



FAUJI FERTILIZER COMPANY LIMITED



(HEAD OFFICE)
Secretariat (Corporate Affairs)

Ref No. 6.12-KSE/S/FFC
July 02, 2021

Through PUCAR

To : **The General Manager**
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
KARACHI
Fax Phone: 021-111-573-329

Subject: **Notice of Extraordinary General Meeting**

Dear Sir,

Please find enclosed copy of Notice of Extraordinary General Meeting for circulation amongst your members. The meeting is scheduled to be held on July 27, 2021 and aforementioned notice will be published in Newspapers on July 05, 2021.

Best regards.

Company Secretary
Brig Asrat Mahmood (Retd)



FAUJI FERTILIZER COMPANY LIMITED



NOTICE OF EXTRAORDINARY ANNUAL GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting (EGM) of the shareholders of Fauji Fertilizer Company Limited ("Company") will be held at FFC Head Office, 156 The Mall, Rawalpindi at 1230 hours on Tuesday, July 27, 2021 through electronic mode only to transact the following business:

Ordinary business

1. To confirm the minutes of 43rd Annual General Meeting held on March 18, 2021.

Special Business

2. To consider and if deemed appropriate, to pass with or without modification, alteration or any amendment the following resolutions as Special Resolutions:

RESOLVED THAT as recommended by the Board of Directors of the Company (who are not interested in the transaction mentioned below) and subject to all applicable Regulatory approvals, the Company be and is hereby authorized to acquire (a) 100% shareholding held by Fauji Foundation ("FF") and Fauji Fertilizer Bin Qasim Limited ("FFBL") in Foundation Wind Energy I Limited ("FWEL-I"); and (b) 100% shareholding held by FF and FFBL in Foundation Wind Energy II Limited ("FWEL-II") (FWEL-I and FWEL-II shall hereinafter be collectively referred to as the "Target Companies"), for an aggregate consideration not exceeding PKR 14,072,340,000/- (Pakistani Rupees Fourteen billion Seventy-Two Million Three Hundred Forty Thousand only) along with sharing of 50% delayed payment surcharge received by the Target Companies from the Power Purchaser, net of associated costs, with FF and FFBL under a mechanism to be mutually agreed in the Share Purchase Agreements (the "Transaction").

FURTHER RESOLVED THAT, the Company be and is hereby authorized to execute, deliver, implement and amend the financing documents and project agreements of the Target Companies and, shareholders' agreements or other documents, guarantees to regulatory bodies, indemnities and counter indemnities and corporate guarantees under the financing documents, funding support and collateral to, or for the benefit of, the Target Companies' lenders (collectively, "Sponsor Support"), provided that the aggregate amount of Sponsor Support to be furnished by the Company will not exceed USD 50,000,000/- (Fifty Million United States Dollars only) (or Rupee equivalent) for foreign lenders plus Rs 3,100,000,000/- (Rupees Three Billion One Hundred Million only) for local lenders.

FURTHER RESOLVED THAT, the Chief Executive & Managing Director, Chief Financial Officer and the Company Secretary (whose specimen signatures are set out below) be and are hereby authorized jointly and severally to take all necessary steps relating to the execution and negotiation of the terms and conditions of acquisition with FF and FFBL including, but not limited to, the execution, signing and amendment of any and all agreements and documents which include, inter alia, the share purchase agreements, shareholders' agreements, financing agreements, agreements with other shareholders of the Target Companies including indemnity agreements and to seek any and all regulatory approvals, file all necessary documents with respective regulatory authorities, both local and foreign, as may be required and to file any application and issue any notifications relating to the transaction with and to the regulatory authorities (including, but not limited to, SECP, NEPRA, CCP, Pakistan Stock Exchange etc.) as may be deemed necessary for the aforementioned purposes and to do all such acts, matters and things as may be necessary for carrying out the purposes aforesaid and giving full effect to the above resolutions including entering the details of any investments made by the Company in the Target Companies 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 Chief Executive & Managing Director.

AND FURTHER RESOLVED THAT, the Chief Executive & Managing Director, Chief Financial Officer and the Secretary 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, provided that if the Company seal is affixed unto any document or instrument, the same shall be executed on behalf of the Company by the Chief Executive & Managing Director.

Ordinary business

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

By Order of the Board

Brig Asrat Mahmood (Retd)
Company Secretary

Rawalpindi
July 05, 2021

E-Voting

E-Voting: Members can exercise their right to poll subject to meeting of requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Video Conference Facility

Pursuant to Section 132(2) of the Companies Act 2017, 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 7 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.

Notes

1. The share transfer books of the Company will remain closed from July 21, 2021 to July 27, 2021 (both days inclusive) for the Extraordinary General Meeting.
2. A member of the Company entitled to attend and vote at the Meeting may appoint a person/representative as proxy to attend and vote in place of the member. Proxies in order to be effective must be received at the Company's Registered Office, 156-The Mall, Rawalpindi, Pakistan not later than 48 hours before the time of holding the Meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For attending the Meeting

- i. The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. EMD/MISC/82/2012 dated March 03, 2021, has directed the listed companies to arrange participation of shareholders in general meetings through videos link in addition to allowing physical attendance by the members. However, direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic; to protect their wellbeing considering escalated situation and potential business lockdown. Hence, while considering intensity and jeopardy of third wave of COVID-19, the Company has decided to hold this meeting through electronic mode only.
- ii. The shareholder of the Company desirous of attending the meeting through video link etc may inform the Company and provide their details including name, CNIC scan (both sides), folio number, cell phone number and email address by July 25, 2021 at the email shares@ffc.com.pk.
- iii. The video link of meeting shall be sent to the members on their registered email addresses.
- iv. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by the person whose name, address and CNIC number 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. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. Consent for video conference facility

As allowed by Section 132(2) of the Companies Act 2017 members can avail video conference facility for this Extraordinary General Meeting, at Lahore and Karachi provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at above mentioned locations, at least 7 days prior to date of the meeting.

Subject to the fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General Meeting along with complete information necessary to access the facility.

In this regard please send a duly signed request as per following format at the registered address of the Company 7 days before holding of General Meeting.

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

Signature of member

4. For any further assistance, the members may contact the Company or the Share Registrar at the following phone numbers, email addresses:

FFC Shares Department
Telephone: 92-51-8453235
Email: shares@ffc.com.pk

CDC Share Registrar Services Limited
CDC House 99-B, Block 'B',
S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400

Telephone: 0800-23275
Email: info@cdcpak.com

5. **Provision of International Banking Account Number (IBAN Detail)**

“Under the provisions of Section 242 of the Companies Act, 2017 and SECP’s Circular No. 421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Further, vide its letter dated March 19, 2021, SECP has directed all the listed companies to pursue its shareholder to obtain International Bank Account Number (IBAN) details.

In this context, in order to receive dividends directly into their bank account, shareholders having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block ‘B’ S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400. Shareholder having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker/participant/CDC Investor Account Services.”

6. **Conversion of Physical Securities into Book Entry Form**

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

Statement under Section 134 (b) of the Companies Act, 2017 and information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017

Pursuant to Section 134 (b) of the Companies Act, 2017 ("Act") and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, this statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Extraordinary General Meeting of Fauji Fertilizer Company Limited ("FFC") to be held on July 27, 2021 for approving the proposed investment by FFC in Foundation Wind Energy I Limited ("FWEL-I") and Foundation Wind Energy II Limited ("FWEL-II") (FWEL-I and FWEL-II shall hereinafter be collectively referred to as the "Target Companies").

Information pursuant to Regulation 3(1)(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

1. Foundation Wind Energy-I Limited (formerly known as Beacon Energy Limited) is a public limited company duly incorporated and registered under the laws of Pakistan on 16 June 2005 pursuant to the Companies Ordinance, 1984 (repealed by the Companies Act, 2017); and
2. Foundation Wind Energy-II Limited (formerly known as Green Power (Private) Limited) is a public limited company duly incorporated in Pakistan on 5 October 2004 pursuant to the Companies Ordinance, 1984 (repealed by the Companies Act, 2017).

The Target Companies were established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Company ("NTDC") / Central Power Purchase Agency - (Guarantee) Limited ("CPPA-G") under the respective Energy Purchase Agreements ("EPA") dated December 20, 2012. The EPAs are valid for a period of 20 years.

Name of associated company along with criteria based on which the associated relationship is established	<ol style="list-style-type: none"> 1. Foundation Wind Energy-I Limited (formerly known as Beacon Energy Limited) is a public limited company duly incorporated and registered under the laws of Pakistan on 16 June 2005 pursuant to the Companies Ordinance, 1984 (repealed by the Companies Act, 2017); and 2. Foundation Wind Energy-II Limited (formerly known as Green Power (Private) Limited) is a public limited company duly incorporated in Pakistan on 5 October 2004 pursuant to the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). <p>Fauji Fertilizer Bin Qasim Limited ("FFBL") presently owns 35% shares in each Target Company and Fauji Foundation ("FF") presently owns 65% and 45% in FWEL-I and FWEL-II respectively and each of FFC, FFBL and the Target Companies are under the</p>
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	<p>common management and control of FF and share common directors on their respective board of directors.</p> <p>Accordingly, the Target Companies are associated with FFC by virtue of the fact that they are under the common management and control of FF in terms of Section 2(4)(b) of the Act.</p> <p>Further, FF owns 44.35% shares in FFC and 65% shares in FWEL-I and 45% shares in FWEL-II. Accordingly, the Target Companies are also considered associated companies in terms of Section 2(4)(a) of the Act.</p>		
Earnings per share for the last three years		FWEL-I	FWEL-II
	2018	Rs. 2.68	Rs. 2.67
	2019	Rs. 3.45	Rs. 3.46
	2020	Rs. 7.17	Rs. 6.93
Break-up value per share, based on latest audited financial statements	<p>As at June, 30, 2020</p> <p>FWEL-I - Rs. 27.39</p> <p>FWEL-II - Rs. 26.95</p>		
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Statement of Financial Position - 30 June 2020 (Rs in M) - FWEL-I		
	Non-current assets		11,439
	Current Assets		4,618
	Shareholder's Equity		9,594
	Non-current liabilities		4,381
	Current Liabilities		2,082
	Statement of Profit or Loss - 30 June 2020 (Rs in M) - FWEL-I		
	Revenue		4,294
	Cost of Sales		1,116
	Gross Profit		3,178
	Net Profit		2,510
	Statement of Financial Position - 30 June 2020 (Rs in M) - FWEL-II		
	Non-current assets		11,184
	Current Assets		4,680
	Shareholder's Equity		9,508
	Non-current liabilities		4,281
	Current Liabilities		2,075
	Statement of Profit or Loss - 30 June 2020 (Rs in M) - FWEL-II		
	Revenue		4,212
	Cost of Sales		1,124
	Gross Profit		3,088
	Net Profit		2,445
In case of investment in relation to a project of associated company or	Not Applicable		

<p>associated undertaking that has not commenced operations, following further information, namely,</p> <p>i) description of the project and its history since conceptualization</p> <p>ii) starting date and expected date of completion of work</p> <p>iii) time by which such project shall become commercially operational</p> <p>iv) expected time by which the project shall start paying return on investment</p> <p>v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</p>	
General Disclosures:	
<p>Maximum amount of investment to be made</p>	<p>FFC intends to acquire</p> <p>(i) 100% shareholding in FWEL-I from FF and FFBL; and</p> <p>(ii) 80% shareholding in FWEL-II.</p> <p>for an aggregate consideration not exceeding PKR 14,072,340,000/- (Pakistani Rupees Fourteen billion Seventy-Two Million Three Hundred Forty Thousand Only) along with sharing of 50% of the delayed payment surcharge received by the Target Companies from the Power Purchaser, net of associated costs, with FF and FFBL under a mechanism to be mutually agreed in the Share Purchase Agreements.</p>

	<p>Further, the support to be provided by FFC under the financing agreements entered into with the lenders of the Target Companies and shareholders' agreements shall not exceed Rs 3,100,000,000/- (Rupees Three Billion One Hundred Million only) for local lenders and USD 50,000,000/- (Fifty Million United States Dollars only) for foreign lenders (or Rupee equivalent) (at today's US \$/Rupee parity equal to Rupee 7,988 million which would be adjustable to the foreign exchange rates during the tenure of the loan term).</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Purpose: FFC intends to utilize its available resources for better prospective returns to shareholders by capitalizing on potential synergies of new investment with our wind project FFC Energy Limited.</p> <p>Benefits: The investment is anticipated to generate healthy profits in view of guaranteed return regime.</p> <p>Period of Investment: FFC intends to maintain its equity investment in the Target Companies for an indefinite period. In addition, FFC's obligation to provide sponsor support under the financing agreements will end when loans of Target Companies are paid off to the satisfaction of lenders.</p>
<p>Sources of funds to be utilized for investment</p>	<p>A mix of debt and internally generated cash flows including retained earnings will be utilized for the investment.</p>
<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>	<p>(i) As one of the country's earliest cost-plus tariff wind power projects (wind-risk as passthrough), the investment is anticipated to generate healthy returns in the future which besides prevalent lower gearing levels of the Company, justify making of the investment through borrowing.</p> <p>(ii) The borrowing will be secured against lien marking/charge on FFC's assets.</p> <p>(iii) FFC foresees handsome returns from the project, higher than the cost of borrowed and internal funds.</p>
<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>FFC will execute four separate share purchase agreements ("SPAs") with respect to the proposed acquisition of (i) 100% of the share capital of FWEL-I from FF and FFBL; and (ii) the acquisition of 80% of the share capital of FWEL-II from FF and FFBL.</p> <p>The SPAs will govern the terms and conditions of the acquisition of shares. The parties are presently finalizing the terms and conditions with respect to the acquisition that will be set out in the SPAs.</p>

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	FF, FFBL and FFC directors are interested in the transaction to the extent of FF's shareholding in the Target Companies. Mr. Waqar Ahmed Malik, Dr. Nadeem Inayat, Mr. Qamar Haris Manzoor, Syed Bakhtiyar Kazmi and Lt Gen Tariq Khan (Retd) are common directors serving on Boards of FFC, FF and FFBL.
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	Not Applicable.
Any other important details necessary for the members to understand the transaction	Not Applicable.

Information pursuant to Regulation 3(1)(b) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Specific Disclosures for Equity Investment			
Maximum price at which securities will be acquired	FFC intends to acquire 100% share capital in FWEL-I and 80% share capital in FWEL-II for an aggregate consideration not exceeding PKR 14,072,340,000/- (Pakistani Rupees Fourteen Billion Seventy-Two Million Three Hundred Forty Thousand Only).		
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	Valuation to determine the fair value of the share was conducted by financial consultants and the price has been negotiated based on the fair value determined by the consultant.		
Maximum number of securities to be acquired	FFC intends to acquire 100% shareholding in FWEL-I and 80% shareholding in FWEL-II.		
Number of securities and percentage thereof held		FWEL-I	FWEL-II
	Before Investment	0	0
	After Investment	350,249,495	282,215,210

before and after the proposed investment			
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 of the Companies (Investment in Associated Companies or Associated Undertakings), Regulations, 2017 for investments in unlisted securities	Fair value price of Rs. 22.25/share has been determined by the financial consultants.		

Information pursuant to Section 3(c) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is provided below:

Category-wise amount of investment	<p>Upon acquisition of equity stakes from FF and FFBL in the Target Companies and thereby becoming a sponsor / guarantor, and in order to comply with the obligations under, or pursuant to, the respective shareholders' agreement and other project and financing documents ("Relevant Documents") of the Target Companies, and to provide comfort to local and foreign lenders of the Target Companies, FFC will be required to provide in proportion to shareholding ratio, guarantees, indemnities and counter indemnities, corporate guarantees, funding support and collateral to, or for the benefit of, lenders in terms of the Relevant Documents (collectively, "Sponsor Support").</p> <p>The Sponsor Support may comprise various forms of security to the lenders, with or without margin as may be required, including guarantees, letters of credit (including debt service reserve account standby letters of credit), comfort letters, pledge over the shares held by FFC in the Target Companies, assignment of the Company's rights, benefits and interests by the Company in favor of the lenders in respect of any investment made in the Target Companies by way of subordinated loan and other charges over the assets of FFC as required under the terms of the Relevant Documents. FFC may also be required to provide funding support in the form of subordinated loans or equity injection, and to arrange and/or to otherwise assist Target Companies in meeting their obligations under the foreign and local financing documents. The aggregate amount of the</p>
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	<p>Sponsor Support to be furnished by FFC will not exceed USD 50 Million for foreign lenders plus Rs 3,100 Million for local lenders ("Support Amount").</p> <p>Without prejudice to the above, FFC's non-equity sponsor support commitments are tabulated and estimated below, but are subject to change without affecting the aggregate Support Amount:</p> <p>1. Debt service reserve account standby letter of credit: US Dollars 8.35 Million and Rs 530 million.</p> <p>2. Debt service reserve account commitment: US Dollars 4.18 Million and Rs 265 million.</p> <p>3. Contingency Support in case of shortfall: US Dollars 37.3 Million and Rs 2,257 Million.</p>		
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Description		Average Cost
	Average Total Borrowing Cost		7.59%
	Average KIBOR	1 month KIBOR	7.48%
		3 month KIBOR	7.43%
		6 month KIBOR	7.65%
	Average Borrowing Cost – Shariah Compliant Products		7.82%
	Average Cost of Unfunded Facilities (Per quarter)		0.030%
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	This has not yet been determined. However, if FFC provides sponsor support in the form of subordinated shareholder loans to Target Companies, then the rate of mark-up/profit, fees or commission (as applicable) will be compliant with Section 199 of the Companies Act, 2017.		
Particulars of collateral or security to be obtained in relation to the proposed investment	The proposed investment will be unsecured as under the terms of the Target Companies' financing documents, Target Companies are prohibited from furnishing security to its sponsors against any sponsor support that they may provide.		
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	Not Applicable.		

Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment schedule and terms and conditions of any such shareholder loan would be subject to the terms of Target Companies' financing documents, which require any such shareholder loan to be subordinated to the senior debt of Target Companies' lenders.
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Information pursuant to Regulation 4 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Fauji Foundation (Sponsor) of the Target Companies is also member of FFC.

The duly audited latest annual financial statements along with the latest interim financial statements of the Company, shall be made available to the members for inspection in the EGM.

Declaration pursuant to Regulations 3(3-4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The independent Directors certify to the members of FFC 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, shall be made available to the members for inspection in the EGM.