# MERIT PACKAGING LIMITED

Registered Office & Corporate Department

LAKSON SQUARE, BUILDING NO. 2, SARWAR SHAHEED ROAD, KARACHI-74200, PAKISTAN


October 15, 2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road
Karachi

Dear Sir,

**ADDENDUM-NOTICE OF ANNUAL GENERAL MEETING**

Further to our letter dated October 01, 2020 and are pleased to enclose herewith a copy of Addendum-Notice of Annual General Meeting alongwith Statement under section 134(3) of the Companies Act, 2017 to be held on October 23, 2020 in compliance with the requirements of the Law.

Kindly acknowledge.

Thanking you,

Yours faithfully,
**For MERIT PACKAGING LIMITED**

**(MANSOOR AHMED)**
Company Secretary

Encl: As above.


PHONE: 3840 0000 FAX: 92-21-3568 6571 & 3568 3410

# MERIT PACKAGING LIMITED

LAKSON SQUARE, BUILDING NO.2, SARWAR SHAHEED ROAD, KARACHI-74200

## ADDENDUM-NOTICE OF ANNUAL GENERAL MEETING

**ADDENDUM TO THE NOTICE** of the 40th Annual General Meeting of MERIT PACKAGING LIMITED to be held on Friday, October 23, 2020 at 04:15 p.m. at the Registered office of the Company at Lakson Square Building No.2, Sarwar Shaheed Road, Karachi through Video Conference.

**Special Business Agenda Items**

4. To consider the following resolutions proposed by a shareholder, Mr. Ahmed Munaf (Folio No: 03277-105130):

   1) Resolved that the minority shareholders having interest in excess of 17% hereby demand that management as special business be asked to discuss the current affairs of business of the company subsequent to the issue of rights shares in FY18 and with special reference to the continuing losses in the business which may have serious impact on the business viability / going concern of the company and why even after investing close to PKR 2.3bn (Billion rupees) the company has been unable to even achieve sales revenue before the expansion minority shareholders demand this issue be discussed in detail along with complete facts and figures by the management.

   2) Further resolved that the rights offer in FY18 stated that the company was repaying debt to the tune of PKR 400mn thereafter what was the need of investing close to PKR 2.3 Billion (bn) right after the rights offer was closed and that too by borrowing funds roughly to the tune of PKR 2.5bn and what kind of growth management was targeting in the business why has that growth been not achieved? Why were the rights projections which were shared with shareholders then have been completely off target?

   3) Further resolved that minority shareholders also demand the management / board of directors to appraise the shareholders about the role of independent directors on the board and their confirmation to shareholders that they are fully appraised on the current state of the affairs of the company by the management some independent board members are also big shareholders (namely NIT) and their representatives are on the board of other group companies why is this not to be treated as conflict of interest?

   4) Further resolved that minority shareholders also demand the management / board of directors to open up the upcoming AGM meeting on 23rd October 2020 to a physical meeting along with through video conference to listen to the views of shareholders as corona restrictions have been eased and a physical meeting is expected to invite more shareholders.

   5) Further resolved that minority shareholders also demand the management / board of directors to study the benefits of trying to merge Merit Packaging Limited into Century Paper & Board Mills Limited as that can potentially mean better usage of tax losses prospectively and improved costs absorption as the benefits of this merger can mean lower administration and sales expenses along with improved economies of scale for both companies and the group too.

Statement under Section 134 of the Companies Act, 2017 in the above matter is annexed.

(MANSOOR AHMED)
Company Secretary

Karachi : October 13, 2020

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Further to the statement of material facts annexed to the Notice of the Annual General Meeting dated 23 September 2020, this statement sets out the material facts concerning the additional Special Business given in agenda item No. 4 of this Notice, which is to be considered at the Annual General Meeting of Merit Packaging Limited to be held on 23 October 2020 through video-conference.

Mr. Ahmed Munaf, a shareholder of the Company, has notified the Company vide his letters dated 9 October 2020 and 12 October 2020 of the desire to discuss the following matters with respect to the management and financial affairs of the Company:

1) Company's financial affairs:

   a) the after-tax losses and accumulated losses of the Company, and the failure to achieve the financial projections of the Company shared at the time of the rights issue in the financial year 2018;

   b) the application of the proceeds received by the Company from the issuance of 100% rights shares in the financial year 2018 towards repaying the debt of the Company;

   c) the role of the independent directors in assessing the justification and viability of the capital expenditure incurred;

   d) the requirement for the debt taken to fund the capital expenditure since the financial year 2018, the results achieved from the capital expenditure, and reasons for the failure to generate higher revenue and profitability;

   e) sale of products to related parties and any objections raised by auditors in relation to related party transactions;

   f) current capacity utilization of the Company and the return on equity (ROE) for the minority shareholders.

2) The appointment of the nominees of the National Investment Trust Limited on the Board of Directors of the Company and other companies with common shareholding, and the appointment and role of the independent directors on the Board of Directors of the Company.

3) Holding the Annual General Meeting to allow physical presence instead of holding it through video-conference to allow the shareholders to interact in person.

4) Possibility of merging the Company with Century Paper and Board Mills Limited for better utilization of tax losses, costs absorption and improved economies of scale and to allow a pro-active management to create better value for the shareholders.

5) Reasons for the profitability of the one of the Company's largest competitors and determining reasons for below par financial performance and inability of the Company to obtain more business from the sponsors of the Company.