



engro polymer & chemicals

March 20, 2017.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING
OF
ENGRO POLYMER & CHEMICALS LIMITED

Dear Sir,

We are enclosing herewith the Notice of Extraordinary General Meeting of Engro Polymer & Chemicals Limited to be held on Friday, April 14, 2017 at 10:30 a.m. (or immediately following the Company's AGM) at Karachi Marriott Hotel, for circulation amongst the TRE Certificate Holders of the Exchange.

Very truly yours


SCHAANE ANSARI
Company Secretary

Encl: As above.

ENGRO POLYMER AND CHEMICALS LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Extraordinary General Meeting of Engro Polymer and Chemicals Limited (the "Company"/"EPCL") will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi, Pakistan on April 14th, 2017 at 10:30 a.m. (or immediately following the Company's AGM), to transact the following business:

SPECIAL BUSINESS

- 1) To consider and if thought fit to pass the following resolutions as special resolutions with or without any amendments:
 - (a) RESOLVED THAT 300,000,000 Listed, Partially Convertible, Perpetual, Callable, Cumulative, Non- Participatory, Non-Voting, Floating Rate with a Put option preference shares be issued at a par value of Rs. 10 each in the ratio of 0.45 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 to Rs. 3bn 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.
- 2) 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 in Articles 4(i) to 4 (vi) shall be deleted from the Articles of Association of the Company and be substituted with the following terms and conditions for the issue of preference shares which shall be inserted in the Memorandum and Articles of Association of the Company as Article 4(a):

4 (a) TERMS AND CONDITIONS OF ISSUE OF PREFERENCE SHARES

- (i) The Preference Shares are Listed, Partially Convertible, Perpetual, Callable, Cumulative, Non- Participatory, Non-Voting at a Floating Rate with a put option as set out below.
- (ii) The Preference Shareholder will have an option to convert 20% of the total Preference Shares held by them at face value into Ordinary shares excluding any accumulated unpaid dividend, on the higher of the following:
 - ◆ Price based on the formula i.e. 45% discount to 3 month average market price of immediate 3 months prior to the date of 3rd anniversary of issue, and
 - ◆ Face value per share

This conversion option will be available for a period of 3 months from the date of expiry of the 3rd anniversary of the issue.

- (iii) The Company can exercise a call option of upto 100% at any time after the conversion window option lapses by giving a notice in writing to the Shareholders. Preference shares together with accumulated unpaid dividends will be redeemed within 30 (thirty) days from the exercise of the Call option.
- (iv) The Preference Shareholders shall have a Put Option against the Company in terms of which the Preference Shareholders may sell their shares as per the following:
 - ◆ 10% of the total issue size prorated to their respective shareholding at the 4th anniversary of the issue
 - ◆ 10% of the total issue size prorated to their respective shareholding at the 5th anniversary of the issue

Upon exercise of the Put Option, the Company shall purchase the Preference Shares of the relevant investor by paying a price equal to the face value of the Preference Shares together with accumulated unpaid dividends within 30 (thirty) days from the exercise of the Put Option.

- (v) In case ECorp's shareholding in the Company falls to below 51%, the investors shall have the option to redeem their entire holding at face value, together with any accumulated unpaid dividends immediately.
- (vi) The Preference Shares carry dividend at the rate of 6 Months Kibor + 2.5% 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.

- (vii) 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 (as amended from time to time) 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.
- (viii) 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, including any accumulated unpaid dividend, will be paid back to the preference shareholders before any payment is made to ordinary shareholders.
- (ix) The Preference Shares will be transferable and will be listed on the Pakistan Stock Exchange.
- (x) 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
March 15, 2017

- (1) The Share Transfer Books of the Company will be closed from Tuesday, April 04, 2017 to Friday April 14th, 2017 (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, by the close of business (5:00p.m) on Monday April 03, 2017, 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 Tenth Extraordinary General Meeting of Engro Polymer and Chemicals Limited to be held on April 14th, 2017 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 1 OF THE AGENDA.

The Shareholders of the Company had in the 9th Extraordinary General Meeting of the Company held on April 30, 2015, passed a resolution approving the issuance of Preference Shares amounting to Rs 4bn, by way of Rights, subject to SECP approval. The respective process was however put on hold due to the announcement of due diligence of the Company and legal restrictions imposed on the target company due to such announcement. The Company had in the 18th Annual General Meeting updated the Shareholders that the process of the issuance of Preference Shares may be re-initiated depending on the status of the ownership of the majority shareholding of the Company.

The Company is now re-initiating the process of issuance of Preference Shares, however due to improved Company performance the amount of Preference Shares proposed to be issued has now been reduced from Rs 4bn to Rs 3bn. Further certain other terms have also been revised due to the prevailing market conditions, which have been explained in detail above.

- 1. Justification for issuance of preference shares and not for issuing ordinary shares:**
The issue of preference shares will increase the capitalization of the company without substantially 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 from the issuance of Preference Shares will be utilized towards partial repayment of outstanding loans.
- 4. Rate of preference dividend:** 6 Months Kibor + 2.5%
- 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 the Pakistan Stock Exchange.
- 7. Nature of preference shares** Listed, Partially Convertible, Perpetual, Callable, Cumulative, Non-Participatory, Non-Voting at a Floating Rate with a Put Option.
- 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.

By Order of the Board

Schaane Ansari
Company Secretary