

June 8, 2020

FATIMA/PSX/20/A-021

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.
Fax: 021-111-573-329

Subject: **Notice of Annual General Meeting**

Dear Sir,

Enclosed please find a copy of the Notice of the Annual General Meeting to be held on June 29, 2020 for circulation amongst TRE Certificate Holders of the Exchange.

Yours sincerely,



Anil Zia
Deputy Company Secretary

Encl: As above

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED will be held electronically through tele/video conferencing on Monday, June 29, 2020 at 11:00 a.m., to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual General Meeting held on April 30, 2019 and Extraordinary General Meeting held on August 23, 2019.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019 together with the Directors' and Auditors' Reports thereon and the Chairman's review report.
3. To consider and approve final cash dividend for the year ended December 31, 2019 at PKR 2 per share i.e., 20 % as recommended by the Board of Directors.
4. To elect Directors of the Company for a term of three years commencing from June 30, 2020 in terms of section 159 of Companies Act, 2017.
 - a. Pursuant to section 159(1) and (2)(a) of the Companies Act, 2017, the number of Directors to be elected has been fixed at 7 (Seven) by the Board of Directors.
 - b. Pursuant to Section 159(2)(b) of the Companies Act, 2017, 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. Ms. Anja Elisabeth Nielsen
 7. Mr. M. Abad Khan
5. To appoint Auditors for the year ending December 31, 2020 and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s Deloitte Yousuf Adil Chartered Accountants as external auditors.

Special Business

6. To consider and approve renewal of running finance facility limit extended to associated company namely Reliance Commodities (Pvt) Limited for further period of one year and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Running Finance Facility limit of up-to an aggregate amount of PKR 1,250 million extended to Reliance Commodities (Pvt) Limited for further period of one year to be repaid within 30 days of the notice of demand. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year.

Resolved further, that the Chief Executive Officer, Chief Financial Officer and/or Company Secretary 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 ancillary matters thereto.”
7. To consider and approve renewal of running finance facility limit extended to associated company namely Pakarab Fertilizers Limited for further period of one year and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Running Finance Facility limit of up-to an aggregate amount of PKR 2,000 million extended to Pakarab Fertilizers Limited for further period of one year to be repaid within 30 days of the notice of demand. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year.

Resolved further, that the Chief Executive Officer, Chief Financial Officer and/or Company Secretary 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 ancillary matters thereto.”

8. To ratify and approve the transactions carried out by the Company with related parties as disclosed in Financial Statements for the year ended December 31, 2019 and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that related party transactions carried out by the Company with Pakarab Fertilizers Limited, Reliance Commodities (Pvt) Limited and Fatima Packaging Limited during the year ended December 31, 2019 be and are hereby ratified and approved.”

9. To approve transactions with related parties and to authorize the Board of Directors of the Company to carry out such related party transactions from time to time, irrespective of the composition of the Board of Directors and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that the Company may carry out transactions including but not limited to sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/raw material and purchase of packaging material, with related parties from time to time including but not limited to Pakarab Fertilizers Limited, Reliance Commodities (Pvt) Limited, Fatima Packaging Limited and other such related parties during the year ending December 31, 2020.

Resolved further, that details of transactions incurred up to date of the next meeting of shareholders shall be presented in the next meeting of shareholders for ratification.

Resolved further, that within the parameters approved above by the shareholders of the Company, the Board of Directors of the Company may approve specific related party transactions from time to time, irrespective of composition of the Board and in compliance with the Company’s policy pertaining to related party transactions and notwithstanding any interest of the directors of the Company in any related party transaction which has been noted by the shareholders.”

10. To consider and approve amending Article 71 of Articles of Association of the Company for share qualification of directors and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that subject to obtaining the requisite approvals and consequent modifications therein, Article 71 of Articles of Association of the Company be substituted as follows:

‘The qualification of a Director shall be the holding of shares of the Company to the nominal value of Rs.10/- at least in his own name, and this qualification shall be acquired prior to contesting elections/appointment’.

Resolved further, that the Chief Executive and the Company Secretary be and are hereby singly authorized to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential for making amendments in Articles of Association of Fatima Fertilizer Company Limited.

11. To consider and approve/ratify issuance of corporate guarantees on behalf of associated company namely Pakarab Fertilizers Limited and to pass the following Special Resolution(s) with or without modification(s):

“**Resolved**, that the consent and approval/ratification be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for extending Facility limit in the nature of Corporate Guarantee(s) of up-to an aggregate amount of PKR 2,000 million to Pakarab Fertilizers Limited for a period of one year to be issued by Fatima Fertilizer Company Limited in favor of any bank / financial institution / company etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited. The limit in the nature of Corporate Guarantee(s) Facility shall be renewable in next general meeting(s) for further period(s) of one year.

Resolved further, that the Chief Executive Officer, Chief Financial Officer and/or Company Secretary 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 ancillary matters thereto.”

Other Business

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

A statement under Section 166(3) of the Companies Act, 2017 and the statements under Section 134(3) of the Companies Act, 2017 setting out the material facts are annexed herewith.

By order of the Board



Lahore
June 8, 2020

Omair Ahmed Mohsin
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from June 23, 2020 to June 29, 2020 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent CDC Share Registrar Services Limited by the close of business on June 22, 2020 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. The members are requested to notify the change of address, Zakat Declaration and Tax Exemption Status with its valid certificate, if any, immediately to our Share Registrar/Transfer Agent M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.

4. Venue of Annual General Meeting and Participation of Shareholders through Electronic means

In view of the prevailing situation due to pandemic COVID-19 and in line with the direction issued to listed companies by Securities and Exchange Commission of Pakistan, vide its Circular No.5 of 2020 dated 17 March 2020, the Company has decided to hold its AGM through electronic means. The arrangements for the 17th AGM will be as under:

- a) AGM will be held through Zoom application – a video link facility.
- b) Shareholders interested in attending the AGM through Zoom will be requested to get themselves registered with the Company Secretary office at least two working days before the AGM at anil.zia@fatima-group.com by providing the following details:

Name of Shareholder	CNIC No.	Folio / CDS No.	Cell No.	Email address

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at above given email address, WhatsApp or SMS on 0333-4034503. Shareholders are required to mention their full name, CNIC No and Folio No. for this purpose.
- d) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

5. Withholding Tax on Dividends

Prevailing rates prescribed for deduction of withholding tax on the amount of dividend paid by the companies are as under:

- (a) For filers of income tax returns: 15%
- (b) For non-filers of income tax returns: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding tax exemption from the dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to Company's Share Registrar by Close of Business day as on June 22, 2020.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
-----------------------	---------------------	------	--------------	--------------	-----------------------------

For any further assistance, the members may contact the Share Registrar at the following phone numbers, email addresses:

CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400. Telephone: 0800-23275, Email: info@cdcsrsl.com

The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

6. Payment of Cash Dividend through Electronic Mode

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Credit Mandate Form provided in the Annual Report and also available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400 in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

7. Consent for Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (07) days prior to the date of the meeting as per the following format.

<p>I/We, _____ of _____ being a member of Fatima Fertilizer Company Limited holder of _____ Ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____.</p> <p>Signature of member</p>

8. Contesting Election of Directors

Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, E-110, Khayaban e Jinnah, Lahore Cantt., not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- i) Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations.

- ii) Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election in term of SECP's SRO 1196(1)/2019 of 3rd October 2019.
- iii) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.
- iv) Attested copy of valid CNIC/Passport and NTN.
- v) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.
- vi) Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

9. E-Voting / Voting by Postal Ballot

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the Company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the company (CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahrah-e-Faisal Karachi74400).

10. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

The Company shall place the financial statements and reports on the Company's website: <http://fatima-group.com/ffcl/page.php/financial-results-ffcl> at least twenty one (21) days prior to the date of the Annual General Meeting.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated 31 May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Extraordinary General Meeting held on December 23, 2016. Accordingly, Annual Report of the Company for the year ended December 31, 2019 is dispatched to the shareholders through CD. However, if a shareholder requests for a hard copy of Annual Accounts, the same shall be provided free of cost within seven days of receipt of such request. Further, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss account, auditors' report and directors' report etc. along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID to provide you the same at your valid email ID.

For convenience of shareholders, a Standard Request Form for provision of Annual Accounts has also been made available on the Company's website http://fatima-group.com/updata/others/standard_request_form_ffcl.pdf.

Statement under Section 166(3) of the Companies Act, 2017

Item 4 of the Agenda:

Section 166 of the Companies Act 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

The Company shall ensure that the independents are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017. After the contestants file their notice / intention to stand for elections, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

- i) Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.
- ii) Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.
- iii) The company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

Statements under Section 134(3) of the Companies Act, 2017

Item 6 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship 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 this loan.

The information required under S.R.O 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required																						
(a) Disclosure for all types of Investments																								
(A) Disclosure regarding associated company																								
(i)	Name of associated company or associated undertaking	Reliance Commodities (Pvt) Limited (RCL)																						
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar																						
(iii)	Earnings per share for the last three years	PKR 23.32 for year 2017 PKR 9.67 for year 2018 PKR 26.05 for year 2019																						
(iv)	Break-up value per share, based on latest audited financial statements	PKR 267.31																						
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the un-audited Financial Statements for the period ended December 31, 2019 <div style="text-align: right; margin-left: 20px;">PKR in Million</div> <table style="margin-left: 20px; border: none;"> <tr><td>Authorized Capital</td><td style="text-align: right;">100</td></tr> <tr><td>Paid up capital and reserves</td><td style="text-align: right;">1,830</td></tr> <tr><td>Surplus on revaluation of property, plant and equipment</td><td style="text-align: right;">377</td></tr> <tr><td>Non-Current Liabilities</td><td style="text-align: right;">3,100</td></tr> <tr><td>Current Liabilities</td><td style="text-align: right;">5,905</td></tr> <tr><td>Current Assets</td><td style="text-align: right;">7,471</td></tr> <tr><td>Non-Current Assets</td><td style="text-align: right;">645</td></tr> <tr><td>Revenue</td><td style="text-align: right;">2,514</td></tr> <tr><td>Gross Profit</td><td style="text-align: right;">277</td></tr> <tr><td>Finance Cost</td><td style="text-align: right;">227</td></tr> <tr><td>Profit After Tax</td><td style="text-align: right;">67</td></tr> </table>	Authorized Capital	100	Paid up capital and reserves	1,830	Surplus on revaluation of property, plant and equipment	377	Non-Current Liabilities	3,100	Current Liabilities	5,905	Current Assets	7,471	Non-Current Assets	645	Revenue	2,514	Gross Profit	277	Finance Cost	227	Profit After Tax	67
Authorized Capital	100																							
Paid up capital and reserves	1,830																							
Surplus on revaluation of property, plant and equipment	377																							
Non-Current Liabilities	3,100																							
Current Liabilities	5,905																							
Current Assets	7,471																							
Non-Current Assets	645																							
Revenue	2,514																							
Gross Profit	277																							
Finance Cost	227																							
Profit After Tax	67																							
(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: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work;	Not applicable																						

	(III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Loan Investment up to PKR 1,250 Million already made.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To continue investment of Company's funds at attractive rate of mark-up for further period of one year.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for further period of one year. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+2.12% per annum but not less than the borrowing cost of Fatima. Markup is payable on quarterly basis. 3. On repayment of the Loan, the charge over the current assets of investee company is to be vacated.
(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 in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: Directors 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(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	Loan of an aggregate amount of up to PKR 1,250 million in the nature of renewable running finance facility has already been granted to RCL. It is being charged at the mark-up rate of 6M KIBOR + 2.12 but not less than the borrowing cost of Fatima and to be repaid within 30 days of the notice of demand. The Company is now seeking approval for renewal of this running finance facility for further period of one year. There is no impairment or write offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Loan Investment up to PKR 1,250 Million already made.

(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	Average borrowing cost of investing company is 12.520%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+2.12% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Security for the loan was previously obtained in the form of a charge over present and future current assets. This charge shall be vacated on the repayment of the entirety of the loan.
(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.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 7 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship 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

Relative

- 1) Mrs. Ambreen Fawad

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a) Disclosure for all types of Investments		
(A) Disclosure regarding associated company		
(i)	Name of associated company or associated undertaking	Pakarab Fertilizers Limited (PFL)
(ii)	Basis of relationship	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
(iii)	Earnings per share for the last three years	PKR (4.28) for year 2016 PKR (8.76) for year 2017

		PKR (18.25) for year 2018																								
(iv)	Break-up value per share, based on latest audited financial statements	PKR 11.40																								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the unaudited Financial Statements for the period ended September 30, 2019 <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">PKR in Billion</th> </tr> </thead> <tbody> <tr> <td>Authorized Capital</td> <td style="text-align: right;">10.0</td> </tr> <tr> <td>Paid up capital and reserves</td> <td style="text-align: right;">10.7</td> </tr> <tr> <td>Surplus on revaluation of operating fixed assets</td> <td style="text-align: right;">9.8</td> </tr> <tr> <td>Non-Current Liabilities</td> <td style="text-align: right;">6.5</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">33.3</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">16.6</td> </tr> <tr> <td>Non-Current Assets</td> <td style="text-align: right;">21.4</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">5.9</td> </tr> <tr> <td>Gross Loss</td> <td style="text-align: right;">0.12</td> </tr> <tr> <td>Finance Cost</td> <td style="text-align: right;">2.4</td> </tr> <tr> <td>Loss After Tax</td> <td style="text-align: right;">1.78</td> </tr> </tbody> </table>		PKR in Billion	Authorized Capital	10.0	Paid up capital and reserves	10.7	Surplus on revaluation of operating fixed assets	9.8	Non-Current Liabilities	6.5	Current Liabilities	33.3	Current Assets	16.6	Non-Current Assets	21.4	Revenue	5.9	Gross Loss	0.12	Finance Cost	2.4	Loss After Tax	1.78
	PKR in Billion																									
Authorized Capital	10.0																									
Paid up capital and reserves	10.7																									
Surplus on revaluation of operating fixed assets	9.8																									
Non-Current Liabilities	6.5																									
Current Liabilities	33.3																									
Current Assets	16.6																									
Non-Current Assets	21.4																									
Revenue	5.9																									
Gross Loss	0.12																									
Finance Cost	2.4																									
Loss After Tax	1.78																									
(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: (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; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable																								
(B) General Disclosures																										
(i)	Maximum amount of investment to be made	Loan Investment up to PKR 2,000 Million already made.																								
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of associated undertaking and to continue investment of Company's funds at attractive rate of mark-up for further period of one year.																								
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.																								
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement: <ol style="list-style-type: none"> 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for further period of one year. The limit in the nature of Running Finance Facility shall be renewable in next general meeting(s) for further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+2.12% per annum but not less than the borrowing cost of Fatima. Markup is payable on 																								

		quarterly basis. 3. On repayment of the Loan, the charge over the current assets of investee company is to be vacated
(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 in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship 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 Relative 1) Mrs. Ambreen Fawad
(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	Long term loan of an aggregate amount of up to PKR 3.00 billion is already given to PFL. It is being charged at the mark-up rate of 6M KIBOR + 2.12% per annum but not less than the borrowing cost of Fatima. There is no impairment or write offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Loan investment up to PKR 2,000 million already made.
(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	Average borrowing cost of investing company is 12.520%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+2.12% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Security for the loan was previously obtained in the form of a charge over current assets of the investee company. This charge shall be vacated on the repayment of the entirety of the loan.
(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.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 8 of the Agenda:

The transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to provisions of applicable laws. However, the majority of Company Directors were interested in related party transactions with Pakarab Fertilizers Limited and Fatima Packaging Limited due

to their common directorship and holding of shares in the associated companies, the Board has recommended the same for placement before the shareholders of the Company in general meeting for ratification/approval.

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in Code of Corporate Governance for such transactions.

Pursuant to above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

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

Item 9 of the Agenda:

Due to composition of Board of Directors of the Company, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. Therefore the shareholders are being approached to grant a broad and prior approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board and irrespective of its composition and interest of directors due to their common directorship and holding of shares in the associated companies/related parties, triggering approval of shareholders under section 207 and / or 208 of the Companies Act, 2017, for the year ending December 31, 2020, which transactions shall be deemed to be approved by the shareholders. The Company shall ensure that such transactions with related parties, if needed, continue to be carried out in a fair and transparent manner and at Arm's Length Basis.

Transactions intended to be carried out by the Company include, but are not limited to, sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/raw material and purchase of packaging material with the following related parties but are not limited to:

Company Name and Nature of Relationship

1. Pakarab Fertilizers Limited - Associated company
2. Fatima Packaging Limited - Wholly owned subsidiary of Pakarab Fertilizers Limited (an associated company)

The shareholders should note that it is not possible for the Company or the directors to accurately predict the nature of related party transaction or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad/ prior approval of the shareholders that the Board may cause the Company to enter into related party transactions in its discretion and in accordance with policy of the Company. Such transactions shall be presented in the next annual general meeting of shareholders for their formal approval/ratification.

The following directors of the Company are also the directors in PFL and the following relative of the director is also the shareholder of PFL, however, the directors/relative have no direct or indirect interest except to the extent of their shareholding/directorship in PFL:

Directors	Relative
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

Item 10 of the Agenda:

In view of the requirements of Section 153 and 166 of the Act, an independent director shall be a member. Therefore, the requirements of being member shall be fulfilled by such independent director prior to contesting elections. In this regard, Company is facilitating such directors by making amendment in Articles of Association regarding qualification shares.

The amendment in Article 71 of Articles of Association of Fatima Fertilizer Company Limited as per Comparative statement appended below is proposed to be approved as special resolution.

Comparative statement of proposed amendment in Existing Articles of Association of the Company is as follows:

Existing Article 71 of the Articles of Association	Article 71 of the Articles of Association after amendment
The qualification of a Director shall be the holding of shares of the Company to the nominal value of Rs.50,000/- at least in his own name, and this	The qualification of a Director shall be the holding of shares of the Company to the nominal value of Rs.10/- at least in his own name, and this qualification shall be acquired prior to

qualification shall be acquired within four months after appointment.	contesting elections/appointment.
---	-----------------------------------

None of the directors have any interest whether directly or indirectly in the proposed business except to the extent of their respective shareholding/directorship.

Item 11 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors	Relative
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

The Directors have carried out the required due diligence for the purpose of issuance of corporate guarantees.

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required																								
(a) Disclosure for all types of Investments																										
(A) Disclosure regarding associated company																										
(i)	Name of associated company or associated undertaking	Pakarab Fertilizers Limited (PFL)																								
(ii)	Basis of relationship	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																								
(iii)	Earnings per share for the last three years	PKR (4.28) for year 2016 PKR (8.76) for year 2017 PKR (18.25) for year 2018																								
(iv)	Break-up value per share, based on latest audited financial statements	PKR 11.40																								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the unaudited Financial Statements for the period ended September 30, 2019 <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">PKR in Billion</th> </tr> </thead> <tbody> <tr> <td>Authorized Capital</td> <td style="text-align: right;">10.0</td> </tr> <tr> <td>Paid up capital and reserves</td> <td style="text-align: right;">10.7</td> </tr> <tr> <td>Surplus on revaluation of operating fixed assets</td> <td style="text-align: right;">9.8</td> </tr> <tr> <td>Non-Current Liabilities</td> <td style="text-align: right;">6.5</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">33.3</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">16.6</td> </tr> <tr> <td>Non-Current Assets</td> <td style="text-align: right;">21.4</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">5.9</td> </tr> <tr> <td>Gross Loss</td> <td style="text-align: right;">0.12</td> </tr> <tr> <td>Finance Cost</td> <td style="text-align: right;">2.4</td> </tr> <tr> <td>Loss After Tax</td> <td style="text-align: right;">1.78</td> </tr> </tbody> </table>		PKR in Billion	Authorized Capital	10.0	Paid up capital and reserves	10.7	Surplus on revaluation of operating fixed assets	9.8	Non-Current Liabilities	6.5	Current Liabilities	33.3	Current Assets	16.6	Non-Current Assets	21.4	Revenue	5.9	Gross Loss	0.12	Finance Cost	2.4	Loss After Tax	1.78
	PKR in Billion																									
Authorized Capital	10.0																									
Paid up capital and reserves	10.7																									
Surplus on revaluation of operating fixed assets	9.8																									
Non-Current Liabilities	6.5																									
Current Liabilities	33.3																									
Current Assets	16.6																									
Non-Current Assets	21.4																									
Revenue	5.9																									
Gross Loss	0.12																									
Finance Cost	2.4																									
Loss After Tax	1.78																									

(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: (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; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 2,000 Million.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of associated undertaking.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Not applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	A limit for issuance of Corporate Guarantee(s) of upto an aggregate amount of PKR 2,000 million. Corporate Guarantee(s) will be issued by Fatima Fertilizer Company Limited, as and when needed, in favor of any bank / financial institution / company etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited.
(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 in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship 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 Relative 1) Mrs. Ambreen Fawad
(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	Long term loan of an aggregate amount of up to PKR 3.00 billion and running finance facility of an aggregate amount of PKR 2.00 billion is already given to PFL. It is being charged at the mark-up rate of 6M KIBOR + 2.12% per annum but not less than the borrowing cost of Fatima.

		There is no impairment or write offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 2,000 million.
(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	Average borrowing cost of investing company is 12.520%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	In line with prevailing commercial rates for similar unfunded facilities.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Charge over current assets of the investee company.
(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.	The limit of Corporate Guarantee(s) will be for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).