

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 66th Annual General Meeting of FERROZSONS LABORATORIES LIMITED will be held on Friday, 30 September 2022 at 11:30 a.m. at Registered Office, 197-A, the Mall, Rawalpindi and through Video Link Facility to transact the following business:

## **Ordinary Business:**

1. To confirm the Minutes of the Annual General Meeting held on 30 September 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2022 together with the Directors' and Auditors' reports thereon.
3. To consider and approve final cash dividend of 50% (i.e. Rs. 5 per share) as recommended by the Board of Directors for the year ended 30 June 2022.
4. To appoint Auditors for the year ending 30 June 2023 and fix their remuneration.
5. To transact any other ordinary business with the permission of the chair.

## **Special Business:**

6. To consider and approve the bonus shares at the rate of 20% (i.e. 20 shares for every 100 shares) as recommended by the Board of Directors. In this connection, the following resolutions (with or without modifications) are proposed to be passed:

**Resolved that** a sum of Rs. 72,448,420 be capitalized out of the free reserves of the Company for issuance of 7,244,842 ordinary shares of Rs. 10 each as fully paid bonus shares.

**Further resolved that** the bonus shares shall rank pari passu in all aspects with the existing shares of the Company. However, these shares shall not be eligible for final cash dividend declared by the Company for the year ended 30 June 2022.

**Further resolved that** fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution.

7. To consider and approve short-term financing facility / security up to Rs. 500 million in favour of M/S BF Biosciences Limited (subsidiary Company) on need basis and to consider, and if thought fit, to pass with or without modification the following resolutions as a Special Resolutions:

**Resolved that** Ferozsons Laboratories Limited ("FLL" or "the Company") be and hereby authorized in terms of Section 199 and all other applicable provisions of Companies Act, 2017 to provide short term financing facility / security in favor of M/S BF Biosciences Limited ("BFBL"), a subsidiary company up to PKR 500,000,000 (Rupees Five Hundred Million Only), provided that the markup rate to be charged by the Company to BFBL on any outstanding amount of short term financing facility shall not be the less than the average rate charged by the bank(s) of the Company and as per terms and conditions disclosed to the members of the Company.

**Further resolved that** the Chief Executive Officer together with Chief Financial Officer or with Company Secretary of the Company be and are hereby empowered and authorized to do all the acts, matters, deeds, and take all necessary actions including signing and execution of agreements, completing legal formalities as may be necessary for the purpose of implementing the aforesaid resolutions.

By order of the Board

Syed Ghausuddin Saif  
Company Secretary

Rawalpindi  
31 August 2022

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NOTES:

## 1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from 23 September 2022 to 30 September 2022 (both days inclusive). Transfers received at the Company's Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 22 September 2022 will be treated in time for the purpose of above entitlement to the transferees.

## 2. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well.

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name with subject **"Registration for Ferozsons Laboratories Limited AGM - 2022"** along with valid copy of both sides of Computerized National Identify Card (CNIC) at [cs@ferozsons-labs.com](mailto:cs@ferozsons-labs.com). The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

A member entitled to attend and vote at this meeting is also entitled to appoint another member, as a proxy to attend and vote on his/her behalf. In order the proxy to be valid, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e- mail on [cs@ferozsons-labs.com](mailto:cs@ferozsons-labs.com) not less than 48 hours before the time of AGM. The Proxy form is annexed.

All CDC accountholders shall authenticate their identity by showing original CNIC at the time of attending meeting. In the case of a corporate entity, a certified copy of the resolution of Board of Directors / valid Power of Attorney, having the name and specimen signature of the nominee should be produced at the time of meeting.

Only those persons whose names appear in the Register of Members of the Company as at 22 September 2022 are entitled to attend and vote at the Annual General Meeting.

## 3. WITHHOLDING TAX ON DIVIDEND:

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

a.	Persons appearing in the Active Tax Payers' List (ATL)	15%
b.	Persons not appearing in the Active Tax Payers' List (ATL)	30%

Members whose names does not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

## 4. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

## 5. ELECTRONIC DIVIDEND MANDATE:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by

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the entitled shareholders. In order to receive dividend directly into their bank accounts, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

## 6. SUBMISSION OF VALID CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

## 7. TRANSFER OF PHYSICAL SHARES TO CDC ACCOUNT:

Pursuant to the section 72 of the Companies Act, 2017 listed companies are 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 date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

## 8. ELECTRONIC VOTING:

Members can exercise their right to demand a poll subject to meeting requirements of Section 143–145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

## 9. CONSENT FOR VIDEO CONFERENCING 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 in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please submit such request to the Company Secretary at [cs@ferozsons-labs.com](mailto:cs@ferozsons-labs.com).

Folio/ CDS ID/ A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

## 10. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES:

Pursuant to notification vide SRO 787(1)/2014 dated 8 September 2014, the SECP has directed all companies to circulate annual financial statements and notices of annual/extraordinary general meetings through Email/CD/DVD or any other media to their shareholders at their registered addresses.

Shareholders, who wish to receive the hardcopy of the annual financial statements, shall email at [cs@ferozsons-labs.com](mailto:cs@ferozsons-labs.com). The same shall be provided to the shareholders free of cost within seven days of receipt of such request.

The financial statements of the Company for the year ended 30 June 2022 have been placed on the Company's website: [www.ferozsons-labs.com](http://www.ferozsons-labs.com)

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## Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

The statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 30 September 2022.

### **Pertaining to Item No. 6: Bonus Shares**

The Board of Directors in their meeting held on 31 August 2022, has recommended to issue 20% fully paid bonus shares (i.e. 20 shares for each 100 shares held by the members) by capitalizing a sum of Rs. 72,448,420 from free reserves of the Company. 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 are not directly or indirectly interested in this special business, except to the extent of entitlements of bonus shares on their shareholdings.

### **Pertaining to Item No. 7: Short Term Financing Facility / Security**

BF Biosciences Limited ("BFBL") is an eighty percent owned subsidiary of Ferozsons Laboratories Limited ("the Company"), and is a joint venture between M/S Ferozsons Laboratories Limited and the M/S Grupo Empresarial Bago S.A.

BFBL is currently in expansion phase and in order to meet the challenges posed by increase in Rupee Dollar Parity, COVID lockdowns in China and Russian-Ukraine conflict, BFBL has requested the Company to extend a short-term financing facility up to Rs. 500 million to support its cash flows / working capital on need basis.

The Board of Directors in their meeting held on 31 August 2022 has recommended the same for approval of shareholders in the Annual General Meeting.

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## Information Under Regulation 3 of "The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

### INVESTMENT BY WAY OF SHORT TERM FINANCING FACILITY / SECURITY

<b>Sec. 3 (a) - Disclosure for all types of investments</b>		
<b>(A) – Disclosures regarding associated company</b>		
(i)	Name of associated company or associated undertaking	BF Biosciences Limited
(ii)	Basis of relationship	Subsidiary Company
(iii)	Earnings per share for the last three years	FY 2022: Rs. 16.16 / share FY 2021: Rs. 32.00 / share FY 2020: Rs. 2.48 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 96.06/ share as at 30 June 2022
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As at 30 June 2022: Non-Current Assets: Rs. 2,139,856,510 Current Assets: Rs. 2,295,214,875 Non-Cur. Liabilities: Rs.1,894,954,228 Current Liabilities: Rs. 714,964,438 Equity: Rs. 1,825,152,718 Revenue: Rs. 1,520,702,614 Gross Profit: Rs. 457,773,078 Operating Profit: Rs. 414,378,802 Profit After Tax: Rs. 306,977,758
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
(I)	description of the project and its history since conceptualization;	Not Applicable
(II)	starting date and expected date of completion of work;	Not Applicable
(III)	time by which such project shall become commercially operational;	Not Applicable
(IV)	expected time by which the project shall start paying return on investment;	Not Applicable
(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
<b>(B) – General disclosures</b>		
(i)	Maximum amount of investment to be made	PKR 500,000,000 (Five Hundred Million Only)

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(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	This will enable the Company to lend BFBL at rates higher than its average borrowing costs on BFBL's need basis. As the BFBL is 80% owned subsidiary, the benefits will eventually be accrued to the Company's shareholders.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The Company shall use its internally generated funds as well as its un-utilized financing lines.
	i) justification for investment through borrowings	The rate charged by the Company to BFBL on outstanding balances shall be 0.5% over and above the average borrowing cost of the Company.
	ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds	The Company shall obtain an indemnity from BFBL to re-pay the amount. As the BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
	iii) cost benefit analysis	The Company will charge 0.5% over and above the average borrowing cost to BFBL on outstanding balances. Further, the markup shall be paid by BFBL to the Company after every six months.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	As detailed above.
(v)	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;	<p>The interest (either direct or indirect) in the associated company are as follows:</p> <ol style="list-style-type: none"> <li>1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e. 80%).</li> <li>2) Mrs. Akhter Khalid Waheed, Chairperson of the Company is serving on the Board of BFBL as Chief Executive Officer and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> <li>3) Mr. Osman Khalid Waheed, Chief Executive Officer of the Company is serving on the Board of BFBL Limited as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> <li>4) Mrs. Munize Azhar Peracha, Director of the Company is also serving on the Board of BFBL as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> </ol>

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(vi)	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;	The Company subscribed shares of BFBL at Rs. 10 per share. Since inception, BFBL has been proved valuation investment. The current breakup value of BFBL is Rs. 96.06 / share. In addition to equity investment, the Company also lent loan of Rs. 425 million in year 2010 which has been successfully repaid as per repayment schedule. Being an un-listed entity, the market value of BFBL cannot be ascertained easily, however, if the value of BFBL is estimated through Discounted Cash Flow Model, its value is significantly higher than its breakup value.
(vii)	Any other important details necessary for the members to understand the transaction	There are no other significant details.
Additional disclosure regarding loans, advances and guarantees		
(i)	Category-wise amount of investment	The limit of short-term financing facility / security to BFBL is PKR 500 million.
(ii)	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	The current average borrowing cost of Company is One/ Three Month KIBOR plus 0.10% to 1% spread.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The Company will charge 0.5% higher rate than its average borrowing cost on outstanding balances of BFBL.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The Company shall obtain an indemnity from BFBL to re-pay the amount. As BFBL is a subsidiary company of FLL, FLL is confident that any financing arrangement will be repaid.
(v)	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
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Facility granted for a period of one year, renewable for four further periods of one year each. Markup shall be paid after every six months. The other terms are mentioned above.

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Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<b>Name of Investee Company</b>	BF Biosciences Limited
<b>Total Investment Approved:</b>	Cross corporate guarantees up to Rs. 3.5 Billion in favor of financial institutions/lenders of Investee company for a tenor of 10 years along with provision of security to the lenders of investee company up to Rs 2.5 Billion for a tenor of 5 years were approved by the members in EOGM held on 12 February 2021.
<b>Amount of investment made to date:</b>	Bank guarantees amounting to Rs. 2.925 Billion and Security in the form of charge over fixed assets amounting to Rs 0.457 Billion have been issued against this approval to date.
<b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>	Not applicable
<b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment:</b>	As per latest available audited financial statements for the year ended 30 June 2022 the basic earnings per share is Rs. 16.16 and breakup value per share is Rs.96.06.