

NFL/CFD/2018/9/7

September 25, 2018

FORM-4

**The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.**

Subject: Notice of Annual General Meeting

Dear Sir,

Enclosed please find a copy of the Notice of 47th Annual General Meeting to be held on Thursday, October 18, 2018 at 3:00 p.m. at Beach Luxury Hotel, Karachi.

We attach herewith the original press clipping published in Business Recorder English and Roznama Khabrain Urdu on September 25, 2018 in respect of the Annual General Meeting of National Foods Limited for circulation amongst the TRE Certificate Holders of the Exchange.

Thanking you,

**Yours faithfully,
FOR NATIONAL FOODS LIMITED**



**(FAZAL UR REHMAN HAJANO)
COMPANY SECRETARY**

Encl: As above.

C'to:

- 1. Securities Exchange Commission of Pakistan, Islamabad.**
- 2. Head of Operations, Central Depository Company of Pakistan Ltd. Kar.**
- 3. Share Registrar, Central Depository Company of Pakistan Ltd., Karachi.**

BUSINESS RECORDER

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BUSINESS RECORDER KARACHI TUESDAY 25 SEPTEMBER 2018 7



NATIONAL FOODS LIMITED

12/CL-6, Claremont Road, Civil Lines, Karachi-75530 (Tel. 021-35662687)

Notice of 47th Annual General Meeting

Notice is hereby given that the 47th Annual General Meeting of National Foods Limited will be held on Thursday, October 18, 2018 at 3:00 p.m. at Beach Luxury Hotel, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 46th Annual General Meeting held on October 24, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports thereon, together with Audited consolidated financial statements of the Company and the Auditors' reports thereon for the year ended June 30, 2018.
3. To approve and declare the dividend on the Ordinary Shares of the Company. The Directors have recommended final dividend of 75% (Rs. 3.75 /- per Ordinary Share of Rs. 5/- each), for the year ended June 30, 2018.
4. To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as external auditors, for the year ending June 30, 2019.
5. To elect 7 (seven) Directors, as fixed by the Board in accordance with the provision of Section 159 of the Companies Act, 2017, for a term of 3 (three) years commencing from the date of holding AGM i.e. October 18, 2018. The names of retiring directors of the Company, also eligible to offer themselves for re-election, are as follows:

1) Mr. Abdul Majeed 2) Mr. Abrar Hasan 3) Mrs. Noreen Hasan 4) Mr. Zahid Majeed 5) Mrs. Saadia Naveed 6) Mr. Ebrahim Qassim 7) Mr. Ehsan Ali Malik

Special Business:

6. To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the capitalization of free reserves to issue bonus shares as recommended by the Directors.
*RESOLVED THAT a sum of Rs. 103,606,856/- be capitalized out of the free reserves of the Company and applied towards issue of 20,721,371 Ordinary shares of Rs. 5 each, as 20% fully paid bonus shares, i.e. in the portion of one (1) Ordinary Share for every five (5) Ordinary Shares held by the Members of the Company whose names appear in the Member Register at the close of the business on October 11, 2018.
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, title "DIAMER BASHA AND MOHAMMAD 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 the deposit of sale proceeds of the fractions into aforementioned account.
7. To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution for the amendments in Clause V of the Memorandum of Association of the Company.
*RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted with the clause as follows:
"The Authorized Capital of the company is Rs. 5,000,000,000 (Rupees Five Billion) divided into 1,000,000,000 (One Billion) Ordinary Shares of Rs. 5/- each, with power to increase or reduce as the Company may think fit. The Company may subdivide or consolidate its shares or any of them in accordance with the provisions of the Companies Act, 2017."
8. To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution, to accord approval of Tenancy Agreement with AIC Holdings (Private) Limited (AIC), an associated Company, to provide office space to AIC.
*RESOLVED THAT the Company is hereby authorized to enter into and execute a Tenancy Agreement with AIC Holdings (Private) Limited (AIC), an associated company, to provide office space to AIC in the premises of registered office of the Company (12/CL-6, Claremont Road, Civil Lines, Karachi) based on terms and conditions prevalent in the market, is hereby approved to be retrospectively effective from October 1, 2017 for a period of five (5) years.
*RESOLVED FURTHER THAT the Chief Executive Officer of the Company is hereby authorized to sign the agreement on behalf of the Company and upon expiry execute renewal(s) of the agreement with the approval of directors of the company, and along with Company Secretary complete all necessary legal and other formalities."
9. To consider, and if thought fit, to pass the following resolutions as ordinary resolutions, (a) to ratify and approve the transactions carried out with related parties during the financial year ended June 30, 2018 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out during the year ending June 30, 2019.
a) *RESOLVED THAT the transactions carried out by the company with the following related parties for the financial year ended June 30, 2018 be and are hereby ratified and approved."
i) National Foods DMCC;
ii) AIC Holdings (Private) Limited;
b) *RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with the above named related parties, on case to case basis, for the financial year ending June 30, 2019 and till next Annual General Meeting of the Company.
c) *RESOLVED FURTHER THAT the approval of transactions by the Board, as aforesaid, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2019 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.
10. To transact any other business with the permission of the Chair.

Statements under Section 166(3) for Agenda Item No. 5 and under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 6, 7, 8 and 9 are annexed to the notice being sent to the members.

Karachi

September 25, 2018

By Order of the Board
Fazal ur Rehman Hajano
Company Secretary

Notes:

1. Book Closure Notice

The share transfer books of the Company will remain closed from October 12, 2018 to October 18, 2018 (both days inclusive). Transfers received, in order, at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, COC House, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400, by the close of business on October 11, 2018, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend, bonus shares and to attend and vote at the meeting:

2. Appointment of Proxy and Participation in the AGM

- a) A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.
- b) The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarially certified copy of the power or authority, must be deposited at the Registered Office of the Company situated at 12/CL-6, Claremont Road, Civil Lines, Karachi-75530, at least 48 hours before the time of the meeting. Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- c) Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and/or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending the meeting.

3. Submission of Copies of Valid CNICs

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

4. Changes in Members Addresses

Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

5. For Election of Directors

Any person who seeks to contest the election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the abovesaid meeting his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- i) Consent to act as director under Section 167(1) of the Act on a duly filled and signed FORN-28.
- ii) Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations.
- iii) Declaration of independence in terms of Section 166(2) of the Companies Act, 2017 as required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (applicable only for person filing consent to act as independent director of the Company).
- iv) A detailed profile along with office address for placement on the Company's website.
- v) Detail of other directorship and offices held.
- vi) Copy of valid CNIC (in case of Pakistan national)/Passport (in case of foreign national), and NTN & Folio No./CDC Investors Account No./CDC Sub-Account No. (applicable for person filing consent for the first time)

6. E-Dividend

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar, at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the COS participants for updating and forwarding to the Company.

7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the Finance Act, 2018, effective July 01, 2018, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 20% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status latest by October 11, 2018. Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total No. of shares	Principal Shareholders		Joint Holder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business (5:00 p.m.) on October 11, 2018; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s). The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. The information received within the above specified time would enable the Company to deduct Income tax at the applicable rates from the payment of dividend if announced by the Company on October 18, 2018. Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 11, 2018. For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following phone numbers, email addresses:-

Company: Corporate Secretary@nfoods.com
Share Registrar: info@cdcpak.com

8. Unclaimed Dividend/Shares

Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar CDC House-998, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74000 to collect/enquire about their unclaimed dividend/shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

9. Postal Ballot/E-Voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.

10. Video-link Facility

If the members holding ten percent of the total paid up capital or such other percentage of the paid up capital as may be specified by the Commission, are resident in any other city, the company shall provide the facility of video-link to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

Consent for Video-link Facility

I/We, of being a member of National Foods Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for participation in the Annual General Meeting to be held on October 18, 2018 or any adjourned meeting through video-link facility at _____ (Please insert name of the City)

Signature of member _____

11. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2018 has been placed on the Company's website at the given link: <http://nfoods.com/contents/our-company/financials/>

12. Electronic Transmission of Financial Statements and Notice of Meeting

Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2019 or onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.

Share Registrar
Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, Block B, SMCHS,
Main Shahrah-e-Faisal, Karachi-74400

Registered Office
National Foods Limited
12/CL-6, Claremont Road,
Civil Lines, Karachi.

STATEMENT UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017

This statement set out justification required concerning Agenda Item No. 5 (Election of Directors) to be transacted at the 47th Annual General Meeting.

AGENDA ITEM NO. 5

ELECTION OF DIRECTORS

In terms of Section 153 (1) of the Companies Act, 2017, the directors, at their meeting held September 06, 2018, have fixed the number of elected directors at Seven (7) to be elected at the Annual General Meeting ("AGM") for a period of three years. Independent directors, required on the Board in terms of Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017, shall be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Articles of Association of the Company.

As regards the justification for choosing independent directors in terms of Section 166(3) of the Act, the candidates for independent director should be eligible for election as director of the listed company and meet the criteria of independence laid down under section 166(2) of the Companies Act, 2017.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement set out all the material facts concerning Special Business under Agenda Item No. 6, 7, 8 and 9 to be transacted at the 47th Annual General Meeting.

AGENDA ITEM NO. 6

ISSUE OF BONUS SHARES BY CAPITALIZATION OF FREE RESERVES

The Board of Directors in their meeting held on September 06, 2018, have recommended capitalization of a sum of Rs. 103,606,856/- out of free reserves of the Company for issue of 20% bonus shares. The directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves. The Directors of the Company have not, direct or indirect interest in this special business, except to the extent of their entitlements of bonus shares and their relatives who are also shareholders of the Company.

AGENDA ITEM NO. 7

AMENDMENTS IN THE MEMORANDUM OF ASSOCIATION

The Board of Directors of the Company in their meeting held on September 6, 2018 proposed to increase authorized capital of the Company from Rs. 1 billion to Rs. 5 billion by creating 800 million Ordinary shares of Rs. 5/- each. The principle purpose of this increase is to accommodate any increase in paid up capital of the company in the future. Comparison of existing and proposed Clause V of the Memorandum of Association, is provided below:

MEMORANDUM OF ASSOCIATION	
Existing Clause V	Proposed Clause V
The Authorized Capital of the Company is Rs. 1,000,000,000/- (Rupees One billion) divided into 200,000,000 Ordinary Shares of Rs. 5/- each, with power to increase or reduce as the Company may think fit. The Company may subdivide or consolidate its share or any of them in accordance with the provisions of the Companies Act, 2017.	The Authorized Capital of the Company is Rs. 5,000,000,000/- (Rupees Five Billion) divided into 1,000,000,000 (One Billion) Ordinary Shares of Rs. 5/- each, with power to increase or reduce as the Company may think fit. The Company may subdivide or consolidate its shares or any of them in accordance with the provisions of the Companies Act, 2017.

Statement of Directors pursuant to SRO 423 of 2018 dated April 03, 2018

The Directors have duly given a statement, as required under Para A.3(ii) of the aforesaid SRO, that the proposed alterations are in line with the applicable provisions of the law and regulatory framework.

Disclosure of Interest of Directors: The directors of the Company have no interest in this matter except to the extent of their directorship/shareholding in the Company.

AGENDA ITEM NO. 8

SPECIAL RESOLUTION - APPROVAL OF TENANCY AGREEMENT WITH ATC

The company signed a Memorandum of Understanding (MoU) on September 29, 2017, with ATC Holdings (Private) Limited (ATC), an associated company, for provision of office space to ATC in the premises of registered office of the Company at 12/CL-6, Claremont Road, Civil Lines, Karachi. As the majority of directors were interested in the arrangement due to their common directorship and shareholding, the Board of Directors of the Company in their meeting held on February 23, 2018, authorized the Chief Executive of the Company to enter and execute a tenancy agreement, based on terms and conditions prevalent in the market on an arm's length basis, with ATC retrospectively effective from the date of MoU subject to the approval of shareholders of the Company.

Accordingly, the shareholders are requested to approve tenancy agreement by way of special resolution to be passed in terms of Section 208 of the Companies Act, 2017 read with Section 207 of the Act and Regulation 15(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Inspection: The draft tenancy agreement relating to special business can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9.00 a.m. - 5.00 p.m.).

Disclosure of Interest of Directors: Mr. Abdul Majeed, Mr. Abrar Hasan and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in ATC and Mrs. Noreen Hassan due to interest of his spouse.

AGENDA ITEM NO. 9

ORDINARY RESOLUTIONS - TRANSACTIONS WITH RELATED PARTIES

(a) Ratification and approval of transactions with related parties carried out during the financial year ended June 30, 2018

The company carries out transactions with its related parties on an arm's length basis, as per the approved policy with respect to 'transactions with related parties', in the normal course of business. All transactions entered into with related parties require the approval of the Board Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the Board of Directors for their approval. However, in terms of Regulation 15(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Code) approval of shareholders is required for such transactions with related parties in which majority of directors of the company are interested. The Companies Act, 2017 (the Act) also requires approval of shareholders on the matters where majority of directors are interested.

In view of the above, following transactions carried out in normal course of business on an arm's length basis with related parties during the financial year ended June 30, 2018, are being placed before the shareholders for their ratification and approval.

Name	Relationship	Nature of Transaction	Amount In Rupees
National Foods DMCC	Subsidiary	Net sales	1,192,150,548
ATC Holdings (Private) Limited	Parent Company	Rent Expense	2,261,952
ATC Holdings (Private) Limited	Parent Company	Rental Income	6,741,484

(b) and (c) Authorization for the Board of Directors to approve the related party transactions during the financial year ending June 30, 2019 and till next Annual General Meeting
The Company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2019 and subsequently, on arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The related parties' transactions in which majority of Directors are interested due to their common directorship and/or shareholding, therefore necessitate approval of shareholders. Accordingly, approval of shareholders is being sought to authorize the Board of Directors of the Company to approve all transactions carried out and to be carried out with such related parties during the financial year ending June 30, 2019 and till next Annual General Meeting, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above in the statement of Agenda Item No. 9(a). The related party transactions conducted during financial year ending June 30, 2019, shall then be placed before the shareholders in the next AGM for their formal approval/ratification. Disclosure of Interest of Directors Mr. Abdul Majeed, Mr. Abrar Hasan and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in respective related parties and Mrs. Noreen Hassan due to interest of his spouse.

