

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED will be held on Wednesday, April 30, 2014 at 10:30 a.m. at Royal Palm Golf and Country Club, 52-Canal Bank Road, Lahore to transact the following business:

Special Business

1. To consider and approve acceptance of early repayment of PKR 3 billion loan extended to associated Company namely Pakarab Fertilizers Limited by December 31, 2014 and to pass the following Special Resolution(s) with or without modification(s):

“Resolved, that the Company be and is hereby authorized to accept prepayment, in one or more installments, of the entirety of the PKR 3 billion loan from Pakarab Fertilizers Limited (“PFL”) by December 31, 2014 in accordance with the requirements of section 208 of the Companies Ordinance 1984 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Resolved further, that the secretary, the CFO and any director of the Company be and are each hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing any necessary agreements/documents, and any amendments thereto, and the sending of notices of the general meeting, and any ancillary matters thereto.”

2. To consider and approve equity investment and/or investment in any other form (including provision of guarantees/security/non-funded facilities) of an aggregate amount of up-to USD300 million in Midwest Fertilizer Corporation, a Delaware Corporation which plans to convert itself into a Delaware Limited Liability Company (“MFC”), directly or through special purpose off-shore vehicle(s) incorporated for such investment, in compliance with the provisions of section 208 of the Companies Ordinance, 1984 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 and to pass the following Special Resolution(s) with or without modification(s):

“Resolved, that pursuant to the provisions of the Companies Ordinance, 1984 and other applicable laws, if any and subject to the approval/consent of such appropriate authorities including that of State Bank of Pakistan, where necessary, the Company be and is hereby authorized to make:

- a) equity investment, of up-to USD300 million (“Investment Amount”) over a four (4) year period, in one or more installments, in Midwest Fertilizer Corporation, a Delaware Corporation which plans to convert itself into a Delaware Limited Liability Company (hereinafter referred to as “MFC”), either directly or through offshore special purpose vehicle(s) incorporated for such investment; and
- b) any other form of investment, including provision of guarantees, security and/or non-funded facilities, to or on behalf of MFC, either directly or through offshore special purpose vehicle(s) incorporated for such investment over a 4 year period at rates of interest/markup not less than the borrowing cost of the Company, provided that any such investment together with the equity investment does not exceed the Investment Amount in the aggregate.

Resolved further, that the Board of Directors of the Company be and is hereby authorized to take all steps necessary in this regard and to do all such acts, deeds and things as may be required to give effect to aforesaid resolution including but not limited to seek any relevant regulatory approval that may be required, negotiating and executing any necessary agreements/documents, and any amendments thereto, and any ancillary matters thereto.”

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on June 29, 2013.
2. To receive, consider and adopt the audited financial statements of the Company together with the directors’ and auditors’ reports thereon for the year ended December 31, 2013.
3. To consider and approve final cash dividend for the year ended December 31, 2013 at Rs. 2.5 per share i.e., 25% as recommended by the Board of Directors.
4. To elect Directors of the Company for a period of three years commencing from May 01, 2014 to April 30, 2017 in terms of section 178 of Companies Ordinance 1984.

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- a. Pursuant to section 178(1) and (2)(a) of the Companies Ordinance 1984, the Directors have fixed the number of directors at 7 (Seven).
- b. Pursuant to Section 178(2)(b) of the Companies Ordinance 1984, the names of the retiring Directors are:

- | | |
|------------------------------|-----------------------------|
| 1. Mr. Arif Habib | 2. Mr. Fawad Ahmed Mukhtar |
| 3. Mr. Fazal Ahmed Sheikh | 4. Mr. Faisal Ahmed Mukhtar |
| 5. Mr. Muhammad Kashif Habib | 6. Mr. Jørgen Nergaard Gøl |
| 7. Mr. M. Abad Khan | |

5. To appoint Auditors for the year ending December 31, 2014 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s M. Yousuf Adil Saleem & Co. Chartered Accountants as external auditors.

Other Business

6. To transact any other business with the permission of the Chair.

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting out the material facts concerning the special business is annexed herewith.

By order of the Board



Asad Murad
Chief Financial Officer



Lahore: April 09, 2014

Notes:

1. The Share Transfer Books of the Company will remain closed from April 24, 2014 to April 30, 2014 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent, Central Depository Company of Pakistan Limited by the close of business on April 23, 2014 will be treated in time for the aforesaid purpose.
2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.
4. The members are requested to notify change in their address, if any, at our Share Registrar/Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.

Statement under section 160(1) (b) of the Companies Ordinance, 1984

Item 1 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding in the investee company:

Directors	Relatives
1) Mr Arif Habib	1) Mrs Zetun Arif
2) Mr Fawad Ahmed Mukhtar	2) Mrs Ambreen Fawad
3) Mr Fazal Ahmed Sheikh	3) Ms Meraj Fatima
4) Mr Faisal Ahmed Mukhtar	
5) Mr Muhammad Kashif Habib	

The information required under S.R.O.27(I)/2012 is provided below:

Sr. No.	Description	Information Required																				
(i)	Name of investee company or associated undertaking along with criteria based on which the associated relationship is established	Pakarab Fertilizers Limited due to common directorship by the following: 1) Mr Arif Habib 2) Mr Fawad Ahmed Mukhtar 3) Mr Fazal Ahmed Sheikh 4) Mr Faisal Ahmed Mukhtar 5) Mr Muhammad Kashif Habib																				
(ii)	Amount of Loans or Advances	PKR 3.00 Billion																				
(iii)	Purpose of Loans or Advances and benefits likely to accrue to the investing Company and its members from such loans or advances	Not applicable as the Company is seeking approval for prepayment of such loan to boost the Company's cash flow/liquidity and enable it, inter alia, to invest in other potentially lucrative projects																				
(iv)	In case any Loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Loan of PKR 3.00 billion was given pursuant to special resolution of the Company passed on June 29, 2013. It is repayable in 6 semi-annual installments for Principal after two and a half years grace period and is being charged at the interest rate of 6M KIBOR + 2.12. The Company is now seeking approval for prepayment of such loan																				
(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	As per the Financial Statements for the year ended December 31, 2013 <div style="text-align: right; margin-left: 200px;">PKR in Billion</div> <table border="0" style="margin-left: 100px;"> <tr><td>Authorized Capital</td><td style="text-align: right;">10.0</td></tr> <tr><td>Paid Up Capital</td><td style="text-align: right;">4.5</td></tr> <tr><td>Non-Current Liabilities</td><td style="text-align: right;">2.7</td></tr> <tr><td>Deferred Tax Liability</td><td style="text-align: right;">9.9</td></tr> <tr><td>Current Liabilities</td><td style="text-align: right;">17.4</td></tr> <tr><td>Current Assets</td><td style="text-align: right;">7.2</td></tr> <tr><td>Revenue</td><td style="text-align: right;">7.4</td></tr> <tr><td>Gross Profit</td><td style="text-align: right;">0.286</td></tr> <tr><td>Finance Cost</td><td style="text-align: right;">1.6</td></tr> <tr><td>Loss After Tax</td><td style="text-align: right;">(1.8)</td></tr> </table>	Authorized Capital	10.0	Paid Up Capital	4.5	Non-Current Liabilities	2.7	Deferred Tax Liability	9.9	Current Liabilities	17.4	Current Assets	7.2	Revenue	7.4	Gross Profit	0.286	Finance Cost	1.6	Loss After Tax	(1.8)
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Current Assets	7.2																					
Revenue	7.4																					
Gross Profit	0.286																					
Finance Cost	1.6																					
Loss After Tax	(1.8)																					
(vi)	Average borrowing cost of the investing company	Not applicable as the Company is now seeking approval for prepayment of a loan previously given to investee company under authority of a resolution pursuant to Section 208 of the Companies Ordinance, 1984																				

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(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	Not applicable as noted above
(viii)	Sources of funds from where loans or advances will be given	Not applicable as noted above
(ix)	Where loans or advances are being granted using borrowed funds: 1. Justification for granting loan or advance out of borrowed funds; 2. Detail of guarantees/ assets pledged for obtaining such funds, if any; 3. Repayment schedules of borrowing of the investing company	Not applicable as noted above
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Security for the loan was previously obtained in the form of a charge over fixed assets of the investee company. This charge shall be vacated on the prepayment of the entirety of the loan
(xi)	If the loans or advances carry conversion feature	Not applicable
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company	Not applicable as the Company is now seeking approval for prepayment of a loan previously given to investee company under authority of a resolution pursuant to Section 208 of the Companies Ordinance, 1984
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement 1. The Parties agree to the prepayment of the Loan by investee company 2. The Parties agree that the Loan is to be repaid to the Company by 31 December 2014 in one or more installments by PFL. 3. On prepayment of the Loan, the charge over the fixed assets of investee company is to be vacated
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relatives of the directors are also the shareholders of the investee company, however, the directors/relatives have no direct or indirect interest except to the extent of shareholding in the investee company: Directors 1) Mr Arif Habib 2) Mr Fawad Ahmed Mukhtar 3) Mr Fazal Ahmed Sheikh 4) Mr Faisal Ahmed Mukhtar 5) Mr Muhammad Kashif Habib Relatives 1) Mrs Zetun Arif 2) Mrs Ambreen Fawad 3) Ms Meraj Fatima

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(xv)	Any other important details necessary for the members to understand the transaction	None
(xvi)	In case of investment in a project of an associated company or associated undertaking that has not commenced operations: 1. Description of the project and its history since conceptualization; 2. Starting date and expected dated of completion; 3. Time by which such project shall become commercially operational; 4. Expected return on total capital employed in the project; 5. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not applicable

Item 2 (a) of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following Directors of the Company are also Directors in MFC and the directors have no other direct or indirect interest in the investee company:

1. Mr Fawad Ahmed Mukhtar
2. Mr Fazal Ahmed Sheikh
3. Mr Faisal Ahmed Mukhtar

The information required under S.R.O.27(I)/2012 is provided below:

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Midwest Fertilizer Corporation, due to common directorship of the following. <ol style="list-style-type: none"> 1. Mr Fawad Ahmed Mukhtar 2. Mr Fazal Ahmed Sheikh 3. Mr Faisal Ahmed Mukhtar
(ii)	Purpose, benefits and period of investment	The purpose is to make equity investment in MFC, directly or through offshore special purpose vehicle(s) incorporated for such investment, subject to regulatory consents, as may be necessary. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA with a total cost of USD2.4billion. MFC plans to produce two intermediaries (Ammonia and Nitric Acid) and three end products (Urea, UAN and DEF). The plant's production capacity would be 2.59 million tons per annum which will cater for the domestic demand of the US. US currently consume 20 million tons per annum of Nitrogen fertilizer out of which half is imported. Therefore, the project would substitute imports and ensure timely and reliable fertilizer supply. The recent shale gas exploration in the US would enable the project to secure natural gas at competitive rates. The project intends to sell its product to the Corn Belt area adjacent to the project site in the Midwestern United States. The investment will be made over a period of 4 years. This investment would provide diversification to the Company and bring it a step forward to realizing the Company's

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		Vision to become world class manufacturer of fertilizers.
(iii)	Maximum amount of investment	Up-to USD 300 million over a 4 year period, provided that any such investment together with investment in any other form does not exceed USD 300 million in the aggregate.
(iv)	Maximum price at which securities will be acquired	The MFC project is a Greenfield project and the Company will determine from time to time the price at which to acquire securities in accordance with applicable laws
(v)	Maximum number of securities to be acquired	In accordance with/based on Sr. No. iv above
(vi)	Number of securities and percentage thereof held before and after the proposed investment	In accordance with/based on Sr. No. iv above
(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)	Not applicable
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Not applicable
(x)	Earning per share of the associated company or associated undertaking for the last three years	Not applicable
(xi)	Sources of fund from which securities will be acquired	From the Company's cash reserves and from proceeds generated through financings and/or issuance of bonds in the local and/or international market
(xii)	Where the securities are intended to be acquired using borrowed funds (I) Justification for investment through borrowings; (II) Detail of guarantees and assets pledged for obtaining such funds;	(I) The market conditions are attractive particularly the US market with US Treasury yields and credit spreads at historic lows, which will enable the Company to secure low cost borrowings (II) To be decided at the time of any borrowing.
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	No agreement yet
(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 following Directors of the Company are also Directors in MFC. 1. Mr Fawad Ahmed Mukhtar 2. Mr Fazal Ahmed Sheikh 3. Mr Faisal Ahmed Mukhtar The directors have no other direct or indirect interest in the investee company.
(xv)	Any other important details necessary for the members to understand the transaction	None
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the	(I) As mentioned in Sr. No. ii above (II) Last Quarter of 2014 and June 2018 respectively (III) June 2018

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information referred to above, the following further information, is required, namely	(IV)2018
(I) Description of the project and its history since conceptualization;	
(II) Starting and expected dated of completion of work;	
(III)Time by which such project shall become commercially operational;	
(IV)Expected time by which the project shall start paying return on investment;	

Item 2 (b) OF THE AGENDA:

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(1)/2012 dated January 16, 2012, it is informed that the following directors of the Company are also the directors in the investee company and the directors have no other direct or indirect interest in the investee company:

Directors

- 1) Mr Fawad Ahmed Mukhtar
- 2) Mr Fazal Ahmed Sheikh
- 3) Mr Faisal Ahmed Mukhtar

The Directors have carried out the required due diligence for the purpose of extending these loans (guarantees).

The information required under S.R.O.27(1)/2012 is provided below:

Sr. No.	Description	Information Required
(i)	Name of investee Company or associated undertaking along with criteria based on which the associated relationship is established	MFC, in which the Company will invest either directly or through offshore special purpose vehicle(s) incorporated for such investment. Certain directors on the board of the Company are also directors of MFC.
(ii)	Amount of Loans or Advances	Up-to USD300 million, provided that any such investment together with investment in any other form does not exceed USD 300 million in the aggregate.
(iii)	Purpose of Loans or Advances and benefits likely to accrue to the investing Company and its members from such loans or advances	MFC is an associated company and the guarantees will assist MFC in the realization of its fertilizer project. Company will also receive a commission fee for such investment and may also receive markup/interest at not less than the borrowing cost of the Company
(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	Not applicable as the project has not commenced operations
(vi)	Average borrowing cost of the investing company	Average borrowing cost of Fatima is 11.51%.
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	No guarantee is currently being given or investment made. If any is given, it will be provided at not less than the borrowing cost of the Company

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		In the case of a Guarantee, Guarantee Commission, at a rate determined by the Company's Board of Directors, shall accrue from the date any Guarantee is issued by the Company and shall continue to be accrued until the expiry or termination of the Guarantee
(viii)	Sources of funds from where loans or advances will be given	Not applicable. However, in the case of any guarantee, if any amounts become due on the calling of any guarantee, the same will be sourced from the Company's own sources.
(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; (III) Repayment schedules of borrowing of the investing company	Not applicable
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Security in the form of a counter guarantee or such other security acceptable to the Company will be obtained from MFC before any guarantee is given/investment is made
(xi)	If the loans or advances carry conversion feature	Not applicable. However, in the case of a Guarantee, in the event that the guarantee is called and Company makes any payment, such amount paid by Company shall immediately become repayable, or on terms the Company determines, from MFC and will attract markup/interest
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company	As mentioned in Sr. No. xiii below
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	An agreement, including as applicable, in the form of a counter guarantee shall be executed by MFC in favour of the Company securing Company's investment. Salient features that will be included are as follows: In the case of a Guarantee being issued, Guarantee Commission at the rate determined by the Company's Board of Directors shall accrue from the date any Guarantee is issued by the Company and shall continue to be accrued until the expiry or termination of the Guarantee. In the event that the guarantee is called and Company makes any payment, such amount paid by Company shall immediately become repayable, or on terms the Company determines, from MFC and will attract markup/interest and liquidated damages in the event of any delay.
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration	Certain Directors of the Company Mr Fawad Ahmed Mukhtar, Mr Fazal Ahmed Sheikh and Mr Faisal Ahmed Mukhtar are also Directors of MFC.
(xv)	Any other important details necessary for the members to understand the transaction	None
(xvi)	In case of investment in a project of an associated	(I) MFC is setting up a nitrogen fertilizer project in the

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<p>company or associated undertaking that has not commenced operations</p> <p>(I) Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected dated of completion;</p> <p>(III) Time by which such project shall become commercially operational;</p> <p>(IV) Expected return on total capital employed in the project;</p> <p>(V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;</p>	<p>State of Indiana, USA with a total cost of USD2.4billion. The company plans to produce two intermediaries (Ammonia and Nitric Acid) and three end products (Urea, UAN and DEF). The plant's production capacity would be 2.59 million tons per annum which will cater for the domestic demand of the US.</p> <p>US currently consume 20 million tons per annum of Nitrogen fertilizer out of which half is imported. Therefore, the project would substitute imports and ensure timely and reliable fertilizer supply. The recent shale gas exploration in the US would enable the project to secure natural gas at competitive rates. The project intends to sell its product to the Corn Belt area adjacent to the project site in the Midwestern United States.</p> <p>(II) Last quarter of 2014 and June 2018 respectively</p> <p>(III) June 2018</p> <p>(IV) a) Return on Total Capital Employed (EBIT based) 16% p.a. b) Return on Equity (PAT based) 22% p.a.</p> <p>(V) N/A</p>
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