



engro corp

August 17, 2018

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

**NOTICE OF THE EIGHTEENTH EXTRAORDINARY GENERAL
MEETING OF ENGRO CORPORATION LIMITED**

Dear Sir,

We are enclosing herewith the Notice of the Eighteenth Extraordinary General Meeting of Engro Corporation Limited to be held on Tuesday, September 25, 2018 at 10:00 a.m. Marriott Hotel, Karachi for circulation amongst the TRE Certificate Holders of the Exchange accordingly.

Thank you,

FOR FAIZ CHAPRA

General Counsel & Company Secretary

Encl: As above

CC: Director/HOD,
Surveillance, Supervision and Enforcement Department,
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue,
Blue Area, Islamabad.

ENGRO CORPORATION LIMITED
NOTICE OF MEETING

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Extraordinary General Meeting of Engro Corporation Limited (the “**Company**”) will be held at Marriott Hotel, Karachi on Tuesday, September 25, 2018 at 10:00 a.m. to transact the following business:

A) SPECIAL BUSINESS

- (1) To consider and, if thought fit, to pass (with or without modifications) the following resolutions as Special Resolutions:

RESOLVED BY WAY OF A SPECIAL RESOLUTION THAT the sale and transfer by the Company of up to twenty nine percent (29%) of the entire issued and paid up share capital of Elengy Terminal Pakistan Limited (“**ETPL**”) to Vopak LNG Holding B.V. (“**Vopak**”), be and is hereby accepted and approved as required under Section 199 of the Companies Act, 2017.

RESOLVED FURTHER THAT the sale and transfer by the Company of up to twenty nine percent (29%) of the entire issued and paid up share capital of ETPL to Vopak, which will be considered as a sizeable portion of the assets of the Company, is hereby approved and accepted as required under Section 183(3) of the Companies Act, 2017.

RESOLVED FURTHER THAT Mr. Ghias Khan, Chief Executive Officer, Mr. Nadir Salar Qureshi, Chief Strategy Officer, and Mr. Faiz Chapra, General Counsel and Company Secretary of the Company, (the “**Authorized Persons**”), be and are hereby, jointly or singly, authorized to take such other steps and execute such other documents, agreements, deeds, statutory forms, affidavits and authority letters as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.

RESOLVED FURTHER THAT all actions heretofore taken by any of the Authorized Persons on behalf of the Company in respect of the above matters are hereby confirmed, ratified and adopted by the Company in full.

N.B.

- (1) The Share Transfer Books of the Company will be closed from Tuesday, September 18, 2018 to Tuesday, September 25, 2018 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Block 6, P.E.C.H.S. Shakra-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 Monday, September 17, 2018 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.

- (3) Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar Office of the Company i.e. Messrs. FAMCO ASSOCIATES (PRIVATE) LIMITED, 8-F, near Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi PABX Nos (+9221) 34380101-5 and email info.shares@famco.com.pk.

I/We, of being a member of Engro Corporation Limited holder of Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at (Please insert name of the City)

Signature of member

- (4) E-Voting: Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Statement under Section 134(3) of the Companies Act, 2017

This Statement is annexed to the Notice of the Eighteenth Extraordinary General Meeting of Engro Corporation Limited (Engro Corp / the Company) to be held on September 25, 2018, 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.

Please note that the Directors of the Company are interested to the extent of the shares held by them and the privileges attached thereto in the Company only.

ITEM (1) OF THE AGENDA

Approvals under Sections 199 and 183(3) of the Companies Act, 2017:

1. Engro Corporation Limited (“**Engro Corp**” or “**the Company**”) and Vopak LNG Holding B.V. (“**Vopak**”) have entered into a Share Purchase Agreement dated July 19, 2018 (the “**SPA**”) in relation to the proposed sale of up to 29% of the share capital of Elengy Terminal Pakistan Ltd. (“**ETPL**”). In terms of the SPA, completion of such sale of shares of ETPL is subject to all regulatory and corporate consents (including approvals of the shareholders of the Company under Sections 199 and 183(3) of the Companies Act, 2017).
2. ETPL was initially a wholly owned subsidiary of the Company. As a result, “*investments*” by the Company in ETPL did not initially attract approval of the former’s shareholders’ under Section 208 of the Companies Ordinance, 1984¹ notwithstanding ETPL being an associated undertaking of the Company as such investments fell within the exemption granted by the SECP vide S.R.O. 704(I)/2011 dated July 13, 2011² whereby all

¹ This was later replaced by Section 199 of the Companies Act, 2017.

² Please note that this was later replaced by S.R.O. 1239(I)/2017 dated December 6, 2017.

investments made by “a holding company, to the extent of investments made in its wholly owned subsidiary” were exempted from procuring shareholders’ approval under the above mentioned Section 199 “provided that any divestment by a holding company which would reduce its holding in the subsidiary, in which an investment was made pursuant to this exemption, to less than 75% shall be made under the authority of a special resolution” (the “**Exemption**”). The Company had previously made investments in ETPL relying on the Exemption. As a result, any divestment by the Company that would have resulted in its shareholding in ETPL falling below 75% would have attracted the approval of its shareholders under Section 208 of the Companies Ordinance, 1984 (now Section 199 of the Companies Act, 2017). It is noted that such approval was not procured by the Company at the time International Finance Corporation (“**IFC**”) subscribed to 20% shareholding in ETPL, as such subscription only resulted in dilution of the Company’s shareholding in ETPL to 80% (which was above the 75% threshold stated above). However, in the present context, consummation of the proposed sale of shares of ETPL by the Company to Vopak will result in the Company’s shareholding in ETPL falling below 75% and consequently, in terms of the Exemption, the approval of the shareholders under Section 199 of the Companies Act, 2017 will be required.

3. We would also like to highlight that the Company and IFC are parties to a Shareholders Agreement dated April 27, 2015 under which IFC has been granted a tag along right on the shares of ETPL. In terms of the SPA: (i) if IFC does not exercise its tag along rights, Vopak shall acquire 29% of the shares of ETPL from the Company; and (ii) if IFC does exercise its tag along rights, Vopak shall acquire 23.2% of the shares of ETPL from the Company (and 5.8% from IFC).

4. The material facts required to be disclosed under S.R.O. 423(I)/2018 dated April 3, 2018 when the Board of Directors proposes to sell, lease or otherwise dispose of an ‘undertaking’³ or a ‘sizeable part’⁴ thereof (or sell or otherwise dispose of a subsidiary) are provided below:

i) Details of asset to be sold, leased or disposed of:

a) Description / Name of Asset

The proposed transaction involves the sale of up to 29% of the share capital of ETPL, a subsidiary of Engro Corp, to Vopak. Engro Corp currently owns 80% of the share capital of ETPL, while IFC holds the remaining 20% shareholding.

ETPL is itself a holding company and has a wholly owned subsidiary, Engro Elengy Terminal (Private) Limited (“**EETPL**”), which is involved in operating an LNG Terminal in Port Qasim, which includes a jetty and pipeline, with all the

³ The term ‘undertaking’ is defined in the Companies Act, 2017 (the “**Act**”) as “an undertaking in which the investment of the company exceeds twenty percent of its net worth as per the audited financial statements of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year”.

⁴ The Act provides that “the expression “sizeable part” in any financial year shall mean twenty five percent or more of the value of the assets in that class as per the audited financial statements of the preceding financial year”.

machinery and equipment and supporting facilities for the receipt, storage and regasification of LNG.

Vopak is a 100% subsidiary of Royal Vopak N.V., which is the world's leading independent tank storage company. It has a 400-year history with a strong focus on safety and sustainability and operates a global network of 66 tank terminals in 25 countries. For more information, please visit www.vopak.com.

b) Acquisition date of the asset

ETPL was incorporated as a wholly owned subsidiary of Engro Corp on January 4, 2012. It's subsidiary, EETPL, was incorporated on January 9, 2014.

c) Cost

The cost of 29% of ETPL's share capital as at 30th June 2018 was PKR 587,751,270.

d) Revalued amount and date of revaluation (if applicable)

Not applicable.

e) Book value

The book value of 29% of ETPL's share capital in the Company's books as at 30th June 2018 was PKR 587,751,270.

f) Approximate current market price/ fair value

As per a recent valuation conducted by an independent valuer, the fair value of the shares proposed to be sold is up to PKR 2.3 billion.

g) In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof

In terms of the SPA, the sale price for 29% of the share capital of ETPL to Vopak has been agreed at USD 38,296,915 (subject to certain downward adjustments set out in the SPA). Such sale price is expected to be higher than the book value and fair value.

h) In case of lease of assets, tenure, lease rentals, increment rate; mode/basis of determination of lease rentals; and other important terms and conditions of the lease

The proposed transaction involves a sale of shares and does not include a lease of any assets, etc.

i) Additional information in case of disposal of land:

- (i) **Location;**
- (ii) **Nature of land (e.g. commercial, agricultural, etc.); and**
- (iii) **Area proposed to be sold.**

The proposed transaction involves a sale of shares and does not include any sale/disposal of land.

ii) The proposed manner of disposal of the said assets.

According to the terms of the SPA, up to 29% of the share capital of ETPL will be transferred by Engro Corp to Vopak upon Closing. Closing of the proposed transaction is expected in Q4 2018, subject to Engro Corp and Vopak having procured all applicable regulatory and corporate consents (including approval for its members, which it is now seeking). The SPA contains, amongst other things, certain price adjustment mechanisms and options for Vopak to buy some of its shares from IFC (in the event that IFC exercises its tag-along rights under the Shareholders' Agreement it has in place with Engro Corp).

iii) In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts

As mentioned above, Vopak, a 100% subsidiary of Royal Vopak N.V., is the proposed buyer.

Vopak and Engro Corp are not related parties. However, in the interests of full disclosure, please note that Engro Corp and Vopak Terminal Qasim B.V., another subsidiary of Royal Vopak N.V., are 50:50 joint venture partners in Engro Vopak Terminal Limited.

iv) Purpose of sale, lease or disposal of assets along with following details:

a) Utilization of the proceeds received from the transaction;

Engro Corp intends to utilize the proceeds of the proposed transaction to invest in projects across a variety of sectors in the economy.

b) Effect on operational capacity of the company, if any; and

The proposed transaction is not expected to have any result on the operational capacity of ETPL or its wholly-owned subsidiary, EETPL.

c) Quantitative and qualitative benefits expected to accrue to the members.

The underlying premise of this transaction stems from the Company's now two decades old partnership with Royal Vopak, which started when Engro Corp (then Engro Chemicals Pakistan Limited) and a predecessor of Royal Vopak, under a joint venture, established the Engro Vopak Terminal in 1997, which today is a leading chemical handling business in the country.

In 2017, a memorandum was inked between Royal Vopak and Engro Corp to take their existing partnership forward and explore potential opportunities locally and abroad. ETPL proved to be a logical first opportunity to increase the cooperation in an LNG growth market such as Pakistan and the proposed transaction is expected to generate up to USD 38 million, depending upon certain adjustment mechanisms set out in the SPA and whether IFC chooses to exercise its tag-along right (as mentioned above). Through this transaction, Royal Vopak will be expanding its LNG footprint, whereas Engro Corp would be opening the doors for more growth opportunities with Royal Vopak within Pakistan and abroad. Furthermore, Vopak is already operating two LNG terminals in the world (GATE terminal in Rotterdam, The Netherlands and TLA terminal in Altamira, Mexico). This experience can be of great value to ETPL. The potential partnership is therefore expected to be a win-win for all stakeholders.

The Board accordingly 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 that you vote in favour of the Special Resolution to be proposed at the Extraordinary General Meeting.

By Order of the Board

Karachi,
Dated: August 16, 2018

FAIZ CHAPRA
General Counsel &
Company Secretary