



SHARE FOOD, SHARE LOVE®

NFL/2018-2019/05

September 07, 2018

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

Dear Sir,

**Subject: Extract of Board Resolution and Auditor's Certificate on Computation of Free Reserves**

Further to our letter No. NFL/2018 - 2019/4 dated September 07,2018 on the above subject, attached please find extract of the Board Resolutions, statement of free reserves and the certificate reference no. KA-MU-263 dated September 06,2018 titled "Practicing members' certificate on free reserve as required under companies (issue of capital) Rules, 1996" issued by M/s KPMG Taseer Hadi & Co. statutory auditors of the Company, in connection with the Board of Directors recommendation for the issue of 20% bonus shares.

Yours truly,

**NATIONAL FOODS LIMITED**

**FAZAL-UR-REHMAN HAJANO  
COMPANY SECRETARY**



C.c. Mr. Abid Hussain  
Executive Director/ HOD,  
Corporate Supervision Department - Company Law  
Securities Exchange Commission of Pakistan,  
Islamabad.

**EXTRACT OF BOARD RESOLUTIONS ON ISSUE OF BONUS SHARES BY THE BOARD OF DIRECTORS  
OF NATIONAL FOODS LIMITED IN THEIR MEETING HELD ON SEPTEMBER 06, 2018**

“RESOVLED THAT the Board hereby recommends issue of 20% fully paid bonus shares i.e. in proportion of one (1) ordinary share for every five (5) ordinary shares held by the members whose names appear in the Members’ Register as at the close of business on October 11, 2018 by capitalization of a sum of Rs. 103,607,000 out of the free reserves of the Company for the issue of one (1) ordinary share of Rs. 5 each, as bonus shares, subject to approval of the shareholders in the Annual General Meeting.”

“FURTHER RESOLVED THAT the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards the future entitlements, however, these shares shall not be eligible for any final dividend declared by the Company for the year ended June 30, 2018.”

“FURTHER RESOLVED THAT members fractional entitlement, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings, shall be consolidated into whole shares and sold on the Pakistan Stock Exchange and the proceeds so realized shall be contributed towards the cause of construction of dams and be deposited into the bank account opened by the Finance Division, Government of Pakistan in pursuance of Supreme Court Order dated July 4, 2018 in Constitution Petition No.57 of 2016, Tile “DIAMER BASHA AND MOHMAND DAM FUND-2018” bearing account No.03-593-299999-001-4 and IBN No.PK06SBPP0035932999990014.”

“FURTHER RESOLVED THAT the Chief Executive and Company Secretary be and are hereby jointly and/or severally authorized to give effect to these resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and payment of sale proceeds of the fractions.”

CERTIFIED TRUE COPY

  
FAZAL UR-REHMAN HAJANO  
COMPANY SECRETARY



**National Foods Limited**  
**Certification of Free Reserves**

	<b>Rs. In '000</b>
<b>Free Reserves</b>	
Unappropriated Profit	3,140,259
General Reserve	-
	3,140,259
Intangible assets	85,652
CAPEX Commitments	527,180
Leter of credits	1,590,000
Leter of guarantees	141,000
Ujrah	188,444
	<b>607,983</b>
Current free reserves	607,983
Bonus to be allocated	(103,607)
Cash dividend	75% (388,526)
	<b>115,851</b>
Current Share Capital	518,034
Proposed bonus issue	20% 103,607
Total Share Capital After Bonus	<b>621,641</b>
Free Reserve to be in excess	15% <b>93,246</b>
Bonus Can be issued ?	<b>YES</b>







KPMG Taseer Hadi & Co.

**National Foods Limited**

*Practicing members' certificate on free reserve as required under Companies (Issue of Capital) Rules, 1996*

- a) Obtained the Statement prepared by management detailing free reserve as at 30 June 2018 after issuance of bonus shares.
- b) Verified free reserve, before issuance of bonus shares, of the Company as at 30 June 2018 from the audited accounts for the year ended 30 June 2018 and check free reserve retained after the issuance of the bonus shares are not less than fifteen percent of the issued and paid up capital of the Company as required under Rule 6 (ii) of the Rule.
- c) Verified the percentage of bonus issue from the extract of resolution from minutes of Board of Directors' meeting held on 06 September 2018.
- d) Checked that the calculation of free reserve as per the Rule 6(ii) of Companies (Issue of Capital) Rules, 1996.

#### **Certificate**

Based on procedures mentioned above, we certify that the Company's residual free reserves in terms of the meaning given to free reserves in the Companies (Issue of Capital) Rules, 1996 after the proposed issue of bonus shares would not be less than fifteen percent of the increased paid up capital.

#### **Restriction on use and distribution**

This certificate is issued to the Company in compliance with the requirement of Rule 6 of the Companies (Issue of Capital) Rules, 1996 as amended by S.R.O 34(1)/2016 dated 19 January 2016 in respect of Issue of bonus shares by listed companies and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.

Yours faithfully,

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Karachi**