Engro Polymer & Chemicals Limited

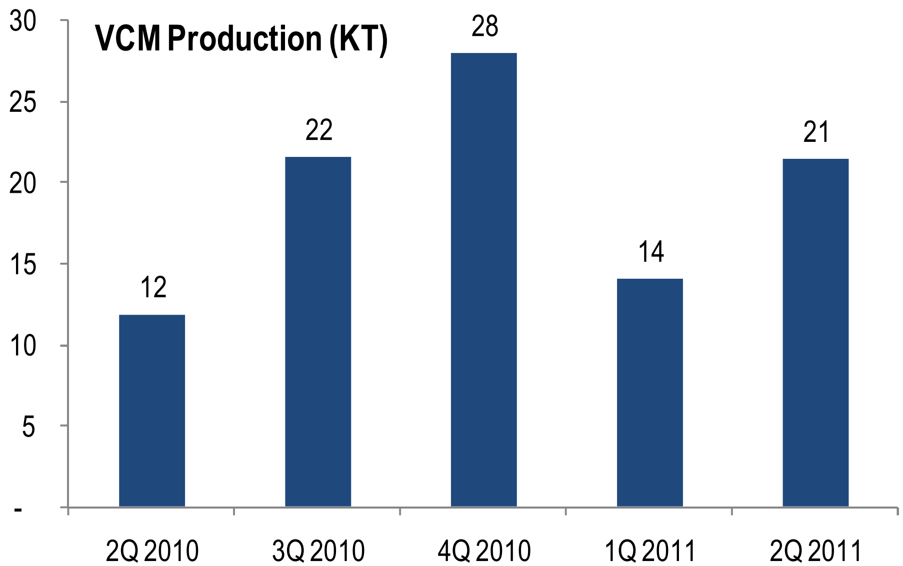
Analyst Briefing

2Q & 1H 2011 BusinessResults

August 15, 2011

VCM Plant Highlights 2Q 2011

- 21 KT VCM produced in house vs. 12KT in 2Q’10.
- VCM plant operations improved but still not at desirable level.
- Half load operations from 4th May-4th July, 2011.
- 7 KT VCM imported in 2Q’11 to meet production shortfall.



PVC Highlights 2Q 2011

Production

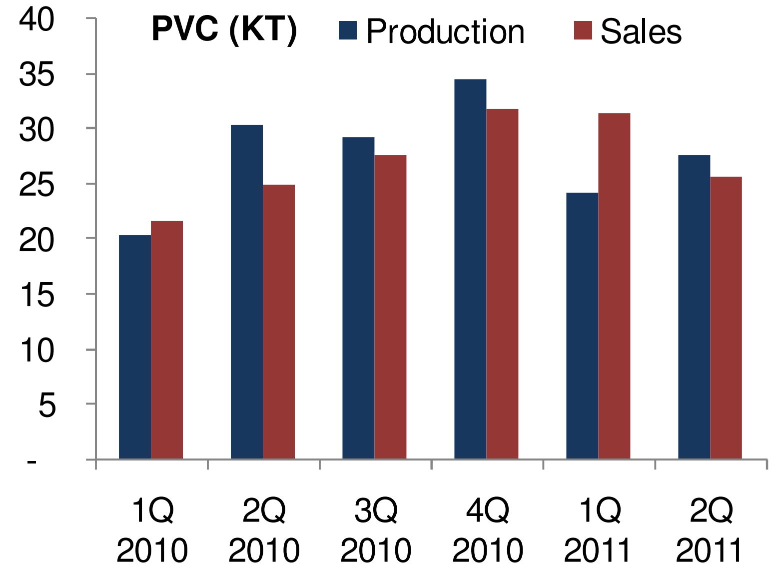
- EPCL produced 27KT in 2Q'11, which was lower than capacity.
- This was mainly due to VCM unavailability.

Sales & Market

- All production was sold in the domestic market
- High PVC resin prices resulted in higher scrap imports
- Int'l PVC prices were stronger at $1,196 vs. $982/ton in 2Q 2010.
- Ethylene prices also stronger: $1,313 vs. $1,050/ton in 2Q 2010

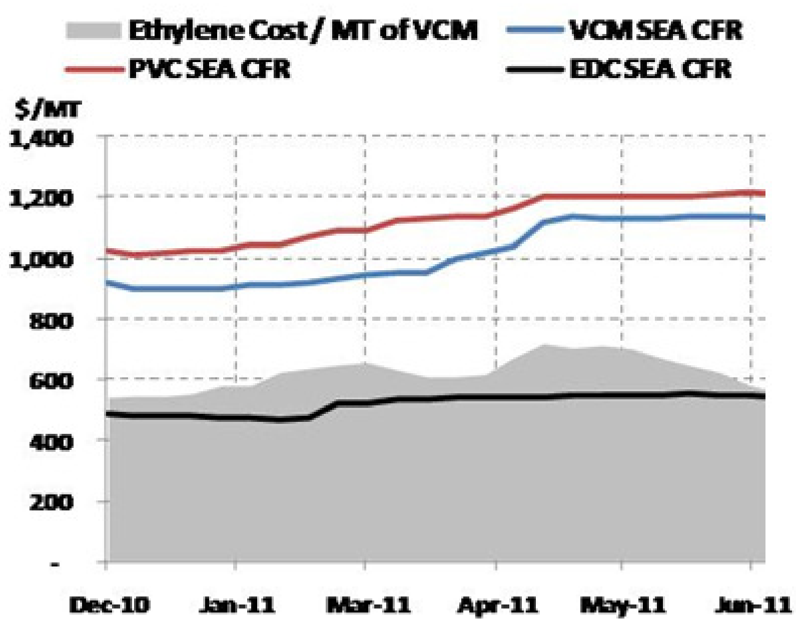
Margin

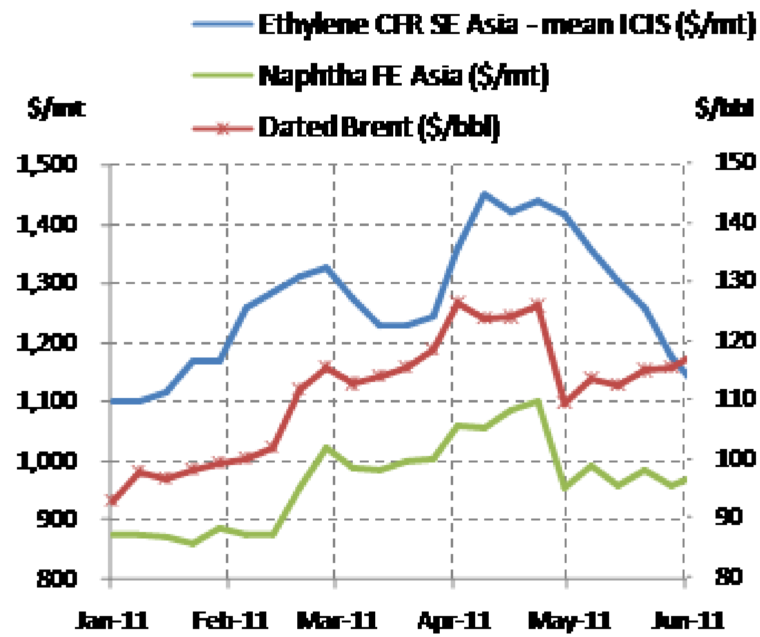
- EPCL Domestic PVC-VCM margin (in house + imported VCM) in 2Q'11 at $414/ton vs. $235/ton in 2Q'10.



(KT)	2Q 2011	2Q 2010	1H 2011	1H 2010
PVC Production	**27**	**30**	**52**	**50**
EPCL Sales Domestic	26	25	55	46
Resin Imports	1	7	2	14
Scrap Imports	15	11	25	21
Total Demand	46	43	89	104
EPCL Share	**56%**	**57%**	**62%**	**45%**

International Prices in 2Q 2011





- **PVC:** Upward momentum sustained by tight VCM supplies and high VCM cost.
- **Ethylene:** Prices eased as crude oil prices declined and regional supply normalized.

Caustic Soda & EDC Highlights 2Q 2011

Caustic Soda

- 25KT Caustic Soda produced in 2Q'11
- 22KT Caustic Soda sold in domestic market

- EPCL continued to be the major player in the South market.
- Efforts made to capture share in North market as well.

- Sector wise EPCL sales mix in 2Q 2011:
  - Denim sector (37%)
  - Soap and Detergents Sector (23%)
  - Water Treatment and other Sector (18%)

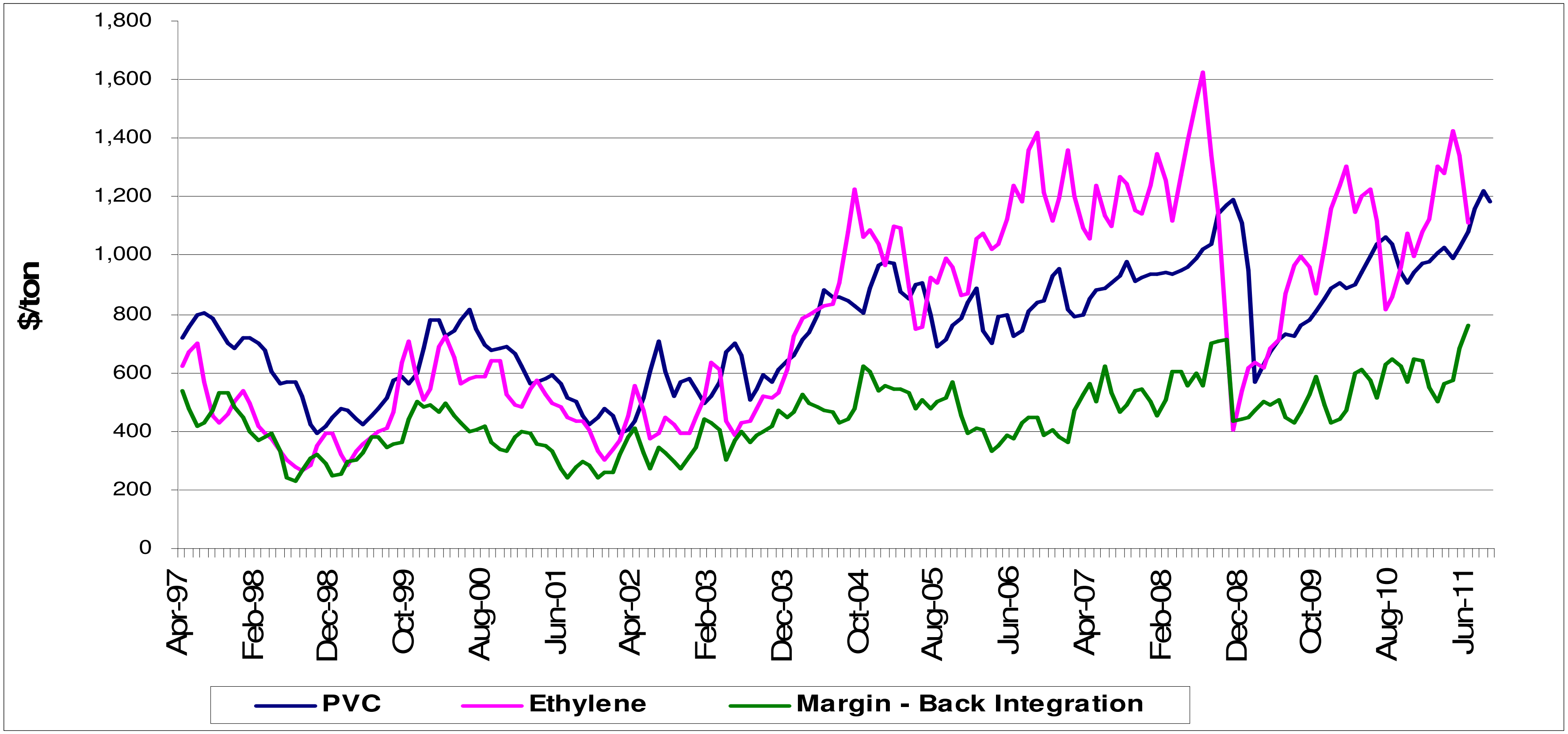
Sodium Hypo Chlorite

- 5KT Sodium Hypo Chlorite was produced and sold

EDC

- 4KT EDC exported

Back Integration & Historical PVC-Ethylene Delta



Moving Averages ($/ton)	Project Assumptions	5 yr	3 yr	1 yr	Apr-11	May-11	Jun-11
PVC	750	934	938	1,041	1,160	1,220	1,181
Ethylene	800	1,102	1,014	1,114	1,424	1,340	1,109
Caustic Soda	246	365	383	398	397	395	410
Integrated Margin (Domestic)	468	531	553	615	574	682	763

Operating Highlights

	(units)	1H 2011	1H 2010	2Q 2011	2Q 2010
Production:					
PVC	KT	52	50	27	30
VCM	KT	35	14	21	12
EDC	KT	49	46	26	26
Caustic Soda	KT	46	44	25	25
Sales:					
PVC Domestic	KT	55	46	26	25
PVC Export	KT	2	-	-	-
Caustic Domestic	KT	42	38	22	21
EDC Export	KT	7	23	4	9
EPCL PVC-VCM Margin	$/ton	422	263	414	235
International PVC-VCM Margin	$/ton	128	118	91	100
Contribution Margin	Rs. M	2,359	1,251	1,063	683
Loss after Tax	Rs. M	(195)	(449)	(136)	(295)

Financial Highlights 2Q 2011 vs. 2Q 2010

(Rs.mn)	2Q 2011	2Q 2010
Net Sales	**3,908**	**3,571**
Cost of goods sold	**(3,410)**	**(3,303)**
Gross Profit	**497**	**268**
Distribution & marketing expenses	(204)	(162)
Administrative expenses	(96)	(82)
Other operating Income / (Expense)	(35)	(131)
Operating profit / (loss)	**162**	**(107)**
Finance Costs	(372)	(375)
Loss before taxation	**(209)**	**(482)**
Taxation	73	187
Loss after taxation	**(136)**	**(295)**

- PVC domestic sales: 26KT sold at $1,305/ton vs. 25KT at $1,136/ton in 2Q'10.

- Caustic domestic sales: 22KT sold at Rs.34,272/ton vs. 21KT at Rs.33,133 in 2Q'10.

- Higher Ethylene and VCM prices (offset by lower VCM import volume) in 2Q'11.

Financial Highlights – 1H 2011 vs. 1H 2010

(Rs.mn)	1H 2011	1H 2010
Net Sales	**8,031**	**6,855**
Cost of goods sold	**(6,990)**	**(6,378)**
Gross Profit	**1,041**	**477**
Distribution & marketing expenses	(397)	(283)
Administrative expenses	(174)	(142)
Other operating Income / (Expense)	(12)	(125)
Operating profit / (loss)	**457**	**(73)**
Finance Costs	(759)	(657)
Loss before taxation	**(301)**	**(730)**
Taxation	106	281
Loss after taxation	**(195)**	**(449)**

• PVC domestic sales: 55KT sold at $1,231/ton vs. 46KT at $1,132/ton in 1H'10.

• Caustic domestic sales: 42KT sold at Rs.34,935/ton vs. 38KT at Rs.32,254 in 1H'10.

• Higher Ethylene and VCM prices (offset by lower VCM import volume) in 1H'10.

Business Outlook

- Focus on achieving stable VCM Plant operations for extended period at design throughput rates.
- Efforts to improve areas that impact smooth operations underway.
- It is hence expected that the production performance of the VCM plant will continue to improve
- Full benefit of integrated operations, however, will only be achieved with stable VCM operations at designed rates.

Thank You