



fauji foods

FFL/HO/CS

April 02, 2020

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Lahore.

Dear Sir,

CERTIFIED TRUE COPIES OF THE RESOLUTIONS ADOPTED IN  
53<sup>RD</sup> AGM OF THE FAUJI FOODS LIMITED

In compliance of PSX Rule 5.6.4(b), please find enclosed herewith certified copies of the resolutions adopted in 53<sup>rd</sup> Annual General Meeting of Fauji Foods Limited held on April 02, 2020.

Yours sincerely,

Brig Zahid Nawaz Mann (Retd)  
Company Secretary

Encl: As above.

**CERTIFIED TRUE COPIES OF THE RESOLUTIONS PASSED BY THE MEMBERS  
IN 53<sup>RD</sup> ANNUAL GENERAL MEETING HELD ON APRIL 02, 2020 AT LAHORE.**



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The following resolutions are passed unanimously by the members:

**ORDINARY RESOLUTIONS:**

**Resolution # 01**

RESOLVED that the minutes of the Annual General Meeting held on March 27, 2019 be and are hereby confirmed.

**Resolution # 02**

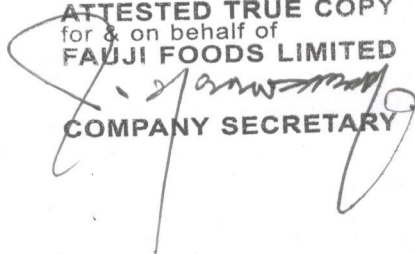
RESOLVED that the audited accounts of the Company for the year ended December 31, 2019 together with the Chairman Review, Directors' and the Auditors' Reports thereon as placed before the meeting be and are hereby adopted.

**Resolution # 03**

RESOLVED that M/s EY Ford Rhodes, Chartered Accountants, be and are hereby recommended for appointment as External Auditors of the Company from the conclusion of the 53<sup>rd</sup> AGM up-till the conclusion of the 54<sup>th</sup> AGM of the Company.

**FURTHER RESOLVED** that their remuneration be and is hereby recommended to be fixed (excluding sales tax) based on the actual time basis calculated at their standard hourly rates of charges subject to the maximum of:-

- Rs 1,000,000/- to audit the annual accounts of the company.
- Rs 125,000/- to review the half yearly accounts.
- Rs 65,000/- other certifications.
- Actual out of pocket expenses.

**ATTESTED TRUE COPY**  
for & on behalf of  
**FAUJI FOODS LIMITED**  
  
**COMPANY SECRETARY**


**SPECIAL RESOLUTIONS:**

**"RESOLVED THAT:**

"The Company be and is hereby authorized to make all such amendments to the Sponsor Support Agreement dated 12 April 2019 between the Company and Fauji Fertilizer Bin Qasim Limited ("FFBL") (the "Existing Sponsor Support Agreement") as are necessary to allow for the conversion of the subordinated shareholder loan of PKR 2,630,000,000 which has been disbursed by FFBL to the Company, together with mark-up amounting to PKR 118,863,714 (one hundred eighteen million eight hundred sixty three thousand seven hundred and fourteen) that has accrued on such principal amount, as at December 31, 2019, into fully paid-up ordinary shares of Rs.10/- per share, i.e., at par value of the Company of the corresponding value, to be issued by the Company to FFBL other than through a rights issue, as and when FFBL instructs the Company to do so and the Company is further authorized to execute, deliver and perform the amendment to the

Existing Sponsor Support Agreement.

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 [www.faujifoods.com](http://www.faujifoods.com)



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**FURTHER RESOLVED** that subject to shareholders' approval by Special Resolution at the Annual General Meeting of the Company:

- (i) the authorized share capital of the Company be increased from Rs.7,000,000,000 (Rupees seven billion) divided into 700,000,000 Ordinary Shares of Rs.10/- (Rupees ten) each to Rs.10,000,000,000 (Rupees ten billion) divided into 1,000,000,000 Ordinary Shares of Rs.10/- (Rupees ten) each.
- (ii) the figures and words "Rs.7,000,000,000 (Rupees seven billion) divided into 700,000,000 (seven hundred million) Ordinary Shares of Rs.10/- each" appearing in Clause V of the Memorandum of Association of the Company be substituted by the figures and words "Rs.10,000,000,000 (Rupees ten billion) divided into 1,000,000,000 (one billion) Ordinary Shares of Rs.10/- each."

**FURTHER RESOLVED** that subject to (i) amendments to the Existing Sponsor Support Agreement; (ii) increase in the authorized share capital of the Company; (iii) shareholder approval by special resolution at an Annual General Meeting of the Company; (iv) approval of the Securities and Exchange Commission of Pakistan under Section 83(1)(b) of the Companies Act, 2017 (the "2017 Act") and compliance with all applicable legal requirements; and (v) FFBL exercising its right to convert its loan to the Company into equity, the allotment and issuance of 274,886,371 of the Company, representing 52.02% percent of the existing paid-up capital of the Company, at the rate of PKR 10/- per share, i.e., at par value, to FFBL, without a rights issue, corresponding to the value of the subordinated shareholder loan of PKR 2,630,000,000 together with mark-up of PKR 118,863,714 (one hundred eighteen million eight hundred sixty three thousand seven hundred and fourteen), as at December 31, 2019 (the "Subordinated Shareholder Loan"), which was granted by FFBL to the Company, be and is hereby approved (the "Debt to Equity Conversion"). The Subordinated Shareholder Loan was availed by the Company to meet its operational and cash flow requirements and has helped the Company to grow, for the benefit of all members. The Debt to Equity Conversion will ensure that FFBL's investment remains in the Company which will help improve the financial position of the Company.

**FURTHER RESOLVED** that the price per share (i.e., PKR 10/- per share) at which shares will be issued to FFBL, which is equal to the par value of the shares of the Company, is hereby approved and is justified on the basis that given the limited cash resources of the Company a decision has been taken by FFBL to retain its investment in the Company by converting its debt of PKR 2,630,000,000 plus mark-up of PKR 118,863,714 (one hundred eighteen million eight hundred sixty three thousand seven hundred and fourteen), as at December 31, 2019, into shares of the corresponding value of FFL, to be issued at par value, i.e., PKR 10/- per share. The shares will be issued without a rights issue under Section 83(1)(b) of the Companies Act, 2017 because the purpose of the issue is to convert FFBL's Subordinated Shareholder Loan into equity and, therefore, these shares will not be offered to the other shareholders of the Company.



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**FURTHER RESOLVED** that subject to (i) shareholder approval; (ii) amendment to the Existing Sponsor Support Agreement; (iii) increase in the authorized share capital of the Company; and (iv) FFBL exercising its right to convert its loan to the Company into equity, the Company is authorized to submit an application, under Section 83(1)(b) of the 2017 Act, to the Securities and Exchange Commission of Pakistan for the allotment of issuance of shares at par value to FFBL, without a rights issue, pursuant to the Debt to Equity Conversion.

**FURTHER RESOLVED** that Company be and is hereby authorized to obtain sponsor support from FFBL in the total amount not exceeding PKR 4,500,000,000/- (Rupees four billion and five hundred million) through either, or a combination of, a subordinated shareholder loan not exceeding the amount of PKR 2,500,000,000 (two billion five hundred million) or collateral support for a period not exceeding one (1) year (including, without limitation, by way of FFBL providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities extended or to be extended by financial institutions to the Company, or in any other form. Without limiting the generality of the foregoing, the Company be and is hereby authorized to:

- i. obtain a subordinated shareholder loan from FFBL, in an amount not exceeding PKR 2,500,000,000 (two billion five hundred million), to be disbursed in one or more tranches over a period of one (1) year, with each such tranche to be repaid by the Company, subject to the terms of subordination and to approval of Company's lenders as required, within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without any pre-payment penalty.
- ii. pay interest or mark-up on each such tranche of the subordinated shareholder loan from the date of disbursement to the date of repayment at a rate which shall be equal to the higher [of (a) the borrowing cost of FFBL and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis].
- iii. allow for the subordinated shareholder loan together with all interest or mark-up that has accrued thereon, as and when FFBL deems fit, to be converted into fully paid-up ordinary shares (of Rs.10/- per share, i.e., at par value) of the corresponding value, to be issued by the Company to FFBL other than through a rights issue under Section 83(1)(b) of the 2017 Act.
- iv. procure collateral support including, without limitation, by way of FFBL providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien.



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- v. pay to FFBL a fee (the "Collateral Fee") on quarterly basis, equal to a maximum of 1.5% per annum, for the period from the date on which such cash deposit is made (or, in the case of the deposits already placed with Soneri Bank Limited (SBL) and Al Baraka Bank (Pakistan) Limited (ABL), from [March 30, 2020] being the date of the Annual General Meeting of FFBL at which FFBL's shareholders approved the same / or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until FFBL recovers from the Company the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to FFBL's right to recover from the Company the said principal amount, the Collateral Fee shall be equal to the higher of [(a) the borrowing cost of FFBL and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis].
- vi. Request FFBL to retain its existing two cash deposits of PKR 1,000,000,000 (Rupees one billion) each under lien with SBL and ABL, respectively, as security for various finance facilities availed by FFL from SBL and ABL. The cash collateral of PKR 1,000,000,000 (Rupees one billion) was deposited by the Company with SBL on February 12, 2019 and the cash collateral of PKR 1,000,000,000 (Rupees one billion) was deposited by the Company with ABL on April 23, 2019.

**FURTHER RESOLVED** that the Chief Executive & Managing Director, Chief Financial Officer and the Company Secretary be and are hereby jointly and severally authorized to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to execute, enter into and perform all agreements and any amendments thereto (including the amendment to the Existing Sponsor Support Agreement) and seek any and all consents and approvals and (where required) file all necessary documents, declarations, applications 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 all such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions.

**ATTESTED TRUE COPY**  
for & on behalf of  
**FAUJI FOODS LIMITED**  
**COMPANY SECRETARY**