



## **NOTICE OF EXTRA ORDINARY GENERAL MEETING**

Notice is hereby given that the Extra Ordinary General Meeting ('EOGM') of the members of **Ferozsons Laboratories Limited** (the "Company") will be held on February 12, 2021 at 11:00 A.M., through video-link (refer to the note 2).

The EOGM is being held to transact the following business:

### **Ordinary Business:**

1. To confirm the minutes of the Annual General Meeting held on October 26, 2020.

### **Special Business:**

2. To consider and if deemed fit, pass the following Special Resolutions with or without modification(s), addition(s) or deletion(s):

**Resolved that** Ferozsons Laboratories Limited ("the Company") be and hereby authorized in terms of Section 199 and all other applicable provisions of Companies Act, 2017 to provide cross corporate guarantee in favor of financial institutions / lenders of BF Biosciences Limited ("BFBL"), a subsidiary company up to PKR 3,500,000,000 (Rupees Three Billion and Five Hundred Million Only) for a tenure of 10 years starting from the date of issue by the Company for securing financing by BFBL, provided that the commission rate to be charged by the Company to BFBL on any outstanding amount of cross corporate guarantee shall not be the less than the 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** Ferozsons Laboratories Limited ("the Company") be and hereby authorized in terms of Section 199 and all other applicable provisions of the Companies Act, 2017 to provide security in favor of financial institutions / lenders of BF Biosciences Limited ("BFBL"), a subsidiary company for obtaining loan up to PKR 2,500,000,000 (Rupees Two Billion and Five Hundred Million Only) against import of plant and machinery for a maximum tenure of 5 (five) years, as per terms and conditions disclosed to the members of the Company. The charge shall be transferred from the Company's assets to BFBL's assets upon the import of plant and machinery by BFBL and availability of sufficient collaterals in the books of BFBL.

**Further resolved that** BF Biosciences Limited ("BFBL") will be liable to reimburse all incidental charges incurred by Ferozsons Laboratories Limited ("the Company") in connection with the pledge of assets.

**Further resolved that** in the event that Ferozsons Laboratories Limited ("the Company") is called upon by the financial institutions / lenders of BF Biosciences Limited ("BFBL") for repayment of financing provided to BFBL as a result of enforcement of pledging assets / cross corporate

guarantee, the Company shall recover the full amount paid by it from BFBL with markup of 0.5% per annum above the average borrowing cost of the Company till the date of receipt from BFBL, as may be mutually agreed.

**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.

A Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 concerning the aforesaid special business is annexed to the notice of meeting circulated to the members of the Company.

**OTHER BUSINESS:**

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

By order of the Board

Rawalpindi  
January 19, 2021

**Syed Ghausuddin Saif**  
Company Secretary

NOTES:

**1. CLOSURE OF SHARE TRANSFER BOOKS:**

The Share Transfer Books of the Company will be closed from February 05, 2021 to February 12, 2021 (both days inclusive). Transfers received at the Company's Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on February 04, 2021 will be treated in time for the purpose of above entitlement to the transferees.

**2. PARTICIPATION IN THE EOGM THROUGH VIDEO LINK FACILITY:**

Due to current COVID-19 situation, the EOGM proceedings shall be held through video link facility. However, the SECP vide its circular no. 33 of 2020 dated November 05, 2020 has allowed companies to hold proceedings of EOGM through video link till January 31, 2021 only. In light of the continued threat posed by the COVID-19 pandemic and to protect shareholders' wellbeing, the Company has filed an application with SECP for approval regarding holding EOGM through video link.

If the approval is not received by the end of January 31, 2021, the Company shall make alternate arrangements and issue addendum EOGM notice in this regard.

Only those persons whose names appear in the Register of Members of the Company as at February 04, 2021 are entitled to attend and vote at the Extra Ordinary General Meeting.

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

**3. PROCEDURE FOR ATTENDING THE EOGM THROUGH VIDEO LINK FACILITY:**

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number, and Number of Shares held in their name with subject "**Registration for Ferozsons Laboratories Limited EOGM - 2021**" along with valid copy of both sides of Computerized National Identify Card (CNIC) at [cs@ferozsons-labs.com](mailto:cs@ferozsons-labs.com). The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of EOGM.

**4. GUIDELINES FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED ('CDC') ACCOUNT HOLDERS:**

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

**A. For attending the EOGM:**

- (i) In case of individuals, the account holders or sub-account holders whose securities and their registration details are uploaded as per the regulations, shall authenticate his / her identity by sharing a copy of his / her Computerized National Identity Card (CNIC) or Passport through e-mail (as mentioned in the notes) at least 48 hours before the time of the EOGM.

- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be shared through e-mail (as mentioned in the notes) (unless it has been provided earlier) at least 48 hours before the time of the EOGM.

**B. For appointing proxies:**

- (i) In case of individuals, the account holder or sub account holder whose registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall share a copy of his / her Computerized National Identity Card (CNIC) or Passport through e-mail (as mentioned in the notes) at least 48 hours before the time of the EOGM.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature along with proxy form shall be shared through e-mail (as mentioned in the notes) (unless it has not been provided earlier) at least 48 hours before the time of the EOGM.

**5. CONSENT FOR VIDEO CONFERENCING FACILITY:**

Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Extra Ordinary General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, please submit such request to the Company Secretary.

**6. CHANGE OF ADDRESS:**

Members are requested to notify any change in their addresses immediately.

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

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The statement sets out the material facts pertaining to the special business to be transacted at the Extra Ordinary General Meeting of the Company to be held on February 12, 2021.

**Issuance of Cross Corporate Guarantee and Pledging of Parent Company's Assets**

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 Pakistan's first biotech formulation company, and manufactures biotech medicines to treat Cancer and Hepatitis for local and export markets. Since its establishment, BFBL's medicines are the first choice among healthcare practitioners in treating cancer, chronic kidney disease and liver disease.

Keeping in view the current and potential market demand of injectables (both biologicals and non-biologicals), BFBL is considering to install a second production line. The total cost of project is estimated to be PKR 3,000,000,000 (Rupees Three Billion Only) with expected completion time of 2 years.

In order to finance the project, the available assets of BFBL are not sufficient for providing as collateral to financial institutions, for which the BFBL has requested the Company to extend its support.

Considering the future demand of biological and non-biological injectable products, the management has carried out detailed due diligence, which has been reviewed and approved by the board of directors of the Company.

The Board of Directors in their meeting held on January 19, 2021 (as communicated to PSX through our letter no. COR/2021/01-04) has recommended the project for approval of shareholders in the Extra Ordinary General Meeting.

After addition of second production line at BFBL, the production capacity of the BFBL shall rise significantly, which shall result in inflow of financial benefit to the shareholders of the Company.

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

**INVESTMENT BY WAY OF CROSS CORPORATE GUARANTEE**

<b>Sec. 3 (a) - Disclosure for all types of investments</b>		
<b>(A) – Disclosures regarding associated company</b>		
(i)	Name of associated company or associated undertaking	BF Biosciences Limited
(ii)	Basis of relationship	Subsidiary Company
(iii)	Earnings / (Loss) per share for the last six years	FY 2020: Rs. 2.48 / share FY 2019: Rs. (2.34) / share FY 2018: Rs. (5.14) / share FY 2017: Rs. 1.29 / share FY 2016: Rs. 7.96 / share FY 2015: Rs. 10.48 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 41.18 / share as at 30 June 2020
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<b>As at 30 June 2020:</b> Non-Current Assets: Rs. 135,557,187 Current Assets: Rs. 912,159,602 Non-Cur. Liabilities: Rs. 5,250,000 Current Liabilities: Rs. 260,093,526 Equity: Rs. 782,373,263 Revenue: Rs. 628,286,427 Gross Profit: Rs. 86,453,964 Operating Profit: Rs. 61,115,190 Profit After Tax: Rs. 47,108,576
(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;	BFBL is a 80% owned subsidiary of Ferozsons Laboratories Limited. BFBL commenced its commercial production from year 2010. BFBL intends to install a second production line in its existing manufacturing facility to cater the production of biological and non-biological injectable products. The total cost of the project is estimated to be Rs. 3 billion, which shall be financed by a mix of debt and equity. The existing manufacturing facility of BFBL is located at 5 KM Sunder Raiwind Road, Lahore.
(II)	starting date and expected date of completion of work;	The work is expected to commence from the month of February 2021 and is expected to complete within 2 years.

(III)	time by which such project shall become commercially operational;	By financial year 2023
(IV)	expected time by which the project shall start paying return on investment;	By financial year 2024
(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	The project is mainly financed by internal and third party equity along with debt secured from financial institutions. Sponsors (i.e. Ferozsons Laboratories Limited) shall also provide a cross corporate guarantee along with pledge of its assets (as proposed in resolutions) in favor of financial institutions / lenders of BFBL.
<b>(B) – General disclosures</b>		
(i)	Maximum amount of investment to be made	Cross Corporate Guarantee PKR 3,500,000,000 (Rupees Three Billion and Five Hundred Million Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The investment in installation of additional production line will help BFBL to meet its demand, which will ultimately increase its profitability and wealth of shareholders. Cross Corporate Guarantee would be valid for 10 (ten) years.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The financing would be 'non-funded' in nature, which would be utilized from the existing capacity of the Company.
	i) justification for investment through borrowings	Not Applicable
	ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	iii) cost benefit analysis	Not Applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>The Company has currently drafted the agreement and is waiting for shareholders' approval for signing.</p> <p>Other terms include:</p> <ol style="list-style-type: none"> <li>1) In case the Company is called upon by financial institutions/lenders of BFBL for payment, the Company shall charge markup of 0.5% per annum above its average borrowing rate on such payments till the receipt of funds from BFBL. The markup on such outstanding amount shall be paid on semi-annual</li> </ol>

		<p>basis by BFBL to the Company.</p> <p>2) The commission rate to be charged by the Company to BFBL on any outstanding amount of cross corporate guarantee shall not be the less than the rate charged by the bank(s) of the Company. The commission on such outstanding amounts shall be paid on semi-annual basis by BFBL to the Company.</p>
(v)	<p>Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;</p>	<p>The interest (either direct or indirect) in the associated company are as follows:</p> <ol style="list-style-type: none"> <li>1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e. 80%).</li> <li>2) Mrs. Akhter Khalid Waheed, Chairperson of the Company is serving on the Board of BFBL as Chief Executive Officer and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> <li>3) Mr. Osman Khalid Waheed, Chief Executive Officer of the Company is serving on the Board of BFBL Limited as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> <li>4) Mrs. Munize Azhar Peracha, Director of the Company is also serving on the Board of BFBL as Director and holds 1 share. The member is interested only to the extent of being on the board of both companies.</li> </ol>
(vi)	<p>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;</p>	<p>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. 41.18 / 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</p>



		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.
<b>Additional disclosures related to investment in the form of cross corporate guarantee</b>		
(i)	Category-wise amount of investment	Cross Corporate Guarantee up to PKR 3,500,000,000 (Rupees Three Billion and Five Hundred Million Only).
(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. Whereas the Company is currently subject to commission rate of 0.03% to 0.10% on outstanding bank guarantees.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	<ol style="list-style-type: none"> <li>1) In case the Company is called upon by financial institutions/lenders of BFBL for payment, the Company shall charge markup of 0.5% per annum above its average borrowing rate on such payments till the receipt of funds from BFBL. The markup on such outstanding amount shall be paid on semi-annual basis by BFBL to the Company.</li> <li>2) The commission rate to be charged by the Company to BFBL on any outstanding amount of cross corporate guarantee shall not be the less than the rate charged by the bank(s) of the Company. The commission on such outstanding amounts shall be paid on semi-annual basis by BFBL to the Company.</li> </ol>
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The Company shall obtain an indemnity from BFBL to re-pay the amount in the event where the Company is called upon by the BFBL's financial institutions/lenders for payment.
(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.	<ol style="list-style-type: none"><li data-bbox="857 197 1409 583">1) In case the Company is called upon by financial institutions/lenders of BFBL for payment, the Company shall charge markup of 0.5% per annum above its average borrowing rate on such payments till the receipt of funds from BFBL. The markup on such outstanding amount shall be paid on semi-annual basis by BFBL to the Company. However, the principal amount shall be paid as per mutual understanding.</li><li data-bbox="857 625 1409 892">2) The commission rate to be charged by the Company to BFBL on any outstanding amount of cross corporate guarantee shall not be the less than the rate charged by the bank(s) of the Company. The commission on such outstanding amounts shall be paid on semi-annual basis by BFBL to the Company.</li></ol>
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**INVESTMENT BY WAY OF PLEDGING OWN ASSETS**

<b>Sec. 3 (a) - Disclosure for all types of investments</b>		
<b>(A) – Disclosures regarding associated company</b>		
(i)	Name of associated company or associated undertaking	BF Biosciences Limited
(ii)	Basis of relationship	Subsidiary Company
(iii)	Earnings / (Loss) per share for the last six years	FY 2020: Rs. 2.48 / share FY 2019: Rs. (2.34) / share FY 2018: Rs. (5.14) / share FY 2017: Rs. 1.29 / share FY 2016: Rs. 7.96 / share FY 2015: Rs. 10.48 / share
(iv)	Break-up value per share, based on latest audited accounts	Rs. 41.18 / share as at 30 June 2020
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<b>As at 30 June 2020:</b> Non-Current Assets: Rs. 135,557,187 Current Assets: Rs. 912,159,602 Non-Cur. Liabilities: Rs. 5,250,000 Current Liabilities: Rs. 260,093,526 Equity: Rs. 782,373,263 Revenue: Rs. 628,286,427 Gross Profit: Rs. 86,453,964 Operating Profit: Rs. 61,115,190 Profit After Tax: Rs. 47,108,576
(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;	BFBL is a 80% owned subsidiary of Ferozsons Laboratories Limited. BFBL commenced its commercial production from year 2010. BFBL intends to install a second production line in its existing manufacturing facility to cater the production of biological and non-biological injectable products. The total cost of the project is estimated to be Rs. 3 billion, which shall be financed by a mix of debt and equity. The existing manufacturing facility of BFBL is located at 5 KM Sunder Raiwind Road, Lahore.
(II)	starting date and expected date of completion of work;	The work is expected to commence from the month of February 2021 and is expected to complete within 2 years.
(III)	time by which such project shall become commercially operational;	By financial year 2023
(IV)	expected time by which the project shall start paying return on	By financial year 2024

	investment;	
(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	The project is mainly financed by internal and third party equity along with debt secured from financial institutions. Sponsors (i.e. Ferozsons Laboratories Limited) shall also provide a cross corporate guarantee along with pledge of its assets (as proposed in resolutions) in favor of financial institutions / lenders of BFBL.
<b>(B) – General disclosures</b>		
(i)	Maximum amount of investment to be made	Pledging the Company's assets up to PKR 2,500,000,000 (Rupees Two Billion and Five Hundred Million Only), for securing financing by BFBL.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The investment in installation of additional production line will help BFBL to meet its demand, which will ultimately increase its profitability and wealth of shareholders. The investment in BFBL will be up to five years.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The financing would be 'non-funded' in nature, which would be utilized from the existing capacity of the Company.
	iv) justification for investment through borrowings	Not Applicable
	v) detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	vi) cost benefit analysis	Not Applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company has currently drafted the agreement and is waiting for shareholders' approval for signing. Other terms include:  1) In case the Company is called upon by financial institutions/lenders of BFBL for payment, the Company shall charge markup of 0.5% per annum above its average borrowing rate on such payments till the receipt of funds from BFBL. The markup on such outstanding amount shall be paid on semi-annual basis by BFBL to the Company.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the	The interest (either direct or indirect) in the associated company are as follows:  1) M/S Ferozsons Laboratories Limited holds 15,199,996 shares (i.e. 80%).

	transaction under consideration;	<p>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.</p> <p>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.</p> <p>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.</p>
(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. 41.18 / 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.