



March 14, 2016

To:

Mr. Muhammad Ghufan

Deputy General Manager

Pakistan Stock Exchange

Stock Exchange Building,

Stock Exchange Road, Karachi.

Dear Sir,

Subject: Notice of Extra-Ordinary General Meeting.

We refer to your letter having reference No. C-297-F-1953, dated March 07, 2016 ("Letter"). Engro Eximp (Pvt.) Limited ("Eximp") was a wholly owned subsidiary of Engro Corporation Limited which was acquired by Engro Fertilizers Limited ("EFert"), which is also a group company with ECorp's shareholding in EFert being 85.7% at the time of the acquisition. It was always the intention to merge Eximp into EFert as also set out in the Extra-Ordinary General Meeting notice of EFert in 2015 (copy of Notice of Meeting is enclosed). The shareholders of EFert were informed and they subsequently approved the acquisition of Engro Eximp (Pvt.) Limited ("Eximp") so as to further strengthen synergies between the group's business lines and to consolidate the fertilizer business into one entity, which would in turn allow the Company to consolidate its own position in the fertilizer industry. Furthermore, the Directors of EFert in the Q3 Director's Report (copy enclosed) had disclosed that EFert is in the process of seeking requisite approval for the merger of Eximp.

We have also enclosed 200 copies of the Scheme of Amalgamation with the Notice of Meeting seeking approval from the shareholders.

With regard to items: 1, iii, iv, v & vi of the Letter, we would like to clarify that these do not apply in this instance as Eximp is a wholly owned subsidiary which is being merged into its parent company.

Regards,

A handwritten signature in black ink, appearing to read "Faiz Chapra", written over a horizontal line.

Faiz Chapra

Company Secretary

Engro Fertilizers Limited

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

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directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited financial statements for the period ended September 30, 2015.

Pakistan Fertilizer Market

Gas prices for the fertilizer sector were increased effective September 1, 2015, which was followed by an increase in urea prices by all manufacturers. However, the recent farmer package announcement by the Government led to an uncertainty about urea prices which affected sales. Resultantly the domestic Urea industry sales fell by 4% vs the same period last year to 3,946 KT. Sale of branded urea has decreased by 3% over the same period last year to 3,463 KT.

During the period under review, total urea production increased to 3,877 KT vs 3,597 KT in the same period last year i.e. an increase of 8%, primarily due to higher production by plants on the Mari network.

Domestic DAP industry sales decreased by 154 KT vs the same period last year to 592 KT (-21%). This was primarily due to deferral in demand led by the delay in implementation of subsidy announced in Budget 2015.

During the period, the Government enacted the GIDC Act 2015 providing legal cover to the retrospective applicability of GIDC as well as on current billing. The Act includes GIDC on old as well as new Fertilizer plants. However, the imposition of GIDC on new fertilizer plants and major expansions is in direct contravention to the Fertilizer Policy of the Government based on which new investments were made.

On the international front, urea prices have remained stable though slightly lower than before. Subsequently the gap between international and local prices has significantly narrowed down.

Company's Operating Performance

Urea production for the period stood at 1,472 KT as compared to 1,332 KT in the same period of last year i.e. an increase of 11% mainly due to continued two plant operation, lower outage days and better gas supply.

Urea sales for the nine months ended September 30, 2015 stood at 1,294 KT vs 1,320 KT in the corresponding period of 2014, showing a fall of 2% as the market reacted to uncertainty in urea prices. The Company maintained an overall urea market share of 33% and a branded urea market share of 37%.

The Company sold 137 KT of DAP, which constitutes a 25% market share in the industry for the brand Engro DAP during the period which was at par with the market share achieved in 2014.

Blended fertilizers' (Zarkhez & Engro NP) sales for the period increased to 79 KT from 75 KT in the corresponding period last year led by significantly higher NP sales. Overall domestic potash industry saw a decrease of 12% from 9M 2014. The market share of Zarkhez fell to 38% (41% in 9H 2014) due to direct marketing of MOP by other importers given lower international potash prices.

EFERT continued to receive 60 MMSCFD gas from Mari Shallow throughout the period and is expected to continue till 31st Dec 2015 as per ECC decision against which the Company installed compressors for Guddu Power Plant (Genco II) at its own cost.

Post enactment of the GIDC Act 2015, the Company has obtained stay orders against the retrospective applicability of GIDC. However, on the request of the Government, and without compromising its legal stance, the Company has paid the accrued amount of PKR 15.2 Billion against non-concessionary gas supplied. Currently, the Company is paying GIDC on all non-concessionary gas.

The Company has also obtained a stay order against GIDC applicability on concessionary gas and therefore no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our Gas supply contracts on the basis of which we invested USD 1.1 Billion to expand our fertilizer manufacturing capacity.

The Company is in the process of seeking requisite approvals for merger of Engro EXIMP (Private) Limited with Engro Fertilizers Limited as it proceeds with the complete integration of the DAP business.

The Company's standalone Gross Profit for the nine months ended September 30, 2015 was PKR 20.7 Billion as compared to PKR 15.9 Billion in the same period last year. This increase was primarily on account of implementation of concessionary pricing effective from March 16, 2015.

One off tax effects reduced tax charge for the year. Further, financial cost was also lower due to the option exercised by IFC to convert its loan into equity, loan repayments and lower KIBOR, which enhanced profitability.

As a result of the above, the Company's standalone Net Profit for the nine months ended September 30, 2015 has increased to PKR 9.9 Billion from PKR 5.5 Billion for the same period last year which has resulted in basic EPS of PKR 7.45 vs PKR 4.24 in the same period last year.

The Gross Profit of the Company has increased to PKR 6.6 Billion for the quarter ended September 30, 2015 vs PKR 6.0 Billion during the same period last year; Net Profit for the third quarter stood at PKR 2.7 Billion vs PKR 2.1 Billion in 2014. This translates into a basic EPS of PKR 2.10 for the quarter vs PKR 1.63 for the corresponding period last year.

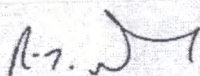
The Board is pleased to recommend an interim cash dividend of PKR1.50 per share for the quarter ended September 30, 2015 taking the cumulative payout to PKR 3.00 per share for 2015.

Near Term Outlook

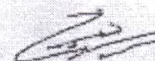
Poor crop economics have had a dampening effect on sales. However, the implementation of the Farmer Package, keenly awaited by the industry, should offset it to some extent. Given current urea demand supply situation, the industry appears to be adequately supplied for the upcoming season.

International Urea prices are likely to soften as the market is expected to move towards the bottom of the commodity cycle. Similarly, International DAP prices are expected to remain under pressure due to weak import demand from major demand centers (India and Brazil).

With Rabi season picking up, we expect to offload all of our Urea production. Post clarity on subsidy implementation, we also expect sales of phosphate based fertilizer to pick up. In addition to existing inventory of DAP additional volumes have been looked in to meet demand.



Ruhail Mohammed
Chief Executive Officer



Khalid Siraj Subhani
Chairman



engro fertilizers

March 11, 2015.

The General Manager
Karachi Stock Exchange (Guarantee) Ltd.
Stock Exchange Building
Stock Exchange Road
Karachi.
Fax: 111-573-329

The Secretary
Lahore Stock Exchange (Guarantee) Ltd.
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The Secretary
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NOTICE OF EXTRAORDINARY GENERAL MEETING
OF
ENGRO FERTILIZERS LIMITED

Dear Sirs,

We are enclosing herewith the Notice of Extraordinary General Meeting of the Company, to be held on Wednesday, April 29, 2015 at 11:00 a.m (or immediately following the Company's AGM) at Pearl Continental Hotel, Karachi, which will be sent to the press and is being sent to the Stock Exchanges for their prior information.

Very truly yours

FAIZ CHARRA
Company Secretary

Encl: As above.

ENGRO FERTILIZERS LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 7th Extraordinary General Meeting of the Company will be held at Pearl-Continental Hotel, Club Road Karachi on Wednesday April 29th, 2015 at 11:00 a.m (or immediately following the Company's AGM) to transact the following business:

To consider and if thought fit, to pass with or without modification, the following resolutions as special resolutions:

RESOLVED THAT "the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance 1984 for the acquisition by the Company from Engro Corporation Limited of 114,140,000 ordinary shares of Engro Eximp (Private) Limited, of the par value of Rs.10 each and being the entire issued share capital of Engro Eximp (Private) Limited, an associated company, for a lump sum consideration of PKR4.4bn."

FURTHER RESOLVED THAT "the CEO/CFO/Company Secretary or their duly authorized delegates are hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions."

A statement under Section 160 of the Companies Ordinance, 1984 setting forth all material facts concerning the Resolutions contained in this Notice which will be considered for adoption at the Meeting is annexed to this Notice of Meeting being sent to Members.

By Order of the Board

Karachi,
February 18th 2015

Faiz Chapra
Manager - Legal
& Company Secretary

N.B

- (1) The share transfer books of the Company will be closed and no transfers of shares will be accepted for registration from Wednesday April 15, 2015 to Wednesday April 29, 2015 (both days inclusive). Transfers received in order at the office of our Registrar, Messrs FAMCO ASSOCIATES (PVT.) LTD, 8-F, next to Hotel Faran, Nursery, Block 5, PECHS, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com.pk, by the close of business (5:00 p.m) on Tuesday April 14, 2015 will be treated to have been in time for the purpose of attending and vote at the meeting.

- (2) 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.

Statement under Section 160 of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the 7th Extraordinary General Meeting of Engro Fertilizers Limited to be held on Wednesday April 29th, 2015 at 11:00 a.m. (or immediately following the Company's AGM). The purpose of this Statement is to set forth the material facts concerning the matter to be considered at this meeting.

The Board of Directors of the Company have proposed an investment of Rs 4.4 bn for the acquisition by the Company from Engro Corporation Limited of 114,140,000 ordinary shares of Rs.10 each of Engro Eximp (Private) Limited (EXIMP), and being the entire issued share capital of EXIMP.

EXIMP, a wholly owned subsidiary of Engro Corporation Limited, is the group's commodity trading business that deals primarily in the import and trading of phosphate and potash based fertilizers for the Company such as DAP, MAP, MOP and SOP and also imports micro-nutrients like Zinc Sulphate which it supplies as raw materials to the Company's Zarkhez plant for manufacturing blended fertilizers. Over the past five years, EXIMP has become the single largest importer of phosphates and potash fertilizers in Pakistan and has a 100% held UAE based subsidiary, Engro Eximp FZE, that is also engaged in the trading of fertilizers.

Currently, EXIMP imports primarily phosphates based fertilizers, which are distributed and marketed through the Company's network in Pakistan as an extension of Engro's overall fertilizer portfolio. Following the completion of the transaction, the Company will acquire the entire shareholding of EXIMP together with rights to use 'Engro' trademarks (under license from Engro Corporation) for imported fertilizers / associated products, against a lump sum consideration of Rs.4.4 bn.

In order to further strengthen synergies between the group's business lines, the transaction is being proposed to consolidate the fertilizer business into one entity which will in turn allow the Company to consolidate its own position in the fertilizer industry. The proposed transaction will also allow the Company to create value through synergies and increase its footprint in agricultural inputs. In addition, the proposed transaction will allow the Company to increase its revenues and earnings.

The Directors of the Company have carried out the necessary due diligence for the purposes of making this investment in an associated company.

The information required under S.R.O.27 (I)/2012 dated January 16, 2012 is as under:-

In case of investment in securities:

(i) name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Engro Eximp (Private) Limited The associated relation is established on the basis of common directorship and control.
(ii) purpose, benefits and period of investment	The proposed investment will allow the Company to increase its revenues and earnings. Strategic benefits have been provided above. Given the Company's strategic goals, this is to be a long term investment.
(iii) maximum amount of investment	Rs. 4,400,000,000/- being the consideration for the purchase of the entire issued share capital of EXIMP as set out above.
(iv) maximum price at which securities will be acquired	Securities will be acquired at a price of Rs.38.5 per share based on an independent third party valuation by M. Yousuf Adil Saleem & Co. (member of Deloitte Touche Tohmatsu Limited, a recognized and highly reputable international accountancy firm).
(v) maximum number of securities to be acquired	114,140,000 ordinary shares of EXIMP will be acquired which is the entire issued share capital of EXIMP and will result in EXIMP being a wholly owned subsidiary of the Company.

(vi) number of securities and percentage thereof held before and after the proposed investment	<p>Before: Nil</p> <p>After: Number of securities: 114,140,000 Engro Fertilizers shareholding: 100%</p>
(vii) in case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Not applicable.
(viii) in case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Based on generally accepted valuation techniques the fair market value of the shares to be acquired is Rs. 38.5 per share as determined by an independent third party valuer, M. Yousuf Adil Saleem & Co. (member of Deloitte Touche Tohmatsu Limited, a recognized and highly reputable international accountancy firm).
(ix) break-up value of securities intended to be acquired on the basis of the latest audited financial statements	See (xiii) below.
(x) earnings per share of the associated company or associated undertaking for the last three years	<p>2014: Rs. 11.8 per share (adjusted EPS*); 2014: Rs(44.3) per share 2013: Rs. 10.2 per share 2012: Rs. 2.9 per share</p> <p>*(excluding the impact of one-off adjustment, of Rs 6.4bn being impairment of investment in Engro Eximp Agriproducts (Private Limited), a subsidiary which will be disposed off by EXIMP and thus no longer a part of EXIMP which is being acquired)</p>
(xi) sources of fund from which securities will be acquired	Company's own sources.
(xii) where the securities are intended to be acquired using borrowed funds, (I) justification for investment through borrowings and (II) detail of guarantees and assets pledged for obtaining such funds	Not applicable.
(xiii) salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	A Share Purchase Agreement will be executed. The Agreement will provide that the total consideration payable (Rs.4.4bn) assumes a net book value (not including intangible assets) of EXIMP to be Rs.63m and any variation in such value will be adjusted in the purchase price.
(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 Limited have no personal interest in Engro Eximp (Pvt.) Limited which is an associated company, except that some Directors of Engro Fertilizers Limited are Directors of Engro Eximp (Pvt.) Limited and hold one share each in Engro Eximp (Pvt.) Limited, as nominees of Engro Corporation Limited.

	As of the date of this notice, the following Directors of Engro Eximp (Pvt.) Limited hold shares in Engro Fertilizers Limited: Mr. Muhammad Aliuddin Ansari (20,000), Mr. Ruhail Mohammed (102,944), Mr. Khalid S. Subhani (236,571), Mr. Shahzada Dawood (1,157,105) and Mr. Shamsuddin A. Shaikh (22,008).
(xv) any other important details necessary for the members to understand the transaction and	As detailed above.
(xvi) In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations.	Not applicable.

By Order of the Board

Faiz Chapra
 Manager - Legal
 & Company Secretary

Karachi,
 February 18th 2015