



MIRPURKHAS SUGAR MILLS LIMITED

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Ghulam Faruque
Group

MSM/ASF/
June 12, 2018

The General Manager
Pakistan Stock Exchange Limited
Karachi

Dear Sir,

MATERIAL INFORMATION

In terms of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we hereby convey the following information for circulation amongst TRE Certificate Holders of your Exchange.

The company, vide its letter dated April 27, 2016 had informed about its intention to set up a 100% owned subsidiary under Mirpurkhas Sugar Mills Limited (MSM) by the name of Mirpurkhas Energy Limited (MEL) to produce power from bagasse. In this regard, MEL applied for and received Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Furthermore, the upfront tariff with National Electric and Power Regulatory Authority (NEPRA) was awarded to the company along with Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Subsequent to the award of tariff by NEPRA, the power purchaser (CPPA) filed a review petition with NEPRA against the award of tariff. Although NEPRA dismissed the review motion filed by CPPA-G against the tariff, it did not make any change with respect to the date of COD, which was kept from the date of award of upfront tariff. CPPA-G has also filed a petition in the Honorable Islamabad High Court against the decision of NEPRA, which is being contested by the company.

Given the complexities involved and expected delays as explained above, the Board of Directors of the company has decided against pursuing the MEL project. It has instead decided to set up a captive 26MW dual fuel bagasse based power plant to supply power to MSM and its various businesses. Keeping in view the boom in construction activities in the country and taking advantage of the availability of power based on bagasse, the Board of Directors of MSM has decided to establish a TMT steel rebar manufacturing plant. The plant will have melting and re-rolling capacity of 150,000-200,000 tons per annum. The power project along with steel plant will be established at a cost of approximately Rs. 6.50 billion.

Establishment of steel project along with power plant will allow the company to diversify its business operations. Furthermore, it will increase revenues for the company, which is expected to enhance its profitability, thus enabling it to provide adequate return to its shareholders. The project will take approximately 24 – 30 months to become operational.

Yours sincerely,
For **Mirpurkhas Sugar Mills Ltd.**


Aslam Faruque
Chief Executive

Copy to: **Director / HOD**
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Securities & Exchange Commission of Pakistan
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