



engro foods

January 29, 2016.

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

NOTICE OF MEETING OF AGM – ENGRO FOODS LIMITED

Dear Sir,

We are enclosing herewith the Notice of Meeting of Annual General Meeting of Engro Foods Limited to be held on April 22, 2016 at 10:00 a.m. at Karachi Marriott Hotel, for your information.

Very truly yours

FAIZ CHAPRA
Company Secretary

Encl: As above.

Engro Foods Limited

5th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi 75600 Pakistan.

T 00 92 (21) 35296000 (10 lines) F 00 92 (21) 35295961-2

engrofoods.com

ENGRO FOODS LIMITED
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Engro Foods Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on 22nd April 2016, at 10 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 appoint Auditors and fix their remuneration.

B) SPECIAL BUSINESS

- (3) 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 Engro Corporation Limited, a short term loan / financing facility of upto PKR 2 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.

- (4) 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 55A 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 from Friday, April 08, 2016 to Friday, April 22, 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, PECHS, Shakra-e-Faisal, Karachi [PABX Nos. (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 in time to entitle the transferees 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.

By order of the Board

FAIZ CHAPRA
Company Secretary

Karachi,
January 27, 2016.

Statement under Section 160 of the Companies Ordinance, 1984

This statement is annexed to the Notice of the Eleventh Annual General Meeting of Engro Foods Limited to be held on Friday, April 22, 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 (3) OF THE AGENDA

The management of the Company and Engro Corporation (its parent) 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 Corporation (ECorp) 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 Corporation requires liquidity. Engro Corporation, 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 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 Foods Limited is a subsidiary company of Engro Corporation which holds 87.1% of its shares.

- (ii) Amount of loans or advances;

Upto PKR 2 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 Foods to lend to Engro Corp during the times it has excess liquidity and / or Engro Corporation 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 Corporation Limited (stand alone):

| Assets | Amounts in thousand |
|---|---------------------|
| Property plant & equipment | 91,361 |
| Long term investments | 30,452,386 |
| Loans, advances & prepayments (including long term) | 10,014,987 |
| Short term investments | 4,689,378 |
| Other Assets | 750,572 |
| Total Assets | 45,998,684 |
| Liabilities | |
| Borrowings | 4,370,935 |

| | |
|--------------------------|------------|
| Trade and other payables | 576,856 |
| Other Liabilities | 352,921 |
| Total Liabilities | 5,300,712 |
| Equity | 40,697,972 |

Income Statement

| | |
|---------------------------|------------|
| Dividend & Royalty income | 4,306,460 |
| Operating Profit | 11,585,609 |
| Profit after Tax | 11,027,129 |

- (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;

Average Short Term Borrowing Cost of Engro Foods as at December 31, 2015 is KIBOR + 1%. 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 Foods 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 Foods 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 Corp when Engro Foods has excess liquidity. However, there may be circumstances where Engro Foods 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 Corp paying a mark up rate higher than the rate payable by Engro Foods and Engro Corp also making a similar facility available to the company and (II) Engro Foods secures its overdraft line by Pari-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 Corporation is the largest shareholder of Engro Foods Limited 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 Foods have no personal interest in the matter, however, some directors on Engro Foods' Board are also directors on Engro Corporation's Board and hold shares in Engro Corporation Limited: Mr. Abdul Samad Dawood 66,310 shares, Mr. Syed Khalid Siraj Subhani 865,714 shares and Mr. Isfandiyar Shaheen 1 share. The following directors of Engro Corporation Limited hold shares in Engro Foods Limited: Mr. Waqar Ahmed Malik 29500 shares and Mr. Abdul Samad Dawood 500 shares.

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

N/A

ITEM (4) 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

FAIZ CHAPRA
Company Secretary

Karachi,
January 27, 2016.