



engro fertilizers

February 15, 2016.

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

Fax: 32410825

**NOTICE OF ANNUAL GENERAL MEETING – ENGRO FERTILIZERS LIMITED**

Dear Sir,

We are enclosing herewith a copy of the Notice of Annual General Meeting of Engro Fertilizers Limited to be held on Monday, March 28, 2016 at 10:00 a.m at Karachi Marriott Hotel, for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,

  
**FAIZ CHAPRA**  
Company Secretary

*Encl: As above.*

**Engro Fertilizers Limited**

7th & 8th Floors, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi 75600, Pakistan.

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**ENGRO FERTILIZERS LIMITED**  
**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Engro Fertilizers Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Monday, March 28, 2016 at 10 a.m. to transact the following business:

**A) ORDINARY BUSINESS**

- (1) To receive and consider the Audited Accounts for the year ended December 31, 2015 and the Directors' and Auditors' Reports thereon.
- (2) To declare a final dividend at the rate of PKR 3.00 (30%) for the year ended December 31, 2015.
- (3) To appoint Auditors and fix their remuneration.
- (4) To elect 08 directors in accordance with the Companies Ordinance, 1984. The retiring Directors are Messrs Syed Khalid Siraj Subhani, Ruhail Mohammed, Javed Akbar, Abdul Samad Dawood, Shabbir Hashmi, Naz Khan, Inamullah Naveed Khan and Shahid Hamid Pracha.

**B) SPECIAL BUSINESS**

- (5) To consider, and if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT the consent of the Company in General Meeting be and is hereby accorded to lend/provide to Engro Corporation Limited, a short term loan / financing facility of upto PKR 6 billion. The facility will initially be for a period of one year, but renewal of the same for four further periods of one year each be and is also hereby approved.

- (6) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED that the Articles of Association of the Company be amended by adding a new Article 54A as follows:

The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

N.B.

- (1) The Directors of the Company have fixed, under sub-section (1) of Section 178 of the Companies Ordinance, 1984, the number of elected directors of the Company at 08.
- (2) The Share Transfer Books of the Company will be closed from Tuesday, March 15, 2016 to Monday, March 28, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO ASSOCIATES (PVT.) LTD, 8-F, next to Hotel Faran, Nursery, Block 6, PECHS, Shakra-e-Faisal, Karachi (PABX Nos. (92-21) 34380101-5) and email [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) by the close of business (5:00 p.m) on Monday, March 14, 2016 will be treated to have been in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.
- (3) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

**(4) SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2015, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers of Income Tax return 12.5% and Non filer of Income Tax return 17.5%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal	Shareholder	Joint	Shareholder
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-			Name & CNIC No.	Shareholding Proportion No. of shares	Name & CNIC No.	Shareholding proportion No. of shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05 2012 of SECP and therefore will be constrained under SECP Order dated July 06, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders. Further, all the shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The Company as per the new Law, shall apply 17.5% rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt.) Ltd., by the first day of Book Closure.

By order of the Board

FAIZ CHAPRA  
Company Secretary

Karachi,  
February 08, 2016.

#### **Statement under Section 160 of the Companies Ordinance, 1984**

This Statement is annexed to the Notice of the Seventh Annual General Meeting of Engro Fertilizers Limited to be held on Monday, March 28, 2016, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

#### **ITEM (5) OF THE AGENDA**

The management of the Company and Engro Corporation (its parent) have been evaluating a mechanism whereby short term liquidity management within the

Company and the Engro group could be further strengthened. As a Group-wide policy initiative to achieve operational efficiencies for the benefit of the Company and the Group, the Company seeks approval to enable it to lend and make available to Engro Corporation (ECorp) short term financing facilities. The above is being proposed only for short term liquidity management (including but not restricted to commercial papers and other short term financing instruments), where the company has surplus liquidity and/or Engro Corporation requires liquidity. Engro Corporation, as a reciprocal arrangement will be obtaining its shareholders' approval to make similar facilities available to the Company where it has excess liquidity and / or where the Company requires liquidity.

**The information required under S.R.O. 27 (1) / 2012 for loans and advances is provided below:**

- (i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Engro Fertilizer Limited (Engro Fert) is a subsidiary company of Engro Corporation Limited (Engro Corp) which holds 78.77% of its shares.

- (ii) Amount of loans or advances;

Upto PKR 6 billion.

- (iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

This will enable Engro Fert to lend to Engro Corp during the times it has excess liquidity and / or Engro Corporation requires liquidity giving the Company the opportunity to benefit from better terms including earning a higher return. This will improve the profitability of the Company benefitting the shareholders.

- (iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

None

- (v) Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;

Half year ended June 30, 2015, reviewed accounts of Engro Corporation Limited (stand alone):

Assets	Amounts in thousand
Property plant & equipment	91,361

Long term investments	30,452,386
Loans, advances & prepayments (including long term)	10,014,987
Short term investments	4,689,378
Other Assets	750,572
<b>Total Assets</b>	<b>45,998,684</b>
<b>Liabilities</b>	
Borrowings	4,370,935
Trade and other payables	576,856
Other Liabilities	352,921
<b>Total Liabilities</b>	<b>5,300,712</b>
<b>Equity</b>	<b>40,697,972</b>
 <b>Income Statement</b>	
Dividend & Royalty income	4,306,460
Operating Profit	11,585,609
Profit after Tax	11,027,129

- (vi) Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank offered Rate for the relevant period;

Average Short Term Borrowing Cost of Engro Fert as at December 31, 2015 is KIBOR + 0.83%. However this keeps on changing.

- (vii) Rate of interest, mark up, profit, fees or commission etc. to be charged;

The rate will be better than the mark-up payable by Engro Fert on its borrowings of like or similar maturities and where it has no borrowings, the rate will not be less than KIBOR for the relevant period and will also be better than the rates Engro Fert can obtain for deposits or investments with financial institutions.

- (viii) Sources of funds from where loans or advances will be given;

Internal cash generation: However see IX below.

- (ix) Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;

The intent is generally only to lend to Engro Corp when Engro Fert has excess liquidity. However, there may be circumstances where Engro Fert may have overdraft lines un-utilized and may still lend to its parent by utilising such lines. If this is done the answers to the queries are that (I) it will be justified by Engro Corp paying a mark up rate better than the rate payable by Engro Fert and Engro Corp also making a similar facility available to the company and (II) Engro Fert secures its overdraft line by a joint first pari passu charge over its charged assets as defined in the joint deed of floating charge and (III) the

normal repayment schedules of short term loans are for a maximum of one year.

- (x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

No security will be obtained since Engro Corporation is the largest shareholder of Engro Fert and a very solid and profitable holding company. Both companies are confident that any financing arrangement will be ultimately repaid.

- (xi) If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;

None

- (xii) Repayment schedule and terms of loans or advances to be given to the investee company;

Facility granted for a period of one year, renewable for four further periods of one year each. The other terms are mentioned above.

- (xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

As detailed above

- (xiv) 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;

The Directors of Engro Fertilizers have no personal interest in the matter, however, some directors of Engro Fertilizers' Board are also directors of Engro Corporation's Board and hold shares in Engro Corporation Limited: Mr. Abdul Samad Dawood 66,310 shares and Mr. Syed Khalid Siraj Subhani 865,714 shares. The following directors of Engro Corporation Limited hold shares in Engro Fertilizers Limited: Mr. Hussain Dawood 1,168,016 shares, Mr. Shahzada Dawood 1,157,105 shares, Mr. Abdul Samad Dawood 6,631 shares, Mr. Muhammad Abdul Aleem 126,364 shares, and Mr. Syed Khalid Siraj Subhani 236,571 shares.

- (xv) Any other important details necessary for the members to understand the transaction;

N/A

**ITEM (6) OF THE AGENDA**

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting

By order of the Board

FAIZ CHAPRA  
Company Secretary

Karachi,  
February 08, 2016.