



April 23, 2020

The General Manager  
Pakistan Stock Exchange  
Stock Exchange Building  
Karachi

**Subject: Right Issue of Engro Polymer & Chemicals Limited – Quarterly progress report on implementation of PVC expansion/VCM debottlenecking for the quarter ended March 31, 2020**

Dear Sir,

This is further to Engro Polymer & Chemical Limited's (the "**Company**") announcement of Right Shares issuance on 18<sup>th</sup> May 2018 to fund the Company's PVC expansion/VCM debottlenecking project. In compliance with Regulation 10(2) of the Companies (Further Issue of Capital) Regulations, 2020 and clause 24 of Annexure I of the PSX letter no PSX/C-297-C-2424 dated 21<sup>st</sup> May 2018, we are pleased to present the update of our project until 31<sup>st</sup> March 2020, as under:

Engineering works, Major Civil works and Bulk equipment installation for both the PVC and New Utilities plant have been completed. Piping pre-fabrication is completed and substantial progress has been made on piping installation while electrical and instrument cable laying & termination is now in progress. Walk through audit of Piping installation by Licensor JNC has also been completed. Overall, on PVC expansion project, mechanical completion work is approximately 90% done. Further to this, we are pleased to inform you that the proceeds of PKR. 5.4 billion from the Rights Issue have been fully utilized for the PVC Expansion and VCM Debottlenecking, and there is no deviation from the purpose of the use of proceeds.

That being said, unfortunately further progress on PVC expansion project has been affected due to the CoVID-19 Pandemic. February saw delays in mobilization of overseas resources from China due to CoVID-19 enforced lock downs in China, while in March foreign travel restrictions placed in Pakistan along with CoVID-19 induced lock downs by the Federal and Provincial Government have further delayed mobilization of overseas and local resources.

On the VCM plant debottlenecking, detailed engineering works are in process. Civil foundations for most of the major equipment have been completed. Equipment installation work including Furnace and its downstream equipment installation was started along with piping pre-fabrication. On mechanical completion side, almost 60% work on the project has been completed. Again, the disruptions caused by CoVID 19 has affected procurement activities where considerable equipment was on order from China and in some cases from Italy and France. Lock downs in these countries have affected delivery dates.

Work on the project site is at a halt in compliance with the Lockdown notification issued by the Govt of Sind and will remain so till the lock down remains in effect. Considering the above, EPCL has issued Force Majeure Notices to its contractors working on PVC 3 & VCM Debottlenecking. Consequently, we feel that there is a possibility of the company being unable to meet the announced completion timelines.



engro polymer & chemicals

Having said that, we will be planning to resume the work on expansion projects once Government enforced lockdown is lifted and after assessing the COVID situation on ground. Once work at the Project Site resumes at a normal pace, PVC expansion is estimated be operational in around three months' time and the VCM debottlenecking will be completed in approximately six months' time. We will update the Exchange accordingly as required under Regulation 10(2) of the Companies (Further Issue of Capital) Regulations 2020.

Best Regards

  
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Khawaja Haider Abbas  
Company Secretary

Cc: Securities & Exchange Commission of Pakistan