

October 26, 2021

The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Karachi

Subject: Preference Shares Issue of Engro Polymer & Chemicals Limited – Final report on implementation of PVC expansion/VCM debottlenecking

Dear Sir,


This is in reference to Engro Polymer & Chemical Limited's (the "**Company**") issuance of Preference Shares on 18th December 2020 to fund the Company's PVC expansion project and VCM debottlenecking project ("the projects"). In compliance with Regulation 16(ia) of the Public Offering Regulations, 2017, we are pleased to confirm the actual completion dates of our projects.

Despite the challenges posed by the pandemic, the PVC plant has attained Commercial Operations on March 1, 2021. Whereas on the VCM debottlenecking front, the Commercial Operation of the new capacity has commenced on June 25, 2021.

Commitment made in the Prospectus	Start Date	Completion Date as per Prospectus	Actual Completion Date	Rationale for delay if any
PVC Expansion of 100,000 MT per annum	Jan 2018	1Q -2021	01-Mar-2021	N/A
VCM Debottlenecking of 50,000 MT per annum	Jan 2018	1Q -2021	25-June-2021	Construction work remained in progress but experienced challenges due to shipment postponement and covid wave 3

The project has attained commercial operations and as such the purpose of IPO has been achieved and no further progress report shall be disseminated in this regard.

Best Regards


Khawaja Haider Abbas, ACA
Company Secretary

Cc: Securities & Exchange Commission of Pakistan





Mr. Khawaja Haider Abbas
Company Secretary
Engro Polymer and Chemicals Limited
12th Floor, Ocean Tower, G-3
Block 9, Clifton
Karachi

October 26, 2021
ASR 1415

Dear Sir

**REPORT OF FACTUAL FINDINGS
AGREED UPON PROCEDURES PERFORMED IN RESPECT OF 'PREFERENCE SHARES
ISSUE OF ENGRO POLYMER & CHEMICALS LIMITED – FINAL REPORT ON
IMPLEMENTATION OF PVC EXPANSION / VCM DEBOTTLENECKING'**

As requested, we have performed the procedures as agreed with you through our engagement letter ASR 1269 dated October 13, 2021 and reproduced below in paragraph 3, with respect to the final report on completion of PVC expansion and VCM Debottlenecking (the Statement) to be submitted to Pakistan Stock Exchange (PSX) in accordance with the requirements of the Public Offering Regulations, 2017 (the Regulations).

The Statement as annexed therein, has been prepared by the Company's management and has been initialed by us for identification purposes only.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 "Engagement to Perform Agreed-upon Procedures Regarding Financial Information" solely for the purpose as explained in paragraph 2 below.

2. Background and objective

Engro Polymer and Chemicals Limited (the Company), a subsidiary of Engro Corporation Limited (the Parent Company) has been the sole manufacturer of Poly Vinyl Chloride (PVC) resin in Pakistan, the Company further produces Caustic Soda, Sodium Hypochlorite, Ethylene Di Chloride (EDC) and Vinyl Chloride Monomer (VCM).

On December 10, 2020, the Company issued Preference shares amounting to Rs. 3,000,000,000 to raise the funds for the PVC expansion and VCM Debottlenecking. Sub-clause (jia) of Clause 16 of the Regulations requires the Company to submit a final report to Pakistan Stock Exchange (PSX) reviewed by the auditor after fulfilment of the commitments written in the Prospectus. In view of above requirements, we have been informed by the management that based on discussion with the relevant authorities in PSX, Company's management has prepared the Statement confirming the actual completion dates against the completion dates of PVC Expansion and VCM debottlenecking projects (the Projects) as mentioned in point 4.5 'Implementation Schedule' of *Prospectus For Issuance of Preference Shares* (the Prospectus) and rationale for delay.

3. Agreed-upon procedures

In respect of the Statement, our procedures were limited to the following for items included therein:

- 3.1.1 Trace the completion dates of the Projects as mentioned in the Statement from Clause 4.5 of the Prospectus.

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- 3.1.2 Trace the actual completion dates of the Projects as mentioned in the Statement from the announcements made by the Company in PSX website.
- 3.1.3 Obtain the test acceptance certificate / report signed by the Company and China Tianchen Engineering Corporation (the Contractor) in respect of PVC expansion project and signed by the Company in respect of VCM Debottlenecking project to ensure that the testing of the projects have been satisfactorily completed.

4. Findings

We report our findings as a result of performance of the aforementioned agreed-upon procedures as follows:

- 4.1 With respect to item 3.1.1, we found no difference in the completion dates of the projects as mentioned in the Statement with dates mentioned in clause 4.5 of the Prospectus.
- 4.2 With respect to item 3.1.2, we found no difference in the actual completion dates of the projects as mentioned in the Statement with the announcements made by the Company in PSX website.
- 4.3 With respect to item 3.1.3, we found no discrepancies in test acceptance certificate / report signed by the Company and the Contractor in respect of PVC expansion project and signed by the Company in respect of VCM Debottlenecking project in relation to testing of the projects that they have been satisfactorily completed.

5. Caveat

For the purpose of clarity, we would like to highlight that our scope is restricted to procedures mentioned in paragraph 3 above and that we have not performed any procedures with respect to completeness and accuracy of the financial information relating to the aforementioned projects.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Statement.

Had we performed additional procedures or had we performed an audit or review of the information contained in the annexed Statement in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the paragraph 2 of this report and for your information for onward submission to the PSX and is not to be used or distributed for any other purpose / to any other parties other than those specifically mentioned. Further, we will not be responsible for any action taken by the Company's management, Authority or other parties based on the results of our engagement and this report. This report relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.



**Chartered Accountants
Karachi**

Date: October 26, 2021