



FFBL
Fauji Fertilizer Bin Qasim Limited

Ref. No. 33.1/Sectt/PSX

Dated: 13 December 2024

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

Subject:- **Certified True Copy of the Order of Honorable Lahore High Court and the Sanctioned Scheme of Arrangement**

This is further to this Sectt letter of even number dated 5 Dec 2024.

1. Please find attached Certified True Copy of the order of Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi and the sanctioned Scheme of Arrangement in respect of merger by way of amalgamation of Fauji Fertilizer Bin Qasim Limited (FFBL) with and into Fauji Fertilizer Company Limited (FFC).

2. You may please inform the TRE Certificate Holders of the exchange accordingly.

For and on behalf of
Fauji Fertilizer Bin Qasim Limited

Brig (Retd) Khurram Shahzada, SI(M)
Company Secretary

Copy to:

- The Securities and Exchange Commission of Pakistan
- The Central Depository Company Limited
- The Share Registrars



BEFORE THE HONOURABLE LAHORE HIGH COURT,
RAWALPINDI BENCH, RAWALPINDI

(Companies Jurisdiction)

C. O. NO. 04/OF2024

In the matter of:
Sections 279 to 283 and 285(8) of the Companies Act, 2017

1. **FAUJI FERTILIZER COMPANY LIMITED**, a public company limited by shares, incorporated under the provisions of the Companies Act, 1913, and existing under the provisions of the Companies Act, 2017, having its Registered Office at 156, The Mall, Rawalpindi, Punjab Through Mr. Raja Jibran Tariq Ali.

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Lahore High Court
Rawalpindi Bench

FAUJI FERTILIZER BIN QASIM LIMITED, a public company limited by shares, incorporated under the provisions of the Companies Ordinance, 1984, and existing under the provisions of the Companies Act, 2017, having its Registered Office at 156-The Mall, Rawalpindi Cantt. Through Mr. Umar Waseem Shehzad.

1. *Securities and Exchange Commission of Pakistan (SECP),*PETITIONERS
CRB, State Life Building, Blue Area, Islamabad.
2. *Competition Commission of Pakistan (CCP) ISE Tower,* Respondents
Blue Area, Islamabad.

PETITION UNDER SECTION 279 READ WITH
SECTIONS 280 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017
AND ALL OTHER ENABLING LAWS
FOR SANCTION OF THE SCHEME OF ARRANGEMENT



Brig Khurram Shahzada, SI(M), (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad

JUDGMENT SHEET
IN THE LAHORE HIGH COURT,
RAWALPINDI BENCH, RAWALPINDI
JUDICIAL DEPARTMENT

Civil Original No.04 of 2024

Fauji Fertilizer Company Limited *V/S* *Security and Exchange Commission*
and Fauji Fertilizer Bin Qasim *of Pakistan and another*
Limited

J U D G M E N T

Date of hearing	18.11.2024
Petitioner(s) by	M/s Barrister Raja Jibran Tariq, Asim Shafi, ASC with Mikael Azmat Rahim, ASC and Furqan Khan, Advocate.
Respondent(s) by	Mr. Shahzad Ali Rana, Special Public Prosecutor on behalf of the SECP with Fatima Shabbir and Hassnain Raza, Advocates. Mr. Gulfraz Arshad, Law Officer on behalf of the CCP. Mr. Muhammad Ahmad, Advocate for United Bank Limited. Mr. Shah Jahan, Law Officer for Meezan Bank Limited. Mr. Rahil Sikandar Khawaja, Advocate for Faysal Bank Limited with Raja Faisal Ghanni, Advocate. Raja Arshad Mahmood, Advocate for Bank of Punjab with Sardar Haseeb Arshad, Abdul Waheed and Muhammad Nasrullah Rehman, Advocates. Mr. Muhammad Asif, Law Officer on behalf of Askari Bank Limited. Mr. Muhammad Tauseef Akhlaq, Law Officer for Bank Al-Habib Limited with Abid Jan, Bank Representative. Mr. Shahzada Moteen Hasan, Manager Legal Affairs on behalf of MCB Bank Limited with Nouman Israr, Bank Representative. Mr. Faheem Farooq, Manager/Representative on behalf of Soneri Bank Limited.

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JAWAD HASSAN, J. The Court by invoking Section 6(11) of the Companies Act, 2017 (the "Act") is going to decide this



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AND EXCHANGE COMMISSION OF PAKISTAN and others
(2022 CLD 604) to give confidence to public and shareholders about the decision by the Board of Directors. This Court also through this merger petition will develop certain legal points in order to promote the companies being merged within time for the business purpose.

2. This petition under Sections 279 to 283 read with Section 285 of the "Act" has been filed by authorized representative of the Petitioners for seeking/obtaining sanction of this Court to a Scheme of Arrangement and for merger between Fauji Fertilizer Company Limited ("*Transferee Company*")/Petitioner No.1 and Fauji Fertilizer Bin Qasim Limited ("*Transferor Company*")/Petitioner No.2 by seeking approval from Securities and Exchange Commission of Pakistan (the "*SECP*") and Competition Commission of Pakistan (the "*CCP*") which is mandatory requirement under the respective laws.

3. Briefly stated, the "*Transferee Company*"/Petitioner No.1 is a subsidiary of the Fauji Foundation which carries on business of manufacturing, producing, buying, selling, importing, exporting of chemical and fertilizers of all kinds alongwith investment in other fertilizers, chemical, cement, energy generation, food processing and banking operations. The "*Transferee Company*" is a public limited company with an authorized share capital of Rs.15,000,000,000/- divided into 1,500,000,000/- ordinary shares of Rs.10/- each which are fully subscribed and paid up. Similarly, the "*Transferor Company*"/Petitioner No.2 is manufacturing, purchasing and marketing of fertilizers. The "*Transferor Company*" is a public limited company with an authorized share capital of Rs.15,000,000,000/- divided into 1,500,000,000 ordinary shares of Rs.10/- each, out of which 1,291,252,857 ordinary shares have been issued and fully paid up.

A. THE SCHEME OF ARRANGEMENT

4. The short and precise facts are that alongwith this petition, the Petitioners have attached the Scheme of Arrangement (the "*Scheme*")


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the "Transferee Company" by transferring to, merging with and vesting in "Transferee Company" the whole of the "Transferor Company", including all assets, liabilities and obligations of the "Transferor Company" against the allotment and issue of the "Transferee Company" shares to the "Transferor Company" based on the swap ratio and dissolving the "Transferor Company" without winding up in accordance with the provisions of the "Scheme".

B. PETITIONERS' SUBMISSIONS

5. Learned counsel for the Petitioners Barrister Raja Jibran Tariq argued that before filing of this petition, all basic requirements mentioned in the "Act" and the Companies (Court) Rules, 1997 (the "Rules") have been fulfilled and that too the Petitioners have obtained NOCs from all the secured creditors and obtained premerger notification under Section 11 of the "Act" from the "CCP". Barrister Raja Jibran Tariq and Mikael Azmat Rahim also stated that the Court has developed sound principles on merger.

C. REPORT OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

6. The Registrar of Companies, Companies Registration Office, Islamabad in response to the main petition filed report and parawise comments on behalf of the "SECP" wherein observation with regard to non-submission of NOCs by the Petitioners their secured creditors have been raised as being still awaited. However, it has been requested that the Petitioners may be directed to solicit no objection certificates (NOC) from their secured creditors to be submitted before the Court for its satisfaction.

D. REPORT OF THE COMPETITION COMMISSION OF PAKISTAN

7. Report on behalf of the "CCP" was submitted on 13.11.2024 wherein it was stated that the "Transferee Company" approached the "CCP" on 29.08.2024 and submitted a pre-merger application and it was intimated by the "CCP" that the intended transaction is exempt

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E. CREDITORS' STANCE

8. Mr. Mikael Azmat Rahim, Advocate argued that the merger petition was drafted as per requirement of the law and it also covered the issuance of NOCs from all the creditors as required under the commercial law i.e. the Securities and Exchange Commission of Pakistan Act, 1997 and the State Bank of Pakistan Act, 1956. He submitted that the issue of the NOC from the creditors has been carefully dealt with by the Petitioners as per the Scheme of Arrangement and also the reports of the Chairmen have been obtained in this regard. He refers to page No.1125 (Annexure-K18, Volume-IV) which shows the list of secure creditors of the Petitioner No.1 alongwith their NOCs, while list of secure creditors of the Petitioner No.2 is available at page No.1143 (Annexure-L, Volume-IV) alongwith their NOCs. He states that since this issue has already been acknowledged by the creditors in writing, there is no need to hold meetings of the creditors. Learned counsels, who are present in the Court today on behalf of different Banks, also submit that they have no objection if this merger petition is allowed.

F. PROCEEDINGS BEFORE THE CHAIRMEN

9. Pursuant to the direction issued by this Court vide order dated 08.10.2024, notices were issued to all the creditors within the parameters of the Article of Association of the Company and the company law. A meeting of the members/ shareholders of the Petitioners was convened on 14.11.2024 by complying with the requirements of Section 134(3) of the Act and other legal/codal requirements and notice of the said meeting, alongwith the Ballot Paper for voting through post and proxy form, were also published by way of public notices in the recognized newspapers. Queries were invited from the members, who also entered into discussion with, and raised questions to the Petitioner No.1's management and ultimately, after a detailed deliberation, being fully addressed and satisfied, a resolution was passed (through postal ballot, e-voting and voting at

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approximately 99.9928% in value of the shares held by the members, present in person or by proxy and voting at the meeting, as well as voting through e-voting and ballot paper by post/e-mail and during the meeting no members verbally raised any objections to the Scheme of Arrangement.

G. PROCEEDINGS OF THE COURT

10. Albeit no time frame is provided for merger in the company laws but this Court has held on different occasions that every authority or forum is bound by time specific legislation and has the mandate to decide the matter pending before it in a timely fashion, specifically the matters arising out of commercial issues. This Court first time in a commercial case reported as M.C.R. (PVT) LTD. FRANCHISEE OF PIZZA HUT versus MULTAN DEVELOPMENT AUTHORITY and others (2021 CLD 639) held that it is the role of the Court to protect the foreign investors, which was subsequently further elaborated in the case of WAOAS AYUB versus ADEEL YAOUB etc. (2024 CLD 990) by holding that it is the duty of the Courts to promote the concept of Alternate Dispute Resolution (the "ADR") by way of developing the confidence of the parties to adopt the "ADR" without lengthy litigation before the Courts, which practice would definitely strengthen the ecosystem of the "ADR" to promote foreign investment in Pakistan. The Courts and the "ADR" have symbiotic relationship with critical interdependence as the Supreme Court of Pakistan in various judgments has emphasized upon strengthening of the "ADR", arbitration and mediation and has settled the principles that there should be minimal interference by the Courts in such process to make way for speedy, amicable, efficacious and expeditious resolution of arbitrable disputes. The Supreme Court of Pakistan has also given view in this regard in the case of TAISEI CORPORATION and another versus A.M. CONSTRUCTION COMPANY (PVT.) LTD. and another (2024 SCMR 640) by holding that "Arbitration thus embodies the principles of autonomy and

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arbitrators and the applicable law, thereby creating a more tailored and potentially equitable outcome. The role of courts in the context of arbitration has therefore evolved with a trend towards minimal interference. More significant is the minimal interference in international commercial arbitration that stands as a cornerstone in the resolution of cross-border commercial disputes, offering a preferred alternative to litigation in national courts for businesses worldwide. One of the foundational aspects of international commercial arbitration is its emphasis on neutrality, expeditiousness, efficiency and the ability to provide solutions tailored to the needs of international business transactions. International commercial arbitration plays a crucial role in resolving disputes arising from cross-border trade and commerce, expeditiously and efficiently. The global view on international commercial arbitration is therefore overwhelmingly positive, with businesses and legal professionals alike recognizing its benefits over traditional litigation". Moreover, this Court has also elaborated the provisions of the company law by making it clear that according of Section 6(11) of the Companies Act, 2017 every petition presented to a Company Judge is to be decided within one hundred and twenty days from the date of its presentation and under the provisions of Sub-Section (7) of this section, the Company Judge can fix a date and allocate time for hearing of the case in light of the judgment reported as Lt. General (Retd.) Mahmud Ahmad Akhtar and another versus M/s Allied Developers (Private) Limited and others (2022 CLD 718). For reference Section 6(11) of the Act is reproduced hereunder:

"6. Procedure of the Court and appeal.—(1)---

- (2) -----
- (3) -----
- (4) -----
- (5) -----
- (6) -----
- (7) -----



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(8) _____
 (9) _____
 (10) _____

(11) The petition presented before the Court shall be decided within a period of one hundred and twenty days from the date of presentation of the case and for this purpose the Court may, if it is in the interest of justice, conduct the proceedings on a day to day basis and if the Court deems fit it may impose costs which may extend to one hundred thousand rupees per day or such higher amount as the Court may determine against any party to the proceeding causing the delay."

The above-mentioned provision of law clearly demonstrates that a company petition whether merger petition or any other petition filed before the Company Judge has to be decided within 120 days from the date of its presentation before the Company Judge. Therefore, in the interest of justice, day to day proceedings should be conducted in all company matters. If Section 6(11) is read with the "Preamble" of the Act, it would clear that the Act has been introduced by the legislature with intent to protect the interests of shareholders, creditors, stakeholders and general public by inculcating the principles of good governance and safeguarding minority interests in corporate entities and providing an alternate mechanism for expeditious resolution of corporate disputes as well as the matters connected thereto. Previously, in the (repealed) Companies Ordinance, 1984 no time frame was given for adjudication of company matters.

11. For the foregoing reasons, to improve the corporate sector and protect the interest of shareholders, creditors as well as general public with the principles of good governance, this Court decides this merger petition today within five (05) weeks on the second date of hearing keeping in view the provisions contained in Section 6 of the Act coupled with the fact that the foundation of rule of law is the access to justice and the dispensation of justice in a timely fashion as is the mandate of Article 37(d) of the Constitution, which provides in unequivocal terms that all the governmental authorities are liable to provide inexpensive and expeditious justice to the people of this

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PTD 2126) by holding as under:

“...considering the nature and signification of a particular subject-matter which requires swift and speedy resolution of disputes by the judicial forums, the legislature has always incorporated a time-bound mechanism not only for preferring a dispute or appeal to the judicial forum or Appellate Tribunal, as the case may be, but also specifically prescribe and lays down a definite time limit to give decision thereon to meet the ends of expeditious justice, which is a command of Constitution under Article 37(d) wherein the State is duty bound to ensure inexpensive and expeditious justice to the citizens.”

12. This Court vide order dated 08.10.2024 issued notices in national newspapers namely “The Dawn” and “Nawa-i-Waqt” for the purpose of informing general public about the “Scheme” proposing merger of the Petitioners and inviting objections to the “Scheme” from members and creditors of the “Petitioners” as well as from any person having interest in the affairs of the Petitioners. In addition, notices were also directed to be issued to the “SECP”, the “CCP” and to the creditors of the Petitioners’ companies as per list of creditors attached with the petition. The Chairman of the “SECP” immediately sent notice to hold meeting for 14.10.2024 as per statutory requirement given under the law and subsequently, the said meeting was held, hence, today, this Court allows the merger based on the principle already settled in the case of FAUJI CEMENT COMPANY AND ASKARI CEMENT COMPANY versus SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN and others (2022 CLD 604). On an application (i.e. C.M.No.02/2024) filed alongwith the merger petition, the Court appointed Chairmen to convene meetings amongst the members/shareholders of the Petitioner No.1 and the Petitioner No.2, besides publication of proclamation in

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the newspaper "Nawa-i-Waqt" and issuing notices to the "SECP" and the "CCP". Pursuant to the notice issued by this Court, both the "CCP" and the "SECP" have submitted their respective report/para-wise comments by making certain submissions therein. Separate reports have also been filed by the Chairmen on behalf of the Petitioner No.1 and the Petitioner No.2.

13. The merger contemplated under the "Scheme" would have significant benefits for the Petitioners' companies and their respective stakeholders, which are stipulated in the "Scheme". Pursuant to report dated 11.11.2024 submitted by the Chairman alongwith the resolutions passed in the meetings under Section 279(2) of the "Act", the nucleus of the resolution is reproduced as under:-

"RESOLVED THAT the Scheme of Arrangements dated September 26, 2024, for, inter alia, the merger, by way of amalgamation, of the entire undertaking of Fauji Fertilizer Bin Qasim Limited with and into Fauji Fertilizer Company Limited, along with all ancillary and incidental matters thereto, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications/amendments required, or conditions imposed by Honourable Lahore High Court, Rawalpindi Bench, subject to sanction by the Honourable Lahore High Court, Rawalpindi Bench, in terms of the provisions of the Companies Act, 2017".

14. In pursuance of the order of this Court dated 08.10.2024, the meeting of members of the Petitioner No.1 and the Petitioner No.2 was convened on 04.11.2024 and so also of the secured creditors of the Petitioners and not a single shareholder or secured creditor of any of the Petitioner objected to the "Scheme". The copies of the dispatched notices and names of the shareholders as well as the notices published in the newspapers are mentioned in and attached to the Chairpersons' report. The attendance sheet of shareholders of the Petitioners have also been placed on record which shows the participation and voting of 100% shareholders of the Petitioners.

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15. So far as the observation of SECP with regard to soliciting NOCs from the secured creditors is concerned, it is observed that this observation stands cured as all the secured creditors of the "Transferee Company" have given their NOCs to the mentioned Scheme which are available at Page Nos.1126 to 1143 (Annex-K1 to K-17, Volume-IV) while secured creditors of the "Transferor Company" submitted their NOCs which are available at Page Nos.1144 to 1165 (Annex-L1 to L21). Furthermore, learned counsels, who are present in the Court today on behalf of the Banks, also submitted that they have no objection if this merger petition is allowed. It has been held in "DEWAN SALMAN FIBER Versus DHAN FIBERS LIMITED" (PLD 2001 Lahore 230) that *where required majority of the members of both of the company has approved the resolution of merger of both the companies the sanction for merger could not be withheld unless it was shown that same was unfair, unreasonable or against the national interest*. It was further observed that *the shareholders were best judges of their interest and were better informed with the market trends than the Court, which was least equipped in evaluating such trends*.

H. SANCTION OF THE SCHEME

16. In the present case, all the shareholders of the Petitioners have unanimously approved the scheme of merger. Since the scheme of merger has been approved unanimously, there is no reason to interfere with their business decision. Reliance is placed in the matter of International Complex Projects Limited and another (2017 CLD 1468) wherein the Court has held that *where a scheme of arrangement was found to be reasonable and fair, at such juncture, it was not duty or province of the Court to supplement or substitute its judgment against collective wisdom and intellect of all shareholders of the company involved*.

17. The Court cannot, therefore, undertake the exercise of scrutinizing the Scheme placed for its sanction with a view to finding out whether a better scheme could have been adopted by the parties. So far as the exchange ratio of equity shareholders and the transferee-company is concerned, the Court held that the valuation of shares is a

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(2015 CLD 2010), where the Court has held that "*businessmen-had to take decision considering all the pros and cons of demerger and merger of companies. While taking such decision there would be chances of success and failure but while questioning such decision the bona fides was the real test. Businessmen could take decision foreseeing the future aspect. The Court could only see that all the legal formalities had been fulfilled and scheme was neither unjust nor unfair or against the national interest but could not challenge the wisdom of a decision of businessmen*".

18. Being a sanctioning Court, the Court has noticed that all indispensable statutory benchmarks, requirements and formalities have been accomplished and adhered to by the Petitioners as envisioned under the relevant provisions of the law, including the holding/convening of the requisite meetings as contemplated under the relevant provisions, and the resolutions passed by the members have already been highlighted. The scheme set up for sanction has been reinforced and fortified by the requisite majority which decision seems to be just and fair. The report/minutes of meetings unequivocally convey that all essential and fundamental characteristics and attributes of the Scheme were placed before the voters at the concerned meetings to live up to statutory obligations. The proposed scheme is not found to be violative of any provision of law and/or contrary to public policy but as a whole looks like evenhanded and serviceable from the point of view of a prudent man of business taking a commercial decision beneficial to the class represented by him for whom the Scheme is meant. As explained in the above case precedents, once the requirements of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval of the Scheme. There does not remain any objection to the scheme of arrangement and no mistake,

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above, in "ROOMI FOODS PVT LTD Versus JOINT REGISTRAR OF COMPANIES" (2020 CLD 900), "MS FAZAL CLOTH MILLS Ltd Versus MS FAZAL WEAVING MILLS Ltd" (2021 CLD 182), "PRESSON DESCON INTERNATIONAL PVT LIMITED etc. Versus JOINT REGISTRAR OF COMPANIES" (2020 CLD 1128 = PLD 2020 Lahore 869) and "DILSONs (Private) Limited and others Versus Security & Exchange Commission of Pakistan and another" (2021 CLD 1317 Lahore) by holding that where a scheme of arrangement is found to be reasonable and fair, it is not duty or province of the Court to supplement or substitute its judgment against collective wisdom and intellect of all shareholders of the company involved. Reliance is also placed in the matter of NADEEM POWER GENERATION (PVT.) LTD. and another (2023 CLD 652) whereby the Court held that "it appears that the petitioners completed all necessary legal formalities, including holding separate meetings of shareholders and board of directors, requisite publication and issuance of notices to the Securities and Exchange Commission of Pakistan. In terms of such meetings of the board of directors and shareholders to the extent it is applicable and report pertaining to such meetings are available on record and not a single shareholder of any of the two petitioners objected to the scheme. Copy of letter of Pakistan Stock Exchange to such merger and that of swap ratio calculation issued by the Chartered Accountants are available on record. The publication of the instant petition was effected in Daily 'Dunya and 'Business Recorder' of Lahore, Karachi and Islamabad in their issue of 03.01.2022 and was also gazetted. It is settled principle of law that the approach is channelized to ascertain (i) whether the statutory requirements were complied with and (ii) to determine whether the scheme as a whole has been arrived at by the majority, bona fide and the interest of whole body of shareholders in whose interest the majority purported to act and (iii) whether scheme is such that fair and reasonable shareholder will consider it to be for the

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Moreover, in the matter of CHANCELLOR MASTERS AND SCHOLARS OF THE UNIVERSITY OF OXFORD AND OXFORD UNIVERSITY PRESS PAKISTAN (SMC-PRIVATE) LIMITED (2023 CLD 1111), the Court held that "the "reasons" for this transfer and benefits have never been considered for a judicial review as it is their wisdom, which cannot be challenged. Only thing which is important for the court to see is whether this merger is lawful and has undergone the requirement of law. The Scheme of Arrangement under consideration as such stands approved as has been done by the petitioners and the creditors, which seems to be fair and reasonable and is not found against public or any individual's interest. All financial and other related information including last audited accounts and unaudited accounts of the petitioners have been disclosed and no investigation proceedings claimed to have been pending before any forum including SECP". Likewise, in the matter of SPI INSURANCE COMPANY LIMITED AND THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED (2023 CLD 1088), the Court held that "it is settled principle of law that the approach is channelized to ascertain (i) whether the statutory requirements were complied with and (ii) to determine whether the scheme as a whole has been arrived at by the majority, bona fide and the interest of whole body of shareholders in whose interest the majority purported to act and (iii) consider it to be for the benefit of the company for himself. In the instant case no objection of whatsoever from any quarter has come forward while all the requisite formalities have been fulfilled hence no exception could be taken. To understand the concept of question, it is rather to be seen from the perception that a wise group of businessmen has taken a decision considering all its pros and cons. While taking such decision there are chances of success and failure but then while questioning such decision the bona fide is the real litmus test. A businessman takes decision foreseeing the future aspect. The Court could only see that

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the wisdom of a decision of businessman as by doing that ~~the~~ Court would be overriding the wisdom of a businessman and their prerogative. Even otherwise the report of Chartered Accountants is also very material who were engaged for calculating the swap ratio in respect of envisaged scheme of Merger”.

19. By examining Sections 279 to 283 of the “Act”, it has established like mid-day-sun that all legal/statutory requirements qua holding of meetings by the Chairmen, requisite publication, issuance of notices to the “SECP” and “CCP”, filing of NOCs of all secured creditors, interest of whole body of shareholders and approval of the “Scheme” by majority of shareholders which ultimately will prove to be beneficial for the shareholders and the companies itself, and the dictums laid down in aforesaid judgments, there remains no impediment to grant sanction of the Scheme of Arrangement of the Petitioners. Accordingly, this petition is allowed and the Scheme attached at Annex-G is hereby sanctioned and approved in terms thereof.



(JAWAD HASSAN)
JUDGE

APPROVED FOR REPORTING



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Company Secretary
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FFBL Tower, DHA-II, Islamabad

SCHEME OF ARRANGEMENT

**UNDER SECTIONS 279 TO 283 AND 285(8) OF
THE COMPANIES ACT, 2017**

INVOLVING

**FAUJI FERTILIZER COMPANY LIMITED
AND ITS MEMBERS**

AND

**FAUJI FERTILIZER BIN QASIM LIMITED
AND ITS MEMBERS**

FOR

The merger / amalgamation of the entire undertaking of Fauji Fertilizer Bin Qasim Limited with and into Fauji Fertilizer Company Limited, along with all ancillary matters.



**Brig Khurram Shahzada, SI(M), (Retd.)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad**

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017

BETWEEN

FAUJI FERTILIZER COMPANY LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at 156, The Mall, Rawalpindi, Punjab, Pakistan (hereinafter referred to as "FFCL", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

FAUJI FERTILIZER BIN QASIM LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at 156, The Mall, Rawalpindi, Punjab, Pakistan (hereinafter referred to as "FFBL", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

THEIR RESPECTIVE MEMBERS.

RECITALS

WHEREAS by this Scheme of Arrangement ("Scheme"), it is, *inter alia*, proposed that:

1. The entire undertaking, comprising all the Assets, Liabilities and Obligations of FFBL shall, as at the Effective Date, stand merged with, transferred to, vested in, and be assumed by FFCL.
2. As consideration for the above, it is proposed that FFCL Shares shall be issued to the FFBL Shareholders in accordance with this Scheme.
3. Upon the merger and transfer of FFBL in the manner prescribed under this Scheme, FFBL shall be dissolved without winding up, and shall stand de-listed from the PSX.
4. This Scheme, if approved through a resolution by the requisite majority of the respective members of FFCL and FFBL, along with the requisite majority of creditors (as may be applicable), and sanctioned by the Court by an order passed in this respect, is to be binding on FFCL and FFBL along with all the members, creditors, employees, Customers, contracting parties, government, tax and regulatory / statutory authorities, bodies and departments of or with respect to FFCL and FFBL (as applicable) respectively.


Brig Khurram Shahzada, SI(M). (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad

BENEFITS OF THIS SCHEME

A. Arrangements Between FFCL, FFBL and their Respective Members

The Amalgamation shall allow FFCL and FFBL to effectuate the arrangement envisaged by the parties, including the companies and their respective members, through the provisions of sections 279 to 283 and 285(8) of the Act, in a seamless and tax efficient manner.

B. Larger Asset Base

The Amalgamation would lead to an increase in the asset base and the size of the surviving entity i.e. FFCL. This would in turn allow the surviving / merged entity access to a combined pool of assets which are likely to provide better investment opportunities. The larger size of the equity and asset base would provide greater comfort to existing and potential creditors of the surviving / merged entity. Moreover, access to a combined pool of resources is likely to improve growth prospects and the ability to undertake more efficient allocation of capital through larger assignments / projects.

C. Synergies

The Amalgamation would provide an opportunity to operate the business / operations of FFCL and FFBL through a consolidated operations department, as well as a single finance and administration department, which is expected to result in the following potential synergies:

- (i) **Operational synergies**, including economies of scale through, *inter alia*, optimized production planning with respect to the combined business of FFCL and FFBL (having the same nature of business);
- (ii) **Technical synergies**, including technological advancements and process improvements from knowledge sharing, greater research and development activities for product development and cost reduction, improving efficiencies through resource optimization, obtaining the benefit of an enhanced engineering pool resulting in a reduction in engineering costs, collective centralized performance monitoring of plants, and sharing of technical and other data for improvement of business and execution capabilities;
- (iii) **Supply chain synergies**, including procurement consolidation, inventory management, shared utilization of facilities and available assets, and an overall ability to efficiently and effectively manage the combined urea / fertilizer business of the companies; and
- (iv) **Industrial relations synergies**, including workforce optimization through improved resource allocation and skill optimization, as well as employee development involving shared training and development programs to enhance employee capabilities.

D. Increase in Risk Absorption Capacity

The larger size of FFCL (as the merged / amalgamated entity) would increase its risk absorption capacity, thus enhancing the capacity to manage any potential risks arising out of adverse and / or uncertain operating environment. In the long run, this factor would provide greater stability as well as sustainability in the business and operations for FFCL.

E. Larger Product Portfolio

The Amalgamation would result in FFCL (as the surviving entity) to have a greater product range / portfolio and potentially better profitability. Furthermore, the larger merged entity would be in a position to explore additional value added product / services streams, including providing greater agronomic support, which would be beneficial for the farming communities and for Pakistan.

F. Reduction in Administrative Costs

The Amalgamation would enable the merged entity i.e. FFCL to carry out its business through single operations, accounts, treasury, human resources and management information system department, under one management, as well as sharing of office space, thus resulting in considerable cost savings and economies of scales, as well as better and more efficient coordination and use of resources.

G. Single Corporate and Tax Reporting

The Amalgamation will make single corporate and tax reporting possible for the merged entity. The same will entail elimination of maintenance of separate records for business operations, selling, purchasing, marketing, legal, administrative, and secretarial and other records under the various laws resulting in duplication of work and higher costs.

H. Leveraging Against the Assets of FFBL

The Amalgamation will allow FFCL to acquire the benefit of the Assets of FFBL without having to pay cash consideration in respect of such Assets, and leverage the same for raising further capital (potentially at lower cost) for growing the business and enhancing shareholder value.

I. Tax Efficiencies and Optimised Legal Structure

The Amalgamation would lead to a more streamlined and tax-efficient organizational structure, by reducing the number of legal entities in the structure, having similar business lines and governance. Furthermore, the same would lead to a significant reduction in the multiplicity of legal and regulatory compliances required to be carried out which are likely to allow for further cost-savings.

J. Cost Savings and Rationalization

The Amalgamation would enable the companies and their respective members to rationalize and save costs under the applicable laws while effectuating the envisaged arrangement.

K. Benefits to Shareholders

The Amalgamation is likely to (in the context of the benefits set out above in paragraphs (A) to (J)) enhance shareholder value as well as future returns for all shareholders of FFCL (including the shareholders of FFBL upon their becoming shareholders of FFCL upon the effectuation of the Amalgamation). The merged entity will have larger market capitalization and improved market position with the potential for better performance, both in terms of the ability to deploy capital more effectively and manage its resources and operations more efficiently. The merged / surviving entity will allow for more liquidity of shares, allowing shareholders (especially



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minority shareholders) to trade in their shares with more ease. Additionally, a robust company may attract more investors, further improving shareholder returns and shareholder value.



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NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1. In this Scheme, including in the recitals and benefits above, unless the subject or context otherwise requires, the following expression shall bear the meanings specified against them below:

“Act” means the Companies Act, 2017;

“Amalgamation” shall have the same meaning as prescribed thereto in Article 2.1;

“Annexure A” is the annexure attached hereto which lists the current members of the Board of Directors of FFCL;

“Annexure B” is the annexure attached hereto which lists the current members of the Board of Directors of FFBL;

“Annexure C” is the annexure attached hereto which lists the owned immovable properties comprising the Assets of FFBL;

“Annexure D” is the annexure attached hereto containing the Swap Letter;

“Assets” mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, interests, powers, rights, authorities, privileges, Contracts, Government consents, Government subsidies, tax refunds / credits, tax protections, remissions and exemptions (including holding period of such assets and liabilities along with all the rights attached and accrued thereto including, but not limited to, equity-based tax credits for unexpired period), sanctions and authorizations, including all registrations, licences, Claims, no objection certificates / letters, permits, categories, exemptions, quotas, entitlements, sanctions, empowerments, dispensations, charters, immunities, grants, prerogatives, permissions and benefits relating to the business / company, all trademarks, patents, copyrights, intellectual property rights (whether registered or not), licences, liberties, secret processes, know-how, good-will, data and confidential information belonging / pertaining to a company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the term ‘Assets’ shall include: (i) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a company, as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights, titles, interests and easements associated therewith); (ii) all inventory, stock-in trade, raw materials, ingredients, packaging, consignments from shipments, consumable stores, plant, machinery, equipment, furniture and fixtures, work-in-progress, computer hardware and software, software applications and licences, motor vehicles, office and laboratory equipment and supplies, appliances and accessories, spare parts and tools; (iii) all Claims, choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, goodwill, revaluation surplus, reserve funds, revenue balances, investments (together with control in subsidiary and associated companies), other



investments, interest / profit / dividends accrued on investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of a company, whether legal or beneficial, whether within or out of Pakistan; (iv) all books of accounts, registers, records, information, data, documents of title, reports, policies, surveys, research, advertising or other promotional material, and all other documents of whatever nature relating thereto, in every form; (v) all benefits and rights under Contracts, including rights under or relating to Contracts; (vi) all the utilities connections, equipment, installations and facilities for telecommunications, electricity, gas, water, sewerage and other installations, owned by, leased or licensed to a company (including related deposits); (vii) the Contingent Claims, tax credits / carry forward losses and proceeds realized from the Liquidation of the Contingent Claims; (viii) unadjusted tax receivables / losses and tax refunds; (ix) sales tax carry forward balance and sales tax refunds; (x) fertilizer subsidy receivable claims; and (xi) registrations and licenses with / from any and all regulatory authorities and bodies, Federal Board of Revenue, Provincial Boards of Revenue, including in respect of income tax, sales tax, excise duty and otherwise;

"CDC" means the Central Depository Company of Pakistan Limited;

"CDS" means the Central Depository System (an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC);

"Claim" means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

"Completion Date" has the same meaning as prescribed thereto in Article 3.1;

"Contingent Claim(s)" means any potential Claim that a company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

"Contracts" means any contracts, agreements, deeds, instruments, insurance policies, letters or undertakings of every description, creating any obligations enforceable against the parties thereto, including any finance agreements;

"Court" means the Lahore High Court, Rawalpindi Bench, or any other Court / authority for the time being having jurisdiction under the Act in connection with the arrangements under this Scheme (including the Amalgamation);

"Customer" means any person having entered into a transaction, arrangement or other dealing with a company;

"Effective Date" shall have the same meaning as prescribed thereto in Article 3.1;

"existing" means existing, outstanding or in force immediately prior to the Effective Date (unless stated otherwise);

"FFBL" shall have the meaning as prescribed in the Preamble above;



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"FFBL Shareholders" means the members of FFBL, other than FFCL (including its nominees, if any), as determined on the Record Date, to whom FFCL Shares shall be issued in accordance with the provisions of this Scheme;

"FFCL" shall have the meaning as prescribed in the Preamble above;

"FFCL Shares" means the ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, in the share capital of FFCL;

"Liabilities and Obligations" includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract or otherwise whatsoever, and all Securities, and the terms **"Liabilities"** and **"Obligations"** are used interchangeably and / or in conjunction with each other;

"Liquidation" means the release, compromise, satisfaction, settlement or reduction to judgment of any Claim by a competent court of law;

"PSX" means the Pakistan Stock Exchange Limited;

"Record Date" the date to be fixed by the directors of FFBL, after the Completion Date, to determine the identities and entitlements of the FFBL Shareholders;

"Scheme" means this Scheme of Arrangement, in its present form with any modifications thereof or additions thereto, approved or with any conditions imposed by the Court;

"Security" or **"Securities"** means interest, right or title in and to any and all mortgages, encumbrances or charges (whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any Liabilities and Obligations;

"Swap Letter" means the letter dated September 20, 2024, issued by KPMG Taseer Hadi & Co., to the respective Board of Directors of FFCL and FFBL, attached hereto as Annexure D, pertaining to the Amalgamation, and detailing, *inter alia*, the valuations of FFCL and FFBL, along with the basis and calculation of the Swap Ratio; and

"Swap Ratio" shall have the same meaning as prescribed thereto in Article 9.1.

1.2. In this Scheme, unless specified otherwise:

- (i) the headings in this Scheme are for convenience only and shall not affect the construction or interpretation thereof;
- (ii) a reference to any legislation or legislative provision includes any statutory modification of, or re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision;
- (iii) a reference to any agreement or document is to that agreement or document and, where applicable, any of its provisions, as amended, novated, restated or replaced from time to time;



- (iv) a reference to an Article or Annexure is to an article or annexure of or to this Scheme;
- (v) words denoting the singular shall include the plural and vice versa;
- (vi) a reference to a person includes a company, firm, trust, authority or government and vice versa;
- (vii) a reference to any person includes that person's executors, administrators, successors, legal heirs, and permitted assigns;
- (viii) "including" and "include" shall be deemed to mean "including, without limitation" and "include, without limitation"; and
- (ix) the word "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Scheme refer to this Scheme as a whole and not to any particular provision thereof..

ARTICLE 2

OBJECTS OF THE SCHEME

- 2.1. The principal object of this Scheme is to amalgamate the entire undertaking of FFBL with and into FFCL, by transferring to, merging with and vesting in FFCL the whole of FFBL, as a going concern, including all the Assets, Liabilities and Obligations of FFBL, as of the Effective Date (the "Amalgamation"), against the allotment and issue of FFCL Shares to the FFBL Shareholders based on the Swap Ratio, and dissolving FFBL without winding up in accordance with the provisions of this Scheme.
- 2.2. It is hereby clarified that although all of the above steps (unless otherwise detailed in this Scheme) will take place on the same date, the same shall be deemed to be effective as of the Effective Date.

ARTICLE 3

EFFECTIVE DATE

- 3.1. This Scheme shall become operative and bind FFCL and FFBL as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and making the necessary provisions under Section 282 of the Act (hereinafter referred to as the "Completion Date"). When this Scheme becomes operative on the Completion Date, the Amalgamation (along with other matters), in accordance with this Scheme, will be treated as having effect from the start of business at 00:00 hours on July 1, 2024, or such other date as may be stated by the Court (hereinafter referred to as the "Effective Date"). Each company shall file a certified copy of the order passed by the Court with the Registrar of Companies in accordance with Section 279 of the Act.
- 3.2. Accordingly, as of the Effective Date and thereafter, until the undertaking of FFBL is actually transferred to and vested in FFCL in terms of this Scheme, the business of FFBL will be deemed to have been carried for and on account and for the benefit of FFCL, and all income, profits,

gains and losses accruing or arising to, or incurred by, FFBL (including any taxes paid or deducted or withheld) from the Effective Date shall be treated as the income, profits, gains or losses (including any taxes paid or deducted or withheld), as the case may be, of FFCL. Subsequent to the Completion Date, and as consequence of the Amalgamation, the financial statements of FFCL will be prepared in accordance with the applicable laws, including the Act (and other regulations and notifications), and the relevant accounting and reporting standards applicable in Pakistan.

- 3.3. Notwithstanding the provisions of Article 3.2, during the period from the Effective Date up to the Completion Date, each of FFBL and FFCL shall continue to operate independently in the ordinary course and as per past practice, and further be entitled (without being obliged) to declare and distribute dividends from the profits earned during this period to its respective shareholders as determined by its respective Board of Directors in the ordinary course.

ARTICLE 4

CAPITAL

- 4.1. The authorized share capital of FFCL is PKR 15,000,000,000/- (Pak Rupees Fifteen Billion), divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 1,272,238,247 (One Billion Two Hundred Seventy Two Million Two Hundred Thirty Eight Thousand Two Hundred Forty Seven) ordinary shares have been issued, fully subscribed to and paid up.
- 4.2. The authorized share capital of FFBL is PKR 15,000,000,000/- (Pak Rupees Fifteen Billion), divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of PKR 10/- (Pak Rupees 10) each, out of which 1,291,252,857 (One Billion Two Hundred Ninety One Million Two Hundred Fifty Two Thousand Eight Hundred Fifty Seven) ordinary shares have been issued, fully subscribed to and paid up.
- 4.3. Upon the sanction of this Scheme, the authorized share capital of FFBL shall be merged and combined with the authorized share capital of FFCL. Resultantly, as a consequence of the above, the authorized share capital of FFCL shall thus stand enhanced to PKR 30,000,000,000/- (Pak Rupees Thirty Billion), divided into 3,000,000,000 (Three Billion) ordinary shares of PKR 10/- (Pak Rupees Ten) each, and accordingly the Memorandum and Articles of Association of FFCL shall stand amended (to the extent required). Approval of the members of FFCL to this Scheme shall also include and constitute an approval, by way of special resolution, from the members of FFCL to the alteration of the Memorandum and Articles of Association of FFCL for the increase of the authorized share capital of FFCL to PKR 30,000,000,000/- (Pak Rupees Thirty Billion), as required in terms of the Act.

ARTICLE 5

BOARD OF DIRECTORS

- 5.1. The present directors of FFCL are listed in Annexure A.
- 5.2. The present directors of FFBL are listed in Annexure B.



- 5.3. The directors of FFCL are expected to continue as the directors after the Amalgamation / Completion Date, subject to compliance with the applicable laws and / or their ceasing to be directors in the meantime due to any reason(s) and appointments being made to the vacancies thus created (or already existing) and / or fresh elections being held prior to the Completion Date in compliance with applicable laws.
- 5.4. The directors of FFBL (comprising the Board of Directors of FFBL at the relevant time) shall cease to hold office as directors without any rights to any compensation for loss of office upon the dissolution of FFBL in accordance with the provisions of this Scheme.
- 5.5. All the directors of FFCL and FFBL have interest in the Amalgamation to the extent of their respective directorships and shareholdings in the said companies (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of each of FFCL and FFBL.

ARTICLE 6

AMALGAMATION

6.1. General Description

- (i) As of the Effective Date, FFBL, as a going concern (without discontinuation) for the purpose of all laws, shall be amalgamated with and vest in FFCL upon the terms and conditions set forth in this Scheme without any further act, deed, matter or thing, process or procedure.
- (ii) FFCL shall be able to carry out all the business of FFBL and shall be entitled to all the rights and the benefits thereof.
- (iii) As consideration of the Amalgamation, FFCL shall allot and issue FFCL Shares to the FFBL Shareholders, while all the shares of FFBL shall stand cancelled, in each case in accordance with Article 9.
- (iv) FFBL shall be dissolved, without winding up, from the date on which all the FFCL Shares to be allotted by FFCL to the FFBL Shareholders, as prescribed in Article 9, have been so allotted, or on such later date as the Court may prescribe. Consequently, FFBL shall stand de-listed from the PSX.

6.2. Transfer of the Assets

- (i) As of the Effective Date, all the Assets of FFBL (including, but not limited to, the owned immovable properties of FFBL stipulated in Annexure C (subject to disposal of the same between the Effective Date and Completion Date)) shall immediately, without any conveyance or transfer, and without any further act or deed, or payment of any duties or other amounts, be vested in and become the undertaking and Assets of FFCL, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by FFBL prior to the Amalgamation.
- (ii) The vesting / transfer of the Assets shall be subject to all Securities subsisting thereon (if any), including in the manner stipulated in this Scheme.

- (iii) The vesting / transfer of the Assets of FFBL to FFCL, pursuant to the Amalgamation, shall be effectuated notwithstanding that the same may be in blocked accounts, or pledged by FFBL, or in freeze status (including maintained with the CDC in such form). Where required or applicable, the status of the same shall continue in such manner (under the ownership and title of FFCL) once transferred to the relevant account(s) / sub-account(s) of FFCL.
- (iv) All licences, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, registrations, empowerments, dispensations, charters, immunities, grants, exceptions, entitlements etc. in relation to the business or undertaking of FFBL (including rights and control over subsidiaries and associated companies with respect to investments of FFBL), the benefit of which FFBL may be eligible and which are subsisting or having effect immediately prior to the Effective Date, shall, from the Effective Date, stand vested in and transferred to FFCL without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of FFCL.

6.3. Transfer of Liabilities and Obligations

As of the Effective Date, all the Liabilities and Obligations of FFBL, including towards the creditors of FFBL, shall immediately, and without any further act or deed, be assumed by and become the Liabilities and Obligations of FFCL, which shall pay, undertake, satisfy, discharge and perform, when due, all such Liabilities and Obligations.

6.4. FFCL's Right to Execute Deeds

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and / or assumption of Liabilities and Obligations of FFBL may, if required at any time, be executed by officers of FFCL authorized in this regard.

6.5. References to Assets and Liabilities and Obligations

Any reference in this Scheme to Assets or Liabilities and Obligations of FFBL is a reference to Assets or Liabilities and Obligations to which FFBL is for the time being entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Effective Date, wherever such Assets or Obligations and Liabilities are situated or arise and whether or not the same are capable of being transferred or assigned to or by FFBL under any applicable law or instrument.

6.6. Assets held in Trust, etc.

Any Asset comprised or vested in FFBL, which immediately before the Effective Date was held by FFBL as trustee or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, as of the Effective Date, be held by FFCL in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

6.7. Contracts

Every Contract to which FFBL is a party shall have effect as of the Effective Date as if:



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- (i) FFCL had been a party thereto instead of FFBL; and
- (ii) Any reference (however worded and whether express or implied) to FFBL therein shall stand substituted, as respects anything to be done as of the Effective Date, to a reference to FFCL.

6.8. Bank Accounts

Any and all account(s) maintained by FFBL with any bank or financial institution shall, as of the Effective Date, become account(s) between FFCL and such bank or financial institution, subject to the same conditions and incidents as therefore; provided that nothing herein shall affect any right of FFCL to vary the conditions or incidents subject to which any account is kept.

6.9. Instructions

Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to FFBL in writing shall have effect, as of the Effective Date, as if given to FFCL.

6.10. Negotiable Instruments

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by FFBL, or payable at any place of business of FFBL, whether so drawn, given, accepted or endorsed before, as of the Effective Date, shall have the same effect as of the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by FFCL, or were payable at the same place of business of FFCL.

6.11. Custody of Documents

The custody of any document, record or goods held by FFBL as bailee and duly recorded in their books that pass to FFBL under any Contract of bailment relating to any such document, record or goods shall on that day become rights and obligations of FFCL.

6.12. Securities:

- (i) Any Security held immediately before the Effective Date by FFBL or by a nominee or agent of or trustee for FFBL, as security for the payment or discharge of any liability and obligation of a Customer shall, as of the Effective Date, be held by, or, as the case may require, by that nominee, agent or trustee for FFCL and be available to FFCL (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability and obligation.
- (ii) In relation to any Security vested in FFCL, pursuant to and / or in accordance with the provisions of this Scheme, and any liabilities and obligations thereby secured, FFCL shall be entitled to the rights and priorities to which FFBL would have been entitled if they had continued to hold the Security.
- (iii) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, as of the Effective Date, be available to FFCL.

(whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances or liabilities to FFBL or, as the case may be, FFCL, were secured thereby immediately before that time.

- (iv) All Securities of any nature (whether legal or equitable) granted / created by FFBL in favour of its secured creditors, if any, and unless the same have been vacated prior to the Completion Date, will continue to remain operative and effective as Securities in the manner detailed below. In this respect, upon the Amalgamation:
- (a) the *pari passu* Security holders of FFBL, having Securities over the present and future Assets (excluding land and building), or any part or class thereof, of FFBL, shall rank *pari passu* with the *pari passu* Security holders of FFCL, having Securities over the same (class of) combined present and future Assets (excluding land and building) of FFCL;
 - (b) the ranking Security holders of FFBL, having ranking charges / Securities over the present and future Assets (excluding land and building), or any part or class thereof, of FFBL, shall continue to be treated as ranking charges / Securities over the combined Assets (or same class thereof) of FFCL. The ranking of such charges / Securities, along with the ranking of Securities created by FFCL in favour of its creditors, shall be organized and determined based on the date on which the same were registered with the Securities and Exchange Commission of Pakistan, irrespective of which company had created the same;
 - (c) any first exclusive charge or Security interest granted to a creditor of FFBL, by FFBL, over specific assets of FFBL, will continue to remain and retain its priority over such specific Assets (which stand merged with and into FFCL upon the Amalgamation), notwithstanding the time of creation and registration of any other charge / Security;
 - (d) any mortgage over an immovable property of FFBL, granted in favour of a creditor of FFBL, shall continue to remain as is (i.e. over such immovable property which stands transferred to and vested in FFCL upon the Amalgamation); and
 - (e) any mortgage over an immovable property of FFCL, granted in favour of a creditor of FFCL, shall continue to remain as is.

6.13. Legal Proceedings

Where by virtue of this Scheme any right, Claim or Liability of FFBL becomes a right, Claim or Liability of FFCL as of the Effective Date, FFCL shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of FFCL, and any legal proceedings or application to any authority existing or pending immediately before the Effective Date by or against FFBL may be continued by or against FFCL.



6.14. Judgments

Any judgment or award obtained by or against FFBL, and not fully satisfied before the Effective Date shall at that time, to the extent to which it is enforceable by or against FFBL, become enforceable by or against FFCL.

6.15. Evidence

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against FFBL, shall be admissible in evidence in respect of the same matter for or against FFCL.

6.16. Authorizations

Any authorizations / powers of attorney granted by FFBL to any persons with respect to the undertaking / business / operations / Assets etc. of FFBL shall continue to subsist subsequent to the Amalgamation and shall be deemed to be authorizations / powers of attorney granted by FFCL to such persons, until or unless otherwise revoked or modified by FFCL.

6.17. Clarification

The provisions contained in Articles 6.2 to 6.16 are without prejudice to the generality of any other provisions in this Scheme, but subject to any provisions in this Scheme to the contrary effect.

ARTICLE 7

CERTAIN OBLIGATIONS AND REPRESENTATIONS

- 7.1. Upon the Amalgamation, FFCL shall take all necessary and expedient steps to properly and efficiently manage its entire business and affairs and shall operate and promote its entire business and affairs in the normal course (to the extent applicable).
- 7.2. As of the Completion Date, but with effect from the Effective Date, FFCL shall undertake, pay, satisfy, discharge, perform and fulfil the Liabilities and Obligations, Contracts, engagements and commitments whatsoever of FFBL.

ARTICLE 8

THE SCHEME'S EFFECT

- 8.1. The provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 3.
- 8.2. The execution and / or sanction of this Scheme, and the implementation of the Amalgamation, shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security; (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment



made by such person in FFCL and / or FFBL; and / or (v) constitute a contractual transfer, but a transfer by operation of law.

- 8.3. Upon the sanction of this Scheme, as of the Effective Date, the terms of this Scheme shall be binding on FFCL and FFBL, and also on all the respective shareholders / members of FFCL and FFBL, the Customers of each of FFCL and FFBL, the creditors of the companies and on any other person having any right or liability in relation to either of them.
- 8.4. On the Completion Date, and with effect from the Effective Date, this Scheme will override the constitution / constitutive documents of each of FFCL and FFBL, to the extent of any inconsistency.

ARTICLE 9

CONSIDERATION FOR THE AMALGAMATION

- 9.1. As consideration for the Amalgamation, FFCL shall allot and issue an aggregate of 150,870,449 (One Hundred Fifty Million Eight Hundred Seventy Thousand Four Hundred Forty Nine) FFCL Shares to the FFBL Shareholders, credited as fully paid up, at par, on the basis of a swap ratio of 1 (one) FFCL Share for every 4.29 ordinary shares of FFBL, of the face value of PKR 10/- (Pak Rupees Ten) each, held by each FFBL Shareholder (the "Swap Ratio"). All entitlements resulting in fractions less than a FFCL Share shall be consolidated into whole FFCL Shares which shall be disposed of / dealt with by FFCL in a manner determined by the Board of Directors of FFCL. All entitlements of the FFBL Shareholders shall be determined in the proportion aforesaid.
- 9.2. The Swap Ratio has been determined and approved by the respective Board of Directors of FFCL and FFBL, based on the calculations and valuations stated in the Swap Letter, based, *inter alia*, on the special purpose consolidated financial statements of the respective companies for the period ended June 30, 2024, financial projections of the companies and other related information, under the net asset value, discounted cash flow and market value based approaches. The Swap Letter has been adopted by the respective Board of Directors of each of FFCL and FFBL.
- 9.3. Subsequent to the Completion Date, at least 7 (seven) days' notice shall be given to the members of FFBL, by FFBL, specifying the Record Date (being the final book closure date) in order to determine the identities of the FFBL Shareholders and their entitlements. Such notice shall also specify the date by which the FFBL Shareholders shall deliver to FFBL (or its share registrar, as directed by FFBL), for cancellation, all the share certificates representing ordinary shares (in physical form) in FFBL held by them and such share certificates shall be delivered to FFBL on or before that date. No trading in the shares of FFBL shall be permitted after the Record Date, including through the PSX.
- 9.4. FFBL shall, within 10 (ten) days of the Record Date, provide FFCL with the list of the FFBL Shareholders along with details of their respective entitlements (based on the Swap Ratio).
- 9.5. The share certificates delivered / to be delivered by the FFBL Shareholders in accordance with Article 9.3 shall stand cancelled (whether or not the same have been surrendered to FFBL by the prescribed date) and the FFBL Shareholders shall be entitled to share certificates / CDC book-entries representing the number of fully paid up FFCL Shares to which the respective



FFBL Shareholder is entitled to in accordance with the provisions of this Scheme. In relation to those FFBL Shareholders who hold shares of FFBL in book entry form through the CDS, on the date specified in the notice, the book entries relating to the shares of FFBL in the CDC accounts of such FFBL Shareholders shall stand cancelled in accordance with the rules and regulations of the CDC. Additionally, as a consequence of the Amalgamation, all the shares of FFBL held by FFCL (and its nominees, if any) shall stand cancelled in the same manner detailed above.

- 9.6. The allotment of the FFCL Shares (in accordance with the provisions of this Article 9) shall be made by FFCL within 30 (thirty) days from the date notified above. The share certificates for such FFCL Shares shall be made ready for delivery as soon as practicable thereafter and notices of their readiness for their delivery shall be given to the FFBL Shareholders in the manner provided in the Articles of Association of FFCL. Share certificates not collected within the time specified in any such notice shall be sent by post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses. In the case of joint shareholders, share certificates may be delivered to or may be sent to the address of that one of the joint holders whose name appears first in respect of such joint holding. FFCL shall not be responsible for loss of the share certificates in such transmission. The FFBL Shareholders, holding physical share certificates of FFBL, shall have the option of receiving their entitlement of FFCL Shares in book entry form through the CDS, which they shall intimate in writing to FFBL in advance (which in turn will intimate FFCL of the same at the time of sharing details pertaining to the FFBL Shareholders in accordance with Article 9.4).
- 9.7. With respect to the FFBL Shareholders holding shares of FFBL in book entry form through the CDS, such persons (along with other FFBL Shareholders who have requested to receive FFCL Shares in book entry form), FFCL shall (cause CDC to) credit the respective CDC accounts / sub-accounts of the relevant FFBL Shareholders with book entries relating to the corresponding number of FFCL Shares which the relevant FFBL Shareholder is entitled to in accordance with this Article 9. Such allotment shall be carried out in accordance with the rules and regulations of the CDC.
- 9.8. The FFCL Shares, allotted and issued to the FFBL Shareholders in accordance with the provisions of this Scheme, shall, in all respect, rank *pari passu* with the ordinary shares of FFCL and shall be entitled to all dividends declared by FFCL after the Completion Date.
- 9.9. Any FFCL Shares to be allotted and issued as a consequence of the Amalgamation, in accordance with the provisions of this Article 9, in favour of foreign / non-resident FFBL Shareholders, against the shares of FFBL held by each of them (that have been registered and / or are held and / or are in the process of being registered with the State Bank of Pakistan, on repatriable basis), shall be deemed to be issued and held on repatriable basis (or deemed to be in the same process of registration), and shall be registered by FFCL (to the extent applicable) with the State Bank of Pakistan upon issuance thereof.
- 9.10. Upon the allotment of the FFCL Shares in favour of the FFBL Shareholders in accordance with the provisions of this Scheme, the entitlements of the FFBL Shareholders under this Scheme shall stand satisfied.
- 9.11. Subject to the sanction of this Scheme by the Court, FFBL shall, without winding up, stand dissolved from the date on which all the FFCL Shares, to be allotted by FFCL to the FFBL Shareholders as prescribed above, have been so allotted. Consequently, FFBL shall automatically stand de-listed from the PSX.



ARTICLE 10

EMPLOYEES

- 10.1. On and from the Completion Date, but with effect from the Effective Date, all full time officers and employees (including workmen) of FFBL ("Employees") shall become the employees of FFCL (in lieu of their employment with FFBL) at the same level of remuneration and under similar terms and conditions of service, for the time being, which they were receiving or, as the case may be, by which they were governed immediately before the Completion Date, including those relating to entitlements and benefits arising upon termination of services, on the basis of continuation of service (which shall be taken into account for the purposes of all benefits to which such Employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits), except where the employment of any such person(s) is terminated (including pursuant to resignation or otherwise) between the Effective Date and the Completion Date.
- 10.2. On and from Completion Date, all deeds, rules and other instruments relating to any and all provident and / or gratuity funds (or any other funds / schemes pertaining to the Employees) established by FFBL (including all amounts / funds in the nature of monies, investments and otherwise, and including amounts standing to the credit of such provident and / or gratuity funds (or other schemes) on the Completion Date, held by the trustees for the benefit of FFBL's eligible employees who are members and / or beneficiaries thereof), including without limitation, the Fauji Fertilizer Bin Qasim Limited Provident Fund established pursuant to the Trust Deed dated May 14, 1997 (as amended), and the Fauji Fertilizer Bin Qasim Limited Employees' Gratuity Fund established pursuant to the Trust Deed dated March 12, 2003, upon being transferred to and vested in FFCL shall remain in full force and effect, for the benefit of the eligible Employees of FFBL who shall be employees of FFCL (in accordance with Article 10.1), with FFCL as if originally FFCL was a party thereto and was mentioned therein instead of FFBL, and FFCL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly. FFCL and the trustees of such funds shall take necessary steps, including making the necessary / appropriate revisions, amendments and arrangements for the purposes of the above.

ARTICLE 11

GENERAL

11.1. Modifications by the Court

This Scheme shall be subject to such modification of conditions, as the Court may deem expedient to impose. The Board of Directors of FFCL and FFBL respectively may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit. In case of any difficulty in implementation of any aspect of this Scheme, clarifications, directions and / or approval may be obtained from the Court. Notwithstanding the above, in the event that the terms of this Scheme are not approved by the members and / or creditors of FFCL and / or FFBL (as applicable) in its entirety and / or the Scheme, as approved by the respective companies, is modified by the Court, or otherwise, the Board of Directors of FFCL



and / or FFBL shall be entitled to withdraw this Scheme (whether or not approval from the members and creditors of the respective companies has been obtained).

11.2. Severability

If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.

11.3. Costs and expenses

All costs, charges and expenses in respect of the preparation of this Scheme and carrying the same into effect, including for the implementation of the Amalgamation, shall be borne by FFCL and FFBL.

11.4. Implementation of this Scheme

The respective Board of Directors of FFCL and FFBL, to the extent applicable, are hereby authorized and empowered to take all necessary steps and execute all documents, as they may consider necessary, expedient or appropriate, to give effect to the provisions of this Scheme and for the implementation hereof, including to delegate any powers from time to time.



Rawalpindi.

Dated: September 26, 2024


Brig (Retd) Zulfiqar Ali Haider (Retd)
Company Secretary
Fauji Fertilizer Co.Ltd
For and on behalf of
FAUJI FERTILIZER COMPANY LIMITED


Name: Brig (Retd) Zulfiqar Ali Haider

Designation: Company Secretary


For and on behalf of
FAUJI FERTILIZER BIN QASIM LIMITED
Brig Khurram Shahzada, SI(M), (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad

Name: Brig (Retd) Khurram Shahzada

Designation: Company Secretary


Brig Khurram Shahzada, SI(M), (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad

LIST OF ANNEXURES

- “Annexure A” – List of current members of Board of Directors of FFCL.
- “Annexure B” – List of current members of Board of Directors of FFBL.
- “Annexure C” – List of owned immovable properties comprising the Assets of FFBL.
- “Annexure D” – Swap Letter dated September 20, 2024, issued by KPMG Taseer Hadi & Co.



ANNEXURE A

**LIST OF CURRENT MEMBERS OF THE BOARD OF DIRECTORS OF
FAUJI FERTILIZER COMPANY LIMITED**

Lt. Gen. Anwar Ali Hyder (Retd.)

Mr. Jahangir Piracha

Mr. Mazhar Abbas Hasnani

Maj. Gen. Zafar Ul Haq (Retd.)

Mr. Saad Amanullah Khan

Ms. Maryam Aziz

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

Mr. Yassir Ghiyati Ibn Ziyad

Mr. Qamar Haris Manzoor

Mr. Saif Anjum



ANNEXURE B

**LIST OF CURRENT MEMBERS OF THE BOARD OF DIRECTORS OF
FAUJI FERTILIZER BIN QASIM LIMITED**

Lt. Gen. Anwar Ali Hyder (Retd.)

Mr. Arif ur Rehman

Mr. Jahangir Piracha

Maj. Gen. (Retd.) Muhammad Ihsanullah

Mr. Syed Bakhtiyar Kazmi

Mr. Qamar Haris Manzoor

Ms. Pouruchisty Sidhwa

Ms. Saira Nasir

Mr. Bahauddin Khan



ANNEXURE C

LIST OF OWNED IMMOVABLE PROPERTIES COMPRISING THE ASSETS OF
FAUJI FERTILIZER BIN QASIM LIMITED

1. Plot No. C1/C2, Sector B, Jinnah Boulevard, D.H.A. Phase II, Islamabad, Pakistan, together with any factory, warehouse, office buildings and other buildings and structures constructed thereon, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof, or with the same enjoyed or reputed to belong thereto, and all other rights relating thereto (admeasuring 2 acres or thereabouts).
2. All that piece or parcel of land situated at Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi, together with any factory, warehouse, office buildings and other buildings and structures constructed thereon, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof, or with the same enjoyed or reputed to belong thereto, and all other rights relating thereto (admeasuring 250 acres or thereabouts).
3. All that piece or parcel of land situated at Plot No. OZ/I/ P-53, South Western Zone, Port Qasim, Karachi (Tank Farm Area), together with any factory, warehouse, office buildings and other buildings and structures constructed thereon, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof, or with the same enjoyed or reputed to belong thereto, and all other rights relating thereto (admeasuring 8 acres or thereabouts).
4. All that piece or parcel of land situated at Deh Tapo Gharo, Taluka Mirpur Sakro, District Thatta (FFBL Township land), Survey No. 1617, near Rangers Check Post, opposite Naval Marine Base, National Highway, Karachi, together with any factory, warehouse, office buildings and other buildings and structures constructed thereon, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof, or with the same enjoyed or reputed to belong thereto, and all other rights relating thereto (admeasuring 202.22 acres or thereabouts).
5. All that piece or parcel of agricultural land situated at Mouza Thatta Raika and Mouza Bahuman, adjacent to Crescent Bahuman Limited, main Lahore-Sargodha Road, Tehsil Pindi Bhattian, District Hafizabad, together with any factory, warehouse, office buildings and other buildings and structures constructed thereon, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof, or with the same enjoyed or reputed to belong thereto, and all other rights relating thereto (admeasuring 166.387 acres or thereabouts). The details of this agricultural land i.e. Khewat and Khatoni no., are as under:



Khewat No.	Khatooni No.	Khasra Nos.	Qitat	Mutation No.	Kanals	Marlas
258/257	287	1393, 1394, 1395, 1396, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1550, 1551, 1552, 1453, 1461, 1462, 1471, 1472, 1475, 1525, 1526, 1527, 1528, 1529, 1530, 1536, 1537, 1538, 1539, 1540, 1541, 1547, 1548, 1549, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1593, 1594, 1595, 1596, 1603, 1661, 1662, 1663, 1664, 1665, 1666, 1671, 1672, 1673, 1674, 1675, 1676, 1677, 1678, 1679, 1680	141	433 and 803	1,183	17
238/229	360 to 361	2081, 2082, 2083, 2093, 2094, 2095, 2096, 2105, 2106, 2107, 2108, 2109, 2125, 2126, 2127, 2128, 2129, 2130.	18	674 & 1158	147	5
-	-	-	-	-	1,330	22


 Brig Khurram Shahzada, SI(M). (Retd)
 Company Secretary
 Fauji Fertilizer Bin Qasim Limited
 FFBL Tower, DHA-II, Islamabad



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

Private & Confidential

The Board of Directors
Fauji Fertilizer Company Limited
156, The Mall
Rawalpindi
Pakistan

The Board of Directors
Fauji Fertilizer Bin Qasim Limited
156, The Mall
Rawalpindi
Pakistan

Our ref I – 185– 2024

20 September 2024

Dear Sirs,

Proposed merger / amalgamation of Fauji Fertilizer Bin Qasim Limited with and into Fauji Fertilizer Company Limited– Calculation of Swap Ratio

With reference to our engagement letter No. I-798-2024 dated 02 August 2024, we have been engaged jointly by Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) to assist in fair value assessment and compilation of a share swap ratio for the proposed merger/ amalgamation of FFBL with and into FFCL in terms of a Scheme of Arrangement under Sections 279 to 282 and 285(8) of the Companies Act 2017.

FFCL, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, is incorporated, and existing under the laws of Pakistan and having its registered office at 156, The Mall, Rawalpindi, Punjab, Pakistan.

FFBL, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, is incorporated and existing under the laws of Pakistan and having its registered office at 156, The Mall, Rawalpindi, Punjab, Pakistan.

KPMG TH

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Brig Khurram Shahzada, SI(M). (Retd.)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad



KPMG Taseer Hadi & Co.

We understand that FFCL and FFBL intend to enter into a Scheme of Arrangement for the transfer and vesting of the entire undertaking of FFBL with and into FFCL against the issuance of shares of FFCL to the shareholders of FFBL (other than FFCL). As a consequence of the same FFBL shall be dissolved without winding up.

The Scheme of Arrangement is envisaged to be effective from the start of business at 00:00 hours on July 1, 2024, or such other date as may be stated by the Honorable Lahore High Court, Rawalpindi Bench.

Shareholding information:

- The authorized share capital of FFCL is PKR 15,000,000,000/- (Pak Rupees Fifteen Billion), divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 1,272,238,247 (One Billion Two Hundred Seventy-Two Million Two Hundred Thirty-Eight Thousand Two Hundred Forty-Seven) ordinary shares have been issued, fully subscribed to and paid up.
- The authorized share capital of FFBL is PKR 15,000,000,000/- (Pak Rupees Fifteen Billion), divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of PKR 10/- (Pak Rupees 10) each, out of which 1,291,252,857 (One Billion Two Hundred Ninety-One Million Two Hundred Fifty-Two Thousand Eight Hundred Fifty-Seven) ordinary shares have been issued, fully subscribed to and paid up.
- FFCL owns 644,018,629 issued, fully subscribed to and paid-up ordinary shares in FFBL constituting approximately 49.88% of the total issued, fully subscribed to and paid-up ordinary shares of FFBL.

All the shares of FFBL, including the shareholding of FFCL in FFBL (i.e., 644,018,629 issued, fully subscribed to and paid-up ordinary shares), shall stand cancelled upon the passing of the order by the Court under Sections 279 / 282 of the Companies Act 2017.

Fair value assessment and share swap:

We have performed the fair value assessment of FFCL and FFBL based on internationally accepted valuation approaches. The valuation has been performed on the valuation cut-off date of 30 June 2024.

The fair value assessment has been performed under the following approaches:

1. Discounted cash flow valuation
2. Net asset valuation
3. Market valuation

KPMG TH

Brig Khurram Shahzada, SI(M). (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad



KPMG Taseer Hadi & Co.

Discounted cash flow valuation

The discounted cash flow valuation has been derived based on the business plan information as shared by FFCL and FFBL including financial projections until the year ending 31 December 2029. Further we were provided other information and explanations as and when required. We have not conducted any verification of the financial projections, and related information provided to us.

	FFCL	FFBL
Discounted cash flow valuation (mid-point) – PKR/ share	328.85	60.93
Share swap ratio – Ratio	1	5.40
Eligible FFBL shares for swap (i.e., for shareholders of FFBL other than FFCL) – Number of shares	647,234,228	
FFCL shares to be issued under the swap – Number of shares	119,918,029	

Net asset valuation

The net asset valuation has been derived from the special purpose consolidated financial statements of FFCL and FFBL for the period ended 30 June 2024 reviewed by their respective auditors. All components of the consolidated financial statements of FFCL and FFBL are audited as of 30 June 2024, except for the financial statements of Askari Bank Limited which have been reviewed by its auditors.

We have not conducted any independent verification of the said special purpose consolidated financial statements.

	FFCL	FFBL
Net asset valuation – PKR/ share	137.05	43.69
Share swap ratio – Ratio	1	3.14
Eligible FFBL shares for swap (i.e., for shareholders of FFBL other than FFCL) – Number of shares	647,234,228	
FFCL shares to be issued under the swap – Number of shares	206,343,448	

KPMG TH

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Brig Khurram Shahzada. SI(M). (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad



KPMG Taseer Hadi & Co.

Market valuation

The market valuation has been derived as the simple average of six months share price of FFCL and FFBL quoted on the Pakistan Stock Exchange Limited (closing quote - from 01 January 2024 to 30 June 2024).

	FFCL	FFBL
Market valuation -- PKR/ share	129.50	29.65
Share swap ratio -- Ratio	1	4.37
Eligible FFBL shares for swap (i.e., for shareholders of FFBL other than FFCL) -- Number of shares	647,234,228	
FFCL shares to be issued under the swap -- Number of shares	148,173,333	

Submissions:

Based on the aforementioned valuations, the respective Board of Directors of FFBL and FFCL may consider the following calculations to determine an appropriate swap ratio for the merger/ amalgamation of FFBL with and into FFCL.

Basis of Valuation	FFCL PKR/ Share	FFBL PKR/ Share	Swap Ratio
Discounted Cash Flow Value	328.85	60.93	1 : 5.40
Net Asset Value	137.05	43.69	1 : 3.14
Market Value (6 months average)	129.50	29.65	1 : 4.37
Average Value	198.47	44.76	1 : 4.43

On 30 July 2024, the Board of Directors of FFCL recommended an interim dividend of PKR 10.00 per share for the period ending 30 June 2024. After factoring in the interim dividend, the average swap ratio approximates to 1 : 4.29.

The letter is intended to assist the respective Boards of FFCL and FFBL in forming a view on the swap ratio; the decision with respect to the appropriate share swap ratio shall rest with the Board of Directors and shareholders of each of FFCL and FFBL.

Yours faithfully,

KPMG Taseer Hadi & Co.

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Brig Khurram Shahzada, SI(M), (Retd)
Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, DHA-II, Islamabad