

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

**Notice of Meeting**

NOTICE IS HEREBY GIVEN that the 16<sup>th</sup> Extraordinary General Meeting of Engro Corporation Limited (the “Company”) will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Friday, 5<sup>th</sup> August 2016 at 10:00 a.m. to transact the following business:

**SPECIAL BUSINESS**

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 51% i.e. 390,963,998 shares of Engro Foods Limited”

- (1) The share transfer books of the Company will be closed from Wednesday, 27<sup>th</sup> July 2016 to Friday, 5<sup>th</sup> August 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 Tuesday, 26<sup>th</sup> July 2016 will be treated as being in time for the purposes of attending and voting at the meeting.
- (2) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

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

This Statement is annexed to the Notice of the 16<sup>th</sup> Extraordinary General Meeting of Engro Corporation Limited to be held on 5<sup>th</sup> August 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 in accordance with the requirements 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 has agreed to sell up to 51% of the shares of Engro Foods Limited (EFoods) (i.e. up to 390,963,998) shares to FrieslandCampina Pakistan Holdings B.V. (FrieslandCampina or the “Purchaser”) of the Netherlands in terms of a sale and purchase agreement (“SPA”). The FrieslandCampina Group is a world renowned dairy and food products multinational with over 140 years of experience in this field and worldwide turnover

in 2015 of approximately EUR 11.2 billion. Under the Securities Act 2015 and the Takeover laws therein FrieslandCampina are obliged to make a Mandatory Tender Offer (MTO) for half of the shares not held by the Company, i.e. approximately 6.5% or approximately 49.8 million shares. The Company has agreed with FrieslandCampina that after the MTO it will sell it such number of shares as will enable FrieslandCampina to become the owner of 51% of the shares of Efoods. Consequently, the Company will sell FrieslandCampina anywhere between 44.5% to 51% of its shares of Efoods, depending on the number of shares acquired by FrieslandCampina in the MTO.

As of 31<sup>st</sup> May 2016, cost and book value of the investment in 51% i.e. 390,963,998 shares is PKR 3,909,639,980 or Rs. 10 per share. Stock market price of the investment as per the close of the day on 28<sup>th</sup> June 2016 was Rs. 164.2 per share.

The sale price pursuant to the terms of the SPA is as follows:

The sale price has been agreed on a cash and debt free basis (“Enterprise Value”) of PKR 96,600 million to be adjusted for certain items including debt and debt-like items, cash and cash equivalents and working capital (“Adjusting Items”). The estimated sale price as of the date of this notice after taking the Adjusting items into consideration is approximately PKR 120 per share (the “Estimated Sale Price”) and the then Estimated Sale Price shall be payable simultaneously with the transfer of the shares, in accordance with the provisions of the SPA (“Closing”). The final sale price shall be calculated within 40 business days of Closing after preparation of the Closing statements reflecting the Adjusting Items as of the Closing date (the “Final Sale Price”). Price differences between the Estimated Sale Price and the Final Sale Price arising from the final Adjustment Items reflected in the Closing statements will be settled between the Purchaser and the Company accordingly.

The parties have also agreed that in the event the aggregate amount paid by FrieslandCampina for shares that are acquired under the MTO, exceeds the aggregate amount that would have been paid for such number of shares based on the Final Price by more than PKR 1,700,000,000 (one billion seven hundred million rupees), one half of such excess will be borne by the Company and will also be adjusted in the Final Price. Efoods’ closing share price on 2<sup>nd</sup> March 2016, the date prior to the announcement of intention by FrieslandCampina, was Rs.129.9 per share, i.e. approximately only 8 percent higher than the presently Estimated Sale Price.

In addition, FrieslandCampina and the Company will also be entitled to a technical assistance fee from Engro Foods of 2.0 percent and 0.5 percent respectively (net of any taxes) of the future net sales of Engro Foods for the provision of their know-how in connection with the manufacturing, packaging, marketing, sale, use and distribution of existing and future products.

Moreover, FrieslandCampina will also receive a royalty fee of 2.0 percent (net of any taxes) of the future net sales of any products produced by Engro Foods or FrieslandCampina and sold under trademarks that are owned by the FrieslandCampina in consideration of an exclusive, non-transferable license to use such trademarks in connection with the sale of such products.

The proposed manner of disposal of the said assets:

The shares will be sold pursuant to the terms of the SPA.

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

Recommendation of the Board of Engro Corporation to shareholders:

The Board considers the proposed transaction to be in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends you to vote in favor of the Special Resolution to be proposed at the Extraordinary General Meeting. The Board has received financial advice from Evercore Partners International LLP (Evercore) that, in relation to the proposed transaction, it considers the financial terms of the proposed transaction to be fair and reasonable. In providing this advice to the EC Directors, Evercore has taken into account the commercial assessments of the EC Directors and of EC's senior management.

Engro Foods is committed to not only delivering commercial and financial success but also to winning the fight against adulteration and malnutrition. The Company believes that the dairy industry is at a tipping point and there will be a significant opportunity for further conversion from loose to packaged milk. Additionally, partnering with a renowned Dutch cooperative such as FrieslandCampina will enable Engro Foods to gain access to FrieslandCampina's deep knowledge of value added dairy products and its state-of-the-art research and development facilities. The potential partnership is expected to be a win-win for all stakeholders through expansions in the current product portfolio leading to newer products in the Pakistani market and improvements in the value chains to bring about efficiencies for the benefit of all stakeholders.

By Order of the Board

Karachi,  
Dated: 29<sup>th</sup> June 2016

**ANDALIB ALAVI**  
Company Secretary

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