

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 <u>adjusted in the purchase price.</u>
(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