

October 29, 2018
FATIMA/PSX/18/A-0008

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

The Director Enforcement
SECP
NICL Building, Jinnah Avenue
Blue Area
Islamabad.

Subject: **Notice of Extraordinary General Meeting**

Dear Sir,

Enclosed please find a copy of the Notice of the Extraordinary General Meeting to be held on Monday November 19, 2018 at 11:00 a.m. at Defence Raya Golf and Country Club, Phase-6, D.H.A. Lahore Cantt., for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,



Ausaf Ali Qureshi
Company Secretary

Encl: As above

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED (the 'Company' or 'FATIMA') will be held on Monday, November 19, 2018 at 11:00 a.m. at Defence Raya Golf and Country Club, Phase-6, D.H.A. Lahore Cantt., to transact the following business:

Ordinary Business

1. To confirm the minutes of the 15th Annual General Meeting held on April 30, 2018.

Special Business

2. To consider and if thought fit to approve the acquisition of production and operating Plants of associated company Pakarab Fertilizers Limited and in this regard pass the following special resolutions with or without modification:

Resolved, that subject to receipt of all requisite corporate and regulatory authorizations, consents and approvals, Fatima Fertilizer Company Limited (the "Company") be and is hereby authorized to acquire production and operating Plants including Ammonia, Urea, Nitric Acid, Nitro-Phosphate, Calcium Ammonium Nitrate and Clean Development Mechanism along with installed catalysts and any other related or ancillary equipment (the "Assets") from its associated company namely Pakarab Fertilizers Limited ("PFL") for a price of PKR 9 (Nine) Billion along with all costs and benefits associated with ECC approved gas arrangement available with PFL and to enter into agreements with PFL for the acquisition of the Assets ("Agreements"). The price of PKR 9 (nine) Billion will be paid as per the following payment schedule and upon such terms and conditions as the Chief Executive Officer of this Company or his delegate may, in his discretion, deem advisable.

| Description | Amount (PKR Billion) |
|--|----------------------|
| i. Payment till December 31, 2018 | 2.25 |
| ii. Deferred payment over a three year period payable in six semi-annual installments at markup rate of 6M K + 1.25% | 6.75 |
| Total | 9.00 |

Resolved further, that Company be and is hereby also authorized to enter into arrangements i) for Land, Buildings, Utilities Plant and other required infrastructure of PFL to be used by the Company and ii) for manpower services for Plant Operations and Maintenance with PFL and iii) with contractors and technology licensors of the Assets (including obtaining consents) to ensure, inter alia, rights of use of Assets and technologies / licenses related to the Assets (together the "Arrangements") at below mentioned price and upon such terms and conditions as the Chief Executive Officer of this Company or his delegate may, in his discretion, deem advisable.

- i. Land, Buildings, Utilities Plant and other required infrastructure for a price of up to PKR 12 Million per month.
- ii. Manpower services for a price of actual cost reimbursement including taxes and 8% commission.
- iii. Any other cost related to operations of the Assets as per actual.
- iv. Arrangements with contractors and technology licensors of the Assets on such terms and price as may be negotiated by the Company.

Resolved further, that the Chief Executive Officer, Chief Financial Officer and/or Company Secretary be and are each hereby authorized, directed and empowered singly to:

- i. negotiate the terms of the Agreements and Arrangements, and any amendments thereto on behalf of the Company in their complete discretion;
- ii. sign the Agreements and any documents regarding the Arrangements, and any amendments thereto on behalf of the Company and to deliver the same;
- iii. sign and send and receive on behalf of the Company any communications, notices, certificates, reports, requests, statements, certificates or other instruments to be delivered or received by the Company pursuant to the Agreements and Arrangements;
- iv. obtain any approvals from, and make appearances before, any regulators or creditors with respect to the Agreements and Arrangements or for the activities contemplated therein and to negotiate and execute any documents/applications in this respect;



- v. enforce or protect any rights created under the Agreements and Arrangements;
- vi. do all other actions on behalf of the Company in relation to Agreements, the Arrangements and the aforesaid resolutions; and
- vii. delegate any of the powers conferred hereunder.”

Other Business

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

A statement as required under section 134(3) of the Companies Act, 2017 in respect of the special business to be considered at the meeting is annexed to this notice of meeting being sent to the Members.

By order of the Board


Ausaf Ali Qureshi
Company Secretary

Lahore
October 29, 2018

Notes:

1. The Share Transfer Books of the Company will remain closed from November 13, 2018 to November 19, 2018 (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 November 12, 2018 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 the change of address, if any, immediately to our Share Registrar/Transfer Agent.

Statements of material facts under section 134(3) of the Companies Act, 2017

With strong EBITDA and consistently improving leverage situation, financial position of the Company is getting stronger year by year. To capitalize its strong financial position, the Company is looking for opportunities to increase its share in fertilizer market in Pakistan. Acquisition of PFL's production and operating Plants including Ammonia, Urea, Nitric Acid, Nitro-Phosphate, Calcium Ammonium Nitrate and Clean Development Mechanism along with installed catalysts and any other related or ancillary equipment ("Assets") will provide an opportunity to Shareholders of the Company to have access to 847K additional fertilizer production capacity without facing the challenge of new Gas allocation for fertilizer sector by Government of Pakistan. Further, after acquisition of said Assets, consolidated share of the Company would be increased by more than 100% i.e. from 1,280,000 MT/year (standalone) to 2,572,400 MT/year (consolidated).

The Proposed Transaction will maximize benefits of synergies and cost efficiencies to the shareholders of Fatima Fertilizer. The preliminary assessment indicates an additional earning for shareholders of Fatima Fertilizer of approximately PKR. 1 (One) per share from acquisition of said Assets.



The directors and their relatives have no direct or indirect interest in the aforesaid except to the extent of their shareholding/common directorship in PFL.

The information required as per Regulation 5 (2) of Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 is as follows:

| Sr. No. | Description | Information Required | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------|---|--|-----------|----------------------|-------------------|------------|----------------------------|------------|---------------------------|------------|-----------------------------|------------|------------------------------|---|-----------------------|-----------|---------------------|-----------|--------------------|-----------|----------------------|-----------|---------------------|-----------|--------------------|---|
| (i) | Name of related party | Pakarab Fertilizers Limited (PFL) | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) | Names of the interested or concerned persons or 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 | | | | | | | | | | | | | | | | | | | | | | | | |
| (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 | <p>The following directors of the Company are also the directors and shareholders in PFL and the following relatives of the directors are also the shareholders of PFL.</p> <table border="0"> <thead> <tr> <th>Directors</th> <th>No. of shares in PFL</th> </tr> </thead> <tbody> <tr> <td>1) Mr. Arif Habib</td> <td>50,624,877</td> </tr> <tr> <td>2) Mr. Fawad Ahmed Mukhtar</td> <td>12,499,995</td> </tr> <tr> <td>3) Mr. Fazal Ahmed Sheikh</td> <td>30,943,236</td> </tr> <tr> <td>4) Mr. Faisal Ahmed Mukhtar</td> <td>30,943,236</td> </tr> <tr> <td>5) Mr. Muhammad Kashif Habib</td> <td>1</td> </tr> </tbody> </table> <p>Relatives</p> <table border="0"> <tbody> <tr> <td>1) Mrs. Ambreen Fawad</td> <td>3,577,410</td> </tr> <tr> <td>2) Mr. Fahd Mukhtar</td> <td>4,030,431</td> </tr> <tr> <td>3) Mr. Ali Mukhtar</td> <td>4,030,431</td> </tr> <tr> <td>4) Mr. Abbas Mukhtar</td> <td>4,030,431</td> </tr> <tr> <td>5) Ms. Meraj Fatima</td> <td>4,030,431</td> </tr> <tr> <td>6) Mr. Abdus Samad</td> <td>1</td> </tr> </tbody> </table> <p>Mr. Arif Habib and Mr. Fawad Ahmed Mukhtar are also the Chairman and CEO respectively in PFL.</p> <p>Mr. Arif Habib and Mr. Muhammad Kashif Habib are also the directors and shareholders of Arif Habib Corporation Limited (AHCL) holding 315,670,967 and 35,290 shares respectively in AHCL which holds 135,000,000 shares in PFL.</p> <p>Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar are also the directors and shareholders of Fatima Holding Limited (FHL) holding 14,641,102, 35,165,830 and 35,165,826 shares respectively in FHL which holds 91,282,485 shares in PFL.</p> <p>The directors/relative have no direct or indirect interest except to the extent of directorship and direct or indirect shareholding in PFL.</p> <p>The following key managerial personnel also hold same positions in PFL and have no direct or indirect interest except their position in PFL:</p> <p>1) Mr. Asad Murad-CFO</p> | Directors | No. of shares in PFL | 1) Mr. Arif Habib | 50,624,877 | 2) Mr. Fawad Ahmed Mukhtar | 12,499,995 | 3) Mr. Fazal Ahmed Sheikh | 30,943,236 | 4) Mr. Faisal Ahmed Mukhtar | 30,943,236 | 5) Mr. Muhammad Kashif Habib | 1 | 1) Mrs. Ambreen Fawad | 3,577,410 | 2) Mr. Fahd Mukhtar | 4,030,431 | 3) Mr. Ali Mukhtar | 4,030,431 | 4) Mr. Abbas Mukhtar | 4,030,431 | 5) Ms. Meraj Fatima | 4,030,431 | 6) Mr. Abdus Samad | 1 |
| Directors | No. of shares in PFL | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1) Mr. Arif Habib | 50,624,877 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2) Mr. Fawad Ahmed Mukhtar | 12,499,995 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3) Mr. Fazal Ahmed Sheikh | 30,943,236 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4) Mr. Faisal Ahmed Mukhtar | 30,943,236 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5) Mr. Muhammad Kashif Habib | 1 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1) Mrs. Ambreen Fawad | 3,577,410 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2) Mr. Fahd Mukhtar | 4,030,431 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3) Mr. Ali Mukhtar | 4,030,431 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4) Mr. Abbas Mukhtar | 4,030,431 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5) Ms. Meraj Fatima | 4,030,431 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6) Mr. Abdus Samad | 1 | | | | | | | | | | | | | | | | | | | | | | | | | |



| | | |
|--------|---|---|
| | | 2) Mr. Ausaf Ali Qureshi-Company Secretary |
| (iv) | Detail, description, terms and conditions of transactions | <ol style="list-style-type: none"> 1. Purchase of production and operating Plants from PFL (Ammonia, Nitric Acid, Urea, CAN, NP and CDM (including installed Catalysts and any other related or ancillary equipment at PKR 9.0 Billion along with all costs and benefits associated with ECC approved gas arrangement available with PFL. 2. Settlement of purchase price of PKR 9.0 Billion as follows: <ul style="list-style-type: none"> • 25% to be paid till 31st December 2018 • 75% in 6 semiannual installments at markup rate of 6M K + 1.25% 3. Enter into arrangement with PFL that Land, Buildings, Utilities Plant and other required infrastructure of PFL to be used by the Company for a price of up to PKR 12 million per month. 4. For Assets Operations and Management, PFL to provide manpower services to the Company for a price equivalent to actual cost including taxes and 8% commission. 5. Any other cost related to operations of the Assets, will be reimbursed to PFL as per actual. 6. For arrangements with contractors and technology licensors of the Assets to ensure, inter alia, rights of use of Assets and technologies / licenses related to the Assets, on such terms and price as may be negotiated by the Company. |
| (v) | Amount of transactions | <ol style="list-style-type: none"> i) PKR 9 Billion for the Assets along with all costs and benefits associated with ECC approved gas arrangement available with PFL; and ii) costs referred in (iv) above. |
| (vi) | Timeframe or duration of the transactions or contracts or arrangements | <ol style="list-style-type: none"> i) Assets will be acquired immediately after getting all regulatory approvals; ii) Price of the Assets to be paid in 3 years; and iii) Agreements for the transaction referred in (iv) above will be entered for 1-10 years on renewable basis. |
| (vii) | Pricing policy | Fair and Arm's Length Price. Where ever required; cost plus method as per market norms. |
| (viii) | Recommendations of the audit committee, where applicable | Not applicable since the majority of company directors were interested in the said transaction due to their common directorship and holding of shares in PFL, thus, this transaction is being placed before the members for their approval. |
| (ix) | Any other relevant and material information that is necessary for the board to make a well informed decision regarding the approval of related party transactions | Nil |