



## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that the 14<sup>th</sup> Extraordinary General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held at 11:00 hrs on May 23, 2018 at **Jacaranda Family Club, Sector E, Phase - II, DHA, Islamabad** to transact the following business:

### **Ordinary Business**

1. To confirm the minutes of Annual General Meeting held on March 22, 2018.

### **SPECIAL BUSINESS**

2. To pass the following resolutions as Special Resolutions with or without any amendments, modifications or alterations:

**“RESOLVED THAT** the Company be and is hereby authorized to invest for an indefinite period in Fauji Meat Limited (“FML”) by subscribing to 112,500,000 Ordinary Shares at a par value of Rs. 10 each, offered as right shares to the Company by FML as part of the rights issue announced on April 23, 2018 and, in addition, to such further right / Ordinary Shares as may be renounced by Fauji Foundation, being the other shareholder of FML, and offered to the Company by FML, at par value, provided that the aggregate amount to be invested in the shares of FML by the Company under the authority of this Resolution shall not exceed the sum of Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million only).

**FURTHER RESOLVED THAT** the Company be and is hereby authorized to:

(i) grant a subordinated shareholders loan of up to Rs. 3,500,000,000/- (Rupees Three Billion and Five Hundred Million) to FML, to be disbursed in one or more tranches over a period of five (5) years, with each such tranche to be repaid by FML, subject to the terms of subordination and approval of FML’s lenders as required, within a period of five (5) years from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time;

(ii) charge interest on each such tranche of the subordinated loan at a rate which shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher;

(iii) to convert, if deemed desirable by the Board of Directors, without first having to seek the approval of the Company’s members, all or part of the subordinated loan into ordinary shares of FML of the corresponding value (based on par value of FML’s ordinary share) by: (i) written notice to FML, subject to the special resolution of FML’s shareholders and subject to the approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the Companies Act, 2017; or (ii) alternatively, by settling and discharging the subordinated loan as consideration for shares pursuant to a rights issue by FML.

**FURTHER RESOLVED THAT** the Company do all such acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes or in furtherance thereof including, without limitation, to enter into and deliver and implement any and all contracts, instruments, powers of attorney, notices, certificates, documents (of whatever nature and description including, without limitation, Subordinated shareholder loan, sponsor support and counter-indemnity agreements (collectively, “Related Contracts”) with the relevant financial institution(s), and with FML, as may be necessary or expedient for the purpose.

**FURTHER RESOLVED THAT** the Managing Director, Company Secretary and Chief Financial Officer, or such one or more other persons as the Managing Director may from time to time specially designate for the purpose, be and are hereby authorized to singly or jointly to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to seek any and all consents and approvals, to execute and (where required) file the Related Contracts and all other necessary documents, declarations, certificates and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for and in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions, including entering the details of any investments made by the Company in FML in the register of investment in associated companies maintained at the Company’s registered office; provided that if the Company seal is affixed unto any such document or instrument, the same shall be executed on behalf of the Company by the Managing Director.

**FURTHER RESOLVED THAT** the Managing Director, Company Secretary and Chief Financial Officer of the Company be and are hereby authorized to delegate, in writing, by power of attorney or otherwise, all or any of the above powers in respect of the foregoing to any other officials of the Company as deemed appropriate.

3. Any other business with the permission of the Chairman.

Islamabad  
28 April 2018

By Order of the Board  
Fauji Fertilizer Bin Qasim Limited  
Brig Abdul Rehman (Retd)  
Company Secretary

## **Statement under Section 134 of the Companies Act, 2017**

### **Investment in Fauji Meat Limited**

Fauji Meat Limited (FML) is an unlisted public limited company incorporated under the Companies Ordinance, 1984. Fauji Fertilizer Bin Qasim Limited (the “Company”) is the prime sponsor of FML currently holding 75% of the shareholding of the Company, whereas, remaining 25% are being held by Fauji Foundation. The principal objectives of FML are to establish a meat abattoir/processing unit for halal slaughtering of animals to obtain meat for local and export sales purposes in carcass, cut shapes and processed food that is ready to eat/cook. FML commenced its business operations in April 2016.

The Company intends to subscribe to 112,500,000 Ordinary Shares offered by FML as part of the rights issue announced on April 23, 2018 together with such further right / Ordinary Shares as may be renounced by Fauji Foundation and offered by FML to the Company, provided that the aggregate amount to be invested in the shares of FML by the Company shall not exceed Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million only). The share subscription price will be utilized by FML to repay the working capital facility secured against cash collateral of Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) deposited by the Company with the lender pursuant to the approval, by special resolution, granted by the Company’s members in the 13<sup>th</sup> EGM dated August 28<sup>th</sup>, 2017. Upon such repayment, the lender will release its lien over the said deposit, which will be returned to the Company. Thus, in essence, the proposed new investment of up to Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) does not involve any net additional outlay or investment as it will facilitate the return of the previous investment / deposit.

The Company further intends to grant a subordinated shareholders loan of up to Rs. 3,500,000,000/- (Rupees Three Billion and Five Hundred Million) to meet operational and cash flow requirements of FML. The loan may be disbursed in single or multiple tranches, over a period of five years, as per FML’s requirements. Each tranche of the loan shall be repayable within a period of five (5) years from the date of its disbursement, subject to the terms of subordination and to lenders’ approval. The Company will charge interest on the respective tranche of the loan at a rate which shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher. Further, the Company will have the option to convert, if deemed desirable by the Board of Directors and without first having to seek the approval of its shareholders, all or part of the subordinated loan into ordinary shares of FML of the corresponding value (based on par value of FML’s ordinary share) by: (i) written notice to FML, subject to the special resolution of FML’s shareholders and to the approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the Companies Act 2017; or (ii) alternatively, by settling and discharging the subordinated loan as consideration for shares pursuant to a rights issue by FML.

It is expected that the subscription to FML’s share pursuant to the rights issue and subordinated loan will result in substantial improvement in procurement and sales and, thereafter, the financial condition of FML. Being the prime sponsor, the improvement in the financial condition of FML will have a positive impact on the Company.

The Directors of the Company have no interest other than that Fauji Foundation and the Company are, respectively, an associated undertaking and a holding company, of FML.

**Information pursuant to Regulation 3(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

Name of associated company along with criteria based on which the associated relationship is established	Fauji Meat Limited  Fauji Fertilizer Bin Qasim Limited (the “Company”) holds 75% of the issued and paid-up capital of FML
Earnings per share for the last three years	2015 (0.07), 2016 (2.64), 2017 (4.52)
Break-up value per share, based on latest audited financial statements	Rs 2.83 per share
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Long term loan Rs 3.9 billion Property plant & Equipment’s Rs 6.7 billion Short term borrowings Rs 2.97 Billion Sales Rs 1.2 billion Cost of sales Rs 1.8 billion Loss Rs 1.4 billion
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  ii) starting date and expected date of completion of work  iii) time by which such project shall become commercially operational  iv) expected time by which the project shall start paying return on investment  v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not Applicable. FML commenced commercial operations in 2016.
<b>General Disclosures:</b>	
Maximum amount of investment to be made	Maximum amount of investment is Rs. 5 billion, out of which up to Rs. 3.5 billion shall be in the form of subordinated shareholders loan and up to Rs. 1.5 billion shall be invested to subscribe to shares offered pursuant to a rights issue.
Purpose, benefits likely to accrue to the investing company and its members from such	The purpose of the subordinated shareholders loan is to meet operational and cash flow requirements

investment and period of investment	<p>of FML.</p> <p>The share subscription amount received by FML pursuant to the rights issue will be utilized to repay the working capital facility secured against cash collateral of Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) deposited by the Company with the lender pursuant to the approval, by special resolution, granted by the Company's members in the 13<sup>th</sup> EGM dated August 28, 2017. Upon such repayment, the lender will release its lien over the said deposit, which will be returned to the Company. Thus, in essence, the proposed new investment of Rs. 1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) does not involve any net additional outlay or investment as it will facilitate the return of the previous investment / deposit.</p> <p>It is expected that the subscription price paid to FML pursuant to the rights issue and the subordinated loan will result in substantial improvement in procurement and sales and, thereafter, the financial condition of FML. Being the prime sponsor, the improvement in the financial condition of FML will have a positive impact on the Company.</p>
Sources of funds to be utilized for investment	Company's own resources/internal cash generations
<p>where the investment is intended to be made using borrowed funds,</p> <p>(i) justification for investment through borrowings;</p> <p>(ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(iii) cost benefit analysis</p>	Not applicable
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company and FML will enter into a subordinated shareholder loan agreement, which shall specify the nature, purpose and period of the subordinated loan to be furnished by the Company to FML; the amount and due dates for repayment of

	the loan; a commitment and indemnity by FML to the Company to repay the loan on the due dates; and to give the Company the option, exercisable by written notice at any time, to convert the outstanding subordinated loan into ordinary shares of FML of the corresponding value (based on par value of FML's ordinary share) by: (i) written notice to FML, subject to the special resolution of FML's shareholders and to the approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the Companies Act 2017; or (ii) alternatively, by settling and discharging the subordinated loan as consideration for shares pursuant to a rights issue by FML.
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	Nothing other than as shareholders.
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 objectives of equity investments have been achieved. The Company is in process of obtaining necessary approvals from respective countries for export. The investment representing collateral cash deposit will get released after injection of equity.
Any other important details necessary for the members to understand the transaction	Not Applicable.

**Information pursuant to Regulation 3(b) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

<b>Specific Disclosures for Equity Investment</b>	
Maximum price at which securities will be acquired	Securities will be subscribed to at par value of Rs. 10 per share.
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.	Shares are being issued at par
Maximum number of securities to be acquired	Maximum number of securities shall be 150 million shares of FML calculated at the rate of Rs. 10 per share.
Number of securities and percentage thereof	

held before and after the proposed investment	Current shareholding in FML is 224,999,986 Proposed shareholding in FML 337,499,986
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	Not Applicable.
Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Rs 26.39 per share as per the valuation performed on of April 25 <sup>th</sup> , 2018

**Information pursuant to Regulation 3(c) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

<b>Information Required</b>	<b>Information Provided</b>
Category wise amount of investment	The Company will grant a subordinated loan of up to Rs. 3.5 billion to FML. The purpose of the subordinated shareholders loan is to meet operational and cash flow requirements of the Company.
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 for unfunded facilities, as the case may be, for the relevant period	6MK + 50bps
Rate of interest, mark up, profit, fees or commission etc. to be charged	Interest will be charged on each tranche of the subordinated loan at a rate which shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher.
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No security over assets of FML will be obtained but the subordinated loan agreement will include a commitment and indemnity by FML to the Company to pay the loan along with any interest that has accrued at the times and in the amount mentioned therein.
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 Company will have the option to convert, if deemed desirable by the Board of Directors, without first having to seek the approval of its shareholders, all or part of subordinated loan into ordinary shares of FML of the corresponding value (based on par value of FML's ordinary share) by: (i) written notice to FML, subject to the special resolution of FML's shareholders and to the approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the

	Companies Act 2017; or (ii) alternatively, by settling and discharging the subordinated loan as consideration for shares pursuant to a rights issue by FML.
Repayment schedule and terms of loans or advances to be given to the investee company	Repayment shall be within 5 years of the disbursement of each tranche of the subordinated loan. Provided that FML shall at all times have the option to prepay part or all of any instalment of the subordinated loan before the repayment date, without incurring any liability or penalty in respect thereof.

**Information pursuant to Regulation 4 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

The following sponsors and directors of the Company are also members of FML:

- |  |                                     |
|--|-------------------------------------|
| ➤ Fauji Foundation                       | ➤ Mr Nadeem Inayat                  |
| ➤ Lt Gen Javed Iqbal (Retd)              | ➤ Maj Gen Tahir Ashraf Khan(Retd)   |
| ➤ Lt Gen Syed Tariq Nadeem Gilani (Retd) | ➤ Maj Gen Kaleem Saber Taseer(Retd) |
| ➤ Lt Gen Tariq Khan (Retd)               | ➤ Mr Qaiser Javed                   |

**Declaration pursuant to Section 199(2) of the Companies Ordinance 2017 and Regulations 3(4) and 5 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

The Directors certify to the members of the Company that they have carried out necessary due diligence for the proposed investment before recommending it for members' approval.

The duly signed recommendations of the due diligence report together with the latest audited financial statements of FML along with the latest interim financial statements, if any, shall be made available to the members for inspection in the EOGM.

**OTHER BUSINESS:**

To transact any other business with the permission of the Chair.

**CLOSURE OF SHARE TRANSFER BOOKS: -**

Share transfer books of the Company will remain closed from May 17, 2018 to May 23, 2018 (both days inclusive) for the purpose of holding the EOGM.

**NOTES:** -

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a person/representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan contained in Circular No. 1 of 2000 dated 26 January: -
  - (a) For attending the meeting
    - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original passport at the time of attending the meeting.
    - ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
  - (b) For appointing proxies
    - i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
    - ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
    - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
    - iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
    - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.
4. Members are requested to promptly notify any change in their addresses.
5. Members, having physical shares, are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.
6. Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC

Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company.

**Consent for Video Conference Facility**

Members can also avail video conference facility in Karachi and Lahore. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Fauji Fertilizer Bin Qasim Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio / CDC Account No \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member