

**ENGRO CORPORATION LIMITED**  
**NOTICE OF MEETING**

**Notice of Meeting**

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Engro Corporation Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Friday, April 15, 2016 at 10:00 a.m. to transact the following business:

**A) ORDINARY BUSINESS**

- (1) To receive and consider the Audited Accounts for the year ended December 31, 2015 and the Directors' and Auditors' Reports thereon.
- (2) To declare a final dividend at the rate of PKR 7.00 (70%) for the year ended December 31, 2015
- (3) To appoint Auditors and fix their remuneration.

**B) SPECIAL BUSINESS**

- (4) To consider, and if thought fit, to pass 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 to the following associated companies, short term loans / financing facilities of upto the amounts stated below in respect of each. The facilities will initially be for a period of one year, but renewal of the same for four further periods of one year each be and is also hereby approved.

- Engro Fertilizers Limited – PKR 6 billion
- Engro Foods Limited – PKR 2 billion
- Engro Polymer & Chemicals Limited – PKR 3.75 billion
- Engro Vopak Terminal Limited – PKR 0.30 billion
- Elengy Terminal Pakistan Limited – PKR 1 billion”

- (5) To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** the approval of the members of the Company be and is hereby accorded as required by Section 196 of the Companies Ordinance 1984 for sale/disposal of the Company’s entire shareholding in Engro Polymer & Chemicals Limited amounting to 56.19% of its shareholding and 372,810,000 shares.”

- (6) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** the approval of the members of the Company be and is hereby accorded as required by Sections 196 and 208 of the Companies Ordinance 1984 for sale/disposal of up to 24% i.e. 319,423,000 shares of Engro Fertilizers Limited.”

- (7) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“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 investment up to Rs. 2,247,600,000 in Engro Polymer & Chemicals Limited, an associated company, for subscribing at par value to 224,760,000 non-redeemable, cumulative, non-participatory and non-convertible preference shares of PKR 10 each to be issued by Engro Polymer & Chemicals Limited.”

- (8) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED** that the Articles of Association of the Company be amended by adding a new Article 58 A as follows:

The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein.”

N.B.

- (1) The Share Transfer Books of the Company will be closed from Friday, April 08, 2016 to Friday, April 15, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m) on Thursday, April 07, 2016 will be treated as being in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.
- (2) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.
- (3) **SUBMISSION OF THE CNIC/NTN DETAILS (MANDATORY)**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2014, the rates of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment are different for filers of Income Tax return and Non filers of Income Tax return. 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 our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder	Joint Shareholder (s)
			Name & CNIC No. Shareholding proportion (No. of Shares)	Name & CNIC No. Shareholding proportion (No.of Shares)

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC , the Company would be unable to comply with SRO 831(1)/2012 dated July 05 2012 of SECP and therefore will be constrained under SECP Order dated July 13, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders. Further, all the shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The Company as per the new Law, shall apply 17.5% rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.

**Statement under Section 160 of the Companies Ordinance, 1984**

This Statement is annexed to the Notice of the Fiftieth Annual General Meeting of Engro Corporation Limited (Engro Corp / the Company) to be held on Friday, April 15, 2016, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

#### **ITEM (4) OF THE AGENDA**

The management of the Company has been evaluating a mechanism whereby short term liquidity management within the Company and the Engro group could be further strengthened. As a Group-wide policy initiative to achieve operational efficiencies for the benefit of the Company and the Group, the Company seeks approval to enable it to lend and make available to the associated companies listed below, short term financing facilities. The above is being proposed only for short term liquidity management (including but not restricted to commercial papers and other short term financing instruments), where the Company has surplus liquidity and/or the associated companies require liquidity. The associated companies, as a reciprocal arrangement will be obtaining their shareholders' approval to make similar facilities available to the Company where it has excess liquidity and / or where the Company requires liquidity.

**The information required under S.R.O. 27 (1) / 2012 for loans and advances is provided below:**

- (i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

<b>Name of Associate</b>	<b>Relationship</b>	<b>Holding %</b>
Engro Fertilizers Limited	Subsidiary of Engro Corporation Limited	78.77%
Engro Foods Limited	Subsidiary of Engro Corporation Limited	87.07%
Engro Polymer & Chemicals Limited	Subsidiary of Engro Corporation Limited	56.19%
Engro Vopak Terminal Limited	Joint Venture of Engro Corporation Limited with Royal Vopak of the Netherlands	50%
Elengy Terminal Pakistan Limited	Subsidiary of Engro Corporation Limited	80% (post acquisition of 20% of the shares by IFC, expected by March 2016).

- (ii) Amount of loans or advances;

<b>Name of Associate</b>	<b>Amount in PKR</b>
Engro Fertilizers Limited	6 billion
Engro Foods Limited	2 billion
Engro Polymer & Chemicals Limited	3.75 billion
Engro Vopak Terminal Limited	0.30 billion
Elengy Terminal Pakistan Limited	1 billion

- (iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

This will enable the Company to lend to its associated companies during the times it has excess liquidity and / or the associated companies require liquidity, giving the Company opportunity to benefit from better terms including earning a higher return. This will improve the profitability of the Company benefitting the shareholders.

- (iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

Name of Associate	Facility Type	Amount in PKR
Engro Polymer & Chemicals Limited	Long term subordinated loan	2.15 billion
	Short term subordinated loan	0.60 billion
Elengy Terminal Pakistan Limited	Short term subordinated loan	9.30 billion (however, this will be repaid as soon as the long term financing for the LNG terminal is disbursed which is expected by the end of February 2016). This loan was granted when ETPL was a wholly owned subsidiary.

- (v) Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;

Full year ended December 31, 2015, audited accounts of Engro Fertilizers Limited:

	<b>Amount in thousands</b>
<b>Assets</b>	
Property, plant and equipment	72,192,289
Investments	4,383,000
Stores, spares and loose tools	4,639,142
Stock-in-trade	6,942,110
Other Assets	17,224,543
<b>Total Assets</b>	<b>105,381,084</b>
<b>Liabilities</b>	
Borrowings	36,026,244
Trade and other payables	16,886,856
Other Liabilities	9,941,964
<b>Total Liabilities</b>	<b>62,855,064</b>
<b>Total Equity</b>	<b>42,526,020</b>

**Income Statement**

Revenue	87,615,258
Profit Before Tax	21,168,930
Profit after Tax	15,027,481

Full year ended December 31, 2015, audited accounts of Engro Foods Limited:

	<b>Amount in thousands</b>
<b>Assets</b>	
Property, plant and equipment	13,860,273
Advances, deposits & prepayments	133,999
Trade debts & other receivables	716,123
Stock-in-trade	3,071,379
Others Assets	8,503,612
<b>Total Assets</b>	<b>26,285,386</b>
<b>Liabilities</b>	
Long term Finances	2,195,988
Trade and other payables	3,666,927
Short Term Finances	409,757
Other Liabilities	5,099,913
<b>Total Liabilities</b>	<b>11,372,585</b>
<b>Equity</b>	<b>14,912,801</b>
<b>Income Statement</b>	
Revenue	49,834,089
Operating Profit	5,150,404
Profit after Tax	3,162,455

Full year ended December 31, 2015, audited accounts of Engro Polymer & Chemicals Limited:

	<b>Amount in thousands</b>
<b>Assets</b>	
Property, plant and equipment	16,249,050
Stock in trade	2,941,206
Stores, spares and loose tools	1,539,344
Trade debts	436,852
Other Assets	3,075,706
<b>Total Assets</b>	<b>24,242,158</b>
<b>Liabilities</b>	
Borrowings	8,326,676
Trade and other payables	6,300,942
Other Liabilities	4,311,509

<b>Total Liabilities</b>	<b>18,939,127</b>
<b>Equity</b>	<b>5,303,031</b>
Revenue	22,263,742
Operating Profit	778,414
Loss for the year	(648,857)

Full year ended December 31, 2015, audited accounts of Engro Vopak Terminal Limited:

	<b>Amount in thousands</b>
<b>Assets</b>	
Property, plant and equipment	2,869,084
Trade debts	265,799
Loans, advances, deposits, prepayments and other receivables	51,120
Other Assets	364,011
<b>Total Assets</b>	<b>3,550,014</b>
<b>Liabilities</b>	
Loans	246,305
Trade and other payables	420,554
Other Liabilities	25,571
<b>Total Liabilities</b>	<b>692,430</b>
<b>Equity</b>	<b>2,857,584</b>
Revenue	2,598,949
Operating Profit	1,831,097
Profit after Tax	1,573,873

Full year ended December 31, 2015, audited accounts of Elengy Terminal Pakistan Limited:

	<b>Amount in thousands</b>
<b>Assets</b>	
Long term Investment in wholly owned subsidiary EETPL	3,090,100
Subordinated Loan to EETPL	7,702,024
Other Receivables	1,436
Cash at Bank	11,483
<b>Total Assets</b>	<b>10,805,043</b>
<b>Liabilities</b>	
Subordinated Loan from Holding Company	9,296,624
Payable to Holding Company	11,046
Payable to Subsidiary Company	13,006

Other Liabilities	946
Total Liabilities	<b>9,321,622</b>
Equity	<b>1,483,421</b>
Operating Loss	<b>35,207</b>
Loss for the year	<b>110,102</b>

- (vi) Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank offered Rate for the relevant period;

Engro Corp did not have any short term borrowings as at December 31, 2015. The 3 month KIBOR as at December 31, 2015 was 6.49%. However, this keeps on changing.

- (vii) Rate of interest, mark up, profit, fees or commission etc. to be charged;

The rate will be better than the mark-up payable by Engro Corp 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 Engro Corp can obtain for deposits or investments with financial institutions. Such rates will also be better than the rates payable by the associated companies for their like finances.

- (viii) Sources of funds from where loans or advances will be given;

Internal cash generation: However see IX below.

- (ix) Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;

The intent is generally only to lend to the associated companies when Engro Corp has excess liquidity. However, there may be circumstances where Engro Corp may have overdraft lines un-utilized and may still lend to its associated companies by utilizing such lines where the associated companies require such financing. If this is done the answers to the queries are that (I) it will be justified by the associated companies paying a mark up rate better than the rate payable by Engro Corp and the associated companies also making a similar facility available to the Company and (II) Engro Corp secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments) and pledging shares of its investments in listed subsidiaries and (III) the normal repayment schedules of short term loans are for a maximum of one year.

- (x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

No security will be obtained since Engro Corp is the largest shareholder / joint venture partner in the associated companies. Engro Corp and its associated companies are confident that any financing arrangement will be repaid.

- (xi) If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in



which the conversion may take place and the time when the conversion may be exercisable;

None

- (xii) Repayment schedule and terms of loans or advances to be given to the investee company;

Facility granted for a period of one year, renewable for four further periods of one year each. The other terms are mentioned above.

- (xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

As detailed above

- (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 Corp have no personal interest in the matter (however some directors of Engro Corp's Board are also directors of the associated companies' and own shares in the associated companies as follows:

<b><u>EFERT</u></b>	<b><u>EFOODS</u></b>	<b><u>EPCL</u></b>	<b><u>EVTL</u></b>	<b><u>ETPL</u></b>
Syed Khalid Siraj Subhani 236,572	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1
Abdul Samad Dawood 6,632	Abdul Samad Dawood 501	Shahzada Dawood 5001	Shahzada Dawood 1	
	Isfandiyar Shaheen 1			

- (xv) Any other important details necessary for the members to understand the transaction;  
N/A

#### **ITEM (5) OF THE AGENDA.**

AS PER REQUIREMENT OF S.R.O 1227/2005.

Details of assets to be disposed of i.e., its description, cost, revalued amount (if available), book value and approximate current market price/ fair value:

The Company's entire investment in Engro Polymer & Chemicals Limited; Cost and book value of the Investment is PKR 3.651 billion as of December 31, 2015; Market Value of the Investment is PKR 3.941 (PKR 10.57 per share as of December 31, 2015)

372.810 mn shares of Engro Polymer & Chemicals Limited held by the Company.

The proposed manner of disposal of the said assets:

The Company is in negotiation for sale of the shares, and if the negotiations are successful, a share purchase & sale agreement will be entered into which will document the terms and conditions of the sale.

Reasons for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders therefrom.

Strategic realignment towards the Engro group's three growth verticals: Energy and Related Infrastructure, Consumer Business, and Fertilizer and Agri-Inputs.

#### **ITEM (6) OF THE AGENDA.**

AS PER REQUIREMENT OF S.R.O 1227/2005.

Details of assets to be disposed of i.e., its description, cost, revalued amount (if available), book value and approximate current market price/ fair value:

The Company's investment in Engro Fertilizers Limited of upto 24% of its total outstanding shares (i.e. 319,423,000 shares); Cost and book value of these shares is PKR 3.194 billion as of December 31, 2015; Market Value is PKR 26.79 billion (PKR 83.87 per share as of December 31, 2015)

Up to 319.423,000 shares of Engro Fertilizers Limited owned by the Company.

The proposed manner of disposal of the said assets:

The Company has appointed an Advisor to assist it for the potential sale, subject to market conditions, which will be by way of private offering to local and international investors, at the best possible/obtainable price.

Reasons for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders therefrom.

As part of strategic initiatives with regards to its subsidiaries and in order to enable the Company to diversify its portfolio and meet its capital allocation requirements, the sale is being proposed. The shares of Engro Fertilizers Limited were listed in January 2014 at a price of Rs. 28.50 per share so the Company will get a good return on the sale.

#### **ITEM (7) OF THE AGENDA.**

In the 49<sup>th</sup> Annual General Meeting of the Company held in 2015, the shareholders had approved the Company subscribing to up to PKR 2,247,600,000 in Engro Polymer & Chemicals Limited (EPolymer), an associated company, at par value to 224,760,000 non-redeemable, cumulative, non-participatory and non-convertible preference shares of PKR 10

each. However, this subscription was put on hold, because as the shareholders of the Company are aware, the Company had, as part of its continuing strategic review of all businesses and companies within the Engro group, appointed financial advisors to provide strategic options for its shareholding in EPolymer and some initial interest for investing in EPCL had been received. Subsequently, on November 23, 2015, ATS Synthetic (Pvt.) Limited sent a public announcement of intention to acquire 56.19% shares of EPolymer from the Company, following which in November 2015, the Company sent a notice to the Stock Exchanges informing its shareholders that the process of EPolymer's due diligence will be commencing.

In the event the sale of EPolymer does not go through, the Company will still need to subscribe to the shares to assist EPolymer in strengthening its balance sheet and enhance its capability to meet its loan obligations in time. Therefore, this approval is being sought again because under the provisions of Rule 8(2) of S.R.O 27/I/2012, the approval obtained last year has lapsed.

**The information required under S.R.O. 27 (1) / 2012 for equity investment is provided below:**

- (i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Engro Polymer and Chemicals Limited (EPolymer), a subsidiary company with 56.19% shareholding being held by Engro Corporation Limited.

- (ii) Purpose, benefit and period of investment;

As mentioned above, the investment (i.e. the subscription to the Preference Shares of EPolymer by way of rights issue) will serve as financial support enabling EPolymer to strengthen its Balance Sheet. The Company, in any case has to provide the support to its subsidiary and the Preference Shares provide an attractive return of 14%.

- (iii) Maximum amount of investment;

Rs. 2,247,600,000

- (iv) Maximum price at which securities will be acquired;

Rs. 10 (par value)

- (v) Maximum number of securities to be acquired;

224,760,000

- (vi) Number of securities and percentage thereof held before and after proposed investment;

Not applicable. Shares being issued are of different nature than the ones being presently held. However, the Company owns 56.19% of the issued Ordinary Shares of EPolymer.

- (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. These shares will be listed subsequent to investment.

- (viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1);

Not applicable. These are new Right/ Preference Shares of EPolymer.

- (ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;

New class of shares will be issued, hence, break-up value is not available.

- (x) Earning per share of the associated company or associated undertaking for the last three years;

2013: 1.07; 2014: (1.67) 2015: (0.97)

- (xi) Sources of fund from which securities will be acquired;

Internal cash generation and borrowing, if required.

- (xii) Where the securities are intended to be acquired using borrowed funds;

(I) Justification for investment through borrowings- the Company will subscribe to the shares through its dividend and other income, however if it needs to borrow, it will be able to earn a higher return than its borrowing costs and in any case, support to its subsidiary is required as detailed in (ii) above.

(II) Details of guarantees and assets pledged for obtaining such funds – Engro Corp secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments) and pledging shares of its investments in listed subsidiaries.

- (xiii) Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;

Not applicable.

- (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 Corporation Limited have no personal interest in EPolymer which is a direct subsidiary of the Company, except that some Directors of Engro Corporation Limited are Directors of EPolymer and hold one share each in EPolymer, as nominees of Engro Corporation Limited. Mr. Shahzada Dawood holds 5,000 shares of EPolymer.

- (xv) Any other important details necessary for the members to understand the transaction;

None

**ITEM (8) OF THE AGENDA.**

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

UPDATE UNDER RULE 4 OF S.R.O 27/I/2012.

**Note relating to Engro Polymer & Chemicals Limited:**

Engro Polymer & Chemicals Limited (EPolymer) is a subsidiary of Engro Corporation Limited. In 2012, the shareholders approved a running finance facility from Engro Corporation Limited to EPolymer for upto PKR 2 billion which was initially for a period of one year and the renewal of the same for four further periods of one year each were also approved. PKR 600 million has currently been utilized. Approval for this is being substituted by the fresh approval being sought at this meeting in Agenda item No. 4.

In 2015, the shareholders approved a long term loan from Engro Corporation Limited to EPolymer for upto PKR 4 billion. To date the amount utilized is PKR 2.15 billion.

**Note relating to Engro Foods Limited:**

Engro Foods Limited (E.Foods) is a subsidiary of Engro Corporation Limited. In 2012, the shareholders approved a running finance facility from Engro Corporation Limited to E.Foods for up to PKR. 2billion which was initially for a period of one year and the renewal of the same for four further periods of one year each was also approved. The approval for this running finance facility is being substituted by the fresh approval being sought at this meeting in Agenda item No. 4.

By Order of the Board

Karachi,  
Dated: February 18, 2016

**ANDALIB ALAVI**  
Company Secretary