

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ('AGM') of the members of Ferozsons Laboratories Limited ("the Company") will be held on Saturday, 28 October 2023 at 12:30 P.M. at Blue Lagoon, Masood Akhter Kiani Road, Rawalpindi to transact the following business:

Ordinary Business:

1. To confirm minutes of the Extra Ordinary General Meeting held on 26 June 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2023 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending 30 June 2024 and fix their remuneration.
4. To transact any other ordinary business with the permission of the chair.

Special Business:

6. To consider and approve renewal of already extended short-term financing facility / security up to Rs. 500 million in favour of M/S BF Biosciences Limited (subsidiary Company) on need basis. In this respect, following resolutions are proposed to be passed, with or without modification, as Special Resolutions:

Resolved that 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.

Statements of material facts as required under Companies Act, 2017 and relevant disclosures as required under Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are hereby annexed with the Annual General Meeting notice.

By order of the Board

Syed Ghausuddin Saif

Company Secretary

Rawalpindi

03 October 2023

NOTES:

1. Book closure:

The Share Transfer Books of the Company will be closed from 21 October 2023 to 28 October 2023 (both days inclusive). Transfers received at the office of the Company's Share Registrar at M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 20 October 2023 will be treated in time for the purpose of attendance of AGM and as applicable.

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2. Participation in the AGM:

Members whose names are appearing in the Register of Members as of close of business on 20 October 2023, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him/her. In case of individuals, a proxy must be a Member of the Company.

Copy of the Form of Proxy may be downloaded from the Company's website: <http://www.ferozsons-labs.com>.

Form of Proxy and the Power of Attorney or any other authority (if any) under which it is signed, or a notarial certified copy/CTC of such power or authority, must be valid and submitted through email on cs@ferozsons-labs.com not less than 48 hours before the time of holding AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and immediately notify changes in the registered address to our Shares Registrar, CorpTec Associates (Pvt.) Ltd.

3. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders:

a. For Attending the AGM:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the time of holding AGM.

(ii) In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be shared through email at cs@ferozsons-labs.com (unless it has been provided earlier) at least 48 hours before the time of holding AGM.

b. For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall share the Form of Proxy as per the above requirement.

(ii) The Form of Proxy shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the Form of Proxy through email (as mentioned in the notes).

(iv) The proxy shall share a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes).

(v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company through email (as mentioned in the notes).

4. 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.

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5. 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. These requests must be submitted to our share registrar M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.

6. 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 the entitled shareholders. In order to receive dividend directly into their bank account, 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.

7. 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.

8. 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.

9. 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.

10. Video Conferencing Facility:

In accordance with provisions of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding, residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 14 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, a formal request must be submitted at registered addresses of the Company OR through e-mail at cs@ferozsons-labs.com.

11. Electronic Transmission of Financial Statements and Notices:

Pursuant to various notifications, the Securities and Exchange Commission of Pakistan (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, may email at cs@ferozsons-labs.com. The same shall be provided to the shareholders free of cost within seven working days of receipt of such request.

The financial statements of the Company for the year ended 30 June 2023 have been placed on the Company's website: www.ferozsons-labs.com

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Statement of Material Facts Under Companies Act, 2017

Agenda Item 6: Renewal of Already Extended Short-Term Financing Facility / Security in favour of M/S BF Biosciences Limited

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 along with working capital needs, BFBL has requested the Company to renew the already extended short-term financing facility. The facility was latest renewed by members in last Extra Ordinary General Meeting held on 26 June 2023 and is set to expire by 26 June 2024. In order to align the renewal with each Annual General Meeting of the Company, it is proposed to renew the facility again, so that expiry becomes 28 October 2024.

The Board of Directors in their meeting held on 03 October 2023 has recommended the same for approval of shareholders in the coming Annual General Meeting.

None of the Directors of the Company have any direct or indirect interest in this special business except in their capacity as Shareholders or Directors of the Company.

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

INVESTMENT BY WAY OF SHORT-TERM FINANCING FACILITY / SECURITY (AGENDA ITEM NO. 6)

	Sec. 3 (a) - Disclosure for all types of investments	
	(A) – Disclosures regarding associated company	
(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 2023: Rs. 7.84 / share FY 2022: Rs. 16.16 / share FY 2021: Rs. 32.00 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 103.91/ share as at 30 June 2023
(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 2023: Non-Current Assets: Rs. 4,075,556,379 Current Assets: Rs. 1,591,293,283 Non-Cur. Liabilities: Rs. 2,289,688,109 Current Liabilities: Rs. 1,402,956,062 Equity: Rs. 1,974,205,491 Revenue: Rs. 1,809,519,838 Gross Profit: Rs. 449,532,951 Operating Profit: Rs. 355,541,273 Profit After Tax: Rs. 149,052,773
(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) – General disclosures	
(i)	Maximum amount of investment to be made	PKR 500,000,000 (Five Hundred Million Only)
(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.

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(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.
(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"> 1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e., 80%). 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. 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. 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.

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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. 103.91 / 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	Not Applicable
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of 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 further periods of one year each. The other terms are mentioned above.

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Name of Investee Company	BF Biosciences Limited
Total Investment Approved:	<p>1. 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.</p> <p>2. Short term financing facility / security up to Rs. 500 million for a tenor of twelve months.</p>
Amount of investment made to date:	<p>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.</p> <p>Furthermore, none of the amounts under short-term financing facility / security is outstanding as of year-end.</p>
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Not applicable.
Metrical change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment:	As per latest available audited financial statements for the year ended 30 June 2023, the basic earnings per share is Rs. 7.84 and breakup value per share is Rs. 103.91.