

# Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting (“AGM”) of **Roshan Packages Limited** (the “Company”) will be held on Wednesday 28 October, 2020 at 12:00 PM at Shalimar Hall, Faletti’s Hotel, Lahore, to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Chairman’s Review Report, Reports of Directors’ and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2020.
2. To appoint Company’s auditors and to fix their remuneration. The members are hereby notified that the Board and the Audit Committee have recommended the reappointment of M/s. EY Ford Rhodes, Chartered Accountants as auditors of the Company.
3. To approve the payment of final cash dividend of Rs. 1.00 per share i.e. @ 10% for the year ended 30 June 2020, as recommended by the Board of Directors of the Company.

## Special Business:

4. To consider, ratify and approve the transactions carried out with related party during financial year ended 30 June, 2020 under the authority of the special resolution passed in the annual general meeting held on 27 November, 2019 and to authorize the Chief Executive to approve all the transactions with the related party carried out or to be carried out during the financial year ending 30 June 2021 and till the next Annual General Meeting and if thought fit, to pass, with or without modification, a resolution as Special Resolution as proposed in the Statement of Material Facts.
5. To consider and if thought fit, to pass, with or without modification, a resolution as Special Resolution as proposed in the Statement of Material Facts pursuant to Section 199 of the Companies Act, 2017 for increase in the amount of long-term loan from Rs. 260 Million to up to Rs. 500 Million and to change the nature of the investment/terms and conditions attached to the existing loans provided to Company’s Subsidiary, Roshan Sun Tao Paper Mills (Private) Limited.
6. To consider and if thought fit, to pass, with or without modification, a Special Resolution as proposed in the Statement of Material Facts pursuant to Section 199 of the Companies Act, 2017 for additional equity investment in Company’s Subsidiary, Roshan Sun Tao Paper Mills (Private) Limited by utilizing the surplus funds available with the Company as detailed in the Statement of Material Facts.
7. To consider and if thought fit, to pass, with or without modification, a resolution as Special Resolution as proposed in the Statement of Material Facts pursuant to Section 199 of the Companies Act, 2017 to change the terms and conditions of the investments in associated undertaking i.e. Roshan Enterprises by extending the period of loan for another two years.
8. To consider and, if thought fit, to pass, with or without modification, a special resolution to increase the authorized share capital of the company and consequent amendment in clause v of the Memorandum of Association of the Company.

Attached to this Notice is a statement of material facts along with draft resolutions proposed to be passed as special resolutions in relation to the aforesaid special businesses, as required under Section 134(3) of the Companies Act, 2017.

Lahore

06<sup>th</sup> October 2020

By Order Of The Board



Rabia Sharif

Company Secretary

## Notes:

### 1. Book Closure:

The Share Transfer Books of the Company will remain closed from 21-Oct-2020 to 28-Oct-2020 (both days inclusive). Transfers received in order at the office of our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B block B SMCHS, Main Shahrah-e-Faisal, Karachi by the close of business on 20-Oct-2020 will be treated in time for determination of entitlement to final cash dividend to attend, speak and vote at the annual general meeting (AGM).

### 2. Online Participation in the Annual General Meeting:

Due to COVID-19 Pandemic and the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies. The meeting can be attended using smart phones/ tablets/computers. To attend the meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC / passport/ certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for Roshan Packages Limited AGM" through email [corporate@roshanpackages.com.pk](mailto:corporate@roshanpackages.com.pk) on or before 26 October, 2020.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email on the company provided email address. The Login facility will remain open from start of the meeting till its proceedings are concluded.

The shareholders who wish to send their comments/ suggestions on the agenda of the AGM can email the Company at email: [corporate@roshanpackages.com.pk](mailto:corporate@roshanpackages.com.pk). The Company shall ensure that comments/ suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company. A proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to the Member. The proxy shall produce his/her original Computerized National Identity Card (CNIC) or passport to prove his identity.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least forty-eight (48) hours before the time of the meeting. Form of proxy in English and Urdu languages are attached to the notice of meeting sent to the shareholders.
5. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

#### A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
  - e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
6. **CNIC/IBAN for E-Dividend Payment.** The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.
  7. **Zakat Declarations.** The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.
  8. **Circulations of Annual Reports through CD/DVD/USB/ Email.** Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the company in its annual general meeting held on 22 November, 2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send request to the email address provided by the company in the annual report and also available on the website of the Company, and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. Those who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: [www.roshanpackages.com.pk](http://www.roshanpackages.com.pk)
  9. **Unclaimed Dividend and Bonus Shares.** Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited, CDC House 99-B, block B, SMCHS, Main Shahrah-e-Faisal, Karachi, to collect/enquire about their unclaimed dividend or pending shares, if any.
  10. **Placement of Financial Statements on the website of the Company.** The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2020 along with Auditors' and Directors' Reports thereon and Chairman's Review on the website of the Company: [www.roshanpackages.com.pk](http://www.roshanpackages.com.pk)

## Statement of Material Facts under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on 28 October 2020.

### Item 4 of the Agenda: Approval & Authorization of Related Party Transactions

Since the majority of the Company Directors were interested in the related party transactions carried out with Roshan Enterprises in the ordinary course of business at arm's length basis, these transactions were executed during the financial year ended June 30, 2020 under the authority of the Special Resolution passed in the annual general meeting held on 27 November, 2019. Accordingly, these transactions are being placed before the members of the Company for their approval pursuant to the aforesaid special resolution.

The following resolution is proposed to be passed as Special Resolution with or without any modification:

**“Resolved** that the following transactions carried out in the ordinary course of business at arm's length basis with Roshan Enterprises during the financial year ended June 30, 2020 be and are hereby ratified, approved and confirmed.

Name of Related Party	Nature of Transaction	Rupees
Roshan Enterprises	Sale of Boxes	12.48 Million
Roshan Enterprises	Markup	16.41 Million

Mr. Khalid Eijaz, Mr. Quasim Aijaz, Mr. Saadat Eijaz, Mr. Zaki Aijaz, the Directors of the Company, are interested in transactions with Roshan Enterprises as they are partners in the related party. The shareholding of these Directors in the company and extent of interests in Roshan Enterprises is detailed hereinafter.

Name of Director	% interest in Roshan Enterprises	% interest in company
Saddat Eijaz	27	11.86
Zaki Aijaz	10	11.86
Khalid Eijaz Qureshi	36	14.65
Quasim Aijaz	27	2.96

The transactions referred to above were executed on an arm's length basis in the ordinary course of business.

The Company shall continue to carry out transactions with the related party in its ordinary course of business at arm's length basis during the year ending June 30, 2021 and till the date of next annual general meeting. As mentioned hereinabove, the majority of the Directors are interested in these transactions, therefore, these transactions with related party have to be approved by the shareholders.

In order to ensure smooth business operations, the shareholders may authorize the Chief Executive to approve transactions with Roshan Enterprises during the financial year ending June 30, 2021 and till the date of next annual general meeting. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

The following resolution is proposed to be passed as Special Resolution with or without modification:

**“Resolved** that the Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the normal course of business during the year ending June 30, 2021 and till the next annual general meeting.

**Resolved further** that these transactions shall be placed before the shareholders in the next annual general meeting for their ratification/approval.”

The names of interested directors and their respective interests have been disclosed hereinabove.

### Item 5 of the Agenda: Approval & Authorization of Increase in amount of loan from Rs. 260 Million to Rs. 500 Million and change in the nature/terms and conditions of the existing loans provided to Company's Subsidiary Roshan Sun Tao Paper Mills (Private) Limited

The shareholders of the Company in the annual general meeting held on 22 November, 2017 has passed the special resolution for investment of up to 260 million in the form of loans and advances to M/s Roshan Sun Tao Paper Mills (Pvt) Limited, a Subsidiary company, for a period of 4 years. The markup rate approved by the shareholders is 1 Year Kibor+2% per annum.

The Subsidiary was established to set up a paper Mill. The Project was a joint venture of the Company with Chinese partner; however, the joint venture agreement was terminated by the Company and a case was filed before the Court for specific performance while the Chinese partner has filed a winding up petition before the Court for winding up of the Subsidiary. Both the cases are still pending before the Courts. The lawyers of the Company are hopeful that the petition for winding up of the Subsidiary will be dismissed by the Court.

The Subsidiary's operations were hindered due to delayed approvals from regulatory authorities, delays in infrastructural development from Government of Punjab, litigation and financial closure and of lately by Covid-19 Pandemic.

As of 30 June, 2020, the outstanding amount of loan to the Subsidiary is Rs. 228.29 Million. This is in addition to mark up of Rs. 63.89 Million.

Due to the above reasons, the Subsidiary has requested for rescheduling of the outstanding amount along with additional loans to help complete its Project.

As per proposed terms and conditions, the above amount is being increased to Rs. 500 Million at a markup rate of 1 Year Kibor+2% (which shall not be less than borrowing cost of the company and relevant Kibor whichever is higher). The outstanding Loan shall be paid by 30 June 2024 in lump sum or with one year of the commercial operations whichever is later. The markup rate will be equal to borrowing cost of company or 1year KIBOR plus 2% (whichever is higher). The mark up shall be payable quarterly within 10 days of the end of quarter on outstanding amount of loan.

Further, the loan shall be subject to the term that the outstanding balance of the loan and markup thereon shall be converted into equity by way of adjustment against future issue of right shares at the option of the Company in case the Subsidiary issues right shares.

Since the majority of the directors were common and interested, the necessary due diligence for the proposed investment was carried out by the management and duly signed recommendation of the due diligence report shall be made available for inspection of members in the AGM along with latest financial statements of Subsidiary. The names of common directors are:

- 1.Tayyab Aijaz
- 2.Saadat Eijaz
- 3.Zaki Aijaz
- 4.Khalid Eijaz Qureshi
- 5.Quasim Aijaz

**Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.**

**Loans and Advances to Roshan Sun Tao Paper Mills (Private) Limited**

<b>(a) Disclosure for all types of investments:</b>		
<b>(A) Disclosure regarding associated company</b>		
(i)	Name of Associated Company or Associated Undertaking	Roshan Sun Tao Paper Mills (Private) Limited
(ii)	Basis of Relationship	Common Directorship/ Subsidiary
(iii)	Loss per Share for the last three years	2018: 0.03 2019: 0.92 2020: 2.53
(iv)	Break-up value per Share, based on last audited financial statements	9.18/share

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Assets as at 30 June 2020 Non-current assets – Rs, 489,909,996. Current assets – Rs. 24,228,362 Total assets – Rs. 514,138,358 Total current liabilities – Rs. 175,212,815 Net equity – Rs. 170,378,883 Revenue for the period ended 30 June 2020– Rs. NIL as commercial operations have not commenced. Expenses – Rs. 47,005,333 Other income – Rs. NIL Loss after tax- Rs. 47,005,333	
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		
	i	Description of the project and its history since conceptualization	The Project is being established for setting up of Corrugated paper Manufacturing Mill. The Project will be backward integration of corrugated plant of Roshan Packages Limited. The cost of first phase will be Rs. 2,400 Million to be financed by debt and equity.
	ii	Starting date and expected date of completion of work	Construction commenced in the year 2017 Expected Date of completion June 2022.
	iii	Time by which such project shall become commercially operational	By June 2022
	iv	Expected time by which the project shall start paying return on investment	By 2023-2024
	v	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Rs. 339.67 Million has been invested by the Company as of 30 June 2020 in the form of equity and loans. The investment was made in cash.
<b>(B) General Disclosures:</b>			
(i)	Maximum amount of investment to be made		Up to Rs. 500/- (Rupees Five Hundred Million Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The investment will help the completion of the Project and expected to result in dividend income and /or capital gains which will enhance the profitability of the Company and add to the shareholders value of the members of the investing company. The investment in Subsidiary is for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		The investment will be made from company's own funds.
	(I)	NA	NA
	(II)	NA	NA
	(III)	NA	NA
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		The Company will enter into agreement(s) with the Subsidiary after approval by the shareholders.



(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p><b>Directors shareholding In Subsidiary:</b></p> <table border="0"> <tr> <td>Tayyab Aijaz</td> <td>0.0010%</td> </tr> <tr> <td>Saadat Aijaz</td> <td>0.0003%</td> </tr> <tr> <td>Zaki Aijaz</td> <td>0.0003%</td> </tr> <tr> <td>Khalid Eijaz Qureshi</td> <td>0.0000%</td> </tr> <tr> <td>Quasim Aijaz</td> <td>0.0000%</td> </tr> </table> <p><b>Directors shareholding In Company:</b></p> <table border="0"> <tr> <td>Tayyab Aijaz</td> <td>26.84%</td> </tr> <tr> <td>Saadat Aijaz</td> <td>11.86%</td> </tr> <tr> <td>Zaki Aijaz</td> <td>11.86%</td> </tr> <tr> <td>Khalid Eijaz Qureshi</td> <td>14.65%</td> </tr> <tr> <td>Quasim Aijaz</td> <td>2.96%</td> </tr> </table> <p>Further, the directors/CEO are interested to the extent of their respective remuneration.</p>	Tayyab Aijaz	0.0010%	Saadat Aijaz	0.0003%	Zaki Aijaz	0.0003%	Khalid Eijaz Qureshi	0.0000%	Quasim Aijaz	0.0000%	Tayyab Aijaz	26.84%	Saadat Aijaz	11.86%	Zaki Aijaz	11.86%	Khalid Eijaz Qureshi	14.65%	Quasim Aijaz	2.96%
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Quasim Aijaz	2.96%																					
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	<p>The Project of the Subsidiary was delayed for various reasons as explained herein. The Project is in construction phase.</p> <p>No write offs/impairment</p>																				
(vii)	Any other important details necessary for the members to understand the transaction	NA																				
<b>Additional disclosure regarding investment in the form of Loan and advances</b>																						
(i)	Category-wise amount of investment	Up to Rs. 500 million as loan and advance including exiting loan of PKR 260 Million.																				
	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	<p>The average borrowing cost of the Company during the year ended 30 June 2020 was <b>14.45 %</b>.</p> <p>1 Year KIBOR+2% i.e. 14.37%+2%=16.37%</p>																				
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Company shall charge the Subsidiary mark up at 1-Year KIBOR plus 2% per annum. In case of delay in repayment of principal & mark up a penalty of 2% shall be charged in addition to agreed mark up from the due date till the repayment is made.																				
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Being Subsidiary no collateral or security required.																				
(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.	The investment can be adjusted against issue of right shares when the Subsidiary makes further issue of capital at the option of the Company. The conversion shall be at par value of Rs. 10 each.																				
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The outstanding amount of loan shall be paid by 30 June 2024 in lump sum or with one year of the commercial operations whichever is later. The markup rate will be equal to borrowing cost of company or 1year KIBOR plus 2% per annum (whichever is higher). The mark up shall be payable quarterly within 10 days of the end of quarter on outstanding amount of loan.																				

According to Section 199 of the Companies Act 2017 requires approval of shareholders for increase in the amount of investment and that no change in nature and terms and condition of the investment shall be made except under the authority of a special resolution. Accordingly, increase in the amount of investment and the change in the terms and conditions are being presented to the shareholders for approval through passing the following resolution as a special resolution, with or without modification(s), addition(s) or deletion(s).

**RESOLVED THAT** approval of the members of Roshan Packages Limited (the “**Company**”) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 and the Company be and is hereby authorized to increase the amount of loan and advances from Rs. 260 Million to up to Rs. 500 Million (Rupees Five Hundred Million Only) from time to time in Roshan Sun Tao Paper Mills (Private) Limited (“**Subsidiary**”), an associated company, to be payable by 30 June 2024 in lump sum or with one year of the commercial operations whichever is later and the markup rate will be equal to borrowing cost of company or 1year KIBOR plus 2% per annum (whichever is higher) to be payable quarterly within 10 days of the end of quarter on outstanding amount of loan.

**RESOLVED THAT** “approval of the Company be and is hereby accorded to convert the aforesaid loan and advances of Rs. 500 Million into equity of the Subsidiary at Par value of Rs. 10 each at the discretion of the Company when the Subsidiary will increase paid up share capital in future.

**RESOLVED FURTHER THAT** the Chief Executive and/or Chief Financial Officer and/or Company Secretary (the “**Authorized Officers**”) of the Company be and are hereby authorized and empowered on behalf of the Company to take all steps and actions necessary, ancillary and incidental and sign, execute and amend such documents, papers, instruments, agreement etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution.

**Item 6 of the Agenda: Approval & Authorization for Additional Equity Investments in Subsidiary Roshan Sun Tao Paper Mills (Private) Limited by utilizing the surplus funds available with the Company as part of working capital.**

Roshan Sun Tao Paper Mills (Private) Limited was incorporated on 08<sup>th</sup> January 2016 under the Companies Act 2017 as a private limited company. It is a subsidiary (the “**Subsidiary**”) of Roshan Packages Limited (the “**Company**”). It was incorporated to set up and establish a paper Mill. The Project was to be run as a joint venture between the Company with a Chinese partner; however, the joint venture agreement was terminated by the Company due to contractual breaches committed by Chinese partner. Thereafter, a case was filed before the Civil Court, Lahore for specific performance of termination clause of joint venture agreement. The Chinese partner had filed a petition before the Lahore High Court for winding up of the Company. This winding up petition has been contested well and judgement has been reserved for announcement that is likely to be come out shortly in favor of dismissal of this petition.

The Subsidiary’s operations were hindered due to delayed approvals from regulatory authorities, delays in infrastructural development from Government of Punjab, litigation and financial closure.

The revised total cost of the project for first phase, with estimated capacity of 66,000 metric tons per annum is estimated to be Rs. 2,400 million which will be financed through estimated debt of Rs. 1,100 Million and equity of Rs. 1,300 Million.

Since the majority of the directors were common and interested, the necessary due diligence for the proposed investment was carried out by the management and duly signed recommendation of the due diligence report shall be made available for inspection of members in the AGM along with latest financial statements of Subsidiary. The names of common directors are:

1. Tayyab Aijaz
2. Saadat Eijaz
3. Zaki Aijaz
4. Khalid Eijaz Qureshi
5. Quasim Aijaz

The Company issued 32.5 Million ordinary shares at Rs. 10 per share pursuant to the initial public offering. The Company raised Rs. 1.66 billion in excess of the Floor Price which were utilized to pay-off short term and long-term borrowings and increased working capital requirements. The Company now intends to utilize the amount available with it as part of working capital for investment in the Subsidiary.

In view of the business growth strategy, it will be beneficial for the company and its shareholders to utilize the funds available with the Company as part of working capital for investments in Subsidiary, Roshan Sun Tao Paper Mills (Pvt.) Ltd.



**Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.**

**Equity investment in Roshan Sun Tao Paper Mills (Private) Limited**

<b>(a) Disclosure for all types of investments:</b>		
<b>(A) Disclosure regarding associated company</b>		
(i)	Name of Associated Company or Associated Undertaking	Roshan Sun Tao Paper Mills (Private) Limited
(ii)	Basis of Relationship	Common Directorship/Subsidiary
(iii)	Loss per Share for the last three years (Rs.)	2018: 0.03 2019: 0.92 2020: 2.53
(iv)	Break-up value per Share, based on last audited financial statements	9.18/share
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Assets as at 30 June 2020 Non-current assets – Rs, 489,909,996. Current assets – Rs. 24,228,362 Total assets – Rs. 514,138,358 Total current liabilities – Rs. 175,212,815 Net equity – Rs. 170,378,883 Revenue for the period ended 30 June 2020– Rs. NIL as commercial operations have not commenced. Expenses – Rs. 47,005,333 Other income – Rs. NIL Loss after tax – Rs. 47,005,333
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
	I	Description of the project and its history since conceptualization
		The Project is being established for setting up of Corrugated Paper Manufacturing Mill. The Project will be backward integration of corrugation plant of Roshan Packages Limited. The cost of first phase will be Rs. 2,400 Million to be financed by debt and equity.
	II	Starting date and expected date of completion of work
		Construction commenced in the year 2017 Expected Date of Completion Jun-2022
	III	Time by which such project shall become commercially operational
		By June 2022
	IV	Expected time by which the project shall start paying return on investment
		By 2023-2024
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts
		Rs. 339.67 Million has been invested by the Company as of 30 June 2020 in the form of equity and loans.

<b>(B) General Disclosures:</b>		
(i)	Maximum amount of investment to be made	Upto Rs. 900/- (Rupees Nine Hundred Million Only) as additional equity investment.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The investment will help the completion of the Project and expected to result in dividend income and /or capital gains which will enhance the profitability of the Company and add to the shareholders value of the members of the investing company.  The investment in Subsidiary is for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from company's funds available as part of working capital.
	(I) Justification for investment through borrowings	NA
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA
	(III) Cost of benefit analysis	NA
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company will enter into agreement(s) with the Subsidiary after approval by the shareholders
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:  <b>Directors shareholdings In Subsidiary:</b>  Tayyab Aijaz 0.0010% Saadat Aijaz 0.0003% Zaki Aijaz 0.0003% Khalid Eijaz Qureshi 0.0000% Quasim Aijaz 0.0000% <b>Directors shareholdings In Company:</b>  Tayyab Aijaz 26.84% Saadat Aijaz 11.86% Zaki Aijaz 11.86% Khalid Eijaz Qureshi 14.65% Quasim Aijaz 2.96% Further, the Directors/CEO are interested to the extent of their respective remunerations.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	The Project of the Subsidiary was delayed for various reasons as explained herein. The project is in construction phase.  There are no impairment/write offs.
(vii)	Any other important details necessary for the members to understand the transaction	None

<b>(b) Additional disclosure regarding Equity Investment</b>											
(i)	Maximum price at which securities will be acquired	Since the project is a Greenfield project, the shares will be acquired, at par value, of Rs. 10 each. This price is less than fair value of a share of the Subsidiary									
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A									
(iii)	Maximum number of securities to be acquired	Upto 90,000,000 Shares to be offered as right shares including unsubscribed right shares by the Subsidiary									
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th>No. of Shares</th> <th>Number</th> <th>%age</th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>11,137,373</td> <td>60.00</td> </tr> <tr> <td>After</td> <td>101,137,373</td> <td>93.16</td> </tr> </tbody> </table> <p>%age of investment will increase as the Chinese partner will not subscribe its portion of right shares which will be subscribed by the Company.</p>	No. of Shares	Number	%age	Before	11,137,373	60.00	After	101,137,373	93.16
No. of Shares	Number	%age									
Before	11,137,373	60.00									
After	101,137,373	93.16									
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A									
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	Fair value of the share is not less than the Face value of the share (Face value of share is Rs. 10 per share).									

The following resolution is proposed to be passed as special resolution:

**Resolved Further that** approval of the members of Roshan Packages Limited (the “**Company**”) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 and the Company be and is hereby authorized to further invest up to Rs. 900 Million (Rupees Nine Hundred Million Only) out of funds available as part of working capital of the Company from time to time in Roshan Sun Tao Paper Mills (Private) Limited (“**Subsidiary**”), an associated company for subscribing, at Par, fully paid up, up to 90 Million ordinary shares of Rs. 10 each of the Subsidiary as may be offered to the Company by the Subsidiary as right shares including unsubscribed right shares pursuant to further issue of capital, as per terms and conditions disclosed to the members.

**Resolved Further that** this resolution shall be valid for a period of 4 years starting from the date of approval by members and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

#### **Item 7 of the Agenda: Approval & Authorization of change in the terms and conditions of the investments in Associate Company i.e. Roshan Enterprises**

The shareholders of the Company in the annual general meeting held on 29<sup>th</sup> October 2018 has passed the special resolution for investment of up to 122,722,688 million in the form of loans and advances to M/s Roshan Enterprises, associate undertaking, for a period of two years at markup rate of 1 Year Kibor+2% per annum which shall not be less than borrowing cost of the Company. The associated undertaking has paid mark up, however, it has requested for extension in period the loan of Rs. 122,722,688/- for another two years i.e., till 28 October, 2022 as its operations were severely hit by Covid-19 Pandemic. The matter is being placed before the Board as the majority of the directors are interested in this business.

#### **Revised Terms and Conditions**

Amount	Rs. 122,722,688
Repayment:	By 28 October, 2022 in lump sum along with markup
Mark up rate:	1-year KIBOR plus 2% (which shall not be less than borrowing cost)
Penalty:	In case of delay in repayment of principal & mark up on 28 October, 2022, a penalty of 2% shall be charged in addition to agreed mark up from the due date till the repayment is made.

Section 199 of the Companies Act 2017 requires that no change in nature and terms and condition of the investment shall be made except under the authority of a special resolution. Accordingly, the change in the repayment terms of principal and markup is being presented to the shareholders for approval through passing the following resolution as a special resolution, with or without modification(s), addition(s) or deletion(s).

The following resolution is proposed to be passed, with or without modification:

**“RESOLVED THAT** approval of the members of Roshan Packages Limited (the **“Company”**) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 to the following changes in the terms and conditions of the loan to Roshan Enterprises, an associated company:

Amount	Rs. 122,722,688
Repayment:	By 28 October, 2022 in lump sum along with markup
Mark up rate:	1-year KIBOR plus 2% (which shall not be less than borrowing cost)
Penalty:	In case of delay in repayment of principal & mark up on 28 October, 2022, a penalty of 2% shall be charged in addition to agreed mark up from the due date till the repayment is made.

**RESOLVED FURTHER THAT** the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

#### **Item 8 of the Agenda: Increase in Authorized Share Capital of the Company and consequent alteration in the Memorandum of Association of the Company.**

The existing paid up share capital of the Company is Rs. 1.419 Billion divided into 141.900 million ordinary shares of Rs. 10 each while the exiting authorized share capital of the Company is Rs. 1.5 Billion divided into 150 Million ordinary shares of Rs. 10/- each.

In order to cater for increase in paid up share capital of the Company in future, the authorized share capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the authorized share capital of the Company from Rs. 1.5 Billion divided into 150 Million ordinary shares of Rs. 10/- each to Rs. 2.0 Billion divided into 200 Million ordinary shares of Rs. 10/- each by Rs. 500 Million i.e., creation of additional 50 Million ordinary shares of Rs. 10/- each.

The proposed increase in the authorized share capital of the Company will also necessitate amendment in Clause v of Memorandum of Association of the Company. The Board of Directors has also recommended required alteration in the Memorandum of Association of the Company to reflect increase in authorized share capital of the Company.

#### **Reasons for alteration in authorized share capital**

Alteration of authorized share capital is being proposed to enhance the existing authorized capital in order to allow future increase in paid up share capital.

#### **Reasons for alteration of Memorandum of Association**

The Company is increasing its authorized share capital in order to cater for future increase in paid up share capital of the Company. Consequently, the provisions in the Memorandum of Association relating to authorized share capital will need to be amended.

#### **Existing Clause v of Memorandum of Association:**

“The Authorized Capital of the Company is Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) divided to 150,000,000 ordinary shares of Rs. 10/- (Rupees Ten Only) each with the power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

#### **Proposed Clause v of Memorandum of Association:**

“The Authorized Capital of the Company is Rs. 2,000,000,000 (Rupees Two Billion Only) divided in to 200,000,000 ordinary shares of Rs. 10/- (Rupees Ten Only) each with the power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

## Interest of directors

No director or Chief Executive of the Company or their relatives have any interest, directly or indirectly, in the proposed alterations of the Memorandum of Association of the Company except in their capacities as Directors/Chief Executive/ shareholders of the Company.

## Availability of Relevant Documents

A copy each of the existing and amended Memorandum of Association identifying the changes proposed therein bearing the initial of the company secretary for identification purposes is attached herewith. A copy thereof and the documents pertaining to proposed special resolutions are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the AGM. The same shall also be available for inspection by the members in the AGM.

## Statement of the Board of Directors

“We, the members of the Board of Directors hereby confirm that the proposed amendments/alterations in the Memorandum of Association of the Company are in line with the applicable laws and regulatory framework.”

For the purpose aforesaid, it is proposed to consider and, if though fit, to pass the following resolution as a special resolution, with or without modifications:

**RESOLVED THAT**, subject to approval of members of Roshan Packages Limited (the “**Company**”) via special resolution, the Authorized Share Capital of the Company be and is hereby increased from Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) divided into 150,000,000 ordinary shares of Rs. 10 each to Rs. 2,000,000,000 (Rupees Two Billion Only) divided into 200,000,000 ordinary shares of Rs. 10 each by creation of 500,000,000 additional ordinary shares of Rs. 10 each to rank *pari passu* when issued in every respect with the existing ordinary shares of the Company.

**FURTHER RESOLVED THAT**, in consequence of the aforesaid increase in the Authorized Share Capital of the Company, the existing clause v of the Memorandum of Association of the Company be and is hereby substituted accordingly, to read as follows:

### Clause v of Memorandum of Association:

“The Authorized Capital of the Company is Rs. 2,000,000,000 (Rupees Two Billion Only) divided into 200,000,000 ordinary shares of Rs. 10/- (Rupees Ten Only) each with the power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.”

**FURTHER RESOLVED THAT** the Chief Executive and/or Chief Financial Office and/or Company Secretary be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies, Securities and Exchange Commission of Pakistan and complying with all other regulatory requirements to effectuate and implement this resolution.

## Statement Under Rule 4(2) of the Companies’ (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<b>Name of Investee Company</b>	<b>Roshan Sun Tao Paper Mills (Pvt) Limited</b>
<b>Total Investment Approved:</b>	For Equity: up to 506.4 Million For Loan and advances: 260 Million
<b>Amount of Investment Made to date:</b>	Equity:111.38 Million Loans:228.29 Million
<b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>	The said approval was taken for four years. Due to delay in project, the special resolutions are being proposed for extension of timeline.

<p><b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b></p>	<p>M/s Shang Dong Yongtai Paper Mills Limited (SDYPL), a shareholder of M/s Roshan Sun Tao Paper Mills Limited, a subsidiary of the Company, has filed a petition in the Lahore High Court, Lahore for winding up of Roshan Sun Tao Paper Mills Limited. The Company has also been made a respondent in the petition. The Company has terminated the joint venture agreement and filed a specific performance suit against Ms. Shandong Yongtai Paper Mills Limited (hereinafter 'SYPML') in order to enforce provisions of the shareholder agreement entered into between the Company and SYPML requiring transfer of shareholding held by SYPML in Roshan Sun Tao Paper Mills (Private) Limited (subsidiary company) to the Company as a result of SYPML's breach of substantial terms of the shareholder agreement.</p> <p>The management is confident that the petition in high court for winding up will be dismissed as the Company being majority shareholder is fully committed to the investment plan of the subsidiary for its paper mill project.</p> <p>During the year ended 30 June, 2020, the Subsidiary has sustained a loss of PKR 47 million, the project is in construction phase.</p>
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<p><b>Name of Investee Company</b></p>	<p><b>Roshan Enterprises</b></p>
<p><b>Total Investment Approved:</b></p>	<p>For Loan and advances: Rs. 122.722 million</p>
<p><b>Amount of Investment Made to date:</b></p>	<p>For Loan and advances: Rs. 122.722 million</p>
<p><b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b></p>	<p>The said approval was taken for two years, so there is no such deviation. However, in view of Covid-19 Pandemic, the associated undertaking has requested by extension in repayment of loan which will be considered by the shareholders for approval.</p>
<p><b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b></p>	<p>No such material change.</p>