

notice of the meeting

NOTICE IS HEREBY GIVEN THAT the tenth Annual General Meeting of the Company will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Tuesday, March 29, 2016 at 12:00 noon 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 appoint Auditors and fix their remuneration;
- (3) To declare a final dividend at the rate of PKR 1 (10%) per share for the year ended December 31, 2015

B. Special Business:

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

RESOLVED THAT the consent of the Company in General Meeting be and is hereby accorded to lend/provide to Engro Powergen Limited, a short term loan / financing facility of upto PKR 4.5 billion. The facility 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.

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

RESOLVED that the Articles of Association of the Company be amended by adding a new Article 54A 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, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

N.B

- (1) The share transfer books of the Company will be closed and no transfers of shares will be accepted for registration from Tuesday 22nd March, 2016 to Tuesday 29th March, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com by the close of business (5:00 p.m) on Monday, 21st March, 2016 will be treated to have been in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.
- (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) 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 tenth Annual General Meeting of Engro Powergen Qadirpur Limited to be held on Tuesday, March 29, 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 (being a subsidiary of Engro Powergen Limited which in turn is a wholly owned subsidiary of Engro Corporation Limited) and Engro Powergen Limited have 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 Engro Powergen Limited's 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 Engro Powergen Limited requires liquidity. Engro Powergen Ltd, as a reciprocal arrangement will be obtaining its 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 / advances is provided below:

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

Engro Powergen Qadirpur Limited is a subsidiary company of Engro Powergen Limited which holds 69% of its shares.
- (ii) Amount of loans or advances;

Upto PKR 4.5 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 Engro Powergen Qadirpur Limited to lend to Engro Powergen Limited during the times it has excess liquidity and / or Engro Powergen Limited requires liquidity giving the Company the 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;

None
- (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;

Half year ended June 30, 2015, reviewed accounts of Engro Powergen Limited:

Assets	PKR in thousand
Property plant & equipment	1,241
Long term investments	4,167,096
Long term advances	852
Short term investments	32,318
Other Assets	991,650
Total Asset	5,193,157
Liabilities	
Borrowings	-
Trade and other payables	113,771
Equity	5,079,386
Income Statement	
Dividend & fee	348,534
Operating Profit	304,360
Profit after Tax	303,009

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

Average short term borrowing cost of Engro Powergen Qadirpur Limited is KIBOR + 0.8% to 1.5% as of December 31, 2015. 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 Powergen Qadirpur Limited 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 Powergen Qadirpur Limited can obtain for deposits or investments with financial institutions.

(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 Engro Powergen Limited when the Company has excess liquidity. However, there may be circumstances where the Company may have overdraft lines un-utilized and may still lend to its parent by utilising such lines. If this is done the answers to the queries are that (I) it will be justified by Engro Powergen Limited paying a mark up rate higher than the rate payable by the Company and Engro Powergen Limited also making a similar facility available to the Company, (II) The Company secures its overdraft line by parri passu floating charge on present and future current assets of the Company, 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 Powergen Limited is the largest shareholder of the Company and a very solid and profitable holding company. Both companies are confident that any financing arrangement will be ultimately 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 Powergen Qadirpur Limited have no personal interest in the matter (however some directors on Engro Powergen Qadirpur Limited's Board are also directors on Engro Powergen Limited's Board and hold shares in Engro Powergen Limited: Khalid Siraj Subhani 1 share, Aliya Yusuf 1 share, Vaqar Zakaria 1 share, Shabbir Hashmi 1 share, Shahid Hamid Pracha 1 share and Javed Akbar 1 share.

The following directors of Engro Powergen Limited hold shares in Engro Powergen Qadirpur Limited: Khalid Siraj Subhani 171,501 shares, Shamsuddin Ahmed Shaikh 500 shares, Aliya Yusuf 2001 shares, Vaqar Zakaria 1 share, Shabbir Hashmi 1 share, Shahid Hamid Pracha 1 share and Javed Akbar 1 share.

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

N/A

Item 5 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.

By Order of the Board

Karachi,
February 03, 2016

Faryal Mazhar Habib
Company Secretary