



MORAFCO INDUSTRIES LIMITED



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

Dated: 29/09/17

SUBJECT: FORMAL APPLICATION OF VOLUNTARY DE-LISTING AND BUYBACK OF SHARES
FROM MINORITY SHAREHOLDERS OF MORAFCO INDUSTRIES LIMITED

Dear Sir,

In this respect we hereby submit the formal application under relevant Regulations of Pakistan Stock Exchange for voluntary delisting and buy-back of shares from minority shareholders of Morafco Industries Limited as under:

1. Application Fee

An application fee of Rs. 250,000/- for processing of application for de-listing vide P/O & D/D No. 3325530 & 2232873 dated 27-09-17 drawn on NIB Bank Ltd + Sencor Bank Ltd. is enclosed herewith. Out of which Rs. 150,000/- is refundable by the Exchange on fulfillment of requirements of the voluntary delisting of the Company.

2. Reasons for De-Listing

Being a listed company, it has become difficult for the company to meet its burdensome compliance costs to comply with different rules and regulations as required by a listed company. Compliance cost constitutes the major element of administrative expenses, especially when the operations of the company have closed down since 1997 and for past several years it has been making losses, it is not in a position to come up with such compliance costs in future.

So, it was unanimously decided in BOD meeting that, it is possibly the best course of action in current scenario to go for voluntary de-listing of the company from Pakistan Stock Exchange.

*Ali Akbar
Pis circulate*
The company has received NOC of de-listing of the company from Privatization Commission vide letter No. F.No. 14(15) PC/94 dated 27-04-2016. It has also received the clearance from Ministry of Industries & Production vide its letter dated 22-08-2016 for de-listing of the company.

Registered. Office :C/o Republic Motors (Pvt) Ltd, 87-Shahrah-e-Quaid-e-Azam, Lahore.

Tel : 042 - 36306179, 36360530 Fax : 042-36363805

Factory : Rakh Canal East Road, Behind Government College of Commerce, Faisalabad. Tel : 041 - 8540179

Favorable Exit Option

The sponsors believe that since it is not viable for the company to remain listed on Pakistan Stock Exchange and they do not see it being operational in near future, therefore, it is fair to give opportunity to the outside shareholders to make investment in other avenues. To do this, buy back of shares is a best option. It will provide opportunity to them to invest funds in other better options for higher returns. Thus it is more favourable and is in the interest of minority shareholders to delist the Company.

3. Share Valuation:

(i) Current Market Price

The current market price per share as of the date the Exchange receives Sponsors / Majority Shareholders intimation was Rs. N/A

(ii) Average Market Price

The average market price for the past three years figured out to be Rs. N/A

(iii) Intrinsic Value Per Share

	Rupees
Assets:	
Fixed Assets- at market value	8,500,000
Current Assets	<u>631,000</u>
	9,131,000
Liabilities:	
Current Liabilities	<u>851,285,000</u>
Net Assets	<u>(842,154,000)</u>
Authorized Share Capital-Number of shares	<u>1000,000</u>
Issued, Subscribed and Paid Up Share Capital-Number of Shares	<u>568,312</u>
Intrinsic Value Per Share-Rupees	<u>(1481.85)</u>

The valuation report of fixed assets of Company, carried out by independent valuer approved by State Bank of Pakistan and breakup value per share of the Company based on revaluation of the fixed-assets duly certified by the auditor is attached herewith the application.

(iv) Earnings Multiplier Approach

Not Applicable as the Company is not a profitable unit.

(v) Maximum Price at which Sponsors Had Purchased These Shares from Open Market

The sponsors have not purchased any shares from open market during preceding one year time.

4. Proposed Price for Buy-Back of Shares by Sponsors / Majority Shareholders

The sponsors / majority shareholders are willing to buy-back the shares from minority shareholders at a price of Rs. 4 per share.

We hope that this will meet your requirements; therefore, you are kindly requested to proceed with the application for buy-back of shares from public and subsequently de-list the Company at the price proposed by the sponsors.

Yours truly,

Mohammad Nadeem Athar
Company Secretary

