

Engro Polymer announces Rs10b expansion plan



Engro Polymer and Chemicals Limited (EPCL) announced expansion plans for its production plant of PVC – a chemical used in making numerous plastic products including credit cards, toys and construction materials like water and sewerage pipes – according to a recent PSX filing.

EPCL, which remains the industry leader with 73% market share in Pakistan, disclosed adding a new production line of PVC after demand for the chemical continued to surge significantly in the country mainly due to a boom in construction activities along with regionally strengthening price.

The firm announced investing over Rs10 billion for expansion of the plants including those producing other related chemicals like VCM (raw material for PVC) and caustic soda and upgrading its captive (gas-fired) power plant with the installed capacity of 59 megawatts.

The company, which is a part of Engro Corporation and Dawood Hercules, said its board of directors has approved investing Rs10.3 billion for expansion and debottlenecking at various production lines.

The firm would add a new PVC plant with a capacity of 100,000 tons (taking total capacity to 295,000 ton per annum) and increase production of VCM (the raw material) by 50,000 tons through debottlenecking of the existing plant by the third quarter of 2020.

“Board of directors of EPCL has approved CAPEX (capital expenditure) of approximately Rs10.3 billion (a mix of equity and debt),” Company Secretary Shazeb Siddiki said in a notification to PSX.

Out of the total capital expenditure, the company would spend Rs7.6 billion on addition and debottlenecking of PVC and VCM chemical plants, respectively, that would be arranged through issuance of right shares of approximately Rs5.4 billion and Rs2.2 billion through debt.

“Domestic market witnessed growth in PVC demand in third quarter of 2017. EPCL sales increased by 14% against same period last year,” the company said in its latest analyst briefing.

“Market size increased by 33% versus same period last year. The increase can be attributed to strong demand in the construction sector and overall boost in economic activity,” it said.



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