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May 6, 2024

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

**SUBJECT: PROVISION OF MATERIAL INFORMATION**

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015 and the paragraph 5.6.1.(a) of the Rule Book of the Pakistan Stock Exchange Limited, we hereby convey the following information:

The Board of Directors of Dawood Hercules Corporation Limited (DH Corp) through circular resolution passed on May 3, 2024, has approved to proceed with the proposed restructuring of DH Corp and Engro Corporation Limited and make disclosure accordingly.

The Closed Period has been terminated with the dissemination of above material information.

A disclosure form is attached herewith. You may please inform the Trading Right Entitlement Certificate Holders of PSX, accordingly.

Yours sincerely,

For and on behalf of  
Dawood Hercules Corporation Limited

Imran Chagani  
Company Secretary

Encl: as above

Copy to:  
Executive Director / HOD, Offsite-II Department  
Supervision Division  
Securities and Exchange Commission of Pakistan  
63, NIC Building, Jinnah Avenue  
Blue Area  
Islamabad



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**DISCLOSURE FORM**  
(Securities Act, 2015)

May 6, 2024

Name of the Company	Dawood Hercules Corporation Limited
Date of Report (Date of earliest event reported if applicable)	May 6, 2024
Exact Name of the Company as specified in its Memorandum	Dawood Hercules Corporation Limited
Registered address of the Company	Dawood Centre, M.T. Khan Road, Karachi
Contact Information	Imran Chagani Company Secretary Tel: 021-35686001 Fax: 021-35633970
Disclosure of inside information by the Company in terms of Securities Act, 2015	<p>Dawood Hercules Corporation Limited (“DH Corp”), as the largest shareholder of Engro Corporation Limited (“Engro Corp”), has evaluated and recommended a restructuring option to Engro Corp. This restructuring aims to build financial synergies which are value additive to the enterprise, while enhancing returns to shareholders of both companies.</p> <p>To achieve this, the management of DH Corp has proposed to Engro Corp a restructuring at the DH Corp–Engro Corp level through a court-sanctioned Scheme of Arrangement filed with the relevant High Court whereunder (i) DH Corp demerges into two legal entities whereby all assets and liabilities of DH Corp (other than its investment in Engro Corp) are carved out into a new company (“DH NewCo”), which will be held by the current shareholders of DH Corp such that as a result of above carveout, DH Corp will only hold its investment in Engro Corp (the DH NewCo resulting from the above carveout will also be listed in due course); (ii) shares in Engro Corp held by the shareholders of Engro Corp other than DH Corp will vest into DH Corp in exchange whereof such shareholders shall be issued shares of DH Corp, ensuring that their economic holding in Engro Corp remains proportionally unchanged. Consequently, Engro Corp will become a wholly owned subsidiary of DH Corp (the “Proposed Restructuring”). As part of the process, the management of DH Corp has also recommended a rebranding of DH Corp to ‘Engro Holdings Limited’ since the bulk of its capital flows are tied to Engro companies.</p> <p>The Proposed Restructuring aims to build synergies that enable this system of companies to allocate capital more effectively and enhance returns to shareholders. This will allow the capital at play within the Engro system to be more productive, which has been detailed in the explanation below.</p>

Dawood Hercules Corporation Limited

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DH Corp is a sector-agnostic capital allocator with a track record of good investments. The Company actively invests capital in public equities and markets based on defined parameters, but the majority of its investment has been in Engro Corp for over 20 years. Engro Corp is a successful developer and operator of large projects in defined sectors that aim to solve pressing issues in Pakistan; to this end it manages a portfolio of industrial businesses in 5 verticals. Engro Corp also evaluates new projects in line with its sectoral investment strategy and allocates capital to them. This strategy has delivered excellent shareholder returns in the past decade; however, future returns are significantly impacted by prevalent macroeconomic challenges, as new projects require stable economic conditions – especially for capital-heavy projects which are commonly required in sectors under Engro’s purview.

In such times, it is essential to ensure capital productivity by exploring investment in core sectors but also by expanding the capital allocation effort to non-core sectors where value can be created in a more agile manner. Doing so would give the Group two attempts at value creation where Engro Corp would explore investment opportunities in its verticals of expertise, while DH Corp would identify opportunities for investment in a wider range of sectors. It is essential to note that this would be in line with the consistent feedback received from Engro Corp’s minority shareholders over the years to consider broader avenues and means of capital deployment to improve returns to shareholders through a more flexible capital allocation.

The Proposed Restructuring aims to bring the capital allocation efforts of both companies together, since both are independently exploring investments at present. Synergizing these investment efforts would lead to a larger set of opportunities to consider for capital deployment, enhancing return possibilities for shareholders. This solution is recommended because the organizational mindset for agile capital allocation is different from the organizational mindset for developing and operating large industrial projects over a long timeframe.

Furthermore, this would be a value-accretive arrangement, as it would not entail any material increase in costs; Engro Holdings would be managed by a small team of investment professionals.

Upon evaluation, it has been concluded that the Proposed Restructuring benefits all stakeholders in the system. Firstly, Engro Holdings and Engro Corp would collectively pursue capital productivity by building an internal market for capital that leads to investment in the best opportunities, improving returns to shareholders. Secondly, Engro Holdings investable capital for deployment would increase through complete ownership of Engro Corp. Thirdly, DH Corp’s current shareholders would benefit through the removal of its conglomerate discount. And lastly, Engro Corp’s current



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shareholders, who become Engro Holdings shareholders, would continue to earn returns on their indirect investment in Engro Corp through Engro Holdings, while also participating in returns generated from Engro Holdings' other investments, which is in line with the consistent feedback shared by the minority shareholders of Engro Corp.

The Board of DH Corp has provided an in-principal approval of the Proposed Restructuring. DH Corp and Engro Corp will now finalize the Proposed Restructuring which is subject to the procurement of all applicable regulatory, corporate, and shareholder approvals, finalization of relevant documentation, and sanction of the Proposed Restructuring by the relevant High Court. DH Corp and Engro Corp will jointly appoint advisors for a Scheme of Arrangement to be presented to the respective Boards for approval and execution. The Board has also approved the creation of a wholly owned subsidiary, in which eventually all assets and liabilities of DH Corp, other than investment in Engro Corp, shall vest pursuant to a Scheme of Arrangement, post relevant approvals.

Dated: May 6, 2024



Imran Chagani  
Company Secretary