



engro fertilizers

March 5, 2024

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

NOTICE OF THE ANNUAL GENERAL MEETING OF ENGRO FERTILIZERS LIMITED

Dear Sir/Madam,

We are enclosing herewith the Notice of the Annual General Meeting (“AGM”) of Engro Fertilizers Limited (“the **Company**”).

The AGM of the Company will be held on Tuesday, March 26, 2024, at 02:30 p.m. at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi-74800.

The notice may be shared with the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,
For and on behalf of
Engro Fertilizers Limited


Sunaib Barkat, ACA
Company Secretary



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

Engro Fertilizers Limited

The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi 75600

T 00 92 (21) 35297501-10 F 00 92 (21) 35810669

engrofertilizers.com



Notice of Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting ("AGM") of the members of Engro Fertilizers Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi - 74800 on Tuesday, March 26, 2024, at 02:30 p.m. to transact the following businesses:

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details).

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, 2023, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(6) of the Companies Act, 2017 (the "Act"), Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code:

<https://www.engrofertilizers.com/investments#reports>



2. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 8.00 per share i.e. 80% for the year ended December 31, 2023. This is in addition to interim cash dividends of PKR 12.50 per share i.e. 125%.
3. To appoint Auditors for the year 2024 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., for re-appointment as Auditors of the Company.

B) SPECIAL BUSINESS

4. To approve the circulation of the Annual Report (including the audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting) to the Members of the Company through weblink and QR enabled code, in accordance with Section 223(6) of the Act, read with S.R.O. 389(I)/2023 dated March 21, 2023.

"RESOLVED THAT Engro Fertilizers Limited (the "Company") be and is hereby authorized to circulate its annual report including annual audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting and other reports contained therein to the Members of the Company through weblink and QR enabled code."

5. To consider and if deemed fit, pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) under Section 199 of the Act, read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), as recommended by the Board of Directors of the Company:

"RESOLVED THAT, approval of the members of Engro Fertilizers Limited (the "Company") is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) for the following acts by the Company:

Approval for the Company to extend to its associated company, Engro Polymer & Chemicals Limited, an intercompany loan in the aggregate amount of up to PKR Five billion (PKR 5,000,000,000) comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each;

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized, any two jointly, to 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 resolutions.”

By Order of the Board

Dated: February 15, 2024
Karachi

SUNAIB BARKAT, ACA
Company Secretary

NOTES

1. Prohibition on grant of gifts to Shareholders

The Securities and Exchange Commission of Pakistan (the “SECP”), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

2. Participation in the AGM proceeding via video conferencing facility

Members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All Shareholders/Members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC/Passport number at <https://forms.office.com/r/2nKNTGkxJN>. Confirmation email for physical meeting or video link and login credentials will be shared with only those Shareholders whose registration 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.

3. Electronic transmission of Annual Report 2023

In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2023 through email to Shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along with the weblink and QR enabled code to download the said Annual Report have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

Further, Shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited if the Member hold shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

4. The Share Transfer Book of the Company will be closed from Tuesday, March 19, 2024 to Tuesday, March 26, 2024 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahrāh-e-Faisal, Karachi, PABX No. (+92-21) 34380101-5 and email: info.shares@famcosrs.com by the close of business (03:00 p.m.) on Monday, March 18, 2024 will be treated in time for purpose of determining entitlement of final cash dividend, and to attend and vote at the meeting.

5. A Member entitled to attend and vote at the AGM 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 all such rights in respect of attending, speaking and voting at the AGM 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 holder may not need to be a member of the Company.

6. Requirements for appointing Proxies

- In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
- The proxy form shall be witnessed by two male persons whose names, addresses and CNIC numbers shall be mentioned on the form.

- c) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
 - d) The proxy shall produce his/her valid original CNIC or original passport at the time of the AGM.
 - e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.
7. Pursuant to Companies (Postal Ballot) Regulations, 2018 and read with Sections 143 and 144 of the Act, 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.

8. Electronic dividend mandate

Under Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its Shareholders through electronic mode directly into the bank account designated by the entitled Shareholders.

To receive dividend directly into their bank account, Shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, in case of physical shares.

In case of shares held in CDC, Electronic Dividend Mandate Form must be directly submitted to Shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to Shareholders.

9. 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 "filer" and "non-filer" Shareholders at 15% and 30% respectively. A "filer" is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a "non-filer" is a person other than a filer. To enable the Company to withhold tax at 15% for filers, 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% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of a valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in the case of joint accounts will be determined separately based on the "Filer/ Non-Filer" status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

10. In order to claim exemption from compulsory deduction of Zakat, Shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the Shareholder, through their Participant / Investor Account Services.

Further, Non-Muslim Shareholders are also required to file Solemn Affirmation (available on <https://famcosrs.com/downloads/>) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents complete in all aspects have been made available as above.

11. Submission of valid CNIC (Mandatory)

As per SECP directives, the dividend of Shareholders, whose valid CNICs are not available with the Share Registrar, may be withheld. All Shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited without any further delay.

12. Unclaimed Dividend

As per the provision of section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the SECP for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years were sent to Shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

13. Conversion of Physical Shares into CDC Account

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Act, which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all Shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages – safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The Shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Share Registration Services (Private) Limited for the conversion of physical shares into book-entry form.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This Statement sets out the material facts pertaining to the Special Business as described in the Notice of AGM of the Company.

Agenda Item 4

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members approval is sought for the circulation of the Annual Report (including annual audited financial statements and other notices and reports contained therein) to the Members of the Company through weblink and QR enabled code in accordance with S.R.O. 389(I)/2023 dated March 21, 2023 issued by the SECP.

Agenda Item 5

To approve intercompany loan to the associated company.

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is as follows:

- (a) Disclosure regarding Associated company
- (i) Name of associated company: **Engro Polymer & Chemicals Limited**
- (ii) Basis of relationship:

Name of Associate	Basis of Relationship	Effective Holding %
Engro Polymer & Chemicals Limited	Engro Fertilizers Limited and Engro Polymer & Chemicals Limited are under common control of Engro Corporation Limited and have one common director.	-

- (iii) Basic Earnings Per Share for the last three years:

(Rupees)

Basic Earnings Per Share	2022	2021	2020
Engro Polymer & Chemicals Limited	12.39	16.32	6.28

- (iv) Break-Up value per share, based on latest audited financial statements:

(Rupees)

Break-Up Value Per Share	31 December 2022
Engro Polymer & Chemicals Limited	29.52

- (v) Financial position, including main items of the statement of financial position and profit and loss account, on the basis of its latest audited financial statements:

Financial year ended December 31, 2022, audited accounts of **Engro Polymer & Chemicals Limited**:

(Amount in thousands)

Assets

Property, plant and equipment	41,004,218
Investments	3,884,000
Stores, spares and loose tools	2,464,113
Stock-in-trade	10,415,992
Other assets	26,189,301
Total Assets	83,957,624

Liabilities

Borrowings	24,147,934
Trade and other payables	14,916,145
Other liabilities (including short term borrowings)	17,759,873
Total Liabilities	56,823,952
Total Equity	27,133,672

Income Statement

Revenue	82,059,583
Profit before tax	16,713,929
Profit after tax	11,709,894

- (vi) in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations:

None

(b) General disclosures

- (i) Maximum amount of investment to be made:

Name of Associated Company	Amount in PKR
Engro Polymer & Chemicals Limited	5 billion

- (ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:

This will enable the Company to lend to its associated company when/if it has access to excess funds/banking lines/security, and the associated company requires the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders. The period of investment is one (1) year, renewable for four (4) further periods of one (1) year each.

- (iii) Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds, (I) Justification of investment through borrowings from where loans or advances will be given (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis.

The Company intends to use excess liquidity/banking lines/security available to it to provide the requisite financing to the aforementioned associated company. Additionally, if the Company has un-utilized overdraft lines, it may opt to avail such lines to provide the required financing. For this, the Company's responses to the queries raised are as follows:

- (I) Justification – the associated company will pay a mark-up rate which is not lower than the borrowing cost of the Company;

- (II) Security – the Company secures its overdraft lines by providing a ranking charge over movable asset (excluding long term investments); and
- (III) Cost benefit analysis - the Company will charge the associated company a mutually agreed markup rate, which will improve the profitability of the Company.
- (iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment:

As detailed above, each financing facility will be provided on an arm’s length basis.

- (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 sponsors, majority shareholders and their relatives and directors of the Company have no interest in the matter. However, the following director on the Board of Directors of the Company is also a director of the associated company:

Engro Fertilizers Limited	Engro Polymer & Chemicals Limited
Ghias Khan	Ghias Khan

- (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:

None

- (vii) Any other important details necessary for the members to understand the transaction:

None

- (c) In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided above are:

- (i) Category-wise amount of investment: Financing limit for the associated company is as follows:

Name of Associated Company	Amount in PKR
Engro Polymer & Chemicals Limited	5 billion

- (ii) Average borrowing cost of the investing company, the Karachi Interbank 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:

The Company had short-term borrowings amounting to PKR 6,480 Mn as at December 31, 2023. The three-month KIBOR as at December 31, 2023 was 21.46%; the Company did not invest in any Shariah compliant instruments in 2023. For unfunded facilities, bank rates are in the range of 0.7% to 1.0% per annum.

- (iii) Rate of interest, mark up, profit, fees or commission etc. to be charged by the investing company:

The rate of interest, mark-up, profit, fees or commission to be charged by the Company will be higher than or equal to what the Company must pay if it borrows similar facilities. Where it has no such facilities, the associated company will be charged rates which are greater than or equal to market rates of such facilities. Each financing facility will be provided on an arm’s length basis.

- (iv) Particulars of collateral or security to be obtained in relation to the proposed investment:

No security is obtained since the Company and its associated company are under common control of Engro Corporation Limited (holding company). The Company and its associated company 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:

There is no conversion feature.

- (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 (1) year, renewable for four (4) further periods of one (1) year each. The other terms are mentioned above.

UPDATE UNDER THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Engro Corporation Limited is the majority Shareholder of Engro Fertilizers Limited. On March 30, 2021, the Shareholders approved a short-term loan / financing facility of up to PKR 6 billion for Engro Corporation Limited, which was initially for a period of one (1) year and renewal of the same for four (4) further periods of one (1) year each. This short-term facility has not been utilized to date since approval, however, it is being renewed as earlier approved by the Shareholders. There has been no material adverse change in the financial statements of Engro Corporation Limited since the approval of this facility.

Form of Proxy

I/We _____
of _____ being a member of ENGRO FERTILIZERS LIMITED and holder of _____
(Number of Shares)

Ordinary Shares as per share Register Folio No. _____
and/or CDC Participant I.D. No. _____ and Sub Account No. _____,
hereby appoint _____ of _____ or failing him/her _____
_____ of _____
as my proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the 26th
day of March, 2024 and at any adjournment thereof.

Signed this _____ day of _____ 2024.

WITNESSES:

1) Signature: _____
Name: _____
Address: _____

CNIC No : _____
Or Passport No : _____

2) Signature: _____
Name: _____
Address: _____

CNIC No : _____
Or Passport No : _____

Signature
Signature should agree with the specimen
registered with the Company

Note:

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy holder may not need to be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

پراکسی فارم

میں رہم _____ کی طرف _____

_____ سے _____ بحیثیت اینگر فرٹیلایزرز لمیٹید کے رکن، اور _____ (حصص کی تعداد) _____ عمومی حصص یافتہ جن کی مالیت فی حصص _____

رجسٹرڈ فوئیو نمبر _____ اور / یا سی ڈی سی participant آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____ اپنی دانست میں _____

_____ کی طرف سے _____ کو بطور پراکسی تعینات کرتا ہوں میری / ہماری طرف سالانہ عام اجلاس میں شرکت کریں اور _____

ووٹ دیں جو بتاریخ 26 مارچ، 2024 کو منعقد کیا جائے گا

دستخط _____ مورخہ / بتاریخ _____ / _____ -2024

گواہان:

۱۔ دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شیئر ہولڈر
دستخط کھنی میں کئے جانے والے دستخط سے مماثلت رکھتے ہوں

۲۔ دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: پراکسیوں بھیجنے کی صورت میں پراکسی فارم کھنی کو سالانہ عام اجلاس کے انعقاد سے 48 گھنٹے پہلے تک کھنی کو موصول ہو جانے چاہئیں۔ منتخب پراکسی کھنی کا ممبر نہیں ہونا چاہیے۔

سی ڈی سی شیئر ہولڈرز اور ان کی نمائندہ پراکسی کو اپنی اصل قومی شناختی کارڈ کی یا پاسپورٹ کی منظورشده کا پی اس فارم کے ساتھ کھنی کو بھیجینی ہے