Shakarganj Limited

Management House, Toba Tek Singh Road, Jhang - 35200, Pakistan
Tel: (047) 763 1001 - 05 Fax: (047) 763 1011 URL: http://www.shakarganj.com.pk

30 August, 2017

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

Dear Sir:

Sub: Right Shares

We are pleased to submit herewith Auditors certificate regarding receipt of total subscription of PKR 975,000,000 for 15,000,000 right shares @ PKR 65 each including premium per share of PKR 55 per share.

In view of the above, you are requested to kindly issue an NOC in the name of MCB Bank Limited, the bankers to the issue to release the amount of right shares subscription.

Board resolution in respect of allotment of shares is also attached herewith for your reference.

Yours faithfully,

Asif Ali
Company Secretary

Shakarganj Limited
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Tel: (047) 763 1001 - 05 Fax: (047) 763 1011 URL: http://www.shakarganj.com.pk

CERTIFIED TRUE COPY OF RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SHAKARGANJ LIMITED HELD ON 30TH AUGUST 2017

RESOLVED THAT allotment of 14,365,695 right shares which had been subscribed by shareholders as per list presented to the Board be and is hereby approved.

RESOLVED FURTHER THAT in exercise of the powers under Section 83 of the Companies Act 2017, =634,305= unsubscribed right shares be and are hereby allotted to Trustees Shakarganj Mills Limited Pension Fund.

RESOLVED FURTHER THAT Chief Executive Officer or Company Secretary be and are hereby singly or jointly authorized to do all such acts, deeds and things as may be necessary or incidental to carry out the purposes aforesaid.

RESOLVED FURTHER THAT Company Secretary be and is hereby authorized to execute all the documents required in this regard and he is further authorized to affix the Common Seal of the Company upon any or all of such documents.

Company Secretary

Principal Office:
Executive Floor, IT Tower, 73 E I
Hali Road, Gulberg III
Lahore - 54600, Pakistan
Tel: (042) 3578 3801 - 04
Fax: (042) 3578 3811

Faisalabad Office:
Chak Jhumra Road
Nishatabad
Faisalabad - 38000, Pakistan
Tel: (041) 875 2810
Fax: (041) 875 2811

Karachi Office:
12th Floor, Sidco Avenue Centre
264 – R.A. Lines
Karachi - 74200, Pakistan
Tel: (021) 3567 4881 - 85
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KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

Telephone + 92 (42) 3579 0901-6
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Internet www.kpmg.com.pk

The Board of Directors
Shakarganj Limited
E Floor, IT Tower
73-E/1, Hali Road, Gulberg III
Lahore

Our ref LA-IA-363-17

Contact Bilal Ali

Dear Sir

30 August 2017

Shakarganj Limited ("the Company")
Certificate on receipt of full amount of subscription money in cash against issue of right shares

We have been requested to provide you with a certificate to confirm the receipt of full amount of subscription money for subscribing right shares of the Company as required by Pakistan Stock Exchange Limited ('PSX') vide its letter PSX/C-440-3903 ('Letter'), dated 31 May 2017.

Scope of Certificate

Pakistan Stock Exchange Limited under clause 7 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter required the Company to report the amount of subscription money received against subscription of right shares within 10 business days from the last payment/ renunciation date, being 24 August 2017.

In case of under subscription, under clause 8 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter, the Company is required to arrange payment of un-subscribed right shares within 14 days from the last payment/ renunciation date and accordingly confirm the same to PSX.

We as statutory auditors of the Company are required to issue a certificate to confirm the receipt of full amount of subscription money in cash for subscribing right shares of the Company under clause 8 of Annexure-II "Procedure to be complied with for issue of right shares" of the Letter.

Management Responsibility

It is the management's responsibility to fulfill all requirements of Companies Act 2017, Companies (Issue of Capital) Rules 1996 and ensure compliance with the requirement of PSX as required under the Letter. The management's responsibility also includes maintenance of accounting records and internal control, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of fraud and irregularities. This certificate does not relieve the management of its responsibilities.

Auditors' Responsibly

Our responsibility is to issue a certificate to confirm receipt of full amount of subscription money in cash as required under clause 8 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter in accordance with the 'Guidelines for issue of Certificate for Special Purposes by Practicing Chartered Accountants Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

kpmg

- Review resolution of the Board of Directors to check the approval of issuance of right shares to existing shareholders of the Company;
- Traced subscription money of Rs. 933,770,175 received from shareholders against subscription of 14,365,695 ordinary shares through right issue having face value of Rs. 10 each of the Company at exercise price of Rs. 65 per share (including premium of Rs. 55 per share) in bank statement of MCB Bank subscription account number 0403390661010401;
- Reviewed resolution of Board of Directors to confirm that 634,305 unsubscribed right shares having face value of Rs. 10 each of the Company at exercise price of Rs. 65 per share (including premium of Rs. 55 per share) have been allocated by the Board of Directors of the Company in their meeting held on 30 August 2017; and
- Traced amount of Rs. 41,229,825 received from Trustees Shakarganj Mills Limited Pension Fund against allocation of 634,305 unsubscribed right shares having face value of Rs.10 each of the Company at exercise price of Rs. 65 per share (including premium of Rs. 55 per share) in bank statement of MCB Bank subscription account number 0403390661010401.

Certificate

Based on our procedures mentioned under Auditors' responsibility paragraph, we certify that subscription money of Rs. 975,000,000 for subscribing 15,000,000 right shares having face value of Rs. 10 each of the Company at exercise price of Rs. 65 per share (including premium of Rs. 55 per share) has been fully received in cash by the Company.

Restriction on use and distribution

This certificate is being issued in capacity of statutory auditors of the Company on specific request of the management for onward submission with PSX as required under clause 8 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein.

Yours faithfully

KPMG Taseer Hadi & Co.