



engro fertilizers

March 08, 2021

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Road
Karachi

Subject: Notice of Annual General Meeting

Dear Sir,

Enclosed please find a copy of the Notice of the Twelfth Annual General Meeting of Engro Fertilizers Limited to be held at via Video Conferencing on Tuesday, March 30, 2021 at 10:00 a.m. for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,


SUNAIB BARKAT
Company Secretary

ENGRO FERTILIZERS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Engro Fertilizers Limited (the “**Company**”) will be held at Karachi via Video Conferencing on Tuesday, March 30, 2021 at 10:00 a.m. to transact the following business.

Due to the current situation caused by COVID-19 pandemic, shareholders are requested to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

A) Ordinary Business

- 1) To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2020 along with the Directors' and Auditors' Reports, thereon and the Chairman’s Review Report.
- 2) To declare, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 4 per share (40%) for the year ended December 31, 2020. This is in addition to interim dividends of PKR 9 per share (90%).
- 3) To appoint Auditors for the year 2021 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A.F. Ferguson & Co., Chartered Accountants for re-appointment as Auditors of the Company.

B) Special Business

- 4) To approve short-term loan/financing facility to the Engro Corporation Limited, Holding Company and to consider, and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

“**RESOLVED THAT** the consent of the Company in General Meeting be and is hereby accorded to lend/provide short-term funded and unfunded financing facilities / security of up to the amount of PKR 6 billion to the Engro Corporation Limited, Holding Company.

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and/or Company Secretary of the Company be and is hereby authorized to, singly, do all acts, deeds, and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolution.”

By the order of the Board

Karachi
February 15, 2021

Sunaib Barkat, ACA
Company Secretary

N.B.

1) Participation in the AGM proceeding via the video conference facility:

Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only.

Shareholders interested to participate in the meeting are requested to email their Name, Folio Number, Cell Number, CNIC / Passport Number with subject “Registration for Engro Fertilizers Limited AGM” along with valid copy of both sides of Computerized National Identity Card (CNIC) at agm.efert@engro.com, video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm.efert@engro.com

2) The Share Transfer Books of the Company will be closed from Wednesday, March 24, 2021 to Tuesday, March 30, 2021 (both days inclusive). The transfers received in order at the office of the Company’s share registrar, M/s. FAMCO Associates (Private) Limited, 8-F, near hotel Faran, Block 6, PECHS, Shahra-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 Monday, March 22, 2021 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. Proxy forms, 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.
- 4) Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of any 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 an electronic mode, in accordance with the requirements and procedures contained in the aforesaid Regulations.
- 5) In accordance with the provisions of section 242 of the Companies Act, 2017, a listed Company is required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders not receiving credit of their dividend are requested to provide the information mentioned on an E-Dividend Mandate Form available at the website of the Company to the share registrar. The CDC account holders must submit their information directly to their broker (participant) / Central Depository Company of Pakistan Limited.
- 6) In accordance with the directives of the SECP, the dividends of shareholders whose CNIC copies have not been received by the Company shall not be electronically credited until receipt thereof. Therefore, the individual shareholders who have not submitted their CNIC copies are requested to send the same at the earliest to the share registrar of the Company. Corporate entities are requested to provide their NTN. While providing their CNIC/NTN, shareholders must quote their respective folio numbers. The physical shareholders are requested to notify any change in their addresses to the share registrar of the Company and in case of CDC shareholders to their broker (participant) or Investor Account Services of CDC, where their shares are kept.
- 7) In compliance with section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for shareholders appearing in Active Taxpayers List (ATL) at 15%. For shareholders whose name is not appearing in ATL, section 100BA read with the Tenth schedule of the Income Tax Ordinance, 2001 requires withholding tax on dividend income to be increased to 30%. To enable the Company to withhold tax at 15%, all

shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30%. Withholding tax exemption from the dividend income shall only be allowed to a corporate shareholder if a copy of valid tax exemption certificate is made available to the share registrar of the Company by the first day of book closure.

- 8) The FBR has clarified that 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 the Company's share registrar, otherwise it will be assumed that the shares are equally held by the joint shareholders:

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

**Statement of Material Facts
Under Section 134(3) of the Companies Act, 2017**

This Statement is annexed to the Notice of the Twelfth Annual General Meeting of Engro Fertilizers Limited (“the Company”) to be held on Tuesday, March 30, 2021, at which a Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning the said Special Business.

ITEM (4) OF THE AGENDA

To approve short-term loan/financing facility to Engro Corporation Limited, Holding Company.

Information Under Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

(A) Disclosure regarding Holding company

(i)	Name of Holding Company	Engro Corporation Limited (ECORP)		
(ii)	Basis of relationship	Holding Company of Engro Fertilizers Limited (EFERT) (Effective holding %: 56.3%)		
(iii)	Earnings per share for the last three years	2017	2018	2019
		21.76	22.08	24.83
(iv)	Break-up value per share, based on latest audited financial statements	2017	2018	2019
		159.2	162.5	147.7
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Based on standalone audited accounts for the year ended December 31, 2019:		
			Amount in 000's	
		Assets		
		Property, plant and equipment	399,724	
		Right-of-use assets	919,857	
		Long term investments	26,437,079	
		Other non-current assets	536,762	
		Loans, advances and prepayments	4,466,701	
		Short term investments	57,266,555	
		Other current assets	4,139,108	
		Total assets	94,165,786	
		Liabilities		
		Lease liabilities	1,028,853	
		Trade and other payables	2,075,420	
		Provision	3,243,130	
		Other liabilities	2,721,642	
		Total liabilities	9,069,045	
		Total equity	85,096,741	
		Income statement		
		Dividend and royalty income	14,153,165	
		Profit before tax	16,768,521	
		Profit after tax	14,303,318	

(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,	None
	(I) Description of the project and its history since conceptualization	
	(II) Starting date and expected date 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	
	(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	

(B) General Disclosure

(i)	Maximum amount of investment to be made	PKR 6 billion
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	This will enable EFERT to lend to ECORP during the times it has access to funds / banking lines / security and / or ECORP requires funds / banking lines / security for business purposes. This will be done in such a way to benefit EFERT's shareholders.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	The intent is generally only to lend to ECORP when EFERT has excess liquidity. However, there may be circumstances where EFERT may have overdraft lines un-utilized and may still lend to ECORP by utilizing such lines.
	(I) Justification for investment through borrowings	It will be justified by ECORP paying a markup rate better than the rate payable by EFERT and ECORP also making a similar facility available to the company
	(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds	EFERT secures its overdraft line by a floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company
	(III) Cost benefit analysis	EFERT will charge ECORP a rate which will improve the profitability of EFERT.
(iii)	Salient features of the agreement(s), if any, with subsidiary company with regards to the proposed investment	As detailed above
(iv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the Holding company or the transaction under consideration	The Directors of EFERT have no personal interest in the transaction under consideration, however, Mr. Abdul Samad Dawood, director of EFERT is also a director at ECORP and own

		shares in ECORP and Mr. Asim Murtaza Khan, director of EFERT also owns shares in ECORP.
(v)	In case any investment in Holding company has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	None
(vi)	Any other important details necessary for the members to understand the transaction	None

(C) Additional disclosure regarding loans, advances and guarantees

(i)	category-wise amount of loans, advances and guarantees	The limit of short-term loan/financing facility to ECORP is PKR 6 billion
(ii)	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	<ul style="list-style-type: none"> • Average borrowing cost of EFERT: 7.5% • 3-month KIBOR as at December 31, 2020: 7.29% • Rate of return for unfunded facilities as at December 31, 2020: 0.15% to 0.8%
(iii)	rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	The rate will be better than the mark-up payable by EFERT 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 EFERT can obtain for deposits or investments with financial institutions.
(iv)	particulars of collateral or security to be obtained in relation to the proposed investment;	No security is to be obtained as EFERT is a subsidiary company of ECORP. EFERT and ECORP are confident that any financing arrangement will be repaid
(v)	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Facility granted for a period of one year, renewable for four further periods of one year each. The other terms are mentioned above.

The Board of Directors of the Company has recommended that the special resolution(s) as set out in the notice be passed at the Annual General Meeting with or without any modification(s), addition(s) or deletion(s).