

September 4, 2021

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



Subject: **Declaration of Right Shares**

Dear Sir,

Pursuant to section 96 of the Securities Act, 2015 read with Rule Book of Pakistan Stock Exchange, we have to inform you that the Board of Directors of Fauji Foods Limited (the "Company"), in their meeting held virtually on September 4, 2021 at 1100 hours at the Registered Office of the Company, have decided to increase the paid-up share capital of the Company by issue of a further 780,794,596 (Seven Hundred Eighty Million Seven Hundred Ninety-Four Thousand Five Hundred Ninety-Six) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members in proportion of 97.19916 Right Shares for every 100 ordinary shares held i.e. 97.19916% at a price of PKR 10/- (Pak Rupees Ten) per Right Share.

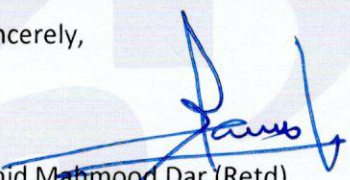
Following details are enclosed:

1. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds benefits of the issue to the Company and its shareholders, and risk factors **(Annexure-A)**.
2. Certified True Copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated September 4, 2021 **(Annexure – B)**.
3. Draft Copy of the notice of the Right Issue to the Shareholders prior to its publication in the newspapers **(Annexure – C)**.

The dates of closure of the Share Transfer Books of the Company will be communicated to you in due course of time.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,


Brig Hamid Mahmood Dar (Retd)
Company Secretary
Enclosed: As Above

Copy to:

The Commissioner
Corporate Supervision Department
Securities & Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities & Exchange Commission of Pakistan Islamabad

Head of Operations

Central Depository Company of Pakistan
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi



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Annexure-A

Fauji Foods Limited

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the Shareholders, and Risk Factors, under Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020.

QUANTUM OF THE ISSUE	The quantum of the Rights Issue is 97.19916% of the existing paid-up capital of the Company i.e. 97.19916 right shares for every 100 ordinary shares held by the shareholders of the Company.
ISSUE SIZE	The Company shall issue 780,794,596 (Seven Hundred Eighty Million Seven Hundred Ninety-Four Thousand Five Hundred Ninety-Six) ordinary shares, at a price of PKR 10/- (Pak Rupees Ten) per share, aggregating to PKR 7,807,945,960/- (Pak Rupees Seven Billion Eight Hundred Seven Million Nine Hundred Forty-Five Thousand Nine Hundred Sixty).
ISSUE PRICE	At par value of PKR 10 (Pak Rupees Ten) per Share.
PURPOSE OF THE ISSUE	In order to reduce current debt levels, manage and optimize working capital.
UTILIZATION OF THE PROCEEDS OF THE ISSUE	Right Issue will be utilized to reduce debt levels, manage and optimize working capital in the most appropriate manner.
BENEFITS OF THE ISSUE TO THE COMPANY & ITS SHAREHOLDERS	<ul style="list-style-type: none">• Reduction in debt level will mitigate the adverse impact on profitability on account of financial charges.• Optimized working capital will ensure smooth operations of the Company.• The Company will maintain a healthy debt to equity ratio.
ASSOCIATED RISKS	<ul style="list-style-type: none">• The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue.• Normal risks associated with the business will remain.

Annexure-B

Extracts of the Resolutions by the Board of Directors of Fauji Foods Limited (the "Company") at its meeting held virtually on September 4, 2021 from 42 CCA, Ex Park View, DHA Phase-VIII, Lahore

A meeting of the Board of Directors of the Company was held virtually at 1100 hours on September 4, 2021 from 42 CCA, Ex Park View, DHA Phase-VIII, Lahore.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board of Directors of the Company and shall be duly complied by the Company.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary issued and fully paid up share capital of the Company be increased from PKR 8,032,935,630 (Pak Rupees Eight Billion and Thirty Two Million Nine Hundred and Thirty Five Thousand Six Hundred Thirty) to PKR 15,840,881,590/- (Pak Rupees Fifteen Billion Eight Hundred Forty Million Eight Hundred Eighty-One Thousand Five Hundred Ninety), by issuance of further 780,794,596 (Seven Hundred Eighty Million Seven Hundred Ninety-Four Thousand Five Hundred Ninety-Six) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each by way of rights, to be offered to the shareholders of the Company in proportion to the existing number of shares held by each shareholder in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 10/- (Pak Rupees Ten) per share in the ratio of 97.19916 right shares for every 100 existing ordinary shares of PKR 10/- each held (i.e. 97.19916%), against payment to the Company of the price of the shares subscribed either in cash or by using a loan previously extended to the Company as consideration for the rights issue, which shares shall rank pari passu in all respects with the existing ordinary shares of the Company (the "Rights Issue").

FURTHER RESOLVED THAT the attached Statement of Purpose, Benefits, Use of Funds, particulars of the Rights Issue and Financial Projections (attached as Schedule-1), which were presented to the Board in compliance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020, be and are hereby approved.

FURTHER THAT the draft of the letter of offer for the Rights Issue (attached as Schedule-2) be and is hereby approved and Mr. Ali Asrar Hossain Aga and Mr. Basharat Ahmad Bhatti, being the directors of the Company, be and hereby authorized to issue/sign the letter of offer in compliance with the applicable laws.

FURTHER RESOLVED THAT the draft of the circular to accompany the letter of offer (attached as Sechedule-3), pursuant to Section 83(3) of the Companies Act, 2017, as placed before the directors be and is hereby approved and the Chief Executive Officer of the Company, be and is hereby singly authorized to sign the circular on behalf of all the directors.

FURTHER RESOLVED THAT all fractional entitlements will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

FURTHER RESOLVED THAT any unsubscribed shares may be offered and allotted after lapse of time of offer to such persons as the directors may deem fit in accordance with Section 83 of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Chief Executive Officer and / or the Company Secretary of the Company, be and are hereby authorized to decide and announce the closure of share transfer books of the Company to determine entitlements of the shareholders of the Company with respect to the Rights Issue.

FURTHER RESOLVED THAT the Chief Executive Officer, the Company Secretary and / or the Chief Financial Officer be and are hereby severally authorized to do the following on behalf of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Rights Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third-party expenses and / or any other expenses relating to the Rights Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions in respect of the Rights Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares;
- (iv) to allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and
- (v) to take all other necessary steps, and do all other acts, deeds and things to give effect to the above resolutions, including without limitation, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary actions, pay all applicable fee and incur all necessary expenses as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.



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Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Fauji Foods Limited held virtually on September 4, 2021 from 42 CCA, Ex Park View, DHA Phase-VIII, Lahore.

Brig Hamid Mahmood Dar (Retd)
Company Secretary

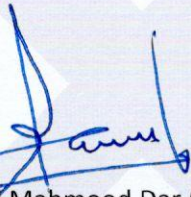
Dated: September 4, 2021

Annexure – C

NOTICE OF RIGHT ISSUE

Members are hereby notified that the Board of Directors of Fauji Foods Limited (the “**Company**”) in their meeting held on September 4, 2021 has decided to issue further capital by offering 780,794,596 (Seven Hundred Eighty Million Seven Hundred Ninety-Four Thousand Five Hundred Ninety-Six) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each by way of rights, to be offered to the shareholders of the Company in proportion to the existing number of shares held by each shareholder in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 10/- (Pak Rupees Ten) per share in the ratio of 97.19916 right shares for every 100 existing ordinary shares of PKR 10/- each held i.e. 97.19916%, against payment to the Company of the price of the shares subscribed either in cash or by using a loan previously extended to the Company as consideration for the rights issue, which shares shall rank pari passu in all respects with the existing ordinary shares of the Company.

The dates of closure of the Share Transfer Books of the Company will be communicated in due course of time.


Brig Hamid Mahmood Dar (Retd)
Company Secretary

Dated: September 4, 2021