



MIRPURKHAS SUGAR MILLS LIMITED

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Ghulam Faruque
Group

MSM/AAV/-/27/
September 15, 2017

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

Dear Sir,

NOTICE OF EXTRAORDINARY GENERAL MEETING

Please refer to your letter no. PSX/C-122-5686 dated August 28, 2017.

We are enclosing copy of the notice of Extraordinary 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 **Mirpurkhas Sugar Mills Limited.**


Abid Vazir
Executive Director & Company Secretary

Encl: As stated above

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MIRPURKHAS SUGAR MILLS LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the Company will be held on Thursday, October 12, 2017 at 2:00 p.m. at the Registered Office of the Company at factory premises, Sub Post Office Sugar Mill Jamarao, Umerkot Road, Mirpurkhas, Sindh to transact the following business:

SPECIAL BUSINESS

1. To consider and approve investment of up to Rs. 25 million in associated company namely 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 are hereby authorized to make an investment of up to Rs. 25 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."

2. To transact any other business with the permission of the chair.

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 20, 2017

NOTES:

1. The register of members of the Company will be closed from Friday, October 6, 2017 to Thursday, October 12, 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 Thursday, October 5, 2017 will be treated in time for the purpose of Extraordinary General Meeting.
2. A member of the Company eligible to attend and vote at the Extraordinary 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.

STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017

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The statement sets out material facts concerning "Special Business" to be transacted at the Extraordinary General Meeting of the Company to be held on Thursday, October 12, 2017. The approval of the Members of the Company will be sought for:

INFORMATION ABOUT THE INVESTMENT

Mirpurkhas Sugar Mills Limited (MSM) is a shareholder of Cherat Packaging Limited (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 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 acres land closed 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 of 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 shares. By virtue of existing shareholding in CPL, MSM will be entitled to subscribe 198,441 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. Aslam Faruque, Mr. Arif Faruque, Mr. Amer Faruque, Mr. Shehryar Faruque and Mr. Tariq Faruque are also the Directors of CPL.
(ii)	Purpose, benefits and period of investment;	MSM intends to make an equity investment of up to Rs. 25 million by subscribing the right shares offered by CPL. Dividend from CPL will benefit MSM 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 MSM.
(iii)	Maximum amount of investment;	MSM intends to make an equity investment of up to Rs. 25 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 198,441 shares will be acquired.
(vi)	Number of securities and percentage thereof held before and after the proposed investment;	Before : 1,469,933 shares 4.965% After : 1,668,374 shares 4.965%
(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 MSM 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. Aslam Faruque, Mr. Arif Faruque, Mr. Amer Faruque, Mr. Shehryar Faruque and Mr. Tariq 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

[Handwritten initials]

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.