engro fertilizers

May 02, 2019

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

NOTICE OF THE NINTH EXTRAORDINARY GENERAL MEETING OF ENGRO FERTILIZERS LIMITED

Dear Sir,

We are enclosing herewith the Notice of the Ninth Extraordinary General Meeting of Engro Fertilizers Limited to be held on Monday, May 27, 2019, at 10:00 A.M. at Marriott Hotel, Abdullah Haroon Road, Karachi for circulation amongst the TRE Certificate Holders of the Exchange.

Thanking you,

Yours sincerely,

UMAIR MUKHTAR
Company Secretary

cc: Director/HOD,
Surveillance, Supervision and Enforcement Department,
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue,
Blue Area, Islamabad.

Engro Fertilizers Limited
7th & 8th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi 75600, Pakistan.
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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that Ninth Extraordinary General Meeting of the members of Engro Fertilizers Limited (the "**Company**") will be held at Marriott Hotel, Abdullah Haroon Road, Karachi on Monday, May 27, 2019, at 10:00 A.M. to transact the following business:

SPECIAL BUSINESS:

I. To consider and, if deemed fit, pass with or without modification, the following special resolutions in accordance with the provisions of Section 199 of the Companies Act, 2017, read with the proviso to clause (f) of S.R.O. 1239(I)/2017 dated December 6, 2017 issued by the Securities and Exchange Commission of Pakistan, along with Section 183(3) of the Companies Act, 2017, for the purposes of authorizing the Company to disinvest all the shares of its associated company / wholly owned subsidiary, Engro Eximp FZE, by way of sale of 100% of the shares of Engro Eximp FZE to Engro Corporation Limited ("Transaction"), which is also an associated company of the Company:

"**RESOLVED THAT** the Company be and is hereby authorized, in accordance with Section 199 of the Companies Act, 2017, read with the proviso to clause (f) of S.R.O. 1239(I)/2017 dated December 6, 2017, along with Section 183 (3) of the Companies Act, 2017 to disinvest 100% (one hundred percent) of the issued and paid up share capital of Engro Eximp FZE, being its wholly owned subsidiary, by way of sale of the shares of Engro Eximp FZE to Engro Corporation Limited, an associated company of the Company, for an aggregate amount of PKR 1,757.28 Million, subject to adjustments at the date of closing of the Transaction.

FURTHER RESOLVED THAT the Chief Executive Officer or Chief Financial Officer of the Company, or such other person(s) as may be authorized by any of them (the "**Authorized Persons**"), be and are hereby, jointly or severally authorized and empowered to take all necessary steps, make the requisite investments from time to time, to do all such acts, deeds and things, and to execute and deliver all such deeds, agreements, declarations, undertakings and guarantees, including any ancillary document thereto or provide any such documentation for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with or incidental for the purposes of carrying out the proposed resolutions.

RESOLVED FURTHER THAT all actions heretofore taken by any of the Authorized Persons on behalf of the Company in respect of the above matters are hereby confirmed, ratified and adopted by the Company in full."

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

By Order of the Board

Umair Mukhtar
Company Secretary

Karachi: April 26, 2019

N.B.

1. The Share Transfer Books of the Company will be closed from Monday, May 20, 2019 to Monday, May 27, 2019 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m.) on Friday May 17, 2019 will be treated as being in time for the purposes to attend 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 forty-eight (48) hours before the Meeting. A proxy need not be a member of the Company.

3. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

4. In pursuance to Circular No. 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate ten percent (10%) or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least five (5) days before the meeting along with complete information necessary to enable them to access such facility. In order to avail this facility please provide the following information to our share registrar:

   I / We, ________________ of ______________ being a member of Engro Fertilizers Limited, holder of _________ Ordinary Share(s) as per Register Folio No / CDC Account No. _____________ hereby opt for video conference facility at _______________.

   ____
   Signature of member

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 AND INFORMATION REQUIRED UNDER COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017 ARE PROVIDED BELOW:

This statement set out below the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of Engro Fertilizers Limited to be held at Marriott Hotel, Abdullah Haroon Road, Karachi on Monday, May 27, 2019, at 10:00 a.m.:

SR. NO.		DESCRIPTION	INFORMATION REQUIRED
(a)		Disclosures for all types of investments	
(A)		Regarding Associated Company or Associated Undertaking:	
(i)		Name of the associated company or associated undertaking	Engro Eximp FZE (UAE)
(ii)		Basis of relationship	Wholly owned subsidiary
(iii)		Earnings per share for the last three years	It may be noted that the paid-up share capital of Engro Eximp FZE comprises of a single share. The earnings per share in this respect for the last 3 (three) years are: 2018 – PKR 17.94 Million 2017 – PKR 333.91 Million 2016 – PKR 291.72 Million
(iv)		Break-up value per share, based on latest audited financial statements	Total Assets: PKR 1,686.46 Million Total Liabilities: PKR 103.51 Million Net Assets: PKR 1,582.95 Million
(v)		Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Net Income: PKR 17.94 Million Net Assets: PKR 1,582.95 Million Total Assets: PKR 1,686.46 Million Total Equity: PKR 1,582.95 Million
(vi)		In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:	N/A
	(I)	Description of the project and its history since conceptualization	N/A
	(II)	Starting date and expected date of completion of work	N/A
	(III)	Time by which such project shall become commercially operational	N/A

	(IV)	Expected time by which the project shall start paying return on investment	N/A
	(V)	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B)		General disclosures:	
(i)		Maximum amount of investment to be made	No investment is to be made by the Company, however, shareholder approval is being sought as the Company intends to sell its 1 (one) share, constituting 100% (one hundred percent) of the paid-up capital of Engro Eximp FZE to Engro Corporation Limited. The sale price for the transaction shall be for a maximum amount of PKR 1,757.28 Million, which has been negotiated based on a valuation conducted by Deloitte Yousuf Adil Chartered Accountants (**Deloitte**).
(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	As stated above, no investment is being made by the Company, and the Company intends to sell its shareholding in Engro Eximp FZE. The purpose and benefit of such divestment is the realization of the sale proceeds by the Company and the members at a premium.
(iii)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	N/A
	(I)	Justification for investment through borrowings	N/A
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III)	Cost benefit analysis	N/A
(iv)		Salient features of the agreements(s), if any with associated company or associated undertaking with regards to the proposed investment	A share purchase agreement (the "Agreement") is in the process of being finalized between Engro Corporation Limited and Engro Fertilizers Limited. In terms of the Agreement, Engro Fertilizers Limited shall sell and transfer to Engro Corporation Limited the sale share free from any and all encumbrances and / or claims or rights of third parties of whatsoever nature, together with all rights attaching or accruing to the same for a price equal to the consideration (i.e.

			PKR 1,757.28 Million) subject to obtaining all necessary approvals.
(v)		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 the Directors of Engro Corporation Limited: a. Ghias Khan b. Abdul Samad Dawood The following Directors of the Company are holding Management Positions in Engro Corporation Limited: a. Nadir Salar Qureshi, Chief Strategy Officer b. Hasnain Moochhala, Chief Financial Officer
(vi)		In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	The company has made initial investment of PKR 560.32 Million in the associated company. The profit after tax for the last three years are given below: 2018 PAT: PKR 17.94 Million 2017 PAT: PKR 333.91 Million 2016 PAT: PKR 291.72 Million
(vii)		Any other important details necessary for the members to understanding the transaction	N/A
(b)	In case of equity investment, following disclosures in addition to those provided under clause (a) above		
(i)		Maximum price at which securities will be acquired	While, no securities are being acquired by the Company, the shareholding of Engro Eximp FZE shall be sold at a maximum price of PKR 1,757.28 Million.
(ii)		In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Valuation to determine the fair value of the share of Engro Eximp FZE was conducted by Deloitte and the price has been negotiated based on the fair value provided by them.
(iii)		Maximum number of securities to be acquired	No securities are being acquired; 100% of the Company's shareholding in Engro Eximp FZE is being sold.
(iv)		Number of securities and percentage thereof held before and after the proposed investment	Number of securities held before the proposed divestment: 1 (one) share, constituting 100% (one hundred percent) of the paid-up capital of Engro Eximp FZE; and Number of securities held after the proposed divestment: 0 (zero) shares.
(v)		Current and preceding twelve weeks' weighted average market price where investment is proposed to be	N/A

		made listed securities	
(vi)		Fair value determined in terms of sub-regulation (1) of regulation 5 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for investment in unlisted securities	The fair value determined by Deloitte is PKR 1,757.28 Million.

The fair value of PKR 1,757.28 Million is subject to adjustments at the date of closing of the Transaction.

Except to the extent as mentioned in B(v) above, the Board of Directors of the Company have no direct or indirect interest in the Special Business, except and to the extent of their respective shareholding in the Company.

INFORMATION REQUIRED IN ACCORDANCE WITH SECTION B (5) (III) OF SRO 423 (I) / 2018

The following information is required to be provided in case of sale or disposal of subsidiary of the Company:

Name of the Subsidiary	Engro Eximp FZE
Cost and Book Value of the Investment in Subsidiary	PKR 560.32 Million
Total Market Value of Subsidiary based on Value of the Shares of the Subsidiary Company: In case of Non-Listed Subsidiary: Value Determined by a Registered Valuer, who is Eligible to Carry Out such Valuation along with Name of the Valuer	The fair value determined by Deloitte is PKR 1,757.28 Million.
Net Worth of the Subsidiary, as per Latest Audited Financial Statements and Subsequent Interim Financial Statements, if available	PKR 1,582.95 Million
Total Consideration for Disposal of Investment in Subsidiary, Basis of Determination of the Consideration and its Utilization	The consideration for disposal is PKR 1,757.28 Million based on fair value determined by Deloitte and the proceeds will be utilized in the existing business operations.
Quantitative and Qualitative Benefits Expected to Accrue to Members	The purpose and benefit of such divestment is the realization of the sale proceeds by the Company and the members at a premium.