



NATIONAL FOODS LIMITED

12/CL-6, Claremont Road, Civil Lines, Karachi-75530 (Tel. 021-36490029 - 021-38402022)

Notice of 50th Annual General Meeting

Notice is hereby given that the 50th Annual General Meeting of National Foods Limited will be held on Thursday, October 14, 2021 at 3:00 pm through video-link facility from registered office of the company at 12/CL-6, Claremont Road, Civil Lines, Karachi, to transact the following business:

Ordinary Business:

- To confirm the minutes of the Minutes of Annual General Meeting held on October 21, 2020.
- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' Reports thereon, together with Audited consolidated financial statements of the Company and the Auditors' reports thereon for the year ended June 30, 2021.
- To approve and declare the dividend on the Ordinary Shares of the Company. The Directors have recommended final dividend of 100% (Rs. 5 per Ordinary Share of Rs. 5/- each), for the year ended June 30, 2021.
- To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as external auditors, for the year ending June 30, 2022.
- To elect 7 (seven) Directors, as fixed by the Board in accordance with the provision of Section 159 of the Companies Act, 2017, for a term of 3 (three) years commencing from the date of holding AGM October 14, 2021. The names of retiring directors of the Company, also eligible to offer themselves for re-election, are as follows:

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|---------------------------|------------------------|
| i) Mr. Abdul Majeed | v) Mrs. Noreen Hasan |
| ii) Mr. Abtar Hasan | vi) Mrs. Saadia Naveed |
| iii) Mr. Tawfiq H. Chinyo | vii) Mr. Zahid Majeed |
| iv) Mr. Ehsan Ali Malik | |

Special Business:

- To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the capitalization of free reserves to issue bonus shares as recommended by the Directors.
"RESOLVED THAT a sum of Rs. 233,115,425 be capitalized out of the free reserves of the Company and applied towards issue of 46,623,085 ordinary shares of Rs. 5 each, as 25% fully paid bonus shares i.e. in the proportion of one (01) ordinary share for every four (04) ordinary shares held by the members of the Company whose names appear in the Members' Register as at the close of the business on October 07, 2021."
"FURTHER RESOLVED THAT the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards the future entitlements, however, these shares shall not be eligible for any final dividend declared by the Company for the year ended June 30, 2021."
"FURTHER RESOLVED THAT member fractional entitlement, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings shall be deposited into the account of the Indus Hospital after the approval of the Shareholders in the Annual General Meeting on October 14, 2021."
"FURTHER RESOLVED THAT the Chief Executive and Company Secretary be and are hereby jointly and/or severally authorized to give effect to these resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and the deposit of sale proceeds of the fractions into aforementioned account".
- To consider and, if thought fit, to pass with or without modification(s), the following as a Special Resolution for the ratification of Agreement for Supply of Food Products entered into by the Company with National Foods - DMCC.
"RESOLVED THAT the renewal of Agreement for Supply of Food Products dated October 01, 2014, entered into by the Company with its wholly owned subsidiary National Foods - DMCC for a period of five years, by the Board on February 19, 2021, for an indefinite period, is hereby ratified and approved as per the details appearing in statement of material facts.
- To consider, and if thought fit, to pass the following resolutions as ordinary resolutions, (a) to ratify and approve the transactions carried out with related parties during the financial year ended June 30, 2021 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out during the year ending June 30, 2022.

a) "RESOLVED THAT the transactions carried out by the company with the following related parties for the financial year ended June 30, 2021 be and are hereby ratified and approved."

ATC Holdings (Private) Limited - Parent Company
National Foods DMCC - Subsidiary

- FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with the above-named related parties, on case to case basis, for the financial year ending June 30, 2022 and till next Annual General Meeting of the Company.
- FURTHER RESOLVED THAT the approval of transactions by the Board, as aforesaid, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2022 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.
- To consider and, if thought fit, to pass with or without modification(s), the resolution appearing below as ordinary resolution to authorize Mr. Zahid Majeed for holding of office of profit under the company in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.
"RESOLVED THAT pursuant to the provisions of Section 171 (1) (c) (i) of the Companies Act, 2017, consent of Members be and is hereby accorded to authorize Mr. Zahid Majeed for holding office or place of profit under the Company, as Executive Director of the Company, for next term of the Board, at a remuneration, other entitlements and terms and conditions as may be determined by the directors and altered from time to time, as per the Company's policies.

10. To transact any other business with the permission of the Chair.
Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 5, 6, 7, 8 and 9 is annexed to the notice being sent to the members.

Karachi
September 22, 2021

By Order of the Board
Fazal ur Rehman Hajano
Company Secretary

Notes:

- VIDEO-LINK ARRANGEMENT FOR ONLINE PARTICIPATION IN THE 50th ANNUAL GENERAL MEETING OF THE COMPANY DUE TO COVID-19**
As COVID-19 pandemic is continuing with emergence of new variants with the passage of time causing rapid human to human transmission, therefore, in order to protect the health and well-being of Shareholders, Company has decided to convene its 50th AGM through video link facility, while honouring quorum provisions, as allowed by the Securities and Exchange Commission of Pakistan. For this purpose, special arrangements have been made for the AGM which are as under:
a) AGM will be held through ZOOM application (a video link facility).
b) Shareholders interested in attending the AGM through ZOOM application are requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of AGM i.e. before 1200 hours on October 12, 2021 at cdcsr@cdcsr.com or WhatsApp 0321-8200864 by providing the following details:

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email ID	Mobile Phone No.
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Shareholders/proxyholders are requested to provide active email addresses and mobile phone number.

Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

Shareholders may send their comments and questions relating to the agenda items of the AGM at least two (2) working days before the AGM, at the given email address cdcsr@cdcsr.com or WhatsApp on: 0321-8200864 Shareholders are requested to mention their full name, CNIC/Folio/ Participant ID & A/C No for this purpose.

2. NOTICE OF BOOK CLOSURE

The share transfer books of the Company will remain closed from October 08, 2021 to October 14, 2021 (both days inclusive). Transfers received, in order, at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi 74000, by the close of business on October 07, 2021, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend, bonus shares and to attend and vote at the meeting.

3. Appointment of Proxy

- A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.
- The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarial certified copy of the power or authority, must be deposited at the Registered Office of the Company situated at 12/CL-6, Claremont Road, Civil Lines, Karachi 75530, at least 48 hours before the time of the meeting. Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

4. Submission of Copies of Valid CNICs

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

5. Changes in Members Addresses

Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

6. E-Dividend

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar, at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDC participants for updating and forwarding to the Company.

7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the Finance Act, 2021, effective July 01, 2021, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax filer status latest by October 07, 2021. Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total No. of shares	Principal Shareholders		Joint Holder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business (5:00 p.m.) on October 07, 2021; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 14, 2021.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 07, 2021.

For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following email addresses:

Company: corporate.secretary@nfoods.com
Share Registrar: info@cdcsr.com

8. **Unclaimed Dividend/Shares**
Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, to collect / enquire about their unclaimed dividend/shares, if any.
9. **Postal Ballot/E-Voting**
In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.
10. **Availability of Financial Statements and Reports on the Website:**
The Annual Report of the Company for the year ended June 30, 2021 has been placed on the Company's website at the given link: <https://nfoods.com/investor-relations/financial-report/>
11. **Electronic Transmission of Financial Statements and Notice of Meeting**
Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2022 or onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.
12. **Conversion of Physical Shares into Book-Entry Form**
Pursuant to Section 72 of the Companies Act and directive issued by SECP vide its letter No. CSD/ID/Misc./2016-639-640 dated 26 March 2021, all listed companies are required to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in Book-Entry Form.
In view of the aforesaid requirement shareholders of the Company are requested to convert their physical shares into book-entry form as soon as possible. Conversion of shares into book-entry form would facilitate the shareholders i.e. readily available market for instant sale and purchase of shares, elimination of risk of loss & damage, easy & safe transfer and less formalities as compared to physical shares. Shareholders may contact Share Registrar of the Company for assistance in conversion of shares. Guidelines for Conversion of Physical Shares into Book-Entry Form are available on the website of CDC Share Registrar Services Limited at the given link: https://www.cdsr.com/?et_download=7429
13. **For Election of Directors**
Any person who seeks to contest the election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the above said meeting his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act, 2017 together with:
i) Consent to act as director under Section 167(1) of the Act on a duly filled and signed FORM 28
ii) Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations.
iii) Declaration of independence in terms of Section 166(2) of the Companies Act, 2017 as required under Listed Companies (Code of Corporate Governance) Regulations, 2019 (applicable only for person filing consent to act as independent director of the Company).
iv) A detailed profile along with office address for placement on the Company's website
v) Detail of other directorship and offices held
vi) Copy of valid CNIC (in case of Pakistan national) / Passport (in case of foreign national), and NIN & Folio No./CDC Investors Account No./CDC Sub-Account No (applicable for person filing consent for the first time).

STATEMENT UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017

This statement set out justification required concerning Agenda Item No. 5 (Election of Directors) to be transacted at the 50th Annual General Meeting.

AGENDA ITEM NO. 5

ELECTION OF DIRECTORS

In terms of Section 153(1) of the Companies Act, 2017, the directors, at their meeting held September 06, 2021, have fixed the number of elected directors at seven (7) to be elected at the Annual General Meeting ("AGM") for a period of three years. The Company is required to have at least two (2) independent directors on the Board under the Listed Companies (Code of Corporate Governance) Regulations, 2019. The independent directors shall also be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Articles of Association of the Company.

Section 166(3) of the Companies Act 2017 (the Act) requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent director. As regards the justification for choosing independent directors, candidates should be eligible for election as director of a listed company under Section 153 of the Act and meet the criteria of independence laid down under section 166(2) of the Act and the Companies (Manner and Selection of Independent Directors) Regulation, 2018 and his/her name is included in the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance (PICG) duly authorized by the Securities & Exchange Commission of Pakistan. The Directors of the Company have no interest in the above said business except being eligible for re-election as director of the company.

STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement set out all the material facts concerning Special Business under Agenda Item No. 6, 7, 8 and 9 be transacted at the 50th Annual General Meeting.

AGENDA ITEM NO. 6

ISSUE OF BONUS SHARES BY CAPITALIZATION OF FREE RESERVES

The Board of Directors in their meeting held on September 06, 2021, have recommended capitalization of a sum of Rs. 233,115,425 out of free reserves of the Company for issue of 46,623,085 ordinary shares of Rs. 5 each, as 25% fully paid bonus shares. The directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves. The Directors of the Company have not, direct or indirect interest in this special business, except to the extent of their entitlements of bonus shares and their relatives who are also shareholders of the Company.

AGENDA ITEM NO. 7

SPECIAL RESOLUTION - APPROVAL/RATIFICATION OF RENEWAL OF AGREEMENT WITH NATIONAL FOODS - DMCC

National Foods Limited (NFL) has an Agreement for Supply of Food Products with National Foods - DMCC (NF-DMCC) executed on October 01, 2014 for a period of 5 years (the Agreement). The Board approved renewal of the Agreement on February 19, 2021 and proposed to seek approval/ratification by the members of the Company in the Annual General Meeting.

As the majority of directors were interested in the arrangement due to their common directorship and shareholding, in NF-DMCC, the shareholders are requested to approve/ratify renewal of the Agreement by NFL, by passing special resolution in terms of Section 208 of the Companies Act, 2017.

The disclosure of information under Regulation 5 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 [SRO 1194 (I)/2018, dated October 2, 2018].

i) Name of related party;	National Foods DMCC
ii) Names of the interested or concerned directors;	<ul style="list-style-type: none"> • Mr. Abdul Majeed • Mr. Zahid Majeed • Mr. Abrar Hasan • Mrs. Noreen Hasan
iii) Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;	NFDMCC is a wholly owned subsidiary of National Foods Limited
iv) Detail, description, terms and conditions of transactions;	Sales of food products manufactured by National Foods Limited
v) Amount of transactions;	National Foods DMCC - Net Sales 1,960,359,000
vi) Timeframe or duration of the transactions or contracts or arrangements;	Indefinite
vii) Pricing policy;	As Per Transfer Pricing Policy
viii) Recommendations of the audit committee;	The matter was discussed and accordingly recommended to be placed before the shareholders in Annual General Meeting.
ix) Any other relevant and material information that is necessary for the shareholders to make a well-informed decision regarding the approval of related party transactions.	None

Inspection: The Agreement relating to special business can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9.00 a.m. - 5.00 p.m.).

Disclosure of Interest of Directors: Mr. Abdul Majeed, Mr. Abrar Hasan and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in respective related parties and Mrs. Noreen Hasan due to the interest of his spouse.

AGENDA ITEM NO. 8

ORDINARY RESOLUTIONS - TRANSACTIONS WITH RELATED PARTIES

(a) Ratification and approval of transactions with related parties carried out during the financial year ended June 30, 2021

The company carries out transactions with its related parties on an arm's length basis, as per the approved policy with respect to 'transactions with related parties', in the normal course of business. All transactions entered into with related parties require the approval of the Board of Directors for their approval. However, in terms of Regulation 15 Board Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the Board of Directors for their approval. The Companies Act, 2017 (the Act) also requires of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code) approval of shareholders is required for such transactions with related parties in which majority of directors of the company are interested. The approval of shareholders on the matters where majority of directors are interested.

In view of the above, following transactions carried out in normal course of business on an arm's length basis with related parties during the financial year ended June 30, 2021, are being placed before the shareholders for their ratification and approval.

Name	Relationship	Nature of Transaction	Amount in Rupees
National Foods DMCC	Subsidiary	Net Sales	1,960,359,000
ATC Holdings (Private) Limited	Parent Company	Rental Income	3,638,000

(b) and (c) Authorization for the Board of Directors to approve the related party transactions during the financial year ending June 30, 2022 and till next Annual General Meeting

The Company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2022 and subsequently, on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Accordingly, approval of shareholders is being sought to authorize the Board of Directors of the related parties' transactions in which majority of Directors are interested due to their common directorship and/or shareholding, therefore necessitate approval of shareholders. The nature and scope of such related party transactions is explained above in the statement of under clause (a) of the agenda. The related party transactions conducted during financial year ending June 30, 2022, shall then be placed before the shareholders in the next AGM for their formal approval/ratification.

Disclosure of Interest of Directors: Mr. Abdul Majeed, Mr. Abrar Hasan and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in respective related parties and Mrs. Noreen Hasan due to interest of his spouse.

AGENDA ITEM NO. 9

ORDINARY RESOLUTION - HOLDING OFFICE OF PROFIT

Mr. Zahid Majeed was appointed as Executive Director of the Company as "CEO NFDMCC - International Division - Export" in the last Annual General Meeting held on October 21, 2020. The appointment was made for one year which will expire on October 21, 2021. The Board of Directors of the Company in their meeting held on September 06, 2021 approved extension of appointment of Mr. Zahid Majeed as Executive Director in terms of Section 208 (1) (i) of the Companies Act, 2017 as per the recommendations of Human Resource & Remuneration Committee and Audit Committee under the related party policy of the company subject to his re-election in the AGM. This appointment is subject to approval by members of the Company in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.

Accordingly, the Board of Directors proposed ordinary resolution, to accord approval of the members in general meeting to authorize Mr. Zahid Majeed for holding of office of profit under the Company for next term of the Board. Material facts and disclosures, required under Para B(3) and C (2) of the aforesaid SRO 423 of 2018, are provided herein below:

i) Details of the office of profit proposed to be held by the Director;	Mr. Zahid Majeed as Executive Director of the Company on account of his appointment as "CEO NFDMCC"
ii) Brief job description of the office to be held by the Director;	<ul style="list-style-type: none"> a) To implement board's strategy; b) Manage overall operations and resources; c) Focal point of communication between Board of Directors and the Management;
iii) Remuneration of the director, including perks and benefits, pecuniary or otherwise;	Rs. 58.96 million per annum plus inflationary adjustments (if any).
iv) Benefits to the company and its members as a result of such office of profit to be held by the Director; and	Expansion into international markets and to increase exports;
v) Period of holding of such office.	Three (3) years commencing from October 14, 2021.
vii) Nature and extent of interest, if any, therein of every Director, whether directly or indirectly.	Mr. Zahid Majeed himself and Mr. Abdul Majeed being his father are interested in this matter.