



# engro polymer & chemicals

March 12, 2015.

The General Manager  
Karachi Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building  
Stock Exchange Road  
Karachi.  
**Fax: 111-573-329**

The Secretary  
Lahore Stock Exchange (Guarantee) Ltd.  
19, Khayabane Aiwane Iqbal  
Lahore-54000  
**Fax: (042) 3636 8485**

The Secretary  
Islamabad Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building  
Blue Area  
Islamabad  
**Fax: (051) 111-473-329**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**  
**OF**  
**ENGRO POLYMER & CHEMICALS LIMITED**

Dear Sirs,

We are enclosing herewith the Notice of Extraordinary General Meeting of the Company, to be held on Thursday, April 30, 2015 at 10.30 a.m. (or immediately following the Company's AGM) at Karachi Marriott Hotel, which will be sent to the press and is being sent to the Stock Exchanges for their prior information.

Very truly yours

  
**SCHAANE ANSARI**  
Company Secretary

*Encl: As above.*

Engro Polymer & Chemicals Limited

16th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi-75600, Pakistan.  
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## ENGRO POLYMER AND CHEMICALS LIMITED

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Extraordinary General Meeting of Engro Polymer and Chemicals Limited (the "Company") will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi, Pakistan on April 30th, 2015 at 10:30 a.m. (or immediately following the Company's AGM), to transact the following business:

- 1) To approve amendments in the Memorandum and Articles of Association of the Company, and to consider and if thought fit, to pass with or without modification, the following resolutions as special resolutions:
  - (a) RESOLVED THAT the Memorandum and Articles of Association of the Company be and are hereby altered to read as follows:
    - (i) Clause [V] of the Memorandum of Association after the proposed amendment shall be read as under:

“The Authorised Share Capital of the Company is Rs. 12,000,000,000 divided into 800,000,000 ordinary shares of Rs.10each and 400,000,000 Preference Shares having a par value of Rs.10 each with the rights, privileges and conditions attached thereto as are provided for the time being, with power to increase and reduce the capital of the Company and to further divide the shares in the capital for the time being into several classes.”
    - (ii) Paragraph one of Article 4 of the Articles of Association of the Company after the proposed amendment shall be read as under:

“The Authorised Share Capital of the Company is Rs. 12,000,000,000 divided into 800,000,000 Ordinary Shares of Rs. 10 each and 400,000,000 Preference Shares having a par value of Rs.10 each.”
    - (iii) FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.
- 2) To consider and if thought fit to pass the following resolutions as special resolutions with or without any amendments:
  - (a) RESOLVED THAT 400,000,000 cumulative, non-redeemable, non- participatory and non-convertible preference shares be issued at a par value of Rs. 10 each in the ratio of 0.59 preference shares for every 1 Ordinary Share held on terms and conditions described herein below be offered to the existing shareholders of the Company as

right shares at par value of Rs.10 per share aggregating Rs. 4bn in accordance with Section 86 of the Companies Ordinance, 1984 and the Companies (Issue of Capital) Rules, 1996, subject to approval of the Securities and Exchange Commission of Pakistan under Rule 5 of the Companies Share Capital (Variation in Right and Privileges) Rules, 2000.

- (b) FURTHER RESOLVED THAT, the fractional rights shares entitlements (if any) be consolidated and sold and the sale proceeds be paid to a reputable charitable organization.
  - (c) FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.
- 3) To approve amendments in the Memorandum and Articles of Association of the Company, and to consider and if thought fit, to pass with or without modification, the following resolutions as special resolutions:
- (a) RESOLVED THAT the Terms and Conditions for the issue of preference shares be inserted in the Memorandum and Articles of Association:

#### TERMS AND CONDITIONS OF ISSUE OF PREFERENCE SHARES

- (i) The Preference Shares are non-convertible and non-redeemable. However, the Company can exercise a call option at any time after the 3<sup>rd</sup> anniversary of the issue subject to payment of all accumulated dividend payable to the Preference Shareholders.
- (ii) The Preference Shares carry dividend at the rate of 14% per annum. Dividends will only be paid if, in a financial year, (a) the Company has made a profit after tax; and (b) a dividend is proposed by the Board of Directors of the Company keeping in mind the investment and other cash needs of the Company. If any dividend is so available for being paid out it shall be payable on a cumulative basis prior to any dividend or other distribution payable to ordinary shareholders and such that the entitlement for dividends in any year shall not lapse if no dividend is paid in that year.
- (iii) The preference shareholders shall not be entitled to receive notice, attend and vote at general meetings of the Company except as otherwise provided by the Companies Ordinance 1984 whereby the holders of such shares would be entitled to vote separately as a class, i.e. with respect to voting entitlement of preference

shareholders on matters/issues affecting substantive rights or liabilities of preference shareholders.

- (iv) The preference shareholders shall not be entitled to bonus or rights shares or participate in any profit of the Company except the right to receive dividends (if declared) being attached to the preference shares. However, in the event of winding up or liquidation of the Company the paid up amount on preference shares will be paid back to the preference shareholders before any payment is made to ordinary shareholders.
- (v) The preference shares will be transferable and will be listed on the Karachi, Lahore and Islamabad Stock Exchanges.
- (vi) The preference shares will be issued soon after completion of all necessary legal formalities and regulatory approvals.

RESOLVED FURTHER that the aforesaid resolutions and terms and conditions shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to have been approved as part of these Special Resolutions without the need for the shareholders to pass a fresh Special Resolution.

A statement under Section 160 of the Companies Ordinance 1984 setting forth all material facts concerning the matters contained in the Notice which will be considered for adoption at the Meeting is annexed to this Notice of Meeting being sent to Members.

By Order of the Board

**Schaane Ansari**  
Company Secretary

Karachi  
February 18<sup>th</sup> 2015

- (1) The Share Transfer Books of the Company will be closed from Thursday April 16, 2015 to Thursday April 30th, 2015 (both days inclusive). Transfers received in order at the office of our Registrar, Messrs FAMCO ASSOCIATES (Pvt) LTD, 8-F, next to Hotel Faran, Nursery, Block 6, PECHS, Sharah-e-Faisal, Karachi PABX Nos (9221) 34380101-5 and email [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk), by the close of business (5:00p.m) on

Wednesday April, 15<sup>th</sup> 2015 will be treated in time for the purpose of entitlement of the 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.

**Statement under Section 160 of the Companies Ordinance, 1984**

This Statement is annexed to the Notice of the Ninth Extraordinary General Meeting of Engro Polymer and Chemicals Limited to be held on April 30<sup>th</sup>, 2015 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.

- 1. Justification for issuance of non-redeemable preference shares and not for issuing ordinary shares:** The issue of preference shares will increase the capitalization of the company without diluting value for the existing equity holders. This will unlock value to the ordinary shareholders due to higher future cash flows as principal payments of debt will be reduced.
- 2. Price of issue:** The shares are to be issued at par value being Rs. 10 per share.
- 3. Purpose of the issue, utilization of proceeds and benefits to the Company and shareholder/s:** The proceeds of the issue will be used to strengthen the Company's balance sheet and to re-profile the Company's existing debt structure and will benefit the Company by replacing costly debt, improving the Company's financial ratios and provide necessary safeguards for the Company's future cash flows.
- 4. Rate of preference dividend:** 14%
- 5. Specific rights and privileges attached to the proposed preference shares:** The terms and conditions of the issue of preference shares are contained above.
- 6. Whether the preference shares will be listed:** The preference shares will be transferable and will be listed on all three stock exchanges, i.e. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.
- 7. Nature of preference shares (redeemable, cumulative or otherwise, participatory etc.)** non-redeemable, cumulative, non-participatory, non-convertible and callable.

The call option may be exercised after the 3<sup>rd</sup> anniversary of the issue and following payment of all accumulated dividend.

8. The Directors of the Company have no personal interest in the issue of preference shares whether directly or indirectly except to the extent of their shareholdings held by them in the Company and entitlement to preference shares.