ENGRO CORPORATION LIMITED

MINUTES OF THE SIXTEENTH EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT MARRIOTT HOTEL, KARACHI ON FRIDAY AUGUST 5, 2016 AT 10:00 A.M.

Names of those participating: As per list attached

81 QUORUM

The Chairman said that the Quorum was present and called the Meeting to order.

82 NOTICE OF MEETING

Notice of the Sixteenth Extraordinary General Meeting of the Company was taken as read.

83 APPROVAL OF THE SALE / DISPOSAL OF UPTO 51% OF THE COMPANY'S SHARES IN ENGRO FOODS LIMITED

The Chairman stated that the item on the Agenda of today's Extraordinary General Meeting is to approve the sale/disposal of upto 51% of the Company's shares in Engro Foods Limited, which the Company has agreed to sell to FrieslandCampina of the Netherlands (RFC). The RFC 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 Takeover laws, RFC 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 RFC that after the MTO, it will sell it such number of shares as will enable RFC to become the owner of 51% of the shares of EFoods. Consequently, the Company will sell RFC anywhere between 44.5% to 51% of its shares of EFoods, depending on the number of shares acquired by them in the MTO. The sale price pursuant to the terms of the SPA 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 working capital etc. The estimated sale price as of the date of this notice after taking the adjusting items into consideration is approximately PKR 120 per share which shall be payable simultaneously with the transfer of the shares. EFoods' closing share price on 2nd March 2016, the date prior to the announcement of intention by RFC was Rs.129.9 per share, i.e. approximately only 8 percent higher than the presently estimated sale price. In addition, RFC 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, RFC 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 RFC and sold under trademarks that are owned by the RFC in consideration of an exclusive, non-transferable license to use such trademarks in connection with the sale of such products. The Chairman then said that a more detailed explanation of the transaction is contained in the statement printed in the Notice of EGM. He then requested Mr. Khalid Subhani, the Chief Executive, to give some more details of the transaction.

Mr. Khalid Subhani said that EFoods was one of the best of the Engro group companies which has given us much loved household names like Tarang and Olpers and has created thousands of jobs and enriched the lives of hundred of thousands of farmers. However, he said that to take the company to the next level we needed to add innovative and complex products which was only possible through a strategic collaboration – and we have found a great partner in RFC, with whom we have built up trust and there was strong alignment in 3 areas, i.e. product portfolio, culture and core values. He then detailed RFC's operations and successes around the world and said he firmly believed that shareholders of both Engro Corporation Limited and Engro Foods Limited would reap the benefits of this transaction. He said that as a large minority shareholder, ECorp would continue to play an active role in the strategy and operations of EFoods.

Mr. Andalib Alavi then said that the SECP had certain observations (highlighted below), which he read out, alongwith his response to each of the observations.

The Board of EFoods needs to decide on the technical fees and royalty payable under the Know How License Agreements and the Trade Mark License Agreements, and this cannot be decided by Engro Corporation.

The Board of EFoods has unanimously approved the entering into of the Know How licence Agreements and the Trade Mark License Agreement where under these fees/royalties will be paid. In any case, Engro Corporation Ltd holds 87% of the shares of EFoods and has also approved the same.

EFoods ongoing payment of technical and royalty fee to the RFC and Engro Corporation under the Know How License Agreements are also payable on existing sales, which were almost Rs. 50 billion in 2015, which will cause a drain on the Company.

The know how developed by RFC and to be shared with EFoods is very comprehensive and has the potential to transform the business of EFoods, as it will enable EFoods to enter new product segments, improve its current products and the marketing and sales thereof, create cost savings by making use of the production technology and leverage the RFC network of RFC production facilities. Similarly, Engro Corporation also has great strengths in Pakistan including amongst the farmers (50 year association of fertilizer) and has long relationships with banks and other business relationships. The Engro name/brand is highly respected in Pakistan. We therefore believe that by leveraging the intellectual property of RFC, and the strengths of Engro Corporation, EFoods will be more successful and profitable in the long term than it would have been as a standalone dairy company.

Ernest & Young, the international accountancy firm, have also concluded that the royalty is considered at arm's length – appropriate and "certainly not higher than what other MNE's are applying". From information that we have subsidiaries of the multinational companies in Pakistan (and worldwide) pay such fees/royalty to their parent companies in consideration of the tangible and intangible benefits that these parent companies can and do provide, which ultimately increases the profitability of the concerned subsidiary.

As the concerns appear to be primarily weighed towards the rights of the minority shareholders of EFoods, most if not all of them will be able to sell their shares in the mandatory tender offer (MTO) that RFC will carry out, under the Takeover laws, whose price we presently estimate at around Rs. 150, higher than even the prevailing market price (Rs. 145) if they are not happy with the business judgement and rationale vis a vis strategic partnership with RFC and/or payment of technical fee/royalty. The minority shareholders of EFoods will get a higher price as compared to the price that Engro Corporation will get for its shares, infact a price higher than the prevailing market price (Rs. 129) on the day of the initial announcement in March 2016 of intention by RFC of its interest in the acquisition. Further, we have had positive response from many investors in EFoods, and based on current feedback we do not expect the amount of shares tendered to exceed the 6.5% that RFC will tender for in the MTO.

Technical fee to the Company i.e. 0.5% of net sales of the EFoods could represent a future consideration against the current share disposal

The technical fee payable to the Company is not future consideration against the current sale transaction, but rather represents (as does the RFC fee) payments for the tangible and intangible benefits to be provided by the Company to EFoods. As the Company was an 87% shareholder, no such charge was made to EFoods, however now as it is becoming a (substantial) minority shareholder it is fair that it should be compensated for the benefits it will provide.

The Chairman then invited questions from the shareholders.

A shareholder, Mr. Altaf Hussain said that he had bought EFoods shares at Rs. 25 in the IPO but had received no dividends or bonus shares. Mr. Khalid S. Subhani said that company's in growth mode reinvest their profits but the market price had gone up 6 fold, so the shareholders had made a substantial return.

A Shareholder, Mr. Din Mohd inquired as to the justification for the 2% technical fee payable to RFC also because they had bought the shares at a discount to the stock exchange price. Mr. Khalid S. Subhani said that such fees are commonly payable by all subsidiaries of multinationals for the immense know-how that their parents bring, which should in the medium to long term substantially increase sales and profits.

A Shareholder, Mr. Qamber Iqbal inquired why the shares were sold at a cheap price compared to the price on the stock exchange and also asked if RFC were free to sell its shares at any time. Mr. Andalib Alavi said that RFC cannot sell its shares for 3 years and thereafter Engro had the right to match any price that they get an offer for if they want to sell. Ms. Naz Khan said that in our view we have got a good price, specially after the negative announcements regarding sales tax and customs duty in the budget.

Mr. Mohd Asghar from Al-Meezan inquired why the technical fees were being paid for the existing products and why was ECorp not getting such fees when it was the majority shareholder. Mr. Naz Khan said because we were remaining a large minority shareholder and added a lot of value therefore it was now fair to get a fee. Regarding RFC they spend $ 100 M a year on R&D, operated in over 30 countries and were bringing a lot of value therefore the fee was fair. Mr. Andalib Alavi said that for the first 5-6 years we were 100% shareholder so it made no difference if we charged fees or not and as a ECorp Shareholder we should be happy about the fee, which was for the great value ECorp would bring.

Mr. Arif Bilwani said the AGM should be held on a Saturday as the Stock Exchange was closed. He inquired about the adjusting items in the share sale price and Ms. Naz Khan said that these were debt and cash etc and adjustment of Euro 10 M because of the custom duties imposed in the budget on milk powder. He then asked that as the net margin in 2015 was 6.5%, the fees/royalty would eat into these and Ms. Naz Khan said that ECorp would also get 0.5% and we were confident that the sales/profits increase could more than justify these fees. He inquired if we had negotiated with other companies as well and Mr. Samad Dawood said that this had been done with other large multinationals and RFC were found to be the best fit. In reply to another query, Mr. Samad Dawood said the investments in the future would be decided from time to time as the needs arose.

Mr. Munawer Raja said that the 51% owner would take this royalty whether the Company was in profit or loss and Mr. Khalid S. Subhani said this was standard all around the world and RFC were paying close to half a billion dollars to acquire these shares so their much larger concern was the profitability of the company.

Mr. Mohd Arbab inquired that if the MTO was under-subscribed, at what price would ECorp sell shares to ensure RFC gets 51% and Ms. Naz Khan said that it would be at the agreed sale price (currently approximately Rs. 120 per share). Other questions by him were also answered by Ms. Naz Khan. He also said that ECorp would have approximately USD 600M in cash and inquired as to the investments proposed with the cash. As a closing remark he praised the Company for the fantastic deal with RFC which he was sure would be very good for ECorp and EFoods. The Chairman said that in 15 years the Company's sales had grown 150 times and we were a dynamic company, development oriented (e.g. working on the Thar project which took 9 years to come to fruitation) and we would invest the money for the long term benefit of the shareholders, and that we were looking at many projects to invest.

Mr. Adam Habib said the RFC deal would bring increased growth & profitability and inquired about the fees and royalties payable, and the Chairman said that RFC bought 140 years of experience and research, you cannot buy such things for cash, so it was necessary to partner with them, for which a fee is payable. He said RFC was owned by 19,000 farmers and they had a lot of sympathy for the farmers of Pakistan as well, which would greatly benefit this country. The Chairman then said that this transaction would not have been brought about without the outstanding contribution of Mr. Samad Dawood and the shareholders applauded Mr. Samad Dawood. The Chairman also appreciated the hard work that the directors and the transaction team had put in to ensure the successful conclusion of the transaction. The shareholders expressed their appreciation by applauding them also.

The Chairman then proposed 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"

The Resolution was seconded by a member, Mr. Arif Bilwani. The motion was then put to vote on a show of hands and unanimously approved by the shareholders and applauded by them.

84 **CONCLUSION OF MEETING**

The meeting concluded at 11:20 a.m. with a vote of thanks to the chair.

HUSSAIN DAWOOD
Chairman