



engro corp

March 30, 2018

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

NOTICE OF THE SEVENTEENTH EXTRAORDINARY GENERAL MEETING OF
ENGRO CORPORATION LIMITED

Dear Sir,

We are enclosing herewith the Notice of the Seventeenth Extraordinary General Meeting of Engro Corporation Limited to be held on Tuesday, April 24, 2018 immediately following the Annual General Meeting at Hotel Marriott, Karachi for circulation amongst the TRE Certificate Holders of the Exchange.

Thank you,

for FAIZ CHAPRA
General Manger & Company Secretary

Encl: As above

ENGRO CORPORATION LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Seventeenth Extraordinary General Meeting of Engro Corporation Limited (the “**Company**”) will be held on April 24, 2018 immediately following the Annual General Meeting, at Karachi Marriot Hotel, Abdullah Haroon Road, Karachi to transact the following business:

1. SPECIAL BUSINESS:

To consider and, if deemed fit, pass with or without modification, the following special resolutions, in accordance with the provisions of Section 199 of the Companies Act, 2017, for the purposes of authorizing the Company to invest, by way of equity injection, in the proposed rights issue intended to be carried out by its associated company i.e. Engro Polymer and Chemicals Limited:

“RESOLVED THAT, in accordance with the provisions of Section 199 of the Companies Act, 2017, the Company be and is hereby authorized to invest upto an amount of PKR 3,034,260,000/- (Pak Rupees Three Billion Thirty Four Million Two Hundred Sixty Thousand), in Engro Polymer and Chemicals Limited (“EPCL”), by subscribing to the Company’s entitlement to ordinary shares of EPCL during the proposed EPCL Right Issue process (as and when announced by the Board of Directors of EPCL), at a maximum price of upto Rs. 30/- (Pak Rupees Thirty) per ordinary share.

FURTHER RESOLVED THAT the Company be and is hereby authorized to invest in such additional ordinary shares of EPCL which may remain unsubscribed in the said EPCL rights issue, provided that the aggregate amount to be invested in such unsubscribed shares of EPCL during the proposed EPCL Rights Issue process shall not exceed the aggregate sum of PKR 1,812,780,000/- (Pak Rupees One Billion Eight Hundred Twelve Million Seven Hundred Eighty Thousand).

FURTHER RESOLVED THAT the CEO and / or CFO of the Company, or such other person(s) as may be authorized by any of them, be and are hereby jointly or severally authorized and empowered to take all necessary steps, make the requisite investments, do all such acts, deeds and things, and to execute and deliver all such deeds, declarations, undertakings, any ancillary document thereto or provide any such documentation for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with or incidental for the purposes of carrying out the proposed resolution and fulfilling the objectives thereof including undertaking necessary amendments required to this notice by any regulator/competent authority.”

By order of the Board

Faiz Chapra
General Counsel &
Company Secretary

Karachi: 28th March 2018

Notes:

1. The Share Transfer Books of the Company will remain closed from Tuesday, April 17, 2018 to Tuesday, April 24, 2018 (both days inclusive). Transfers received in order at the office of our Registrar, Messrs. FAMCO ASSOCIATES (PRIVATE) LIMITED, 8-F, next to Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi PABX Nos (+9221) 34380101-5 and email info.shares@famco.com.pk, by the close of business (5:00 p.m.) on Monday, April 16, 2018 will be treated in time for the purpose of entitlement of transferees to attend and vote at this 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 5 days prior to the date of Extraordinary 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, next to 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 Sections 143 – 144 of the Companies Act 2017 and applicable clauses of the Companies (Postal Ballot) Regulations 2018.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT,
2017 REGARDING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE
EXTRAORDINARY GENERAL MEETING**

This statement sets out below the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of Engro Corporation Limited (the “Company”) to be held on April 24, 2018.

Agenda Item 1: Investment by the Company in the ordinary shares of Engro Polymer and Chemicals Limited

On March 13, 2018, Engro Polymer and Chemicals Limited (“EPCL”), being a subsidiary of the Company, announced its intention to carry out a right issue of ordinary shares at a premium in the aggregate amount of upto PKR 5,400,000,000/- (Pak Rupees Five Billion Four Hundred Million) (the “EPCL Rights Issue”) in the near future, at a maximum price of PKR 30 per share (as ultimately determined by the Board of Directors of EPCL). The proceeds of the EPCL Rights Issue will be utilized to fund the addition of a new PVC Plant of 100,000 MT & VCM Plant debottlenecking of 50,000 MT per annum (hereinafter referred to as the “Project”).

For the purposes of the EPCL Rights Issue, under the applicable laws, EPCL is required to obtain an undertaking from its sponsor(s) to invest in the EPCL Rights Issue (once the same is carried out). Furthermore, in order to invest in and subscribe to the ordinary shares of EPCL, the Company is required to obtain the approval of its shareholders under Section 199 of the Companies Act, 2017 (since EPCL is an associated company of the Company).

The Board of Directors of the Company, in their meeting held on 28th March, 2018, have approved the investment of upto PKR 3,034,260,000/- (Pak Rupees Three Billion Thirty Four Million Two Hundred Sixty Thousand), by way of equity injection, in the ordinary shares of EPCL during the proposed EPCL Right Issue, at a maximum price of upto PKR 30 per share, subject to obtaining the approval of the shareholders of the Company.

The Board of Directors also approved to invest in such additional ordinary shares of EPCL which may remain unsubscribed (in the event other shareholders renounce their entitlement) in the said EPCL Rights Issue, providing that the aggregate amount to be invested in such unsubscribed shares of EPCL during the proposed EPCL Rights Issue process shall not exceed the aggregate sum of upto PKR 1,812,780,000/- (Pak Rupees One Billion Eight Hundred Twelve Million Seven Hundred Eighty Thousand).

For this purpose, the Board of Directors of the Company have recommended that the shareholders of the Company consider and, if thought fit, pass the resolutions set forth against Agenda Item No. 1 of the notice convening the Extraordinary General Meeting, which resolutions shall be proposed and passed as special resolutions.

The Directors of the Company have no personal interest in the proposed equity investment whether directly or indirectly save as indicated below.

The information required to be annexed to the Notice in accordance with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (issued pursuant to Notification bearing no. SRO 1240(I)/2017 dated December 6, 2017) is set out below:

SR. NO.	INFROMATION REQUIRED	DETAILS
(a)	Disclosures for all types of investments-	

(A)		Regarding Associated Company or Associated Undertaking:-		
(i)	Name of the associated company or associated undertaking;	Engro Polymer and Chemicals Limited		
(ii)	Basis of relationship;	Subsidiary of Engro Corporation Limited holding 56.19%		
(iii)	Earnings per share for the last three years;	2017: PKR 3.09 2016: PKR 0.99 2015: PKR (0.98)		
(iv)	Break-up value per share, based on latest audited financial statements;	As of Dec 31, 2017: PKR 11.64		
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	Year ended Dec 31, 2017	Amount in PKR (000s)	
		Assets		
		Property, plant and equipment		16,011,070
		Investments		50,000
		Stores, spares and loose tools		1,602,387
		Stock-in-trade		3,681,162
		Other Assets		2,970,544
		Total Assets		24,315,163
		Liabilities		
		Borrowings		8,750,000
		Trade and other payables		4,513,369
		Other liabilities		3,331,409
		Total Liabilities		16,594,778
		Total Equity		7,720,385
		Income Statement		
		Revenue		27,730,736
		Profit Before Tax		3,109,255
		Profit After Tax		2,049,134

(vi)		In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations	Not Applicable
(B)		General disclosures:-	
(i)		Maximum amount of investment to be made;	<p>Subject to shareholders' approval:</p> <p>(a) Engro Corporation Limited shall make an investment of upto an amount of PKR 3,034,260,000/- by subscribing to the Company's entitlement (56.19%) to ordinary shares of EPCL during the proposed EPCL Rights Issue at a maximum price of upto PKR 30 per share; and</p> <p>(b) In the event other shareholders renounce their entitlement to the proposed EPCL Rights Issue which may result in unsubscribed right shares, to additionally invest in unsubscribed ordinary shares, should these be offered under S. 83(iv) of the Companies Act 2017, provided that the aggregate amount to be invested in such unsubscribed shares shall not exceed PKR 1,812,780,000.</p>
(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p><u>Purpose:</u> to make additional equity investment in Engro Polymer and Chemicals Limited for the expansion project involving debottlenecking of VCM capacity by 50,000mt per annum and addition of a new PVC plant of 100,000mt per annum in order to capture the growing PVC market and in view of the improved profitability of the business during 2017.</p> <p><u>Benefits:</u> Engro Corporation Limited expects to earn dividend income which would further augment the cashflow and in turn increase shareholder value.</p> <p><u>Period of Investment:</u> This amount is intended to be a part of EPCL's equity and hence a long term strategic investment.</p>
(iii)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	From internally generated cashflows
	(I)	Justification for investment through borrowings;	Not Applicable
	(II)	Detail of collateral, guarantees provided and	Not Applicable

		assets pledged for obtaining such funds; and	
	(III)	Cost benefit analysis;	Not Applicable
(iv)		Salient features of the agreements(s), if any with associated company or associated undertaking with regards to the proposed investment;	Not Applicable
(v)		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 Corporation Limited have no personal interest in the matter, however the following Director(s) of the Board are also Director(s) of EPCL and own shares in the associated company: - Mr. Ghias Khan
(vi)		In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	Currently, Engro Corporation Limited holds 56.19% of the share in Engro Polymer and Chemicals Limited. Details of financial performance are mentioned above in section A (iii), (iv) and (v) of this form.
(vii)		Any other important details necessary for the members to understanding the transaction;	Not Applicable
(b)		In case of equity investment, following disclosures in addition to those provided under above clause (a)	
(i)		Maximum price at which securities will be acquired;	Upto PKR 30 per share
(ii)		In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable
(iii)		Maximum number of securities to be acquired;	Shares equivalent to: (a) Aggregate amount of PKR 3,034,260,000/- by subscribing to Company's entitlement (56.19%) to ordinary shares of EPCL during the proposed EPCL Rights Issue at a maximum price of upto PKR 30 per share; and (b) In the event other shareholders renounce their entitlement to the proposed EPCL Rights Issue, an aggregate amount of

			PKR 1,812,780,000/- for additional investment in unsubscribed ordinary shares
(iv)		Number of securities and percentage thereof held before and after the proposed investment;	<p><u>Before Proposed Investment:</u> 372,809,989 shares (Shareholding: 56.19%)</p> <p><u>After Proposed Investment:</u> 372,809,989 shares plus shares equivalent to aggregate amount of PKR 3,034,260,000/- by subscribing to Company's entitlement (56.19%) to ordinary shares of EPCL during the proposed EPCL Rights Issue at a maximum price of upto PKR 30 per share (Shareholding: 56.19%). This excludes renounced shares if any.</p>
(v)		Current and preceding twelve weeks' weighted average market price where investment is proposed to be made listed securities; and	<p>Current price (March 20, 2018): PKR 30.59 per share</p> <p>12 week WVAP: PKR 27.88 per share</p>
(vi)		Fair value determined in terms of sub-regulation (1) of regulation 5 for investment in unlisted securities;	Not Applicable.