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

Subject: Disclosure of Material Information – Declaration of Right Shares

Dear Sir,

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and PSX Rule Book, we are pleased to inform you that the Board of Directors of Engro Polymer and Chemicals Limited (the "Company"), in their meeting held on 18th May 2018 at its registered office located at 12th Floor, Ocean Towers, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, in order to partially fund the expansion cost of the PVC plant to cater for an additional 100,000 MT & VCM Plant Debottlenecking of 50,000 MT per annum, has approved the increase in the ordinary paid up share capital of the Company from PKR 6,635mn/- to PKR 9,089mn/- by issue of a further 245,454,545 ordinary shares of the Company of PKR 10/- each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017, at a price of PKR 22/- per share, inclusive of a PKR 12/- premium per share, in the ratio of approximately 37 right shares for every 100 existing ordinary shares of PKR 10/- each (i.e. 37%), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company ("Right Issue").

In this respect, the share transfer books of the Company will be closed from Monday, 11th June 2018 to Monday, 18th June 2018 (both days inclusive) to determine the entitlements of the shareholders of the Company with respect to the Right Issue. Physical transfers/CDS Transaction IDs received at the Company's Share Registrar, 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, by the close of business (5:00 p.m.) on Thursday, 7th June 2018 will be treated in time for the purpose of entitlement to right shares to the transferees.

We enclose herewith the following information/documents:

a. Statement with respect to the details of the Right Issue, including the purpose, benefits, use of funds and risk factors associated with the same, along with the financial plan, as approved by the Board of Directors (Annexure "A")

b. Financial projections duly approved by the Board of Directors (Annexure "B")

c. Certified true copy of the extract of the resolutions passed by the Board dated May 18, 2018 ("Annexure "C")

d. Draft copy of the Notice of the Right Issue and book closure to the shareholders prior to its publication in the newspapers (Annexure "D"). This will also fulfil the requirements of Sections 96 and 131 of the Securities Act, 2015.

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You may please inform the TRE Certificate Holders of the Exchange accordingly.

We trust that the information provided above would suffice your requirements. However, we shall be glad to provide any further information should you so require.

Thank you,

For and on behalf of Engro Polymer and Chemicals Limited

Shazeb Siddiki
Company Secretary

Encl: As above

Cc to:
The Director/HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue, Blue Area,
Islamabad

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Annexure "A"

ENGRO POLYMER & CHEMICALS LIMITED

STATEMENT PERTAINING TO QUANTUM OF ISSUE, ISSUE PRICE, PURPOSE, BENEFITS, USE OF FUNDS, RISK FACTORS AND FINANCIAL PLAN UNDER RULE 5 OF THE COMPANIES (ISSUE OF CAPITAL) RULES, 1996

1. QUANTUM OF ISSUE

245,454,545 ordinary shares of Engro Polymer and Chemicals Limited (the "**Company**") of PKR 10/- each, constituting 37% i.e. approximately 37 shares for every 100 shares held by the shareholders of the Company (the "**Right Issue**").

2. ISSUE PRICE PER SHARE

PKR 22/- per share including a premium of PKR 12/- per share.

3. PURPOSE OF RIGHT ISSUE

In order to expand its PVC production capacities, the Board of Directors decided for the expansion of the PVC plant to cater for an additional 100,000 MT and VCM plant debottlenecking of 50,000 MT per annum. The estimated overall cost of said expansion is approximately PKR 7.6 billion, which is intended to be partially funded through issuance of right shares of approximately PKR 5.4 billion.

4. BENEFIT TO THE COMPANY & USE OF FUNDS

The funds from the Right Issue will contribute towards the completion of the expansion project as detailed above which is expected to result in the overall increase in the Company's revenue and correspondingly in the profitability of the Company, thereby enhancing the expected returns to the valued shareholders of the Company.

5. RISK FACTORS

The Right Issue is being announced at a price less than the current market price; hence there is minimal investment risk associated with the Rights Issue. Furthermore, the Company's sponsor i.e. Engro Corporation Limited ("Engro Corp") shall be subscribing to its entitlement of right shares and have even sought to subscribe to additional shares which may remain unsubscribed. Usual risks associated with the business will remain, which the Company is well positioned in the market to deal with. The Company has a strong and well proven track record which will help to mitigate these risks.

6. FINANCIAL PLAN

Funds Requirement	PKR million
Estimated Cost of the Expansion Project	7,600
Means of Financing	
Borrowing from Banks	2,200
37% Right Issue i.e. issue of 245,454,545 ordinary right shares of PKR 10 each at a price of PKR 22 per share (inclusive of premium of PKR 12 per share)	5,400
Total Financing	**7,600**

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Annexure "B"

FINANCIAL PROJECTIONS FOR FIVE YEARS

	2018	2019	2020	2021	2022
Sales	29,406	27,315	31,795	39,367	44,319
Profit after taxation	3,024	1,802	2,376	3,493	4,804
Paid up Share Capital	6,635	9,089	9,089	9,089	9,089

Financial projections mentioned above are the outcome of how the Board reasonably assesses the business / future performance of the Company on the basis of current business environment and macro-economic conditions of the country and is based on the Corporate Plan for the Company as approved in December 2017. However, the Company and / or its Directors cannot accept any liability for any investment decision or conclusions drawn by any person on the basis of the above projections.

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Annexure "C"

EXTRACT FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF ENGRO POLYMER AND CHEMICALS LIMITED HELD ON FRIDAY 18TH MAY 2018, AT ITS REGISTERED OFFICE, 12TH FLOOR, OCEAN TOWERS, G-3, BLOCK 9, CLIFTON, KHAYABAN-E-IQBAL, KARACHI

TO CONSIDER AND APPROVE RIGHT ISSUE

Whereas the Board of Directors ("**Board**") of Engro Polymer and Chemicals Limited (the "**Company**") has approved the expansion of its PVC plant to cater for an additional 100,000 MT and VCM plant debottlenecking of 50,000 MT per annum. The estimated overall cost of said expansion is approximately PKR 7.6 billion, which is intended to be partially funded through issuance of right shares of approximately PKR 5.4 billion.

Furthermore, in order to obtain timely funding for the expansion project, and to enable the Company's sponsor i.e. Engro Corporation Limited ("**ECorp**") to obtain the necessary approvals and provide the requisite undertaking to the Company to subscribe to right shares, the Board, on March 13, 2018, resolved to carry out a potential share issuance of the Company in the near future in the aggregate amount of up to PKR 5,400,000,000/- (Pak Rupees Five Billion Four Hundred Million), at a maximum price of PKR 30/- per share (as ultimately determined by the Board).

In this respect, the Company's management has received confirmation / undertaking from ECorp to subscribe to its entitlement of approximately 56% of the right issue, along with additional unsubscribed shares (if any), at an aggregate investment amount of up to PKR 4,847mn/-.

Accordingly, the Board may consider and approve the following Resolutions:

"**Resolved** that the ordinary paid up share capital of the Company be increased from PKR 6,635/- to PKR 9,089/- by issue of further 245,454,545 ordinary shares of the Company of PKR 10/- each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017, at a price of PKR 22/- per share, inclusive of a PKR 12]/- as premium per share, in the ratio of approximately 37 right shares for every 100 existing ordinary shares of PKR 10/- each (i.e. 37%), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company (the "**Right Issue**").

Resolved further that the following are the purpose of the Right Issue, use of funds, the benefits of the same to the Company and the risk factors associated with the Right Issue:

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Purpose of the Right Issue
In order to expand its PVC and VCM production capacities, the Board of Directors decided for the expansion of the PVC plant to cater for an additional 100,000 MT and VCM plant debottlenecking of 50,000 MT per annum. The estimated overall cost of said expansion is approximately PKR 7.6 billion, which is intended to be partially funded through issuance of right shares of approximately PKR 5.4 billion.

Benefits to the Company and Use of Funds
The funds from the Right Issue will contribute towards the completion of the expansion project as detailed above which is expected to result in the overall increase in the Company's revenue and correspondingly in the profitability of the Company, thereby enhancing the expected returns to the valued shareholders of the Company.

Risk Factors associated with the Right Issue
The Right Issue is being announced at a price less than the current market price; hence there is minimal investment risk associated with the Rights Issue. Furthermore, the Company's sponsor i.e. Engro Corporation Limited ("Engro Corp") shall be subscribing to its entitlement of right shares and have even sought to subscribe to additional shares which remain unsubscribed. Usual risks associated with the business will remain, which the Company is well positioned in the market to deal with. The Company has a strong and well proven track record which will help to mitigate these risks.

Resolved further that the financial plan, along with the financial projections for five years as presented to the Board be and is hereby approved and the Chief Executive Officer, the Chief Financial Officer and / or the Company Secretary of the Company be and are hereby severally authorized to submit the same to the relevant authorities.

Resolved further that the Company be and is hereby authorized to close its share transfer books from Monday, 11th June 2018 to Monday, 18th June 2018 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue and the Chief Executive Officer, the Chief Financial Officer and/or the Company Secretary be and are hereby singly authorized to announce book closure dates along with publication of notices in the newspapers.

Resolved further that the Chief Executive Officer, the Chief Financial Officer and/or the Company Secretary be and are hereby singly authorized to prepare a Right Issue plan, make any amendments therein and obtain formal approval of the same from the Pakistan Stock Exchange Limited ("PSX").

Resolved further that the Chief Executive Officer, the Chief Financial Officer and / or the Company Secretary of the Company be and are hereby authorized singly to take any and all necessary steps for issuance of letters of offer under Section 83 of the Companies Act, 2017 (the "Act") and related Circular along with terms and conditions therein, obtain signatures under the Act and file the requisite returns / notices in the Company Registration Office and / or to the Securities and Exchange Commission of Pakistan ("SECP") and PSX, as the case may be.

Resolved further that Mr. Imran Anwer, Director and Mr. Hasnain Moochhala, Director be and are hereby authorized to sign the letter of offer in accordance with Section 83(2) of the Act

Resolved further that the Chief Executive Officer and/or the Chief Financial Officer of the Company be and are hereby authorized singly to approach any bank or banks for appointment as bankers to the Right Issue in order to collect the right subscription money against right shares and to open an account with any bank or banks so appointed and give instructions for transfer of proceeds from right subscription to the Company's account.

Resolved further that the Chief Executive Officer and/or the Chief Financial Officer of the Company be and are hereby singly authorized to appoint consultants / advisors to the Right Issue and potential underwriters, and to negotiate and finalize the terms and conditions and sign underwriting agreements and settle / finalize fees, underwriting commission, take up commission and third-party expenses and / or any other expenses relating to the Right Issue.

Resolved further that the Chief Executive Officer, the Chief Financial Officer and/or the Company Secretary of the Company be and are hereby authorized singly to take all necessary actions as required by the Central Depository Company of Pakistan Limited (the "CDC") including but not limited to induction of the offer for right shares and right shares in Central Depository System of the CDC and in this connection to sign all requisite applications, forms, documents, undertakings and other papers on behalf of the Company.

Resolved further that the Chief Executive Officer, the Chief Financial Officer and/or the Company Secretary of the Company be and are hereby singly authorized to allot / credit right shares and file returns as required by SECP / PSX / CDC along with Auditors' Certificate or any other authority, and to take all other necessary steps, and do all other acts, deeds and things, including any ancillary or incidental actions to give effect to the above resolutions.

Resolved further that fractional entitlements, if any, will be consolidated in the name of the Chief Financial Officer (under trust) and unpaid letters of right in respect thereof shall be sold on the PSX, the net proceeds from which, once realized, will be paid as charity to a charitable institution as determined by the Chief Executive Officer.

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Annexure "D"

NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of Engro Polymer and Chemicals Limited (the "Company") in their meeting held on 18th May 2018 has decided to issue further capital by offering 245,454,545 ordinary right shares of PKR 10/- each at a price of PKR 22/- per share (inclusive of premium of PKR 12/- per share) in proportion of 37 ordinary right shares for every 100 ordinary shares held.

The Share Transfer Books of the Company will remain closed from Monday, 11th June 2018 to Monday, 18th June 2018 (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, 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, by the close of business (5:00 p.m.) on Thursday, 7th June 2018, will be considered in time for entitlement of right shares.

Shazeb Siddiki
Company Secretary