General Meeting along with the statement under section 134 of the Companies Act, 2017 for your information and record.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,
For **Cherat Cement Co. Ltd.**


Abid Vazir
Executive Director & Company Secretary

Encl: As stated above





CHERAT CEMENT COMPANY LIMITED

Head Office: Modern Motors House,
Beaumont Road, Karachi. UAN: 111-000-009



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of the Company will be held on Monday, October 16, 2017 at 11:30 a.m. at the Registered Office of the Company at Factory premises, Village Lakrai, Nowshera, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended June 30, 2017 with the Directors' and the Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend @ 35% (Rs. 3.50 per share) in addition to interim cash dividend @ 10% (Re. 1.00 per share) already paid to the shareholders for the financial year ended June 30, 2017 as recommended by the Board of Directors.
3. To appoint Auditors for the year 2017/18 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

5. To consider and approve investment of up to Rs. 75 million in its associated company Cherat Packaging Limited (CPL) in compliance with the provision of section 199 of the Companies Act 2017. It is therefore proposed that the following resolution be passed as and by way of a Special Resolution

"Resolved that pursuant to section 199 of the Companies Act 2017, and subject to the consent and approval of the shareholders; the Board of Directors of the Company be and is hereby authorized to make an investment of up to Rs. 75 million in the equity of Cherat Packaging Limited by way of subscription of right shares; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".

The statement under section 134 of the Companies Act, 2017, pertaining to the above mentioned Special Business is being sent to the members with the notice.

By Order of the Board of Directors

Abid Vazir

Executive Director &
Company Secretary

Karachi:
September 22, 2017

Notes:

1. The register of members of the Company will be closed from Tuesday October 3, 2017 to Monday, October 16, 2017 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Monday, October 2, 2017 will be treated in time for the entitlement of final cash dividend.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.
3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.
5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.
6. Section 242 of the Companies Act 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the accounts of the shareholders. In compliance of the same shareholders of the Company are requested to provide their bank mandate to the Company's Share Registrar at the earliest.
7. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven [7] days of receipt of such request.

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on October 16, 2017. The approval of the Members of the Company will be sought for:

INFORMATION REGARDING THE INVESTMENT

Item No: 5

Cherat Cement Co. Ltd. (CCCL) is a shareholder of Cherat Packaging Ltd. (CPL) and has been receiving regular dividend income on its investment for past many years. CPL is the leading manufacturer and supplier of sack kraft paper and polypropylene (PP) bags. CPL, which started commercial operations in 1991 and is listed on Pakistan Stock Exchange, is the largest producer and supplier of paper and polypropylene bags to the cement industry in Pakistan.

CPL has a history of consistent growth over the years. As part of its diversification strategy, it has now decided to enter into Flexible Packaging, which is a growing field of business worldwide and offers a great future potential to further grow its business. With an eye on this fast evolving consumer market, it has decided to invest in a top-end equipment to ensure it can keep pace with the best of the established players and in this regard, has placed the order to acquire the plant from leading European suppliers with main equipment being procured from M/s. Windmoller & Holscher, which is a leading machine supplier of this industry. CPL will be the first company in Pakistan to come up with the roto, flexo, extrusion and cylinder making machines all at the same time. The plant will be installed at Gadoon Amazai, Khyber Pakhtunkhwa Province for which the company has already acquired 8 acre land close to the existing factory. The total cost of the project is around Rs. 1.7 billion and it is expected to be completed by July 2018. By virtue of this project, the company will be able to further diversify its operations and better allocate its fixed costs, which will increase its profitability.

In order to finance this project, CPL has announced issuance of 13.50% right shares on the existing paid-up capital of the Company in the ratio 13.50 shares for every 100 shares held. The right shares will be issued at an issue price of Rs. 125/- per share including a premium of Rs. 115/- per share. By virtue of existing shareholding in CPL, CCCL will be entitled to subscribe 293,599 shares. However, it may acquire additional 306,401 shares by subscribing any available right shares. The details of the investment are stated below:

(i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Cherat Packaging Limited (CPL). Mr. Akbarali Pesnani, Mr. Arif Faruque and Mr. Shehryar Faruque are also directors of CPL.
(ii) Purpose, benefits and period of investment;	CCCL intends to make an equity investment of up to Rs. 75 million by subscribing the right shares offered by CPL. Dividend from CPL will benefit CCCL as it will enhance its Other Income, which will benefit the shareholders of the Company. Furthermore, addition of a good asset will also strengthen the financial statements of the company and will diversify its risk. This will be a long term investment by CCCL.
(iii) Maximum amount of investment;	CCCL intends to make equity investment of up to Rs. 75 million by subscribing the right shares offered by CPL.
(iv) Maximum price at which securities will be acquired;	Rs. 125/- per share including a premium of Rs. 115/- per share.
(v) Maximum number of securities to be acquired;	Up to 600,000 shares will be acquired
(vi) Number of securities and percentage thereof held before and after the proposed investment;	Before : 2,174,808 shares 7.35% After (max up to): 2,774,808 shares 8.25%
(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Rs. 253.35
(viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not applicable.
(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 135.68

(x) Earning per share of the Associated Company or Associated Undertaking for the last three years;	June 2015 : Rs. 22.89 June 2016 : Rs. 31.02 June 2017 : Rs. 23.71
(xi) Sources of fund from which securities will be acquired;	The investment will be made by CCCL from its own resources
(xii) Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable
(xiii) Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not Applicable
(xiv) Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Akbarali Pesnani, Mr. Shehryar Faruque, and Mr. Arif Faruque are directors of Cherat Packaging Limited. However, they have no direct or indirect interest except to the extent of shareholding in the investing company.
(xv) Any other important details necessary for the members to understand the transaction.	Nil

Undertaking pursuant to Regulation 3 (3) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012.

The directors submit that they have carried out necessary due diligence for the proposed transaction particularly the investment in Cherat Packaging Limited.