



engro polymer & chemicals

**April 05, 2023**

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

**Transmission of the Annual Report 2022 for the year ended December 31, 2022**

Dear Sir/Madam,

We have to inform you that the Annual Report of the Company for the year ended December 31, 2022, have been transmitted through PUCARS and is also available on Company's website which can be downloaded from the following link:

<https://www.engropolymer.com/shareholder-information/#financial>

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

Your faithfully,

For and on behalf of  
**Engro Polymer & Chemicals Limited**

**KHAWAJA HAIDER ABBAS, ACA**  
Company Secretary

Cc:

1. The Director (Enforcement), Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad (with 3 printed copies of the Annual Report 2022 of the Company for the year ended December 31, 2022).
2. The Registrar, Company Registration Office, State Life Building No. 2, 4th Floor, North Wing, Wallace Road, I.I. Chundrigar Road, Karachi.



engro polymer & chemicals

# enabling growth for prosperity



**PVC**  
**think**  
Imagine. Create.

annual  
report  
**2022**

# about the theme

As a market leader in the petrochemicals industry and the sole producer of PVC resin in Pakistan, Engro Polymer & Chemicals envisions a Pakistan with complete economic independence. For this, we follow a triple bottom line philosophy: people, planet, and prosperity.

Since inception, the Company has been navigating the PVC market locally and globally, facilitating import substitution worth hundreds of millions of US dollars and recently, venturing into exports to the tune of tens of millions of US dollars. Additionally, we are transforming the local construction landscape through sustainable, made-in-Pakistan PVC products.

Given that sustainability is the need of the hour, Engro Polymer & Chemicals is also set to become fully-powered by renewable energy in the next few years, whilst focusing on a series of mega projects aimed to benefit the Country. Our commitment to transforming lives within surrounding communities fuels our continued efforts to enable growth for prosperity.

# aim & scope

Our Annual Report for 2022 aims to present itself as a consolidated document that gives a bird's eye view of the Company's portfolio in coherence with a detailed run-through of our strategies, financial performance, and external parallels.

Throughout this report we will be uncovering how the Company has and continues to create and sustain value over time through short-term, medium, and long-term approaches, thereby aligning said approach with the methods and practices of an integrated reporting structure.

We also hope to equip our stakeholders with information that is necessary and comprehensive, thus facilitating their evaluation of what our organization currently entails and our ability to do more in the coming years.

Our report will be broken into 7 sections and will be organized in a composition as follows:



## organizational overview & strategy

In this section, we will be looking at EPCL's overall business, the values it upholds, major achievements and a brief overview of the strategy in place



## governance

Covers EPCL's governance structure with the profiles of our board, management committee and the director's report along with the reviews of the Chairman and CEO



## stakeholder engagement & relationship

Looks at EPCL's policies and approach towards building healthy relationship with our stakeholders



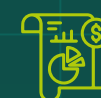
## sustainability & corporate social responsibility

We will cover various initiatives undertaken by EPCL under the ambit of corporate social responsibility and its alignment with the UN's sustainable development goals



## financial performance & position

We will present a detailed financial analysis of the Company's performance, rationalizing major variations from prior periods



## financial statements

Present EPCL's standalone and consolidated financial statements



## shareholder's information

Provides secretarial information like AGM notice, proxy form and accounts circulation request form for the facilitation of our shareholders

# adopted framework

This report has been prepared in compliance with the following frameworks:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of and directives issued under the Companies Act, 2017.
- Reporting requirements of the Listed Companies Code of Corporate Governance, 2019, and listing regulations of the Pakistan Stock Exchange.
- Best practices on the corporate reporting promoted by joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management

Accountants of Pakistan (ICMAP) and South Asian Federation of Accountants (SAFA).

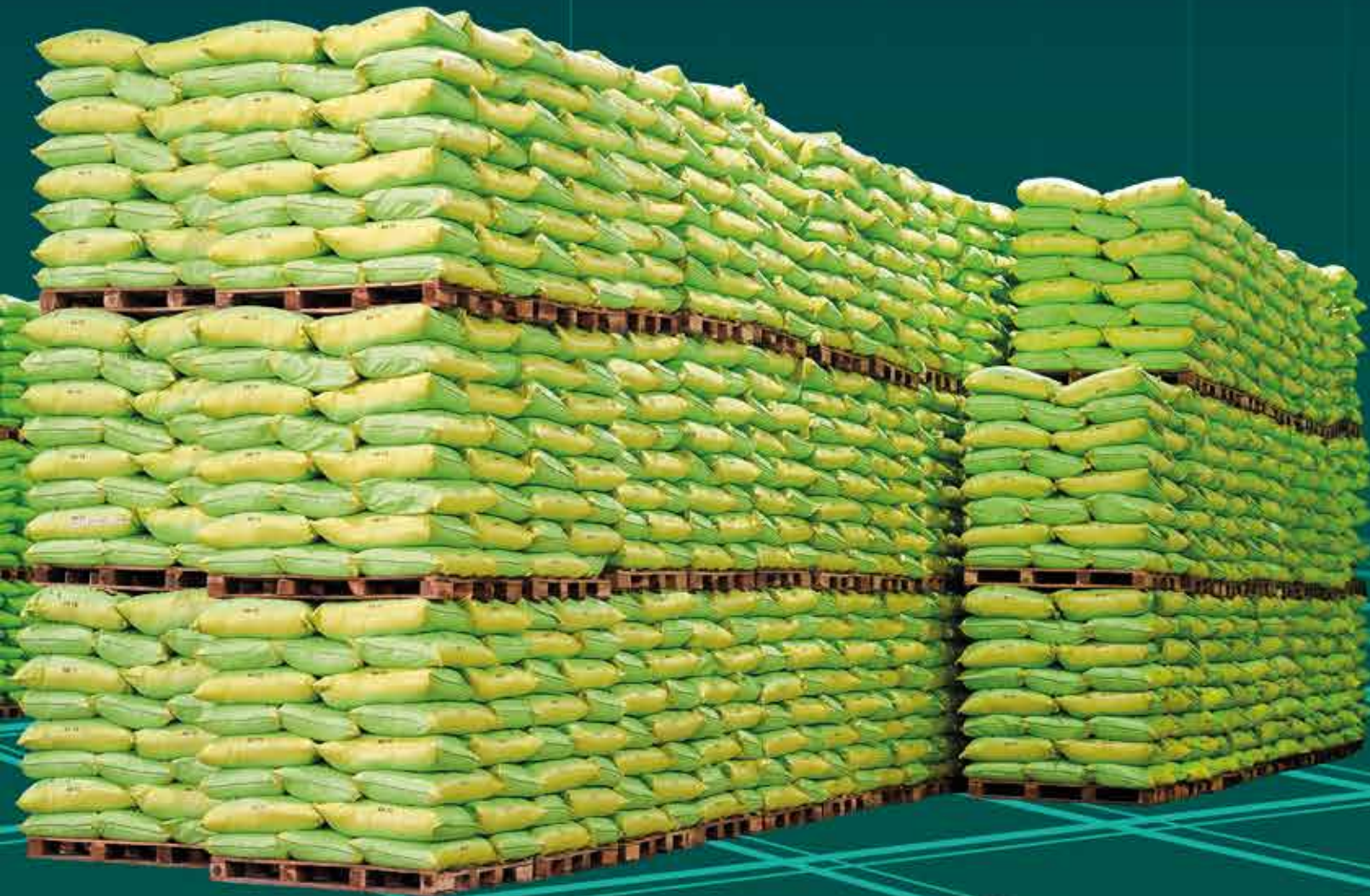
Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

#### approval of the board

The Board of Directors of Engro Polymer & Chemicals acknowledges its responsibility to ensure the integrity of this Annual Report. The Directors' Report and financial statements included have been approved by the Board for circulation in its meeting held on February 7, 2023.

#### external review

Review Report on Compliance with Code of Corporate Governance	A. F. Ferguson & Co. Chartered Accountants
Independent Auditor's Report on the Audit of Financial Statements	A. F. Ferguson & Co. Chartered Accountants
Entity Credit Rating	PACRA



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## governance

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# organization overview



# vision

Lead Pakistan in polymers & allied chemicals with an international footprint.

# mission

To achieve innovative growth which creates value for the Country, stakeholders, customers, and employees. Our commitment is to maintain the highest standards of ethics, safety, and environmental responsibility.



# EPCL at glance



Engro Polymer & Chemicals Limited (EPCL) is the only integrated Chlor-Vinyl chemical complex in Pakistan and is the sole manufacturer of PVC resin in the Country. Besides PVC, it also produces Chlor Alkali products like Caustic Soda, Sodium, Hypochlorite, and Hydrochloric Acid.

EPCL, a subsidiary company of Engro Corporation, is also involved in the marketing and distribution of PVC under the brand name SABZ and other quality Chlor-Vinyl allied products.

It operates on a triple-bottom-line philosophy: People, Planet, and Profit. These are indispensable elements for the Company's growth and success.



# company information

## Company Secretary

Mr. Khawaja Haider Abbas

## bankers

Allied Bank Limited  
Askari Bank Limited  
Al-Baraka Bank Limited (Pakistan)  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Bank of Khyber  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Industrial & Commercial Bank of China Limited  
JS Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank Pakistan Limited  
Samba Bank Limited  
The Bank of Punjab  
United Bank Limited

## board of directors

Mr. Ghias Khan	Mr. Feroz Rizvi
Mr. Jahangir Piracha	Mr. Hideki Adachi
Mr. Nadir Salar Qureshi	Mr. Nazoor Ali Baig
Mr. Eram Hasan	Ms. Ayesha Aziz
Mr. Rizwan Masood Raja	

## shares registrar

FAMCO Associates (Pvt) Limited  
8-F, Next to Hotel Faran, Block-6,  
PECHS, Shahrah-e-Faisal Karachi Pakistan  
Tel: +92(21) 34380104-5, 34384621-3, Fax: +92(21) 34380106

## registered office

12<sup>th</sup> Floor, Ocean Tower, G-3, Block 9,  
Clifton, Khayaban-e-Iqbal, Karachi-75600  
PABX: +92-21-35166863-64, UAN: 111 411 411

## CEO message

<https://www.engropolymer.com/knowledge-center/media-gallery/>

## auditors

A.F. Ferguson & Company Chartered Accountants  
State Life Building No. 1-C, I.I. Chundrigar Road,  
Karachi-74000, Pakistan  
Tel: +92(21) 32426682-6 / 32426711-5  
Fax: +92(21) 32415007 / 32427938

## plant

EZ/1/P-ii-1, Eastern Zone, Bin Qasim, Karachi

## lahore office

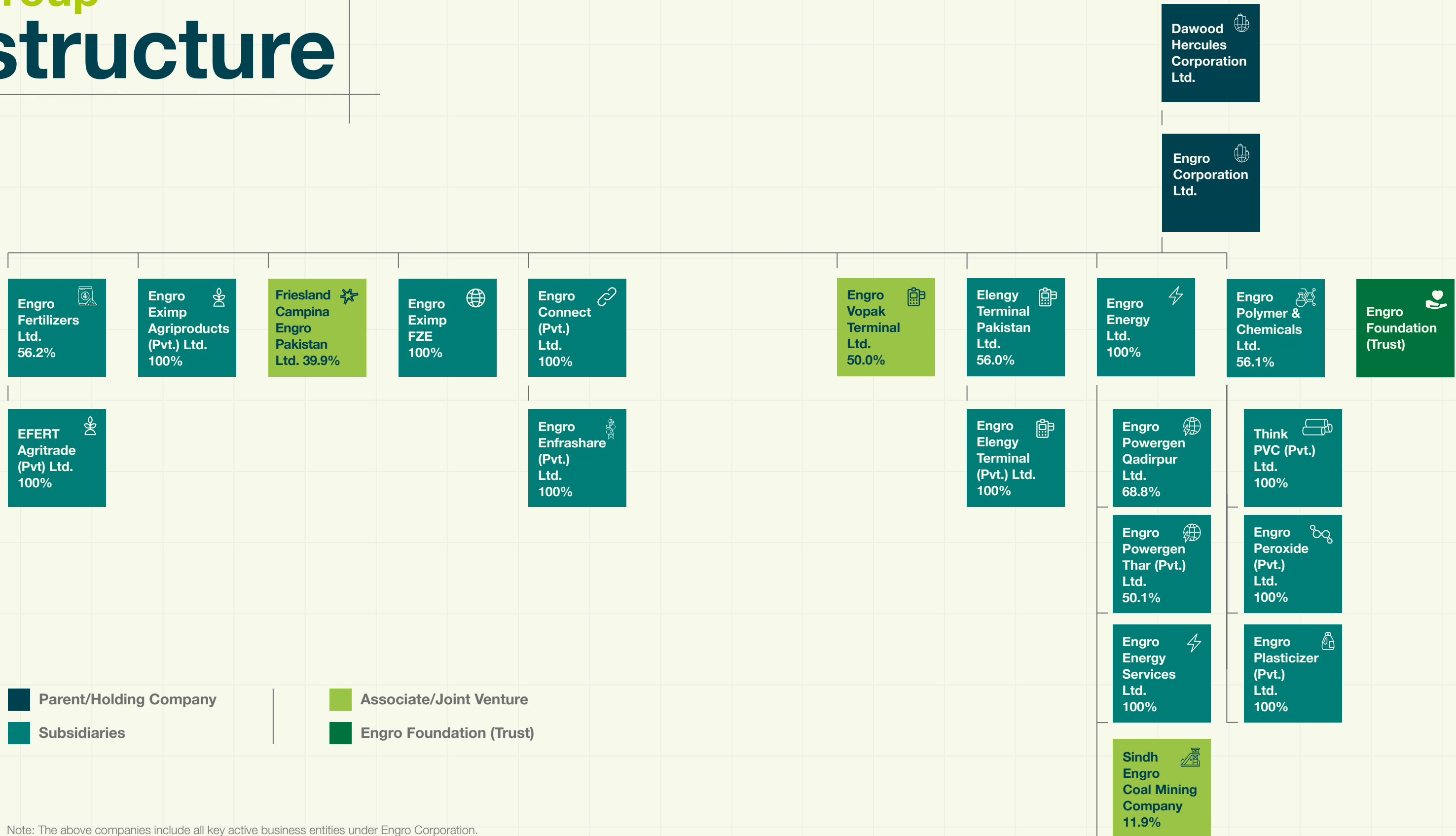
Office No. 601, 6th Floor, Haly Tower, Lalik Chowk, DHA, Lahore.  
UAN: 111 211 211

## website

[www.engropolymer.com](http://www.engropolymer.com)



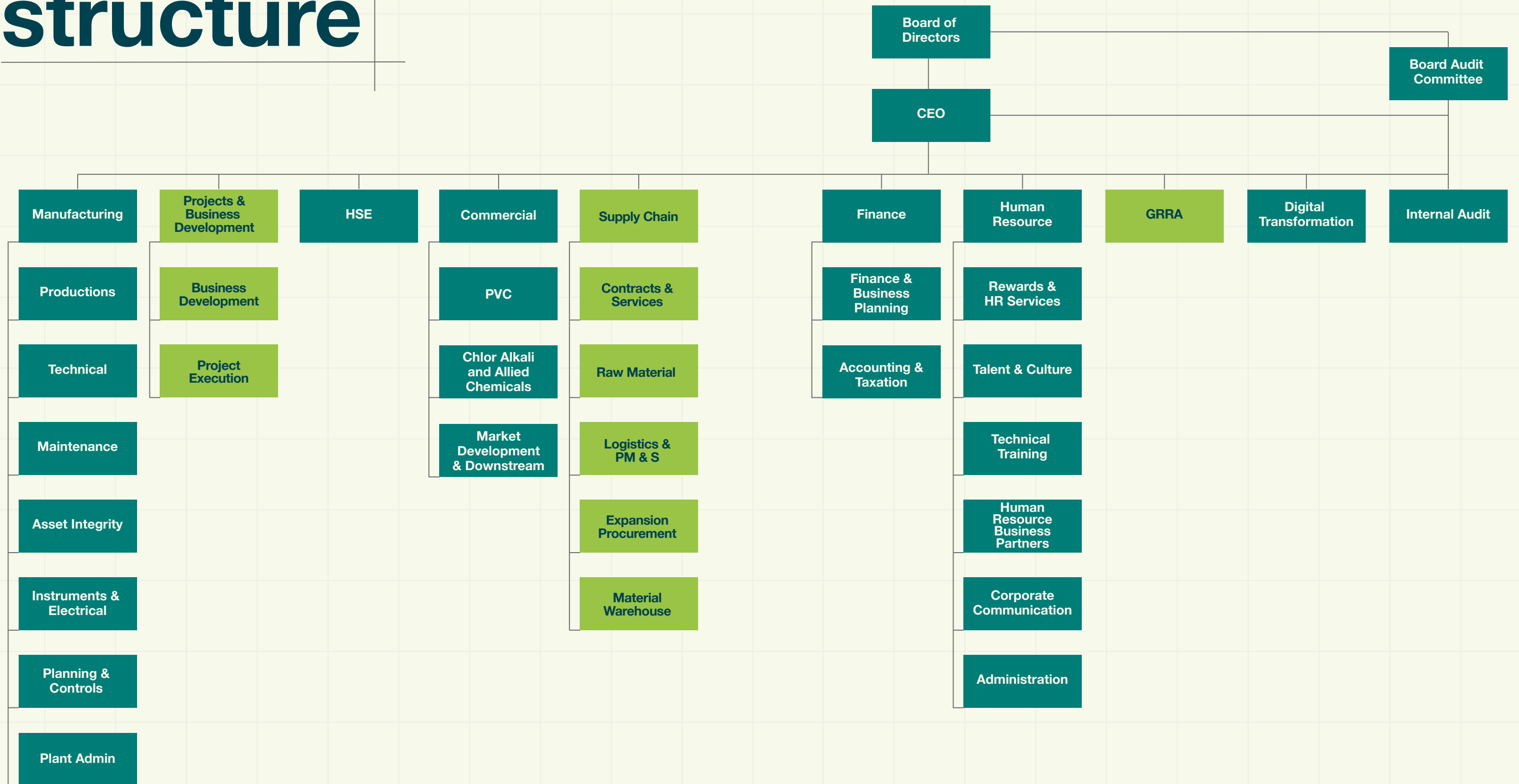
# group structure



- Parent/Holding Company
- Subsidiaries
- Associate/Joint Venture
- Engro Foundation (Trust)

Note: The above companies include all key active business entities under Engro Corporation.

# organizational structure



# history of major achievements

**1997**

- Engro Asahi Polymer & Chemicals Limited established

**1999**

- PVC-I Plant commissioned with 100 KT capacity

**2006**

- Expansion/backward integration project launched
- Asahi Glass divested its shareholding

**2008**

- PVC-II plant (50 KT) started up in Q4 2008
- Listed on the Stock Exchange

**2010**

- Back-integration completed
- Commercial production declared

**2014**

- debottlenecking of PVC capacity to 174 KT completed

**2017**

- Further debottlenecking increased plant capacity to 195 KT
- Announcement of an extensive expansion plan, including increase of PVC capacity by 100 KT & VCM by 50 KT

**2018**

- Announcement of Hydrogen Peroxide diversification project
- Rights shares issuance of PKR 5.4 billion

**2019**

- Commencement of Caustic Flakes plant with a capacity of 20 KT
- Announcement of HTDC efficiency and LABSA diversification projects

**2020**

- Preference shares issuance of PKR 3 billion.
- IPO was oversubscribed by 5.4 times

**2021**

- PVC capacities reached 100 KTA and 50 KTA respectively.
- Hydrogen Peroxide Signing and Project kick-off
- Highest ever profitability

**2022**

- AA long-term rating and A1+ short-term rating achieved (PACRA)
- Highest-ever PVC sales
- Highest-ever VCM production

# key highlights - 2022

- PSX Top 25 Companies Award
- 11 Global Diversity & Inclusion Benchmark (GDIB) Awards by HR Metrics
- Account Response Rate Leader Award from Customer Gauge Survey
- Gender Diversity Award at Gender Diversity Awards by Pakistan Business Council
- Customer Gauge Award
- 3 CSR Awards at the 11<sup>th</sup> Annual Corporate Social Responsibility Summit & Awards by The Professional Network
- Best Corporate Report Award (2<sup>nd</sup> position) by ICAP and ICMA Pakistan
- Best Presented Annual Report at SAFA Awards (joint Silver award)
- Risk Alive Inspire Award for Operational Risk Excellence
- AA long-term rating and A1+ short-term rating (PACRA upgradation)
- Top 10 Best Practice Case Studies Award by ILO United Nations Project on Women Empowerment
- ACD intact at 2% for next fiscal year
- OVR project successfully commissioned
- Highest VCM production
- Highest PVC sales
- Exports worth USD 21 million were made during the year



# core values

Operating in diverse industries and spread over geographical landscapes, Engro employees are knit into one big family, united by a drive for success and passion for Pakistan's prosperity. Our values form the basis of everything we do – from open communication to fostering an environment of trust for the well-being and safety of our people.

At Engro, we never forget what we stand for, and each Engro employee....

## health, safety & environment



...cares deeply about environmental impact and the safety of people

## ethics & integrity



...has impeccable character and lives by the highest standards of integrity and accountability

## community & society



...nurtures passion to serve country, community, and company, with a strong belief in the dignity and value of people

# strategy & resource allocation

## objective & strategy

At EPCL, we believe that strategy is the core of any business. In this regard, extensive deliberations are done at management and board levels. In line with the strategy, objectives are developed and cascaded down to divisions.

## corporate objectives

- Manage and utilize resources and operations in a way that ensures the health and safety of our people, neighbours, customers, and visitors, whilst maximizing shareholder value is ensured
- Enhance site reliability and ensure product availability
- Execute Board-approved capital structure
- Execute expansion, diversification, sustainability and operational efficiency projects successfully within Board-approved timelines
- Create value for Pakistan by exporting PVC and Caustic and increasing opportunity for import substitution
- Ensure availability of talent base and motivated employees for achieving organizational objectives
- Deliver a common set of business processes, standard master data, and quality information in a timely fashion, all of which will improve decision-making

Nature	Strategic Objectives	Strategic Actions
Short-term	Develop marketing strategies for additional PVC volumes and other upcoming products	Remain in constant touch with our potential customers and appraise them of product quality and benefits
	Optimize sales mix to ensure maximum value creation for all stakeholders	Continuously monitor product margins and recalibrate product mix as per business needs
	Focus on overheads and create cost efficiencies	Conduct in-depth analysis of cost structure to identify potential saving opportunities and realize them in a timely manner

Nature	Strategic Objectives	Strategic Actions
Medium-term	Enter new markets to diversify product base	EPCL is entering into new products, i.e. Hydrogen Peroxide, while study of other business opportunities is underway
	Ensure Manufacturing Excellence	Introduce efficient processes in our manufacturing to ensure maximum utilization of resources. Work on our earlier announced efficiency projects is on track
	Maintain and enhance plant reliability by ensuring regular maintenance	Conduct plant turnaround within aligned time frames and allocated resources. Preventive maintenance and testing of critical equipment is done
	Develop domestic PVC markets by introducing the latest applications	Establish thinkPVC, a concept which showcases the latest PVC applications to retail consumers and sells PVC products of our downstream customers with the view of broadening their acceptance in Pakistan

Nature	Strategic Objectives	Strategic Actions
Long-term	Identify and monitor enterprise risks. Also implement adequate mitigating measures	Remain cognizant of changes in internal and external environment to identify key risks being faced by the entity and development of mitigating factors to eliminate or reduce the risk to an acceptable level
	Corporate social responsibility	Focusing on improving the quality of life of communities residing near Port Qasim
	Automation and digitization of business processes	Digital transformation team has been launched which continues to explore new areas of implementing AI & Digital Transformation
	Develop and retain talent, and increase workforce diversity	Attrition rates and diversity ratios are monitored and reported regularly. Job rotations/enrichment are planned to ensure retention of talent, and to cultivate a diverse and inclusive workplace

### resource allocation plan

At EPCL, the focus is always to realize the maximum potential of our resources with the ultimate objective of increasing the shareholder value, customer satisfaction and the development of resources. For each of the above strategic objective, the Company has put in place a stringent resource allocation process which scrutinizes various aspects including potential synergies, before the resource is dedicated towards an objective. Thereafter, the management continues to monitor the changes in external and internal environment to capitalize on better resource allocation opportunities.

The Company aims to become Pakistan's leading player in polymer & allied chemicals with international footprint. To achieve this, we will utilize the most optimal mix of our resources and leverage our rich experience in manufacturing and marketing of chemical products in Pakistan as well as in international markets.

### strategy to overcome liquidity problems

Cashflow projections are regularly monitored and analyzed for the identification of short-term and long-term financing needs and investment opportunities. The Company remains on the lookout for optimized means of financing and invests time to ensure optimal costs on this front. Cash generated from operating activities is optimally invested to ensure adequate liquidity without significantly compromising on investment returns. EPCL has access to short-term facilities from partner banks to meet any short-term liquidity gaps

Long-term financing arrangements are in place for funding upcoming projects and ancillary CAPEX requirements. The Company continued the utilization of the subsidized Temporary Economic Refinance Facility offered by the State Bank this year, thereby optimizing its financing cost while simultaneously refinancing its existing Sukuk obligation at a lower markup. It also entered into financing agreements with multiple banks for additional facilities to fund capital expenditure requirements. EPCL's product offtake is majorly skewed toward cash-based sales, and generation of operating cash flows are sufficiently robust to ensure comfortable debt servicing. In addition, the options of getting extended supplier credit and discounting the customer credit have been tested and integrated into a regular feature of the business.

### significant plans & decisions

During the year, the Company made significant strides on earlier announced expansion, diversification and efficiency projects, despite the challenges stemming from an adverse local and global macroeconomic climate. The Company successfully completed the Oxy Vent Recycle (OVR) Project and continued its efforts towards completing the High Temperature Direct Chlorination (HTDC) and Hydrogen Peroxide projects. In addition, EPCL engaged in various key digitization initiatives, including the digitization of EDC/VCM plants that will help optimize processes and improve plant performance.

Having established a strong foothold in upstream PVC product line over the years, the Company plans on leveraging its experience and expertise to promote downstream PVC market in Pakistan. The downstream market is a vertical with huge potential in view of the the low per capita PVC consumption and an even lower penetration of diverse PVC applications. To take our plan forward, EPCL intends to continue the utilization of thinkPVC, a retail outlet launched in 2021, as a platform to introduce and promote various PVC applications for all downstream stakeholders, including consumers, builders, interior designers, etc.

### initiatives to promote & enable innovation

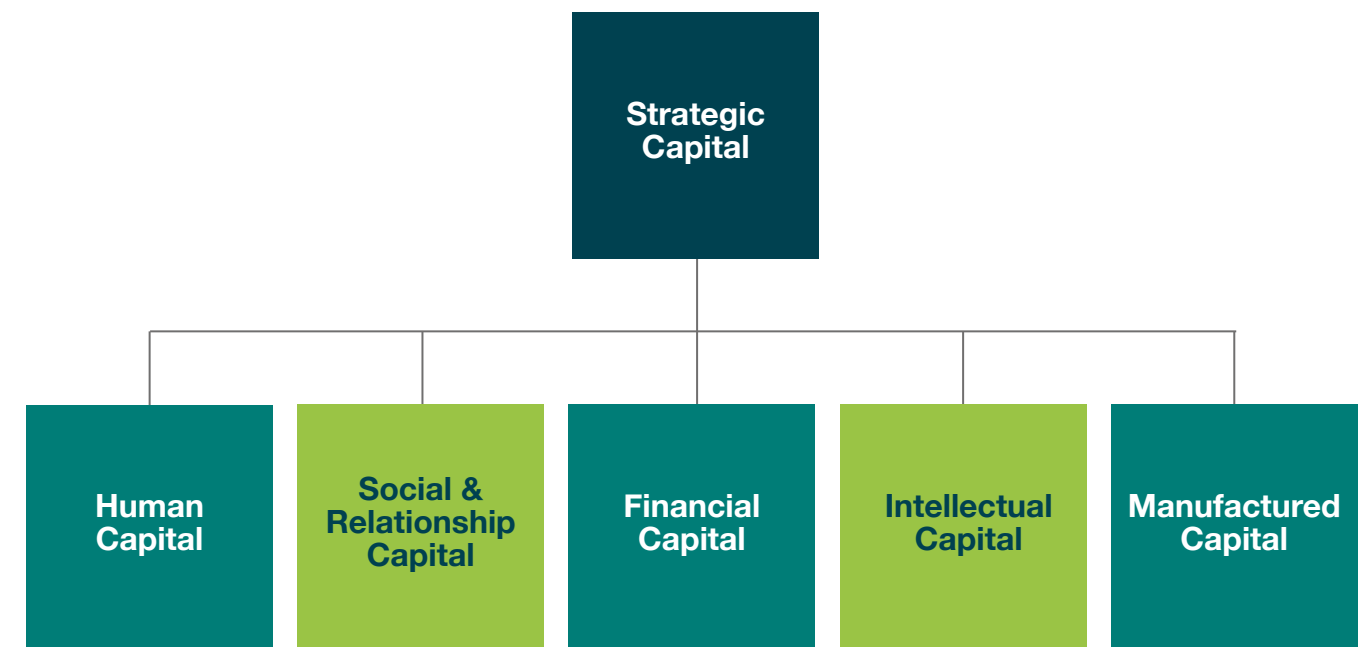
EPCL has always maintained its reputation as an organization that keeps up with the latest technology and does not shy away from bringing creativity and innovation in its operations. As the world moves towards digitization, EPCL will endeavor to stay ahead of the curve on this front as well.

In 2020, the 'Digital Transformation Department' was formed to digitize and automate each department, thereby improving efficiency, and productivity while reducing human intervention. Significant progress has been made in the attempt to go paperless, allowing greater accessibility and flexibility to employees.

The Digital Transformation Team was able to deploy several state-of-the-art digital solutions in technical and non-technical areas, including Online Vehicle Tracking, RiskAlive Analytics, CEO Dashboard, and improvements to existing Salesforce and SAP functionalities.

### significant changes in objectives and strategies from prior years

The company remains cognizant of changes in the internal and external environment, which may call for change in objectives or strategic adjustments. There were no significant changes in objectives and strategies.





# functional objectives & strategies



## health, safety & environment (HSE)

### objectives



- Ensure a safe working environment
- Carry out external independent assessments about Health
- Ensure HSE standards are maintained for expansion and operational efficiency projects
- Minimize environmental impact

### critical performance indicator



- Reduced Total Recordable Incident Rate (TRIR) and Fleet Accident Frequency Rate (FAFR)
- DuPont Ratings
- Keeping all safety ratios intact during completion of expansion projects
- Performance is measured against several international benchmarks and is also verified by external authorities

### strategy



- Implementation of best practices as prescribed by DuPont Framework and regular monitoring of numbers at management/BoD levels
- Carry out DuPont Audit and implement findings accordingly
- A new team has been assigned responsibility for maintaining high safety standards with tangible KPIs and regular reporting to the management
- Environmental impact studied for all projects and implementation is carefully planned to ensure compliance with stringent environmental benchmarks



### future relevance

The CPIs shall remain relevant in the future



### resource allocation

Human capital, manufactured capital, and financial capital



## manufacturing

### objectives



- Maintain and enhance plant reliability
- Maintain optimal production levels at benchmark costs
- Maintain and optimize raw material/energy consumption ratios
- Satisfactory completion of growth, efficiency and reliability projects

### critical performance indicator



- Number of unplanned shutdowns, production loss and tasks completed Production targets are set for all products
- Raw material and energy consumption ratios have been set for all products against which performance would be compared
- Progress report/status is monitored by senior management and BoD regularly

### strategy



- Conduct plant turnaround within specific time frames and allocated resources. Preventive maintenance is done and critical equipments are tested for reliability regularly
- Monitoring the production facility/processes on a timely basis to identify and eliminate bottlenecks
- Regular monitoring of production/consumption ratios is done at all levels and an action plan is devised in case of deviation for immediate rectification
- Strategic milestones are established and performance is measured against them to ensure satisfactory completion of projects within prescribed time and resources. Post completion analysis is also conducted and reported



### future relevance

The CPIs shall remain relevant in the future



### resource allocation

Human capital, manufactured capital, and financial capital



## commercial

### objectives



- Maximize profitability across businesses by increasing customer engagement and optimizing sales mix
- Ensure strategic alignment to future market gaps and organizational aspirations
- Ensure customer satisfaction through timely product and service availability
- Capacity building of all stakeholders



### critical performance indicator

- Customer retention and delight
- Position to venture into prospective businesses

### strategy



- Evaluation of market segments and their drivers
- Ensuring optimum sales mix
- Market development to identify areas for growth
- Customer voice through survey and relationship management



### future relevance

The CPIs shall remain relevant in the future



### resource allocation

Human capital, manufactured capital, and financial capital



## human resources

### objectives



- Develop and retain talent, and increase workforce diversity
- Improve diversity and inclusion
- Improve employee engagement
- Availability of requisite human resources in all aspects of operations



### critical performance indicator

- Attrition ratios and diversity ratio
- Employee Engagement Survey
- Uninterrupted operations in all departments

### strategy



- Attrition rates and diversity ratios are monitored and reported regularly. Job rotations/enrichment is planned to ensure retention of talent and ensure diverse workforce
- Implement action items from previous employee surveys to ensure better employee engagement. CEO conducts regular open house sessions with employees to discuss potential concerns and to encourage conducive workplace environment
- Development of a succession plan for all key positions within the Company



### future relevance

The CPIs shall remain relevant in the future



### resource allocation

Human capital, financial capital, and social and relationship capital



## finance & digitization

### objectives



- Execute approved capital structure
- Automation and digitization of business processes
- Focus on overheads and cost efficiencies
- Identify and monitor enterprise risks and implement adequate mitigating measures

### critical performance indicator



- Capital structure and financial ratios targets
- Automation of major processes and a significant reduction in paper usage
- Cost optimization and reduction
- Earlier identification of critical risks that may arise and adoption of measures to eliminate those risks or reduce them to an acceptable level

### strategy



- Robust cash flow projections-based financing plan conducted to meet cash requirements. The Company also secured LTF at SBP concessionary rate and issued pref shares with the view of funding various projects
- Detailed strategy with 4 pillars (i.e. going paperless, wireless systems upgrade, workplace agility enhancement, and automation of sales operations). Digital transformation division has been formed with specific focus on digitizing plant reliability process
- Reviewing fixed and variable costs for each division and identifying areas of improvement to ensure reduction in fixed cost
- Continuous cross departmental collaboration and Company cognizance of changes in internal and external environment to identify key risks being faced by the entity



### future relevance

The CPIs shall remain relevant in the future



### resource allocation

Human capital, manufactured capital, and financial capital

# decision making process

EPCL employs various executive level committees, appointed by the CEO, responsible for making decisions and monitoring progress to ensure that the organization steers forward in the direction of board. The committee constitution is robust and allows for efficient decision making while taking advantage of collective wisdom of the group. These committees regularly meet to review progress and provide additional insights.

## the committees include



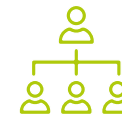
### management committee

Governing/decision making body that meets as and when needed



### board audit committee

Review company's financial statements, prior to their approval by the Board of Directors. Five meeting were held during the year.



### board people's committee

Recommends Human Resource Management related Policies & Proposals to the Board of Directors. Three meetings were held during the year.



### gov't relations and regulatory affairs

Consultative body that handles GRRA and meets once every quarter.



### projects steering committee

Steering committee on various projects that meets once in a month.



### corporate HSE committee & sustainability

Oversees HSE matters at a corporate level and meets quarterly.



### workplace harassment committee

Is formed to ensure ensure all Harassment complaints are dealt with in a timely manner.

# polyvinyl chloride (PVC)

## raw material exporting countries

### ethylene

Middle East, Europe, USA, Southeast Asia, and Singapore

### ethylene dichloride (EDC)

Middle East, USA, and Europe

## PVC products

PVC suspension resin is the primary product of Engro Polymer & Chemicals Ltd. The resin is produced in different grades under the brand name SABZ (AU 58, AU 60, AU 72, AU 67R and AU 67S), which are used to manufacture various PVC finished products that are primarily used in Construction, Agriculture, Packaging, Healthcare and Consumer sectors e.g. Pipes & Fittings, Shoes, Film & Packaging, Profiles, Flooring, Roofing, Cables, Doors etc.

## PVC importing countries

Egypt

Turkey

United Arab Emirates

Oman

Qatar

Bahrain

Sri Lanka

Kenya

Tanzania

Uzbekistan



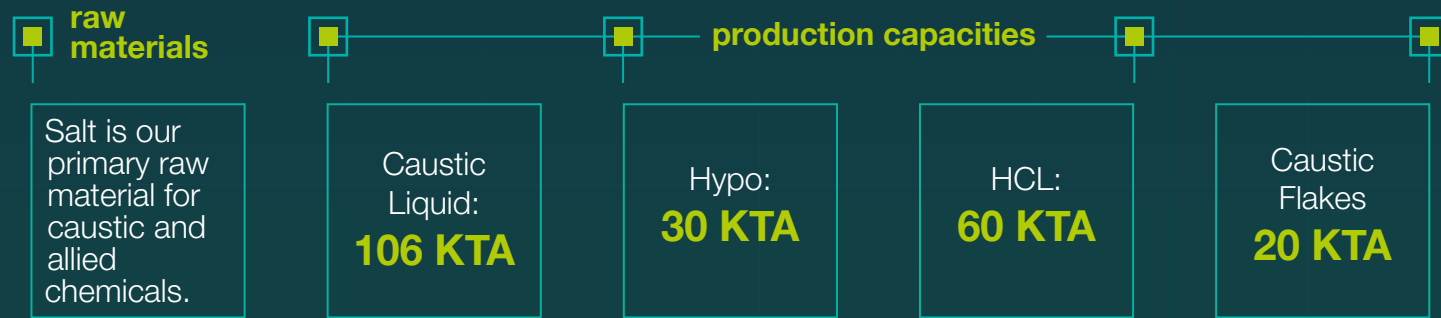
## PVC & intermediary plant capacities

PVC: **295 KTA**

EDC: **127 KTA**

VCM: **254 KTA**

# caustic and allied chemicals



## Caustic Soda Flakes

Dyeing and mercerizing in textile sector, free fatty acids removal from edible oil and ghee, soap and water purification



## Hydrogen

Used in the manufacturing of terephthalic acid



## Hydrochloric Acid

Pickling, oil well acidizing, water treatment, cleaning, food processing and medicine



## Sodium Hypochlorite

Water treatment, detergents, denim bleaching and paper bleaching



## domestic market landscape

### Caustic Soda

- Karachi
- Hub
- Hyderabad
- Multan
- Rahim Yar Khan
- Faisalabad
- Lahore
- Daharki
- Gujranwala
- Quetta
- Rawalpindi

### Hydrogen

- Karachi

### Hydrochloric Acid

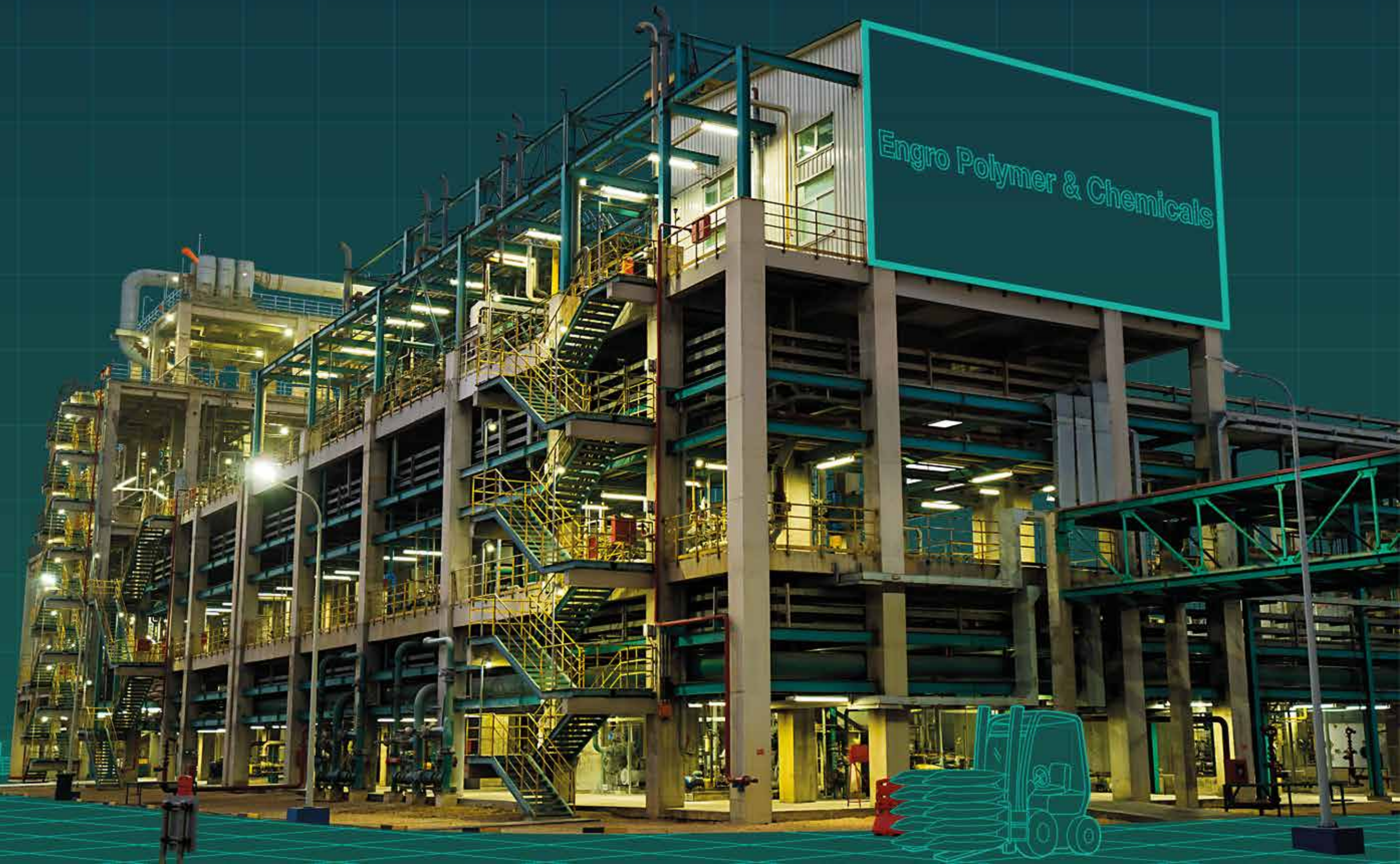
- Hyderabad
- Hub
- Guddu
- Muzaffargarh
- Multan
- Sadiqabad
- Mirpur Khas

### Sodium Hypochlorite

- Karachi
- Hyderabad
- Hub
- Ghotki
- Sadiqabad
- Daharki



corporate  
**governance**



# board of directors



## Ghias Khan

### Chairman

Mr. Ghias Khan is the 4<sup>th</sup> President & CEO of Engro Corporation. He has played an instrumental role in stewarding Engro's future strategy, culture, and international outreach with a focus on building the Company's digitalization capabilities and transforming it into an intelligent organization that can compete on a global scale. In 2022, Ghias was elected President of the Overseas Investors Chamber of Commerce & Industry (OICCI).

He spearheaded the development of Engro Enfrashare in 2018, the Company's connectivity

vertical which has enabled social and financial inclusion for Pakistanis. Engro Enfrashare has deployed over 3,300 telecom towers across Pakistan, making it one of the largest independent tower companies in the Country.

Ghias architected the turnaround of Engro Polymer & Chemicals Limited and under his leadership, the Company enhanced its PVC capacity, diversified into new chemicals, and demonstrated efficiencies such that the market capitalization increased five-fold in six years. He paved the way for more cooperation with our long-time strategic partner, Royal Vopak, through its entry into Engro Elengy, which continues to operate as the most utilized terminal in the world.

During his Presidency, in line with the Company's efforts to improve energy efficiency and ecosystem in the Country, Engro established 2x330 MW mine-mouth power plants in Tharparkar. Engro was the first company to have demonstrated proof of concept and successfully produce up to 660MW of consistent power to the national grid, benefitting 7 million Pakistanis.

His leadership has helped position Engro Fertilizers as an efficient player in the market that contributes to food security, while enabling

sustainable agricultural practices.

Through innovative digitalization efforts such as the Humsafar app, Ghias has helped Engro Fertilizers empower its customers and enabled Pakistani farmers to grow. The app has established Engro Fertilizers as the largest e-sales company in the Country.

In line with global best practices and Engro's strategic digital imperatives, Ghias has laid the foundation for a digital future through Engro's OneSAP initiative, endorsed as Pakistan's largest digital transformation project.

Ghias has led the people transformation journey at Engro, revamping its culture and narrative, focused on talent development, work culture, and increasing diversity across the Group.

He is also leading the transition to sustainability at Engro. Engro has committed to adopt and implement stakeholder capitalism metrics, sponsored by the World Economic Forum's International Business Council, becoming the first organization from Pakistan to sign this commitment.

Engro has earned numerous awards, both

locally and globally, for enabling a thriving business environment, investing in the development of its people, upholding high standards of corporate governance, and promoting diversity, health, safety, & environment at the workplace.

Currently, Ghias serves as Chairman on the Boards of Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro Enfrashare (Pvt) Limited, and Engro Energy Limited. He also serves on the Board of Trustees of Engro Foundation – the social investment arm of Engro Corporation. In addition, he is on the Board of Trustees of Karachi Port Trust (KPT).

Ghias holds a Master's degree in Business Administration from the Institute of Business Administration, Karachi.

# board of directors



**Hideki Adachi**  
Non-executive Director

Mr. Hideki Adachi joined Mitsubishi Corporation of Japan in 1993 and has been dealing in trading business of Chlor-Alkali and Petrochemical products for over 20 years.

He has also led the Corporate Planning Department for developing strategy for the Chemicals sector in Mitsubishi Corporation. He has also served as the General Manager of the Alcohol and C1 Chemicals Dept at Mitsubishi.

Mr. Hideki looks after the management of Mitsubishi's affiliate companies in Chlor-Alkali & PVC and Methanol/C1 Chemical industries.

He got his degree in Law from Hitotsubashi University in Japan and joined EPCL's Board in April, 2021.



**Nadir Salar Qureshi**  
Non-executive Director

Mr. Nadir Salar Qureshi is the Chief Investment Officer of Engro Corporation. He joined Engro Corporation Limited in March 2017 as Chief Strategy Officer and was then appointed as the Chief Executive Officer of Engro Fertilizers in December 2018. He has completed his MBA from Harvard Business School, and his Bachelors and Masters degrees in Nuclear Engineering from MIT. He brings with him expertise in multiple sectors across GCC, Turkey, Australia, India, ASEAN and EU. He is also experienced in consulting, private equity and finance.

Mr. Nadir began his career with Engro Chemical Pakistan Limited as a Business Analyst and then moved on to organizations such as Hub Power Company, Bain & Company, Carrier Corporation, Abraaj Capital and Makara Capital in Singapore. Nadir is a Director on the Boards of Engro Energy Limited, Engro Polymer & Chemicals Limited and Engro Vopak Terminal Limited.



# board of directors



**Eram Hasan**

**Non-executive Director**

Mr. Eram Hasan joined Engro as the Chief Information and Transformation Officer (CITO) in November 2019.

Eram is responsible for managing and developing the following operating functions in line with Engro's central idea - IT, ECTD, Admin, Procurement and Engro Foundation - in addition to the special transformation projects such as OneSAP and Catalyst.

Eram joins over 25 years of international general management experience in diverse areas of

Operations, Digitalization, Strategy, Business Development, Sales, Customer Services and Supply Chain. He was last serving as the Chief Strategy Officer/Managing Director at K-Electric. In his previous roles, he was associated with Coca-Cola Beverages Pakistan Ltd as Chief Operating Officer and Unilever Pakistan as Head of Sales & Operations. He was also associated with Alcoa, USA, as Business Director and Alcoa Asia/Middle East as Regional Vice President.

Eram holds an MBA degree from Harvard Business School and a Masters and Bachelors in Materials Science & Engineering from MIT.



**Rizwan Masood Raja**

**Non-executive Director**

Mr. Rizwan Masood Raja joined Engro Corporation as SVP & Chief People Officer in February 2019.

Rizwan's experience spans over 25 years. He was with SCB for over 15 years and, prior to that, with Jaffer Group for 9 years. He has held multiple senior roles within HR with a focus on Retail Banking, SME Business, Financial Crime Compliance & Talent Acquisition across strategic markets such as Pakistan, Hong Kong, Singapore, China, Taiwan and South Korea. Prior to his HR career, he managed businesses P&L and finance for Jaffer Group's companies

based in Pakistan.

Prior to joining Engro, Rizwan was serving as the Managing Director and Head of HR for Retail Banking and Wealth Management, Greater China and North Asia, at SCB. Always driven by new challenges, Rizwan was instrumental in developing and delivering projects on strategic workforce planning, leading multiple Transformation projects related to client-centricity & digitalization for Retail Bank, and being part of the Global HR transformation's design team. One of the key achievements was the successful build up of the Virtual Bank in Hong Kong; a first for SCB globally.

As the Chief People Officer at Engro, Rizwan is responsible for providing strategic direction and overall leadership on People function and enabling its transition to a more holistic "People" orientation, with "Culture" informing behaviors. His primary focus is to implement integrated People-First framework to enable transformation across Engro Corp and Subsidiaries; Talent Development with Strong Governance, robust operations and dynamic People policies & guidelines.

Rizwan speaks regularly at various forums on topics close to his heart, such as future of work & evolution of HR function in the digital age. He is passionate about community development and is an avid cricketer.

# board of directors



**Ayesha Aziz**  
Independent Director

Ms. Ayesha Aziz currently serves as the CEO / Managing Director of Pak Brunei Investment Company. She brings over 25 years of experience in Structured Finance, Private Equity & Strategic Advisory businesses. Ms. Aziz started her career from ANZ Grindlays Bank where she worked in Merchant Banking & Treasury Markets Divisions. She was subsequently involved in establishing and managing business operations of Pak Oman Investment Company and its subsidiaries, in senior roles.

She serves on the Board of Directors of Primus Leasing (subsidiary) as Chairperson, Awwal Modaraba Management Ltd (subsidiary) and is an Independent Director on the boards of KSB Pumps Company Ltd and GSK Consumer Healthcare Pakistan Ltd.

Ms. Aziz holds an MBA from the Institute of Business Administration and is a CFA Charterholder.



**Feroz Rizvi**  
Independent Director

On return to Pakistan, he joined ICI Pakistan Ltd and moved through various business on function including a period of secondment to ICI Head Office in London, retired from the company as Finance Director. Mr. Rizvi has vast experience in the field of Corporate Finance, Strategy Corporate Restructuring merge and acquisition. He also has experience of working in the UK & Saudi Arabia.

Mr. Rizvi qualified as a Chartered Accountant from England and Wales.

# board of directors



**Nazoor Ali Baig**  
Independent Director

Mr. Baig is a retiree from Detroit Edison Company a subsidiary of DTE Energy Company and was associated with Hubco from 2014-2021, for the development of its Coal Power Projects. He is an Electrical Engineer by profession and has worked in the utility industry for over 40 years. His experience includes working in Operations, Maintenance, Engineering, Project Development/Management, Outage Management, Coal handling facility with state-of-the-art Blending systems, Business Management, Large Systems Change Management, Implementation of ERP system, etc.



**Jahangir Piracha**  
Chief Executive Officer

Mr. Jahangir Piracha is the Chief Executive Officer for Engro Polymer & Chemicals Limited. Previously he has also served as the Chief Executive Officer of Engro Vopak Terminal Limited, Engro Elengy Terminal Limited & Engro Powergen Qadirpur Limited.

Mr. Piracha has over 30 years of corporate experience in Manufacturing, Human Resources, HSE, and Procurement. He has served as Vice President of Manufacturing and General Manager of Human Resources & Corporate Services at Engro Polymer & Chemicals Ltd. Mr. Piracha has also served at

Engro Fertilizer while working in various capacities, including Production Manager and HSE Manager, to name a few.

Mr. Piracha completed his bachelor's in chemical engineering from the University of Engineering and Technology, Lahore, Pakistan. He currently serves as a Director on the boards of Engro Polymer & Chemicals Limited, Engro Peroxide (Pvt.) Limited, Engro Plasticizer (Pvt.) Limited, Think PVC (Pvt.) Limited, Engro Foundation, REON Energy Limited, and Greengo (Private) Limited

# board of directors

**Ghias Khan**

Chairman

**Ayesha Aziz**

Independent Director

**Eram Hasan**

Non-executive Director

**Feroz Rizvi**

Independent Director

**Nazoor Ali Baig**

Independent Director

**Nadir Salar Qureshi**

Non-Executive Director

**Rizwan Masood Raja**

Non-Executive Director

**Jahangir Piracha**

CEO and Executive Director

**Hideki Adachi**

Non-Executive Director



# management committee



**Jahangir Piracha**  
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**Rabia Wafah Khan**  
Chief Financial Officer

Rabia Wafah Khan is a Chartered Financial Analyst and an MBA (Finance/ MIS) from IBA. She is currently working in Engro Polymer & Chemicals as the CFO. She joined Engro Chemical as a Business Analyst in 2004; after completing her stint in the Finance and Planning team, she moved to Engro Fertilizers HR, where she was responsible for managing EFert compensation and benefits structure during the difficult restructuring period. Initiatives taken during this time which have created lasting positive impact on EFert Employee Engagement over the years include spearheading the rollout

of the Parents Medical Insurance program, along with other policy changes related to leave policies and TIV inclusion in variable pay program.

She moved back to Finance in 2014 as Treasury Advisor, EFert. During this time, she was responsible for managing EFert cash needs during the urea long supply period, while simultaneously working on an optimization project of EFert's Balance Sheet. Over the years, her key strength has emerged in product structuring where she played a key role in EFert Dealer Credit Financing for the base business and farmer credit initiatives for agri-outreach endeavors.

In 2019, Rabia moved to the Engro Energy vertical as CFO Engro Powergen Qadirpur (EPQL); her time at EPQL was devoted to dealing with external stakeholders including NEPRA, CPPAg and PPIB, as EPQL dealt with gas depletion and its mitigation, through the development of an alternate fuel option. She was also part of the team negotiating with the GoP committee on IPP Sector Reforms resulting in an MoU signed with the industry in mid-2020, and which was more recently converted into master agreements with the Power Purchaser in early 2021.

As CFO Engro Polymers, she has worked on EPCL's long term strategy project, which envisages future milestones for the company by attaining an international footprint in Polymers and Allied Chemicals.

# management committee



**Mahmood Siddiqui**  
Vice President Manufacturing

Mahmood Siddiqui started his career with Engro Chemicals Pakistan Limited as a graduate trainee engineer and is currently leading Engro Polymer & Chemicals' Manufacturing division as the Vice President. With over 26 years of operations, commissioning, health & safety and business development experience, he has immensely contributed in building the backbone of Engro's health & safety systems of all the subsidiaries, manufacturing operations of Engro Polymer and Engro Fertilizers, new projects at fertilizers, energy, digital and foods segments of Engro. Apart from leading business departments

and divisions at Engro, Mahmood has also led Engro's key community programs including Sahara Welfare Society, schools in Kacha, Community Emergency Response program and Engro Model School. Mahmood is a Chemical Engineer from University of the Punjab.



**Aneeq Ahmed**  
Vice President Supply Chain

Aneeq Ahmed started his career at Engro Polymer & Chemicals as graduate trainee engineer and is currently heading Company's Supply Chain Division. In his illustrious career spanning over 20 years, he has held several key positions and roles including Machinery lead in VCM plant relocation Project, Maintenance Department Head, and Project lead in PVC / VCM Plants' Debottlenecking and Capacity Enhancement. Aneeq has a bachelor's degree in mechanical engineering from N.E.D University of Engineering and Technology and master's degree in Business Administration from Institute of Business Administration

# management committee



**Athar Abrar Khwaja**  
Vice President Projects &  
Business Development

Athar A. Khwaja is currently working as Vice President Projects & Business Development at Engro Polymers & Chemicals limited. In a professional career spanning nearly 18 years he has a diverse experience in Process Engineering, Projects, Marketing, Strategic Sourcing and Business Development.

He joined EPCL in 2004 as a Process Engineer and worked his way to the position of GM Technical in 2014. During this period, he was part of the project team responsible for the

relocation, construction, and commissioning of the VCM plant from Baton Rouge LA as well as heading the Business planning department where he negotiated with first long term EDC sourcing agreement for EPCL along with executing record VCM exports of 20 KT in 2013.

From 2015 – 2018 he led the marketing function for the Chemicals business at ICI Pakistan.

He re-joined Engro Polymers as GM Expansion Projects in 2018. His recent achievements at EPCL include leading the PVC 3 and VCM DBN Expansion projects. He navigated the project during the Covid Pandemic and ensured project completion and successful commercialization.

In his last role he led the Business Development department at EPCL and played an instrumental role in the development of EPCL Vision 2030.

He holds a bachelor's degree in chemical engineering from McGill University, Montreal Canada.



**Adeel Qamar**  
Vice President  
Human Resources & Administration

Adeel joined Engro Fertilizers as a Graduate Trainee Engineer in 2003. During his tenure, he has contributed to multiple roles and has a diverse experience in Plant Maintenance, Project Management, Business Development and Supply Chain. He played a pivotal role during EnVen Project by successfully leading the Owner's Scope Engineering & Procurement and was awarded Manufacturing Excellence Award for his outstanding contributions.

During his last role as General Manager -

Maintenance at Engro Fertilizers, he was responsible for reliability and asset management of Daharki fertilizer complex and led 05 major Plant Turnarounds. He navigated the plant maintenance team through Covid pandemic challenges with a remarkable plant service factor and all-time record urea production in 2020. In 2021, even with COVID-19 lockdown restrictions, he led 02 major plant turnarounds, addressing site vulnerabilities and load-limiting factors while finishing the year with a speckless ZERO TRIR.

He holds a Bachelor's degree in Mechanical Engineering from Ghulam Ishaq Khan Institute of Engineering Sciences and Technology.

# management committee



**Muhammad Idrees**  
Chief Commercial Officer

Muhammad Idrees is currently working as the Chief Commercial Officer at Engro Polymer & chemicals Limited. Prior to this he was leading the Business Development department at Engro Energy Limited where he was responsible for scoping and developing new business opportunities for the energy vertical ranging from investments in renewables to cultivating opportunities in allied industries. He also served as Secretary & member of Management Committee of Engro Energy Ltd.

Idrees joined the Engro group in 2003 in the

fertilizers business where he served in multiple roles gaining rich experience in project management, business development, human resources and engineering amongst other departments. He has also worked as General Manager Construction projects at the mega-scale open-pit mining project of Sindh Engro Coal Mining Company (SECMC) where he was responsible for providing cost and governance oversight for the USD 845 million mine project.

During his tenure at SECMC, Idrees was also instrumental in developing various ancillary projects which were critical to the success of the Thar coal project such as construction of the water resource management plan; construction of the resettlement village at New Senhri Dars in Thar (Sindh); development of the school and hospital network in Thar and other such key development initiatives.

Idrees also serves on the Steering Committee of United Kingdom's most prestigious conference – Nitrogen & Syngas of CRU and on Industry Advisory Board at Lahore University of Management Sciences (LUMS). He is also a published author in 11 international publications. In his free time, he likes to remain physically active and is a fitness enthusiast who likes to run and cycle.



# management committee

Mahmood  
Siddiqui

Rabia  
Wafah Khan

Muhammad  
Idrees

Athar  
Abrar  
Khwaja

Aneeq  
Ahmed

Adeel  
Qamar

Jahangir  
Piracha



# principal board committee

## board audit committee

The Board Audit Committee meets at minimum once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of Internal Control, Risk Management, and the Audit Processes. The BAC has the power to call for information from the Management and to consult directly with external auditors or their advisors, as considered appropriate. The Chief Financial officer and the Head of Internal Audit regularly attend BAC meetings by invitation to discuss matters relating to financial statements and audits. The Committee also frequently meets with external auditors independently.

The Members of the Committee are as follows:



Mr. Feroz Rizvi Independent	Director
Mr. Eram Hasan Non Executive	Director
Mr. Hideki Adachi Non-Executive	Director
Mr. Nazoor Ali Baig Non-Executive	Director
Mr. Kalimuddin A. Khan	Secretary

## board people's committee

The Board People's Committee meets with the aim of reviewing and recommending all elements of the compensation system, as well as, the organization and employee development policies relating to Senior Executives, including Members of the Management Committee. It reviews the key human resource initiatives and the organisational structure of the Company.

The Members of the Committee are as follows:



Ms. Ayesha Aziz Chairperson Independent	Director
Mr. Feroz Rizvi Independent	Director
Mr. Rizwan Masood Raja Non-Executive	Director
Mr. Nadir Salar Qureshi Non-Executive	Director
Mr. Adeel Qamar	Secretary

## management committee



Jahangir Piracha	Chairman
Muhammad Idrees	Member
Athar Abrar Khwaja	Member
Adeel Qamar	Member
Mahmood Siddiqui	Member
Rabia Wafah Khan	Member
Aneeq Ahmed	Member
Zearma Khan	Secretary

## contracts review committee



Rabia Wafah Khan	Chairman
Aneeq Ahmed	Member
Athar Abrar Khwaja	Member
Asghar Ali Khan	Member
Kalimuddin Khan	Member
Qamar Jaleel	Member
Col Syed Ali Majid	Member
Imtiaz Ahmed Khan	Secretary

## workplace harassment committee



Rabia Wafah Khan	Chairman
Mahmood Siddiqui	Member
Adeel Qamar	Member
Gull Zareen Khan	Member

## corporate HSE committee & sustainability



Jahangir Piracha	Chairman
Mahmood Siddiqui	Member
Rabia Wafah Khan	Member
Aneeq Ahmed	Member
Athar Abrar Khwaja	Member
Muhammad Idrees	Member
Adeel Qamar	Member
Aqeel Riaz	Secretary

## government relations and regulatory affairs



Jahangir Piracha	Chairman
Syed Zaheer Mehdi	Member
Mahmood Siddiqui	Member
Rabia Wafah Khan	Member



## projects steering committee

Muhammad Idrees	Member
Col Syed Ali Majid	Member
Zearma Khan	Member
Mobeen Ahmed	Secretary



Jahangir Piracha	Chairperson
Ahmed Shakoor	Member
Mahmood Siddiqui	Member
Asad Waheed	Member
Rabia Wafah Khan	Member
Athar Abrar Khwaja	Member
Zearma Khan	Secretary

# chairman's review

## Dear Shareholders,

I am pleased to present to you the financials of Engro Polymer & Chemicals Limited (“EPCL” or the “Company”) for the period ended December 31, 2022.

In 2022, Pakistan faced severe macroeconomic challenges that eroded much of the recovery made coming out of the COVID-19 pandemic. The Country posted a real GDP growth rate of 6% for the FY’ 2022 on the back of an unprecedented increase in global commodity prices, and accommodative monetary and fiscal policies. The spillovers of the global geopolitical crisis depleted foreign exchange reserves and fueled inflationary pressures which rose to 27.3% in August 2022, easing slightly to 24.5% in December 2022. The Rupee touched its lowest level of 240 to the dollar in July, recovering to 228 in December though the open market rates remained significantly higher. Additionally, the catastrophic floods that affected 33 million people and submerged 9.4 million acres of cropland dealt a staggering blow to an already fragile economy, with total losses amounting to USD 30 billion.

For EPCL, 2022 was a year of two halves. Benchmark PVC prices remained at elevated levels during the first half, carrying forward the demand resurgence from 2021 post COVID-19 recovery. The second half was characterized by a sharp decrease in global PVC prices due to recessionary pressures, while oil remained at elevated levels. Adverse local macroeconomic developments along with gas availability issues became a significant challenge. However, the Company managed this by contracting the supply of RLNG to ensure continuous production and supply of product. Nonetheless, the

relatively expensive RLNG combined with inflationary pressures significantly increased EPCL’s cost of doing business.

EPCL capitalized on its strong positioning to achieve the highest-ever sales of PVC to meet domestic demand, while surplus products worth USD 21 million were exported. EPCL also enabled import substitution of USD 134 million, contributing significantly towards solving Pakistan’s balance of payments situation, a critical pain point of the economy.

The Company maintained the strictest compliance to the high standards of operational safety that we have set for ourselves, with Total Recordable Injury Rate (TRIR) closed at 0.1. This outstanding performance was made possible through relentless focus on this critical area.

EPCL is progressing on track to deliver its Hydrogen Peroxide plant amongst other efficiency projects. This will further harness the immense potential of the polymer and allied chemicals sector of the Country, while optimizing cost.

I would like to thank the Government for its continued support in helping us navigate some of the external challenges that pose imminent risks to our business. These issues, especially those related to gas supply unavailability, continued dumping of PVC in Pakistan despite the imposition of the anti-dumping duty in 2018, and the increasing impediments to our ability to establish import Letters of Credit impact the continuity of our business. I would request the government of Pakistan for its continued assistance to overcome these obstacles.

I am pleased to report that the performance of EPCL’s Board of Directors remained par excellence and its contribution effectively steered the Company towards achieving its objectives. The Board will continue to actively monitor core aspects of corporate governance via the Board Audit Committee (BAC) and Board Peoples’ Committee (BPC).

Looking ahead, EPCL is committed to contributing to Pakistan’s economic prosperity and delivering strong shareholder value by investing in the long-term reliability of existing operations, digital transformation initiatives, promoting gender diversity, improving sustainability to reduce its carbon footprint, water conservation and building a circular economy for plastics.

I would like to thank the Board of Directors, the senior management of the Company, the employees who have worked tirelessly throughout the year and our customers. I am grateful for your continued patronage and for reposing your trust in us.



**Ghias Khan**  
Chairman, Board of Directors



# CEO review

The year saw the Company posting strong earnings of PKR 11.7 billion against profit after tax of PKR 15 billion in the preceding year despite facing an increasingly turbulent economic environment. The continued increase in shareholder value was achieved while maintaining the strictest compliance to the high standards of operational safety that we have set for ourselves and our unrelenting focus on customer engagement.

On the business front, the international PVC market carried forward pent-up demand resurgence from COVID-19 recovery from 2021, into the year under review. Although supply chain restrictions eased, freights remained on the higher side earlier in the year which sustained high global PVC prices during that time. However, after the first quarter, significant energy and geopolitical challenges stemming from the Russian-Ukraine war, further exacerbated by the slowdown in China and an extended monsoon season in India, dampened economic activity and led to plummeting PVC prices and core delta.

Economic headwinds in Pakistan, combined with the devastating impact of the catastrophic floods, presented unique challenges to business operations in the Country. Despite these challenges, the Company implemented a competitive pricing mechanism combined with extensive efforts geared towards customer engagement to maximize market share and deliver the highest-ever domestic sales volume of 231 KT of resin. Our strong efforts have enabled us to deliver import substitution of approximately USD 134 million.

Going forward, the domestic PVC market is expected to continue to grow given a low per capita PVC consumption in Pakistan as compared to other South Asian countries. We feel that this provides us an opportunity for future growth while our planned capacity enhancements will help us continue serving the growing market.

The upward trajectory in commodity prices, witnessed in 2022, was also mirrored in Ethylene prices which trended upwards on the back of the ongoing energy crisis and elevated oil prices, thereby increasing our raw material cost. This was offset by stringent cost controls, strategic raw material sourcing, procurement optimization, and investments in efficiency projects that helped EPCL achieve a strong bottom line.

On the Chlor-Alkali front, the market remained strong in the first half of 2022, primarily supported by textile exports following easing of supply chain disruptions and demand resurgence post COVID-19 pandemic recovery. However, adverse macroeconomic and geopolitical developments,

along with issues related to gas availability, impacted the industry in the second half. Caustic Soda is an important input material for the textile export sector and its demand is dependent on how this industry performs. The Company managed to step around the issue posed by the non-availability of indigenous gas by proactively contracting the supply of RLNG to ensure continuous production and supply of product to our customers.

EPCL is pleased to inform that, post serving the local demand, the surplus products worth USD 21 million was exported. We foresee exports to continue due to local economic situation driven demand compression.

The Company partnered with global software leader, Aspen Technology, to optimize our VCM plant's performance by using AI models to calculate and predict process variations which will allow us to monitor and improve the plant's efficiency. Hydrogen Peroxide and other efficiency projects, announced earlier, are progressing but were impacted by the very challenging environment of supply chain disruptions and delays in equipment delivery due to an extended lockdown in China. It should be noted that the recent restrictions on import LC establishment by the SBP may further impact envisioned timelines.

On the financing front, EPCL obtained financing of PKR 8.75 billion through syndication.

The Company further entered into financing agreements with various banks for an amount of PKR 6 billion which will be used to enhance operational efficiency and expand our product range.

As companies across the world embrace the technological advancements of the digital age, it gives me immense pleasure to share that our digital transformation journey is progressing well with multiple new digital implementations, aimed at bolstering business processes, and building efficiency. Our numerous projects included becoming the first company in Pakistan to enable ultrasonic thickness monitoring of critical assets via drones, online tracking of dispatch vehicles, improvements in salesforce portal, and significant upgrades to our SAP ERP. These projects enable us to ensure business continuity and efficiency through integration of business processes, agility and data-driven decision making.

On the Health, Safety and Environment (HSE) front, Total Recordable Injury Rate (TRIR) closed at .0.1.. This outstanding performance was made possible through

relentless focus on this critical area.

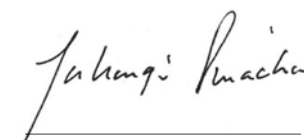
EPCL has sustained its work on its Sustainability agenda. Our focus, over the years, continues to be on reducing our carbon footprint by identifying various opportunities at the plant site and on implementation of an extensive forestation and tree plantation program. Water conservation remains another key area of focus, where current projects will help reduce our current freshwater consumption. On the Circular Plastics front, our collaboration with KSBIL with the Circular Plastics Institute continues to bear fruit, propelling us forward on our aim to catalyzing a circular economy for plastics in Pakistan with a clear emphasis on plastic waste recycling.

I am pleased to share that our strong business performance and growth prospects helped EPCL improve its long-term credit rating to AA, while maintaining its short-term rating at A1+ from PACRA, with our outlook termed as 'Stable'.

Overall, the Company has endured a challenging economic climate both globally and locally, powering through changing monetary and fiscal policies. Our performance withstood the ramifications of changes to the tax regime that included an imposition of a Super Tax with retrospective application. Although, the retrospective application has been overturned by the Honorable High Court, the Company has already made provisions to ensure it remains completely covered on a prudent basis.

As your Company, we would like to reiterate our commitment to contributing towards economic prosperity and creating shareholder value. As we move into 2023, we plan to focus on sustainability, long term reliability of our existing operations and technological advancements while continuing to adhere to the highest standards of business ethics and best-in-class safety practices. Our focus also remains on ensuring a successful completion of the sunset review of the anti-dumping duty, the on-spot verification of which is well underway.

Lastly, I would like to express my gratitude to all our stakeholders including, but not limited to, our shareholders, customers, employees, suppliers, lenders, technology providers, business partners, regulatory bodies, and the Government for putting their trust in us. We look forward to building an even stronger Company in the years to come.



**Mr. Jahangir Piracha**  
CEO



# directors' report

The Directors of Engro Polymer & Chemicals Limited (“EPCL” or the “Company”) are pleased to submit their Annual Report and audited accounts for the year ended December 31, 2022.

## financial statement

During the year, the Company posted a Revenue of PKR 82,060 million and Profit after Tax of PKR 11,689 million as compared to last year’s Revenue of PKR 70,022 million and Profit after Tax of PKR 15,061 million. This translates into Earning per Share of PKR 12.37 in 2022 against PKR 16.28 per share last year. The Board of Directors approved final cash dividend of PKR 2.50 per ordinary share and PKR 0.50 per preference share.

## principal activities

Engro Polymer & Chemicals Limited is a subsidiary of Engro Corporation Limited which is a subsidiary of Dawood Hercules Corporation Limited. The Company was established in 1997 as a Public Limited Company under the repealed Companies’ Ordinance, 1984 and commenced commercial operations in 1997. The shares of the Company are listed on Pakistan Stock Exchange for trading.

The principal activity of EPCL is the production and distribution of Chlor-Vinyl products, including Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic Soda Liquid, Caustic Soda Flakes, Hydrochloric Acid and Sodium Hypochlorite. SABZ, a flagship brand of the Company, has gained widespread recognition as a symbol of exceptional PVC quality in the country. The Company adheres to its philosophy of balancing three key priorities - People, Planet and Profit.

## nature of business & business model

EPCL operates in the Chlor-Vinyl segment, and its financial prowess is an product of the business environment it operates in.



**macroeconomic environment**

The year 2022 was marked with numerous obstacles that impeded the progress which started from the economic recovery of 2021. On the domestic front, Pakistan faced devastating floods, a substantial decline in foreign exchange reserves, and persistent inflation. On the global stage, events such as the Russia-Ukraine conflict resulted in significant increases in commodity prices, petroleum product shortages, and economic instability, further exacerbated the already challenging macroeconomic conditions of the country.

The International Monetary Fund (IMF) has characterized the year 2022 as challenging whereas 2023 is expected to be an even tougher year. The country's Gross Domestic Product (GDP) showed growth of 6%, which was primarily driven by private spending and an increase in large-scale manufacturing. Investment, however, made minimal contribution to this growth. As the risks to macroeconomic stability grew, so did the policy rate with the State Bank of Pakistan (SBP) increasing Discount Rate by a cumulative 675 basis points during the year under review.

National inflation levels continued to trend upwards at an alarming rate. The country was experiencing 13% inflation in January 2022 which by August 2022 had reached 27.3%, signifying higher inflation levels during second half of the year. This heightened inflation was due to several reasons, most notable being the expansionary monetary and fiscal policies which were implemented during the COVID-19 period, significant depreciation of the Pakistani Rupee against the US Dollar (37%) resulting in imported inflation, supply shortages, market distortions, and rising international commodity prices. The last quarter of the year saw a slight improvement with inflation levels declining to 24.5% in December 2022.

The current account showed a deficit of \$3.6 billion at the end of December 2022, compared to \$9.09 billion in the same period last year, as a result of strict measures taken to reduce imports in the second half of the year. However, external debt repayments, coupled with declining exports proceeds and remittances, placed significant pressure on the Rupee, causing it to depreciate from a high of 175 in February 2022 to a record low of 240 in July 2022. While the state was able to extend the maturity profile of public debts, this came at the cost of increased debt servicing. The fiscal deficit also increased to PKR 1,266 billion in 2022, compared to PKR 587 billion in 2021 for the July to October period.

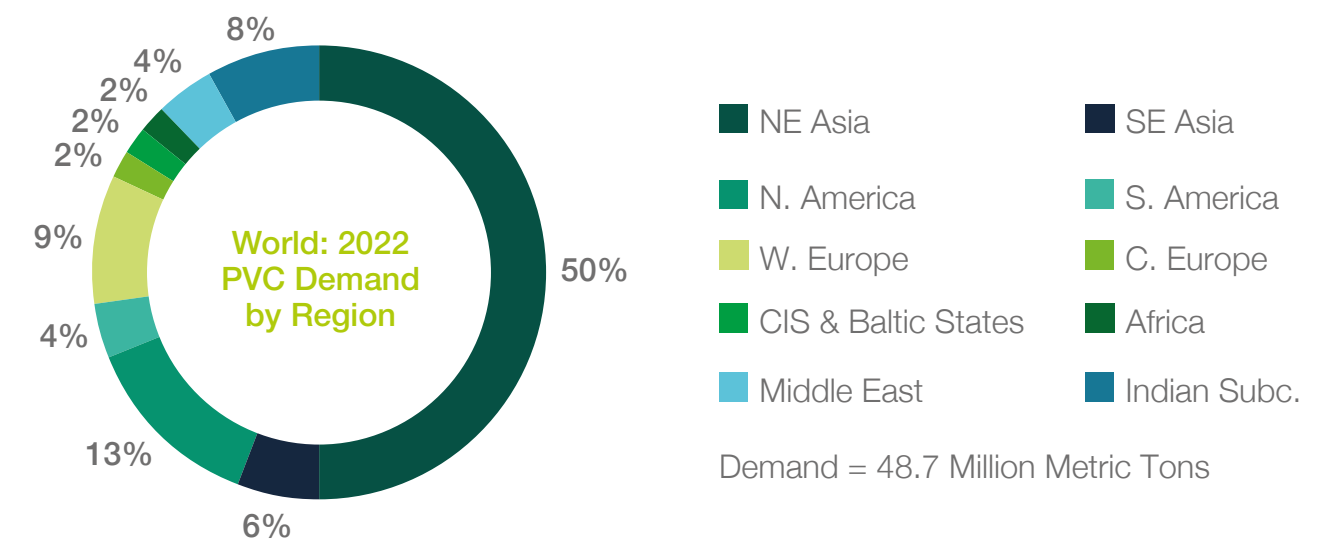
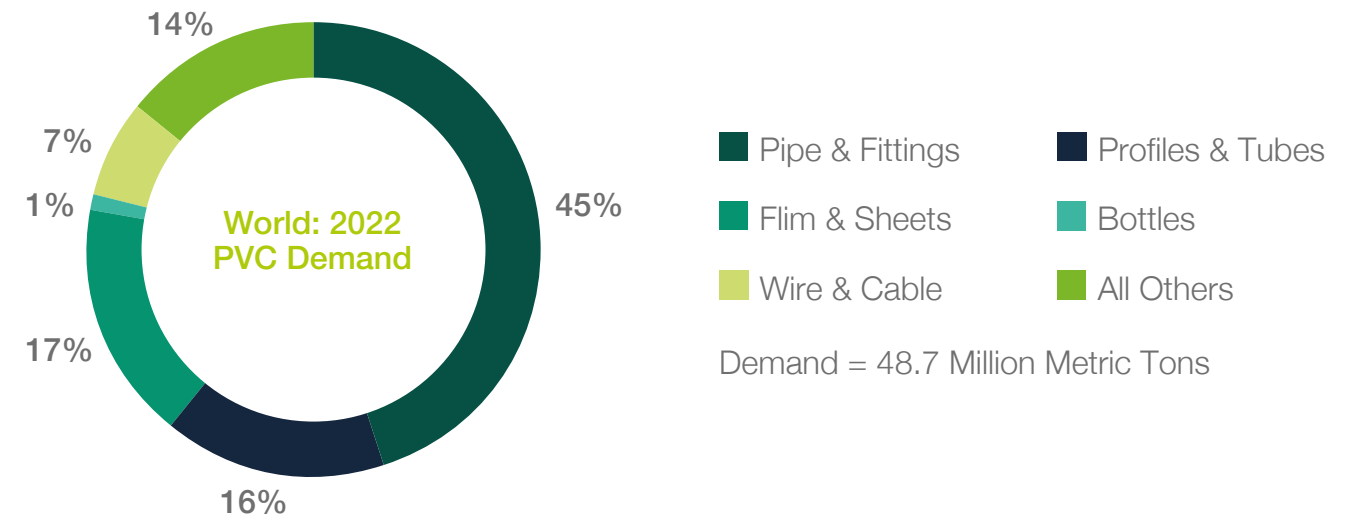
Due to the uncertain economic climate, the central bank has not yet provided a growth rate forecast for the upcoming year. With limited foreign reserves, it is becoming increasingly difficult to issue letters of credit (LCs) for imports. Going forward, it is likely that various corrective and other measures will be taken that may further dampen the economic outlook before recovery. Gas shortage and interest rate hikes are expected to have an impact on industrial production and private investment in the country. As the nation advances into the new year, it faces an uncertain economic environment that is expected to be marked by significant events, both domestically and internationally.

**vinyl market overview**

The Vinyl industry is a highly competitive global market with 19% of the world's total PVC production having been traded globally in 2022. PVC is gaining market share in various segments as it is replacing traditional materials such as wood, ceramics, carpet, and other plastics. The demand for PVC is closely tied to global GDP growth, particularly in the construction and building industries.

In 2021, once the recovery from COVID-19 pandemic began, there was a global resurgence in PVCs demand which continued into the first half of 2022. However, the year 2022 faced several energy and geopolitical challenges which led to a slowdown in economic activity and paving way towards a technical recession. With high energy prices, high interest rates and a turbulent geopolitical climate in Europe, consumer demand started to decline. Additionally, China faced economic headwinds due to a declining real estate market and high unemployment rate, which further weighed on consumer confidence.

These global economic challenges contracted world PVC demand, as it reached its lowest point in 40 years at 0.4% (excluding demand contraction years). Southeast Asia recorded the strongest demand growth of 5% due to a growing population and the need for infrastructure. Conversely, the Commonwealth of Independent States and the Baltic States witnessed the largest demand contraction of around 12% due to the ongoing geopolitical crisis. This was further exasperated by supply chain disruptions and increased inflation; a region which was already facing multiple challenges post the pandemic.





## north america

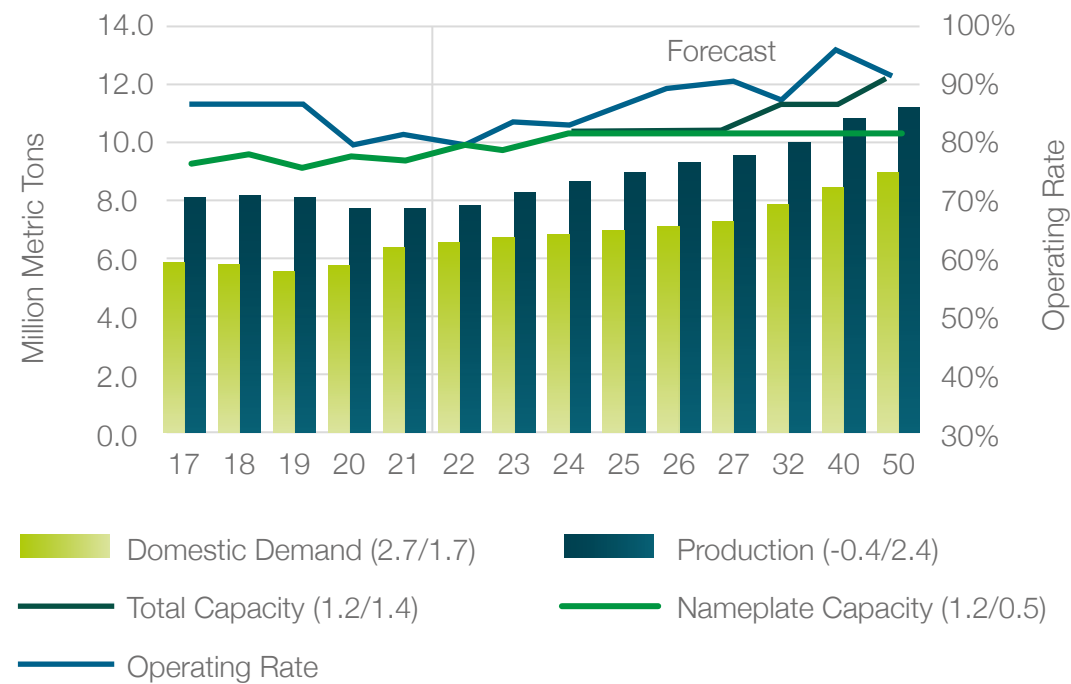
The North American PVC market has reached a new decade-high demand at 6.5 million metric tons. The unexpected recovery of the demand post-COVID-19 can be attributed to a combination of factors such as changing consumer behaviors, government stimuli, and a flourishing housing market. PVC, with its durability and resistance to corrosion and microbial growth, is the preferred material in the construction industry. This, along with the rising popularity of flooring, siding, fencing and decking, has fueled the demand growth.

The United States accounted for 83% of the total North American PVC demand and remains the largest construction market, representing 80% of the regional spending. The advantage of a low-cost feedstock (Ethylene) due to the shale gas boom in North America has benefited the PVC producers. Low interest rates, increased government spending, logistical challenges arising from the pandemic, and changing consumer preferences have all contributed to the growth of domestic demand.

The North American region, which accounts for 16.2% of the world's PVC capacity, has a total production capacity of 9.8 million metric tons per year, with the US accounting for 89% of this production capacity. Major capacity expansions have been announced by companies such as Westlake Corporation and Orbia, which will increase production by 272,000 tons and 1 million tons, respectively. Other projects, such as the 136,000 metric tons of annual PVC capacity expansion by Formosa Plastics, are expected to come online in 2023.

As a mature market, North America is expected to experience steady growth in domestic demand over the next decade, at a rate of 1.7% per year. The total regional demand, including exports, is expected to grow at a faster pace of 2.1% per year, as PVC exports are projected to increase.

North America: PVC Supply & Demand



## china

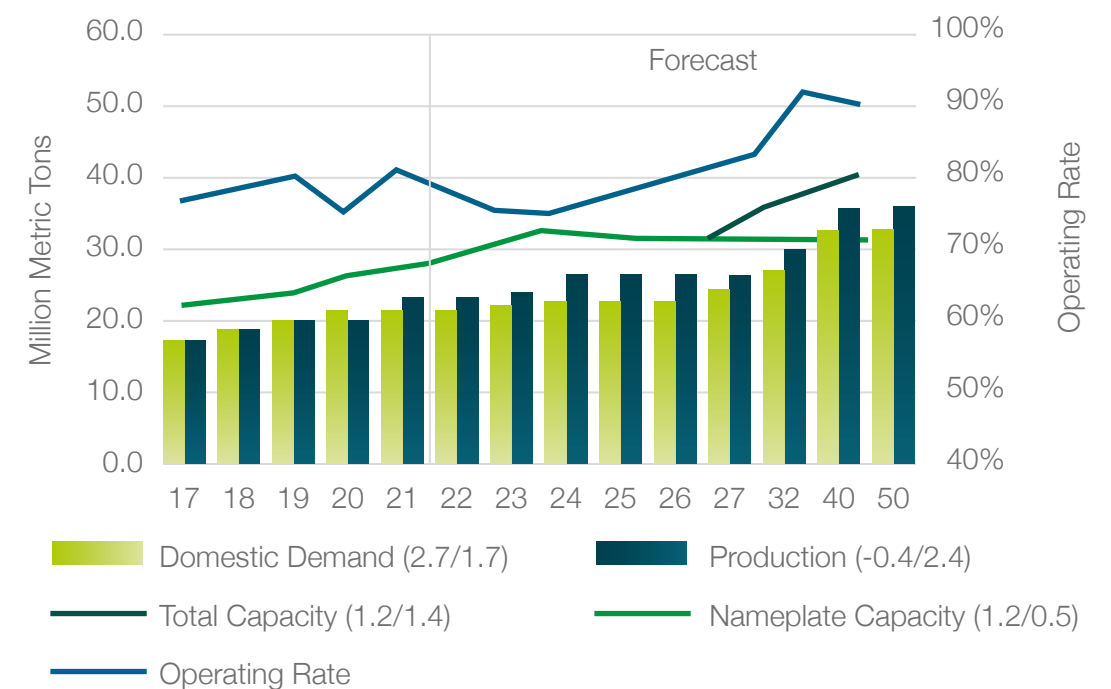
The Chinese economy experienced a broad slowdown in 2022, with industrial output growth slowing due to disruptions in the supply chain and production restrictions which were aimed at reducing carbon emissions (per government's CO2 reduction targets). Additionally, housing markets declined due to home purchase controls and tightened mortgage policies, which, along with the strict COVID-19 policy, became a significant challenge for the economy. To stabilize the property market, local governments are collaborating with central governments, although the outcome of this cooperation remains uncertain.

China is the world's largest PVC market, accounting for 44% of global demand in 2022. It is forecasted that domestic PVC demand will grow from 21.4 million tons in 2022 to 28 million tons by 2032. Although demand growth is expected to slow from 3% between 2022 and 2027 to 2.5% between 2027 and 2032, China's growing demand will absorb the new capacity and is expected to remain the world's leading PVC growth market for the foreseeable future.

Mainland China has a PVC capacity of 28.5 million metric tons per year in 2022, which represents 47% of the global production capacity. This contribution is anticipated to reach 49% by 2024 with the addition of new capacities. In 2022, China added approximately 1.1 million metric tons per year of PVC capacity and 1.2 million tons per year of VCM capacity.

By 2032, China is projected to increase its PVC capacity by 6.5 million tons per year and reach a domestic PVC demand of 28 million metric tons per year. As the economy matures, per capita PVC consumption is expected to slow down from 3.1% over the past five years to approximately 2.6% between 2022 and 2032. China is expected to account for 48% of the world's new PVC capacity between 2022 and 2027. Its GDP is projected to grow at a rate of 5.1% between 2022 and 2027, and 4.4% between 2027 and 2032.

China (mainland): PVC Supply & Demand



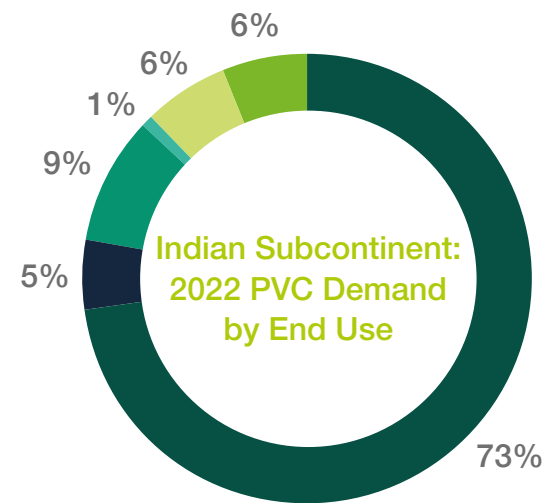
**south asia**

The Indian subcontinent is a rapidly growing PVC market with a large potential for growth compared to developed countries. PVC consumption per capita is 2.1 kg per person, lower than the global average of 6.1 kg, presenting a significant opportunity for growth.

India accounts for the majority of PVC demand in the region, with a per capita consumption rate of 2.3 kg and a total demand of 85%. Despite the country's recovery from the COVID-19 pandemic, unemployment rates and income levels have not yet returned to pre-pandemic levels. Supply chain disruptions and geopolitical disturbances in global food supplies also impacted India's GDP growth rate in 2022.

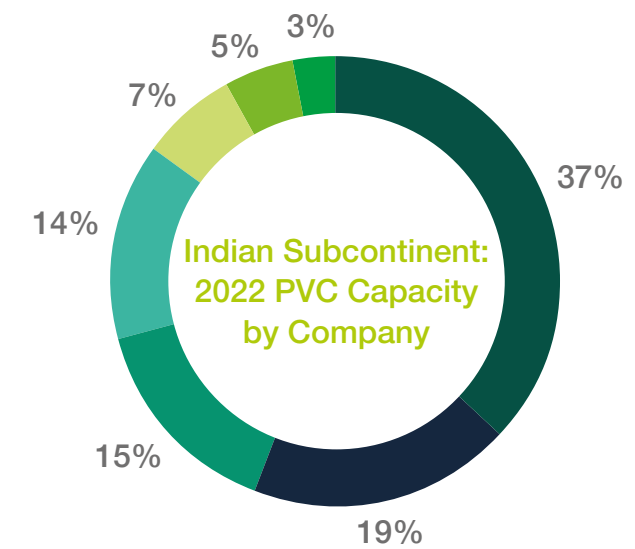
India currently dominates the PVC production in the subcontinent, accounting for 81% of the total capacity. Five major producers operate in India, while Meghna Group in Bangladesh and Engro Polymer & Chemicals Limited in Pakistan are the only other producers in the region.

Over the next decade, strong PVC demand is expected to drive new capacity additions. By 2032, 2.5 million tons per annum of new PVC capacities are anticipated with domestic demand expected to reach 6.4 million tons. This demand growth, driven by rising per capita income, increasing urbanization, and government initiatives to boost domestic manufacturing, is expected to have a CAGR of 5.4% between 2022 and 2032. The regional economy is forecasted to expand by 5.8% between 2022 and 2023.



- Pipe & Fittings
- Profiles & Tubes
- Film & Sheets
- Bottles
- Wire & Cable
- All Others

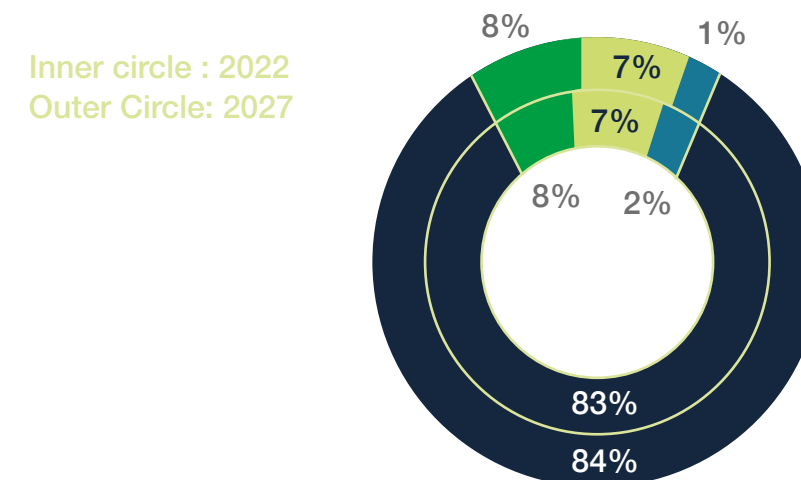
2022 Domestic Demand = 3.8 Million Metric Tons



- Reliance Industries Limited
- Chemplast Sanmar Ltd
- Engro Polymer & Chemicals Limited
- Finolex Industries Ltd
- DCW Ltd
- Meghna Group
- DCM Shriram Ltd
- others

Capacity = 2.0 Million Metric Tons

**Indian Subcontinent: PVC Demand by Geography**



- India
- Bangladesh
- Pakistan
- Other India Subcontinent

2022 Domestic Demand = 3.8 Million Metric Tons  
2027 Domestic Demand = 5.0 Million Metric Tons

## pakistan

In 2022, the domestic PVC market in Pakistan experienced volatility due to decreasing international prices, geopolitical turbulence and devastating monsoon floods. Adding to these challenges, the high headline inflation and depleting foreign reserves negatively impacted economic sentiment, particularly in the latter half of the year. However, EPCL was able to sustain its market share by ensuring product availability at competitive prices and implementing various incentives to boost market confidence. As a result, the Company's sales increased by 11% YoY.

The PVC industry in Pakistan is gradually diversifying, and the range of finished products is expanding to include PVC flooring, garden furniture, roofing, wall panels and ceilings. The outlook for demand growth in the region is positive, driven by increasing per capita consumption, construction activities, and the introduction of new applications.

It is estimated that PVC demand in Pakistan will grow by 4.5% between 2022 and 2032. As the PVC market continues to evolve and mature, it provides opportunities for further diversification and growth. The Company is poised to take advantage of these opportunities, and contribute to the continued development and growth of the PVC industry in Pakistan. We are optimistic that the country's per capita PVC consumption will increase and eventually converge with international levels in the coming year.

### market development activities

The Market Development Team has taken a proactive step towards transforming the perception of PVC and positioning it as the "Material of Choice". In the first quarter of 2022, the team revised its strategy with a primary emphasis on public projects. The focus was shifted towards promoting awareness of high-quality PVC downstream products and maximizing efficiency through capacity improvements. The team is also actively supporting the diversification of PVC into new downstream applications.

To raise awareness of PVC downstream products, the team actively participated in events and exhibitions, including the Institute of Architects exhibition in 2022, and the first-ever Chemicals Manufacturers Association exhibition in Pakistan. The team also held brainstorming sessions with architects to foster product development and improvement. Furthermore, the team worked with customers to explore opportunities for PVC downstream products, and to build capacity for exporting these products.

The Market Development Team's ongoing collaboration with public and private partners has resulted in the use of multiple PVC downstream products, such as Wood Plastic Composite (WPC) and PVC Roofing by various military construction projects. These efforts have also led to the use of WPC doors in a construction project by one of the largest private construction firm in the country. In alignment with Engro's vision to address the ongoing Balance of Payment challenge, EPCL is collaborating with TDAP to explore global markets for the export of value-added PVC downstream products. Through this collaboration, EPCL has also provided pipes for drip irrigation systems, which were previously imported, thereby contributing to import substitution.

The Technical Services Team made significant contributions to improving customer processes and product quality by launching innovative initiatives such as the Lean Six Sigma (LSS) project as well as

making efforts for building capacity and improving efficiency for its customers. The team also opened up new opportunities for EPCL by successfully enrolling 13 PVC applications in the PSQCA Green Building Committee standards.

In addition to adding value to each business, we also focused on CSR projects that utilized downstream PVC products. For example, EPCL installed a PVC-based public sanitation facility in Lahore in collaboration with the Salman Sufi Foundation and the Municipal Corporation of Lahore (MCL). In another project, EPCL, in collaboration with a private group developed, developed PVC-based tents which were used to provide shelter to affectees in flood-hit areas. Such initiatives highlight the versatility of PVC and how it can be adapted across various projects.

### branded outlet

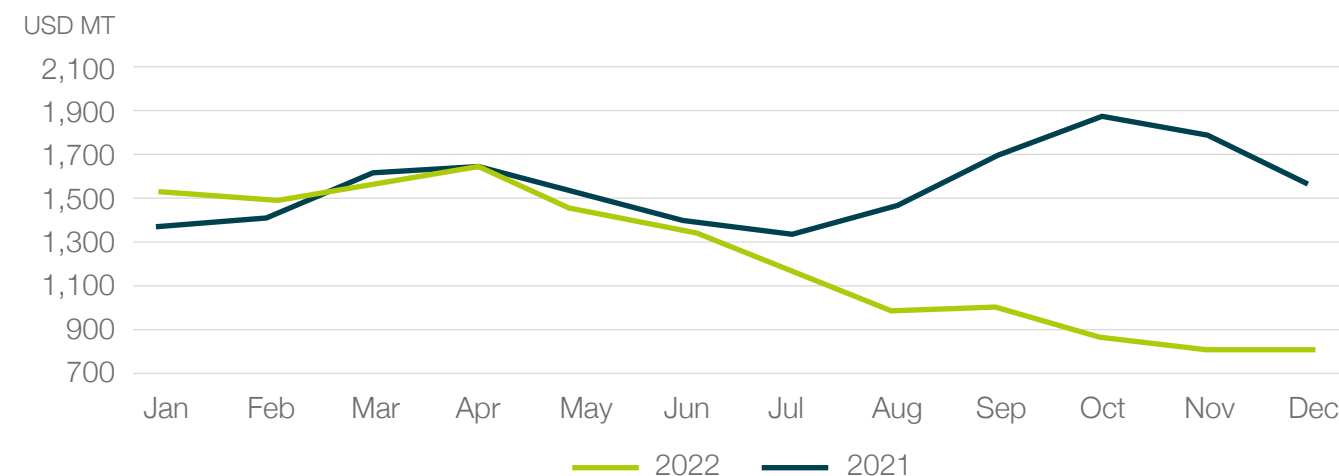
Building on the success of previous years' awareness campaigns, the Company initiated multiple initiatives aimed at architects, carpenters, and end-users in 2022. A comprehensive engagement plan was implemented for architects and builders, as well as active engagement on digital channels. Training workshops were held at the thinkPVC outlet for carpenters, where they were taught how to use PVC-based foam boards and were given an overview of the benefits and applications of PVC.

These endeavors resulted in significant increase in revenue, despite the challenging economic conditions of the country.

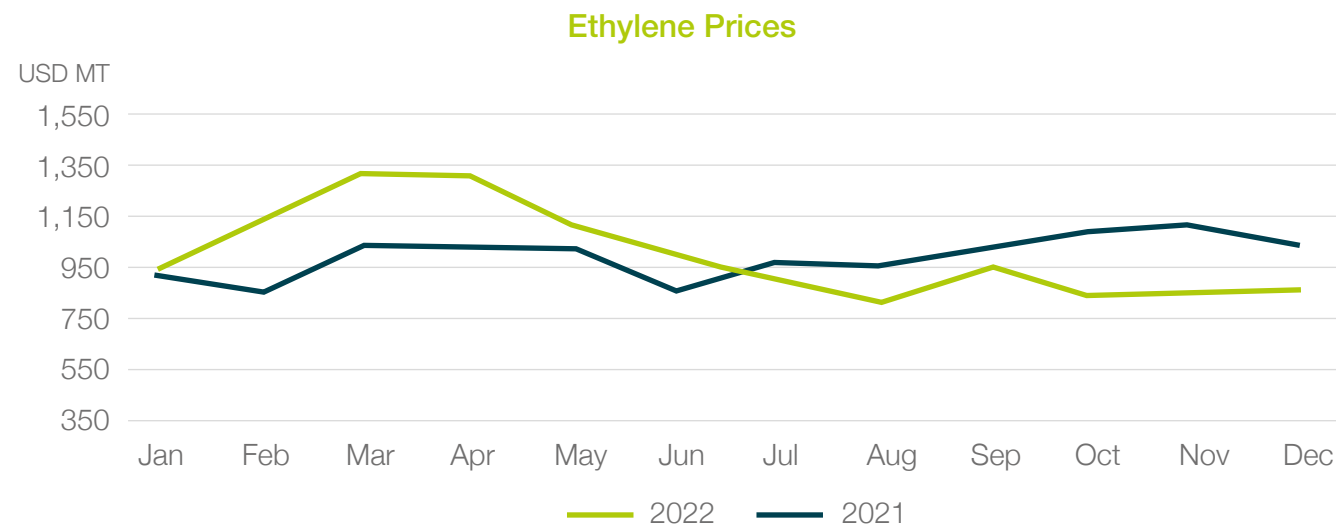
### international vinyl chain prices

Despite being a globally traded commodity, PVC prices vary across regions. In Pakistan, the relevant pricing benchmark is CFR South Asia, which is applicable to India, Pakistan, Bangladesh and Sri Lanka. During Q1 2022, PVC prices remained elevated due to pent-up demand, high energy costs, and shipping prices that carried over from the previous year. However, with increasing global geopolitical tensions, the Russia-Ukraine war, and economic pressures, combined with a slowdown in China and a longer-than-expected monsoon season in India, PVC prices saw a steep decline for the rest of the year. The market rebounded slightly in December as China lifted its COVID-19 lockdowns and India experienced a strong demand recovery, while winter storms in the US impacted production capacity.

PVC International Prices (South Asia)



Ethylene, the primary raw material for PVC, is also used in the production of other polymers, including Polyethylene. During the outgoing year, ethylene prices remained high due to elevated oil and energy costs in the first half of 2022. However, in the second half of the year, prices declined due to weakened demand.



### chlor-alkali market

Chlor-Alkali, primarily used in the manufacturing of Alumina, is in high demand due to its use in the construction and aviation industries. The demand for Chlor-Alkali is a function of economic activity and it was the center of attention during the second half of 2022 due to the European energy crisis. This resulted in increased energy costs, leading to production cuts in Europe and an arbitrage opportunity for Asian and Middle Eastern suppliers.

On Pakistan's local front, Caustic Soda is a key input for the textile export sector, and its demand is linked to the performance of the industry. The market was robust in the first half of 2022, driven by increased textile exports and post-pandemic recovery. However, unfavorable macroeconomic and geopolitical developments, along with gas availability issues, impacted the industry in the latter half of the year. Meanwhile, local caustic soda prices rose in response to increased energy prices.

The Company's Chlor-Alkali portfolio includes Sodium Hypochlorite and Hydrochloric Acid. Sodium Hypochlorite is mainly used by the textile industry as a bleaching agent, and has other applications in disinfection and water treatment. Hydrochloric Acid, on the other hand, is utilized in the steel galvanizing industry, waste-water treatment, power plants, and the gelatin segment, amongst others. The Company believes that there is growth potential in the downstream applications of these chemicals, particularly in the water purification segment for Sodium Hypochlorite and in the power sector for Hydrochloric Acid.

### outlook

The Chlor-Alkali industry in the local market is primarily influenced by energy costs. The domestic demand outlook is positive, determined by factors such as the recovery in the Large-Scale Manufacturing Sector and the government's increased focus on textile exports. However, a consistent and reliable supply of gas remains a significant challenge for the Chlor-Alkali industry.

### operational efficiencies

At EPCL, resource conservation and operational efficiency are high focus areas in order to maximize value for stakeholders and contribute positively to the sustainability agenda. During 2022, the Company successfully completed the Oxy Vent Recycle (OVR) project and continued its efforts towards completing the High Temperature Direct Chlorination (HTDC) project. The HTDC project aims to bring energy efficiencies and reduce Carbon Dioxide emissions. In addition, the Company engaged in various key digitization initiatives that will help optimize processes and improve plant performance.

### financial overview & management

#### sales review

In 2022, EPCL's revenue increased by 17% compared to 2021, on the back of increased sales volumes of PVC and Caustic. The increase in volumes was partially offset by lower PVC prices, which decreased in 2022 due to adverse global macroeconomic and geopolitical developments.

Domestic Sales (kT)	2022	2021	YoY
PVC	231	208	11%
Caustic Soda	54	68	-20%
Caustic Flakes	7	7	-3%

### profitability

EPCL demonstrated a positive financial performance, reporting a bottom line of PKR 11,689 million, due to the record-breaking PVC sales volumes, impressive export performance, and successful cost optimization measures.

### one time item

Super tax amounting to PKR 632 million was retrospectively applied on the earnings of 2021..

### dividend

The Board of Directors of EPCL have approved a final cash dividend of PKR 2.50 per ordinary share and PKR 0.50 per preference share.

### contribution to national exchequer

During 2022, the Company made a contribution of over PKR 9,115 million to the government treasury in the form of taxes, including excise duty, custom duty, income tax and sales tax.

### liquidity & cash flows

During the year, EPCL generated a cash flow of PKR 21.7 billion from its operating activities. The Company's strong liquidity position enabled it to pay dividends to shareholders. Any excess short-term cash was prudently managed by investing in debt market instruments, mutual funds and TDRs.

## financing

EPCL has successfully secured PKR 8.75 billion in financing through a syndication process at the end of the year. The terms of the financing include a repayment period of 8 years, with a grace period of 5 years. The loan was acquired with the purpose of repaying the Company's existing Sukuk obligations, which were benchmarked at a higher spread rate, leading to significant cost savings in finance costs.

The Company has also entered into a financing agreement with several banks for a sum of PKR 6,000 million. The loan repayment period is 8 years, with a grace period of 3 years. The purpose of this financing is to meet capital expenditure requirements.

## credit rating

In 2022, Pakistan Credit Rating Agency Limited (PACRA) increased the Company's long-term credit rating to AA while sustaining the short-term rating at A1+. The credit rating agency evaluated the Company's rating as "Stable," highlighting its good creditworthiness. The agency based the ratings on the Company's ability to enhance its business, financial profile, and maintain stable operations.

## capital structure

The assets of the Company were financed by debt and equity in the ratio of 48:52 in 2022, as compared to 54:46 in 2021. During the year, EPCL's capital structure saw a shift towards equity as loan repayments exceeded the amount of new loans obtained, leading to a reduction in EPCL's leverage.

## risk management framework & methodology

The Company established its Lean Enterprise Risk Management (ERM) framework in 2011, with the belief that risk management is essential for creating, protecting, and enhancing shareholder value by managing uncertainties and risks that may impact the achievement of corporate goals and objectives.

The Company acknowledges the complexity of the business environment in which it operates, and believes it is necessary to regularly assess the organization's strategy and the level of risk it is willing to accept by clearly defining responsibilities throughout the organization. EPCL emphasizes accountability at all levels, and requires ongoing monitoring, communication, and reporting of changes in the risk environment and the effectiveness of actions taken to manage identified risks.

The process of identifying risks across the organization involves ranking them based on their impact and probability. Once risks are identified, strategies are developed to mitigate their impact, which are regularly monitored by the Management Committee. The Risk Management process is led by the Chief Financial Officer (CFO) and presented to the Board Audit Committee (BAC) on a biannual basis.

## business continuity plan

The Company has put in place a comprehensive Business Continuity Plan (BCP) that outlines the policies and procedures aimed at mitigating the potential impact of any disruptive event. The plan was launched in 2013 and has been regularly updated since 2018 to ensure its continued effectiveness.

The Business Continuity Plan (BCP) is designed to guarantee the seamless operations of crucial business processes in the event of any unexpected disruptions. Its primary objectives are as follows:

- To provide a framework for building resilience and capability for an effective response that safeguards the interests of key stakeholders, safeguards its reputation and brand image, and protects value-creating activities.
- To assess the risks to the Company's operations and understand the impact of those risks, if they were to materialize, while considering business priorities and organizational interdependencies.
- To ensure financial stability by ensuring the business is capable of overcoming any catastrophic event in a cost-effective manner.
- To manage the response in case of any potential disruption in an effective and appropriate manner in order to minimize the impact on business operations.
- To recover business operations to an acceptable level in the shortest possible time, in the event of an incident that results in disruption to critical business operations or support services.
- To regularly test and review the plans supporting Business Continuity, and revise them as needed.

Since 2013, the Business Continuity Plan (BCP) has been successfully implemented and tested annually by the management to ensure seamless and safe continuity of operations. The plan has proven its effectiveness, allowing the Company to smoothly operate even during the COVID-19 pandemic lockdowns in 2020 and the OneSAP migration in 2021.

As part of EPCL's response strategy, the BCP includes minimum operating requirements, team organization, damage assessment, and primary site restoration activities. It ensures preservation of critical data and outlines key elements of disaster recovery. The management regularly evaluates potential threats to its business and infrastructure, and develops strategies to effectively respond to any unforeseen challenges.

## responsible citizenship & csr activities

Corporate Social Responsibility (CSR) approach prioritizes education, healthcare, environmental preservation, water conservation, and community engagement in alignment with its foundational values. The aim is to uphold the Company's reputation as a responsible business leader in the areas of environmental conservation and sustainable development, and to actively support the communities it operates in.

## education

The Company is committed to promoting a safe, healthy, and an enabling environment beyond its own boundaries, with an aim to empower the underprivileged communities through imparting education. The Company has set its goal to transform the villages of Ghaggar Pathak, located in the vicinity of EPCL's manufacturing plant, into model villages.

EPCL operates three primary schools in partnership with "The Citizens Foundation" and one micro-school with "Teach the World Foundation (TTWF)" in the villages of Ghaggar Pathak. The Company has also completed construction of another school in the neighborhood of Magnificience Center on MT Khan Road. These schools serve a population that previously did not have access to quality, free education in the area. The primary schools are part of Engro's long-term plan to develop and improve the socio-economic conditions of the residents by improving literacy rates in the area.

EPCL's efforts to promote education are more than just a corporate responsibility. EPCL views education as a key driver of sustainable economic development and social progress. By providing access to quality education, the Company is investing in the future of the communities it serves, empowering them with the knowledge and skills they need to succeed and thrive. EPCL's commitment to promoting education and empowering communities is a testament to EPCL's values and its belief in the power of education to transform lives and communities.

#### key highlights from 2022 are:

- 580 students were receiving education from these school, of which 28% were girls
- There were no dropouts and the female ratio remained consistent in the TCF school campuses located at Haji Jangi Goth, Hummer and Ibrahim Goth
- Roughly PKR 3.8 million funding per campus was provided during 2022

#### healthcare

EPCL, in partnership with SINA Welfare Trust, has established a healthcare facility in the Ghaggar Pathak area by constructing a hospital at a cost of PKR 15.7 million. The clinic provides various services, including consultation, OPD, ultrasound, vaccination, lab testing and free medication, to the community at no charge. Furthermore, the Company has a Community Engagement Team in place to educate the nearby villages about the availability of free healthcare services at the SINA Clinic, and regularly conducts medical camps to encourage regular check-ups and address health concerns. The medical facility is staffed by three doctors, one family health consultant, and four community health workers.

#### key highlights from 2022 are:

- 31,000+ patients treated
- 2,500+ lab tests conducted
- Children comprise ~43% of the total patients
- ~120 patients treated per day

EPCL addressed a major health concern in the Ghaggar Pathak community: the lack of clean and safe drinking water. The public water supply system was unreliable, scarce, and contaminated with dangerous bacteria such as e-coli and fecal e-coli, posing significant risk to public health. This resulted in the loss of millions of working hours and incurred high healthcare costs. To combat this issue, the Company now operates 5 water filtration plants through its partner "The Water Foundation", which plays a crucial role in preventing the spread of waterborne diseases within the community. The water filtration process also helps efficiently utilize water resources in the locality.

#### key highlights from the facility include:

- Over 7+ million liters of clean drinking water processed and provided in the year 2022
- ~153,000 members of the community benefited from the water filtration plants
- An average of 18,440 liters of clean water provided per day to the communities

#### business ethics & anti-corruption

The Board of Directors of the Company has established a rigorous "Code of Conduct" to govern the ethical standards and behaviors of EPCL in its business dealings. This Code of Conduct is periodically reviewed and updated to reflect EPCL's values and expectations, including a commitment to zero tolerance towards bribery, corruption, and other unethical practices. Employees are regularly informed of EPCL's expectations and are provided with mandatory training on the Code of Conduct.

The Company's commitment to business ethics and anti-corruption is further strengthened through effective audit plans and assurance procedures, which are designed to identify and address any unethical behaviors or concerns. EPCL also provides formal and informal reporting channels, known as "Speak Up," to report any misconduct or non-compliance with the Code of Conduct. All reported incidents are reviewed by Engro Corporation's investigations team and appropriate actions are taken where necessary.

Good corporate governance is of utmost importance to EPCL and the Board places a strong emphasis on transparency and ethical practices in all its dealings with stakeholders, including employees, vendors and customers. This promotes the development of responsible professionals and good corporate citizens, and strengthens EPCL's relationships with its stakeholders.

#### health, safety and environment

The Company has successfully implemented the Risk-Based Approach (RBA) at its EVCM, PVC-1 and PVC-2 units to evaluate major accidental hazards and improve overall process safety management by reviewing process safety inspection, maintenance procedures, operational procedures, and safety critical defeat management processes. RBA dashboard also provides visibility into top vulnerabilities for risk-based decision-making.

EPCL made dedicated efforts to inculcate process safety skills at various levels through workshops and training sessions on the DuPont RBA, CCPS Risk Analysis and Screening Tool, and CCPS Chemical Reactivity. These efforts helped mitigate and prioritize process safety risks at the facility.

One major achievement in 2022 was the implementation of Risk Alive, an AI-based risk prioritization and management approach at the VCM unit. This approach improved the operability and reliability of critical safety barriers, and prioritized risk recommendations for new projects. The solution has helped the site successfully reduce leakages by 44% compared to the preceding year.

The Company also completed several projects to revamp its emergency response planning, including the installation of card scanners and CCTV cameras, development of a toxic release plan, first aid certification, in-house SCBA filling facility, safety shower standardization, and modernization of the Occupational Health and Medical Center.

During the year, EPCL also successfully managed one of its largest turnarounds to date, with a peak manpower of 2,900+ onsite, including the rigging of a new 141-ton Hi-Boil Column. The site managed all operations with zero environmental impact. The Company also put emphasis on environmental management and undertook several measures to improve safe work practices. These measures included:

- Benchmarking and standardization of Standard Operating Procedures
- Skill Assessment Drives for scaffold workers and riggers, which resulted in 40% violation reductions during working at height
- Standardization of PPEs which led towards the elimination of substandard PPEs from site
- Implementation of Group Lockout and Tagout system
- Implementation of Engineering and Administrative Controls
- Initiation of focused group trainings, and rigorous stand down and HAZCOM sessions

In 2022, EPCL revised and successfully implemented key performance indicators after conducting benchmarking with international best practices. Exposure limits for EDC personnel were also revised after a thorough benchmarking study with various countries worldwide. For the first time, a consolidated waste register was developed to track all types of waste generated onsite. The OHIH section launched a cross-functional housekeeping audit program to improve overall site housekeeping. The section also accomplished benchmarking and rollout of OHIH standard operating procedures, revision of safety data sheets in line with the Globally Harmonized System, development of a waste management program, and revival of the Sub HSE OHIH forum.

The Company celebrated World Environment Day to demonstrate its commitment to environmental protection. 280 trees were planted onsite to highlight the importance of the environment and contribute towards carbon offsetting efforts.

### information systems

EPCL has a reputation for staying at the forefront of technology and incorporating innovative solutions in its operations. As the world moves rapidly towards digitization, the Company aims to maintain its leadership role in this area. The Digital Transformation Department is working to digitize and automate every department to increase efficiency, improve process security, boost productivity, minimize human intervention, and move towards a paperless environment where every process and operation is accessible to employees from anywhere and on any device. In line with EPCL's vision, the Digital Transformation Team has successfully deployed several cutting-edge digital solutions in both technical and non-technical areas., including:

#### ➤ EPCL CEO's dashboard:

The Company delivered its first CEO dashboard with a focus on enabling real-time decision making. This dashboard provides management with an overview of key business KPIs to monitor and analyze with data from multiple divisions. Integration with SAP reports and business logic was a challenge, but successfully addressed within a defined timeframe. The dashboard will be the foundation for future reporting and analytics, with new KPIs introduced over time.

#### ➤ online vehicle tracking (OVT):

The OVT project was launched in December 2022 to improve customer satisfaction and provide tracking of dispatches to their location. "OpenPort" was implemented as a digital logistics platform to consolidate tracking data and provide a web and mobile app for customers to view dispatch history and receive product with electronic signature. The project will also provide a KPI dashboard and analytics for logistics to monitor transporter performance. Route and abnormal stoppages monitoring will be added by 1Q 2023.

#### ➤ SAP hydrogen peroxide (HPO):

SAP was extended to HPO in 2Q 2022 to monitor the Hydrogen Peroxide project in a systematic way. Three modules (Project Systems, Investment Management and Materials Management) were launched to manage CAPEX activities. The project was delivered with the collaboration of Expansion, Finance, Supply Chain, and ICT teams. Further modules will be added by 2Q 2023 to manage plant and commercial operations through SAP.

#### ➤ risk alive:

The implementation of Risk Alive, an AI-based risk prioritization and management tool, was one of the most significant achievements of 2022 at the EVCM unit. This tool helped improve operability and reliability of critical safety barriers and prioritize recommendations for new projects (HTDC and HPO). Risk Alive Analytics also helped manage high-risk threats. 100+ safety and environment-critical equipment (SECE) were reviewed, while ensuring 21+ SECE spares and revision of 41 defeat procedures.

### human resources

The Company is dedicated to promoting business excellence and places a strong emphasis on its employees. With the country gradually overcoming the COVID-19 pandemic and its restrictions, EPCL was able to return to its normal work operations.

#### ➤ talent and leadership

The Company is dedicated to its employees' growth and well-being. It prioritizes the quality of its leadership through cross-group movements, development programs, and support for mental and physical wellness. Additionally, EPCL has deepened its talent pipeline by identifying critical positions and implementing targeted succession planning. EPCL recently held its first Talent Review Session in five years to outline career paths and determine successors for key positions. EPCL will track the development of these successors through its 4E Model, which emphasizes Experience, Exposure, Education and Environment.

#### ➤ culture

At Engro, addressing pressing issues of Pakistan and fostering employee leadership competencies are integral to EPCL's work culture. In 2022, the focus was on enhancing the pace and performance of work execution through the evolution of the organizational culture. The Human Resources Department regularly updates the Board of Directors on the progress being made in this area. To further support cultural initiatives, the Board and senior management appoints and promote individuals who align with the organization's values. This year, the focus was on fostering

a culture of inclusivity. The Management Committee Members and the Board of Directors are fully committed to promoting equal opportunity in employment and professional development for all individuals. To achieve this objective, Diversity, Equity, and Inclusion (DEI) have been identified as key drivers of EPCL's vision. The Board of Directors approved the Vision 2025 for DEI as the first step in this journey. Throughout the year, the HR Team worked on several initiatives in promoting DEI objectives within the organization and received recognition for their efforts.

#### ☛ diversity, equity & inclusion recruitment

- ☛ In 2022, the Company achieved its highest-ever ratio of diverse inductions into trainee programs. 37% of GTEs and 50% TAEs inducted during the year were female trainees.
- ☛ The first cohort of differently abled persons successfully completed the first-ever ENableall (internship program) at EPCL. They were placed in the finance and technical departments, where they contributed to the teams.

#### ☛ retention and development

- ☛ The Company introduced its first-ever company accommodation for out-of-town female trainees (GTEs). Located in Bahria Town, the guest house provides a safe and convenient living arrangement for 6 trainees.
- ☛ The Company offered a comprehensive program called "Breaking the Glass Ceiling," which was a twelve-month journey that includes group and personalized coaching sessions, designed to help women develop the skills and confidence which is needed to take on leadership roles. This year, 21 female employees from within the organization participated in the program, and several of them successfully completed the 1 year training program.
- ☛ "Go Vendi" machines were installed at EPCL headquarters and plant sites, providing sanitary products for female employees. In addition to providing resources, awareness sessions for employees and their family members on topics such as breast cancer, PCOS, and menopause were also conducted.
- ☛ The "Diversity Intelligent Leaders Program & Harassment Awareness" was a sensitivity training program that was conducted with participants from 4 subsidiaries within Engro and led by EPCL in collaboration with Engro Corp. The program was divided into two parts: a three-day workshop in which a group of advocates was trained in the "train the trainer" model, followed by the advocates leading sensitivity training sessions for the designated population, to promote inclusivity and diversity across the entire group.

#### ☛ achievements

- ☛ Best Case Study Award from ILO: The International Labour Organization, in association with the Employers Federation of Pakistan, organized a conference titled "The National Women Empowerment Conference". The Company was awarded for being one of the top ten case studies out of the submissions entered for the conference.
- ☛ Gender DEI Toolkit: The Company shared its best practices, which became a part of the Gender DEI Toolkit developed by the Management Advancement Research Centre (MARC) Team at FAST NUCES Islamabad. The toolkit is designed to provide practical ideas that are aligned with global standards, to aid organizations in fortifying and enhancing gender diversity in the workplace.
- ☛ Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Awards: EPCL was recognized for its DEI efforts and focus at the annual GDEIB awards by HR Metrics. The Company won 11 awards this year out of the total of 12 categories, with 8 of these awards being at the Best Practice level. EPCL was named as one of the top 10 companies for the year 2022.

#### ☛ engagement

The Company has also introduced various programs and initiatives to support the well-being and personal growth of its employees. These include health and wellness programs, training and development opportunities, and work-life balance initiatives. EPCL is committed to creating a positive work environment for its employees and values their contributions towards the Company's success. Regular employee engagement surveys and feedback mechanisms help management understand and address the needs and concerns of its employees.

The Human Resources Team works closely with department heads to ensure that employee engagement strategies are aligned with EPCL's overall vision and goals. The Company recognizes the importance of employee engagement in maintaining a motivated and committed workforce and is dedicated to continuously improving its employee engagement mechanisms.

#### key engagement initiatives include:

- ☛ Focusing on improving the delivery of feedback by managers.
- ☛ Implementing programs that support employee well-being and enable employees to bring their full selves to work.
- ☛ Communicating the organization's Diversity and Inclusion commitments, including setting ambitious goals for improving gender diversity.

#### to further increase engagement, EPCL has organized various initiatives such as:

- ☛ Town Hall meetings led by the CEO and Divisional Heads
- ☛ HR-led "Policy Talks"
- ☛ Facilitating regular dialogue and collaboration with the CEO through designated forums
- ☛ Conducting a "Voice of Customer" survey



- Administering an Employee Experience survey
- Implementing action plans to improve engagement results, which were participated in by all employees of M1 equivalent or lower.

### capacity and capability development

The Board at EPCL places a high emphasis on ensuring that it has a sufficient talent pipeline, with the required capacities and abilities, for successful execution of its expansion and reliability projects. In line with this goal, the Human Resources Department has refocused its efforts on training plans for Graduate Trainees and Trade Apprentices, identifying the teams for upcoming projects, and ensuring that they are staffed with the appropriate personnel. During the year, multiple training programs were conducted to meet both the functional and behavioral needs of employees. As EPCL moves into 2023, it will develop a comprehensive learning strategy that integrates technical and behavioral skills training.

### stakeholder engagement & relations

The Company is dedicated to engaging with its stakeholders at all levels, and we have used various platforms over the past year to communicate and collaborate with them. This includes quarterly analyst briefings, press releases, plant visits, disclosure to the stock exchange regarding strategic matters, and informal conversations.

To comply with all regulatory requirements, EPCL has maintained close coordination with relevant authorities, including tax agencies, Pakistan Stock Exchange, and the Securities and Exchange Commission of Pakistan. We engage with our vendors and customers through formal and informal media, including meetings and conferences, to provide technical assistance and business development services.

As employees play a vital role in the Company's growth, we regularly evaluate their motivation and compare our findings with industry standards. We then share this information with relevant managers and HR to develop appropriate strategies.

### support required from government

EPCL requests support from the government in the following areas:

- Gas Availability:** The uncertainty over gas availability, especially during the winter season, exposes the Company and the downstream industries to significant operational risks and potential adverse impacts on exports due to feedstock shortages. EPCL requests the government to find a long-term solution to this issue to ensure the continuity of local industry operations.
- GIDC Case:** In 2020, the Supreme Court issued an order in the GIDC (The Gas Infrastructure Development Cess Act) matter, as a result of which the Company is liable to make GIDC payments in 48 monthly installments. A review petition in this regard has been dismissed. EPCL did not pass on the impact of GIDC to customers as PVC pricing is benchmarked against international prices, while Caustic prices are determined through demand-supply dynamics.

Currently, a stay order obtained from the Sindh High Court remains in place. The Company requests the government to intervene in this matter and hold effective negotiations with all stakeholders for a mutually beneficial resolution.

- Dumping of PVC:** Despite the imposition of final anti-dumping duties on PVC from China, Chinese Taipei, South Korea and Thailand, Pakistan continues to experience PVC dumping. The Sunset Review of Anti-Dumping Duties on PVC imports from the above countries has been initiated by the government. EPCL requests the government to continue the Anti-Dumping Duties on imports of PVC Resin from China, Chinese Taipei, Thailand and South Korea through the Sunset Review to sustain recent and previous investments in the PVC business, and to serve the nation through import substitution and exports.
- Duty on PVC Imports:** Maintaining the current level of import duty on PVC is crucial for the domestic PVC industry. In 2021, the Company invested approximately USD 150 million to increase PVC production capacity to 295,000 tons, which is more than domestic market demand. The Company believes any tariff rationalization will seriously impact its investment and its aim to reach a world-scale size to be globally competitive. Import substitution saves valuable foreign exchange for the country as well.

### future outlook

EPCL continues to work towards executing its previously announced projects and seeking new projects and markets despite the country's economic challenges. EPCL's vision is to become a leading player in polymers and allied chemicals with an international presence. The following are updates on the Company's projects:

- Oxygen-based VCM Production:** EPCL has focused on operational efficiency and approved a project to shift its VCM production from air-based to oxygen-based, optimizing raw material consumption. The project was successfully commissioned in April 2022.
- Hydrogen Peroxide:** The Company generates hydrogen as a by-product of its Caustic manufacturing process, which is currently used as fuel in its power plant. The project aims to divert hydrogen to the production of hydrogen peroxide, which is mainly used as a bleaching agent in the textile industry and is expected to come online in 2023.
- High Temperature Direct Chlorination:** The Company is focused on energy efficiency and aims to reduce its carbon footprint with the HTDC project. This project is expected to come online in 2023.
- Digitization of EDC/VCM Plants:** The Company's long-term vision includes digitization and automation to increase efficiency and minimize quality variation. This project is expected to come online in 2024.

The completion of these projects will remain the focus of the Company, enabling it to continue its strong performance.

The shareholding in EPCL as of December 31, 2022 is as follows:

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
01	Directors, Chief Executive Officer, their spouses, and minor children	9	14,207	0.00%
02	Associated Companies, Undertakings, and related Parties	4	611,827,975	67.31%
03	Banks, Development Financial Institutions, and Non-Banking Financial Institutions	8	2,085,607	0.23%
04	Insurance Companies	5	4,567,026	0.50%
05	Modarabas and Mutual Funds	35	8,163,156	0.90%
06	Shareholders holding 5%	3	701,019,017	77.13%
07	General Public:			
08	a. Local	36,009	252,721,438	27.8%
09	b. Foreigner	-	-	-
10	Others	205	29,543,924	3.25%
<b>Total (excluding shareholders holding 10%)</b>		<b>36,275</b>	<b>908,923,333</b>	<b>100%</b>

Information of Shareholding required under the reporting framework is as follows:

1. Associated Companies, Undertaking and Related Parties

Shareholders Category	No. of Shares Held
Engro Corporation Limited	510,733,451
Mitsubishi Corporation	100,053,563
EPCL Employees' Trust	1,040,840
Engro Corporation Limited Provident Fund	121
<b>Total</b>	<b>611,827,975</b>

2. Modarabas and Mutual Funds

Name	Holding
NBP Stock Fund	1,941,390
KSE Meezan Index Fund	1,178,555
NBP Islamic Stock Fund	1,012,067
Atlas Stock Market Fund	852,647
NBP Islamic Sarmaya Izafa Fund	568,577
Faysal Mts Fund – MT	438,100
Atlas Islamic Stock Fund	381,500
NBP Financial Sector Income Fund – MT	315,500
Lakson Equity Fund	206,590
NBP Balanced Fund	153,623
NBP Sarmaya Izafa Fund	144,102
Al Habib Islamic Stock Fund	105,000
Faysal Islamic Dedicated Equity Fund	100,000
Pak-Qatar Islamic Stock Fund	93,625
HBL Financial Sector Income Fund Plan I – MT	91,500
AKD Index Tracker Fund	86,197
NBP Savings Fund – Mt	84,400
Al Habib Stock Fund	50,000
Atlas Islamic Dedicated Stock Fund	49,500
Nit Income Fund – Mt	49,000
Meezan Pakistan Exchange Traded Fund	47,472
APF-Equity Sub Fund	40,000
NBP Pakistan Growth Exchange Traded Fund	38,360
Atlas Income Fund – Mt	22,300
APIF - Equity Sub Fund	20,500
AWT Islamic Stock Fund	15,500
Pak Oman Advantage Asset Allocation Fund	15,000
Pak Oman Islamic Asset Allocation Fund	15,000
HBL Income Fund – MT	13,500
B.R.R. Guardian Modaraba	10,045
AWT Stock Fund	10,000
Trust Modaraba	8,500
NBP Mahana Amdani Fund – MT	5,000
ABL Islamic Stock Fund	75
ABL Stock Fund	31
<b>Total</b>	<b>8,163,156</b>

3. Directors, their spouses, and minor children

Shareholders' Category	No. of Shares Held
Mr. Ghias Uddin Khan	1
Mr. Eram Hasan	1
Mr. Nadir Salar Qureshi	1
Mr. Hideki Adachi	1
Mr. Rizwan Masood Raja	1
Ms. Ayesha Aziz	501
Mr. Feroz Rizvi	1
Mr. Nazoor Ali Baig	1
Mrs. Kulsum Ashfaq w/o Mr. Eram Hasan	13,699
<b>TOTAL</b>	<b>14,207</b>

4. Others

Shareholders' Category	No. of Shares Held
Others	29,543,924

5. Banks, Development Finance Institutions, Non-Banking Finance Companies, and Insurance Companies

Shareholders' Category	No. of Shares Held
Banks, Development Financial Institutions, Non-Banking Finance Companies, and Insurance Companies	6,652,633

6. Shareholders Category - Local

Shareholders' Category	No. of Shares Held
General Public (Local)	252,721,438

7. Shareholding five percent or more voting interest in EPCL

Shareholders' Category	No. of Shares	Percentage of Holding
Engro Corporation Limited	510,733,451	56.19
Mitsubishi Corporation	100,053,563	11.01
Nadeem Nisar	90,232,003	9.93

8. Details of purchase/sale of shares by Directors, Executives, and their spouses/minor children:  
Nil

9. Pattern of Shareholding – As of December 31, 2022

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
1,913	1	100	87,517
19,242	101	500	8,776,691
6,674	501	1,000	5,074,858
5,088	1,001	5,000	12,996,070
1,349	5,001	10,000	10,256,194
524	10,001	15,000	6,720,562
328	15,001	20,000	5,950,275
244	20,001	25,000	5,598,514
133	25,001	30,000	3,744,076
99	30,001	35,000	3,282,055
58	35,001	40,000	2,251,103
39	40,001	45,000	1,679,667
85	45,001	50,000	4,155,770
49	50,001	55,000	2,596,712
31	55,001	60,000	1,806,332
26	60,001	65,000	1,642,317
25	65,001	70,000	1,724,604
21	70,001	75,000	1,537,841
17	75,001	80,000	1,332,464
12	80,001	85,000	999,440
14	85,001	90,000	1,229,242
10	90,001	95,000	933,483
37	95,001	100,000	3,688,210
14	100,001	105,000	1,446,037
9	105,001	110,000	977,449
9	110,001	115,000	1,010,657
12	115,001	120,000	1,417,382
10	120,001	125,000	1,236,737
3	125,001	130,000	387,899
4	130,001	135,000	538,336
3	135,001	140,000	414,995

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
3	140,001	145,000	431,000
9	145,001	150,000	1,341,657
7	150,001	155,000	1,072,127
3	155,001	160,000	475,683
4	160,001	165,000	647,829
3	165,001	170,000	503,500
6	170,001	175,000	1,037,978
1	175,001	180,000	180,000
4	180,001	185,000	734,707
5	185,001	190,000	943,142
2	190,001	195,000	388,000
10	195,001	200,000	1,996,049
4	200,001	205,000	804,512
3	205,001	210,000	624,640
1	215,001	220,000	219,627
2	220,001	225,000	450,000
3	225,001	230,000	685,046
4	230,001	235,000	933,167
1	235,001	240,000	237,354
4	245,001	250,000	1,000,000
4	250,001	255,000	1,005,696
2	255,001	260,000	517,978
4	270,001	275,000	1,093,482
1	275,001	280,000	275,500
1	280,001	285,000	283,951
3	285,001	290,000	864,298
1	290,001	295,000	292,000
4	295,001	300,000	1,200,000
1	305,001	310,000	305,300
1	310,001	315,000	314,481
1	315,001	320,000	315,500
2	320,001	325,000	649,324
2	325,001	330,000	659,000
1	330,001	335,000	330,500
3	335,001	340,000	1,007,511
2	340,001	345,000	686,000
2	345,001	350,000	700,000
1	350,001	355,000	355,000
1	355,001	360,000	360,000
2	365,001	370,000	736,849
2	380,001	385,000	766,500
3	395,001	400,000	1,197,999
1	410,001	415,000	410,986
1	425,001	430,000	425,493
1	435,001	440,000	438,100

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
2	440,001	445,000	886,098
2	445,001	450,000	897,920
3	455,001	460,000	1,374,138
1	465,001	470,000	465,500
5	495,001	500,000	2,500,000
2	530,001	535,000	1,062,173
3	565,001	570,000	1,673,801
3	595,001	600,000	1,800,000
1	605,001	610,000	606,080
1	635,001	640,000	638,794
1	665,001	670,000	666,849
2	680,001	685,000	1,369,956
2	700,001	705,000	1,408,000
1	720,001	725,000	725,000
1	730,001	735,000	732,041
1	795,001	800,000	800,000
1	810,001	815,000	813,110
1	845,001	850,000	846,905
1	850,001	855,000	852,647
1	895,001	900,000	900,000
1	910,001	915,000	914,462
2	945,001	950,000	1,899,900
1	980,001	985,000	984,584
4	995,001	1,000,000	4,000,000
1	1,010,001	1,015,000	1,012,067
1	1,040,001	1,045,000	1,040,840
1	1,075,001	1,080,000	1,079,000
1	1,175,001	1,180,000	1,178,555
1	1,365,001	1,370,000	1,369,956
1	1,375,001	1,380,000	1,379,078
1	1,410,001	1,415,000	1,414,290
1	1,415,001	1,420,000	1,417,000
2	1,445,001	1,450,000	2,896,973
1	1,940,001	1,945,000	1,941,390
1	2,010,001	2,015,000	2,013,500
1	2,195,001	2,200,000	2,199,400
1	2,345,001	2,350,000	2,350,000
1	2,925,001	2,930,000	2,927,096
1	3,225,001	3,230,000	3,227,699
1	3,375,001	3,380,000	3,378,195
1	4,295,001	4,300,000	4,300,000
1	4,460,001	4,465,000	4,463,582
1	6,055,001	6,060,000	6,056,437
1	8,050,001	8,055,000	8,050,345
1	90,230,001	90,235,000	90,232,003

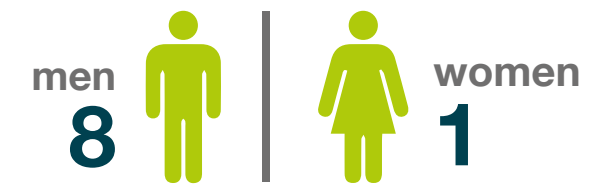
No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
1	100,050,001	100,055,000	100,053,563
1	510,730,001	510,735,000	510,733,451
			908,923,333

## board meetings and attendance

In 2022, the Board of Directors held 6 meetings to cover the complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meeting Attended
Ghias Uddin Khan	6
Eram Hasan	6
Nadir Salar Qureshi	5
Rizwan Masood Raja	6
Ayesha Aziz	6
Feroz Rizvi	6
Nazoor Ali Baig	6
Jahangir Piracha	6
Hideki Adachi	6

### board composition



Categories	Names
Non-Executive Director	Mr. Ghias Khan
	Mr. Nadir Salar Qureshi
	Mr. Rizwan Masood Raja
	Mr. Hideki Adachi
Executive Director – CEO	Mr. Eram Hasan
Independent Director	Mr. Jahangir Piracha
	Mr. Feroz Rizvi
Independent Director – Female	Mr. Nazoor Ali Baig
	Ms. Ayesha Aziz

Board Audit Committee	
Mr. Feroz Rizvi	Chairperson
Mr. Eram Hasan	Member
Mr. Hideki Adachi	Member
Mr. Nazoor Ali Baig	Member

Board People Committee	
Ms. Ayesha Aziz	Chairperson
Mr. Nadir Salar Qureshi	Member
Mr. Rizwan Masood Raja	Member
Mr. Feroz Rizvi	Member

### compensation of directors

EPCL has a formal policy and transparent procedures for the remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The policy also provides travel and daily allowance entitlements for Non-Executive Directors for business-related travel.

The remuneration, including the director fee for attending the Board or Board Committee Meeting, paid to the Directors and Chief Executive Officer is disclosed on Page No. 243 (Note 38 to the unconsolidated financial statements.)

### major judgment areas

The details regarding income taxes, provisions, contingencies and commitments, deferred tax assets, and other significant areas that involve subjective judgments and have a material impact on the financial statements can be found in the notes to the accounts.

### accounting standards

The financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### provident fund

In the year 2013, the Company transitioned from its prior provident fund arrangement to a new provident fund administered and managed by Engro Corporation Limited, the parent company. The financial information pertaining to this fund is based on the most recent audited financial statements of the fund as of June 30, 2022 and unaudited financial statements as of December 31, 2022, which are maintained by Engro Corporation Limited.

Details of the fund are as follows:

(in PKR)	31 - Dec - 22	30 - Jun - 22
Total Assets	5,034,330,074	4,930,044,431
Cost of Investments	4,548,676,387	4,476,484,954
Percentage of Investment made	90.35%	90.80%
Fair Value of Investments	3,585,523,159	3,038,428,466

### boards policy on gender diversity

The Board fosters gender diversity at all levels within the organization. In relation to this, Ms. Ayesha Aziz was appointed as an Independent Director on the Company's Board in 2020.

### compliance with code of corporate governance

The Board of Directors reviews all significant matters of the Company. These include, but are not limited to, Company's strategic direction, annual business plans and targets, decision on long-term investment and borrowings. The Board of Directors is committed to maintaining high standards of Corporate Governance.

### the board of directors is pleased to report that:

- The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows, and changes in equity
- Proper books of accounts have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts on the ability of the Company to continue as a going concern
- There have been no departures from the best practices of corporate governance, as detailed in the listing regulations

### board's assessment of the principal risks

The Board has reviewed the risks facing the Company, including, but not limited to, those that would threaten the business model, future performance, solvency or liquidity.

### training program for directors

The Directors Training Program has been completed by Mr. Ghias Khan, Mr. Feroz Rizvi, Mr. Nadir Salar Qureshi, Mr. Eram Hasan, Ms. Ayesha Aziz, Mr. Jahangir Piracha and Mr. Rizwan Masood Raja during the preceding years from recognized institutions of Pakistan, approved by the SECP.

### director orientation

EPCL's Board of Directors comprises individuals from diverse professional backgrounds who bring a wealth of experience to EPCL. Upon the appointment of a new director, they receive an orientation to the market forces that affect the Company, its operations, and its long-term strategy. Additionally, they are made aware of their fiduciary responsibilities to all stakeholders.

### security clearance of foreign director

EPCL follows the SECP guidelines for appointment of any foreign director and subject to issuance of security clearance from the Ministry of Interior, foreign directors are appointed.

### implementing governance practices exceeding legal requirements

Being a responsible corporate citizen, the Company has always conducted itself in a responsible and clear manner. To foster transparency, EPCL:

- Benchmarks reporting requirements against ICAP/ICMAP and SAFA prescribed guidelines
- Adopted a stringent insider trading policy, which goes beyond the legal requirement
- Holds quarterly analyst briefings and regularly interacts with all stakeholders
- Implemented Health, Safety and Environment Policy as a testimony of its commitment to protect its people, community and environment
- Undertook several health and education projects for improving the livelihood of surrounding communities
- Imposed obligation on employees of group companies to follow the close period requirements
- Ensured that privately-owned subsidiaries of the Company comply with benchmark governance practices

### board and management decision matrix

The Board of Directors of EPCL is responsible for establishing EPCL's strategic direction and monitoring its implementation and progress. The management team, on the other hand, is tasked with ensuring the successful execution of the strategies approved by the Board. The Board has delegated the authority to the management to make necessary decisions for the efficient management and operation of the Company and the implementation of its strategies.

### shares traded and average prices

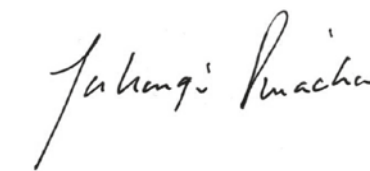
During the year, 534 million shares of the Company were traded on Pakistan Stock Exchange. The average price of EPCL's share based on daily closing rates was PKR 64.12. The 52-week low high during 2022 was PKR 39.75 – 93.48 per share, respectively.

### dividends

The Board of Directors declared final cash dividend of PKR 2.50 per ordinary share and PKR 0.50 per preference share and is to be approved by the shareholders in Annual General Meeting.

### auditors

The current auditors, M/s A. F. Ferguson & Co., are retiring and have offered to stand for reappointment. The Board Audit Committee has made a recommendation for their reappointment, which has been endorsed by the Board of Directors.



Jahangir Piracha  
Chief Executive Officer



Feroz Rizvi  
Director

## statement of best practices

- Overall, work towards creating an environment which promotes the realization of our Vision and Values, by focusing on behavioral modification and systematic changes
- Challenge the status quo by experimenting and taking reasonable and calculated risks
- Think EPCL, by placing Company interest above individual, sectional, and departmental interests
- Collectively develop clear, concise, and realistic goals, while simultaneously aligning on the process of achieving these before implementation
- Balance task, team, and individual needs, by taking the helicopter view
- Work through teams, by valuing all ideas and effectively including people through consensus building and active involvement
- Remind each other on the importance of using participatory processes, just as much as emphasizing attention on safety, quality, and continuous improvement
- Recognize individual needs and help fulfill them
- Trust each other by delegating authority and decision making to the lowest possible level
- Encourage sharing clear, consistent, and timely feedback for learning and growth
- Give everyone a chance by listening patiently and thinking before speaking
- Recognize team and individual efforts to change by celebrating both lessons and successes



### our code of conduct

The policy of EPCL is one of the strict observances of all laws applicable to its business. Our policy does not stop there. Even where the law is permissive, EPCL chooses the course of the highest integrity. Local customs and traditions differ from place to place, and this must be recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless Company asset.

An overly-ambitious employee might have the mistaken idea that we do not care how results are obtained, as long as they get results. They might think it's best not to tell higher management all that they are doing, not to record all transactions accurately in their books and records, and to deceive the Company's internal and external auditors. They would be wrong on all counts.

We do care about how we get results. We expect compliance with our standards of integrity throughout the organization. We will not tolerate an employee who achieves results at the cost of violation of laws or unscrupulous dealing. By the same token, we support and we expect you to support, an employee who passes up an opportunity or advantage which can only be secured at the sacrifice of principle.

Equally important, we expect candor from managers at all levels and compliance with accounting rules and controls. We don't want employees to misrepresent facts, whether they are misrepresenting in a mistaken effort to protect us or to make themselves look good.

One of the kinds of harm that result when a manager conceals information from higher management and the auditors is that subordinates within his organization think they are being given a signal that Company policies and rules, including accounting and control rules, can be ignored whenever inconvenient.

This can result in corruption and demoralization of an organization. Our system of management will not work without honesty, including honest bookkeeping, honest budget proposals and honest economic evaluation of projects.

It has been and continues to be EPCL's policy that all transactions shall be accurately reflected in its books and records. This, of course, means that falsification of its books and records and any off-the-record bank accounts are strictly prohibited.



### implementing governance practices exceeding legal requirements

Being a responsible corporate citizen, the Company has always conducted itself in a responsible and ethical manner. To foster transparency the Company:

- benchmarks reporting requirements against ICAP / ICMAP and SAFA prescribed guidelines
- has adopted a stringent insider trading policy which goes beyond the legal requirement
- holds quarterly analyst briefings and regularly interacts with all stakeholders
- has implemented a health, safety, and environment policy as a testimony of our commitment to protect our people, community, and environment.
- undertakes several health and education projects for improving the livelihood of surrounding communities
- places an obligation on employees of group companies to follow the close period requirements
- ensures its Privately owned subsidiaries comply with benchmark governance practices



### governance framework

Our Governance Framework is designed to ensure that the Company embodies its core values and principles, institutionalizing excellence in everything that we do. Driven by the highest standards of integrity, transparency, and a zeal to protect stakeholder value, EPCL has ordained its Governance Framework on the industry's best practices. The Board of Directors and the Senior Management place significant emphasis on internal controls, which trickles down to each and every employee in the Company.

Our Corporate Governance is grounded on the basis of proper management policies and the organization conforms to accepted guidelines of the Pakistan Stock Exchange Limited as well as the Securities and Exchange Commission of Pakistan (SECP). The Board of Directors is committed to honest, ethical, knowledgeable, and comprehensive management and to implement good Corporate Governance as a means of accomplishing maximum success and effectiveness for the Company. Corporate Governance is a tool for enhancing and reinforcing our values and sustainable growth. Developing good Corporate Governance is an iterative process and aims to incorporate standards that are universally practiced and appreciated.





## internal environment & internal control framework

The organization is structured in a way that corresponds well to its business plan, and responsibilities are clearly assigned to each department. High-quality personnel are hired and given continuous opportunities to develop knowledge, competencies and represent the Company's commitment to ethical and professional business standards. The organization also encourages employees to participate as well as understand their work, while instilling in them the responsibility of reducing risk. Work is consistently being upgraded, improved and fashioned in such a way that internal controls form an integral part of operations. Operating manuals of key functions have been produced to ensure efficiency of operations and avoid duplication of effort.

### responsibility

The Board is ultimately responsible for EPCL's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure in achieving business objectives and provides reasonable assurance against material misstatements or losses that the Company could possibly face.

The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive Officer.

### framework

An established control framework is maintained by the organization, constituting clear structures, authority limits and accountabilities. All policies and standard operating procedures are properly documented in operating manuals. Both corporate strategy and the Company's business objectives are established by the Board, after which they are integrated by divisional management into business strategies with supporting financial objectives.

### risk assessment

EPCL conducts its operations keeping in view the risks involved and has instituted measures to control risk and ensure that it remains manageable. In this way, damage due to risk is minimized and stability is ensured. Long-term and annual plans are designed ensuring that concrete measures of success can be obtained. Audit operations and insurance measures are also continuously improved with the help of various tools in the effort to reduce risk.

### control activities

The Company has determined several control activities that are in accordance with the nature of business operations and has assigned responsibilities in such a way that mutual supervision is in effect.

### operating paradigm of EPCL board

The Board of the Company sets the strategic direction for the Company and monitors its implementation plans and progress. Meanwhile, the core responsibility of the management is to ensure the implementation of the strategies approved by the Board. The management is empowered by the Board to take the necessary decision to manage the operations of the company.

## evaluation of board, committees, ceo & the chairman

As at December 31, 2022 the Board, that has the collective responsibility for ensuring that the affairs of the Company are managed competently and with integrity, comprises of one Executive Director, three Independent Directors, and five Non-Executive Directors, four of whom are executives in other Engro Group companies. A Non-Executive Director, Mr. Ghias Uddin Khan, Chairs the Board, and the Chief Executive Officer is Mr. Jahangir Piracha. Biographical details of the Directors are given on page 35 of the annual report.

A Board of Directors' meeting calendar is issued annually that schedules the matters reserved for discussion and approval. The Board met 6 times this year and discussed matters relating to inter alia long-term planning and giving consideration to the opportunities and risks of future strategy.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board will be required to make a decision or give its approval.

### evaluation

The Listed Companies (Code of Corporate Governance) Regulations 2019 mandatorily requires evaluation of the Board of Directors as a whole, its Committees, and the contribution of each Director to the strategic direction and steerage of the Company. In this regard, a comprehensive range of self-evaluation surveys were conducted in the Company with respect to the performance of its Board of Directors and Board Committees. Purposive feedback from all Board members was solicited on areas of strategic clarity & beliefs, direction of business plan, and functional adequacy of its role.

Equal emphasis is given to evaluate and assess the individual contribution of each Director during the year by the Chairman of the Board highlighting significant areas of development for them.

The evaluation of the members of the Board and its committees (i.e. Board Audit committee and Board Peoples Committees) is carried out internally on the following premise:

- **Timeliness:** The Board Members receive timely meeting notices, clearly describing the agenda of the meetings, followed by the duly circulation of its minutes.
- **Preparedness:** The Board members are provided with the well-structured financial and non-financial reports on significant matters at least seven days before the meeting.
- **Participation and inclusive:** The Board meetings are conducted in a manner that ensures open communication, meaningful participation, and timely resolution of issues. The Board Members respect the difference between the Board's policy making role and CEO's management role
- **Transparency:** The Board Members determine goals, expectation, and concerns and ensure it due communication to the CEO.

The evaluation of CEO and Chairman is also carried out on above criteria.

The overall performance of the Board, its committees, Chairman and CEO measured based on approved criteria remained satisfactory.

### formal orientation of our board

The Human Resource department chalks out a formal orientation plan, which is followed at the induction of a new Board member. The orientation plan is devised to familiarise the new member with the business. Each Divisional Head of the Company takes them through a presentation pertaining to their own divisions and macro-level policies are discussed.

### training program for directors

The Directors Training program has been completed by Mr. Ghias Khan, Mr. Feroz Rizvi, Mr. Nadir Salar Qureshi, Mr. Eram Hasan, Ms. Ayesha Aziz, Mr. Jahangir Piracha & Mr. Rizwan Masood Raja during the preceding years from recognized institutions of Pakistan, approved by the SECP.

### role of chairman & CEO

#### Responsibilities of the Chairman

Every meeting of the Board is to be headed by a Chairman. The chairman of a board is responsible to lead the board and its proceedings and ensure that it plays an effective role in fulfilling its responsibilities. The chairman is empowered and responsible to:

- Issue letter to directors setting out their role, obligations, powers, and responsibilities in accordance with the Company's Act, 2017, and the Articles of Association, their remuneration, and entitlement.
- Set the agenda of the board meetings and ensure sufficient time is allocated for discussion of the same;
- Ensure that statutory requirements are fulfilled including the issuance, authentication and maintenance of the minutes of meetings of the board of directors; and
- Regulate and monitor the process of voting, including making demand of a poll.

### responsibilities of the chief executive officer (CEO)

The Board of Directors set the role and responsibilities of the company's CEO. The CEO is entrusted with the general management of the company's operations and to do all acts which include:

- Compliance with regulations and best practices
- Ensuring effective functioning of internal control system
- Identifying risks and designing mitigation strategies
- Safeguarding of Company assets
- Development of human capital and good investor relations
- Sustainable growth of shareholder value
- Identification of potential diversification / investment projects
- Implementation of projects approved by the Board
- Preservation and promotion of the Company's image

- Endorse quarterly, half-yearly, and annual financial statements, after external auditors initials in case of half yearly and annual financial statements, prior to placing and circulating for consideration and approval of the Board
- Placement of significant issues for the information, consideration, and decision, as the case may be, to the Board or its committees

### presence of chairman at the annual general meeting

The Company's Annual General Meeting (AGM) was held on March 16<sup>th</sup>, 2022 which was attended by the Chairman of the Board along with the other Board members including CEO and other senior management.

External consultancy for appointment of the Chairman

No external search consultancy has been used in the appointment of the Chairman or a Non-Executive Directors.

### chairman's significant commitments:

Mr. Ghias Khan was appointed as a non-executive Director and Chairman of the Board of EPCL on April 23, 2020. Mr. Ghias is the CEO of Engro Corporation Limited and serves on the board of several companies. The details of his other engagements as Director, Trustee are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

### sponsors, directors & executives shareholding

Information relating to shares held by Sponsor, directors and executives have been disclosed in Directors report on page 89.

### companies where executive directors are serving as non-executive directors

Mr. Jahangir Piracha is the only Executive Director of the Company. The details of his directorships on the Board of other companies are mentioned in his respective profiles in this Report.

### board audit committee

Following Directors served in the Board Audit Committee during the year:

Board Audit Committee	
Mr. Feroz Rizvi	Chairman
Mr. Eram Hasan	Member
Mr. Hideki Adachi	Member
Mr. Nazoor Ali Baig	Member

The committee appoints secretary of the committee who shall either be the Company Secretary or Head of Internal Audit. Presently, this role is exercised by Mr. Kalimuddin A. Khan – General Manager Internal Audit.

The CEO, CFO and other Department Heads are invited to attend the Committee's meetings as appropriate.

The terms of reference of the Committee include inter alia the following:

- Determination of appropriate measures to safeguard the Company's assets;
- Review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors;
- Ensuring coordination between the internal and external auditors of the Company; and
- Monitoring management's compliance with all Company's policies including complaints received through the Speak Out – Whistle Blower System

#### attendance of board audit committee

During the year, five meetings were held, which were conducted virtually:

Director's Name	Meetings attended
Mr. Feroz Rizvi	5
Mr. Nazoor Ali Baig	5
Mr. Eram Hasan	5
Mr. Hideki Adachi	4

#### board people's committee

Following Directors served in the Board People's Committee during the year:

Board People Committee	
Ms. Ayesha Aziz	Chairperson
Mr. Nadir Salar Qureshi	Member
Mr. Rizwan Masood Raja	Member
Mr. Feroz Rizvi	Member

The Secretary of the Committee is nominated by the Chairman and is either the Chief People's Officer (or duly authorized delegate) or the Company Secretary to the Board. Presently, this role is exercised by Mr. Adeel Qamar – Vice President Human Resources. The Chief Executive Officer is invited to attend the Committee's meetings as appropriate. The terms of reference of the Committee include the following:

- Recommend Human Resource Management Policies to the Board of Directors
- Recommend to the Board of Directors the Selection, Evaluation, Compensation (including retirement benefits) and Succession planning of the CEO

- Recommend to the Board of Directors the Selection, Evaluation, Compensation (including retirement benefits) of all CEO direct reports, including but not limited to; COO, CFO, Company Secretary and Head of Internal Audit
- Recommend to the Board of Directors a Compensation Framework for Directors
- To put in place a framework for Evaluation of the Performance of the Board of Directors as a whole and its various subcommittees as required under the Code of Corporate Governance
- Recommend Bonus Programs
- Approve Comparator Basket of Companies for Annual Salary Program
- Recommend Salary Program

Attendance of Board People's Committee During the year, three meetings were held virtually:

Director's Name	Meetings attended
Ms. Ayesha Aziz	3
Mr. Nadir Salar Qureshi	3
Mr. Rizwan Masood Raja	3
Mr. Feroz Rizvi	3

#### details of board meetings held outside Pakistan during the year

During 2022, all board meetings were held in Pakistan

#### beneficial (including indirect) ownership and flow chart of group shareholding

Complete disclosure of Engro Polymer & Chemicals Limited shareholders have been provided in directors report (page 91). In addition, group shareholding and direct & indirect ownerships of the Company are demonstrated on page (09).

#### compliance with best practices of code of corporate governance

Information relating to compliance with the best practices of code of corporate governance have been provided on page 157.

## board approved policies

### board remuneration policy

The remuneration paid to the members of the Board for attendance of Board and Committee meetings has been duly approved by the Board of Directors. The details of the aggregate amount of remuneration paid to the Directors is disclosed in the Financial Statement.

The Board of Directors has duly approved the policy and procedure for remuneration of the Directors for attendance of Board and Committee meetings in accordance with the Companies Act, 2017 and the listed companies (Code of Corporate Governance) Regulations, 2019.

The remuneration of Directors is determined by the Board considering the following parameters:

- a) The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the Directors;
- b) It shall be aimed at attracting and retaining the Directors needed to govern the Company successfully and to encourage value addition;
- c) It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director;
- d) No Director shall determine his/her own remuneration nor of a Director who may be a related party;
- e) No remuneration shall be paid to Executive Directors, Chief Executive Officer and Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees; and
- f) The Board, if deems appropriate, may engage independent consultant to determine the appropriate level of remuneration of its Directors and recommend to the Board for consideration and approval. policy

### policy for security clearance of foreign directors

The Company follows the SECP guidelines for appointment of any foreign Director and subject to issuance of security clearance from the Ministry of Interior, foreign Directors are appointed.

### contracts / transactions with related parties

The Company has an established and approved policy of governing transactions between the Company and its Related Parties, in compliance with the requirements of Section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018. The policy provides a framework for governance and reporting of Related Party Transactions, and is intended to ensure due and timely approval, disclosure including its pricing policy and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws.

During the period, the Company has not entered into any contract or arrangement, other than ordinary course of business on an arm's length basis, with its related parties.

### conflict of interest policy

At Engro Polymer & Chemicals Limited, every employee, Director, and Executive is required to avoid any direct or indirect interests, which might conflict with the interests of the Company when dealing with customers, suppliers, contractors, competitors or any other person or organization doing or seeking to do business with the Company or any affiliate.

Additionally, in the event of such conflicts arising in the conduct of employees', executives' or directors' personal affairs, including transactions in securities of the Company, of any affiliate, or any unaffiliated company having a business relationship with Company interests, full compliance with the restrictions and set of disclosures requirements laid down by the Management should be ensured. A robust mechanism to report exceptions, if any, has been established within the Company.

### investor relations policy

Engro Polymer & Chemicals Limited. strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments. Accordingly, the Board has approved investor relations policy to manage the relationships with all stakeholders. The policy requires the Company to;

- Establish a portal to handle shareholders / other investors' complaints and tackle any problems that they may be facing with regard to their investments or access to relevant corporate communications
- Disclose all material information in a fair and transparent manner in compliance with legal requirements and listing regulations of the Pakistan Stock Exchange where it is listed
- Disclose, through designated spokespersons, other financial or non-financial information that it considers useful for enhancing stakeholders understanding. This may be done through analysts briefings, press releases, television programs or postings on the Company's website
- Observe a "quiet period" prior to the announcement of quarterly / annual results, during which it will decline to respond to inquiries about its business performance and related matters to prevent information leaks and maintain fairness in disclosure

### investors' grievance policy

The Company values the relationship it has with all its stakeholders and continuously strives to take measures to strengthen the same. To facilitate all stakeholders and provide them with access to communicate any query or complaint to the Company, a dedicated investor complaint section is maintained at Company's website ([www.engropolymer.com](http://www.engropolymer.com)) and Company contact details are also disclosed in "Company Information" section of this report. In addition, Corporate Communication department of the Company dedicatedly monitors all the queries and resolves them in a timely manner. The complaints which mandate attention of the senior management are timely escalated to the relevant individuals with complete details.

### communication to investors

The investors' relations section on the Company's website (<https://www.engropolymer.com/>) is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information. In addition, the Company quarterly holds analyst briefings where the CFO of the Company brief the stakeholders about the financial and operational performance of the Company and hold a comprehensive Q&A session to address all queries and clarifications.

Period	Date	Place
Q4 2021/ FY 2021	February 9 <sup>th</sup> , 2022	Video link Facility
Q1 2022	April 19 <sup>th</sup> , 2022	Video link Facility
Q2 2022	August 11 <sup>th</sup> , 2022	Video link Facility
Q3 2022	October 17 <sup>th</sup> , 2022	Video link Facility

The Company holds its Annual General Meeting (AGM) of the shareholders considering the Companies Act, 2017, Rule Book of Pakistan Stock Exchange (PSX), Listed Companies (Code of Corporate Governance Regulations), 2019 and its Articles of Association.

During the meeting, several questions pertaining to the Company's business were asked by the shareholders which were answered satisfactorily by the CEO & CFO. Thereupon, the meeting was concluded without any pending query on the unresolved issue.

#### policy for safety records of the company

The Company has a policy in place relating to records retention for periods that exceeded the minimum requirement prescribed by Companies Act, 2017 and other applicable regulatory requirements. The Company has also strived to retain documents electronically through its Digitization drive.

The Company also has a policy governing the safety of business records maintained in the ERP system which covers following the aspects:

- Roles and responsibilities of all functions and departments to ensure that a proper mechanism is in place within their department for backup of electronic data and digitization and archival of critical hard copy documents.
- Arrangements for storage of ERP systems and business data at secure location with state-of-the-art protections against physical deterioration, fire, natural disasters.
- Availability of suitable alternate site for backup of critical information systems including defining the methodologies for replication of applications on the alternate site based on industry's best practices.
- Mechanism and arrangements for digitization (through a Document Management Solution) and archival of critical hard copy data and for backup of critical electronic data. Moreover, the Company has a structured and an approved Business Continuity Plan (BCP) to deal with unforeseen circumstances disrupting the operations of the Company. This plan encompasses our response strategy, minimum operating requirements, BCP team organization, damage assessment, and primary site restoration activities. It ensures preservation of critical data by mapping out key elements of the process of disaster recovery.

#### IT governance policy

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the Leadership, Organizational Structures and Processes at EPCL. IT Governance aims to ensure that IT activities are aligned with business objectives and that stakeholder requirements of Value Delivery, Risk Optimization, and Resource Optimization are addressed. The Enterprise IT Governance Framework aims to achieve the following objectives:

- Alignment of IT goals with business
- Meet stakeholders' requirements relating to risk optimization, resource optimization and value delivery
- Support the decision-making process regarding governance and management of IT by providing sufficient information and reports
- Achieve effective and prudent IT project management and IT resources management processes
- Enabling enterprise business strategies by developing technological infrastructure and information systems
- Ensure the necessary protection of assets through optimization of IT Risk Management
- Comply with legal and regulatory requirements, internal controls and monitoring, and related policies and procedures
- Maximize the satisfaction level of end user with respect to IT services
- Employ a comprehensive sourcing strategy to manage third parties/vendors relationship

#### whistleblower policy

Speak Out – the whistleblowing system has been established by the Board as an integral part of governance at EPCL and it acts as an additional measure to promote and strengthen high standards of governance and business conduct.

EPCL expects all employees, suppliers and contractors to not only abide by the Company's Code of Business Conduct but also encourages all to speak out about any concerns they have regarding business ethics including corruption, frauds, incorrect financial reporting, violation of applicable Health, Safety & Environmental standards, harassment, discrimination, other unfair employment practices, or other possible breaches of applicable laws and corporate policies.

All complaints and concerns should be reported on the Speakout platform at [Speakout@engro.com](mailto:Speakout@engro.com) for confidential investigation.

### human resource management policies

EPCL's Human Resource policy is designed to attract, induct, develop, retain and motivate high caliber talent who are qualified, capable and willing to contribute towards the company's long-term and short-term objectives. To accomplish this, the HR policies have been developed encompassing following principles:

- Equal Opportunity
- Training and Development
- Performance Management
- Compensation and Benefits
- Diversity and Non-Discrimination

### succession planning

Every year at Engro Polymer & Chemicals Limited 'Talent Review Sessions' are conducted. The main objective of talent review process is to map the succession plan of a department with the capacity, potential, and career development needs of employees in order to develop a comprehensive Talent Management Plan. Talent review process is a series of structured, facilitated discussions where employees (direct reports) are reviewed in terms of their key strengths, career goals, stage of readiness, and areas for development and action plans. Outcome of these sessions has helped the Company in increasing the rate of internal moves as well as replacements.

### diversity at EPCL

We at EPCL believe that we want to 'Deliver through Diversity.' And we embrace all forms of diversity. However, to begin with we are focusing on the biggest contender from our demographics and that is women.

As we look back at the last year, we have come a long way. Our Diversity ratio increased to 6% in our overall population (including Trainees/Graduate Trainee Engineers and contractual staff).

We have been quite vocal about our Diversity agenda and it is through strong communication that we have established our seriousness towards it. Our strength in communication has been recognized by external bodies as well, as we have won an award from Global Diversity and Inclusion Benchmark (GDIB) on the same.

We will continue to strive towards this end, and we envision a day no very far off when our workforce will be representative of current external environment and demographics as we are striving to make our culture more and more inclusive, by creating affinity networks and bonds across the business.

To achieve this aim, internally D & I would continue to be a key agenda item on the table whenever we are discussing hiring, promotions, development, retention, and engagement. Externally, we will be focusing on building relationship and strategic partnerships with diverse associations and universities to enhance our talent outreach.

### social and environmental responsibility policy

The company's community development and uplift policy focuses mainly on education, environment and water conservation-related initiatives. It has various diversified programs in place and is on its way to create visible social impact on communities within which it operates. It invests in programs that address the environmental and social challenges faced by its business, thus mitigating impact of its operations through taking these initiatives.

It also focuses on the element of sustainable business development and that is what is most visible in its key social investments.

### HSE policy

"To be recognized as a world class performer in the field of Health, Safety & Environmental Management". Engro Polymer will:

- Conduct its business in a manner that protects the health and safety of employees, contractors, others involved in our operations and the community in which we operate.
- Continuously improve environmental performance to achieve sustainable development.
- Strengthen its business by making Health, Safety & Environment (HSE) considerations an integral part of all business activities.
- Comply with all laws & regulations.
- Practice transparent public reporting of the HSE performance
- Ensure that HSE is a major responsibility of appropriately trained, empowered & accountable employees & management
- Promote a culture of learning & practicing HSE management among employees and contractors
- Encourage off the Job HSE awareness among employees and families.

To achieve these objectives, EPCL shall:

### health

- Identify and evaluate health risks related to its operations that potentially affect its employees, contractors, or the public.
- Provide structured, risk based occupational health and industrial hygiene program, with a focus on health promotion and prevention, reporting and investigation of Occupational illnesses.
- Implement programs and appropriate protective measures to control such risks, including appropriate monitoring of its potentially affected employees. Carry out pre-employment and periodic medical check-up of its employees.

- Provide or arrange for medical services necessary for the treatment of employee occupational illness or injuries and for handling medical emergencies.

### safety

- Implement a rigorous system of Process Safety Risk Management
- Institutionalize behavioral safety practices using the Personnel Safety Management system.
- Keep abreast of the latest international codes, standards and practices and adopting the same where applicable.

### environment

- Comply with all applicable environmental laws, regulations and apply responsible standards where law and regulations does not exist.
- Conserve natural resources & energy by continuously improving our processes and measuring performance.
- Continuously improve our processes to minimize pollution and waste.

### cardinal rules

Mandatory to report all on-the-job unsafe acts / conditions, near misses and incidents.

- Mandatory to follow Company Policies, Safety Rules, and all applicable laws. Contractors engaged by the Company shall strictly adhere and cause its employees to strictly adhere to Company Policies, Safety Rules, and all applicable laws.
- Work with a valid work permit.
- Wear mandatory PPEs in designated areas.
- Bypassing Safety Critical device without authorization is prohibited.
- Lighting a flame without authorization is prohibited.
- Walking under a suspended load is prohibited.
- Ensure that there is no violation of work at height protocols (not latching harness, not using protection like handrails, nets, lifelines, etc.).
- Engaging in or provoking horseplay or fighting within Company premises is prohibited.
- Damaging Company property intentionally is prohibited.

- Sleeping & carrying mobile phones in Plant operating areas are prohibited.
- Bringing weapon or any form of intoxicant on site is prohibited.
- Making a video or taking a picture of plant site areas is not allowed.

Willful negligence of all above protocols will be treated as misconducts and liable to penalties / accountability as per company's progressive motivation principals or any other action as the Company may deem fit.

### shariah advisor

Ehsan Shariah Advisor and Consultants (ESAAC) are the shariah advisor of the Company.

### profile of shariah advisor

Ehsan Shariah Advisor and Consultants (ESAAC) is a Management Consulting & Shariah Advisory firm, providing innovative Ethical / Shariah based solutions & services. ESAAC offers proficient customized services to its clients by blending Shariah knowledge of scholars with financial skills of professionals. ESAAC works with leading organizations and offers its services to full-fledged Islamic Banks, Islamic Micro Finance Banks, Islamic Banking Divisions of Conventional Banks, Takaful Operators, Re-Takaful Companies, Islamic Mutual Funds, and Islamic Asset Management Companies.

At EPCL, Internal Audit is an independent department functionally reporting to the Board Audit Committee and administratively to the CEO.

The Internal Audit department is responsible for impartially assessing the key risks of the Organization, appraising and reporting on the adequacy and effectiveness of EPCL's Risk Management and Internal Controls in financial, information systems, and other business and operational areas. Internal Audit at EPCL provides recommendations which are taken up by the Management to remediate control lapses. The observations are shared on a regular basis with Board Audit Committee, Chief Executive Officer and the concerned Divisional Management.

Internal Audit is also responsible for monitoring and reporting of ethical issues. All allegations in relation to breach of the Company's Code of Business Conduct are thoroughly investigated by Internal Audit in cooperation with management and subsequently reported to the Audit Committee.

It works in collaboration with the Business by taking up coaching responsibilities, driving performance improvement initiatives, and closing internal control gaps. The role of Internal Audit Function continues to change in reaction to events, risk, and regulation affecting the Company while ensuring that its mandate is aligned with the organizational objectives and risks.

### salient features of internal audit charter

Internal Audit provides independent, objective assurance, and advisory services to evaluate and improve the effectiveness of the control environment, risk management, and compliance processes and assesses whether these are adequate and functioning appropriately as intended to ensure:

Significant financial, managerial, and operating information, is accurate, reliable, and timely. Significant statutory or regulatory issues impacting the Company are recognized and addressed appropriately.

Resources are acquired economically, used efficiently, and protected adequately. Quality and continuous improvement are fostered in the Company's control process. Risks are appropriately identified and managed.

Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

### dear shareholder,

On behalf of the Board, I am pleased to present the Audit Committee's Report for the financial year ended December 31, 2022. Our key focus was to assist the Board of Directors in fulfilling their governance and stewardship responsibilities, ensuring integrity of financial reporting and robustness of internal controls and risk management process at Engro Polymer & Chemicals Limited.

Composition of the Committee	
Mr. Feroz Rizvi	(Chairman) - Independent Director
Mr. Eram Hasan	(Member) – Non-Executive Director
Mr. Nazoor Ali Baig	(Member) - Independent Director
Mr. Hideki Adachi	(Member) - Non-Executive Director
Mr. Kalimuddin A. Khan	(Secretary) - Head of Internal Audit

These Committee members possess sufficient business and commercial knowledge and have extensive experience in the field.

### meetings of board audit committee

Audit Committee meetings take place ahead of Board meetings and the Audit Committee Chairman provides an update to the Board on the key issues discussed during each Audit Committee meeting. The minutes of Audit Committee meetings are provided to the Board on regular basis and also to the External Auditor on request. The CFO and other departmental Heads are invited on a need basis for matters pertaining to their respective areas.

During the year 2022, the Committee met 5 times. Furthermore, as required by the Code, the Committee also independently met external and internal auditors during the year.

### charter of the committee

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance. The terms of reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- To recommend to the Board the appointment, removal and remuneration of external auditors;
- To review quarterly, half-yearly and annual financial statements;
- To review the internal control systems and internal audit function;
- To monitor management's compliance with all Company's policies including complaints received through the Speak Out – Whistle Blower System; and
- To monitor compliance of statutory requirements.



### role of audit committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on risk management, internal controls, financial reporting, compliance, and internal & external audit functions. The Audit Committee believes that it has carried out all its responsibilities, in accordance with the Terms of Reference approved by the Board. The evaluation of the Board performance, which also included members of the Audit Committee, was carried out separately and is included in the Annual Report.

During 2022, the following key responsibilities were satisfactorily carried out by the Audit Committee:

- Ensured compliance with the listed Companies (Code of Corporate Governance) Regulations 2019
- Reviewed quarterly, half-yearly, and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on major judgmental areas, financial estimates, going concern assumption, compliance of accounting standards, local regulations, and other statutory / regulatory requirements
- Reviewed Related Party Transactions, ensuring that the pricing methods used were on terms equivalent to those that prevail on arm's length basis or appropriately disclosed otherwise.
- Ensured that proper, accurate, and adequate accounting records have been maintained by the Company
- Recommended the appointment of the external auditors to the Board to be confirmed by the Company shareholders in the Annual General Meeting
- Reviewed new policies / modifications to existing policies and Management's compliance with all Company's policies, procedures, and guidelines
- Reviewed and investigated whistleblower complaints lodged during the year
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy
- Closed periods were duly determined and announced by the Company, preventing the directors, executives and all employees of all Engro companies from dealing in the shares of the Company, prior to each Board meeting.

Furthermore, the committee was updated on 12 main audit reports out of which 67% were rated as satisfactory and only 33% required management attention with no unacceptable reports. The recommendations made by the internal audit department were either addressed by the Management or remedial measures were in progress for closure. The preponderance of satisfactory audit reports further enhances the committee's confidence that company's systems of internal controls are working satisfactorily.

### risk management and internal controls

The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures, which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review. The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function. The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with operations of the Company.

### external audit

The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the statement of compliance with the Code of Corporate Governance for the year ended December 31, 2022 and shall retire on the conclusion of the 24th Annual General Meeting. Being eligible for reappointment under the Code of Corporate Governance, the Committee has recommended to the Board the reappointment of A.F. Ferguson and Co., Chartered Accountants for the year 2023. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

The Committee has reviewed and discussed audit observations with the external auditors; a meeting was also held with the external auditors in the absence of the management.

The external auditors have direct access to the Committee and Internal Audit Department, thereby ensuring the effectiveness, independence, and objectivity of the audit process.

A.F. Ferguson & Co., Chartered Accountants also provided taxation services to the Company; the statutory auditors have no financial or other relationship of any kind with the Company except that of External Auditor and Taxation Consultant. The performance, cost and independence of the external auditors is reviewed annually by the Committee. The Audit Committee obtained confirmation from the external auditors in its meeting that the engagement team, other partners and staff in the firm, and the firm have complied with the applicable requirements regarding independence.

### financial statements 2022

The Committee assessed the 2022 Financial Statements as fair, balanced, and understandable, and that it provided sufficient information to enable the shareholders to assess the performance.



**Mr. Feroz Rizvi**

Chairman of the Audit Committee  
Engro Polymer and Chemicals Limited

EPCL launched Lean Enterprise Risk Management (ERM) in 2011. It is the policy of EPCL to view Risk Management as integral to the creation, protection, and enhancement of shareholder value by managing the uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives.

Operating in a highly dynamic environment mandates assessment of organization strategy and quantum of risks that the entity is willing to accept by adequately assigning responsibilities throughout the organization. It is a continuous cycle led by the Chief Risk Officer (CRO), endorsed by the Board of Directors and Management, with the objective of proactively managing risks across the company over the years.

Risk	Impact	Strategy
Dumping of PVC Resin in Pakistan	Dumped products are available at less than market competitive rates hampering the pricing capability for EPCL.	EPCL presented its case to NTC, because of which final Anti-Dumping Duty has been imposed on China, Taiwan, South Korea and Thailand during 2018. Sunset review is expected in 2022
Curtailement of gas supply	Disruptions in plant operations will impact availability of product and profitability	The Company has strong maintenance paradigm to ensure smooth function of plant operations. Furthermore, we also have Business Interruption Insurance policy to neutralize the adverse impacts of unanticipated disruptions.
Disruptions in plant operations	Disruptions in plant operations will impact availability of product and profitability	The Company has strong maintenance paradigm to ensure smooth function of plant operations. Furthermore, we also have Business Interruption Insurance policy to neutralize the adverse impacts of unanticipated disruptions.
Volatility in international commodity prices	The Company's margin are a function of global PVC and ethylene prices where a decline in international core delta will directly impact profitability.	The Company has established strong network with international olefins analysts which helps in gaining better insight on international market dynamics. Meanwhile, we remain committed to our diversification projects to enter new markets.

Risk	Impact	Strategy
Rationalization of Tariff on PVC products	Reduction in import duties on PVC resin products will lead to higher imports and will impact domestic market	EPCL continue to liaison with government through different forums such as Pakistan Business Council, OICCI to maintain the protective duties on PVC products

## treasury management

### liquidity risk management

Liquidity Management is a crucial aspect of our business owing to a combination of various external factors including volatility in international commodity prices, currency exchange rate, and gas prices. The company diligently monitors its current and future cash position, keeping in perspective these variables that pose liquidity risk. Frequent cash forecasting enables the company to determine liquidity requirements, with a clear distinction between short term and long-term funding. Long term cash requirements are measured in our Corporate Planning Cycle over a 5-year horizon which comprehensively covers for shocks via scenario & stress testing. Peak cash cycles are mitigated using approved lines of credit. Excess cash is placed in various Board approved investment instruments to earn the best possible returns which include savings accounts, government securities and mutual fund units. Overall, the working capital cycle in days of the company, remains positive as our sales are mostly cash based while we enjoy credit from our raw material suppliers

### foreign exchange risk management

EPCL's revenues and import liabilities are subject to foreign exchange volatility. PVC revenue is determined in US Dollars with reference to international PVC pricing. PVC Revenue determination mechanism provides a natural hedge against foreign exchange fluctuation, specifically exposure on USD denominated liabilities. Furthermore, the company frequently monitors its net foreign currency liabilities exposure and takes decisions accordingly to restrict the downside from currency devaluation by hedging FCY loans and booking forward contracts on usance import LCs (in case they are available).

### interest rate risk management

The company's capital structure involves sizeable leverage, mainly to fund expansion and efficiency projects, exposing EPCL to an interest rate risk. As of December 31, 2022 outstanding KIBOR-based borrowings stood at PKR 21,426 Mn whereas outstanding long-term LIBOR-based borrowings stood at PKR 3,913 Mn. As part of treasury operations, the company will continue to evaluate various options to hedge against interest rate risk (in case they are available). The Company mitigated some of its interest rate fluctuation risk by successfully sourcing the Islamic Temporary Economic Refinance Facility (ITERF) of Rs 3,650 Mn. at SBP's concessionary rate for our new/maintenance projects.

### credit risk management

The company diligently monitors and manages the credit quality of its financial assets. Exposure to credit risk is minimal as unsecured receivables from customers and advances to vendors are restricted. Most of trade debt is secured by bank guarantees accepted only through financial institutions with good credit ratings. Credit risk with regards to investments is limited, as the Company places its idle funds in government securities and with institutions approved by the Board or with institutions possessing minimum credit ratings as approved by the Board.

### business continuity plan

EPCL recognizes its responsibility towards consistent operations while ensuring adequate measures to safeguard against any potential disruption. With this vision and intent, we initiated our Business Continuity Plan in 2013 and have upgraded it regularly since 2018. The plan was tested from the onset of lockdown imposed by the Government in response to COVID-19 pandemic and successfully implemented by the management to ensure smooth & safe continuity of operations.

The plan ensures smooth functioning of critical business processes in the event of an unforeseen disaster and has the following objectives:

- To provide a framework for building resilience and the capability for an effective response that safeguards the interests of key stakeholders, company reputation and brand image, and value creating activities
- To assess the risks to our operations and to understand the impact of the risks if they materialize whilst considering business priorities and organizational inter-dependency.
- To manage the response to and aftermath of any potential disruption, in an effective and appropriate manner to minimize business impact
- To recover business operations at an acceptable level as quickly as possible in a pre-determined time window, should an incident result in disruption to our critical business operations or support services
- To test and review at regular intervals and revise as required, the plans supporting the Business Continuity

The plan encompasses our response strategy, minimum operating requirements, BCP team organization, damage assessment, and primary site restoration activities. It ensures preservation of critical data by mapping out key elements of the process of disaster recovery. Our management regularly evaluates the threats to its business and infrastructure & has developed a strategy to adequately respond to any unpredictable challenges it might face. The plan is reviewed by the Board and changes are suggested, if any.

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Our management regularly evaluates the threats to its business and infrastructure and has developed a strategy to adequately respond to any unpredictable challenges it might face.

stakeholder  
**engagement**



# analyst briefing & AGM

EPCL employs a multi-faceted approach towards identifying its key stakeholders, which includes analyzing a potential stakeholder's fundamental impact on performance, nature, significance and the dynamics of the relationship, and mutual expectations. This methodology allows the Company to determine and categorize its stakeholders.

## details of analyst briefing held during the year:

Period	Date	Place
Q4 2021/ FY 2021	February 9 <sup>th</sup> , 2022	Video link Facility
Q1 2022	April 19 <sup>th</sup> , 2022	Video link Facility
Q2 2022	August 11 <sup>th</sup> , 2022	Video link Facility
Q3 2022	October 17 <sup>th</sup> , 2022	Video link Facility



### brief summary of matters discussed during analyst briefings

Matters discussed during the briefings normally pertain to an overview of the performance of the Company from a financial and operational perspective, EPCL's stance on any significant ongoing issue that has implications for the wider industry, an update on its projects under progress, and an outlook of the market dynamics. In addition, a comprehensive Q&A session also takes place to address queries from the attendees.



### management actions to encourage minority shareholders

The notice of the Annual General Meeting (AGM) and Extraordinary General Meetings are sent to all shareholders of the company at least 21 days prior to the meeting. The notice is published in both Urdu and English, in at least one issue of a daily newspaper with nationwide circulation for each respective language. Further, a notice of the AGM is sent to the exchange and is also placed on the Company's website. The Company encourages minority shareholders to also participate in quarterly analyst briefing sessions the dates of which are announced through the Stock Exchange.

EPCL entertains meeting requests from minority shareholders where their queries are addressed and they are also encouraged to attend general meetings.



### investors' relations section

For investor queries or complaints, please find our contact details on the Company Information page of this report or go to the Investor Relations webpage of our website by using the link below:  
[www.engropolymer.com](http://www.engropolymer.com)



### AGM issues & responses

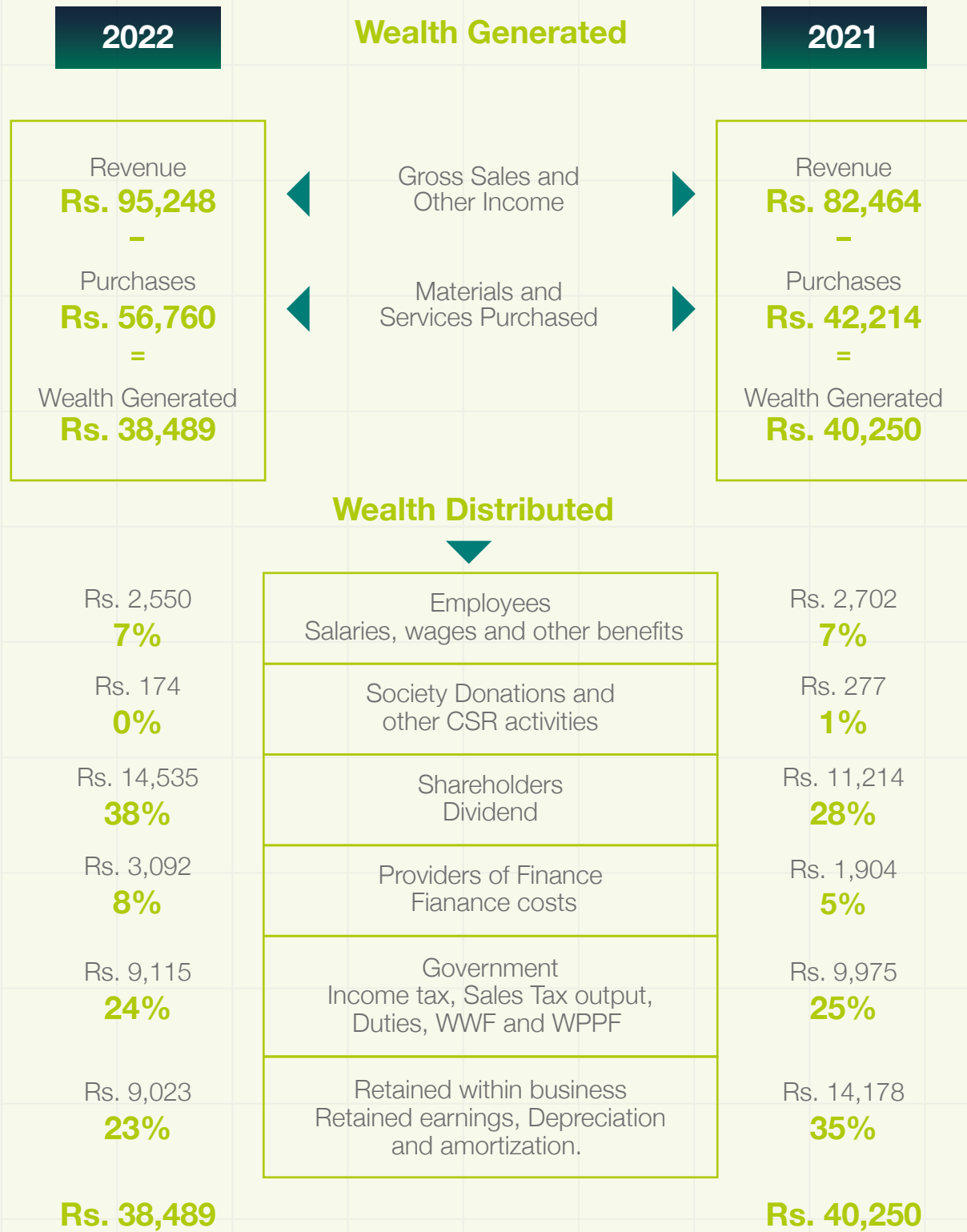
The Company's AGM was held on March 16, 2022, and was attended by the Chairman of the Board, Chairman of Board Audit Committee, Chief Executive Officer and other senior management to address queries and clarifications sought by the Board of Directors. During the last AGM, queries and clarifications were sought on the Company's financial statements, which were resolved to the satisfaction of the Shareholders. Apart from the said queries, no significant issues or concerns were raised by the shareholders.



### highlights about redressal of investors' complaints

Analyst briefings and AGMs are good opportunities to address investors complaints or queries. To ensure communication on an ongoing basis, the investor relations section on our website provides contact details which can be used for queries or complaints.

# consolidated statement of value added



# business model

## our business

manufacturing, marketing, and distribution of quality chlor-vinyl allied products

## our focus

maximizing shareholder value, and improving livelihood of our community while protecting the environment



### inputs



#### social

- Relationships with customers, suppliers, communities around our plant and other stakeholders



#### human

- Total Employees: 601 (427 at plant)
- Competencies, Capabilities and Experience of Human Resource



#### natural

- Air, Water, Land, Minerals, Energy and Forests
- Biodiversity and Eco-system



#### finance

- Equity: 27.12 billion
- Long-term debt: 25.3 billion



#### manufactured

- Caustic Soda Capacity: 106 kT
- Efficiency Projects: Oxygen Based VCM, High Temperature Direct Chlorination (HTDC) Zero Gap Technology Project



#### intellectual

- Experience of operating in polymer and chemical space in Pakistan
- Company reputation as an honest member of the corporate community



### outputs



#### social

- Customers - technical support, participation in trade fairs, promotion of alternate applications in Pakistan
- Community - 3 TCF Schools, 2 TTWF Schools, 5 Water Filtration Plants, 1 Sina Clinic



#### human

- Strong human resource development programs such as Harvard ManageMentor and the learning podcasts



#### natural

- EPCL strongly believes in environmental conservation and has therefore undertaken the HTDC project which will reduce our carbon footprint and improve energy efficiency



#### finance

- Profit after taxation: 11.69 billion
- Earnings per share: 12.37
- Earnings per share diluted: 9.67
- Dividend per ordinary share: 12.5



#### manufactured

- PVC Production 239 kT
- Caustic Soda Production 97 kT
- Improved Production Efficiencies



#### intellectual

- Strong brand image of SABZ, which has become synonymous to quality PVC in the Country

# SWOT analysis

## S

### strengths

- Sole PVC resin manufacturer in Pakistan
- PVC capacity of 295KT, well positioned to serve the domestic market and export
- Integrated production facility capable of operating at high capacity utilization
- Established brand name known for its quality
- Strong human resource base and unique technical expertise in Chlor-Vinyl business
- Established domestic presence and access to global export markets
- Strong credit ratings reflecting financial strength and management depth

## W

### weaknesses

- Exposure to debt to meet capex requirements
- Dependence on consistent supply of imported raw material, such as Ethylene
- Over supplied caustic market
- Dependence on depleting natural resource for energy i.e., natural gas

## O

### opportunities

- Lower per capita PVC consumption in the Country to lead to demand growth
- Uptick in PVC demand with Government focus on construction industry
- thinkPVC outlet providing exposure and awareness to new market segments and application
- Diversification into new product lines such as Hydrogen Peroxide leveraging existing manufacturing and marketing strengths
- Alternate energy and operational efficiency projects
- Backward integration

## T

### threats

- Rationalization in tariff and duty structures
- Uncertainty over continuous gas availability
- Dumping of PVC from regions where Anti-Dumping Duty has not been imposed
- Price war from Caustic players leading reduced margins
- Supply chain disruptions leading to difficulty in importing critical raw materials
- Emergency due to operational or environmental upset
- High exposure to volatility in international commodity prices impacting profitability



## Impact of external factors

One aspect of maximizing shareholder value is to remain vigilant towards ever-changing political, social and environment factors that affect the Company and take proactive measures to mitigate the risk or capitalize on opportunities presented by the changing factors. The chart below provides the picture of how efficiently we do that at EPCL.

	Factors	Organizational Response
<b>commercial</b>	Everchanging demand and seasonality impacts sales of PVC. A seasonal slowdown in demand is usually observed in the winter and monsoon as construction activity slows down.	The Company keeps its production level in-line with domestic demand throughout the year and explores export markets to sell off inventory during times of low local demand
<b>political</b>	Government policies on import duties and tariff structures impacts PVC prices and imports of products manufactured by the Company.	The Company vigilantly monitors dumping by global players and timely notifies NTC to undertake measures to safeguard domestic industry
	Government export promotion strategies positively influence demand of our chlor alkali products which are mostly used by export-oriented textile sector.	Through our proactive and efficient planning, we ensure availability of products as per the changing market demand dynamics
	Political scenario impacts consumer confidence in domestic markets, which ultimately moves overall demand.	The Company has invested in various growth, efficiency and diversification projects to enhance local manufacturing and therefore, save precious foreign exchange.
	Government spending on infrastructure development and public spending on construction activities impact the demand of PVC products.	The Company remains in touch with government authorities and general public (thinkPVC outlet) for awareness and inclusion of various PVC applications
<b>economic</b>	Macro-economic scenario such as interest rates and exchange rates impacts profitability and future cash obligations.	The Company has ensured that several of the loans are fixedrate / benchmarked against LIBOR. It has also mitigated the impact by efficient management of international supplier credit.
	Gas supply unavailability impacts the business and in-return, is detrimental to the export- oriented sector which contributes heavily to the national exchequer.	The Company is exploring long-term energy solutions and at the same time, appealing to government to ensure gas supply availability throughout the year

	Factors	Organizational Response
<b>economic</b>	Gas price hikes by the government impacts profitability as it forms a major part of cost of production	The Company remains focused on improving operational efficiencies to reduce gas consumption per ton to minimize impact.
<b>social</b>	Rising population will provide impetus to housing demand, which in turn will spur demand for PVC products	Our capacity is adequate to ensure we are optimally positioned to serve the increasing market demand.
	Changing consumer patterns to converge per capita PVC consumption in Pakistan to international standards	Through think PVC we intend to showcase the versatility of PVC applications to all consumers classes which will help in developing PVC market domestically
<b>technological</b>	Introduction of various technological tools and applications in operations can impact profitability	In our strive to maximize operational efficiencies by leveraging technology, we have a dedicated Digitization team to automate processes, improve productivity and reduce human intervention.
<b>environmental</b>	Pakistan remains one of the most vulnerable countries to climate change. Extreme and extended monsoon seasons, rising fog in winters and scarcity of water exposes businesses to operational risks.	The Company has invested in several projects including HTDC and OVR with the view of improving its environmental impact. Meanwhile, minimizing CO <sub>2</sub> emissions remain our one of the most important KPIs for which we have developed plans, including tree plantation and carbon emission reduction. In addition, keen focus is being put on water and plastic recycling.
<b>legal</b>	The GIDC decision announcement by the honorable Supreme Court, along with imposition of Super Tax with retrospective application on 2021 earnings impacts the liquidity position of the Company.	The Company efficiently presented its stance to Sindh High Court that it does not pass on GIDC impact to customers, on the bases of which a stay order has been issued in the favor of the company. Furthermore, a favourable decision in the company's favor was passed on retrospective application 10% Super Tax on 2021 profits.

# competitive landscape and market positioning

EPCL operates the only integrated Chlor-Vinyl complex and is the sole manufacturer of PVC resin in Pakistan. Our competitive landscape and market position vary in Vinyl and Chlor alkali product lines.

## competitive rivalry

The Vinyl product line, the Company is the sole domestic manufacturer and serves the bulk of of total PVC market in Pakistan. Rest of the demand is met through imports. There is no major competition in Vinyl product line. With the new capacity now online, the Company is better positioned to serve the domestic market.

In Chlor alkali products, our major competitors are commercial manufacturers of Caustic soda and allied chemicals. The Competitors are mostly north-based, and we serve as the only major Caustic player in the southern region of Pakistan. Caustic market remains highly competitive which drives an imminent risk of price war among players.

## threat of new entrants

Prospects of new players entering Vinyl products market remain remote owing to highly specialized nature of plant, capital intensiveness and scarcity of key raw materials. The new entrant would require heavy financial and specialized human resources for setting up and operating the plant, along with access to global suppliers for critical raw materials. Furthermore, high saturation and the robust competitive nature of chlor alkali markets create a further barrier for potential new entrants.

## power of suppliers

Suppliers hold a key position in our entire value chain due to scarcity of resources which are critical. The Company has invested considerably in building resilient business relationship with our key suppliers. The strong relationships ensures smooth and timely delivery of materials at mutually beneficial terms.

## power of customers

Despite being the sole manufacturers of PVC resin in the country, we always strive for higher value delivery to our customers through up-to-the-mark product quality and after sales services. We are cognizant of the fact that our customers are the key to our success and therefore, look to build customer relationships beyond the commercial measures of discounts and credit terms.

## threat of substitute products

PVC remains the choice of customers, especially in pipes and fittings, owing to its significantly better value proposition in terms of strength, durability, and weather resistance. The Company also launched its first retail outlet in 2021 with a brand name of thinkPVC, dedicated to showcasing the various applications of PVC and their better value proposition over substitute products.

## strengths & weaknesses of competitors

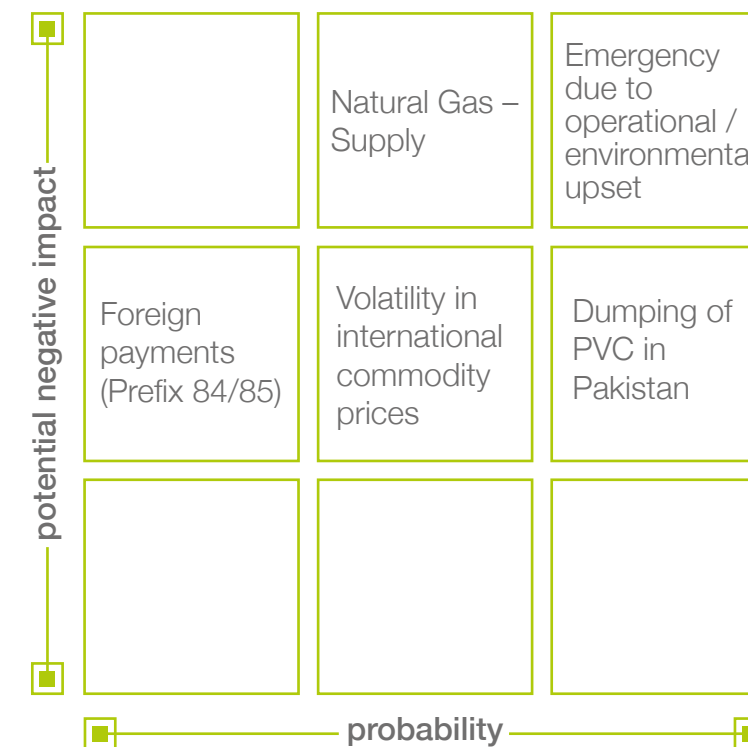
On the chlor-alkali front, most players are located in the North, which gives EPCL an advantage to serve the South market. Since most textile players are also located in the North, the competitors have an advantage to serve the large textile players. On the other hand, competitors mostly rely on a mix of natural gas, coal and RLNG which means their margins erode during times of high crude oil and coal prices.

## customer demand

PVC market dynamics mainly follow the trend of construction activities as also evident through strong correlation of PVC sales with that of cement. Therefore, during the winter, dampened construction activities also impact PVC resin offtake. Our caustic product line follows suit of key derivative operators, i.e the soap and textile industries. In winter season, since the demand for soap remains sluggish and textile orders also decrease owing to global holiday season, Caustic offtake also remains soft. However, as demand picks up post-winter, for both key derivative operators, Caustic products sales also grow in line.

## risks and opportunities

### risks



### emergency due to operational/environmental upset

**capital impacted:** Financial capital, social and relationship capital

**nature:** Short term

**source:** External

**risk:** Any emergency related to operations or environmental upset can jeopardize plant operations as well as project works and impact human lives.

**mitigating risk:** The Company has deployed top-of-the-line technology, undergoes regular maintenance, and annual turnarounds to ensure smooth functioning of the facility.

### dumping of PVC resin in Pakistan

**capital impacted:** Financial capital, social and relationship capital

**nature:** Long term

**source:** External

**risk:** Unfair practices exercised by global players impacts the domestic business environment and shareholder value

**mitigating risk:** The Company continuously monitors the developments on this front and notifies National Tariff Commission in this regard on a timely basis. As a result, Anti-Dumping Duty has been imposed on China, Taiwan, South Korea, and Thailand in 2018. Sunset review is in progress.

### foreign payment (prefix 84/85)

**capital impacted:** Financial capital

**nature:** Medium term

**source:** External

**risk:** This year a requirement of prior permission from SBP before initiating transactions (LC/CAD/Open Account) on HS code pre-fix 84/85 has been placed. These items include critical electro-mechanical spares and consumables.

**mitigating risk:** On an immediate basis replenished stock through local stockiest - utilizing local inventory. We have developed a consumption rationalization plan for these items and assessed in-house/local manufacturing and local market support in such a situation. Considering EPCL contribution to direct exports and indirection export value chain, we have presented consideration case to SBP through local banks identifying the criticality of parts.

### volatility in international prices

**capital impacted:** Financial capital, social and relationship capital

**nature:** Long term

**source:** External

**risk:** The Company's margin is a function of global PVC and ethylene prices, where a decline in international core delta will directly impact profitability.

**mitigating risk:** The Company has established strong networks with international olefins analysts which help in gaining better insight on international market dynamics.

### availability of gas

**capital impacted:** Financial capital, manufactured capital, social and relationship capital

**nature:** Short term

**source:** External

**risk:** Acute gas shortage in winter season may lead to curtailment of gas supply to EPCL which can impact our volumes and profitability.

**mitigating risk:** The Company remains in coordination with government authorities to highlight that being a feedstock provider to the export-oriented textile sector, any disruptions in our operations will impact the export sector as well. Meanwhile, we continue to work on alternate sources of energy for long-term gas solution.

### increase in gas prices

**capital impacted:** Financial capital, manufactured capital, social and relationship capital

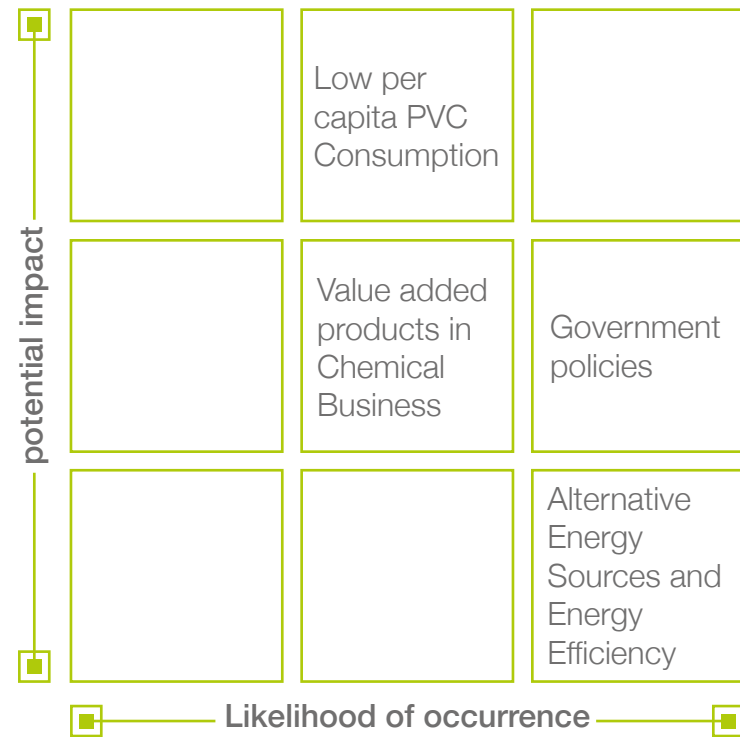
**nature:** Short term

**source:** External

**risk:** Increase in gas prices can have a substantial adverse impact on Company's profitability

**mitigating risk:** EPCL has implemented several energy conservation projects and is in the process of executing several other energy efficiency projects which would partially insulate the bottom line from the impact of increasing natural gas prices. Meanwhile, the Company is also exploring other energy sources.

## opportunities



### low per capita PVC consumption

**capital impacted:** Financial capital, social and relationship capital

**nature:** Long term

**source:** External

**opportunity:** The per capita consumption of PVC for Pakistan is the lowest in the South Asian region. This presents an opportunity to introduce other than conventional applications of PVC. In relation to this, the Company has invested considerably in thinkPVC branded outlet. The outlet acts as a forum to introduce new PVC products including PVC Foam Board, PVC Wood Plastic and PVC Wall Panels to all stakeholders of downstream PVC market.

### value added products in chemical business

**capital impacted:** Financial Capital, Manufactured Capital, Intellectual Capital

**nature:** Medium term

**source:** Internal

**opportunity:** EPCL remains on course to develop its footprint not only in the Polymer market but also in allied chemicals. In 2019, the Company commissioned its caustic flakes plant, meanwhile, the staying committed to Hydrogen peroxide diversification project to broaden its product portfolio and diversify risk.

### government policies

**capital impacted:** Financial Capital

**nature:** Medium term

**source:** External

**opportunity:** Potential efforts by the government to provide support to the construction and export-oriented industries, investments in infrastructure, and enabling of a conducive business environment impact our product portfolio and have the capacity of helping us meet potential increases in demand to earn higher profitability.

### alternative energy sources & energy efficiency

**capital impacted:** Financial Capital, Manufactured Capital, Natural Capital

**nature:** Long term

**source:** Internal

**opportunity:** The Company is currently exploring alternative energy sources for its business as it looks to reduce its power cost and mitigate the risk of a gas inavailability and price increase. Meanwhile, EPCL continues to invest in efficiency projects to reduce power consumption in the manufacturing process.

### risk management policies established by board

EPCL launched its Lean Enterprise Risk Management (ERM) framework in 2011. It is the policy of the Company to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the uncertainties and risks that may possibly influence the achievement of our corporate goals and objectives.

We recognize that the Company operates in a complex business environment and it mandates assessment of the strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. EPCL entrusts accountability at all levels and requires monitoring, communicating and reporting changes in the risk environment and the effectiveness of actions taken to manage identified risks is on an ongoing basis.

Risks are identified across the organization and ranked based on their impact on probability. Upon identification, a strategy is devised to mitigate its impact which is regularly monitored by the Management Committee. Risk Management process is led by the Chief Financial Officer (CFO) and endorsed by the Board Audit Committee (BAC).

### board's assessment of principal risks

The Board has reviewed the risks facing the Company, including but not limited to those that would threaten the business model, future performance, solvency or liquidity.

### inadequacy in capital structure and plans to address it

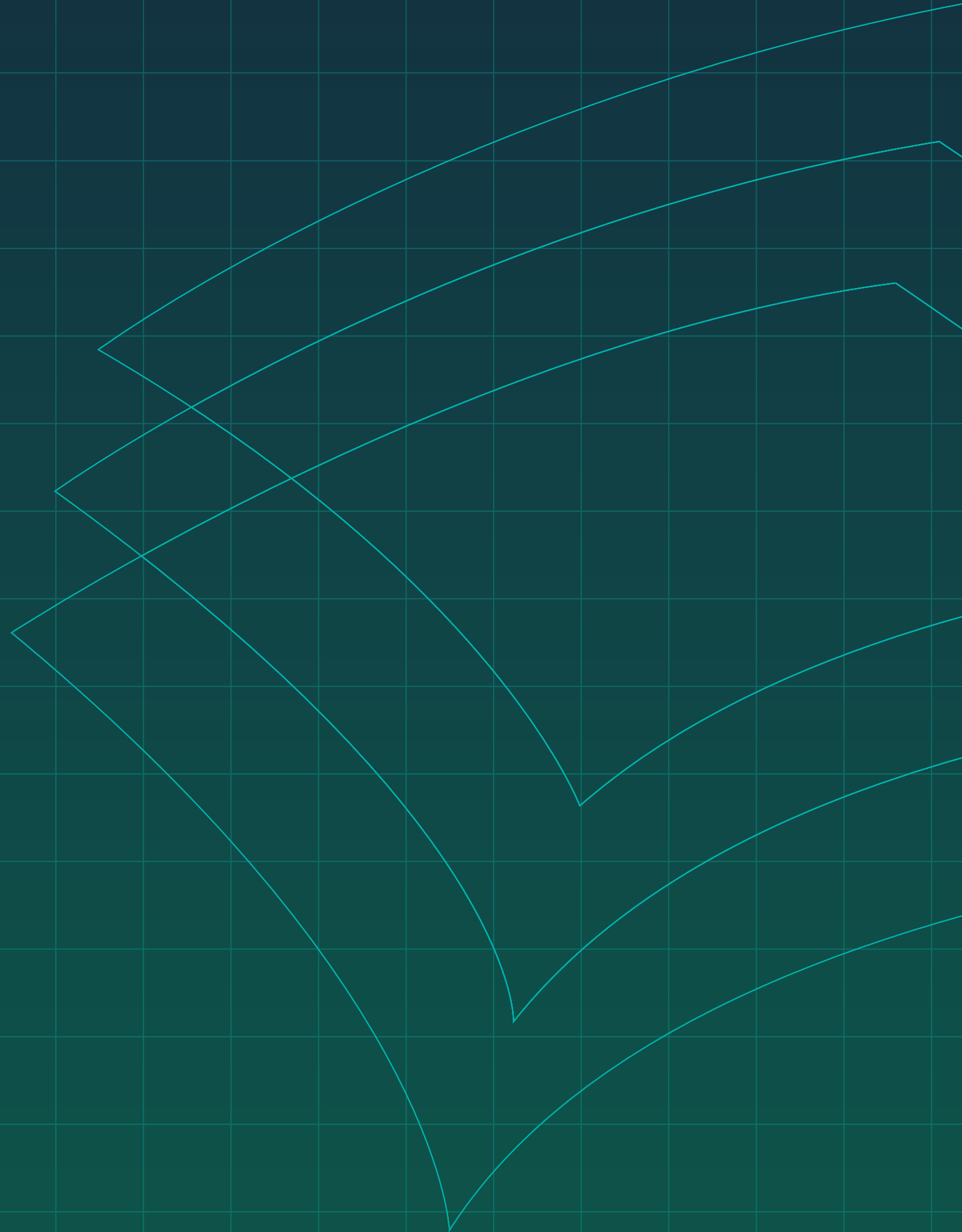
EPCL has maintained an optimal capital structure during the outgoing year

**composition of local vs. imported material and sensitivity analysis due to foreign exchange fluctuations**

The major raw material required for PVC production is being imported by the Company. However, foreign exchange volatility impact on raw material prices and net profit is partially offset, as our PVC pricing is also benchmarked with international PVC prices. Caustic production is mainly locally-sourced and is therefore protected from forex fluctuations. However, future obligations in the form of FX LCs and FCY debt are adversely impacted from volatility in FX.

**significant changes from prior years (regarding information disclosed in this section)**

Significant changes from prior years are disclosed in relevant sections.



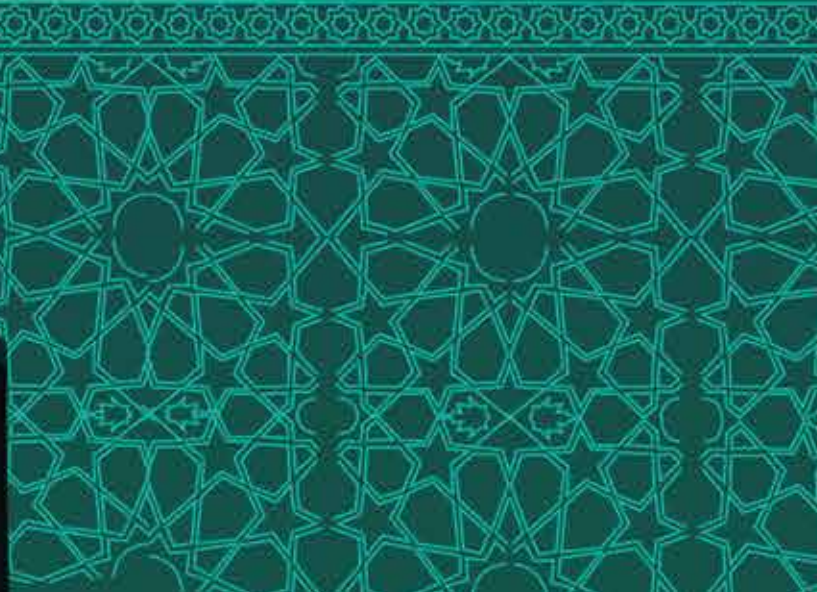
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# UN sustainable development goals

United Nations' Sustainable Development Goals (SDGs) seek to address the world's most serious concerns. EPCL has catered to several set targets to integrate with the UN SDGs. While governments are responsible for prioritizing and implementing strategies to accomplish the SDGs, society's contributors, such as EPCL, are also required to play a crucial role in achieving the goals. As a result, collective and collaborative efforts are needed. Accordingly, EPCL supports the Sustainable Development Goals and believes it has a critical role in this global achievement. All SDGs are relevant to the business in some form, and the Company is already assisting in accomplishing some of them.

## Goal 1: no poverty

## Goal 8: decent work and economic growth

Economic growth is critical at this point in the country's development. EPCL continues to make every effort to ensure that it contributes in all possible ways to fuel promising growth and generate employment opportunities. Since job creation is the backbone of any country's economy, the Company tries to fulfil its responsibility while adhering to applicable labor, health, and safety laws. EPCL encourages local firms to join the supply chain network while simultaneously ensuring the suppliers meet the relevant requirements. The Company's Expansion, Efficiency, and Diversification projects have created jobs for a variety of labor groups and specialists. EPCL collaborates with governments and others to provide training to develop local skills and experience. We strive to create more jobs locally and empower our people while contributing to foreign reserves. With a first-of-its-kind PVC branded outlet, thinkPVC, the company has been successful in showing support for its downstream industries which will help new entrepreneurs by developing the PVC market and introducing new usages.

## Goal 3: good healthcare and well-being

EPCL has invested in the local communities to work towards this goal and promote good healthcare and well-being for residents. The Company has established a primary healthcare clinic for nearby community residents of Ghaggar Phattak villages and Bin Qasim Town to improve their health conditions. The services being offered include screening, OPD/doctor consultation, immunization, lab collection point, lab testing, ultrasound facility, pharmacy for prescribed medicines with a range of 150 treatments, preventive healthcare on diabetes, hypertension & eye, TB program with its partners, EPI vaccination programs for children under one year, and electronic medical record systems with a

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



3 GOOD HEALTH AND WELL-BEING



complete history of each patient. The clinic commenced operations in July 2019 and operates six days a week, with all facilities provided free of cost. The clinic treats around 100 patients daily, totaling approximately 2,500 per month. The clinic's energy requirements are met by a solar power system in line with the Company's more comprehensive sustainability agenda.

## Goal 4: quality education

Education is an integral component for uplifting societies and is a long-term investment for sustainable economic development. The organization's educational interventions help strengthen the literacy level, uplift the quality of learning, and promote the socio-economic development of the surrounding communities of Port Qasim. In collaboration with The Citizens Foundation, the company has established four purpose-built schools. The campuses will benefit the children of less-privileged communities of Ghaggar Phattak villages and adjoining areas. With these schools, EPCL provides quality education in the area to more than 950 students.

**Programing of STEAM activities is in progress. An MOU was signed with Malala Fund by Engro Foundation** to promote STEAM education in our schools. This 5-year program, funded by EPCL, aims to equip out-of-school children to reach grade 5 literacy levels in 2 years through individually paced applications. Our first micro-school, an ed-tech solution for out-of-school children, with **Teach-The-World-Foundation**, has been established and is progressing well. Under this initiative, classes have been initiated in Moosa Goth, Razzakabad, on 2-hour shifts for each type of 25 students who have come to learn English, Urdu, and Mathematics via game applications.

The feasibility of another micro-school in the TDF Magnifscience Centre vicinity is completed, and the school will be started in Q1 2023

## Goal 6: clean water and sanitation

EPCL has successfully dispensed 7.3 million liters of clean water this year alone and has positively impacted more than 100,000 residents. Clean drinking water is a luxury for many citizens living in remote villages with limited access to safer alternatives. The company has established five water filtration plants in collaboration with The Water Foundation to help make clean drinking water accessible to people in such areas. Like the healthcare clinic established by the company, all these water filter plants are based on a solar power system.

4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



## Goal 9: industry, innovation, and infrastructure

Digital Transformation plays a pivotal role in implementing EPCL's vision of becoming an automated, safe, and reliable organization using modern technological solutions. We have site network architecture with cloud connectivity to make the site cyber security compliant. It includes next-generation firewalls and data diodes to ensure the OT infrastructure is secure from all threats post-cloud connectivity. WorkSafe Analytics, a computer vision-based solution, could monitor mask and social distancing violations through CCTV footage and generate analytics based on violations. With the implementation of OneSAP, the Company reintegrated its Salesforce CRM ecosystem with limited downtime and zero ramp-down of commercial operations. A critical success indicator was the absence of prolonged rest of our customer portal. EPCL introduced digital logging to replace paper checklists to promote a paperless environment. The Company has further employed various online banking solutions, including digital Letters of Credit and online funds transfer facilities, to digitize manual processes, thereby limiting paper consumption. Lastly, a 5-year digital transformation strategy was approved with a primary focus on improving customer engagement, empowering employees, optimizing processes, and improving reliability and workplace safety.

Keeping up with EPCL's vision, the Digital Transformation team deployed several state-of-the-art digital solutions in technical & non-technical areas. These solutions included the following:

### risk alive analytics

One of the significant achievements in 2022 was the implementation of Risk Alive (an AI-based risk prioritization and management tool) at the VCM unit. This risk-based analytical tool has helped EPCL to improve the operability & reliability of the topmost critical safety barriers, along with prioritizing recommendations associated with new projects (HTDC & HPO). Risk Alive Analytics also helped EPCL to direct focus toward and effectively manage high-risk threats, which have a higher potential to occur at EPCL. During 2022 over a hundred safety and environment-critical-equipment (SECE) were reviewed. Based on this, the availability of 21+ SECE spares was ensured, and 41 defeat procedures were revised.

### EPCL CEO's dashboard

EPCL, aiming to focus on reporting and analytics, delivered its first-ever CEO's dashboard. This dashboard is a crucial milestone in EPCL's digitization journey, which will provide management with an overview of key business KPIs to monitor and analyze through meaningful data from Commercial, Manufacturing, Supply Chain, and Finance.

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Implementing complex integration with multiple SAP reports and developing business logic on top of them offered a challenge to IT, DT, and Business Teams, which they successfully addressed in time.

The dashboard will serve as the foundation for future reporting and analytics for the management, with new KPIs introduced occasionally.

### online vehicle tracking

The OVT project went live in Dec 2023 to provide tracking of customer dispatches to their location. The underlying idea was to improve customer satisfaction; OpenPort, a digital logistics platform, was implemented to consolidate all tracking data from multiple transporters and trackers on a single portal available on web and mobile applications.

In addition to tracking, customers can view the history of dispatches and receive a product with an electronic signature through a mobile app. The project would also provide a KPI dashboard and detailed analysis for Logistics to monitor and analyze transporter performance.

EPCL plans to include route and abnormal stoppages monitoring by 1Q 2023.

### SAP hydrogen peroxide

To monitor the project execution systematically, SAP was extended to HPO in Q2 2022. Three modules in SAP went live, Project Systems, Investment Management, and Materials Management, to ensure CAPEX-related activities are managed through SAP. The project was delivered by the Expansion, Finance, Supply Chain, and ECORP ICT team.

Further modules will be incorporated by Q2 2023 to manage plant and commercial operations through SAP.

## Goal 5: gender equality

EPCL is fully committed to promoting equal employment and professional development opportunities for all individuals. We are working around the clock to fulfill our mandate for Diversity, Equity, and Inclusion (DEI) and have implemented various initiatives and programs throughout the year.

One of the key focus areas of these efforts has been promoting women in the workplace. EPCL has provided learning and development opportunities for women, preparing them for leadership roles and

## 5 GENDER EQUALITY





encouraging more women to join the workforce. In addition, the company has organized various sessions to increase awareness and sensitivity to issues related to diversity and inclusion.

## recruitment

### diversified trainee batch induction

EPCL is actively working to increase diversity and inclusion by encouraging and supporting more women to join the workforce. In 2022, the company achieved its highest-ever ratio of diverse inductions into trainee programs, with 37% and 50% of the GTEs and TAEs batches, respectively, female trainees. This intervention also helps the organization work on a diversified talent pipeline.

#### Hiring of Female Supervisor in Lab & Customer Support Department

In 2022, the company made significant strides in its outreach program to support women in technical roles. One notable example is Fakiha Saeed, who joined the company as a Senior Assistant Lab Engineer in a supervisory role in the manufacturing division. These efforts align with the United Nations' Sustainable Development Goals (SDGs) and showcase EPCL's commitment to DEI at all levels of the organization. It demonstrates the company's dedication to creating an inclusive culture for women and contributing to the broader goal of gender diversity in the talent market of the country.

## retention and development

### GTEs accommodation

To attract diverse talent from all over Pakistan, EPCL has introduced the first-ever company accommodation for out-of-town female trainees. Located in Bahria Town, the guest house provides six trainees with a safe and convenient living arrangement. With gated security and all the necessary amenities, this guest house allows trainees to focus on their studies and training without distractions. It is the first time EPCL has offered such accommodations, and the company plans to expand the initiative to include out-of-town trade apprentices.

### breaking the glass ceiling

EPCL is dedicated to supporting the development and advancement of its female employees and helping them prepare for leadership roles. The company offers a comprehensive program called Breaking the Glass Ceiling, specifically designed to coach and empower women for growth opportunities within the organization. The program is a twelve-month journey that includes group and personalized coaching sessions designed to help women develop the skills and confidence they need to take on leadership roles. This year, 21 female employees participated in the program.

### diversity intelligent leaders program & harassment awareness

Diversity Intelligent Leaders Program & Harassment Awareness is a sensitization training program that focuses on creating a more welcoming and diverse environment across Engro. Through the efforts of trained advocates and the increased population sensitivity, the end goal is to foster a culture of acceptance and understanding.

EPCL undertook this training in collaboration with ECorp, including participants from its four sister organizations and participants from within EPCL. The program is divided into two parts: a three-day workshop in which a group of advocates is trained in the 'train the trainer' method, followed by the advocates leading sensitivity training sessions for the designated population to promote inclusivity and

diversity across the entire group.

### installation of go vendi machines

At EPCL, we recognize the importance of female hygiene and are committed to raising awareness about this vital issue. To that end, we have installed 'Go Vendi machines' at our headquarters and plant sites, providing necessary products for females. In addition to providing resources, we have also conducted awareness sessions for employees and their family members on topics such as breast cancer, PCOS, and menopause. It is our corporate obligation and social responsibility to prioritize the mental and physical health of all members of our community.

### enableall – PwD internship program

EPCL has always been committed to promoting diversity and inclusion within its ranks. Recently, the company took a significant step towards this goal by conducting its first internship program for people with disabilities (PwDs).

The program, called ENableall, was designed to give individuals with disabilities the opportunity to gain valuable work experience and develop their skills. Three interns from the first cohort completed the program and excelled in their roles within the finance and technical departments. They proved to be valuable members of the team, and their contributions were greatly appreciated.

### hiring of female supervisor in lab & customer support department

In 2022, the company made significant strides in its outreach program to support women in technical roles. One notable example is Fariha Kashif, who joined the company as a Lab Engineer in a supervisory role in the manufacturing division. It demonstrates the company's dedication to creating an inclusive culture for women and contributing to the broader goal of gender diversity in the talent market of the country. These efforts align with the United Nations' Sustainable Development Goals (SDGs) and showcase EPCL's commitment to DEI at all levels of the organization.

## Goal 12: responsible consumption and production

EPCL remains cognizant of responsible consumption to create a sustainable environment for future generations. To this effect, the company has made significant investments in projects like Oxy Vent Recycle (OVR), High-Temperature Direct Chlorination (HTDC), and Transfer Line Exchangers (TLEx). These projects are expected to reduce the company's energy requirement, reduce the drain on the country's depleting natural gas reserves, lower its carbon footprint, and improve raw material efficiency. The following projects are in full swing and successfully contribute towards sustainable operations and consumption.

### circular plastics:

- EPCL established Circular Plastics Institute to bridge the knowledge gap around waste management and recycling.



- USD 60,000 in funding was received for various studies, including the Asia-Pacific Network for Global Change Research (APN-GCR). The agreement was signed with COMSATS University Islamabad as the lead partner to implement the APN-GCR study, with USD 5,000 funding from Engro Polymer and in-kind support.
- Signed MoU between Engro Foundation, EPCL, and Akhtar Hameed Khan Memorial Trust for a waste management pilot project in Bara Kahu for 3000 households
  - Government stakeholders engaged in obtaining rights of land to set up the waste management facility.
- EPCL is the first affiliate of the World Economic Forum's Global Plastics Action Partnership (GPAP). It has also joined the Collect and Recycle Alliance (CORE), a platform of leading plastic package manufacturing and use companies.
- EPCL implemented a circular Plastics Investment Fund to scale the circular economy for plastics business models. , one project has been shortlisted.
  - o ENGIVE has signed a Joint Venture [JV] with Wali Khanani, an entrepreneur working in the plastics recycling space, and will invest PKR6.1 million into the business, Resin8, through funding from EPCL. The process of registering the JV has commenced.

### Goal 13: climate action

- EPCL is committed to green practices and pursues continuous development for the environment. In addition to the carbon neutrality exercise this year, EPCL has conducted multiple environment audits and acquired several approvals from SEPA. These include:
  - Renewal of Hazardous Substances NOC
  - IEE study for VCM 300 Project
  - Monthly Emissions and Effluent Monitoring
  - Noise Monitoring Surveys
  - Ambient and Indoor Air Quality Surveys

## 13 CLIMATE ACTION



# financial performance & **position**



# statement of compliance with listed companies (code of corporate governance) regulations, 2019

Engro Polymer & Chemicals Limited

Year ended December 31, 2022

Engro Polymer & Chemicals Limited (hereinafter referred to as “the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) in the following manner:

1. The total number of directors are **Nine** as per the following:



\* Including the Chief Executive Officer.

2. The composition of the Board as at December 31, 2022 is as follows:

Category	Name
i. Non-executive directors	Mr. Ghias Khan Mr. Nadir Salar Qureshi Mr. Rizwan Masood Raja Mr. Hideki Adachi Mr. Eram Hasan
ii. Executive director	Mr. Jahangir Piracha
iii. Independent directors	Mr. Feroz Rizvi Mr. Nazoor Ali Baig
iv. Independent director – Female	Ms. Ayesha Aziz

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

9. Seven directors on the Board are certified as trained directors as of December 31, 2022.

10. There was no change in the position of the Chief Financial Officer, Company Secretary and Head of Internal Audit;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.

a) Board Audit Committee

Name	Category
Mr. Feroz Rizvi	Chairman
Mr. Eram Hasan	Member
Mr. Nazoor Ali Baig	Member
Mr. Hideki Adachi	Member

b) The Board People Committee i.e. HR and Remuneration Committee

Name	Category
Ms. Ayesha Aziz	Chairman
Mr. Feroz Rizvi	Member
Mr. Nadir Salar Qureshi	Member
Mr. Rizwan Masood Raja	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
  - a) Board Audit Committee (5 meetings held during the year); and
  - b) The Board People Committee (3 meetings held during the year);
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.



Mr. Ghias Khan  
Chairman

Date: February 7<sup>th</sup>, 2023



Mr. Jahangir Piracha  
CEO

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Engro Polymer and Chemicals Limited

Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Engro Polymer and Chemicals Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.



Chartered Accountants  
Karachi

Date: March 8<sup>th</sup>, 2023

Engagement Partner: Waqas Aftab Shekih

UDIN: CR202210069YD2wXrEZA

# six-year summary of financial position with horizontal and vertical analysis

	2022			2021			2020			2019			2018			2017		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
<b>ASSETS</b>																		
Property, plant and equipment	45,287	17	53	38,703	3	50	37,614	20	54	31,433	62	55	19,398	21	54	16,011	-	66
Right-of-use asset	1,684	(17)	2	2,037	(12)	3	2,306	(16)	3	2,748	100	5	-	-	-	-	-	-
Intangible assets	686	(4)	1	712	598	1	102	29	-	79	(26)	-	107	2	-	105	15	-
Financial assets at amortised cost	1,318	(57)	2	3,093	(34)	4	4,661	(14)	7	5,421	100	9	-	-	-	-	-	-
Long-term loans and advances	1	49	-	1	(98)	-	29	(60)	-	72	(14)	-	84	11	-	76	9	-
Deferred tax asset	-	-	-	-	-	-	-	(100)	-	116	100	-	-	(100)	-	11	(98)	-
Stores, spares and loose tools	2,464	21	3	2,042	14	3	1,785	6	3	1,678	7	3	1,563	(2)	4	1,602	4	7
Stock-in-trade	10,416	(17)	12	12,591	103	16	6,195	42	9	4,350	21	8	3,581	(3)	10	3,681	22	15
Trade debts - considered good	2,679	221	3	834	42	1	586	25	1	470	9	1	430	(15)	1	505	11	2
Loans, advances, deposits, prepayments and other receivables	3,515	87	4	1,877	496	2	315	(64)	1	879	(48)	2	1,700	149	5	683	56	3
Tax recoverable	-	-	-	-	(100)	-	159	87	-	85	100	-	-	(100)	-	767	(32)	3
Short term investments	14,059	(1)	16	14,143	(2)	18	14,396	100	21	9,396	20	16	7,798	3,149	22	240	(68)	1
Cash and bank balances	3,292	70	4	1,934	104	2	946	19	1	792	(42)	1	1,362	99	4	683	82	3
<b>TOTAL ASSETS</b>	<b>85,401</b>	<b>10</b>	<b>100</b>	<b>77,966</b>	<b>13</b>	<b>100</b>	<b>69,094</b>	<b>20</b>	<b>100</b>	<b>57,519</b>	<b>60</b>	<b>100</b>	<b>36,023</b>	<b>48</b>	<b>100</b>	<b>24,364</b>	<b>-</b>	<b>100</b>
<b>EQUITY</b>																		
Ordinary share capital	9,089	-	11	9,089	-	12	9,089	-	13	9,089	-	15	9,089	37	25	6,635	-	27
Preference shares	3,000	-	4	3,000	-	4	3,000	-	4	-	-	-	-	-	-	-	-	-
Share premium	3,875	-	5	3,875	-	5	3,875	-	6	3,875	-	7	3,875	302	11	964	-	3
Unappropriated profits	11,158	(20)	13	14,004	38	18	10,162	111	15	4,812	26	8	3,832	2,280	11	161	(110)	1
	<b>27,122</b>			<b>29,968</b>			<b>26,126</b>			<b>17,776</b>			<b>16,796</b>			<b>7,760</b>		
<b>LIABILITIES</b>																		
Long-term borrowings	19,835	15	23	17,177	(13)	22	19,790	2	30	19,389	159	34	7,500	(14)	21	8,750	-	36
Deferred income - Government grant	582	271	1	157	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	1,892	(30)	2	2,713	(25)	3	3,614	(20)	5	4,544	-	8	-	-	-	-	-	-
Provisions	637	(65)	1	1,809	(40)	2	2,991	-	4	-	-	-	-	-	-	-	-	-
Deferred tax liability	2,131	5	2	2,029	72	3	1,183	-	2	-	(100)	-	390	-	1	-	-	-
Current portion of long term borrowings	4,826	23	6	3,930	114	5	1,837	-	3	-	-	-	-	-	-	-	(100)	-
Current portion of lease liabilities	1,913	29	2	1,481	37	2	1,081	10	2	987	-	2	-	-	-	-	-	-
Current portion of Provisions	6,011	48	7	4,074	66	5	2,456	(57)	4	5,658	22	10	4,639	49	13	3,112	46	13
Service benefit obligations	75	(24)	-	98	23	-	80	31	-	61	11	-	55	20	-	46	-	-
Short-term borrowings	474	-	1	474	-	1	-	(100)	-	2,159	-	4	-	-	-	-	(100)	-
Current portion of deferred income - Government grant	97	260	-	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	15,353	33	18	11,551	22	15	9,483	45	14	6,548	2	11	6,436	42	18	4,523	(33)	19
Unclaimed dividend	1,174	14	1	1,030	3,579	1	28	(10)	-	31	15	-	27	(29)	-	38	-	-
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	(100)	-	26	-	-	-	-	-
Taxes payable	2,887	184	3	1,016	-	1	-	-	-	-	(100)	-	89	-	-	-	-	-
Accrued interest / mark-up	392	(9)	-	431	2	1	425	16	1	366	463	1	65	(52)	-	135	1,127	1
	<b>58,279</b>			<b>47,998</b>			<b>42,968</b>			<b>39,743</b>			<b>19,227</b>			<b>16,604</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>85,401</b>	<b>10</b>	<b>100</b>	<b>77,966</b>	<b>13</b>	<b>100</b>	<b>69,094</b>	<b>20</b>	<b>100</b>	<b>57,519</b>	<b>60</b>	<b>100</b>	<b>36,023</b>	<b>48</b>	<b>100</b>	<b>24,364</b>	<b>-</b>	<b>100</b>















## six-year summary of financial performance with horizontal and vertical analysis

	2022			2021		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
Net revenue	82,060	17	100	70,022	98	100
Cost of sales	(58,680)	28	(84)	(45,986)	89	(66)
Gross profit	23,380	(3)	33	24,036	120	34
Distribution and marketing expenses	(587)	45	(1)	(406)	38	(1)
Administrative expenses	(1,005)	47	(1)	(684)	24	(1)
Other expenses	(3,481)	46	(5)	(2,382)	177	(3)
Other income	1,481	12	2	1,327	12	2
<b>Operating profit</b>	<b>19,788</b>	<b>(10)</b>	<b>28</b>	<b>21,891</b>	<b>110</b>	<b>31</b>
Finance costs	(3,092)	62	(4)	(1,904)	(13)	(3)
<b>Profit before taxation</b>	<b>16,696</b>	<b>(16)</b>	<b>24</b>	<b>19,987</b>	<b>143</b>	<b>29</b>
Taxation	(5,007)	2	(7)	(4,927)	97	(7)
<b>Profit after taxation</b>	<b>11,689</b>	<b>(22)</b>	<b>17</b>	<b>15,061</b>	<b>163</b>	<b>22</b>

	2020			2019		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
Net revenue	35,331	(7)	100	37,837	7	100
Cost of sales	(24,382)	(18)	(69)	(29,731)	7	(79)
Gross profit	10,949	35	31	8,106	7	21
Distribution and marketing expenses	(294)	(25)	(1)	(392)	2	(1)
Administrative expenses	(550)	(4)	(2)	(570)	(1)	(2)
Other expenses	(860)	(31)	(2)	(1,241)	50	(3)
Other income	1,180	27	3	930	(26)	2
<b>Operating profit</b>	<b>10,425</b>	<b>53</b>	<b>30</b>	<b>6,833</b>	<b>(3)</b>	<b>18</b>
Finance costs	(2,191)	22	(6)	(1,794)	196	(5)
<b>Profit before taxation</b>	<b>8,234</b>	<b>63</b>	<b>23</b>	<b>5,039</b>	<b>(22)</b>	<b>13</b>
Taxation	(2,504)	86	(7)	(1,343)	(12)	(4)
<b>Profit after taxation</b>	<b>5,730</b>	<b>55</b>	<b>16</b>	<b>3,696</b>	<b>(25)</b>	<b>10</b>

	2018			2017		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
Net revenue	35,272	27	100	27,731	21	100
Cost of sales	(27,663)	28	(78)	(21,666)	15	(78)
Gross profit	7,609	25	22	6,065	54	22
Distribution and marketing expenses	(385)	(71)	(1)	(1,328)	13	(5)
Administrative expenses	(577)	(1)	(2)	(584)	13	(2)
Other expenses	(828)	133	(2)	(356)	137	(1)
Other income	1,250	812	4	137	552	-
<b>Operating profit</b>	<b>7,069</b>	<b>80</b>	<b>20</b>	<b>3,935</b>	<b>87</b>	<b>14</b>
Finance costs	(606)	(26)	(2)	(820)	(11)	(3)
<b>Profit before taxation</b>	<b>6,463</b>	<b>107</b>	<b>18</b>	<b>3,115</b>	<b>162</b>	<b>11</b>
Taxation	(1,533)	44	(4)	(1,062)	102	(4)
<b>Profit after taxation</b>	<b>4,930</b>	<b>140</b>	<b>14</b>	<b>2,053</b>	<b>211</b>	<b>7</b>

## key quantitative information

 <b>Sales revenue</b> (Rs in million)	<b>2022</b> <b>82,060</b> <b>2021</b> 70,022	 <b>Capital expenditure</b> (Rs in million)	<b>2022</b> <b>9,095</b> <b>2021</b> 3,601	 <b>Total number of employees</b>	<b>2022</b> <b>601</b> <b>2021</b> 598
 <b>Profit before tax</b> (Rs in million)	<b>2022</b> <b>16,696</b> <b>2021</b> 19,987	 <b>Total Assets</b> (Rs in million)	<b>2022</b> <b>85,401</b> <b>2021</b> 77,966	 <b>Total average number of employees</b>	<b>2022</b> <b>599</b> <b>2021</b> 568
 <b>Profit after tax</b> (Rs in million)	<b>2022</b> <b>11,689</b> <b>2021</b> 15,061	 <b>Total Equity</b> (Rs in million)	<b>2022</b> <b>27,122</b> <b>2021</b> 29,968	 <b>Total number of plant employees</b>	<b>2022</b> <b>428</b> <b>2021</b> 508
 <b>Earning per share - basic</b> (in Rs)	<b>2022</b> <b>12.37</b> <b>2021</b> 16.28	 <b>Market capitalization</b> (Rs in million)	<b>2022</b> <b>38,466</b> <b>2021</b> 49,273	 <b>Total average number of employees</b>	<b>2022</b> <b>427</b> <b>2021</b> 527
 <b>Earning per share - diluted</b> (in Rs)	<b>2022</b> <b>9.67</b> <b>2021</b> 12.46	 <b>Price per Share</b> (Rs in million)	<b>2022</b> <b>42.32</b> <b>2021</b> 54.21		

# cash flow statements direct method

(Rs in million)

	2022	2021	2020	2019	2018	2017
Cash flows from customers	93,403	80,889	41,333	37,799	35,347	27,671
Cash payments to suppliers and others	(68,512)	(63,673)	(28,870)	(28,729)	(24,989)	(24,937)
<b>Cash generated from operations</b>	<b>24,891</b>	<b>17,217</b>	<b>12,463</b>	<b>9,070</b>	<b>10,358</b>	<b>2,734</b>
Long term loans and advances	-	29	43	12	(9)	(6)
Retirement benefits paid	(93)	(42)	(35)	(45)	(155)	(104)
Income tax paid	(3,035)	(2,905)	(1,279)	(1,280)	(278)	(167)
<b>Net cash flow from operating activities*</b>	<b>21,763</b>	<b>14,299</b>	<b>11,192</b>	<b>7,757</b>	<b>9,916</b>	<b>2,457</b>
Purchase of operating assets and intangibles	(9,096)	(3,601)	(7,318)	(13,114)	(4,260)	(1,093)
Proceeds from disposal of operating assets	29	3	-	3	-	9
Investment in Term Deposit Receipt	-	(23)	(6)	(5,421)	-	-
Income on investments and bank deposits	1,312	1,295	1,072	852	346	49
Purchase of short-term investments	(340,467)	(10,950)	-	-	-	-
Proceeds on sale / maturity of short-term investments	337,210	3,000	-	-	-	-
Maturity of Term Deposit Receipts	2,258	935	-	-	-	-
<b>Net cash flow from investing activities</b>	<b>(8,754)</b>	<b>(9,341)</b>	<b>(6,252)</b>	<b>(17,680)</b>	<b>(3,914)</b>	<b>(1,035)</b>
Proceeds from long-term borrowings	9,785	1,061	1,925	19,367	-	3,000
Proceeds from short term borrowings	-	474	-	-	-	-
Repayments of long-term borrowings	(12,876)	(1,927)	-	(7,500)	(1,250)	(3,417)
Repayments of short-term borrowings	-	-	-	-	-	(300)
Transaction cost	(19)	(4)	-	-	-	-
Proceeds from loan under Diminishing Musharaka Agreement	6,000	-	94	-	-	-
Shares issuance cost paid	-	(4)	(199)	-	-	-
Issuance of preference shares	-	-	3,000	-	-	-
Issue of share capital	-	-	-	-	5,365	-
Finance costs	(2,331)	(1,354)	(1,891)	(999)	(638)	(607)
Rentals paid	(1,738)	(1,372)	(1,337)	(1,241)	-	-
Dividend	(14,390)	(10,213)	(185)	(840)	(1,242)	(261)
<b>Net cash flow from financing activities</b>	<b>(15,550)</b>	<b>(13,335)</b>	<b>1,407</b>	<b>8,787</b>	<b>2,235</b>	<b>(1,585)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2,541)</b>	<b>(8,378)</b>	<b>6,347</b>	<b>(1,136)</b>	<b>8,237</b>	<b>(163)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>5,994</b>	<b>14,371</b>	<b>8,024</b>	<b>9,160</b>	<b>923</b>	<b>1,086</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,453</b>	<b>5,994</b>	<b>14,371</b>	<b>8,024</b>	<b>9,160</b>	<b>923</b>

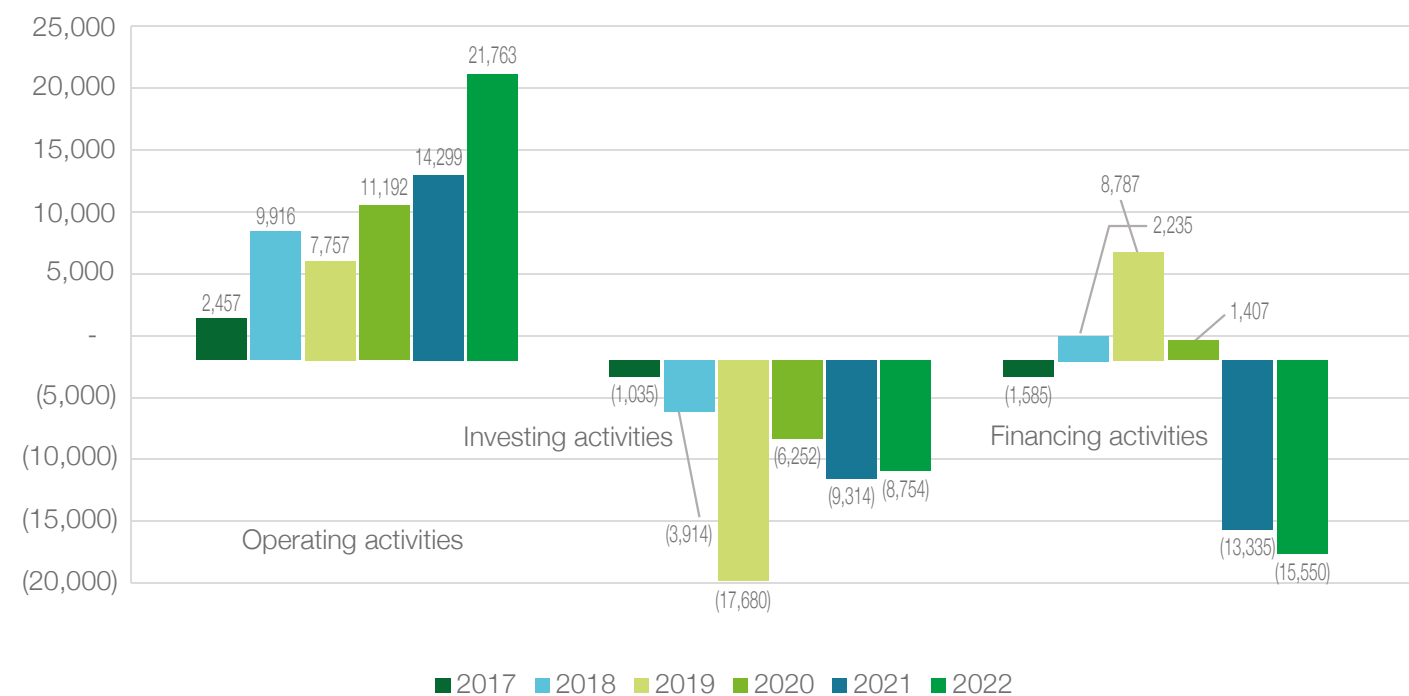
\*Adjusted for foreign exchange difference



## summary of consolidated statement of cashflows - indirect method

(Rs in million)

	2022	2021	2020	2019	2018	2017
Net cash generated from operating activities	21,763	14,299	11,192	7,757	9,916	2,457
Net cash used in investing activities	(8,754)	(9,314)	(6,252)	(17,680)	(3,914)	(1,035)
Net cash generated from / (used in) financing activities	(15,550)	(13,335)	1,407	8,787	2,235	(1,585)
Net change in cash and cash equivalents	(2,541)	(8,351)	6,347	(1,136)	8,237	(163)
<b>Cash and cash equivalents at end of the year</b>	<b>3,453</b>	<b>5,994</b>	<b>14,371</b>	<b>8,024</b>	<b>9,160</b>	<b>923</b>



## free cash flows

Free cash flows to equity shareholders represent the cash a company can generate after required investment to maintain or expand its asset base and net repayment of debt. It is a measurement of a company's financial performance and health.

	2022	2021	2020	2019	2018	2017
Net cash generated from operating activities	21,734	14,260	11,192	7,757	9,916	2,457
Capital expenditures - net	(9,067)	(3,598)	(7,318)	(13,111)	(4,260)	(1,084)
Rentals paid	(1,738)	(1,372)	(1,337)	(1,241)	-	-
Free cash flows	10,929	9,290	2,537	(6,595)	5,656	1,373
Long term borrowings - net	2,908	(866)	128	10,868	(1,888)	(1,324)
<b>Free cash flow available to equity shareholders</b>	<b>13,837</b>	<b>8,424</b>	<b>2,665</b>	<b>4,273</b>	<b>3,768</b>	<b>49</b>

The cashflows generated from the operations are directly related with the profitability and from 2017 when the management has been making conscientious efforts to expand and diversify production capacities and product ranges, restructure debt structure and manage the working capital cycle. The resultant improvement can be demonstrated in the bottom-line.

## economic value added

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT).

	2022	2021
NOPAT	14,781	16,965
Less: cost of capital	(6,214)	(6,129)
<b>Economic value added</b>	<b>8,567</b>	<b>10,836</b>

The asset base of the Company has continued to expand on account of expansion and diversification projects been undertaken, the positive impact has started reflecting in the Company's performance from this year.

# quarterly analysis

(Based on consolidated financial statements)

## first quarter

Profit and loss – Rs in Mn	Mar - 22	Mar - 21
Net revenue	23,127	15,672
Cost of sales	(15,462)	(9,436)
Gross profit	7,665	6,236
Operating profit	6,869	6,146
Profit before tax	6,256	5,743
Net profit	4,714	4,143

The company substantially improved its quarterly profile, on the back of increased volumetric sales of PVC (18% as compared to Q1-21) back of effective commercial strategy and enhanced consumer base, efficient operations and higher international prices.

Balance sheet – Rs in Mn	Mar - 22	Dec - 21
Total assets	83,017	77,966
Total equity	29,601	29,968
Total liabilities	53,416	47,998

The balance sheet for the period has strengthened on account of improved quarterly financial performance. Backed by an increase in revenue as well as production capacity, the Company has witnessed an increase in its working capital.

## second quarter

Profit and loss – Rs in Mn	Jun-22	Jun-21
Net revenue	22,227	14,825
Cost of sales	(14,749)	(9,607)
Gross profit	7,528	5,218
Operating profit	6,258	4,690
Profit before tax	5,521	4,178
Net profit	2,338	3,122

The sales for the period decreased slightly compared to the previous quarter yet remained significantly higher than the same period last year. EPCL achieved highest ever domestic sales in this period on the back of effective commercial strategy and enhanced consumer base.

International prices of PVC witnessed a downward trend in this quarter as compared to Q1 owing to Geopolitical Tensions, COVID resurgence in China and inflationary pressures. This, however, was partially offset by higher sales volumes, balancing the overall performance.

Balance sheet – Rs in Mn	Jun-22	Dec-21
Total assets	80,135	77,966
Total equity	27,284	29,968
Total liabilities	52,851	47,998

Towards the end of the quarter, the Company announced the commencement of OVR project bringing in raw material efficiencies in operations. This increased the working capital of the Company on account of considerable addition in its production capacities.

## third quarter

Profit and loss – Rs in Mn	Sep-22	Sep-21
Net revenue	16,904	18,827
Cost of sales	(11,931)	(13,585)
Gross profit	4,973	5,242
Operating profit	3,985	4,609
Profit before tax	3,112	4,122
Net profit	2,257	3,107

In third quarter, local PVC sales declined by approximately 10% compared to same period last year, amid low demand due to harsh weather conditions, heavy monsoon and floods. The demand from downstream market was further impacted due to unpredictable economic conditions: surging inflation and all-time high exchange rates. However, on a 9-month basis compared to last year, sales remained high.

Balance sheet – Rs in Mn	Sep-22	Dec-21
Total assets	76,826	77,966
Total equity	27,158	29,968
Total liabilities	49,668	47,998

The continued healthy cash generation from operations and increased working capital have improved the Company's balance sheet. The Company further managed to pay off and reduce its current liabilities by Rs 2,583 Mn in this quarter

## fourth quarter

Profit and loss – Rs in Mn	Dec-22	Dec-21
Net revenue	19,752	20,699
Cost of sales	(16,537)	(13,359)
Gross profit	3,215	7,341
Operating profit	2,675	6,446
Profit before tax	1,806	5,944
Net profit	2,380	46,989

During the last quarter, the Company witnessed a minor decline in revenue as compared to Q321 due to decreased international prices, geopolitical turbulence and devastating monsoon floods.

The revenue remained significantly higher than the previous quarter but this was offset by the increased raw material prices due to devaluation of PKR against USD.

Balance sheet – Rs in Mn	Dec-22	Dec-21
Total assets	85,401	77,966
Total equity	27,122	29,968
Total liabilities	58,279	47,998

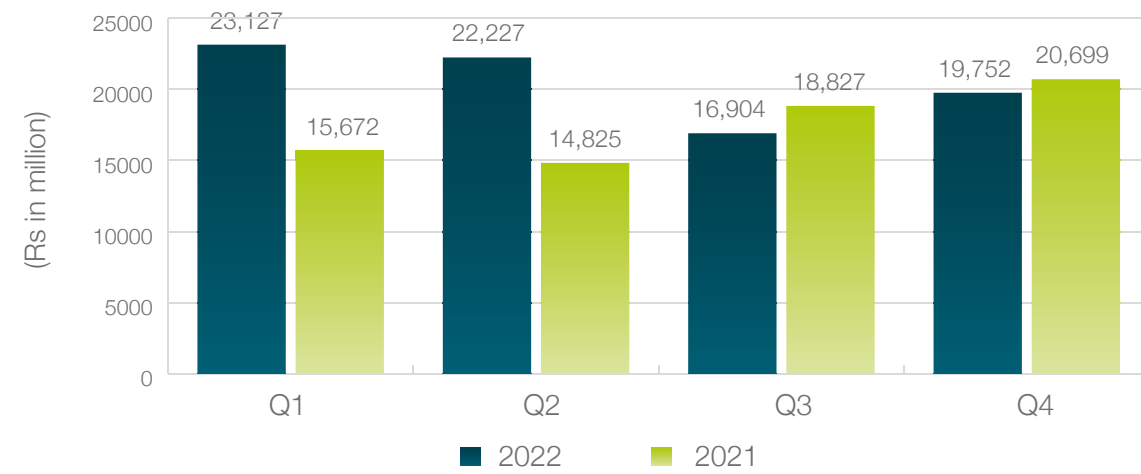
Due to increased production capacities, the company witnessed an increase in its business-related liabilities including trade and other payables as well as income tax liability and outstanding dividends.

## analysis of variation in interim accounts with final accounts

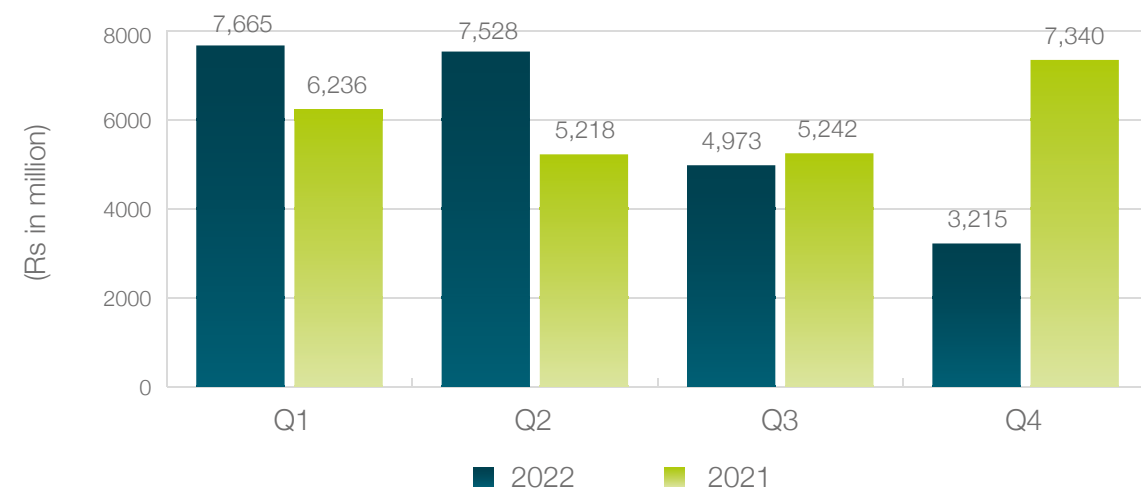
The profits for the year decreased by Rs. 3,372. Revenue of the company almost doubled in first half of year 2022 year on the back of higher volumetric sales of PVC. However, this increase was partially offset by the decline of 10% in revenue in second half of the year as the domestic PVC market in Pakistan experienced volatility due to geopolitical turbulence and devastating monsoon floods. Adding to these challenges, the high headline inflation and depleting foreign reserves negatively impacted economic sentiment.

Further, decline in profit is attributed to the impact of super tax charge imposed by the government on prior and current year. In addition, given the ongoing economic uncertainty, the company is facing inflationary pressures on account of instability in PKR to dollar parity, high fuel prices and rising KIBOR rates.

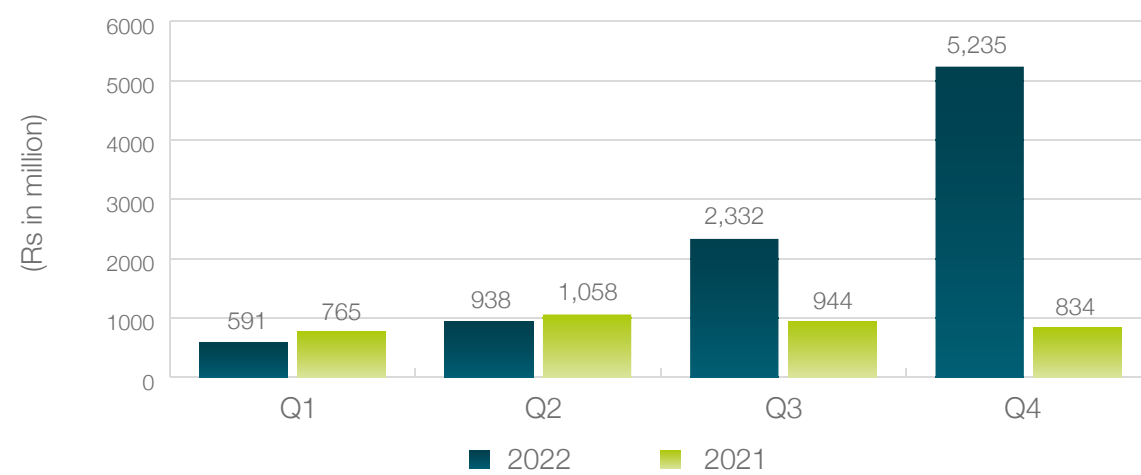
### Revenue Analysis



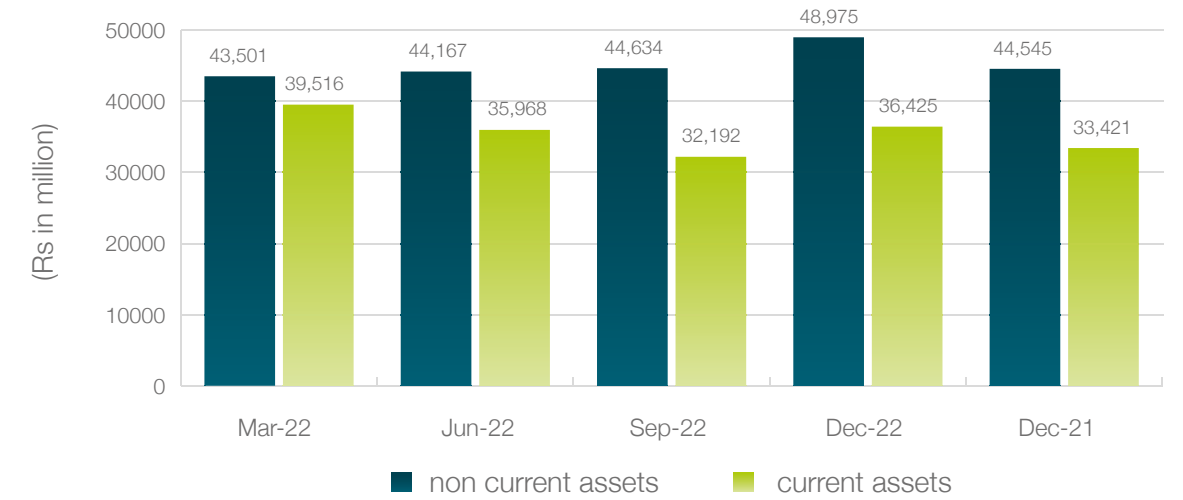
### Gross Profit Analysis



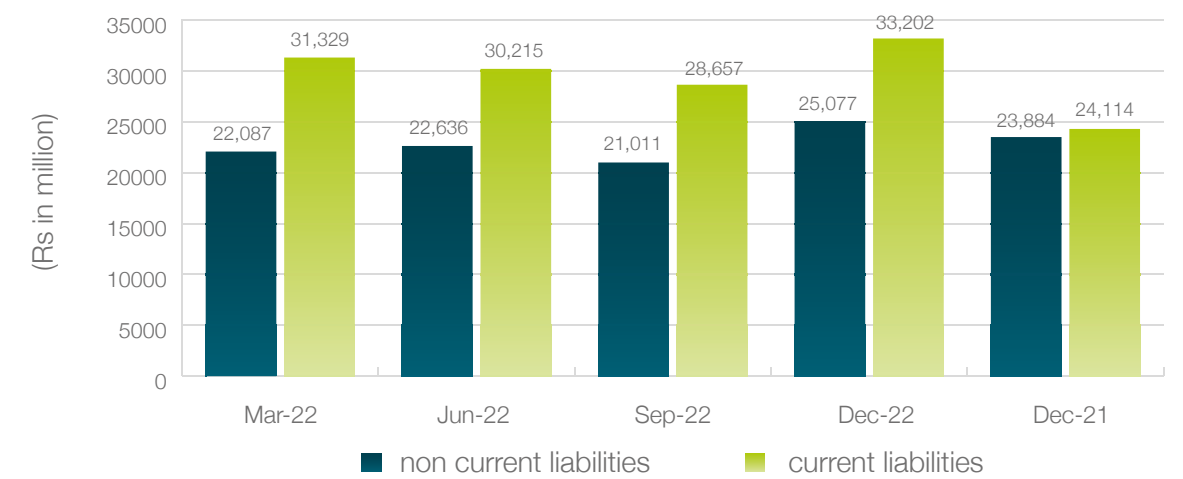
### Capital Expenditure



### Asset Analysis



### Liabilities Analysis



# segment analysis

The Company is organized into three business segments based on the products as follows:

## poly vinyl chloride (PVC) and Allied Chemicals

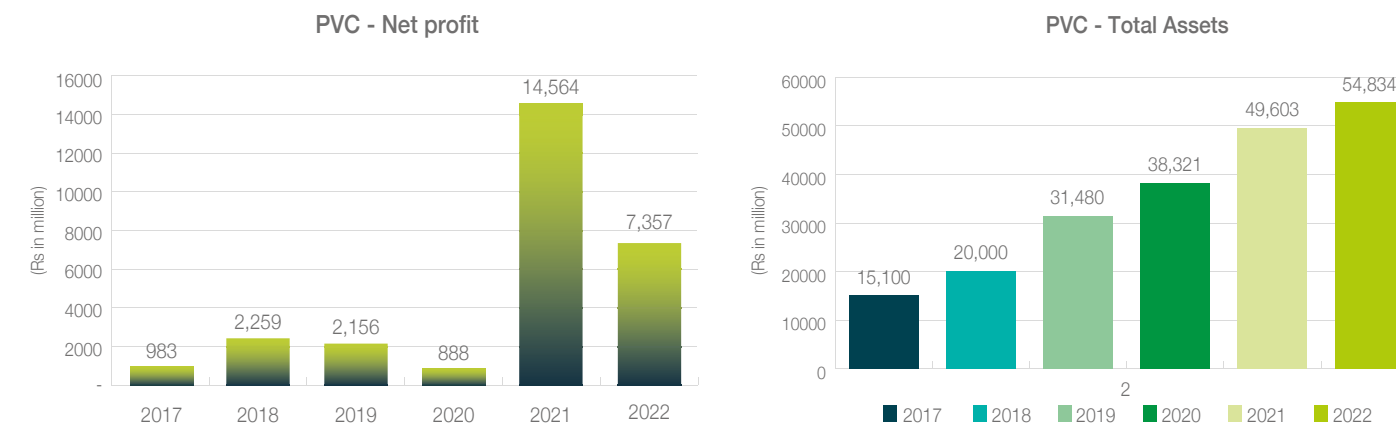
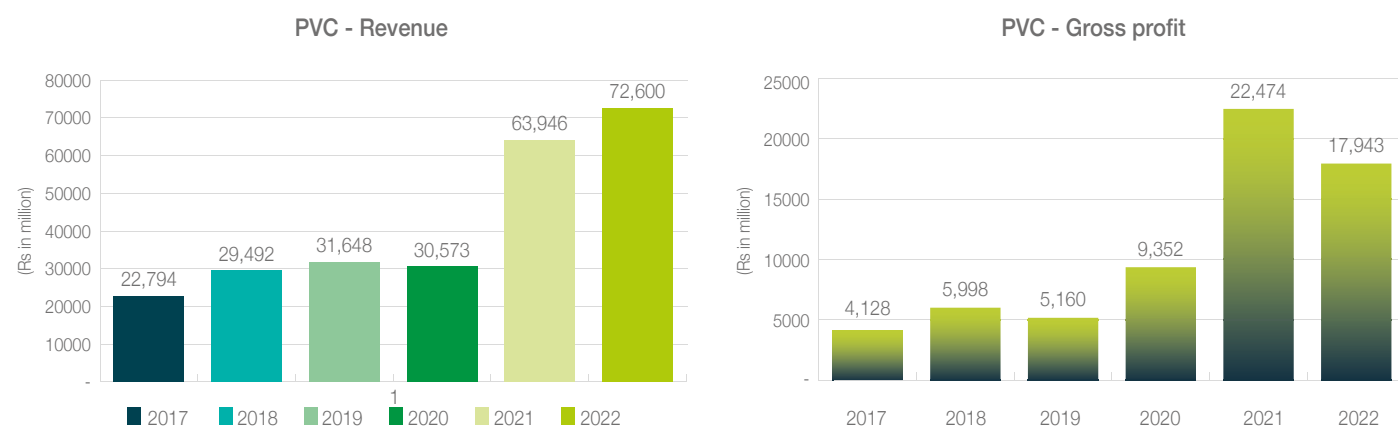
PVC and Allied Chemicals segment was formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, cable, shoe and packaging industry. The Company supplies PVC domestically as well as through exports.

The Company witnessed an increase of 14% amounting to Rs. 8,654 Mn in PVC sales, on the back of the increase in sales volumes which represents the highest sales compared to prior years. The growth is attributed to lower sales last year as the third wave of COVID-19 swept across the country. However, the gross profit reduced by Rs. 4,531 Mn. This is mainly due to a decline in international PVC prices, elevated ethylene, and other raw materials prices as a result of increased global geopolitical tensions, the Russian-Ukraine war, and economic pressures, combined with a slowdown in China and a longer-than-expected monsoon season in India.

The six years of production and sales trend are given below:

in KT	2022	2021	2020	2019	2018	2017
Production	239	243	153	197	202	187
Sales	241	227	163	193	207	187

Furthermore, the segment assets have constantly been increasing since 2018 when the Company kicked-off investment projects which have been capitalized during the year.



## caustic soda and allied chemicals

Caustic soda and Allied Chemicals segment was formed to manufacture and sell caustic soda and allied chemicals mostly to the textile and soap industry.

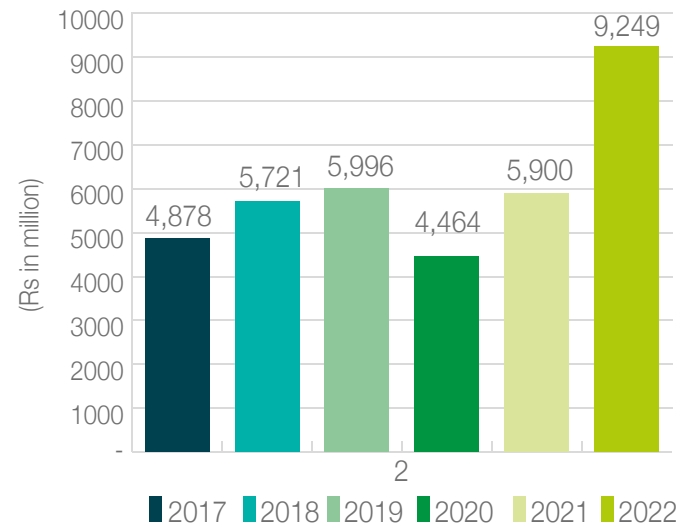
The overall profitability of this segment improved by Rs 3,939 primarily due to an increase in revenue. This segment witnessed a decline in its local sales volume of 3KT primarily because of unfavorable macroeconomic and geopolitical developments, along with gas availability issues. However, this decline was offset by the elevated prices of Rs 103/KT as compared to Rs. 66/KT last year resulting in a net increase of Rs. 3,349 in sales revenue. The devaluation of PKR against USD and increased exports further contributed to increased profitability. The six years production and sales trend are tabulated below:

Caustic soda liquid – In KT	2022	2021	2020	2019	2018	2017
Production	97	92	77	105	105	105
Sales	67	72	61	83	86	84

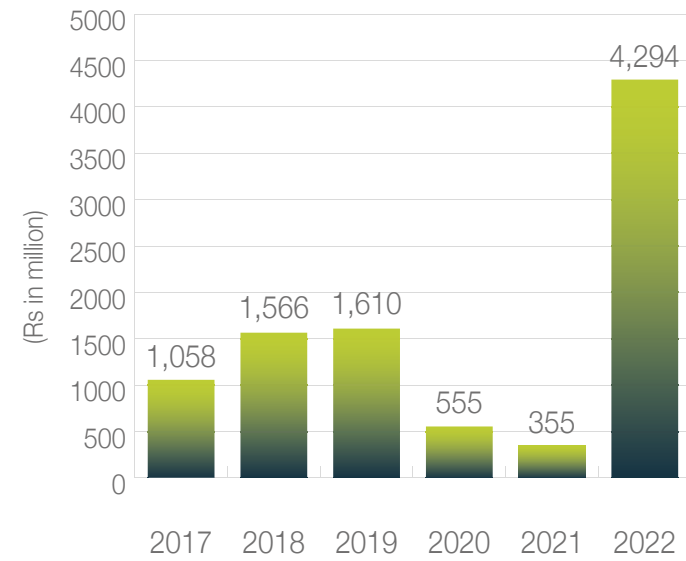
Caustic flakes– In KT	2022	2021	2020	2019	2018	2017
Production	9	8	2	4	-	-
Sales	9	8	2	1	-	-

The asset base of this segment has been expanding because of the diversification and efficiency capital projects that have been undertaken.

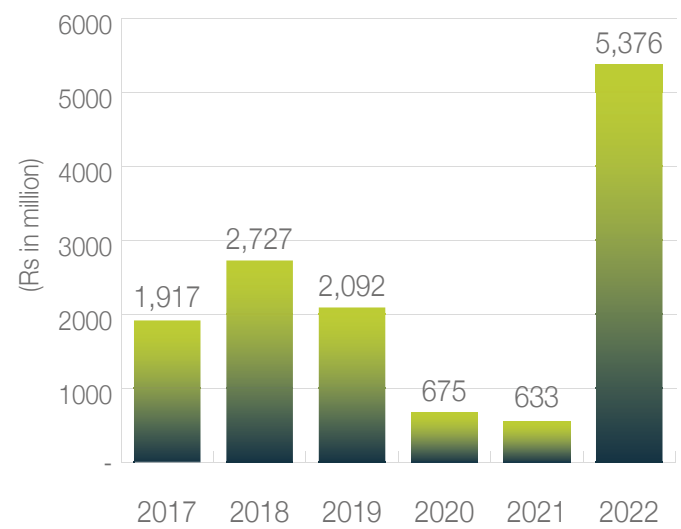
CA - Revenue



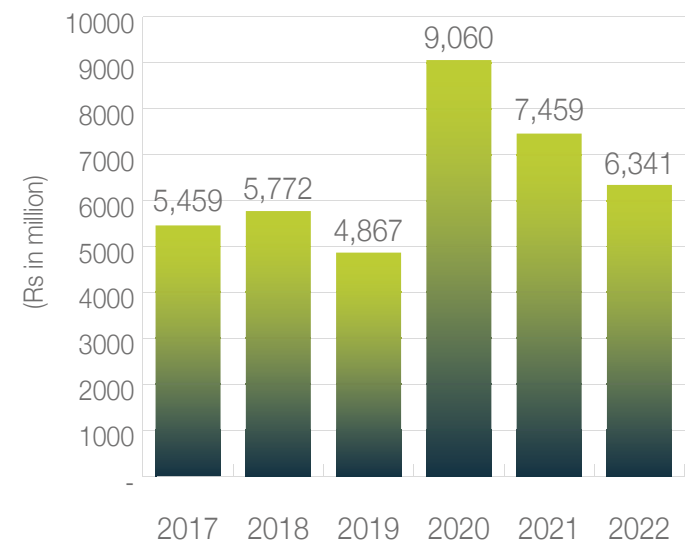
CA - Net profit



CA - Gross profit



CA - Total Assets



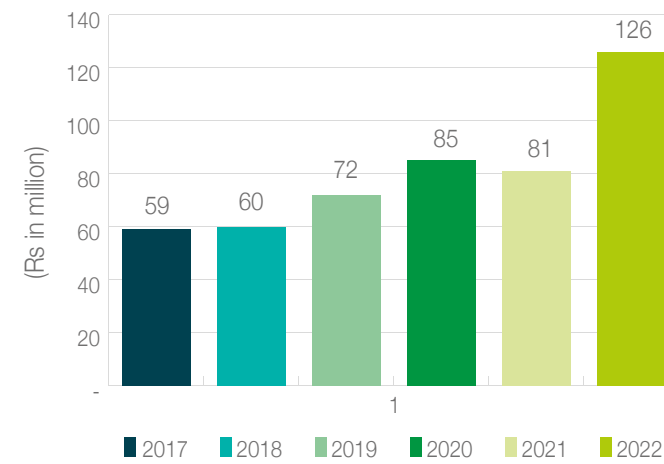
power supply

The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited. The Company has managed to increase its supply during the current year. The supply transacted in last six years are given below:

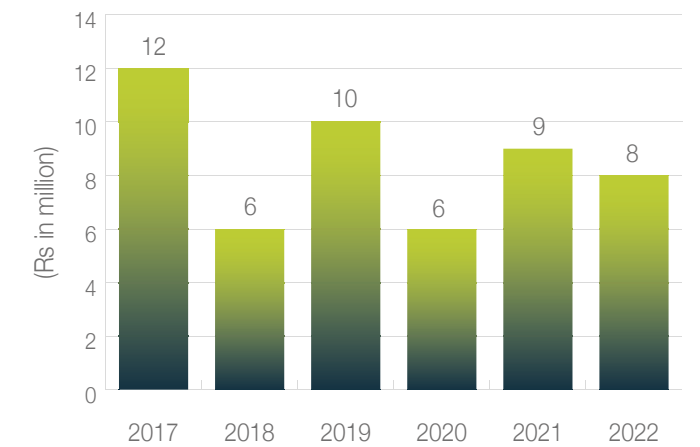
In mega watts	2022	2021	2020	2019	2018	2017
Power	55	55	48	48	48	48

The segment's asset base mainly includes operating assets and trade receivables.

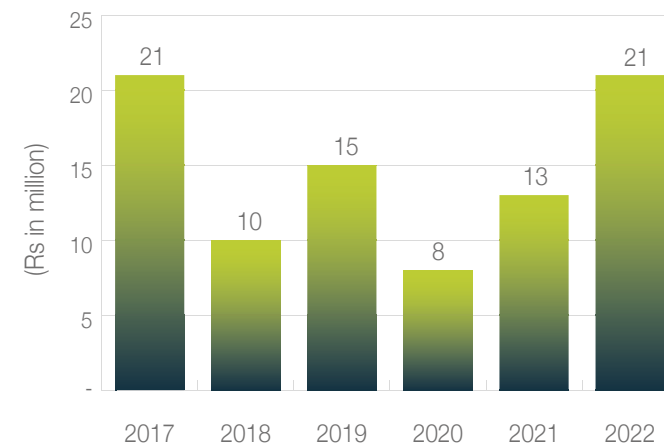
Power Supply - Revenue



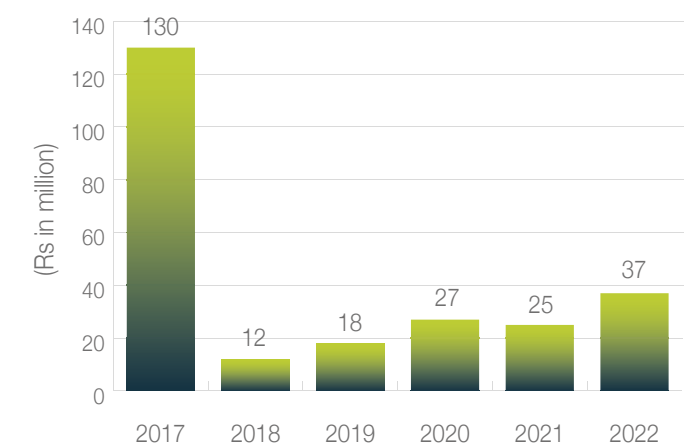
Power Supply - Net profit



PVC - Gross profit



Power Supply - Total Assets



## key financial ratios

(Based on consolidated financial statements)

Profitability Ratios	Unit	Formula	2022	2021	2020	2019	2018	2017
Gross Profit Ratio	%	Gross profit / Total revenue	28.49	34.33	30.99	21.42	21.57	21.87
Net Profit to Sales	%	Net profit / Total Revenue	14.24	21.51	16.22	9.77	13.98	7.39
EBITDA	Rs. in Mn	Operating profit / (loss) - depreciation and amortization	22,820	24,176	12,190	8,352	8,044	4,875
EBITDA to Sales	%	EBITDA/Total revenue	27.81	34.53	34.50	22.07	22.81	17.58
Operating leverage ratio	No. of Times	% change in EBIT / % change in sales	(0.56)	1.12	(7.94)	(0.46)	2.94	4.06
Return on Equity	%	Net income / Shareholder's equity	43.10	50.25	21.93	20.79	29.35	26.40
Return on Capital Employed	%	Operating profit / average debt liabilities + average shareholder' equity	37.86	43.84	23.73	21.34	34.48	24.45
Shareholders' funds	%	Total Shareholders equity / Total assets	31.76	38.44	37.81	30.90	46.63	31.85
Return on shareholders funds	%	PAT/Total Shareholders equity	43.10	50.25	21.93	20.79	29.35	26.40
<b>Liquidity ratios</b>								
Cash flow from operating activities	No. of Times	Cash flow from operations / current liabilities	0.65	0.59	0.73	0.49	0.87	0.31
Cash to current liabilities	No. of Times	Cash + Cash equivalents / Current liabilities	0.10	0.25	0.93	0.50	0.81	0.12
Current Ratio	No. of Times	Current assets / Current liabilities	1.10	1.39	1.58	1.12	1.45	1.04
Quick Ratio	No. of Times	Current assets - Inventories / Current liabilities	0.71	0.78	1.07	0.74	1.00	0.37
<b>Capital structure</b>								
Interest Cover Ratio	No. of Times	EBIT/Finance cost	9.47	16.23	6.01	5.26	12.45	5.38
Long term Debt to Equity Ratio	%	Long-term debt / shareholders' equity	43:57	37:63	43:57	52:48	31:69	53:47
Long term debt to equity ratio at market value	%	Long-term debt / (Total number of shares*Market value per share)	53:47	35:65	46:54	64:36	22:78	46:54
Weighted average cost of debt	%	Interest on debt / weighted average loan balance	8.81	6.16	7.89	8.82	6.90	7.95
Financial leverage	%	Total debt / shareholders' equity	94.83	72.48	84.41	123.28	45.04	114.50
<b>Employee productivity ratio</b>								
Productive per employee	No. of Times	Total production / total number of employees	1.11	1.07	1.08	1.18	1.34	1.32
Revenue per employee	No. of Times	Total revenue / total number of employees	137	117	63	74	78	63
Staff turnover ratio	No. of Times	Employee who left / average no. of employees	0.14	0.09	0.07	0.13	0.05	0.10
<b>Activity/turnover ratios</b>								
Fixed Assets Turnover	No. of Times	Revenue / Operating assets	2.39	2.23	1.83	2.07	2.13	1.85
Total Assets Turnover	No. of Times	Revenue / Total assets	0.96	0.90	0.51	0.66	0.98	1.14
Inventory Turnover	No. of Times	Cost of goods sold / Average inventory	5.72	6.42	6.18	9.21	8.89	7.33
Inventory Turnover Days	No. of days	365 / Inventory turnover	63.83	56.84	59.03	39.64	41.07	49.82
Debtor Turnover	No. of Times	Total sales / Average accounts receivable	52.94	109.08	79.55	98.27	87.07	67.42
Debtor Turnover Days	No. of days	365 / debtor turnover	6.89	3.35	4.59	3.71	4.19	5.41
Creditor Turnover	No. of Times	Raw and packing materials / Average accounts payable	13.48	17.04	5.63	7.17	8.22	4.34
Creditor Turnover Days	No. of days	365 / creditor turnover	27.08	21.42	64.88	50.90	44.40	84.19
Operating cycle	No. of days	Inventory turnover days + Debtor turnover days - Creditor turnover days	43.64	38.76	(1.26)	(7.55)	0.86	(28.96)

## key financial ratios

(Based on consolidated financial statements)

Investment/market ratios	Unit	Formula	2022	2021	2020	2019	2018	2017
Number of outstanding shares at year end	No. in Mn		909	909	909	909	909	663
Earnings Per Share - Basic	Rs.	PAT- dividend on preference shares / weighted average no. of ordinary shares	12.37	16.28	6.30	4.07	6.22	3.09
Earnings Per Share - diluted	Rs.	PAT- dividend on preference shares / weighted average no. of ordinary shares	9.67	12.46	6.23	4.07	6.22	3.09
Price Earning Ratio	No. of Times	Market value of shares / EPS	3.42	3.33	7.54	8.16	5.97	9.24
Market value per share (at the end of the year)	Rs.		42.32	54.21	47.51	33.21	37.14	28.56
Market value per share (highest during the year)	Rs.		90.73	65.45	49.17	41.84	40.73	39.71
Market value per share (lowest during the year)	Rs.		40.9	42.84	22.47	29.93	25.49	18.11
Price to book ratio	%	Market value of share / Total Assets - Intangible Assets	45.41	63.79	62.60	52.56	94.00	78.02
Break up value per share	Rs.	Total shareholders' equity / Total ordinary share outstanding	29.84	32.97	28.74	19.56	18.48	11.70
Break up value with investment at market value	Rs.	Total shareholders' equity + increase in the value of investments in related parties / total ordinary share outstanding	29.84	32.97	28.74	19.56	18.48	11.70
"Breakup Value per share with Surplus on Revaluation of property plant and equipment including the effect of all Investments."		"Total Shareholders' Equity+Increase in value of investment in Related parties (if valued at MV or Fair value)/ total ordinary share outstanding"	29.84	32.97	28.74	19.56	18.48	11.70
Cash dividend per ordinary shares	Rs.	Cash dividend / number of shares	12.50	16.30	1.25	0.80	1.10	1.25
Dividend payout ratio	%	Dividend per ordinary share / Basic EPS	101.05	100.12	19.79	19.66	17.68	40.45
Dividend cover ratio	No. of Times	Basic EPS / Annual total dividend per share	0.99	1.00	5.05	5.09	5.65	2.47
Dividend yield ratio	%	Annual dividend per share / market value per ordinary shares	30.00	30.00	3.00	2.00	3.00	4.00
Cash dividend per preference shares	Rs.	Cash dividend / number of shares	1.22	1.11	0.04	-	-	-
Preference Dividend yield ratio	%	Annual preference dividend per share / market value per preference shares	0.12	0.11	0.00	-	-	-
<b>Others</b>								
Spares inventory as of assets cost	%	Total spares inventory / Total assets	2.89	2.62	2.58	2.92	4.34	6.58
Maintenance cost as % of operating expense	%	Total maintenance cost / Total operating expense	8.95	5.95	6.28	5.76	5.13	7.34



# financial statements analysis with graphical presentation

## non-current assets

Non-current assets of the Company have marginally increased by Rs. 4,430 Mn against last year i.e., by 10%. A diversified range of CAPEX was undertaken by the Company which included PVC III expansion, OVR, HTDC, H2O2, and other operational efficiency and reliability projects.

### trend analysis:

Over the period of six years, the non-current assets of the Company have been increasing due to expansion projects as well as CAPEX incurred to achieve enhanced reliability, greater efficiency and harness synergies. The Marginal decline in the previous year occurred mainly on account of depreciation and amortization recorded on projects completed during the year.

## current assets

The net increase in current assets amounts to Rs. 3,004 Mn over the previous year is majorly due to sufficient cash generation from the operations. This is mainly attributable to an increase in the Company's working capital post-commencement and completion of PVC III and VCM debottlenecking projects.

### trend analysis:

Current assets have grown up over the period on account of an increase in the cash of the Company as a consequence of increased profitability of the Company in the last 6 years. Additionally, the Company has undertaken various debottlenecking projects and expansion of the existing capacity of PVC by 100KT resulting in an increased overall production capacity that was sufficiently utilized by higher sales volumes.

## shareholders' equity

Share holders' equity decreased during the year by Rs. 2,846 Mn. The variation is attributed to the following events:

1. Net profit reported for the year was Rs. 11,689 Mn. which is 22% less than the profit made last year.
2. Profit appropriation made during the year was Rs. 14,535 Mn. against Rs. 11,214 Mn in the corresponding year

### trend analysis:

Equity has been accumulating from Rs. 6,004 Mn in 2016 to Rs. 27,122 Mn. due to right shares issued in 2018 and preference shares issuance in 2020 of Rs. 5,365 Mn and Rs. 3,000 Mn respectively to finance PVC III expansion and VCM debottlenecking project. In the last 6 years, the Company has posted total comprehensive income of Rs 43,160 Mn which has significantly increased shareholders wealth. Additionally, since 2017, the Company has also made dividend disbursements of Rs. 28,509 Mn. In 2020, the application of IFRS 16 resulted in the recognition of a loss of Rs. 1,898 Mn through equity.

## non-current liabilities

Non-current liabilities have increased by Rs. 1,192 Mn to Rs 25,077 Mn. This is primarily due net impact of new loans obtained of Rs. 15,784 and repayments amounting to Rs. 12,876 and current majority of GIDC.

### trend analysis:

There is an increasing movement in non-current liabilities, owing to the following reasons:

1. capital expenditures being made in respect of expansion and efficiency projects financed by long term loans,
2. recognition of lease liability under IFRS-16; and
3. recognition of non-current portion of GIDC.

The non-current liabilities then decreased in 2021 due to repayments of loans.

## current liabilities

Current liabilities have increased from Rs. 24,114 Mn to Rs. 33,202 Mn. The increase has been observed mainly due to increase in current maturity of long-term borrowing and trade and other payables aggregating to Rs. 4,697 Mn. Further increase can be attributed to increase in Income tax payable by Rs. 1,871 Mn and GIDC payable by Rs 1,937 Mn.

### trend analysis:

On account of liquidity issues in the preceding years, the current liabilities of the Company were up in 2015. Thereafter, it began to reduce till 2018 when the management had prudently handled these crunches. Since 2018, the increase in current liabilities is observed due to recorded payable on account of raw material and CAPEX related procurement, recognition of lease liabilities and short-term borrowing drawn.

# profitability analysis

## revenue

During the year, the top-line of the Company has increased significantly to Rs 80,060 Mn from last year on the back of increased volumetric sales owing to the completion of PVC III, efficient operations and higher international prices.

### trend analysis:

The Company's revenue is moving in the upward direction year on year except for the year 2020 when the Company faced a decrease in sales owing to a sharp decline in PVC prices in the international market.

## cost of sales

Cost of sales have increased by Rs. 12,694 Mn mainly because of an increase in the cost of imported raw material by Rs 6,078 Mn and increased production of VCM and EDC by 16KT and 8KT respectively. The increase in raw material price is mainly driven by devaluation of PKR against USD.

### trend analysis:

Over the period, the fluctuation in raw materials prices and increase in gas prices have kept upward pressure on the cost of sales of the Company. Volumetric increases in sales and subsequent production naturally fueled a further increase.

## gross profit

The Company's gross profitability has decreased by Rs. 656 Mn. This is mainly attributable to increased in imported raw materials prices due to devaluation of PKR against USD.

### trend analysis:

The gross profit margin is driven by many factors such as international PVC and ethylene prices, gas prices, demand in domestic and international markets and currency fluctuations. Over the period of six years, gross profitability has constantly been increasing on account of various efficiency projects undertaken by the Company coupled by reasonably favourable international market dynamics.

## other income

The other income earned from financial assets have increased from Rs. 1,327 Mn to Rs. 1,481 in the current year. The increase is mainly attributed to increased inflow of cash generated from operations as well as higher average yield rates that increased substantially from 10.68% to 16.75% during the year.

### trend analysis:

Other income increased considerably in 2018 due to a one-off insurance claim amounting to Rs. 842 Mn. Interest income has been constantly increasing due to the effective utilization of funds generated from operations along with favorable interest rates trend over a major part of the last six years.

## finance cost

Finance cost has significantly by Rs. 1,188 Mn from the previous year which is mainly attributable increase in KIBOR and LIBOR rates coupled with PKR devaluation.

### trend analysis:

The finance costs of the Company have kept on changing with the change in borrowing structure and fluctuation in prevailing interest rates.

## taxation

Tax charge is a function of profitability. Even though the profitability of the Company has decreased by 16% from the previous year, the tax charge for the year has increased due the to imposition of Super tax @ 4%.

### trend analysis:

Since taxation is a function of profitability, it tends to vary accordingly with it.

# ratio analysis

## profitability ratios

The gross and net profitability for the year has declined in comparison to last year due to an increase in prices of imported raw materials, KIBOR and LIBOR rates applicable on long-term borrowing, and devaluation of PKR against USD.

### trend analysis:

With the increasing profitability of the Company, the corresponding ratios were impacted accordingly. Though in these six years, the Company has experienced an increase in gas prices, imposition and elimination of import duties and foreign exchange rates variation. But strong and improving cost-controlling measures have assisted in managing the ratios.

## liquidity analysis

Liquidity ratios have shown consistent improvement since 2017, mainly because of the changes made in the credit cycle of primary raw material procurement. However, the ratios for 2022 have slightly declined from prior years owing to the reclassification of current portion of long-term borrowings and GIDC, increase in trade and other , payables and, taxes payables.

### trend analysis:

In the year 2016, the Company's cash position was tight due to a change in the economic environment which impacted the Company's performance severely. However, the Company managed to recover from such times with conscious efforts enhancing overall balance sheet outlook.

## capital structure ratios

Similar to the previous year, the Company's balance sheet indicated a higher level of shareholders' equity compared to long-term liabilities and borrowings outstanding at year-end. This increase has been observed because of transfers to the current maturity of long-term borrowings.

### trend analysis:

Since the year 2016, the management has implemented strong treasury controls leading to reprofiling of the structure. The Company's capital structure has been showing positive signs since 2016. Long-term debt to equity was 53:47 in 2017 which has almost reversed to 42:58 in 2022.

## investment / market ratios

EPS-basic for the current year is Rs. 12.37 / share as compared to Rs. 16.28 / share in the previous year. The company's shares were traded on PSX between the range of Rs. 40.90 / share (2021: Rs. 42.84 / share) to Rs. 90.73 / share (2021: Rs 65.45 / share) closing to Rs. 42.32 / share (2021: Rs. 54.21 / share) at year end.

### trend analysis:

These ratios depend on the internal performance of the Company as well as external market dynamics. Since these factors have been fluctuating over the years because of foreseen and unforeseen circumstances, the ratios have changed accordingly.

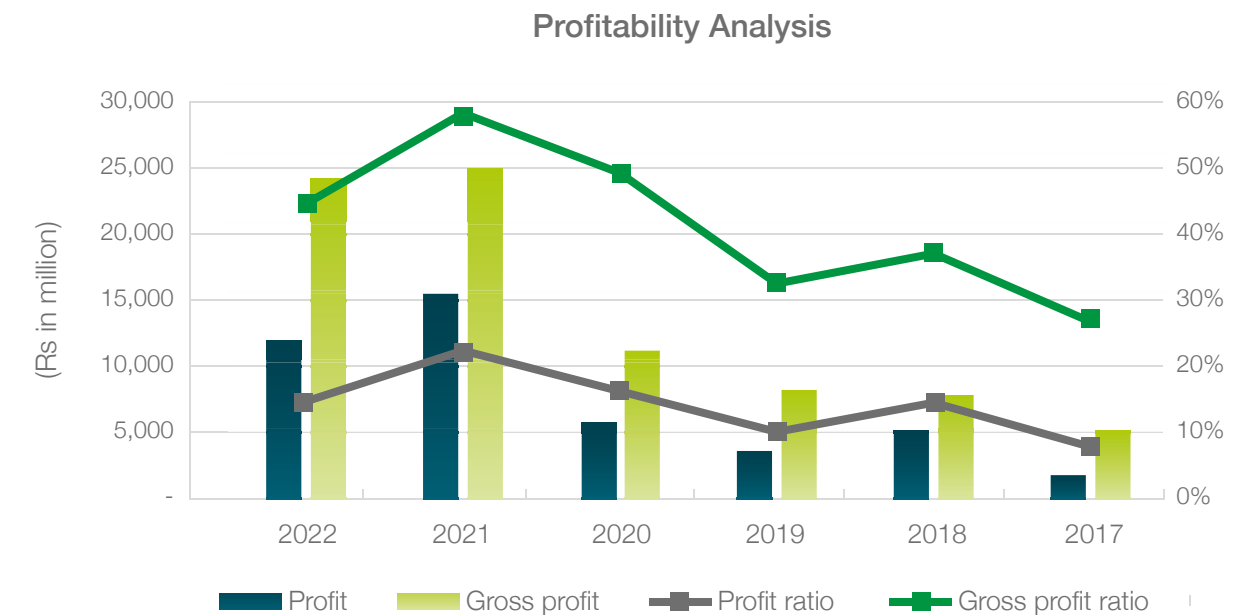
## activity / turnover ratios

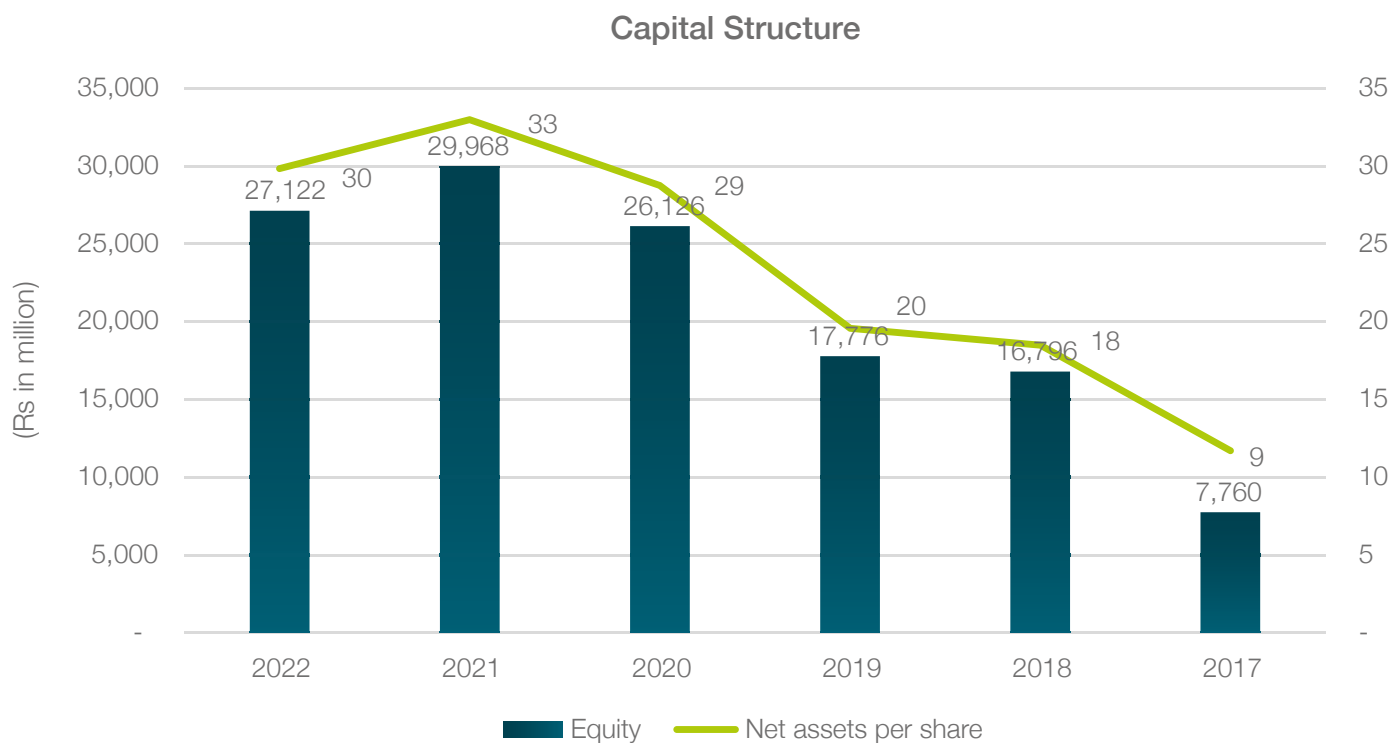
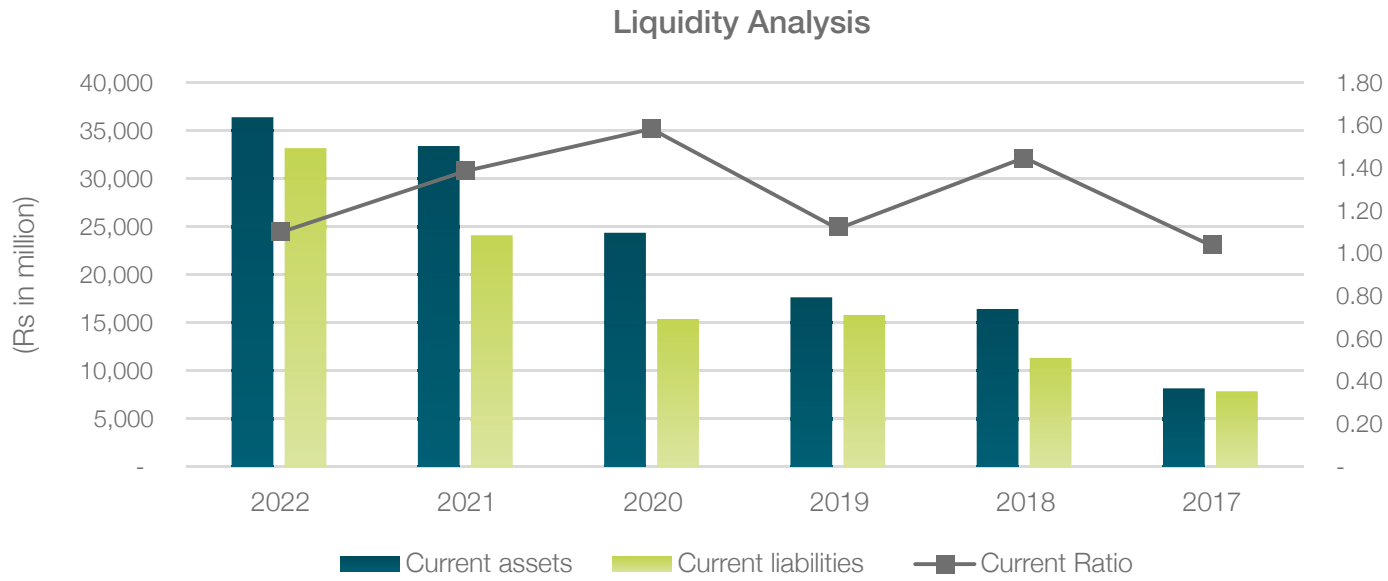
The cash operating cycle has changed:

- Inventory turnover days have increased from 57 to 64 because of an increase in production capacity during the year due to the commencement of expansion projects.
- Rapid increase in sales and effective collections this year has consequently increased debtor days to 6.9 as compared to 3.4 last year.

### trend analysis:

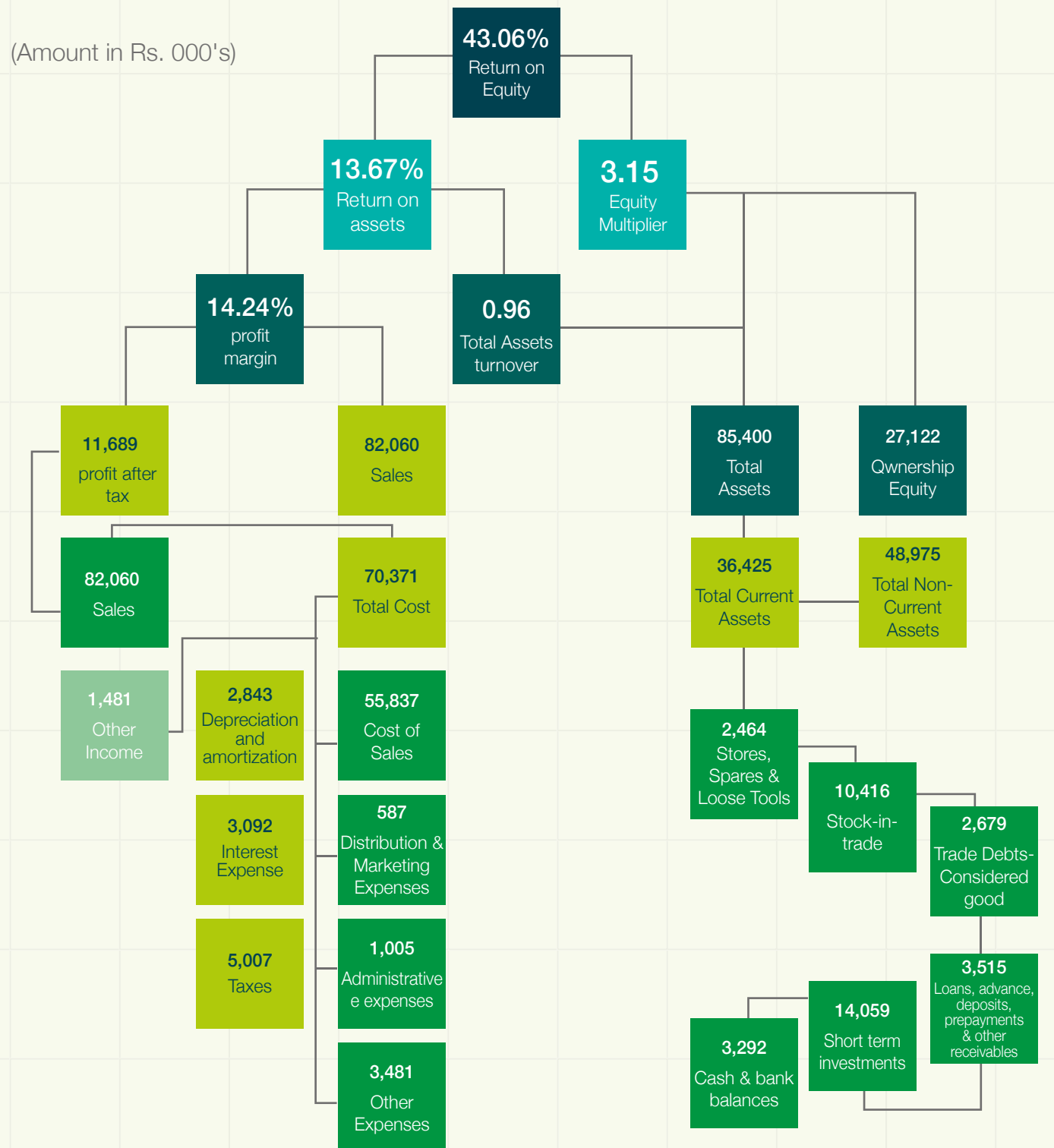
- The inventory days have continued to improve from 57 to 64 days,
- The debtor turnover days have reduced from 3.4 to 6.9 days depicting strong products' demand and efficient debtors' management controls respectively.
- The creditor days was 84 in 2017 owing to liquidity issues faced in that year, however presently the creditor days have significantly decreased and are in line with operational circumstances of the Company.





## dupont analysis

(Amount in Rs. 000's)



## summary of dupont analysis

"Over the years, the Company's profitability has improved significantly over the years but this year profitability has decreased due to increased raw material prices owing to PKR devaluation against USD.

The topline of the Company has increased significantly this year on account of volumetric gain owing to capacity enhancement with PVC-III and VCM DBN projects. Further, the international prices have remained in upward direction, strengthening the profitability.

The overall assets base has constantly been increasing from Rs. 24,364 Mn. in 2017 to Rs. 85,400 Mn. in 2022. The major composition of this year's footing includes inventories owing to increased production capacities and cash generated from the operations have been which have then been invested in short term instruments and till date the cash and investments have been expanded from Rs. 923 Mn. in 2017 to Rs. 17,351 Mn. in 2022.

Having the direct relation of the profitability with equity, the unappropriated profits of the Company has been progressively moving from Rs. 161 Mn in 2017 to Rs. 11,158 in 2022. Over the period, the Company has raised its capital through issuance of right shares in 2018 of Rs. 5,365 Mn and preference shares in 2020 of Rs. 3,000 Mn to finance the PVC expansion projects. However during the year, the Company has made profit appropriation to its shareholders amounted to Rs. 14,088 Mn."

	2022	2021	2020	2019	2018	2017
Profit margin - in %	14.24	21.51	16.22	9.77	13.94	7.39
Asset turnover - in times	0.96	0.90	0.51	0.66	0.98	1.14
Equity multiplier - in times	3.15	2.65	2.65	3.24	2.15	3.15
Return on equity - in %	43.06	50.26	21.93	20.79	29.37	26.54

### information about defaults in payment of any debts and reasons thereof period

The company fulfilled all its contractual commitments during the outgoing period.

### methods and assumptions used in compiling the indicators

In light of the business dynamics and factors that effects the internal and external environment of the Company, the Management has identified certain indicators which helps in reflecting the true performance of the Company. These indicators are continuously monitored, analysed and discussed by the top Management. Methods and assumptions used in compiling these indicators normally include data published by State Bank of Pakistan, Pakistan bureau of statistics and reports published by leading research and marketing firms in the business.

### statement of compliance of international financial reporting standards (IFRSS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS) / IFRS issued by International Accounting Standards Board (IASB) and as adopted by SECP vital to fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is in explained in detailed notes **2 and 3** of annexed standalone and consolidated financial statements respectively.

### dividends

During the year, the Company has declared and paid dividends for Ordinary and preference shareholders at each interim closing and made cumulative appropriation of Rs. 14.5 Bn. Further the Board has proposed the final dividend of Rs. 2.5 and Rs. 0.50 per share for ordinary and preference shareholders respectively.

During the year, the Company has duly paid taxes wherever applicable and intends to discharge its outstanding tax liabilities as and when due for the year.

# financial statements



**INDEPENDENT AUDITOR'S REPORT**

To the members of Engro Polymer and Chemicals Limited

Report on the Audit of the Financial Statements

**Opinion**

We have audited the annexed financial statements of Engro Polymer and Chemicals Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p><b>Contingent liabilities and provisions</b></p> <p>(Refer notes 13.5, 13.6, 20.1, 20.2, 22.2, 26.1 to 26.4, 27.1.1 to the financial statements)</p> <p>The Company has contingent liabilities and provisions in respect of certain taxes, levies and duties including income taxes and other matters, which are pending adjudication at various appellate forums.</p> <p>Contingencies and provisions require management of the Company to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for recognition and measurement of any provision and disclosure in respect of such contingent liabilities and provisions.</p> <p>Due to the significance of the amounts involved, inherent uncertainties associated with the outcome of the matters, legal forums at which these are currently pending and use of significant judgments and estimates to assess the related financial impacts, which may change over time as new facts emerge and the matters progresses, we have considered contingent liabilities and provisions as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Obtained and examined details of the documentation relating to pending taxes, levies and duties matters, read the minutes of the meetings of those charged with governance and discussed the same with the Company's management;</li> <li>• Checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> <li>• Circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them; and</li> <li>• assessed the adequacy of the related disclosures made in the financial statements in this respect with regard to the applicable accounting and reporting standards.</li> </ul>

**Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and consolidated financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.



**Chartered Accountants  
Karachi**

**Date: March 8, 2023**

**UDIN: AR202210069EjWR0NVKa**



## statement of financial position

as at december 31, 2022

(Amounts in thousand)

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	41,004,218	36,792,644
Right-of-use asset	5	1,617,227	2,036,649
Intangible assets	6	686,598	711,832
Long-term investments	7	3,884,000	2,465,000
Financial assets at amortised cost	8	1,317,508	3,092,784
Long-term loans and advances	9	-	674
		48,509,551	45,099,583
<b>Current Assets</b>			
Stores, spares and loose tools	10	2,464,113	2,041,839
Stock-in-trade	11	10,415,992	12,590,666
Trade debts	12	2,676,464	834,355
Loans, advances, deposits, prepayments and other receivables	13	2,980,140	1,507,325
Short-term investments	14	14,059,319	13,830,849
Cash and bank balances	15	2,852,045	1,916,986
		35,448,073	32,722,020
		83,957,624	77,821,603
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary share capital	16	9,089,233	9,089,233
Preference shares	17	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		11,169,486	13,994,903
		27,133,672	29,959,089
<b>Non-Current Liabilities</b>			
Long-term borrowings	18	19,329,365	17,081,828
Government grant	18.11	184,609	124,661
Lease liabilities	19	1,842,558	2,713,427
Provisions	20	637,807	1,808,405
Deferred tax liability	21	2,155,320	2,048,549
		24,149,659	23,776,870
<b>Current Liabilities</b>			
Trade and other payables	22	14,916,145	11,533,192
Service benefit obligations	23	74,278	98,298
Current portion of long-term borrowings	18	4,818,569	3,929,960
Current portion of lease liabilities	19	1,898,636	1,481,141
Short-term borrowings	24	474,360	474,360
Current portion of Government grant	18.11	39,114	21,566
Accrued interest / mark-up	25	366,576	429,944
Unclaimed dividend		1,174,365	1,029,514
Taxes payable	26	2,901,371	1,013,864
Provisions	20	6,010,879	4,073,805
		32,674,293	24,085,644
		56,823,952	47,862,514
<b>Contingencies and Commitments</b>			
	27		
		83,957,624	77,821,603

The annexed notes 1 to 50 form an integral part of these financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

engro polymer & chemicals

## statement of profit or loss and other comprehensive income

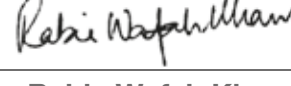
for the year ended december 31, 2022

(Amounts in thousand except for earnings per share)

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Revenue from contract with customers - net	28	82,059,583	70,019,594
Cost of sales	29	(58,677,424)	(45,984,328)
<b>Gross profit</b>		23,382,159	24,035,266
Distribution and marketing expenses	30	(568,871)	(376,338)
Administrative expenses	31	(1,005,436)	(682,921)
Other expenses	32	(3,452,360)	(2,354,195)
Other income	33	1,441,369	1,308,468
<b>Operating profit</b>		19,796,861	21,930,280
Finance costs	34	(3,082,932)	(1,901,939)
<b>Profit before taxation</b>		16,713,929	20,028,341
Taxation	35	(5,004,035)	(4,925,730)
<b>Profit for the year</b>		11,709,894	15,102,611
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		11,709,894	15,102,611
<b>Earnings per share - basic</b>	36	12.39	16.32
<b>Earnings per share - diluted</b>	36	9.69	12.49

The annexed notes 1 to 50 form an integral part of these financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

annual report 2022

## statement of changes in equity

for the year ended december 31, 2022

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVE		Total
	Ordinary share capital	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
	-----Rupees-----				
<b>Balance as at December 31, 2020</b>	9,089,233	3,000,000	3,874,953	10,106,711	26,070,897
<b>Total comprehensive income for the year</b>	-	-	-	15,102,611	15,102,611
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2020					
- Rs. 1.247 per ordinary share	-	-	-	(1,133,562)	(1,133,562)
- Rs. 0.042 per preference share	-	-	-	(12,485)	(12,485)
First interim dividend for the year ended December 31, 2021					
- Rs. 0.80 per ordinary share	-	-	-	(727,139)	(727,139)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
Second interim dividend for the year ended December 31, 2021					
- Rs. 7.00 per ordinary share	-	-	-	(6,362,463)	(6,362,463)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
Third interim dividend for the year ended December 31, 2021					
- Rs. 3.00 per ordinary share	-	-	-	(2,726,770)	(2,726,770)
- Rs. 0.30 per preference share	-	-	-	(90,000)	(90,000)
	-	-	-	(11,214,419)	(11,214,419)
<b>Balance as at December 31, 2021</b>	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>13,994,903</u>	<u>29,959,089</u>
<b>Total comprehensive income for the year</b>	-	-	-	11,709,894	11,709,894
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
	-	-	-	(14,535,311)	(14,535,311)
<b>Balance as at December 31, 2022</b>	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>11,169,486</u>	<u>27,133,672</u>

The annexed notes 1 to 50 form an integral part of these financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

## statement of cash flows

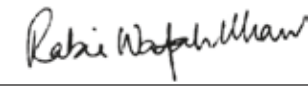
for the year ended december 31, 2022

(Amounts in thousand)

Note	2022		2021	
	----- Rupees -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated from operations	39	24,654,512		17,606,714
Long-term loans and advances		674		28,612
Retirement benefits paid		(92,789)		(42,226)
Income tax paid		(3,009,757)		(2,903,171)
<b>Net cash generated from operating activities</b>		21,552,640		14,689,929
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of:				
- property, plant and equipment		(6,693,554)		(2,869,090)
- intangible assets		(72,211)		(248,406)
Proceeds from disposal of property, plant and equipment		29,385		2,601
Investment made in subsidiary companies		(1,419,000)		(840,000)
Realisation of Term Deposit Receipts		2,257,673		-
Purchase of short-term investments		(340,467,497)		(10,972,500)
Proceeds on sale / maturity of short-term investments		337,210,221		3,934,667
Income on short-term investments and bank deposits		1,272,366		1,276,182
<b>Net cash utilised in investing activities</b>		(7,882,617)		(9,716,546)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from long-term borrowings - net of transaction costs		14,948,531		928,549
Repayments of long-term borrowings		(12,876,273)		(1,926,515)
Proceeds from short-term borrowings		-		474,360
Finance costs paid		(2,311,808)		(1,353,532)
Lease rentals paid		(1,720,502)		(1,372,441)
Dividend paid		(14,390,460)		(10,213,054)
<b>Net cash utilised in financing activities</b>		(16,350,510)		(13,462,633)
<b>Net decrease in cash and cash equivalents</b>		(2,680,489)		(8,489,250)
Net foreign exchange difference		28,418		39,600
Cash and cash equivalents at beginning of the year		5,665,843		14,115,493
<b>Cash and cash equivalents at end of the year</b>	40	<u>3,013,774</u>		<u>5,665,843</u>

The annexed notes 1 to 50 form an integral part of these financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

# notes to and forming part of the financial statements

for the year ended december 31, 2022

(Amounts in thousand)

## 1. legal status and operations

**1.1** Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX).

**1.2** The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).

**1.3** These financial statements denote the standalone financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of investments held by the Company in its subsidiaries have been provided in note 7.

**1.4** The geographical location and addresses of all business units of the Company are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
Manufacturing plant	EZ/II-P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	9th Floor, 301-R Hally Tower, Phase II, DHA, Lahore

## 2. basis of preparation

### 2.1 Accounting convention

These financial statements have been prepared under the historical cost convention unless otherwise mentioned in accounting policies stated herein.

### 2.2 Statement of compliance

**2.2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

(Amounts in thousand)

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provision of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### 2.4.1 Useful lives, depreciation / amortisation methods, residual values and impairment of property, plant and equipment and intangible assets

The Company reviews appropriateness of the useful lives, method of depreciation / amortisation and residual values, where applicable, used in the calculation of depreciation / amortisation of operating fixed assets and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment and if the carrying amount exceeds recoverable amount, assets are written down to the recoverable amount and resultant impairment loss is recognised in profit or loss.

#### 2.4.2 Provision for slow-moving stores and spares

The Company regularly reviews the provision for slow moving stores and spares which have no movement for at least three years and the quantity available is in excess to minimum stock level, thereby ensuring that items meeting the criteria are provided for.

#### 2.4.3 Provision for stock-in-trade

The Company regularly reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

(Amounts in thousand)

#### 2.4.4 Income taxes

In making the estimates for current income taxes payable by the Company, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined.

#### 2.4.5 Lease accounting

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

#### 2.4.6 Contingencies and provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

### 2.5 Initial application of a standard, amendment or an interpretation to existing standards

#### 2.5.1 Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2022, however, these are considered not to have a significant impact on the the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

#### 2.5.2 Standards and amendments to accounting and reporting standards that are not yet effective and have been early adopted by the Company

The new standards and amendments to published standards that are not yet effective for the period beginning on January 1, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

### 3. summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

(Amounts in thousand)

### 3.1 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is stated at historical loss less accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to profit or loss using the straight line method to allocate their cost less the residual values over their estimated useful lives at rates given in note 4.1. Depreciation on additions is charged from the month following the month in which the asset is available for use and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to profit or loss during the year in which these are incurred. Assets' residual values, method of depreciation and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognised in profit or loss. The recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the period of disposal or retirement.

### 3.2 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. These are stated at historical cost less accumulated depreciation and impairment, if any. Upon utilisation, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

### 3.3 Right-of-use asset and lease liabilities

The Company has entered into various rental arrangements, generally ranging in between 5 to 10 years. At inception of a contract, the Company assesses whether a contract is or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

(Amounts in thousand)

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liability.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

### 3.4 Intangible assets

Costs associated with developing and maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure, which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Intangible assets are stated at cost less accumulated amortization and impairment, if any.

Computer software cost treated as intangible assets are amortised from the date the software is available for use on straight-line basis over a period of 5 to 10 years.

The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount and is charged to profit or loss. Reversal of impairment losses are also recognised in profit or loss, however, these are restricted to the original cost of the asset.

Amortisation on additions is charged from the month following the month in which asset is available for use and no amortisation is charged in the month of disposal.

(Amounts in thousand)

### 3.5 Investments in subsidiaries

Investments in subsidiaries are classified as long-term investments and are stated at cost net of provision for impairment, if any.

### 3.6 Financial instruments

#### 3.6.1 Financial assets

##### Classification, initial recognition and measurement

Financial assets are classified as financial assets, at initial recognition and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The management determines the classification of financial assets at initial recognition based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured **at amortised cost** if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured **FVOCI** if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at **FVPL** if it is not measured at amortised cost or at FVOCI.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the settlement-date - the date on which the asset is delivered to or by the Company. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in profit or loss. Trade debts are measured at the transaction price determined under IFRS 15. Financial assets carried at FVOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in the profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in the profit or loss in the period in which they arise.

(Amounts in thousand)

### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company measures ECL of a financial instrument in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, that is represented by the assets' gross carrying amount at the reporting date.

### **3.6.2 Financial liabilities**

The Company recognises a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortised cost or at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

(Amounts in thousand)

### **3.6.3 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

### **3.7 Stores, spares and loose tools**

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. The management assess store items which have no movement for at least three years and the quantity available is in excess to the minimum stock level. Provision is recognised for such items in profit or loss.

### **3.8 Stock-in-trade**

These are valued at the lower of cost, determined on weighted average cost basis, and net realizable value. Cost in relation to raw materials represents the weighted average cost, except for raw material in transit and in relation to finished goods and work-in-process represents weighted average cost comprising direct materials, labour and related manufacturing overheads.

Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving stocks, where considered necessary.

### **3.9 Trade debts and other receivables**

These are recognised initially at fair value plus directly attributable cost, if any. These are generally due for settlement within 30 to 90 days. The Company holds the trade debts with the objective of collecting the contractual cashflows and therefore measures them subsequently at amortised cost using effective interest rate method less provision for expected credit losses, if any. The amount of provision is charged to profit or loss. Trade debts and other receivable considered irrecoverable are written-off.

### **3.10 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks and other short-term highly liquid investments with original maturities of three months or less and short-term finances.

### **3.11 Share capital**

Ordinary and preference shares are classified as equity and recognised at their face value. Incremental costs, if any, directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(Amounts in thousand)

### 3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Any difference between proceeds net of transaction cost and redemption value is recognized in the profit or loss over the period of borrowing using effective interest rate.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

### 3.13 Retirement and other service benefits

#### 3.13.1 Gratuity fund

The employees of the Company participate in a defined contributory gratuity fund (the Gratuity Fund) operated and managed by Engro Corporation Limited - the Holding Company. As per the terms of the defined contribution plan, the Company contributes to the Gratuity Fund at the rate of 8.33% of basic salary.

#### 3.13.2 Provident fund

The employees of the Company participate in defined contributory provident fund (the Provident Fund) operated and managed by Engro Corporation Limited - the Holding Company. Equal monthly contributions at the rate of 10% of the basic salary are made both by the Company and the employees to the Provident Fund. Annual contribution by the Company is charged to profit or loss.

#### 3.13.3 Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Company's employment. The provision is made on the basis of management's estimates of incentives to be paid to employees on fulfilment of criteria given in the incentive plan.

### 3.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current.

### 3.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

(Amounts in thousand)

### 3.16 Taxation

#### 3.16.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

#### 3.16.2 Deferred

Deferred income tax is provided using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in the profit or loss except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

### 3.17 Revenue recognition

#### i) Revenue from contracts with customers

a) The Company recognises revenue at a point in time when the control of product is transferred to customers. The assessment of transfer of control depends on the contractual terms, which is considered to be transferred either when the product is directly uplifted by customer from the Company's premises or when it is delivered by the Company at customer premises. The payment term varies depending on the credit worthiness of the customers.

b) Revenue from the sale of electricity is recognised at a point in time when the agreed output is delivered to Engro Fertilizers Limited, a related party. The payment terms in this case is 15 days.

#### ii) Other revenues

Income on bank deposits and other financial assets is recognised on an accrual basis.

### 3.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit or loss.

(Amounts in thousand)

### 3.19 Earnings per share

#### i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

### 3.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

### 3.22 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item it is recognised as income in the profit or loss on a systematic basis over the periods in which the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful lives of the related asset.

### 4. property, plant and equipment

Operating assets - note 4.1

Capital work-in-progress - note 4.5

Capital spares

	2022	2021
	----- Rupees -----	
	34,375,626	31,388,709
	6,416,479	5,185,100
	212,113	218,835
	<u>41,004,218</u>	<u>36,792,644</u>

(Amounts in thousand)

#### 4.1 Operating assets

##### As at January 1, 2021

	Leasehold land (note 4.2)	Building on leasehold land (note 4.2)	Plant and Machinery	Water	VCM	Pipelines Ethylene	EDC	Gas	Furniture, fixtures and equipment	Vehicles	Total
Cost	1,152,179	608,098	30,076,319	398,968	26,122	50,315	100,287	33,849	429,465	101,168	32,976,770
Accumulated depreciation	(124,589)	(222,189)	(12,732,611)	(271,337)	(25,374)	(25,823)	(3,300)	(21,185)	(209,813)	(55,292)	(13,691,513)
Net book value	<u>1,027,590</u>	<u>385,909</u>	<u>17,343,708</u>	<u>127,631</u>	<u>748</u>	<u>24,492</u>	<u>96,987</u>	<u>12,664</u>	<u>219,652</u>	<u>45,876</u>	<u>19,285,257</u>

##### Year ended December 31, 2021

##### Net carrying value

Opening net book value	1,027,590	385,909	17,343,708	127,631	748	24,492	96,987	12,664	219,652	45,876	19,285,257
Additions - note 4.5.1	-	644,929	13,000,848	-	-	-	-	-	98,451	247,145	13,991,373
Transfer from Right-of-use asset - note 5	-	-	-	-	-	-	-	-	-	5,596	5,596

##### Disposals / write-offs

Cost	-	-	(200,054)	(993)	-	(292)	-	-	(30,169)	(2,755)	(234,263)
Accumulated depreciation	-	-	127,089	802	-	157	-	-	26,904	234	155,186
	-	-	(72,965)	(191)	-	(135)	-	-	(3,265)	(2,521)	(79,077)

##### Depreciation charge - note 4.3

	(39,458)	(44,082)	(1,598,782)	(12,885)	(345)	(4,112)	(1,167)	(1,471)	(69,372)	(42,766)	(1,814,440)
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Net book value	<u>988,132</u>	<u>986,756</u>	<u>28,672,809</u>	<u>114,555</u>	<u>403</u>	<u>20,245</u>	<u>95,820</u>	<u>11,193</u>	<u>245,466</u>	<u>253,330</u>	<u>31,388,709</u>
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##### Gross carrying value

Cost	1,152,179	1,253,027	42,877,113	397,975	26,122	50,023	100,287	33,849	497,747	351,154	46,739,476
Accumulated depreciation	(164,047)	(266,271)	(14,204,304)	(283,420)	(25,719)	(29,778)	(4,467)	(22,656)	(252,281)	(97,824)	(15,350,767)

Net book value	<u>988,132</u>	<u>986,756</u>	<u>28,672,809</u>	<u>114,555</u>	<u>403</u>	<u>20,245</u>	<u>95,820</u>	<u>11,193</u>	<u>245,466</u>	<u>253,330</u>	<u>31,388,709</u>
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##### Year ended December 31, 2022

##### Net carrying value

Opening net book value	988,132	986,756	28,672,809	114,555	403	20,245	95,820	11,193	245,466	253,330	31,388,709
Additions - note 4.5.1	-	22,975	5,174,012	-	-	-	-	-	143,901	128,008	5,468,896

##### Disposals / write-offs

Cost	-	(63,117)	(204,678)	-	-	-	-	-	(9,548)	(34,225)	(311,568)
Accumulated depreciation	-	63,117	204,678	-	-	-	-	-	8,662	6,819	283,276
	-	-	-	-	-	-	-	-	(886)	(27,406)	(28,292)

##### Depreciation charge - notes 4.3

	(39,457)	(49,734)	(2,194,079)	(12,876)	(5)	(2,177)	(3,436)	(1,471)	(86,589)	(63,863)	(2,453,687)
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Net book value	<u>948,675</u>	<u>959,997</u>	<u>31,652,742</u>	<u>101,679</u>	<u>398</u>	<u>18,068</u>	<u>92,384</u>	<u>9,722</u>	<u>301,892</u>	<u>290,069</u>	<u>34,375,626</u>
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##### Gross carrying value - December 1, 2022

Cost	1,152,179	1,212,885	47,846,447	397,975	26,122	50,023	100,287	33,849	632,100	444,937	51,896,804
Accumulated depreciation	(203,504)	(252,888)	(16,193,705)	(296,296)	(25,724)	(31,955)	(7,903)	(24,127)	(330,208)	(154,868)	(17,521,178)

Net book value	<u>948,675</u>	<u>959,997</u>	<u>31,652,742</u>	<u>101,679</u>	<u>398</u>	<u>18,068</u>	<u>92,384</u>	<u>9,722</u>	<u>301,892</u>	<u>290,069</u>	<u>34,375,626</u>
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##### Annual rate of depreciation (%)

	2 to 2.14	2.5 to 10	2.5 to 25	5	5	5	3	5	5 to 33	5 to 25
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(Amounts in thousand)

4.2 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of assets	Address	Total area of land (square yards)
- Leasehold land	EZ/VP-II-I Eastern Zone, Bin Qasim, Karachi	590,114
- Production facilities	EZ/V/P-II-I Eastern Zone, Bin Qasim, Karachi	15,794
- Storage facilities	EZ/VP-II-I Eastern Zone, Bin Qasim, Karachi	10,705
- Administration facilities	EZ/VP-II-I Eastern Zone, Bin Qasim, Karachi	2,908

4.3 Depreciation charge has been allocated as follows:

	2022	2021
	----- Rupees -----	
Cost of sales - note 29	2,393,566	1,783,250
Distribution and marketing expenses - note 30	11,089	8,166
Administrative expenses - note 31	49,032	23,024
	<u>2,453,687</u>	<u>1,814,440</u>

(Amounts in thousand)

4.4 The details of individual assets having net book value equal to or more than Rs. 500 disposed / written-off during the year are as follows:

Description of assets	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	(Gain) \ Loss	Mode of disposal	Particulars of buyers / Relationship
-----Rupees-----							
<b>Items having net book value Rs. 500 each or more</b>							
Vehicle	2,749	544	2,205	2,480	(275)	Company policy	Mehboob Ahmed Khan
Vehicle	2,731	267	2,464	2,584	(120)	Company policy	Tanveer Ali
Vehicle	13,830	3,527	10,303	10,232	71	Company policy	Syed Abbas Raza - Ex Employee
Vehicle	2,753	741	2,012	2,073	(61)	Company policy	Muhammad Babar Mobeen
Vehicle	3,497	892	2,605	2,973	(368)	Company policy	Syed Zain Ali Kazmi
Vehicle	2,689	343	2,346	2,547	(201)	Company policy	Noman Anis
Vehicle	2,712	459	2,253	2,467	(214)	Company policy	Umair Muhammad Siddiq
Vehicle	3,264	46	3,218	3,208	10	Company policy	Muhammad Raza Tariq
<b>Other operating assets having net book value less than Rs. 500</b>							
	277,343	276,457	886	821	65		
Year ended December 31, 2022	<u>311,568</u>	<u>283,276</u>	<u>28,292</u>	<u>29,385</u>	<u>(1,093)</u>		
Year ended December 31, 2021	<u>234,263</u>	<u>155,186</u>	<u>79,077</u>	<u>79,061</u>	<u>16</u>		

4.5 Capital work in progress

	2022	2021
	----- Rupees -----	
Leasehold land	32,000	32,000
Plant and machinery	5,913,016	5,021,610
Building and civil works including pipelines	149,494	86,934
Furniture, fixture and equipment	23,285	13,650
Softwares	15,396	30,144
Advances to suppliers	283,288	762
	<u>6,416,479</u>	<u>5,185,100</u>

(Amounts in thousand)

**4.5.1** The movement in capital work in progress is as follows:

	2022 ----- Rupees -----	2021 ----- Rupees -----
Balance as at January 1	5,185,100	16,837,591
Additions during the year.	6,783,361	3,117,496
Borrowing cost capitalized during the year	-	27,645
Transferred to:		
- operating assets - note 4.1	(5,468,896)	(13,991,373)
- intangibles - note 6	(72,212)	(651,216)
- capital spares	(10,874)	(155,043)
	(5,551,982)	(14,797,632)
Balance as at December 31	<u>6,416,479</u>	<u>5,185,100</u>

**5. right-of-use asset**

	Storage tanks at Engro Vopak Terminal Limited			
	Properties	Vehicles	Total	
	----- Rupees -----			
<b>Year ended December 31, 2021</b>				
<b>Net carrying value</b>				
Opening net book value	2,266,846	33,162	5,596	2,305,604
Additions	172,777	-	-	172,777
Transferred to operating assets - note 4.1	-	-	(5,596)	(5,596)
Depreciation - note 5.1	(419,364)	(16,772)	-	(436,136)
Closing net book value	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>2,036,649</u>
<b>Gross carrying value</b>				
Cost	3,269,835	66,704	5,849	3,342,388
Accumulated depreciation	(1,249,576)	(50,314)	(5,849)	(1,305,739)
Net book value	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>2,036,649</u>
<b>Year ended December 31, 2022</b>				
<b>Net carrying value</b>				
Opening net book value	2,020,259	16,390	-	2,036,649
Additions	-	44,078	-	44,078
Depreciation - note 5.1	(449,662)	(13,838)	-	(463,500)
Closing net book value	<u>1,570,597</u>	<u>46,630</u>	<u>-</u>	<u>1,617,227</u>
<b>Gross carrying value</b>				
Cost	3,269,835	110,782	-	3,380,617
Accumulated depreciation	(1,699,238)	(64,152)	-	(1,763,390)
Net book value	<u>1,570,597</u>	<u>46,630</u>	<u>-</u>	<u>1,617,227</u>
Rate of depreciation (%)	<u>10 - 20</u>	<u>10</u>		

(Amounts in thousand)

**5.1** Depreciation charge has been allocated as follows:

Cost of sales - note 29  
Distribution and marketing expenses - note 30  
Administrative expenses - note 31

	2022 ----- Rupees -----	2021 ----- Rupees -----
Cost of sales - note 29	449,662	419,364
Distribution and marketing expenses - note 30	8,816	-
Administrative expenses - note 31	5,022	16,772
	<u>463,500</u>	<u>436,136</u>

**6. intangible assets  
- Computer software and applications**

**Net carrying value**

Balance at beginning of the year  
Add: Additions at cost - note 4.5.1  
Less: Amortisation for the year - note 31  
Less: Write-off during the year - note 31  
Balance at end of the year

Balance at beginning of the year	711,832	101,971
Add: Additions at cost - note 4.5.1	72,212	651,216
Less: Amortisation for the year - note 31	(97,446)	(33,740)
Less: Write-off during the year - note 31	-	(7,615)
Balance at end of the year	<u>686,598</u>	<u>711,832</u>

**Gross carrying value**

Cost  
Less: Accumulated amortisation  
Balance at end of the year

Cost	860,883	788,671
Less: Accumulated amortisation	(174,285)	(76,839)
Balance at end of the year	<u>686,598</u>	<u>711,832</u>

**6.1** The cost is being amortised over a period of 5 to 10 years.

**7. long-term investments**

Subsidiary companies, at cost - notes 7.1 and 7.2

Subsidiary companies, at cost - notes 7.1 and 7.2	<u>3,884,000</u>	<u>2,465,000</u>
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**7.1 Subsidiary companies:**

- Think PVC (Private) Limited  
5,000,000 (2021: 5,000,000) ordinary shares  
of Rs. 10 each - note 7.1.1

- Engro Peroxide (Private) Limited  
382,900,000 (2021: 241,000,000) ordinary shares  
of Rs. 10 each - note 7.1.2.

- Engro Plasticizer (Private) Limited  
500,000 (2021: 500,000) ordinary shares  
of Rs. 10 each - note 7.1.3

Think PVC (Private) Limited 5,000,000 (2021: 5,000,000) ordinary shares of Rs. 10 each - note 7.1.1	50,000	50,000
Engro Peroxide (Private) Limited 382,900,000 (2021: 241,000,000) ordinary shares of Rs. 10 each - note 7.1.2.	3,829,000	2,410,000
Engro Plasticizer (Private) Limited 500,000 (2021: 500,000) ordinary shares of Rs. 10 each - note 7.1.3	5,000	5,000
	<u>3,884,000</u>	<u>2,465,000</u>

(Amounts in thousand)

**7.1.1** Think PVC (Private) Limited was incorporated in Pakistan in November 6, 1999 as a wholly owned subsidiary of the Company. Initially, Think PVC (Private) Limited principal activity was to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals. However, during the year the Company decided to focus on marketing PVC products through its branded outlet instead of trading in PVC products.

**7.1.2** Engro Peroxide (Private) Limited was incorporated in Pakistan on July 22, 2019 as a wholly owned subsidiary of the Company. The main objective of Engro Peroxide (Private) Limited is to manufacture and market Hydrogen Peroxide and related chemicals. During the year, the Company has made further investment amounting to Rs. 1,419,000, through subscription of right ordinary shares.

**7.1.3** Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 as a wholly owned subsidiary of the Company. The Company is currently assessing the projects for which the subsidiary will be utilised.

**7.2** The registered office of the subsidiary companies is situated at 12th Floor, Plot G-3, Block 9, Khayaban-e-Iqbal, Clifton, Karachi. As at December 31, 2022, the Company continues to hold 100% (2021: 100%) of the share capital of these subsidiaries.

**8. financial assets at amortised cost**

	2022	2021
	----- Rupees -----	
Investment in Term Deposit Receipts - note 8.1	4,040,191	5,179,495
Less: Current maturity - note 14	(2,722,683)	(2,086,711)
	<u>1,317,508</u>	<u>3,092,784</u>

**8.1** Represents term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

**9. long-term loans and advances - Considered good**

	2022	2021
	----- Rupees -----	
Executives - notes 9.1 to 9.3	12,024	32,321
Less: Current portion shown under current assets - note 13	(12,024)	(31,647)
	<u>-</u>	<u>674</u>

**9.1** Reconciliation of the carrying amount of loans and advances to executives is as follows:

Balance at beginning of the year	32,321	60,518
Add: Disbursements	21,606	11,768
Less: Repayments / amortisation	(41,903)	(39,965)
Balance at end of the year	<u>12,024</u>	<u>32,321</u>

(Amounts in thousand)

9.2 These include interest free loans and advances to executives for house rent, vehicles, home appliances and other investments given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments and other investments are repayable in lump sum amount after 36 months. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to profit or loss over a period of 4 years.

9.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 12,024 (2021: Rs. 33,377).

9.4 The Company does not have any loans or advances placed under any arrangements not permissible under Shariah.

**10. stores, spares and loose tools**

	2022	2021
	----- Rupees -----	
Consumable stores and spares - notes 10.1 and 10.2	2,817,028	2,388,631
Less: Provision against slow moving stores and spares - note 10.3	(352,915)	(346,792)
	<u>2,464,113</u>	<u>2,041,839</u>

**10.1** This includes goods in transit amounting to Rs. 73,784 (2021: Rs. 20,122).

**10.2** During the year, the Company has written-off stores and spares amounting to Rs. 14,224 (2021: Rs. 20,594).

	2022	2021
	----- Rupees -----	
Balance at beginning of the year	346,792	375,644
Add: Provision recognised / (Reversal of provision) during the year - note 29	6,123	(21,911)
Less: Write-off during the year	-	(6,941)
Balance at end of the year	<u>352,915</u>	<u>346,792</u>

**10.3** The movement in the provision for slow moving stores and spares is as follows:

**11. stock-in-trade**

Raw and packing materials - notes 11.1 to 11.3	7,283,484	8,510,105
Less: Provision against stock-in-trade - note 29	(99,199)	-
	<u>7,184,285</u>	<u>8,510,105</u>
Work-in-process	-	56,008
Finished goods - manufactured product and trading products - note 11.2	3,231,707	4,024,553
	<u>10,415,992</u>	<u>12,590,666</u>

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>11.1</b> This includes stocks held at storage locations of following parties:		
Engro Vopak Terminal Limited, a related party	2,672,597	2,072,238
Al-Noor Petroleum (Private) Limited	30,825	13,406
Al-Rahim Trading Company (Private) Limited	565,268	751,226
Al-Hamd Traders	-	13,307
Pakistan House International Limited	-	21,971
Home Products International (Private) Limited	168,732	-
	<u>3,437,422</u>	<u>2,872,148</u>

**11.2** This includes goods in transit amounting to Nil (2021: Rs. 2,484,420).

**11.3** During the year, the Company has written off stock-in-trade amounting to Rs. 18,604 (2021: Rs. 1,665).

	2022	2021
	----- Rupees -----	
<b>12. trade debts - Considered good</b>		
<b>Related parties - notes 12.1, 12.2 and 12.3</b>		
Secured	2,223,250	-
Unsecured	4,972	10,583
	<u>2,228,222</u>	<u>10,583</u>
<b>Others - note 12.3</b>		
Secured - notes 12.4 and 12.5	438,549	732,903
Unsecured - note 12.6	9,693	90,869
	<u>448,242</u>	<u>823,772</u>
	<u>2,676,464</u>	<u>834,355</u>

**12.1** Details of amounts due from associated undertakings / related parties are as follows:

	Upto 3 months		3 to 6 months		Total	
	2022	2021	2022	2021	2022	2021
	-----Rupees-----					
Engro Fertilizers Limited	4,972	9,796	-	-	4,972	9,796
Engro Energy Services Limited	-	787	-	-	-	787
Engro Eximp FZE	1,938,451	-	284,799	-	2,223,250	-
	<u>1,943,423</u>	<u>10,583</u>	<u>284,799</u>	<u>-</u>	<u>2,228,222</u>	<u>10,583</u>

(Amounts in thousand)

**12.2** Maximum amounts due from related parties at any time during the year with respect to month end balances are as follows:

	2022	2021
	----- Rupees -----	
Engro Fertilizers Limited	18,595	19,491
Engro Energy Services Limited	787	787
Engro Eximp FZE	2,223,250	-
	<u>2,242,632</u>	<u>20,278</u>

**12.3** These balances are neither due nor impaired except for balance amounting to Rs. 40,011 (2021: 80,043, which are past due but not impaired (for not more than 60 days).

**12.4** These debts are secured by way of bank guarantees and letters of credit from customers.

**12.5** This includes outstanding trade debts against export sales amounting to Nil (2021: Rs. 256,552).

**12.6** During the year, the Company has written off trade debts amounting to Nil (2021: Rs. 56).

	2022	2021
	----- Rupees -----	
<b>13. loans, advances, deposits, prepayments and other receivables</b>		
<b>Considered good</b>		
Current portion of long term-loans and advances to executives- note 9	12,024	31,647
Advances to employees	50	328
Advances to suppliers and others	690,185	58,295
Deposits	1,095,786	270,387
Prepayments - note 13.1	489,596	378,791
Workers' Profits Participation Fund - note 13.4	27,182	8,364
Receivable from Government of Pakistan in respect of Sales tax and Federal excise duty refundable - note 13.8	633,394	750,943
Due from related parties (unsecured) - notes 13.2, 13.3 and 13.8	27,969	8,570
Other receivables - note 13.8	3,954	-
	<u>2,980,140</u>	<u>1,507,325</u>
<b>Considered doubtful</b>		
Custom duty claims refundable - note 13.5	18,043	18,043
Less: Provision for impairment - note 13.7	(18,043)	(18,043)
	-	-
Special Excise Duty (SED) refundable - note 13.6	36,687	36,687
Less: Provision for impairment - note 13.7	(36,687)	(36,687)
	-	-
	<u>2,980,140</u>	<u>1,507,325</u>

(Amounts in thousand)

**13.1** This includes prepaid insurance of Rs. 142,410 (2021: Rs. 220,610).

**13.2** Age analysis of other receivables from related parties comprise of:

	Upto 3 months		3 to 6 months		More than 6 months		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
-----Rupees-----								
Engro Corporation Limited	8	-	1,047	-	-	-	1,055	-
Think PVC (Private) Limited	755	-	-	-	-	-	755	-
Engro Energy Limited	33	-	5	-	524	-	562	-
Engro Energy Services Limited	8	-	-	-	-	-	8	-
Engro Plasticizer (Private) Limited	204	116	60	-	176	-	440	116
Engro Fertilizers Limited	9,126	-	3,341	-	935	-	13,402	-
Engro Peroxide (Private) Limited	11,646	8,454	-	-	-	-	11,646	8,454
Engro Powergen Qadirpur Limited	69	-	-	-	-	-	69	-
Engro Powergen Thar (Private) Limited	32	-	-	-	-	-	32	-
	<u>21,881</u>	<u>8,570</u>	<u>4,453</u>	<u>-</u>	<u>1,635</u>	<u>-</u>	<u>27,969</u>	<u>8,570</u>

**13.3** Maximum amounts due from related parties at the end of any month during the year are as follows:

	2022	2021
----- Rupees -----		
Think PVC (Private) Limited	1,196	5,105
Engro Plasticizer (Private) Limited	440	189
Engro Energy Limited	562	505
Engro Energy Services Limited	8	-
Engro Peroxide (Private) Limited	68,428	324,980
Engro Corporation Limited	67,667	-
Engro Powergen Qadirpur Limited	69	-
Engro Powergen Thar (Private) Limited	32	-
Engro Fertilizers Limited	18,596	-
	<u>156,998</u>	<u>330,779</u>
<b>13.4</b> The movement in WPPF payable is as follows:		
Balance at beginning of year	(8,364)	126,944
Allocation for the year - note 32	881,182	1,073,039
Interest charged during the year	-	1,603
	<u>872,818</u>	<u>1,201,586</u>
Less: Payments made during the year	(900,000)	(1,209,950)
Balance at end of year	<u>(27,182)</u>	<u>(8,364)</u>

(Amounts in thousand)

**13.5** The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed of the Company's appeal filed on April 11, 2008 against the order of Collector of Customs, Port Muhammad Bin Qasim, Karachi, for the refund of custom duty paid during the period June 16, 2006 to July 24, 2006 on imports of Vinyl Chloride Monomer (VCM). The Tribunal was informed that all the aforementioned VCM consignments were released after the issuance of SRO 565(1) / 2006 dated June 6, 2006 and the benefit of five percent duty reduction was also passed onto the customers. However, as the price of the Company's product was increased which is linked with international market, the Tribunal inadvertently presumed that the said benefit had not been transferred to the customers and passed an order against the Company.

The Company has filed an appeal with the High Court of Sindh against the aforesaid order of the Tribunal, which is pending adjudication. However, the Company is maintaining full provision against the aforementioned custom duty refundable till such time that all available legal forums are exhausted.

**13.6** During 2007, Special Excise Duty (SED) amounting to Rs. 91,616 was paid on import of certain fixed assets. Out of the total SED paid, an amount of Rs. 54,929 was adjusted through input claim in sales tax returns. Later, the remaining amount of Rs. 36,687 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. Therefore, the Company has fully provided the said amount. However, the Company is pursuing recovery of the remaining amount from the tax authorities based on the view that the SED can be recovered as it was paid prior to the change in the Sales Tax Act.

**13.7** As at December 31, 2022, the receivables aggregating to Rs. 54,730 (2021: Rs. 54,730) were deemed to be impaired and have been provided for in full (notes 13.5 and 13.6).

**13.8** These balances are neither past due nor impaired.

#### 14. short-term investments

##### At fair value through profit and loss

- Mutual funds - note 14.1

##### At amortized cost

- Treasury bill - note 14.2

- Term deposit receipts - note 14.3

- Current maturity of investment in term deposit receipts - note 8

	2022	2021
----- Rupees -----		
At fair value through profit and loss		
- Mutual funds - note 14.1	8,869,458	7,972,732
At amortized cost		
- Treasury bill - note 14.2	2,305,449	3,748,857
- Term deposit receipts - note 14.3	161,729	22,549
- Current maturity of investment in term deposit receipts - note 8	2,722,683	2,086,711
	<u>5,189,861</u>	<u>5,858,117</u>
	<u>14,059,319</u>	<u>13,830,849</u>

(Amounts in thousand)

- 14.1** This represents investment in 88,498,604 units (2021: 262,455,260 units) of Mutual Funds having cost amounting to Rs. 8,869,458 (2021: Rs. 7,972,732).
- 14.2** Carries mark-up at rate ranging from 15.66% to 15.72% (2021: 10.835%) per annum and will mature on October 19, 2023.
- 14.3** Carries mark-up at rate of 13.15% (2021: 10%) per annum and will mature on January 1, 2023.

	2022	2021
	----- Rupees -----	
<b>15. cash and bank balances</b>		
<b>Cash in hand</b>	617	568
<b>Cash at bank - note 15.1</b>		
- in current accounts	1,737,707	642,309
- in savings accounts - note 15.2	1,113,721	1,274,109
	2,851,428	1,916,418
	<u>2,852,045</u>	<u>1,916,986</u>

15.1 These include Rs. 796,140 (2021: Rs. 481,443) held in foreign currency bank accounts.

15.2 These carry mark-up at rates ranging between 9.75% to 16% (2021: 2.14% to 9.35%) per annum.

	2022	2021
	----- Rupees -----	
<b>16. ordinary share capital</b>		
<b>Authorised capital</b>		
1,250,000,000 (2021: 1,250,000,000) ordinary shares of Rs. 10 each	12,500,000	12,500,000
<b>Issued, subscribed and paid-up capital</b>		
908,923,333 (2021: 908,923,333) ordinary shares of Rs. 10 each, fully paid in cash - notes 16.1 and 16.2	9,089,233	9,089,233

(Amounts in thousand)

- 16.1** As at December 31, 2022, Engro Corporation Limited (the Holding Company) and Mitsubishi Corporation (an associated company) held 510,733,450 and 100,053,562 (2021: 510,733,450 and 100,053,562) ordinary shares of Rs.10 each denoting 56.19% (2021: 56.19%) and 11.01% (2021: 11.01%) of the share capital of the Company.
- 16.2** There is a shareholders' agreement between the Holding Company and Mitsubishi Corporation which includes provisions in respect of board selection, voting rights, rights of first refusal, etc.

	2022	2021
	----- Rupees -----	
<b>17. preference shares</b>		
<b>Authorised capital</b>		
400,000,000 (2021: 400,000,000) preference shares of Rs. 10 each	4,000,000	4,000,000
<b>Issued, subscribed and paid-up capital</b>		
300,000,000 (2021: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1	3,000,000	3,000,000

**17.1** In 2020, the Company issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offer at a price of Rs. 10 per share in cash, carrying markup at the rate of 6 months KIBOR + 3.5% per annum. The payment of the same shall be at the discretion of Board of Directors. The objective of the preference share issuance is to finance PVC-III expansion and VCM debottlenecking projects. The Company will have an option to call and redeem preference shares in full or in part after the expiry of twelve months from the issue date. The preference shares may be converted into ordinary shares of the Company at the option of the preference shares holder after the expiry of eighty months from December 31, 2020 based on the ratio of 1:1. No shares were converted during the year.

(Amounts in thousand)

## 18. long-term borrowings

Title	Mark-up rate per annum	Installments		2022	2021
		Number	Commencing	----- Rupees -----	-----
Sukuks - note 18.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	-	8,667,709
Loan from International Finance Corporation (IFC) - note 18.2	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,913,259	5,114,204
Bilateral Loan - note 18.3	6 months KIBOR + 0%	6 half yearly	July 15, 2021	2,710,751	4,517,917
Islamic Long Term Financing Facility (ILTFF) - note 18.4	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,868,317	1,927,386
Islamic Temporary Economic Refinance Facility (ITERF) - notes 18.5 and 18.11	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	748,484	530,799
Loan under diminishing musharka agreement - note 18.6	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	400,000
Syndicated Long Term Islamic Financing Facility - note 18.7	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,730,846	-
Loan under diminishing musharka agreement - note 18.8	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	-
				24,371,657	21,158,015
Less: Current portion shown under current liabilities					
- Loan from International Finance Corporation				(2,644,613)	(2,061,856)
- Bilateral Loan				(1,807,166)	(1,807,166)
- Islamic Long Term Financing Facility (ILTFF)				(243,752)	(60,938)
- Islamic Temporary Economic Refinance Facility (ITERF)				(23,038)	-
- Loan under diminishing musharka agreement				(100,000)	-
				(4,818,569)	(3,929,960)
Less: Deferred income - Government grant - note 18.11				(223,723)	(146,227)
				19,329,365	17,081,828

**18.1** In 2019, the Company issued listed sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement for a period of 7.5 years. However, during the year, the Company has repaid the entire issue amount and is currently in the process of delisting from the issue from PSX as at the reporting date.

**18.2** In 2018, the Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Company and lenders will commence in due course and transition will be completed by the mid of 2023.

(Amounts in thousand)

**18.3** In 2019, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipts maintained with DIBPL (note 8).

**18.4** In 2020, the Company obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan for a period of 10 years through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

**18.5** In 2021, the Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through Musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During the year, the Company further received Rs. 217,685 on account of ITERF loan facility.

**18.6** In 2021, the Company made a draw down of Rs. 400,000 under Dimishing Musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.

**18.7** On December 28, 2022, the Company made a draw down of Rs. 8,750,000 under syndicate long term islamic financing facility to finance buyback of sukuk bond (note 18.1). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.

**18.8** On December 12, 2022, the Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through Musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). These are secured by the way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

**18.9** Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2022	2021
	----- Rupees -----	
Balance at the beginning of the year	21,158,016	21,626,485
Add: Loan received (net of transaction cost of Rs. 19,154)	14,948,531	928,549
Add: Amortisation of transaction cost	95,695	42,691
Add: Exchange loss - net	1,045,687	486,806
Less: Loan / installments repaid	(12,876,271)	(1,926,516)
Balance at the end of the year	<u>24,371,657</u>	<u>21,158,015</u>

**18.10** The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost of Rs. 93,535 (2021: Rs. 145,341).

**18.11** The value of benefit of below-market interest rate on the loans disclosed in note 18.5 has been accounted for as government grant under IAS 20 "Government Grants. The movement of carrying amount of deferred grant in respect of these loans is as under:

	2022	2021
	----- Rupees -----	
Balance at beginning of the year	146,227	-
Add: Recognised during the year	107,274	159,926
Less: Amortization during the year - note 34	(29,778)	(13,699)
Balance at end of the year	<u>223,723</u>	<u>146,227</u>

## 19. lease liabilities

Total lease liabilities - note 19.1	3,741,194	4,194,568
Current portion	(1,898,636)	(1,481,141)
Non Current portion	<u>1,842,558</u>	<u>2,713,427</u>

**19.1** This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,679,819 (2021: Rs. 4,172,121).

	2022	2021
	----- Rupees -----	
Balance as at beginning of the year	4,194,568	4,694,696
Additions in lease	44,078	172,777
Finance costs	235,064	258,300
Exchange loss on foreign leases	987,986	441,236
Less: Lease rentals paid	(1,720,502)	(1,372,441)
Balance as at end of the year	<u>3,741,194</u>	<u>4,194,568</u>

**19.2** Movement in lease liabilities during the year is as follow:

(Amounts in thousand)

## 20. provisions

	2022	2021
	----- Rupees -----	
Provision for		
- Gas Development Infrastructure Cess - note 20.1	6,131,294	5,364,818
- Gas Price Revision - note 20.2	517,392	517,392
	<u>6,648,686</u>	<u>5,882,210</u>
Less: Current portion of provisions	(6,010,879)	(4,073,805)
	<u>637,807</u>	<u>1,808,405</u>

**20.1** Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Later, GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company had obtained ad-interim stay orders from the High Court of Sindh (SHC). However, on prudent basis the Company recognised a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and the GIDC Ordinance, 2014.

The Company, based on the advice of its legal counsel, was of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Company reversed the provision relating to industrial portion of GIDC of Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision of Rs. 592,125 in respect of captive power.

On August 13, 2020, the Supreme Court of Pakistan (SCP) announced the decision rendering the GIDC Act 2015 intra virus to the constitution and directed the gas supplying companies to recover the dues in 24 monthly installments. A review petition was filed against the said order which was disposed-off in November 2020. The SCP in review petition, elaborated that deliberation on any provision of GIDC Act, 2015 can be contested on appropriate forum and mentioned that the installments period can be extended to 48 months. The Company has obtained ad-interim stay order dated October 5, 2020 against the GIDC Act, 2015 from SHC which restrained Sui Southern Gas Company Limited (SSGC) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter.

Considering the aforementioned developments in GIDC case (including the Judgement and the Review petition decision on GIDC), the Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. monthly installment rather than lump sum amount), the Company has remeasured its previously undiscounted provision at its present value using risk free discount rate to incorporate the effect of time value of money arising from the expected settlement based on an installment plan and has accordingly, recognised remeasurement gain on provision for GIDC of Rs. 680,996 in 2020.



(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>20.1.1</b> The movement in the provision for GIDC is as follows:		
Balance at beginning of the year	5,364,818	4,930,263
Remeasurement loss on provision for GIDC	262,743	277,972
Default surcharge - note 34	503,733	156,583
Balance at end of the year	6,131,294	5,364,818
Less: Current portion of provision for GIDC	(5,493,487)	(3,556,413)
	<u>637,807</u>	<u>1,808,405</u>

**20.2** In 2017, the Company had filed suits in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority (OGRA) vide SRO no. (1)/2016 dated December 30, 2016, whereby, the Company cited the increase as illegal and unconstitutional. The SHC has granted an interim order in favour of the Company which is still operational. However, the Company has recognised a provision of Rs. 517,392 for the period from December 2017 to September 2018.

	2022	2021
	----- Rupees -----	
<b>21. deferred tax liability - net</b>		
Credit balances arising due to:		
- accumulated depreciation	5,165,732	4,436,093
Debit balances arising due to:		
- unpaid liabilities	211,203	166,970
- leases	560,834	622,505
- provisions	2,173,226	1,540,239
- shares issuance cost	65,149	57,830
	<u>(3,010,412)</u>	<u>(2,387,544)</u>
	<u>2,155,320</u>	<u>2,048,549</u>

	2022	2021
<b>22. trade and other payables</b>		
Trade and other creditors - note 22.1	3,789,796	4,342,257
Accrued liabilities - notes 22.1 and 22.2	6,150,831	4,792,866
Advances from customers - note 22.3	4,500,182	1,994,373
Retention money	5,398	500
Security deposits - note 22.4	7,400	4,900
Payable to provident funds	23,969	19,127
Payable to gratuity funds	10,231	7,133
Payable to pension funds	2,217	2,056
Workers' Welfare Fund - note 22.5	379,289	325,222
Withholding tax payable	13,697	27,195
Others	33,135	17,563
	<u>14,916,145</u>	<u>11,533,192</u>

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>22.1</b> Includes due to following related parties:		
Engro Corporation Limited	361,293	132,834
Engro Fertilizers Limited	54,370	66,798
Engro Energy Limited	315	65
Engro Foundation	8,000	150,000
Engro Powergen Qadirpur Limited	-	613
Think PVC (Private) Limited	188	390
Engro Vopak Terminal Limited	229,475	164,591
Engro Eximp FZE	834,764	-
Engro Peroxide (Private) Limited	9,038	-
Engro Plasticizer (Private) Limited	20	-
The Dawood Foundation	240	-
	<u>1,497,703</u>	<u>515,291</u>

**22.2** On June 4, 2021, the SHC through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. The Company filed a petition against the judgment before the Honorable Supreme Court of Pakistan (SCP) challenging the SHC judgement. Later, on September 2021, the SCP suspended the judgement of SHC along with the recovery of Cess. For all future consignments, the Company is required to furnish fresh bank guarantees equivalent to the full amount of levy. Management is confident that ultimate outcome of the case will be decided in its favor, however, on prudence basis, has recognized a provision of Rs. 1,633,035 (2021: Rs. 1,139,748) in respect of the Cess in these financial statements.

**22.3** This represents advances received by the Company from customers and distributors for goods to be delivered. The advances outstanding as at January 1, 2022 have been fully recognized as revenue during the year.

**22.4** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand. The amount is fully utilised in business in accordance with the requirement of written agreements and in terms of Section 217 of the Companies Act, 2017.

	2022	2021
	----- Rupees -----	
<b>22.5</b> The movement in WWF payable is as follows:		
Balance at beginning of the year	325,222	149,825
Charge for the year - note 32	356,392	329,748
	681,614	479,573
Less: Payments made during the year	(302,325)	(154,351)
Balance at end of the year	<u>379,289</u>	<u>325,222</u>

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>23. service benefit obligations</b>		
Service incentive plan - note 23.1	74,278	98,298

**23.1** Represents provision for annual employment benefits payable to eligible employees who have successfully completed 3 years of vesting period with the Company.

	2022	2021
	----- Rupees -----	
<b>24. short-term borrowings</b>		
Export refinance facility - note 24.1	474,360	474,360

**24.1** Represents export refinancing facility carrying mark-up at the rate of 3% (2021: 3%) on rollover basis for a period of six months. This facility is secured by a floating charge over stocks and book debts of the Company.

**24.2** The aggregate facilities for running finance available from various banks as at December 31, 2022, amounted to Rs. 3,400,000 (2021: Rs. 3,700,000), which remained fully unutilised as at year end.

	2022	2021
	----- Rupees -----	
<b>25. accrued interest / mark-up</b>		
Mark-up accrued on:		
- long-term borrowings	354,530	427,798
- short-term borrowings	12,046	2,146
	366,576	429,944

**26. taxes payable**

**26.1 Tax year 2008**

The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009, raised a tax demand of Rs. 213,172 for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of Rs. 5,899 addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 134,414 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

(Amounts in thousand)

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)] but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and payment of the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating to Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs. 26,992, which were maintained.

In 2013, the Company filed a reference with the SHC against the additions maintained by ATIR. Likewise, the tax department also filed reference with the SHC against the order passed by the ATIR in favor of the Company. In 2018, the SHC disposed of Company's appeal on the ground that the issues raised by the Company requires factual verification whereas the petition of the tax department is still pending before the SHC. The Company based on the advice of its tax consultants, decided to accept the decision of the SHC and accordingly, has recognised the provision of Rs. 108,882 in respect of additions maintained by ATIR in these financial statements.

**26.2 Tax year 2009**

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. The Company filed a reference with the SHC against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the SHC against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognised the effects for the same in these financial statements.

(Amounts in thousand)

### 26.3 Super Tax under section 4B of Income Tax Ordinance, 2001

Through Finance Act 2015, Section 4B of the Ordinance was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs. 500,000. The levy was extended upto tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the levy of super tax has amended the rate tax to 0% from tax year 2020 and onwards for companies other than the banking companies. On August 1, 2018, the Company filed petition against the levy of super tax in the SHC and based on the opinion of its legal advisor, the Company has made a provision for the full amount of super tax of Rs. 328,000. In 2020, super tax was declared intra vires by the SHC and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, the Company received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. The Company filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. The Company has filed an appeal before the ATIR against the decision of CIR(A) which is pending adjudication.

In the meanwhile, Company also filed petition in SCP against the order of the SHC, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

### 26.4 Super Tax under section 4C of Income Tax Ordinance, 2001

In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, a super tax at ten percent has been imposed on the specified sectors (including the chemical sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Company filed a petition against the imposition of super tax before the Sindh High Court (SHC). The SHC in its judgement dated December 22, 2022, declared that "the super tax levy shall only be applicable from the tax year 2023" and the imposition of higher rate on the specified sectors as discriminatory. The Company's management has recorded provision of super tax at the rate of four percent amounting to Rs. 632,543 in these financial statements on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent amounting to Rs. 957,494 are remote and therefore no provision is recorded thereagainst in these financial statements.

### 26.5 Purchase of tax losses under section 59B of the Income Tax Ordinance, 2001

During the year, the Company decided to purchase taxable business loss amounting to Rs. 1,287,893 of the Holding Company for tax year 2021 (year ended December 31, 2020) under Section 59B of the Ordinance against cash consideration of Rs 373,489 equivalent to tax benefit / effect surrendered thereof. Since the legal formalities in relation to the transaction were completed post year end, the Company has not recorded the effect of this transaction in these financial statements.

(Amounts in thousand)

## 27. contingencies and commitments

### 27.1 Contingencies

**27.1.1** Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues inter alia with respect to the adjustment of carried forward minimum tax from the tax liability of tax year 2019 and required the Company to pay Rs. 552,331 being the amount short paid with the return. The Company filed a Constitutional Petition in the SHC challenging the notice, which through their order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. However, the SHC directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Company to approach the SCP. The Company has filed Civil Petition for Leave to Appeal against SHC order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to the Company subject to the submission of bank guarantee equivalent to the order amount, which has been duly submitted by the Company. The Company, based on the advice of legal advisor, is confident of a favourable decision. Accordingly, no provision is recognized these financial statements.

**27.1.2** Income tax related contingencies are disclosed in notes 26.1 to 26.4.

**27.1.3** The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2022 amounts to Rs. 6,548,000 (2021: Rs. 4,648,000). The amount utilised there against as at December 31, 2022 is Rs. 5,908,206 (2021: Rs. 3,057,000).

### 27.2 Commitments

**27.2.1** The facility for opening letters of credit as at December 31, 2022 aggregates to Rs. 23,000,000 (2021: Rs. 18,100,000). The amount utilised thereagainst as at December 31, 2021 was Rs. 6,725,937 (2021: Rs. 5,197,717).

**27.2.2** The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	2022	2021
	----- Rupees -----	
Not later than one year	3,600	2,500

(Amounts in thousand)

**27.2.3** Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 22,752 (valid till March 31, 2026), (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,602 (valid till December 31, 2028) and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 655 (valid till December 31, 2023).

	2022	2021
	----- Rupees -----	
<b>27.3.4</b> Commitments in respect of expenditure of capital and other operational items	1,759,592	1,941,718

**28. revenue from contract with customers - net**

Gross local sales - note 28.1	92,990,439	77,442,765
Less:		
- Sales tax	13,188,768	11,115,481
- Discounts	2,297,964	1,194,308
	15,486,732	12,309,789
	77,503,707	65,132,976
Export sales - note 28.2	4,479,059	4,805,957
Supply of electricity - note 28.3	76,817	80,661
	82,059,583	70,019,594

**28.1** Include sales of trading goods amounting to Rs. 61,519 (2021: Rs. 95,546).

**28.2** The Company has made exports in the European, Middle East and Afghanistan markets.

**28.3** This represents revenue against supply of surplus power to Engro Fertilizers Limited - a related party.

(Amounts in thousand)

**29. cost of sales**

	2022	2021
	----- Rupees -----	
Opening stock of work-in-process	56,008	28,354
Raw and packing materials consumed	38,084,443	31,987,105
Salaries, wages and staff welfare - note 29.1	1,828,058	2,199,965
Fuel, power and gas	8,557,549	7,159,270
Repairs and maintenance	560,762	661,914
Depreciation on operating assets - note 4.3	2,393,566	1,783,250
Depreciation on right-of-use asset - note 5.1	449,662	419,364
Operating assets write-off	-	76,460
Consumable stores	495,029	505,705
Purchased services	1,799,138	1,271,407
Storage and handling - note 29.2	682,564	738,785
Training, conveyance and travelling	275,228	252,703
Communication, stationery and other office expenses	44,072	27,853
Rent, rates and taxes - note 29.3	91,794	67,882
Product transportation	2,009,780	1,515,290
Insurance, fees and subscription	426,730	519,224
Provision / (Reversal of provision) against slow moving stores and spares - note 10.3	6,123	(21,911)
Provision against stock-in-trade - note 11	99,199	-
Write-off of:		
- stores and spares - note 10.2	14,224	20,594
- stock in trade - note 11.3	18,604	1,665
Other expenses	2,716	21,026
	57,839,241	49,207,551
Closing stock of work-in-process	-	(56,008)
Cost of goods manufactured	57,895,249	49,179,897
Opening stock of finished goods	4,001,606	736,768
Closing stock of finished goods	(3,231,707)	(4,001,606)
	769,899	(3,264,838)
Cost of sales - trading goods - note 29.4	12,276	69,269
	58,677,424	45,984,328

**29.1** Includes Rs. 149,619 (2021: Rs. 122,751) in respect of staff retirement and other service benefits.

**29.2** Includes expense relating to variable lease payments not included in lease liabilities amounting to Rs. 255,948 (2021: Rs. 282,520).

**29.3** These include rentals for short-term leases amounting to Rs. 82,797 (2021: Rs. 59,736).

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>29.4</b> Movement of trading goods:		
Opening trading stock	22,947	26,657
Purchases made during the year	158,772	65,559
Closing trading stock	(169,443)	(22,947)
Consumption during the year	<u>12,276</u>	<u>69,269</u>
<b>30. distribution and marketing expenses</b>		
Salaries, wages and staff welfare - note 30.1	201,318	131,697
Dealer commission	209,590	156,829
Sales promotion expense	45,788	7,654
Write-off of trade debts - note 12.5	-	56
Rent, rates and taxes - note 30.2	7,913	6,805
Purchased services	10,744	5,225
Depreciation - note 4.3	11,089	8,166
Depreciation on right-of-use asset - note 5.1	8,816	-
Training, conveyance and travelling	66,665	54,978
Communication, stationery and other office expenses	3,275	1,303
Others	3,673	3,625
	<u>568,871</u>	<u>376,338</u>

**30.1** Includes Rs. 16,018 (2021: Rs. 11,901) in respect of staff retirement and other service benefits.

**30.2** These include rentals for short-term leases amounting to Rs. 5,237 (2021: Rs. 4,976).

	2022	2021
	----- Rupees -----	
<b>31. administrative expenses</b>		
Salaries, wages and staff welfare - note 31.1	520,605	370,774
Rent, rates and taxes - note 31.2	86,903	35,668
Purchased services	55,169	122,582
Depreciation - note 4.3	49,032	23,024
Amortisation - note 6	97,446	33,740
Write-off of intangible assets - note 6	-	7,615
Depreciation on right-of-use asset - note 5.1	5,022	16,772
Training, conveyance and travelling	87,645	43,450
Communication, stationery and other office expenses	74,467	13,030
Others	29,147	16,266
	<u>1,005,436</u>	<u>682,921</u>

(Amounts in thousand)

**31.1** Includes Rs. 39,246 (2021: Rs. 29,001) in respect of staff retirement and other service benefits.

**31.2** These include rentals for short-term leases amounting to Rs. 20,098 (2021: Rs. 43,693).

	2022	2021
	----- Rupees -----	
<b>32. other expenses</b>		
Legal and professional charges	77,501	41,386
Auditor's remuneration - note 32.1	11,610	5,284
Donations - note 32.2	174,010	277,486
(Gain) / Loss on disposal of operating assets - note 4.4	(1,093)	16
Foreign exchange loss (net) - note 32.3	1,952,758	626,696
Workers' Welfare Fund - note 22.5	356,392	329,748
Workers' Profits Participation Fund - note 13.4	881,182	1,073,579
	<u>3,452,360</u>	<u>2,354,195</u>
<b>32.1</b> Auditor's remuneration		
Fee for:		
- Annual statutory audit	1,775	1,280
- Review of half yearly financial information	415	290
- Review of compliance with the Code of Corporate Governance	60	55
Taxation and other advisory services	8,843	3,189
Reimbursement of expenses	517	470
	<u>11,610</u>	<u>5,284</u>
<b>32.2</b> This includes donations made to:		
Engro Foundation - note 32.2.1	122,000	260,000
Sahil Welfare Association	-	1,000
R.B. Udhawalas Tarachand Hospital, DC office, Shikarpur	49,728	-
The Citizen Foundation	-	7,921
Sina Health Education & Welfare	-	2,949
Behbud Foundation	1,000	1,600
The Water Foundation	-	2,016
Al-Khidmat Foundation Pakistan	-	1,000
Pakistan Chemical Manufacturers	400	-
	<u>173,128</u>	<u>276,486</u>

**32.2.1** Mr. Jahangir Piracha, (the Chief Executive of the Company), Mr. Nadir Salar Qureshi (the Non-Executive Director) and Mr. Ghias Khan (the Chairman of the Board of Directors) are the trustees of Engro Foundation.

**32.3** This includes Rs. 987,986 (2021: Rs. 441,236) arising on translation of foreign currency denominated lease liabilities.



(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>36.4</b> The information necessary to calculate diluted earnings per share is as follows:		
Profit for the year	11,709,894	15,102,611
	-----Number in thousands-----	
Weighted average number of shares outstanding at year end for determination of basic EPS	908,923	908,923
Add: Adjustment for conversion of convertible preference shares	300,000	300,000
Weighted average number of potential ordinary shares outstanding at year end for determination of diluted EPS	1,208,923	1,208,923

### 37. retirement and other service benefits

**37.1** In 2013, the Company replaced its provident fund with the provident fund operated and managed by Engro Corporation Limited - the Holding Company.

**37.2** The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

### 38. remuneration of chief executive, directors and executives

The aggregate amounts for remuneration, including all benefits, to the chief executive, directors and executives of the Company are given below:

	2022			2021		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	-----Rupees-----					
Managerial remuneration - note 38.1	44,777	-	1,149,646	31,260	-	820,217
Retirement benefit funds	9,018	-	147,350	6,295	-	132,286
Bonus	12,284	-	253,727	30,347	-	197,394
Other benefits	945	-	308,558	849	-	222,655
Directors fee	-	19,991	-	-	8,885	-
Total	67,024	19,991	1,859,281	68,751	8,885	1,372,552
Number of persons including those who worked part of the year	1	5	285	1	5	235

(Amounts in thousand)

**38.1** The Company also provides vehicles for the use of the chief executive and certain executives.

	2022	2021
	----- Rupees -----	
<b>39. cash generated from operations</b>		
Profit before taxation	16,713,929	20,028,341
<b>Adjustments for non cash-charges and other items:</b>		
Staff retirement and other service benefits	68,769	60,985
Depreciation:		
- operating assets - note 4.3	2,453,687	1,814,440
- right-of-use asset - note 5.1	463,500	436,136
Amortization - note 6	97,446	33,740
Write-off of:		
- operating assets - note 29	-	76,460
- intangible assets - note 6	-	7,615
- trade debts - note 30	-	56
- stores and spares - note 29	14,224	20,594
- stock-in-trade - note 29	18,604	1,665
Provision / (Reversal of provision) against		
- slow moving stores and spares - note 10.3	6,123	(21,911)
- stock-in-trade - note 11	99,199	-
Unrealised foreign exchange loss under financial assets and liabilities	1,089,765	405,183
Income on bank deposits and short-term investments	(1,397,595)	(1,298,914)
Finance costs	3,082,932	1,788,116
(Gain) / Loss on disposal of operating assets - note 32	(1,093)	16
Remeasurement loss on provision against GIDC - note 20.1.1	262,743	277,972
Working capital changes - note 39.1	1,682,279	(6,023,780)
	24,654,512	17,606,714
<b>39.1 working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(442,621)	(255,788)
Stock-in-trade	2,056,871	(6,397,822)
Trade debts	(1,842,109)	(248,199)
Loans, advances, deposits, prepayments and other receivables - net	(1,472,815)	(1,196,433)
	(1,700,674)	(8,098,242)
<b>Increase in current liabilities</b>		
Trade and other payables	3,382,953	2,074,462
	1,682,279	(6,023,780)

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>40. cash and cash equivalents</b>		
Short-term investments - note 14	161,729	3,748,857
Cash and bank balances - note 15	2,852,045	1,916,986
	<u>3,013,774</u>	<u>5,665,843</u>
<b>41. financial instruments by category</b>		
<b>41.1 Financial assets at amortized cost</b>		
Long-term loans	-	674
Investment at amortized cost	6,507,369	8,950,901
Trade debts	2,676,464	834,355
Loans, deposits and other receivables	1,139,733	310,604
Cash and bank balances	2,852,045	1,916,986
	<u>13,175,611</u>	<u>12,013,520</u>
<b>Financial assets at fair value through profit or loss</b>		
Short-term investments	8,869,458	7,972,732
	<u>22,045,069</u>	<u>19,986,252</u>
<b>41.2 Financial liabilities at amortized cost</b>		
Long-term borrowings	24,371,657	21,158,015
Lease liabilities	3,741,194	4,194,568
Trade and other payables	10,022,977	9,186,402
Service benefit obligation	74,278	98,298
Short-term borrowings	474,360	474,360
Accrued interest / mark-up	366,576	429,944
	<u>39,051,042</u>	<u>35,541,587</u>

## 42. financial risk management objectives and policies

### 42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. The Company uses financial instruments to hedge certain risk factors, where it deems appropriate. Risk management is carried out by the Company's finance division under the guidance of the Company's Board of Directors.

(Amounts in thousand)

### a) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market prices. It comprises of the following risks:

#### i) Currency risk

Currency risk represents the risk that the fair values of future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollar. The risk arises from outstanding payments for imports, assets and liabilities denominated in foreign currencies and future commercial transactions. In the current economic environment, the Company is significantly exposed to currency risk because of the expected volatility in exchange rates. The Company, at its discretion, manages the currency risk by matching foreign payments with foreign receipts.

At December 31, 2022, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 7,059,581 (2021: Rs. 5,943,047) and Rs. 11,123,973 (2021: Rs. 13,544,431) respectively.

At December 31, 2022, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 159,952 (2021: Rs. 269,849). However, this change in profits would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

#### ii) Yield / interest rate risk

Yield / interest rate risk represents the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from investments in government securities, bank balances maintained in saving accounts, borrowings and running finance facilities and term deposits, utilised under mark-up arrangements. Variable rate financial instruments expose the Company to cash flow interest rate risk, whereas, fixed rate financial instruments expose the Company to fair value interest rate risk.

As at December 31, 2022, if interest rate on Company's borrowings had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 42,159 (2021: Rs. 52,333).

#### iii) Other price risk

Price risk represents the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers or factors affecting all similar investments in financial instruments traded in the market. The Company is exposed to price risk on its mutual funds.



(Amounts in thousand)

## b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations. Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits, other receivables financial assets at amortised cost and financial assets at fair value through profit or loss. The maximum exposure to credit risk is equal to the carrying amount of these financial assets.

The Company is not materially exposed to credit risk as unsecured credit is provided to selected parties with no history of default. The Company considers that a financial asset is in default when contractual payment are 90 days past due. Moreover, major part of trade debts are secured by bank guarantees and letters of credit from customers. Furthermore, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings, or investments are made in government securities.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk, which are neither past due nor impaired, are as follows:

	2022	2021
	----- Rupees -----	
Long-term loans	-	674
Financial assets at amortized cost	1,317,508	3,092,784
Trade debts - considered good	2,636,453	754,312
Loans, deposits and other receivables	1,139,733	310,604
Short-term investments	14,059,319	13,830,849
Bank balances	2,851,428	1,916,418
	22,004,441	19,905,641

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2022 the credit quality of the Company's bank balances can be assessed with reference to external credit ratings assigned to the respective banks as follows:

Bank	Rating agency	2022 Ratings		2021 Ratings	
		Short-term	Long-term	Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	A-1	A
Bank Alfalah Limited	PACRA	A-1+	AA+	A-1+	AA+
Bank Al Habib Limited	PACRA	A-1+	AAA	A-1+	AAA
Bank of China	FITCH	F1+	A	A-1	A
Bank Islami Pakistan Limited	PACRA	A-1	A+	A-1	A+
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA

(Amounts in thousand)

Bank	Rating agency	2022 Ratings		2021 Ratings	
		Short-term	Long-term	Short-term	Long-term
Habib Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Industrial and Commercial Bank of China	Moody	P-1	A2	P-1	A1
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
National Bank of Pakistan	JCR-VIS	A-1+	AAA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	A-1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-	A-3	BBB-
SAMBA Bank Limited	JCR-VIS	A-1	AA	A-1	AA
Bank of Khyber	PACRA	A-1	A	A-1	A
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA

## c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's liquidity management involves maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and through its ability to close out market positions. Due to the dynamic nature of the business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The general nature of credit facilities available to the Company under any contract and not availed as at the date of statement of financial position has been disclosed in notes 18 and 24.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022			2021		
	Maturity upto one year	Maturity more than one year	Total	Maturity upto one year	Maturity more than one year	Total
	----- Rupees -----					
<b>Financial liabilities</b>						
Long term borrowings	4,818,569	19,631,309	24,449,878	3,929,960	17,373,396	21,303,356
Lease liabilities	1,898,636	2,157,780	4,056,416	1,481,141	3,155,487	4,636,628
Trade and other payables	10,022,977	-	10,022,977	9,186,402	-	9,186,402
Service benefit obligations	74,278	-	74,278	98,298	-	98,298
Short term borrowings	474,360	-	474,360	474,360	-	474,360
Accrued interest / mark-up	366,576	-	366,576	429,944	-	429,944
	17,655,396	21,789,089	39,444,485	15,600,105	20,528,883	36,128,988

(Amounts in thousand)

#### 43. fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at December 31, 2022, the carrying value of all financial assets and liabilities approximate to their fair value.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following assets measured at fair values:

	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Short term investments in units of mutual funds - December 31, 2022	-	8,869,458	-	8,869,458
Short term investments in units of mutual funds - December 31, 2021	-	7,972,732	-	7,972,732

#### 44. capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Company may issue new equity, manage dividend payouts to its shareholders or sell assets to reduce debt.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long term borrowings and lease liabilities divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus long-term borrowings and lease liabilities.

(Amounts in thousand)

The gearing ratio of the Company is as follows:

	2022	2021
----- Rupees -----		
Long-term borrowings	24,371,657	21,158,015
Lease liabilities	3,741,194	4,194,568
	28,112,851	25,352,583
Total equity	27,133,672	29,959,089
Total capital	55,246,532	55,311,672
Gearing ratio	0.51	0.46

#### 45. segment information

45.1 Based on the internal management reporting structure, the Company is organised into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Company supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.
- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.
- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.
- Unallocated: includes trading business and management of short-term investments of the Company. All the unallocated are reported to the Board of Directors at entity level.

Management monitors the operating results of above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit / (loss) after tax for that segment, which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

(Amounts in thousand)

	Poly Vinyl Chloride (PVC) and allied chemicals		Caustic soda and allied chemicals		Power supply		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
----- Rupees -----										
<b>Segment profit and loss</b>										
Revenue from contract with customers - net	72,600,241	63,943,910	9,249,019	5,900,499	126,296	80,661	84,027	94,524	82,059,583	70,019,594
Less:										
Cost of sales	(54,657,522)	(41,470,639)	(3,873,434)	(5,266,676)	(105,077)	(67,429)	(41,391)	820,416	(58,677,424)	(45,984,328)
Distribution and marketing expenses	(449,388)	(293,055)	(118,586)	(81,996)	(539)	(56)	(358)	(1,231)	(568,871)	(376,338)
Administrative expenses	(890,592)	(627,782)	(112,474)	(65,431)	(1,350)	-	(1,020)	10,292	(1,005,436)	(682,921)
Other expenses	(3,169,725)	(1,842,185)	(276,351)	(29,357)	(3,774)	(839)	(2,510)	(481,814)	(3,452,360)	(2,354,195)
Other income	1,275,216	1,279,614	162,458	27,688	2,218	729	1,477	437	1,441,369	1,308,468
Finance costs	(2,897,483)	(1,553,457)	(181,325)	(88,620)	(2,476)	(1,739)	(1,648)	(258,123)	(3,082,932)	(1,901,939)
Profit before tax	11,810,747	19,436,406	4,849,307	396,107	15,298	11,327	38,577	184,501	16,713,929	20,028,341
Taxation	(4,427,199)	(4,826,480)	(564,010)	(44,864)	(7,701)	(2,721)	(5,125)	(51,665)	(5,004,035)	(4,925,730)
<b>Profit for the year</b>	<b>7,383,548</b>	<b>14,609,926</b>	<b>4,285,297</b>	<b>351,243</b>	<b>7,597</b>	<b>8,606</b>	<b>33,452</b>	<b>132,836</b>	<b>11,709,894</b>	<b>15,102,611</b>
<b>Segment assets and liabilities</b>										
Total segment assets - note 45.2	54,767,952	49,658,524	6,341,047	7,606,366	37,029	25,185	22,811,596	20,531,528	83,957,624	77,821,603
Total segment liabilities - note 45.2	31,665,089	22,002,192	2,491,196	2,666,840	1,547	59,661	22,666,120	23,133,821	56,823,952	47,862,514

**45.1.1** Revenue from one customer of the Company's PVC segment amounts to Rs. 7,305,366 (2021: Rs. 7,054,745) of the Company's total revenue i.e. 8.90% (2021: 10.08%)

**45.2** Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts.

#### 46. transactions with related parties

**46.1** Following are the name of associated companies and related parties with whom the Company had entered into transactions or had arrangements or agreements in place during the year:

Name of related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.19%	Parent company
Think PVC (Private) Limited	100.00%	Subsidiary company
Engro Peroxide (Private) Limited	100.00%	Subsidiary company
Engro Plasticizer (Private) Limited	100.00%	Subsidiary company
Mitsubishi Corporation	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
Friesland Campina Engro Pakistan Limited	N/A	Common directorship
Engro Infinity (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Karachi School of Business Leadership	N/A	Common directorship
Engro Elengy Terminal (Private) Limited	N/A	Common directorship
Engro Eximp FZE (Incorporated in United Arab Emirates)	N/A	Common directorship
Engro Powergen Qadirpur Limited	N/A	Common directorship
EFERT Agri Trade (Private) Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Pakistan Oxygen Ltd	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
Pakistan Institute of Corporate Governance	N/A	Common directorship
Retirement funds		
- Provident fund	N/A	Post employment benefits
- Gratuity fund	N/A	Post employment benefits
- Pension fund	N/A	Post employment benefits
Mr. Nadir Salar Qureshi	N/A	Non-executive Director
Mr. Feroz Rizvi	N/A	Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Baig	N/A	Independent Director
Mr. Hideki Adachi	N/A	Non-executive Director
Mr. Ghias Uddin Khan	N/A	Non-executive Director
Mr. Rizwan Masood Raja	N/A	Non-executive Director
Mr. Eram Hasan	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Aneeq Ahmed	N/A	Key management personnel
Mr. Syed Ali Akbar	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Mr. Asghar Ali Khan	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Salman Hafeez	N/A	Ex - Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Fahd Khawaja	N/A	Ex - Key management personnel
Mr. Syed Abbas Raza	N/A	Ex - Key management personnel
Mr. Athar Abrar Khawaja	N/A	Key management personnel
Mr. Muhammad Idrees	N/A	Key management personnel

(Amounts in thousand)

**46.2** Transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2022	2021
		----- Rupees -----	
<b>Holding Company</b>			
- Engro Corporation Limited	Reimbursement made	900,510	675,066
	Reimbursement received	85,776	35,658
	Advance for intangible asset	18,587	179,245
	Subordinated loan received	2,000,000	-
	Subordinated loan repaid	2,000,000	-
	Markup on subordinated loan	20,137	-
<b>Subsidiary Company</b>			
- Think PVC (Private) Limited	Expenses paid	-	20,076
	Reimbursement made	188	-
	Reimbursement received	3,007	20,840
- Engro Peroxide (Private) Limited	Expenses paid	-	92,202
	Reimbursement made	9,038	94,742
	Reimbursement received	161,242	-
	Subordinated loan received	996,000	300,000
	Subordinated loan repaid	996,000	300,000
	Markup on subordinated loan	14,436	9,964
- Engro Plasticizer (Private) Limited	Expenses paid	-	305
	Reimbursement made	20	254
	Reimbursement received	324	-
	Subordinate loan proceeds	500	-
	Markup on subordinated loan	16	-
<b>Member of the Group</b>			
- Engro Fertilizers Limited	Sale of goods	7,270	30,029
	Sales of utilities	124,031	128,609
	Purchase of services	105,882	73,519
	Purchase of goods	30,969	-
	Reimbursement made	147,916	50,538
	Reimbursement received	13,853	16,880
- Engro Vopak Terminal Limited	Purchase of services	2,219,813	1,719,445
	Reimbursement made	57,485	30,774
	Reimbursement received	-	8,443
- Engro Energy Limited	Reimbursement made	562	313
	Reimbursements received	250	-
	Expenses incurred on behalf of the Company	49,728	-
- Engro Elengy terminal (Private) Limited	Reimbursement made	53	-
	Reimbursements received	34	-

(Amounts in thousand)

Nature of relationship	Nature of transactions	2022	2021
		----- Rupees -----	
- Engro Energy Services Limited	Reimbursements received	-	571
	Reimbursement made	8	336
	Sale of goods	-	3,066
- Engro Powergen Thar (Private) Limited	Reimbursements received	3,274	-
	Sale of goods	-	243
- Engro Powergen Qadirpur Limited	Reimbursement received	2,433	7,973
	Reimbursements made	1,555	-
- Engro Foundation	Donations	128,351	260,018
	Reimbursement made	278	-
- Engro Eximp FZE	Purchase of goods	12,259,445	-
	Sale of goods	3,645,860	-
	Reimbursements received	-	597
	Reimbursements made	98,031	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	-	12
	Reimbursement received	9	478
<b>Directors</b>	<b>Fee</b>	19,991	8,885
<b>Contribution to staff retirement benefits</b>	<b>Managed and operated by the Holding Company</b>		
	- Provident fund	115,861	154,655
	- Gratuity fund	84,285	120,563
	- Pension fund	4,736	5,768
<b>Key management personnel</b>	Managerial remuneration	157,971	144,436
	Retirement benefit funds	28,104	20,715
	Bonus	62,324	55,018
	Other benefits	29,275	24,740

**46.3** The related party status of outstanding balances as at December 31, 2022 / 2021 is disclosed in the respective notes of the financial statements.

## 47. general

### 47.1 Number of employees

	2022	2021
	----- Rupees -----	
- Total number of employees	601	598
- Average number of employees	599	586

Included herein are 428 (2021: 508) employees working at the plant of the Company as at December 31, 2022 and average number of these employees during the year was 427 (2021: 527).

(Amounts in thousand)

#### 47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2022	2021	2022	2021	
	----- Kilo tons -----				
PVC	295	295	239	243	Production planned as per market demand and in-house consumption needs
EDC	127	127	102	94	
Caustic soda	106	106	97	92	
Caustic flakes	20	20	9	8	
VCM	254	254	219	203	
	----- Mega Watts -----				
Power	66	66	55	55	

#### 48. non-adjusting event after the reporting period

The Board of Directors in its meeting held on February 7, 2023 has proposed a final cash dividend of Rs. 2,272,308 (2021: Rs.4,999,078 ) which is approximately Rs. 2.5 (2021: Rs. 5.5) per share. This appropriation will be approved by the members in the Annual General Meeting to be held on April 27, 2023.

Further, the Board of Directors in this meeting have proposed a final cash dividend for preference shareholders of Rs. 150,000 (2021: 81,000 ) which is approximately Rs. 0.5 per share (2021: Rs 0.27 per share. This appropriation will be approved by the members in the Annual General Meeting to be held on April 27, 2023.


#### 49. corresponding figures

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

#### 50. date of authorisation for issue

These consolidated financial statements were authorised for issue on February 7, 2023 by the Board of Directors of the Company.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

consolidated financial  
**statements**

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INDEPENDENT AUDITOR’S REPORT

To the members of Engro Polymer and Chemicals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Engro Polymer and Chemicals Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD



Following is the Key audit matter:

Table with 2 columns: Key audit matter, How the matter was addressed in our audit. Row 1: Contingent liabilities and provisions. (Refer notes 13.1, 13.6, 13.7, 20.1, 20.2, 22.2, 26.1 to 26.4, 27.1.1 to the consolidated financial statements) The Group has contingent liabilities and provisions in respect of certain taxes, levies and duties including income taxes and other matters, which are pending adjudication at various appellate forums. Contingencies and provisions require management of the Group to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for recognition and measurement of any provision and disclosure in respect of such contingent liabilities and provisions. Due to the significance of the amounts involved, inherent uncertainties associated with the outcome of the matters, legal forums at which these are currently pending and use of significant judgments and estimates to assess the same including related financial impacts, which may change over time as new facts emerge and the matters progresses, we have considered contingent liabilities and provisions as a key audit matter.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor’s Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and consolidated financial statements and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.



**Chartered Accountants  
Karachi**

**Date: March 8, 2023**

**UDIN: AR202210069jtqHEC26s**



## consolidated statement of financial position

as at december 31, 2022

(Amounts in thousand)

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	45,286,725	38,703,005
Right-of-use asset	6	1,683,540	2,036,649
Intangible assets	7	686,598	711,832
Financial assets at amortised cost	8	1,317,506	3,092,784
Long-term loans and advances	9	800	674
		48,975,171	44,544,944
<b>Current Assets</b>			
Stores, spares and loose tools	10	2,464,113	2,041,839
Stock-in-trade	11	10,415,992	12,590,666
Trade debts	12	2,679,412	834,355
Loans, advances, deposits, prepayments and other receivables	13	3,514,946	1,877,419
Short-term investments	14	14,059,319	14,143,236
Cash and bank balances	15	3,291,627	1,933,581
		36,425,409	33,421,096
		85,400,580	77,966,040
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary share capital	16	9,089,233	9,089,233
Preference shares	17	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		11,157,529	14,003,724
		27,121,715	29,967,910
<b>Non-Current Liabilities</b>			
Long-term borrowings	18	19,834,943	17,176,747
Government grant	18.13	581,338	156,700
Lease liabilities	19	1,892,238	2,713,427
Provisions	20	637,807	1,808,405
Deferred tax liability - net	21	2,130,680	2,029,290
		25,077,006	23,884,569
<b>Current Liabilities</b>			
Trade and other payables	22	15,352,341	11,551,643
Service benefit obligations	23	74,278	98,298
Current portion of long-term borrowings	18	4,826,263	3,929,960
Current portion of Government grant	18.13	97,328	26,924
Current portion of lease liabilities	19	1,912,744	1,481,141
Short-term borrowings	24	474,360	474,360
Accrued interest / mark-up	25	392,062	431,440
Unclaimed dividend		1,174,365	1,029,514
Taxes payable	26	2,887,239	1,016,476
Provisions	20	6,010,879	4,073,805
		33,201,859	24,113,561
		58,278,865	47,998,130
<b>Contingencies and Commitments</b>			
	27		
		85,400,580	77,966,040

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

## consolidated statement of profit or loss and other comprehensive income

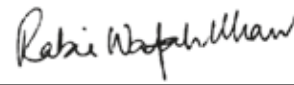
for the year ended december 31, 2022

(Amounts in thousand except for earnings per share)

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
Revenue from contract with customers - net	28	82,059,583	70,021,678
Cost of sales	29	(58,679,684)	(45,986,053)
<b>Gross profit</b>		23,379,899	24,035,625
Distribution and marketing expenses	30	(587,183)	(406,018)
Administrative expenses	31	(1,005,437)	(683,777)
Other expenses	32	(3,480,537)	(2,382,043)
Other income	33	1,481,106	1,326,889
<b>Operating profit</b>		19,787,848	21,890,676
Finance costs	34	(3,091,904)	(1,903,508)
<b>Profit before taxation</b>		16,695,944	19,987,168
Taxation	35	(5,006,829)	(4,926,657)
<b>Profit for the year</b>		11,689,115	15,060,511
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		11,689,115	15,060,511
<b>Earnings per share - basic</b>	36	12.37	16.28
<b>Earnings per share - diluted</b>	36	9.67	12.46

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

## consolidated statement of changes in equity

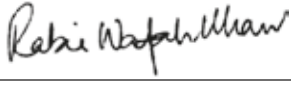
for the year ended december 31, 2022

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVE		Total
	Ordinary share capital	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
	-----Rupees-----				
<b>Balance as at December 31, 2020</b>	9,089,233	3,000,000	3,874,953	10,161,945	26,126,131
<b>Total comprehensive income for the year</b>	-	-	-	15,060,511	15,060,511
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2020					
- Rs. 1.247 per ordinary share	-	-	-	(1,133,562)	(1,133,562)
- Rs. 0.042 per preference share	-	-	-	(12,485)	(12,485)
First interim dividend for the year ended December 31, 2021					
- Rs. 0.80 per ordinary share	-	-	-	(727,139)	(727,139)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
Second interim dividend for the year ended December 31, 2021					
- Rs. 7.00 per ordinary share	-	-	-	(6,362,463)	(6,362,463)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
Third interim dividend for the year ended December 31, 2021					
- Rs. 3.00 per ordinary share	-	-	-	(2,726,770)	(2,726,770)
- Rs. 0.30 per preference share	-	-	-	(90,000)	(90,000)
Shares issuance cost	-	-	-	(4,313)	(4,313)
	-	-	-	(11,218,732)	(11,218,732)
<b>Balance as at December 31, 2021</b>	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>14,003,724</u>	<u>29,967,910</u>
<b>Total comprehensive income for the year</b>	-	-	-	11,689,115	11,689,115
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
	-	-	-	(14,535,311)	(14,535,311)
<b>Balance as at December 31, 2022</b>	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>11,157,528</u>	<u>27,121,714</u>

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

## consolidated statement of cash flows

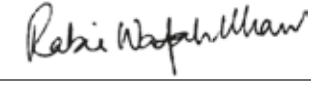
for the year ended december 31, 2022

(Amounts in thousand)

Note	2022	2021
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	39	24,861,992
Long-term loans and advances		(126)
Retirement benefits paid		(92,789)
Income tax paid		(3,034,676)
<b>Net cash generated from operating activities</b>		21,734,401
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of:		
- property, plant and equipment		(9,023,505)
- intangible assets		(72,211)
Proceeds from disposal of property, plant and equipment		29,385
Realisation of Term Deposit Receipts		2,257,673
Maturity of Term Deposit Receipts		-
Purchase of short-term investments		(340,467,497)
Proceeds on sale / maturity of short-term investments		337,210,222
Income on short-term investment and bank deposits		1,312,103
<b>Net cash utilised in investing activities</b>		(8,753,830)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings - net of transaction costs		15,784,432
Repayments of long-term borrowings		(12,876,273)
Proceeds from short-term borrowings		-
Shares issuance cost paid		-
Finance costs paid		(2,330,563)
Lease rentals paid		(1,737,596)
Dividend paid		(14,390,460)
<b>Net cash utilised in financing activities</b>		(15,550,460)
<b>Net decrease in cash and cash equivalents</b>		(2,569,889)
Net foreign exchange difference		28,420
Cash and cash equivalents at beginning of the year		5,994,825
<b>Cash and cash equivalents at end of the year</b>	40	3,453,356

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

  
Jahangir Piracha  
Chief Executive Officer

  
Rabia Wafah Khan  
Chief Financial Officer

  
Feroz Rizvi  
Director

# notes to and forming part of the consolidated financial statements

for the year ended december 31, 2022

(Amounts in thousand)

## 1. legal status and operations

**1.1** The "Group" consists of Engro Polymer and Chemicals Limited (here-in-after referred to as 'the Holding Company') and its wholly owned subsidiary companies, Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited (here-in-after referred to as 'the Group').

Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The Holding Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Holding Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).

**1.2** The Holding Company is a subsidiary of Engro Corporation Limited (the Intermediate Parent Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).

**1.3** These financial statements denote the consolidated financial statements of the Holding Company. The standalone financial statements of the Holding Company and its subsidiaries have been presented separately.

**1.4** The geographical location and addresses of all business units of the Group are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
Manufacturing plant	EZ/II/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	9th Floor, 301-R Hally Tower, Phase II, DHA, Lahore
Branded Outlet	Plot 41 -C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi

**1.5** The Holding Company has investments in the following subsidiaries:

	Percentage of shareholding of the Company	
	2022	2021
- Think PVC (Private) Limited - note 1.5.1	100%	100%
- Engro Peroxide (Private) Limited - note 1.5.2	100%	100%
- Engro Plasticizer (Private) Limited - note 1.5.3	100%	100%

(Amounts in thousand)

**1.5.1** Think PVC (Private) Limited (TPPL) was incorporated in Pakistan in November 6, 1999, as a wholly owned subsidiary of the Holding Company. TPPL's principal activity was to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals. However, TPPL is now focused on marketing of PVC products through its branded outlet instead of trading in PVC products.

**1.5.2** Engro Peroxide (Private) Limited (EPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of the Holding Company. The main objective of EPPL is to manufacture and market Hydrogen Peroxide and related chemicals.

**1.5.3** Engro Plasticizer (Private) Limited (EPPPL) was incorporated in Pakistan on July 22, 2019, as a wholly owned subsidiary of the Holding Company. The Holding Company is currently assessing the projects for which EPPPL will be utilised.

## 2. basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- it is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include the Holding Company and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in consolidated statement of profit or loss.

(Amounts in thousand)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 3. basis of preparation

#### 3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention unless otherwise mentioned in accounting policies stated herein.

#### 3.2 Statement of compliance

3.2.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

#### 3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

#### 3.4 Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### 3.4.1 Useful lives, depreciation / amortisation methods, residual values and impairment of property, plant and equipment and intangible assets

The Group's reviews appropriateness of the useful lives, method of depreciation / amortisation and residual values, where applicable, used in the calculation of depreciation / amortisation of

(Amounts in thousand)

operating fixed assets and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment and if the carrying amount exceeds recoverable amount, assets are written down to the recoverable amount and resultant impairment loss is recognised in the consolidated profit or loss.

##### 3.4.2 Provision for slow-moving stores and spares

The Group regularly reviews the provision for slow moving stores and spares which have no movement for at least three years and the quantity available is in excess to minimum stock level, thereby ensuring that items meeting the criteria are provided for.

##### 3.4.3 Provision for stock-in-trade

The Group regularly reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

##### 3.4.4 Income taxes

In making the estimates for current income taxes payable by the Group, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined.

##### 3.4.5 Lease accounting

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

##### 3.4.6 Contingencies and provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

#### 3.5 Initial application of a standard, amendment or an interpretation to existing standards

##### 3.5.1 Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to published standards that are effective for the first time for the year ended December 31, 2022, however, these are considered not to have a significant impact on the the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

(Amounts in thousand)

### 3.5.2 Standards and amendments to accounting and reporting standards that are not yet effective and have been early adopted by the Group

The new standards and amendments to published standards that are not yet effective for the period beginning on January 1, 2022 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

## 4. summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

### 4.1 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is stated at historical cost less accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is charged to profit or loss using the straight line method to allocate their cost less the residual values over their estimated useful lives at rates given in note 5.1. Depreciation on additions is charged from the month following the month in which the asset is available for use and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group's and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to consolidated profit or loss during the year in which these are incurred. Assets' residual values, method of depreciation and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognised in consolidated profit or loss. The recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the period of disposal or retirement.

### 4.2 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Upon utilisation, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

(Amounts in thousand)

### 4.3 Right-of-use asset and lease liabilities

The Group has entered into various rental arrangements, generally ranging in between 5 to 10 years. At inception of a contract, the Group assesses whether a contract is or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in the consolidated profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liability.

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

### 4.4 Intangible assets

Costs associated with developing and maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure, which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Intangible assets are stated at cost less accumulated amortisation and impairment, if any.

(Amounts in thousand)

Computer software cost treated as intangible assets are amortised from the date the software is available for use on straight-line basis over a period of 5 to 10 years.

The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount and is charged in the consolidated profit or loss. Reversal of impairment losses are also recognised in consolidated profit or loss, however, these are restricted to the original cost of the asset.

Amortisation on additions is charged from the month following the month in which asset is available for use and no amortisation is charged in the month of disposal.

## 4.5 Financial instruments

### 4.5.1 Financial assets

#### Classification, initial recognition and measurement

Financial assets are classified as financial assets, at initial recognition and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The management determines the classification of financial assets at initial recognition based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured **at amortised cost** if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured **at FVOCI** if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at **FVPL** if it is not measured at amortised cost or at FVOCI.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the settlement-date - the date on which the asset is delivered to or by the Group. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in consolidated profit or loss. Trade debts are measured at the transaction price determined under IFRS 15. Financial assets carried at FVOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income. Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in the consolidated profit or loss in the period in which they arise.

(Amounts in thousand)

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated profit or loss.

#### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group measures ECL of a financial instrument in a way that reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, that is represented by the assets' gross carrying amount at the reporting date.

### 4.5.2 Financial liabilities

The Group recognises a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequently, financial liabilities are stated at amortised cost or at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the consolidated profit or loss.

### 4.5.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

(Amounts in thousand)

#### 4.6 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. The management assess store items which have no movement for at least three years and the quantity available is in excess to the minimum stock level. Provision is recognised for such items in the consolidated profit or loss.

#### 4.7 Stock-in-trade

These are valued at the lower of cost, determined on weighted average cost basis, and net realizable value. Cost in relation to raw materials represents the weighted average cost, except for raw material in transit and in relation to finished goods and work-in-process represents weighted average cost comprising direct materials, labour and related manufacturing overheads.

Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving stocks, where considered necessary.

#### 4.8 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable cost, if any. These are generally due for settlement within 30 to 90 days. The Group holds the trade debts with the objective of collecting the contractual cashflows and therefore measures them subsequently at amortised cost using effective interest rate method less provision for expected credit losses, if any. The amount of provision is charged to the consolidated profit or loss. Trade debts and other receivable considered irrecoverable are written-off.

#### 4.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks and other short-term highly liquid investments with original maturities of three months or less and short-term finances.

#### 4.10 Share capital

Ordinary and preference shares are classified as equity and recognised at their face value. Incremental costs, if any, directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

#### 4.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Any difference between proceeds net of transaction cost and redemption value is recognized in the consolidated profit or loss over the period of borrowing using effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

(Amounts in thousand)

#### 4.12 Retirement and other service benefits

##### 4.12.1 Gratuity fund

The employees of the Group participate in a defined contributory gratuity fund (the Gratuity Fund) operated and managed by Engro Corporation Limited - the Holding Company. As per the terms of the defined contribution plan, the Group contributes to the Gratuity Fund at the rate of 8.33% of basic salary.

##### 4.12.2 Provident fund

The employees of the Company participate in defined contributory provident fund (the Provident Fund) operated and managed by Engro Corporation Limited - the Holding Company. Equal monthly contributions at the rate of 10% of the basic salary are made both by the Group and the employees to the Provident Fund. Annual contribution by the Group is charged to the consolidated profit or loss.

##### 4.12.3 Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Group's employment. The provision is made on the basis of management's estimates of incentives to be paid to employees on fulfilment of criteria given in the incentive plan.

#### 4.13 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current.

#### 4.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

#### 4.15 Taxation

##### 4.15.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

(Amounts in thousand)

#### 4.15.2 Deferred

Deferred income tax is provided using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in consolidated profit or loss except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

#### 4.16 Revenue recognition

##### i) Revenue from contracts with customers

- a) The Group recognises revenue at a point in time when the control of product is transferred to customers. The assessment of transfer of control depends on the contractual terms, which is considered to be transferred either when the product is directly uplifted by customer from the Group's premises or when it is delivered by the Group at customer premises. The payment term varies depending on the credit worthiness of the customers.
- b) Revenue from the sale of electricity is recognised at a point in time when the agreed output is delivered to Engro Fertilizers Limited, a related party. The payment terms in this case is 15 days.
- c) Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. The payment term varies depending on the credit worthiness of the customers.

##### ii) Other revenues

Income on bank deposits and other financial assets is recognised on an accrual basis.

#### 4.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to the consolidated profit or loss.

#### 4.18 Earnings per share

##### i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(Amounts in thousand)

##### ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 4.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes strategic decisions.

#### 4.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in these consolidated financial statements in the period in which these are approved.

#### 4.21 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item it is recognised as income in the consolidated profit or loss on a systematic basis over the periods in which the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful lives of the related asset.

#### 5. property, plant and equipment

Operating assets - note 5.1  
 Capital work-in-progress - note 5.5  
 Capital spares

	2022	2021
	----- Rupees -----	
Operating assets - note 5.1	34,375,726	31,389,283
Capital work-in-progress - note 5.5	10,698,886	7,094,887
Capital spares	212,113	218,835
	45,286,725	38,703,005



(Amounts in thousand)

5.1	Operating assets	Leasehold land (note 5.2)	Building on leasehold land (note 5.2)	Plant and Machinery	Pipelines					Furniture, fixtures and equipment	Vehicles	Total
					Water	VCM	Ethylene	EDC	Gas			
----- Rupees -----												
<b>As at January 1, 2021</b>												
	Cost	1,152,179	608,098	30,076,319	398,968	26,122	50,315	100,287	33,849	431,003	101,168	32,978,308
	Accumulated depreciation	(124,589)	(222,189)	(12,732,611)	(271,337)	(25,374)	(25,823)	(3,300)	(21,185)	(210,290)	(55,292)	(13,691,990)
	Net book value	<u>1,027,590</u>	<u>385,909</u>	<u>17,343,708</u>	<u>127,631</u>	<u>748</u>	<u>24,492</u>	<u>96,987</u>	<u>12,664</u>	<u>220,713</u>	<u>45,876</u>	<u>19,286,318</u>
<b>Year ended December 31, 2021</b>												
<b>Net carrying value</b>												
	Opening net book value	1,027,590	385,909	17,343,708	127,631	748	24,492	96,987	12,664	220,713	45,876	19,286,318
	Additions - note 5.5.1	-	644,929	13,000,848	-	-	-	-	-	98,451	247,145	13,991,373
	Transfer from Right-of-use asset - note 6	-	-	-	-	-	-	-	-	-	5,596	5,596
	Disposals / write-offs	-	-	(200,054)	(993)	-	(292)	-	-	(30,169)	(2,755)	(234,263)
	Cost	-	-	(200,054)	(993)	-	(292)	-	-	(30,169)	(2,755)	(234,263)
	Accumulated depreciation	-	-	127,089	802	-	157	-	-	26,904	234	155,186
		-	-	(72,965)	(191)	-	(135)	-	-	(3,265)	(2,521)	(79,077)
	Depreciation charge - note 5.3	(39,458)	(44,082)	(1,598,782)	(12,885)	(345)	(4,112)	(1,167)	(1,471)	(69,859)	(42,766)	(1,814,927)
	Net book value	<u>988,132</u>	<u>986,756</u>	<u>28,672,809</u>	<u>114,555</u>	<u>403</u>	<u>20,245</u>	<u>95,820</u>	<u>11,193</u>	<u>246,040</u>	<u>253,330</u>	<u>31,389,283</u>
<b>Gross carrying value</b>												
	Cost	1,152,179	1,253,027	42,877,113	397,975	26,122	50,023	100,287	33,849	499,285	351,154	46,741,014
	Accumulated depreciation	(164,047)	(266,271)	(14,204,304)	(283,420)	(25,719)	(29,778)	(4,467)	(22,656)	(253,245)	(97,824)	(15,351,731)
	Net book value	<u>988,132</u>	<u>986,756</u>	<u>28,672,809</u>	<u>114,555</u>	<u>403</u>	<u>20,245</u>	<u>95,820</u>	<u>11,193</u>	<u>246,040</u>	<u>253,330</u>	<u>31,389,283</u>
<b>Year ended December 31, 2022</b>												
<b>Net carrying value</b>												
	Opening net book value	988,132	986,756	28,672,809	114,555	403	20,245	95,820	11,193	246,040	253,330	31,389,283
	Additions - note 5.5.1	-	22,975	5,174,012	-	-	-	-	-	143,901	128,008	5,468,896
	Disposals / write-offs	-	(63,117)	(204,678)	-	-	-	-	-	(9,771)	(34,225)	(311,791)
	Cost	-	(63,117)	(204,678)	-	-	-	-	-	(9,771)	(34,225)	(311,791)
	Accumulated depreciation	-	63,117	204,678	-	-	-	-	-	8,875	6,819	283,489
		-	-	-	-	-	-	-	-	(896)	(27,406)	(28,302)
	Depreciation charge - notes 5.3	(39,457)	(49,734)	(2,194,079)	(12,876)	(5)	(2,177)	(3,436)	(1,471)	(87,053)	(63,863)	(2,454,151)
	Net book value	<u>948,675</u>	<u>959,997</u>	<u>31,652,742</u>	<u>101,679</u>	<u>398</u>	<u>18,068</u>	<u>92,384</u>	<u>9,722</u>	<u>301,992</u>	<u>290,069</u>	<u>34,375,726</u>
<b>Gross carrying value - December 31, 2022</b>												
	Cost	1,152,179	1,212,885	47,846,447	397,975	26,122	50,023	100,287	33,849	633,415	444,937	51,898,119
	Accumulated depreciation	(203,504)	(252,888)	(16,193,705)	(296,296)	(25,724)	(31,955)	(7,903)	(24,127)	(331,423)	(154,868)	(17,522,393)
	Net book value	<u>948,675</u>	<u>959,997</u>	<u>31,652,742</u>	<u>101,679</u>	<u>398</u>	<u>18,068</u>	<u>92,384</u>	<u>9,722</u>	<u>301,992</u>	<u>290,069</u>	<u>34,375,726</u>
	Annual rate of depreciation (%)	<u>2 to 2.14</u>	<u>2.5 to 10</u>	<u>2.5 to 25</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>5</u>	<u>5 to 33</u>	<u>5 to 25</u>	

(Amounts in thousand)

5.2 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of assets	Address	Total area of land (square yards)
- Leasehold land	EZ/1/ Eastern Zone, Bin Qasim, Karachi	590,114
- Production facilities	EZ/1/ Eastern Zone, Bin Qasim, Karachi	15,794
- Storage facilities	EZ/1/ Eastern Zone, Bin Qasim, Karachi	10,705
- Administration facilities	EZ/1/ Eastern Zone, Bin Qasim, Karachi	2,908

	2022	2021
----- Rupees -----		
5.3 Depreciation charge has been allocated as follows:		
Cost of sales - note 29	2,393,565	1,783,250
Distribution and marketing expenses - note 30	11,553	8,166
Administrative expenses - note 31	49,033	23,511
	<u>2,454,151</u>	<u>1,814,927</u>

(Amounts in thousand)

5.4 The details of individual assets having net book value equal to or more than Rs. 500 disposed / written-off during the year are as follows:

Description of assets	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	(Gain) \ Loss	Mode of disposal	Particulars of buyers / Relationship
-----Rupees-----							
<b>Items having net book value Rs. 500 each or more</b>							
Vehicle	2,749	544	2,205	2,480	(275)	Company policy	Mehboob Ahmed Khan
Vehicle	2,731	267	2,464	2,584	(120)	Company policy	Tanveer Ali
Vehicle	13,830	3,527	10,303	10,232	71	Company policy	Syed Abbas Raza - Ex Employee
Vehicle	2,753	741	2,012	2,073	(61)	Company policy	Muhammad Babar Mobeen
Vehicle	3,497	892	2,605	2,973	(368)	Company policy	Syed Zain Ali Kazmi
Vehicle	2,689	343	2,346	2,547	(201)	Company policy	Noman Anis
Vehicle	2,712	459	2,253	2,467	(214)	Company policy	Umair Muhammad Siddiq
Vehicle	3,264	46	3,218	3,208	10	Company policy	Muhammad Raza Tariq
<b>Other operating assets having net book value less than Rs. 500</b>							
	277,566	276,670	896	821	75		
Year ended December 31, 2022	<u>311,791</u>	<u>283,489</u>	<u>28,302</u>	<u>29,385</u>	<u>(1,083)</u>		
Year ended December 31, 2021	<u>234,263</u>	<u>155,186</u>	<u>79,077</u>	<u>79,061</u>	<u>16</u>		

## 5.5 Capital work-in-progress

	2022	2021
----- Rupees -----		
Leasehold land	32,000	32,000
Plant and machinery	10,195,423	6,931,397
Building and civil works including pipelines	149,494	86,934
Furniture, fixture and equipment	23,285	13,650
Software	15,396	30,144
Advances to suppliers	283,288	762
	<u>10,698,886</u>	<u>7,094,887</u>

(Amounts in thousand)

5.5.1 The movement in capital work-in-progress is as follows:

	2022	2021
----- Rupees -----		
Balance as at January 1	7,094,888	18,264,204
Additions during the year	9,113,313	3,600,670
Borrowing cost capitalized during the year	42,669	27,645
Transferred to:		
- operating assets - note 5.1	(5,468,896)	(13,991,373)
- intangibles - note 7	(72,212)	(651,216)
- capital spares	(10,876)	(155,043)
	<u>(5,551,984)</u>	<u>(14,797,632)</u>
Balance as at December 31, 2022	<u>10,698,886</u>	<u>7,094,887</u>

## 6. right-of-use asset

	Storage tanks at Engro Vopak Terminal Limited	Properties	Vehicles	Total
----- Rupees -----				
<b>Year ended December 31, 2021</b>				
<b>Net carrying value</b>				
Opening net book value	2,266,846	33,162	5,596	2,305,604
Additions	172,777	-	-	172,777
Transferred to operating assets - note 5.1	-	-	(5,596)	(5,596)
Depreciation - note 6.1	(419,364)	(16,772)	-	(436,136)
Closing net book value	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>2,036,649</u>
<b>Gross carrying value</b>				
Cost	3,269,835	66,704	5,596	3,342,135
Accumulated depreciation	(1,249,576)	(50,314)	(5,596)	(1,305,486)
Net book value	<u>2,020,259</u>	<u>16,390</u>	<u>-</u>	<u>2,036,649</u>
<b>Year ended December 31, 2022</b>				
<b>Net carrying value</b>				
Opening net book value	2,020,259	16,390	-	2,036,649
Additions	-	126,874	-	126,874
Depreciation - note 6.1	(449,662)	(30,321)	-	(479,983)
Closing net book value	<u>1,570,597</u>	<u>112,943</u>	<u>-</u>	<u>1,683,540</u>
<b>Gross carrying value</b>				
Cost	3,269,835	193,578	-	3,463,413
Accumulated depreciation	(1,699,238)	(80,635)	-	(1,779,873)
Net book value	<u>1,570,597</u>	<u>112,943</u>	<u>-</u>	<u>1,683,540</u>
Rate of depreciation (%)	<u>10 - 20</u>	<u>10</u>		

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>6.1</b> Depreciation charge has been allocated as follows:		
Cost of sales - note 29	449,662	419,364
Distribution and marketing expenses - note 30	25,299	-
Administrative expenses - note 31	5,022	16,772
	479,983	436,136
<b>7. intangible assets</b>		
<b>- Computer softwares and applications</b>		
<b>Net carrying value</b>		
Balance at beginning of the year	711,832	101,971
Add: Additions at cost - note 5.5.1	72,212	651,216
Less: Amortisation for the year - note 31	(97,446)	(33,740)
Less: Write-off during the year - note 31	-	(7,615)
Balance at end of the year	686,598	711,832
<b>Gross carrying value</b>		
Cost	860,883	788,671
Less: Accumulated amortisation	(174,285)	(76,839)
Balance at end of the year	686,598	711,832
<b>7.1</b> The cost is being amortised over a period of 5 to 10 years.		
<b>8. financial assets at amortised cost</b>		
Investment in Term Deposit Receipts - note 8.1	4,040,191	5,179,495
Less: Current maturity - note 14	(2,722,683)	(2,086,711)
	1,317,508	3,092,784

**8.1** Represents term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>9. long-term loans, advances and deposits - Considered good</b>		
Executives - notes 9.1 to 9.3	12,024	32,321
Less: Current portion shown under current assets - note 13	(12,024)	(31,647)
	-	674
Long term deposits	800	-
	800	674
<b>9.1</b> Reconciliation of the carrying amount of loans and advances to executives is as follows:		
Balance at beginning of the year	32,321	60,518
Add: Disbursements	21,606	11,768
Less: Repayments / adjustments	(41,903)	(39,965)
Balance at end of the year	12,024	32,321
<b>9.2</b> These include interest free loans and advances to executives for house rent, vehicles, home appliances and investments given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments and investment are repayable in lump sum amount after 36 months. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to the consolidated profit or loss.		
<b>9.3</b> The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 12,024 (2021: Rs. 33,377).		
<b>9.4</b> The Group does not have any loans or advances placed under any arrangements not permissible under Shariah.		
<b>10. stores, spares and loose tools</b>		
Consumable stores and spares - notes 10.1 and 10.2	2,817,028	2,388,631
Less: Provision for slow moving stores and spares - note 10.3	(352,915)	(346,792)
	2,464,113	2,041,839
<b>10.1</b> This includes goods in transit amounting to Rs. 73,784 (2021: Rs. 20,122).		
<b>10.2</b> During the year, the Holding Company has written-off, stores and spares amounting to Rs. 14,224 (2021: Rs. 20,594).		

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>10.3</b> The movement in the provision for slow moving stores and spares is as follows:		
Balance at beginning of the year	346,792	375,644
Add: Provision recognised / (Reversal of provision) during the year - note 29	6,123	(21,911)
Less: Write-off during the year	-	(6,941)
Balance at end of the year	352,915	346,792
<b>11. stock-in-trade</b>		
Raw and packing materials - notes 11.1 to 11.3	7,283,484	8,510,105
Less: Provision against stock-in-trade - note 29	(99,199)	-
	7,184,285	8,510,105
Work-in-process	-	56,008
Finished goods - manufactured products and trading products - note 11.2	3,231,707	4,024,553
	10,415,992	12,590,666
<b>11.1</b> This includes stocks held at storage facilities of following parties:		
Engro Vopak Terminal Limited, a related party	2,672,597	2,072,238
Al-Noor Petroleum (Private) Limited	30,825	13,406
Al-Rahim Trading Company (Private) Limited	565,268	751,226
Al-Hamd Traders	-	13,307
Pakistan House International Limited	-	21,971
Home Products International (Private) Limited	168,732	-
	3,437,422	2,872,148

**11.2** This includes goods in transit amounting to Nil (2021: Rs. 2,484,420).

**11.3** During the year, the Company has written-off stock-in-trade amounting to Rs. 18,604 (2021: Rs. 1,665).

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>12. trade debts - considered good</b>		
<b>Related parties - notes 12.1, 12.2 and 12.3</b>		
Secured	2,223,250	-
Unsecured	4,972	10,583
	2,228,222	10,583
<b>Others - note 12.3</b>		
Secured - notes 12.4 and 12.5	438,549	732,903
Unsecured - note 12.6	12,641	90,869
	451,190	823,772
	2,679,412	834,355

**12.1** Details of amounts due from associated undertakings / related parties are as follows:

	Upto 3 months		3 to 6 months		Total	
	2022	2021	2022	2021	2022	2021
	-----Rupees-----					
Engro Fertilizers Limited	4,972	9,796	-	-	4,972	9,796
Engro Energy Services Limited	-	787	-	-	-	787
Engro Eximp FZE	1,938,451	-	284,799	-	2,223,250	-
	1,943,423	10,583	284,799	-	2,228,222	10,583

**12.2** Maximum amounts due from related parties at any time during the year with respect to month end balances are as follows:

	2022	2021
	----- Rupees -----	
Engro Fertilizers Limited	18,595	20,141
Engro Energy Services Limited	787	787
Engro Eximp FZE	2,223,250	-
	2,242,632	20,928

**12.3** These balances are neither due nor impaired except for balance amounting to Rs. 40,011 (2021: 80,043), which are past due but not impaired (for not more than 60 days).

**12.4** These debts are secured by way of bank guarantees and letters of credit from customers.

**12.5** Includes outstanding trade debts against export sales amounting to Nil (2021: Rs. 256,552).

**12.6** During the year, the Company has written off trade debts amounting to Nil (2021:Rs. 56).

(Amounts in thousand)

### 13. loans, advances, deposits, prepayments and other receivables

#### Considered good

	2022	2021
	----- Rupees -----	
Current portion of long term-loans and advances to executives - note 9	12,024	31,647
Advances to employees	50	328
Advances to suppliers and others	693,225	58,315
Deposits	1,479,966	579,570
Less: Provision against bank guarantee - note 13.1	(137,242)	-
	1,342,724	579,570
Prepayments - note 13.2	498,893	414,824
Workers' Profits Participation Fund - note 13.5	27,182	8,364
Receivable from Government of Pakistan		
Sales tax and Federal excise duty refundable - note 13.9	912,704	780,381
Due from related parties, unsecured - notes 13.3, 13.4 and 13.9	15,128	-
Other receivables, unsecured - note 13.9	7,626	3,990
	3,509,556	1,877,419
<b>Considered doubtful</b>		
Custom duty claims refundable - note 13.6	23,573	18,043
Less: Provision for impairment - note 13.8	(18,183)	(18,043)
	5,390	-
Special Excise Duty (SED) refundable - note 13.7	36,687	36,687
Less: Provision for impairment - note 13.8	(36,687)	(36,687)
	-	-
	3,514,946	1,877,419

**13.1** EPPL had applied to obtain status of greenfield undertaking under clause 27(A) of the Income Tax Ordinance, 2001 (the Ordinance) and deposited performance guarantee of Rs. 286,682 to custom authorities. During the year, the EPPL's application has been rejected by the Commissioner Inland Revenue (CIR) through order dated September 2, 2022 based on the advice of Engineering Development Board - Government of Pakistan (EDB). EPPL being aggrieved filed an appeal before the Appellate Tribunal Inland Revenue and obtained interim relief from High Court of Sindh (SHC) against the order of CIR.

EPPL, based on the opinion of its legal counsel, owing to the rejection of the its application, has recognised a provision of Rs. 137,242 against custom duty payable on import of components of plant and machinery capitalised in capital work-in-progress, which will be settled from deposit maintained with the bank against the guarantees.

(Amounts in thousand)

**13.2** This includes prepaid insurance of Rs. 142,410 (2021: Rs. 220,610).

**13.3** Age analysis of other receivables from related parties comprise of:

	Upto 3 months		3 to 6 months		More than 6 months		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	-----Rupees-----							
Engro Corporation Limited	8	-	1,047	-	-	-	1,055	-
Engro Energy Limited	33	-	5	-	524	-	562	-
Engro Energy Services Limited	8	-	-	-	-	-	8	-
Engro Fertilizers Limited	9,126	-	3,341	-	935	-	13,402	-
Engro Powergen Qadirpur Limited	69	-	-	-	-	-	69	-
Engro Powergen Thar (Private) Limited	32	-	-	-	-	-	32	-
	9,276	-	4,393	-	1,459	-	15,128	-

**13.4** Maximum amounts due from related parties at the end of any month during the year are as follows:

	2022	2021
	----- Rupees -----	
Engro Energy Limited	562	505
Engro Energy Services Limited	8	-
Engro Corporation Limited	67,667	-
Engro Powergen Qadirpur Limited	69	-
Engro Powergen Thar (Private) Limited	32	-
Engro Fertilizers Limited	18,596	-
	86,934	505
<b>13.5</b> The movement in WPPF payable is as follows:		
Balance at beginning of the year	(8,364)	126,944
Allocation for the year - note 32	881,182	1,073,039
Interest charges during the year	-	1,603
	872,818	1,201,586
Less: Payments made during the year	(900,000)	(1,209,950)
Balance at end of the year	(27,182)	(8,364)

**13.6** The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed of the Holding Company's appeal filed on April 11, 2008 against the order of Collector of Customs, Port Muhammad Bin Qasim, Karachi, for the refund of custom duty paid during the period June 16, 2006 to July 24, 2006 on imports of Vinyl Chloride Monomer (VCM). The Tribunal was informed that all the aforementioned VCM consignments were released after the issuance of SRO 565(1) / 2006 dated June 6, 2006 and the benefit of five percent duty reduction was also passed onto the customers. However, as the price of the Holding Company's product was increased which is linked with international market, the Tribunal inadvertently presumed that the said benefit had not been transferred to the customers and passed an order against the Holding Company.

(Amounts in thousand)

The Holding Company had filed an appeal with the SHC against the aforesaid order of the Tribunal, which is pending adjudication. However, the Holding Company is maintaining full provision against the aforementioned custom duty refundable till such time that all available legal forums are exhausted.

**13.7** During 2007, Special Excise Duty (SED) amounting to Rs. 91,616 was paid on import of certain fixed assets. Out of the total SED paid, an amount of Rs. 54,929 was adjusted through input claim in sales tax returns. Later, the remaining amount of Rs. 36,687 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. Therefore, the Holding Company has fully provided the said amount. However, the Holding Company is pursuing recovery of the remaining amount from the tax authorities based on the view that the SED can be recovered as it was paid prior to the change in the Sales Tax Act.

**13.8** As at December 31, 2022, the receivables aggregating to Rs. 54,730 (2021: Rs. 54,730) were deemed to be impaired and have been provided for in full (notes 13.6 and 13.7).

**13.9** These balances are neither past due nor impaired.

#### 14. short-term investments

##### At fair value through profit or loss

- Mutual funds - note 14.1

##### At amortized cost

- Treasury bill - note 14.2

- Term deposit receipts - note 14.3

- Current maturity of investment in term deposit receipts - note 8

	2022	2021
	----- Rupees -----	
	8,869,458	7,972,732
	2,305,449	4,061,244
	161,729	22,549
	2,722,683	2,086,711
	5,189,861	6,170,504
	<u>14,059,319</u>	<u>14,143,236</u>

**14.1** This represents investment in 88,498,604 units (2021: 262,455,260 units) of Mutual Funds having cost amounting to Rs. 8,869,458 (2021: Rs. 7,972,732).

**14.2** Carries mark-up at rate ranging from 15.66% to 15.72% (2021: 10.835%) per annum and will mature on October 19, 2023.

**14.3** Carries mark-up at rate of 13.15% (2021: 10%) per annum and will mature on January 1, 2023.

(Amounts in thousand)

#### 15. cash and bank balances

##### Cash in hand

##### Cash at bank - note 15.1

- in current accounts  
- in savings accounts - note 15.2

	2022	2021
	----- Rupees -----	
	988	611
	1,763,644	646,229
	1,526,995	1,286,741
	3,290,639	1,932,970
	<u>3,291,627</u>	<u>1,933,581</u>

**15.1** These include Rs. 796,140 (2021: Rs. 481,443) held in foreign currency bank accounts.

**15.2** Carries mark-up at rates ranging between 9.75% to 16% (2021: 2.14% to 9.35%) per annum.

#### 16. ordinary share capital

##### Authorised capital

1,250,000,000 (2021: 1,250,000,000) ordinary shares of Rs. 10 each

##### Issued, subscribed and paid-up capital

908,923,333 (2021: 908,923,333) ordinary shares of Rs. 10 each, fully paid in cash - notes 16.1 and 16.2

	2022	2021
	----- Rupees -----	
	12,500,000	12,500,000
	9,089,233	9,089,233

**16.1** As at December 31, 2022, Engro Corporation Limited (the Intermediate Parent Company) and Mitsubishi Corporation (an associated company) held 510,733,450 and 100,053,562 (2021: 510,733,450 and 100,053,562) ordinary shares of Rs.10 each denoting 56.19% (2021: 56.19%) and 11.01% (2021: 11.01%) of the share capital of the Holding Company.

**16.2** There is a shareholders' agreement between the Intermediate Parent Company and Mitsubishi Corporation which includes provisions in respect of board selection, voting rights, rights of first refusal, etc.

#### 17. preference shares

##### Authorised capital

400,000,000 (2021: 400,000,000) preference shares of Rs. 10 each

##### Issued, subscribed and paid-up capital

300,000,000 (2021: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1

	2022	2021
	----- Rupees -----	
	4,000,000	4,000,000
	3,000,000	3,000,000

(Amounts in thousand)

**17.1** In 2020, the Holding Company issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offer at a price of Rs. 10 per share in cash, carrying markup at the rate of 6 months KIBOR + 3.5% per annum. The payment of the same shall be at the discretion of Board of Directors. The objective of the preference share issuance is to finance PVC-III expansion and VCM debottlenecking projects. The Holding Company will have an option to call and redeem preference shares in full or in part after the expiry of twelve months from the issue date. The preference shares may be converted into ordinary shares of the Holding Company at the option of the preference shares holder after the expiry of eighty months from December 31, 2020 based on the ratio of 1:1 ratio. No shares were converted during the year.

## 18. long-term borrowings

Title	Mark-up rate per annum	Installments		2022	2021
		Number	Commencing	----- Rupees -----	-----
Sukuks - note 18.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	-	8,667,709
Loan from International Finance Corporation (IFC) - note 18.2	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,913,259	5,114,204
Bilateral Loan - note 18.3	6 months KIBOR + 0%	6 half yearly	July 15, 2021	2,710,751	4,517,917
Islamic Long Term Financing Facility (ILTFF) - note 18.4	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,868,317	1,927,386
Islamic Temporary Economic Refinance Facility (ITERF) - notes 18.5, 18.6, 18.7 and 18.13	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023	1,716,699	663,115
Loan under diminishing musharka agreement - note 18.8	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	400,000
Syndicated Long Term Islamic Financing Facility - note 18.9	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,730,846	-
Loan under diminishing musharka agreement - note 18.10	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	-
				25,339,872	21,290,331
Less: Current portion shown under current liabilities					
- Loan from International Finance Corporation				(2,644,613)	(2,061,856)
- Bilateral Loan				(1,807,166)	(1,807,166)
- Islamic Long Term Financing Facility (ILTFF)				(243,752)	(60,938)
- Islamic Temporary Economic Refinance Facility (ITERF)				(30,732)	-
- Loan under diminishing musharka agreement				(100,000)	-
				(4,826,263)	(3,929,960)
Less: Deferred income - Government grant - note 18.13				(678,666)	(183,624)
				19,834,943	17,176,747

(Amounts in thousand)

**18.1** In 2019, the Holding Company issued listed sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement for a period of 7.5 years. However, during the year, the Holding Company has repaid the entire issue amount and is currently in the process of delisting of sukuk bonds from PSX as at the reporting date.

**18.2** In 2018, the Holding Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Holding Company and lenders will commence in due course and transition will be completed by the mid of 2023.

**18.3** In 2019, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipt maintained with DIBPL (note 8).

**18.4** In 2020, the Holding Company obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

**18.5** In 2021, the Holding Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through Musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During the year, the Company further received Rs. 217,685 on account of ITERF loan facility.

**18.6** In 2021, EPPL entered into a musharka agreements aggregating to Rs. 650,000 under the Islamic Temporary Economics Refinance Facility (ITERF) of State Bank of Pakistan (SBP). The borrowing is secured by the way of hypothecation charge of present and future movable fixed assets of the Company (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.

**18.7** During the year, EPPL has entered into a musharka agreements amounting to Rs. 3,500,000 under the ITERF of SBP. The borrowings is secured by the way of hypothecation charge over plant and machinery of the EPPL with 20% margin.

**18.8** In 2021, the Holding Company made a draw down of Rs. 400,000 under Dimishing Musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

**18.9** On December 28, 2022, the Holding Company made a draw down of Rs. 8,750,000 under syndicate long term islamic financing facility to finance buyback of sukuk bond (note 18.1). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.

**18.10** On December 12, 2022, the Holding Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through Musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

**18.11** Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2022	2021
	----- Rupees -----	
Balance at beginning of the year	21,290,331	21,626,485
Add: Loan received (net of transaction cost of Rs. 19,154)	15,784,432	1,060,864
Add: Amortisation of transaction cost	95,695	42,691
Add: Exchange loss - net	1,045,687	486,806
Less: Loan / installment repaid	(12,876,273)	(1,926,515)
Balance at end of the year	<u>25,339,872</u>	<u>21,290,331</u>

**18.12** The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost amounting to Rs. 93,535 (2021: Rs. 145,341).

**18.13** The value of benefit of below-market interest rate on the loans disclosed in notes 18.5, 18.6 and 18.7 has been accounted for as government grant under IAS - 20 "Government Grants". The movement of carrying amount of deferred grant in respect of these loans is as under:

	2022	2021
	----- Rupees -----	
Balance at beginning of the year	183,624	-
Add: Recognised during the year	539,052	199,990
Less: Amortization during the year - note 34	(44,010)	(16,366)
Balance at end of the year	<u>678,666</u>	<u>183,624</u>

## 19. lease liabilities

Total lease liabilities - note 19.1	3,804,982	4,194,568
Current portion	(1,912,744)	(1,481,141)
Non-Current portion	<u>1,892,238</u>	<u>2,713,427</u>

(Amounts in thousand)

**19.1** This includes lease liability in respect of the storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,679,819 (2021: Rs. 4,172,121).

**19.2** The movement in the lease liability during the year is as follows:

	2022	2021
	----- Rupees -----	
Balance as at beginning of the year	4,194,568	4,694,696
Additions	116,064	172,954
Mark-up on lease liabilities	243,960	258,123
Exchange loss on foreign leases	987,986	441,236
Lease rentals paid	(1,737,596)	(1,372,441)
Balance as at end of the year	<u>3,804,982</u>	<u>4,194,568</u>

## 20. provisions

Provision for		
- Gas Development Infrastructure Cess - note 20.1	6,131,294	5,364,818
- Gas Price Revision - note 20.2	517,392	517,392
	<u>6,648,686</u>	<u>5,882,210</u>
Less: Current portion of provisions	(6,010,879)	(4,073,805)
	<u>637,807</u>	<u>1,808,405</u>

**20.1** Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Later, the GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Holding Company had obtained ad-interim stay orders from the SHC. However, on prudent basis the Holding Company recognised a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and the GIDC Ordinance, 2014.

The Holding Company, based on the advice of its legal counsel, was of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Holding Company reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

On August 13, 2020, the Supreme Court of Pakistan (SCP) announced the decision rendering the GIDC Act 2015 intra vires to the constitution and directed the Gas supplying companies to recover the dues in 24 monthly installments. A review petition was filed against the said order which was disposed-off in November 2020. The SCP in review petition, elaborated that deliberation on any provision of GIDC Act, 2015 can be contested on appropriate forum and mentioned that the installments period can be extended to 48 months. The Holding Company has obtained ad-interim stay order dated October 5, 2020 against the GIDC Act, 2015 from the SHC which has restrained Sui Southern Gas Company Limited (SSGC) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter.



(Amounts in thousand)

Considering the aforementioned developments in GIDC case (including the Judgement and the Review petition decision), the Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. monthly installment rather than lump sum amount), the Holding Company has remeasured its previously undiscounted provision at its present value using risk free discount rate to incorporate the effect of time value of money arising from the expected settlement based on an installment plan and has accordingly, recognised remeasurement gain on provision for GIDC amounting to Rs. 680,996 in 2020.

	2022	2021
	----- Rupees -----	
<b>20.1.1</b> The movement in the provision for GIDC is as follows:		
Balance at beginning of the year	5,364,818	4,930,263
Remeasurement loss on provision for GIDC	262,743	277,972
Default surcharge - note 34	503,733	156,583
Balance at end of the year	6,131,294	5,364,818
Less: Current portion of provision for GIDC	(5,493,487)	(3,556,413)
	<u>637,807</u>	<u>1,808,405</u>

**20.2** In 2017, the Holding Company had filed suits in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority (OGRA) vide SRO no. (1)/2016 dated December 30, 2016, whereby, the Holding Company cited the increase as illegal and unconstitutional. The SHC has granted an interim order in favour of the Holding Company which is still operational. However, the Holding Company has recognised a provision of Rs. 517,392 for the period from December 2017 to September 2018.

	2022	2021
	----- Rupees -----	
<b>21. deferred tax liability - net</b>		
Credit balances arising due to:		
- accumulated depreciation	5,165,732	4,436,079
Debit balances arising due to:		
- unpaid liabilities	211,203	166,970
- leases	560,834	622,505
- provisions	2,173,226	1,540,239
- shares issuance cost	65,149	57,830
- others	24,640	19,245
	<u>(3,035,052)</u>	<u>(2,406,789)</u>
	<u>2,130,680</u>	<u>2,029,290</u>

(Amounts in thousand)

**22. trade and other payables**

	2022	2021
	----- Rupees -----	
Trade and other creditors - note 22.1	3,794,396	4,341,867
Accrued liabilities - notes 22.1 and 22.2	6,579,915	4,809,453
Advances from customers - note 22.3	4,500,182	1,994,620
Retention money	5,398	500
Security deposits - note 22.4	7,400	4,900
Payable to provident funds	23,969	19,127
Payable to gratuity funds	10,231	7,133
Payable to pension funds	2,217	2,056
Workers' Welfare Fund - note 22.5	379,289	325,222
Withholding tax payable	15,871	29,202
Others	33,473	17,563
	<u>15,352,341</u>	<u>11,551,643</u>

**22.1** Includes due to following related parties:

Engro Corporation Limited	363,253	132,834
Engro Fertilizers Limited	54,370	66,798
Engro Energy Limited	315	65
Engro Foundation	8,000	150,000
Engro Powergen Qadirpur Limited	-	613
Engro Vopak Terminal Limited	229,475	164,591
Engro Eximp FZE	834,764	-
The Dawood Foundation	240	-
	<u>1,490,417</u>	<u>514,901</u>

**22.2** On June 4, 2021, the SHC through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. The Holding Company filed a petition against the judgment before the SCP challenging the SHC judgement. Later, on September 2021, the SCP suspended the judgement of SHC along with the recovery of Cess. For all future consignments, the Holding Company is required to furnish fresh bank guarantees equivalent to the full amount of levy. Management is confident that ultimate outcome of the case will be decided in its favor, however, on prudence basis, has recognized Rs. 1,633,035 (2021: Rs. 1,139,748) in respect of the Cess in these consolidated financial statements.

**22.3** This represents advances received by the Holding Company from customers and distributors for goods to be delivered. The advances outstanding as at December 31, 2021 have been fully recognized as revenue during the year.

**22.4** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand. The amount is fully utilised in business in accordance with the requirement of written agreements and in terms of section 217 of the Act.

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>22.5</b> The movement in WWF payable is as follows:		
Balance at beginning of the year	325,222	149,825
Charge for the year - note 32	356,392	329,748
	681,614	479,573
Less: Payments made during the year	(302,325)	(154,351)
Balance at end of the year	<u>379,289</u>	<u>325,222</u>

### 23. service benefit obligations

Service incentive plan - note 23.1	<u>74,278</u>	<u>98,298</u>
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**23.1** Represents provision for annual employment benefits payable to eligible employees who have successfully completed 3 years of vesting period with the Holding Company.

	2022	2021
	----- Rupees -----	
<b>24. short-term borrowings</b>		
Export refinance facility - note 24.1	<u>474,360</u>	<u>474,360</u>

**24.1** Represents export refinancing facility carrying mark-up at the rate of 3% (2021: 3%) on rollover basis for a period of six months. This facility is secured by a floating charge over stocks and book debts of the Holding Company.

**24.2** The aggregate facilities for running finance available from various banks as at December 31, 2022, amounted to Rs. 3,400,000 (2021: Rs. 3,700,000), which remained fully unutilised as at year end.

	2022	2021
	----- Rupees -----	
<b>25. accrued interest / mark-up</b>		
Mark-up accrued on:		
- long-term borrowings	380,016	429,294
- short-term borrowings	12,046	2,146
	<u>392,062</u>	<u>431,440</u>

(Amounts in thousand)

## 26. taxes payable

### 26.1 Tax year 2008

The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009, raised a tax demand of Rs. 213,172 from the Holding Company for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of Rs. 5,899, addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 134,414 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

The Holding Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)] but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and payment of the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by the Holding Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Holding Company's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 to 2007 to the extent of Rs. 26,992 which were maintained.

In 2013, the Holding Company filed a reference with the SHC against the additions maintained by ATIR. Likewise, the tax department also filed reference with the SHC against the order passed by the ATIR in favor of the Holding Company. In 2018, the SHC disposed of the Company's appeal on the ground that the issues raised by the Holding Company requires factual verification whereas the petition of the tax department is still pending before the SHC. The Holding Company based on the advice of its tax consultants, decided to accept the decision of the SHC and accordingly, has recognised the provision of Rs. 108,882 in respect of additions maintained by ATIR in these consolidated financial statements.

### 26.2 Tax year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting the Holding Company's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. The Company filed a reference in SHC against the additions maintained by ATIR. Likewise, the tax department has also filed reference in SHC against the order passed by the ATIR in favour of the Holding Company. The management of the Holding Company, based on the advice of its tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognised the effects for the same in these consolidated financial statements.

### 26.3 Super Tax under section 4B of Income Tax Ordinance, 2001

Through Finance Act 2015, section 4B of the Ordinance was inserted which levied super tax at specified rates on income for the tax year 2015. This levy was subject to the threshold of taxable income of Rs. 500,000. The levy was extended upto tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the levy of super tax has amended the rate of super tax to 0% from tax year 2020 and onwards for companies other than banking companies. On August 1, 2018, the Holding Company filed petition against the levy of super tax in the SHC and based on the opinion of its legal advisor, the Holding Company has made a provision for full amount of Super tax of Rs. 328,000. In 2020, super tax was declared *intra virus* by the SHC and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, the Holding Company received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. The Holding Company filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. The Holding Company has filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, the Holding Company also filed petition in SCP against the order of the SHC, which is pending adjudication. In November 2020, the SCP conditionally granted stay subject to deposit of 50% of super tax demand.

### 26.4 Super Tax under section 4C of Income Tax Ordinance, 2001

In accordance with section 4C 'Super tax on high earning persons' introduced in the Ordinance through the Finance Act, 2022, a super tax at ten percent has been imposed on the specified sectors (including the chemical sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at four percent. The Holding Company filed a petition against the imposition of super tax before the SHC. The SHC in its judgement dated December 22, 2022, declared that "the super tax levy shall only be applicable from the tax year 2023" and the imposition of higher rate on the specified sectors as discriminatory. The Holding Company's management has recorded provision of super tax at the rate of four percent amounting to Rs. 632,543 in these consolidated financial statements on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of six percent amounting to Rs. 957,494 are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.

### 26.5 Purchase of tax losses under section 59B of the Income Tax Ordinance, 2001

During the year, the Holding Company decided to purchase taxable business loss amounting to Rs. 1,287,893 of the Intermediate Parent Company for the tax year 2021 (year ended December 31, 2020) under Section 59B of the Ordinance against cash consideration of Rs. 373,489 equivalent to tax benefit / effect surrendered thereof. Since no legal formalities in relation to the transaction were completed post year end, the Holding Company has not recorded the effect of this transaction in these consolidated financial statements.

## 27. contingencies and commitments

### 27.1 Contingencies

**27.1.1** Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues *inter alia* with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required the Holding Company to pay Rs. 552,331 being the amount short paid with the return. The Holding Company filed a Constitutional Petition in the SHC challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. However, the SHC directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Holding Company to approach the SCP. The Holding Company has filed Civil Petition for Leave to Appeal against SHC order in SCP, which was heard on March 18, 2020 and an interim stay has been granted to the Holding Company subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by the Holding Company. The Holding Company, based on the advice of legal advisor, is confident of a favourable decision. Accordingly, no provision is recognised in these consolidated financial statements.

**27.1.2** Income tax related to contingencies are disclosed in notes 26.1 to 26.4.

**27.1.3** The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at December 31, 2022 amounts to Rs. 7,048,000 (2021: Rs. 5,148,000). The amount utilised there against as at December 31, 2022 is Rs. 6,268,568 (2021: Rs. 3,336,182).

The performance guarantees of Rs. 73,644 and Rs. 286,682 have been given are in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of EPPL respectively. With regards to greenfield status, the management of the Group is of the view that if any payment on account of sales tax and income tax which amounts to Rs. 149,620 is required to be made to the Government authorities, the same will be recoupable in its tax returns for future periods. Accordingly, no provision has been made in this respect.

### 27.2 Commitments

**27.2.1** The facility for opening letter of credits as at December 31, 2022 aggregates to Rs. 27,750,000 (2021: Rs. 21,982,934) out of which Rs. 8,631,302 (2021: Rs. 8,252,481) have been utilised.

**27.2.2** In 2019, the EPPL entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6,993. During the period, there has been an increase in the project cost by EUR 662 due to increase in price of catalyst As at December 31, 2022 commitment for civil works and equipment procurement amounts to EUR 1,331 (2021: EUR 367).

**27.2.3** In 2021, EPPL entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide Plant at a consideration of CNY 104,400. As at December 31, 2022, outstanding commitment for civil works and equipment procurement amounts to CNY 70,592 (December 31, 2021: 104,400).

(Amounts in thousand)

**27.2.4** In 2021, EPPL entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide Plant at a consideration of Rs. 927,000. As at December 31, 2022, outstanding commitment amounts to Rs. 472,174 (December 31, 2021: 741,600).

**27.2.5** In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the manufacturing plant for a consideration of Rs. 470,000. As at December 31, 2022, outstanding commitment for equipment procurement amounts to Rs. 180,716

**27.2.6** The Holding Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	2022	2021
	----- Rupees -----	
Not later than one year	<u>3,600</u>	<u>2,500</u>

**27.2.7** Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 22,752 (valid till 31 March 2026), (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,602 (valid till 31 December 2028) and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 655 (valid till 31 December 2023).

	2022	2021
	----- Rupees -----	
Commitments in respect of expenditure of capital and other operational items	<u>1,759,592</u>	<u>1,941,718</u>

## 28. revenue from contract with customers - net

Gross local sales - note 28.1	92,990,439	77,445,222
Less:		
- Sales tax	13,188,768	11,115,849
- Discounts	2,297,964	1,194,313
	<u>15,486,732</u>	<u>12,310,162</u>
	77,503,707	65,135,060
Export sales - note 28.2	4,479,059	4,805,957
Supply of electricity - note 28.3	76,817	80,661
	<u>82,059,583</u>	<u>70,021,678</u>

**28.1** Include sales of trading goods amounting to Rs. 61,519 (2021: Rs. 95,546).

**28.2** The Company has made exports in the European, Middle East and Afghanistan markets.

**28.3** This represents revenue against supply of surplus power to Engro Fertilizers Limited - a related party.

(Amounts in thousand)

## 29. cost of sales

Opening stock of work-in-process

Raw and packing materials consumed

Salaries, wages and staff welfare - note 29.1

Fuel, power and gas

Repairs and maintenance

Depreciation on operating assets- note 5.3

Depreciation on right-of-use asset - note 6.1

Operating assets written-off

Consumable stores

Purchased services

Storage and handling - note 29.2

Training, conveyance and travelling

Communication, stationery and other office expenses

Rent, rates and taxes - note 29.3

Product transportation

Insurance, fees and subscription

Provision / (Reversal of provision) against slow moving stores and spares - note 10.3

Provision against stock-in-trade - note 11

Write-off of:

- stores and spares - note 10.2

- stock-in-trade - note 11.3

Other expenses

Closing stock of work-in-process

Cost of goods manufactured

Opening stock of finished goods

Closing stock of finished goods

Cost of sales - purchased product - note 29.4

2022                      2021  
----- Rupees -----

Opening stock of work-in-process	56,008	28,354
Raw and packing materials consumed	38,084,444	31,987,105
Salaries, wages and staff welfare - note 29.1	1,828,058	2,199,965
Fuel, power and gas	8,557,549	7,159,270
Repairs and maintenance	560,762	661,914
Depreciation on operating assets- note 5.3	2,393,565	1,783,250
Depreciation on right-of-use asset - note 6.1	449,662	419,364
Operating assets written-off	-	76,460
Consumable stores	495,029	505,705
Purchased services	1,799,138	1,271,407
Storage and handling - note 29.2	682,564	738,785
Training, conveyance and travelling	275,228	252,703
Communication, stationery and other office expenses	44,072	27,853
Rent, rates and taxes - note 29.3	91,794	67,882
Product transportation	2,009,780	1,515,290
Insurance, fees and subscription	426,730	519,224
Provision / (Reversal of provision) against slow moving stores and spares - note 10.3	6,123	(21,911)
Provision against stock-in-trade - note 11	99,199	-
Write-off of:		
- stores and spares - note 10.2	14,224	20,594
- stock-in-trade - note 11.3	18,604	1,665
Other expenses	4,976	21,026
	<u>57,841,501</u>	<u>49,207,551</u>
Closing stock of work-in-process	-	(56,008)
Cost of goods manufactured	57,897,509	49,179,897
Opening stock of finished goods	4,001,606	736,768
Closing stock of finished goods	(3,231,707)	(4,001,606)
	769,899	(3,264,838)
Cost of sales - purchased product - note 29.4	12,276	70,994
	<u>58,679,684</u>	<u>45,986,053</u>

**29.1** Includes Rs. 149,619 (2021: Rs. 122,751) in respect of staff retirement and other service benefits.

**29.2** Includes expense relating to variable lease payments not included in lease liabilities amounting to Rs. 255,948 (2021: Rs. 282,520).

**29.3** These include rentals for short-term leases amounting to Rs. 82,797 (2021: Rs. 59,736).

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>29.4</b> Movement of trading goods:		
Opening trading stock	22,947	26,657
Purchases made during the year	158,772	67,284
Closing trading stock	(169,443)	(22,947)
Consumption during the year	<u>12,276</u>	<u>70,994</u>
<b>30. distribution and marketing expenses</b>		
Salaries, wages and staff welfare - note 30.1	201,318	131,697
Dealer commission	210,030	156,829
Sales promotion expense	45,788	8,652
Interior designing and fixtures	-	15,476
Write-off of trade debts - note 12.6	-	56
Rent, rates and taxes - note 30.2	12,484	14,034
Purchased services	6,262	10,874
Depreciation on Right-of-use asset - note 6.1	25,299	-
Depreciation - note 5.3	11,553	8,166
Training, conveyance and travelling	66,665	54,978
Communication, stationery and other office expenses	3,275	1,303
Others	4,509	3,953
	<u>587,183</u>	<u>406,018</u>

**30.1** Includes Rs. 16,018 (2021: Rs. 11,901) in respect of staff retirement and other service benefits.

**30.2** These include rentals for short-term leases amounting to Rs. 5,237 (2021: Rs. 4,976).

	2022	2021
	----- Rupees -----	
<b>31. administrative expenses</b>		
Salaries, wages and staff welfare - note 31.1	520,605	370,774
Rent, rates and taxes - note 31.2	86,903	35,668
Purchased services	55,169	122,582
Depreciation - note 5.3	49,033	23,511
Amortisation - note 7	97,446	33,740
Write-off of intangible assets - note 7	-	7,615
Depreciation on right-of-use asset - note 6.1	5,022	16,772
Training, conveyance and travelling	87,645	43,450
Communication, stationery and other office expenses	74,467	13,030
Others	29,147	16,635
	<u>1,005,437</u>	<u>683,777</u>

**31.1** Includes Rs. 39,246 (2021: Rs. 29,001) in respect of staff retirement and other service benefits.

**31.2** These include rentals for short-term leases amounting to Rs. 20,098 (2021: Rs. 43,693).

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>32. other expenses</b>		
Demurrage and penalty	-	22,539
Legal and professional charges	89,135	45,461
Auditors' remuneration - note 32.1	14,123	7,058
Donations - note 32.2	173,960	277,486
(Gain) / loss on disposal of operating assets	(1,083)	16
Foreign exchange loss (net) - note 32.3	1,966,828	626,696
Workers' Welfare Fund - note 22.5	356,392	329,748
Workers' Profits Participation Fund - note 13.5	881,182	1,073,039
	<u>3,480,537</u>	<u>2,382,043</u>
<b>32.1</b> Auditors' remuneration		
Fee for:		
- Annual statutory audit	2,865	2,108
- Review of half yearly financial information	765	565
- Review of compliance with the Code of Corporate Governance	60	55
Taxation and other advisory services	9,718	3,739
Reimbursement of expenses	715	591
	<u>14,123</u>	<u>7,058</u>
<b>32.2</b> This includes donations made to:		
Engro Foundation - note 32.2.1	122,000	260,000
Sahil Welfare Association	-	1,000
R. B. Udhawdas Tarachand Hospital, DC Office, Shikarpur	49,728	-
The Citizen Foundation	-	7,921
Sina Health Education & Welfare	-	2,949
Behbud Foundation	1,000	1,600
The Water Foundation	-	2,016
Al-Khidmat Foundation Pakistan	-	1,000
Pakistan Chemical Manufacturers	400	-
	<u>173,128</u>	<u>276,486</u>

**32.2.1** Mr Jahangir Piracha, (the Chief Executive of the Company), Mr. Nadir Salar Qureshi (the Non-Executive Director) and Mr. Ghias Khan (the Chairman of the Board of Directors) are the trustees of Engro Foundation.

**32.3** This includes Rs. 987,986 (2021: Rs. 441,236) arising on translation of foreign currency denominated lease liabilities.

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>33. other income</b>		
<b>On financial assets</b>		
Profit on bank deposits	129,426	54,454
Income from short term investments at fair value	1,195,584	1,182,231
Income from financial assets at amortised cost	112,322	57,918
	<u>1,437,332</u>	<u>1,294,603</u>
<b>On non-financial assets</b>		
Scrap sales	31,546	30,455
Others	12,228	1,831
	<u>43,774</u>	<u>32,286</u>
	<u>1,481,106</u>	<u>1,326,889</u>
<b>34. finance costs</b>		
Interest / mark-up on		
- long-term borrowings	2,048,083	1,342,839
- lease liabilities	243,960	258,123
- short-term borrowings and other facilities	42,339	5,742
Less: Amortization of deferred income		
- Government grant - note 18.13	(44,010)	(16,366)
	<u>2,290,372</u>	<u>1,590,338</u>
Guarantee commission	13,418	28,569
Amortization of transaction costs	95,695	42,691
Interest on WPPF - note 13.5	-	1,603
Default surcharge on GIDC - note 20.1.1	503,733	156,583
Cash management charges	1,381	10,117
Letter of credit charges	84,612	17,975
Bank and others charges	102,693	55,632
	<u>3,091,904</u>	<u>1,903,508</u>
<b>35. taxation</b>		
<b>Current</b>		
- for the year - note 35.2	4,272,877	4,087,634
- for prior years - notes 26.4 and 35.2	632,562	(7,048)
	<u>4,905,439</u>	<u>4,080,586</u>
<b>Deferred</b>		
- for the year	100,216	852,162
- for prior years	1,174	(6,091)
	<u>101,390</u>	<u>846,071</u>
	<u>5,006,829</u>	<u>4,926,657</u>

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>35.1 Relationship between tax expense and accounting profit</b>		
Profit before taxation	16,695,944	19,987,168
Tax calculated at applicable rate of 29% (2021: 29%)	4,841,824	5,796,279
Tax effect of super tax, presumptive tax regime, credit and income subject to lower tax rates	(541,234)	(935,107)
Prior year tax charge - net	633,736	(21,703)
Effect of inadmissible expenses / permanent differences	71,099	86,351
Others	1,404	837
	<u>5,006,829</u>	<u>4,926,657</u>
<b>35.2</b>		
This includes an amount of Rs. 632,543 and Rs. 538,900 on account of provision made by the Holding Company in accordance with section 4C 'Super tax on high earnings persons' introduced in the Ordinance through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022), December 31, 2022 (tax year 2023) respectively and onwards.		
<b>36. earnings per share - basic and diluted</b>		
<b>36.1</b>		
Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year.		
<b>36.2</b>		
Diluted earnings per share has been calculated by adjusting the weighted average number of ordinary shares with preference shares outstanding for assumed conversion during the year.		
<b>36.3</b>		
The information necessary to calculate basic earnings per share is as follows:		
	2022	2021
	----- Rupees -----	
Profit for the year	11,689,115	15,060,511
Less: Dividends on convertible preference shares	(447,000)	(264,485)
	<u>11,242,115</u>	<u>14,796,026</u>
	-----Number in thousands-----	
Weighted average number of shares outstanding at year end for determination of basic EPS	<u>908,923</u>	<u>908,923</u>

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>36.4</b> The information necessary to calculate diluted earnings per share is as follows:		
Profit for the year	11,689,115	15,060,511
	-----Number in thousands-----	
Weighted average number of shares outstanding at year end for determination of basic EPS	908,923	908,923
Add: Adjustment for conversion of convertible preference shares	300,000	300,000
Weighted average number of potential ordinary shares outstanding at year end for determination of diluted EPS	1,208,923	1,208,923

### 37. retirement and other service benefits

**37.1** In 2013, the Group replaced its provident fund with the provident fund operated and managed by Engro Corporation Limited - the Holding Company.

**37.2** The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

### 38. remuneration of chief executive, directors and executives

The aggregate amounts for remuneration, including all benefits, to the chief executive, directors and executives of the Group are given below:

	2022			2021		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	-----Rupees-----					
Managerial remuneration - note 38.1	44,777	-	1,149,646	31,260	-	820,217
Retirement benefit funds	9,018	-	147,350	6,295	-	132,286
Bonus	12,284	-	253,727	30,347	-	197,394
Other benefits	945	-	308,558	849	-	222,655
Directors fee	-	19,991	-	-	8,885	-
Total	67,024	19,991	1,859,281	68,751	8,885	1,372,552
Number of persons including those who worked part of the year	1	5	285	1	5	235

**38.1** The Group also provides vehicles for the use of the chief executive and certain executives.

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>39. cash generated from operations</b>		
Profit before taxation	16,695,944	19,987,168
<b>Adjustments for non cash-charges and other items:</b>		
Staff retirement and other service benefits	68,769	60,985
Depreciation:		
- operating assets - note 5.3	2,454,151	1,814,927
- right-of-use asset - note 6.1	479,983	436,136
Amortization - note 7	97,446	33,740
Write-off of:		
- operating assets - note 29	-	76,460
- intangible assets - note 7	-	7,615
- trade debts - note 30	-	56
- stores and spares - note 29	14,224	20,594
- stock-in-trade - note 29	18,604	1,665
Provision / (Reversal of provision against):		
- slow moving stores and spares - note 10.3	6,123	(21,911)
- stock-in-trade - note 11	99,199	-
- deposits - note 13.1	137,242	-
Unrealised foreign exchange loss under financial assets and liabilities	1,078,955	382,452
Income on bank deposits and short-term investments - note 33	(1,437,332)	(1,294,603)
Finance costs - note 34	3,091,904	1,789,612
(Gain) / loss on disposal of operating assets - note 32	(1,083)	16
Remeasurement gain on provision against GIDC - note 20.1	262,743	277,972
Working capital changes - note 39.1	1,795,120	(6,394,839)
	24,861,992	17,178,045
<b>39.1 Working Capital Changes</b>		
<b>Increase in current assets</b>		
Stores, spares and loose tools	(442,621)	(255,788)
Stock-in-trade	2,056,871	(6,397,822)
Trade debts	(1,845,057)	(248,199)
Loans, advances, deposits, and other receivables - net	(1,774,769)	(1,562,175)
	(2,005,576)	(8,463,984)
<b>Increase in current liabilities</b>		
Trade and other payables	3,800,696	2,069,145
	1,795,120	(6,394,839)

(Amounts in thousand)

	2022	2021
	----- Rupees -----	
<b>40. cash and cash equivalents</b>		
Short-term investments	161,729	4,061,244
Cash and bank balances	3,291,627	1,933,581
	<u>3,453,356</u>	<u>5,994,825</u>
<b>41. financial instruments by category</b>		
<b>41.1 Financial assets at amortized cost</b>		
Long-term loans	800	674
Investments at amortized cost - note 8 and 14	6,507,366	9,263,288
Trade debts	2,679,412	834,355
Loans, deposits and other receivable	1,377,502	615,207
Cash and bank balances	3,291,627	2,242,764
	<u>13,856,707</u>	<u>12,956,288</u>
<b>Financial assets at fair value through profit or loss</b>		
Short-term investments	8,869,458	7,972,732
	<u>22,726,165</u>	<u>20,929,020</u>
<b>41.2 Financial liabilities at amortized cost</b>		
Long-term borrowings	25,339,872	21,290,331
Lease liabilities	3,804,982	4,194,568
Trade and other payables	10,456,999	9,202,599
Service benefit obligation	74,278	98,298
Short-term borrowings	474,360	474,360
Accrued interest / mark-up	392,062	431,440
	<u>40,542,553</u>	<u>35,691,596</u>
<b>42. financial risk management objectives and policies</b>		
<b>42.1 Financial risk factors</b>		

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses financial instruments to hedge certain risk factors, where it deems appropriate. Risk management is carried out by the Group's finance division under the guidance of the Group's Board of Directors.

(Amounts in thousand)

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market prices. It comprises of the following risks:

**i) Currency risk**

Currency risk represents the risk that the fair values of future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollar. The risk arises from outstanding payments for imports, assets and liabilities denominated in foreign currencies and future commercial transactions. In the current economic environment, the Group is significantly exposed to currency risk because of the expected volatility in exchange rates. The Group, at its discretion, manages the currency risk through forward exchange contracts.

At December 31, 2022, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 7,059,581 (2021: Rs. 5,943,047) and Rs. 11,123,973 (2021: Rs. 13,544,431) respectively.

At December 31, 2022, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 159,952 (2021: Rs. 269,849). However, this change in profits would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

**ii) Yield / interest rate risk**

Yield / interest rate risk represents the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk arising from investments in government securities, bank balances maintained in saving accounts, borrowings and running finance facilities and term deposits, utilised under mark-up arrangements. Variable rate financial instruments expose the Group to cash flow interest rate risk, whereas, fixed rate financial instruments expose the Group to fair value interest rate risk.

As at December 31, 2022, if interest rate on Group's borrowings had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 42,159 (2021: Rs. 52,333).

**iii) Other price risk**

Price risk represents the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers or factors affecting all similar investments in financial instruments traded in the market. The Group is exposed to price risk on its mutual funds.



(Amounts in thousand)

## b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations. Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits, other receivables financial assets at amortised cost and financial assets at fair value through profit or loss. The maximum exposure to credit risk is equal to the carrying amount of these financial assets.

The Group is not materially exposed to credit risk as unsecured credit is provided to selected parties with no history of default. The Group considers that the financial asset is in default when contractual payments are 90 days past due. Moreover, major part of trade debts are secured by bank guarantees and letters of credit from customers. Furthermore, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings, or investments are made in government securities.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk, which are neither past due nor impaired, are as follows:

	2022	2021
	----- Rupees -----	
Long-term loans	800	674
Financial assets at amortized cost	1,317,508	834,355
Trade debts	2,639,401	754,312
Loans, deposits and other receivables	1,377,502	14,143,236
Short term investments	14,059,319	3,092,784
Bank balances	3,290,639	2,242,153
	<u>22,685,169</u>	<u>21,067,514</u>

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2022 and 2021 the credit quality of the Group's bank balances can be assessed with reference to external credit ratings assigned to the respective banks as follows:

Bank	Rating agency	2022 Ratings		2021 Ratings	
		Short-term	Long-term	Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	A-1	A
Bank Alfalah Limited	PACRA	A-1+	AA+	A-1+	AA+
Bank Al Habib Limited	PACRA	A-1+	AAA	A-1+	AAA
Bank of China	FITCH	F1+	A	A-1	A
Bank Islami Pakistan Limited	PACRA	A-1	A+	A-1	A+
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA

(Amounts in thousand)

Bank	Rating agency	2022 Ratings		2021 Ratings	
		Short-term	Long-term	Short-term	Long-term
Habib Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Industrial and Commercial Bank of China	Moody	P-1	A2	P-1	A1
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
National Bank of Pakistan	JCR-VIS	A-1+	AAA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	A-1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-	A-3	BBB-
SAMBA Bank Limited	JCR-VIS	A-1	AA	A-1	AA
Bank of Khyber	PACRA	A-1	A	A-1	A
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA

## c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group's liquidity management involves maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and through its ability to close out market positions. Due to the dynamic nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The general nature of credit facilities available to the Group under any contract and not availed as at the date of consolidated statement of financial position has been disclosed in notes 18 and 24.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022			2021		
	Maturity upto one year	Maturity more than one year	Total	Maturity upto one year	Maturity more than one year	Total
	-----Rupees-----					
<b>Financial liabilities</b>						
Long term borrowings	4,826,263	20,591,830	25,418,093	3,929,960	17,511,061	21,441,021
Lease liabilities	1,919,516	2,216,856	4,136,372	1,481,141	3,155,487	4,636,628
Trade and other payables	10,456,999	-	10,456,999	9,202,599	-	9,202,599
Service benefit obligations	74,278	-	74,278	98,298	-	98,298
Short-term borrowings	474,360	-	474,360	474,360	-	474,360
Accrued interest / mark-up	392,062	-	392,062	431,440	-	431,440
	<u>18,143,476</u>	<u>22,808,686</u>	<u>40,952,164</u>	<u>15,617,798</u>	<u>20,666,548</u>	<u>36,284,346</u>

(Amounts in thousand)

#### 43. fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at December 31, 2022 and 2021, the carrying value of all financial assets and liabilities approximate to their fair value.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Group held the following assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Short term investments in units of mutual funds - December 31, 2022	-	8,869,458	-	8,869,458
Short term investments in units of mutual funds - December 31, 2021	-	7,972,732	-	7,972,732

#### 44. capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Group may issue new equity, manage dividend payouts to its shareholders or sell assets to reduce debt.

The Group manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long term borrowings and lease liabilities divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus long-term borrowings and lease liabilities.

(Amounts in thousand)

The gearing ratio of the Company is as follows:

	2022	2021
	----- Rupees -----	
Long-term borrowings	25,339,872	21,290,331
Lease liabilities	3,804,982	4,194,568
	29,144,854	25,484,899
Total equity	27,121,715	29,967,910
Total capital	56,266,568	55,452,809
Gearing ratio	0.52	0.46

#### 45. segment information

45.1 Based on the internal management reporting structure, the Group is organised into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Group supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.
- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.
- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.
- Unallocated: Includes management of short-term investments of the Group. All the unallocated are reported to the Board of Directors at entity level.

Management monitors the operating results of above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit after tax for that segment, which in certain respects, as explained in table below, is measured differently from profit or loss in the consolidated financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

(Amounts in thousand)

	Poly Vinyl Chloride (PVC) and allied chemicals		Caustic soda and allied chemicals		Power supply		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
----- Rupees -----										
<b>Segment profit and loss</b>										
Revenue from contract with customers - net	72,600,241	63,945,994	9,249,019	5,900,499	126,296	80,661	84,027	94,524	82,059,583	70,021,678
Less:										
Cost of sales	(54,657,522)	(41,472,364)	(3,873,434)	(5,266,676)	(105,077)	(67,429)	(43,651)	820,416	(58,679,684)	(45,986,053)
Distribution and marketing expenses	(464,535)	(322,735)	(121,751)	(81,996)	(539)	(56)	(358)	(1,231)	(587,183)	(406,018)
Administrative expenses	(890,592)	(627,782)	(112,475)	(66,287)	(1,350)	-	(1,020)	10,292	(1,005,437)	(683,777)
Other expenses	(3,171,490)	(1,844,227)	(301,566)	(55,163)	(3,774)	(839)	(3,707)	(481,814)	(3,480,537)	(2,382,043)
Other income	1,276,848	1,281,926	200,563	43,797	2,218	729	1,477	437	1,481,106	1,326,889
Finance costs	(2,906,380)	(1,553,464)	(181,401)	(90,182)	(2,476)	(1,739)	(1,647)	(258,123)	(3,091,904)	(1,903,508)
Profit before taxation	11,786,570	19,407,348	4,858,955	383,992	15,298	11,327	35,121	184,501	16,695,944	19,987,168
Taxation	(4,429,467)	(4,843,214)	(564,535)	(29,057)	(7,702)	(2,721)	(5,125)	(51,665)	(5,006,829)	(4,926,657)
<b>Profit for the year</b>	<b>7,357,103</b>	<b>14,564,134</b>	<b>4,294,420</b>	<b>354,935</b>	<b>7,596</b>	<b>8,606</b>	<b>29,996</b>	<b>132,836</b>	<b>11,689,115</b>	<b>15,060,511</b>
<b>Segment assets and liabilities</b>										
Total segment assets - note 45.2	54,834,265	49,603,408	6,341,047	7,459,191	37,029	25,185	24,188,239	20,878,256	85,400,580	77,966,040
Total segment liabilities - note 45.2	31,728,877	22,001,802	2,491,196	2,800,652	1,547	59,661	24,057,245	23,136,015	58,278,865	47,998,130

**45.1.1** Revenue from one customer of the Group's PVC segment amounts to Rs. 7,305,366 (2021: Rs. 7,054,745) of the Group's total revenue i.e. 8.90% (2021 : 10.08%).

**45.2** Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts.

## 46. transactions with related parties

**46.1** Following are the name of associated companies and related parties with whom the Company had entered into transactions or had arrangements or agreements in place during the year:

Name of related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.19%	Parent company
Think PVC (Private) Limited	100.00%	Subsidiary company
Engro Peroxide (Private) Limited	100.00%	Subsidiary company
Engro Plasticizer (Private) Limited	100.00%	Subsidiary company
Mitsubishi Corporation	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
Friesland Campina Engro Pakistan Limited	N/A	Common directorship
Engro Infinity (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Karachi School of Business Leadership	N/A	Common directorship
Engro Elengy Terminal (Private) Limited	N/A	Common directorship
Engro Eximp FZE (Incorporated in United Arab Emirates)	N/A	Common directorship
Engro Powergen Qadirpur Limited	N/A	Common directorship
EFERT Agri Trade (Private) Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Pakistan Oxygen Ltd	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
Pakistan Institute of Corporate Governance	N/A	Common directorship
Retirement funds		
- Provident fund	N/A	Post employment benefits
- Gratuity fund	N/A	Post employment benefits
- Pension fund	N/A	Post employment benefits
Mr. Nadir Salar Qureshi	N/A	Non-executive Director
Mr. Feroz Rizvi	N/A	Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Baig	N/A	Independent Director
Mr. Hideki Adachi	N/A	Non-executive Director
Mr. Ghias Uddin Khan	N/A	Non-executive Director
Mr. Rizwan Masood Raja	N/A	Non-executive Director
Mr. Eram Hasan	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Aneeq Ahmed	N/A	Key management personnel
Mr. Syed Ali Akbar	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Mr. Asghar Ali Khan	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Salman Hafeez	N/A	Ex - Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Fahd Khawaja	N/A	Ex - Key management personnel
Mr. Syed Abbas Raza	N/A	Ex - Key management personnel
Mr. Athar Abrar Khawaja	N/A	Key management personnel
Mr. Muhammad Idrees	N/A	Key management personnel

(Amounts in thousand)

**46.2** Transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

Nature of relationship	Nature of transactions	2022	2021
		----- Rupees -----	
<b>Holding Company</b>			
- Engro Corporation Limited	Reimbursement made	902,627	679,196
	Reimbursement received	86,513	35,658
	Expenses paid	84	-
	Advance for intangible asset	18,587	179,245
	Subordinated loan received	2,000,000	-
	Subordinated loan repaid	2,000,000	-
	Markup on subordinated loan	20,137	-
<b>Member of the Group</b>			
- Engro Fertilizers Limited	Sale of goods	7,270	30,029
	Sales of utilities	124,031	128,609
	Purchase of services	105,882	73,519
	Purchase of goods	30,969	-
	Reimbursement made	147,916	50,538
	Reimbursement received	13,853	16,880
- Engro Vopak Terminal Limited	Purchase of services	2,219,813	1,719,445
	Reimbursement made	57,485	30,774
	Reimbursement received	-	8,443
- Engro Energy Limited	Reimbursement made	562	313
	Reimbursements received	250	-
	Expense incurred on behalf of the Group	49,728	-
- Engro Elengy terminal (Private) Limited	Reimbursement made	53	-
	Reimbursements received	34	-
- Engro Energy Services Limited	Reimbursements received	-	571
	Reimbursement made	8	336
	Sale of goods	-	3,066
- Engro Powergen Thar (Private) Limited	Reimbursements received	3,274	-
	Sale of goods	-	243
- Engro Powergen Qadirpur Limited	Reimbursement received	2,433	7,973
	Reimbursements made	1,555	-
- Engro Foundation	Donations	128,351	260,018
	Reimbursement made	278	-

(Amounts in thousand)

Nature of relationship	Nature of transactions	2022	2021
		----- Rupees -----	
Engro Eximp FZE	Purchased of goods	12,259,445	-
	Sale of goods	3,645,860	-
	Reimbursements received	-	597
	Reimbursements made	98,031	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	-	12
	Reimbursement received	9	478
<b>Directors</b>	Fee	19,991	8,885
<b>Contribution to staff retirement benefits</b>	<b>Managed and operated by the Holding Company</b>		
	- Provident fund	115,861	154,655
	- Gratuity fund	84,285	120,563
	- Pension fund	4,736	5,768
<b>Key management personnel</b>	Managerial remuneration	157,971	144,436
	Retirement benefit funds	26,104	20,715
	Bonus	62,342	55,018
	Other benefits	29,275	24,740

**46.3** The related party status of outstanding balances as at December 31, 2022 / 2021 are disclosed in the respective notes to the consolidated financial statements.

	2022	2021
	----- Rupees -----	
<b>47. general</b>		
<b>47.1</b> Number of employees		
- Total number of employees	601	598
- Average number of employees	599	586

Included herein are 428 (2021: 508) employees working at the plant of the Company as at December 31, 2022 and average number of these employees during the year was 427 (2021: 527).

(Amounts in thousand)

#### 47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2022	2021	2022	2021	
----- Kilo tons -----					
PVC	295	295	239	243	Production planned as per market demand and in-house consumption needs
EDC	127	127	102	94	
Caustic soda	106	106	97	92	
Caustic flakes	20	20	9	8	
VCM	254	254	219	203	
----- Mega Watts -----					
Power	66	66	55	55	

#### 48. non-adjusting event after the reporting period

The Board of Directors in its meeting held on February 7, 2023 has proposed a final cash dividend of Rs. 2,272,308 (2021: Rs.4,999,078 ) which is approximately Rs. 2.5 (2021: Rs. 5.5) per share. This appropriation will be approved by the members in the Annual General Meeting to be held on April 27, 2023.

Further, the Board of Directors in this meeting have proposed a final cash dividend for preference shareholders of Rs. 150,000 (2021: 81,000) which is approximately Rs. 0.5 per share (2021: Rs 0.27 per share). This appropriation will be approved by the members in the Annual General Meeting to be held on April 27, 2023.

#### 49. corresponding figures

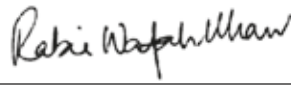
Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material. Following major reclassification has been made during the year:

Description	Reclassified		Rupees
	From	To	
Deposit against bank guarantees	Balances with banks	Advance, prepayments, deposits and other receivables	<u>309,183</u>

#### 50. date of authorisation for issue

These consolidated financial statements were authorised for issue on February 7, 2023 by the Board of Directors of the Company.

  
**Jahangir Piracha**  
 Chief Executive Officer

  
**Rabia Wafah Khan**  
 Chief Financial Officer

  
**Feroz Rizvi**  
 Director

# notice of annual general meeting

Notice is hereby given that the Twenty Fifth Annual General Meeting (“AGM”) of the members of Engro Polymer & Chemicals Limited (the “Company”) will be held at Karachi School of Business and Leadership (KSBL) situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on Thursday, April 27th, 2023, at 02:30 p.m. to transact the following businesses:

Members are encouraged to attend the AGM through video conference facility managed by the Company (please see the notes section for details).

## a) ordinary businesses

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2022, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://www.engropolymer.com/shareholder-information/#financial>



2. To declare, as recommended by the Directors, the payment of a final cash dividend at the rate of PKR 2,422,308,333 for the year ended December 31, 2022, which shall be distributed as follows:

Final cash dividend for ordinary shareholders for the year ended December 31, 2022, PKR. 2.50 per share i.e. 25%. This is in an addition to interim cash dividend already paid at PKR. 10.00 per share i.e. 100%.

Final cash dividend for preference shareholders for the year ended December 31, 2022, PKR. 0.50 per share i.e. 5.00%. This is in an addition to interim cash dividend already paid at PKR. 1.22 per share i.e. 12.20%.

3. To appoint Auditors for the year 2023 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A. F. Ferguson & Co., for re-appointment as Auditors of the Company.
4. To elect nine (09) directors in accordance with the Companies Act, 2017 for a term of three years commencing from the date of holding of AGM i.e. April 27, 2023. The retiring directors are Mr. Ghias Khan, Mr. Feroz Rizvi, Mr. Nazoor Ali Baig, Ms. Ayesha Aziz, Mr. Tomoya Kondo, Mr. Nadir Salar Qureshi, Mr. Eram Hasan and Mr. Rizwan Masood Raja.

## special businesses

5. To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) to amend the Articles of Association of the Company under Section 38 of the Companies Act, 2017, as recommended by the Board of Directors of the Company:

**resolved that** Article 44 of the Articles of Association of the Engro Polymer and Chemicals Limited (the “Company”) be and is hereby amended to read as follows:

“44. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall have and exercise a second or casting vote.”

**further resolved that** Article 81 of the Articles of Association of the Company be and is hereby amended to read as follows:

“81. The quorum for meetings of the Board of Directors shall be required by Section 176(1) of the Companies Act, 2017. Save as otherwise expressly provided in the Act, every question at meetings of the Board shall be determined by a majority of votes of the directors present in person or through video- link, each director having one vote. In case of an equality of votes or tie, the Chairman shall have a casting vote in addition to his original vote as a director.”

**further resolved that** Article 84 of the Articles of Association of the Company be and is hereby amended to read as follows:

“84. A resolution in writing approved by majority of the directors or the committee of directors for the time being entitled to receive notice of a meeting of the directors or committee of directors shall be as valid and effectual as if it had been passed at the meeting of the directors or the committee of directors duly convened and held.”

**further resolved that** the Chief Executive Officer and/or Company Secretary of the Company be and is hereby authorized to, singly, do all acts, deeds, and things, take any and all necessary steps, to fulfil the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolution.”

Karachi,  
Dated: March 14, 2023

By Order of the Board  
**KHAWAJA HAIDER ABBAS, ACA**  
Company Secretary

## notes

### 1. Participation in the AGM proceeding via video conferencing facility

Members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All shareholders/members interested in attending the AGM, through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC / Passport number at <https://forms.office.com/r/Svc5bvK4XM>. Confirmation email for video link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [agm.epcl@engro.com](mailto:agm.epcl@engro.com).

### 2. Electronic transmission of Annual Report 2022

In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along-with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

Further, shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if the member hold shares in physical form or, to the member's respective Participant/Investor Account Services, if shares are held in book entry form.

### 3. The Share Transfer Book of the Company will be closed from Tuesday, April 18, 2023 to Thursday, April 27, 2023 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, PABX No. (+92-21) 34380101-5 and email [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) by the close of business (05:00 p.m.) on Monday, April 17, 2023 will be treated to have been in time for purpose of determining entitlement of final cash dividend, to attend and vote at the meeting.

4. A member entitled to attend and vote at the AGM shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have all such rights in respect of attending, speaking and voting at the AGM as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy holder may not need to be a member of the Company.

#### 5. Requirements for appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
  - (b) The proxy form shall be witnessed by two male persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - (c) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
  - (d) The proxy shall produce his/her valid original CNIC or original passport at the time of the AGM.
  - (e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.
6. Pursuant to Companies (Postal Ballot) Regulations 2018 and read with Sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

#### 7. Electronic dividend mandate

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders.

To receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case of shares held in CDC, Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

9. In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. Further, Non-Muslim shareholders are also required to file Solemn Affirmation (available on <https://famco.com.pk/share-registration-service/>) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents are complete in all respects have been made available as above.



## 10. Submission of valid CNIC (Mandatory)

As per SECP directives, the dividend of shareholders, whose valid CNICs are not available with the Share Registrar, may be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Associates (Private) Limited without any further delay.

## 11. Unclaimed Dividend

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years was sent to shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall, after giving notice in the newspaper, proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Companies Act, 2017.

## 12. Conversion of Physical Shares into CDC Account

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017, which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Associates (Private) Limited for the conversion of physical shares into book-entry form.

## statement of material facts

This statement sets out the material facts pertaining to the following businesses to be transacted at the Annual General Meeting of Engro Polymer & Chemicals Limited (the “Company”) to be held on April 27<sup>th</sup>, 2023.

### Ordinary business

Agenda Item 4 – To elect the Directors of the Company

### Election of Directors under Section 166(3) of the Companies Act, 2017

The term of office of the present Directors of the Company will expire on April 23<sup>rd</sup>, 2023. In terms of Section 159 (1) of the Companies Act, 2017, the Board of Directors has fixed the number of elected Directors at seven (07) to be elected in the Annual General Meeting of the Company for a period of three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file with the Company Secretary, at the Registered Office of the Company located at 12th Floor, The Ocean Tower, G/3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, not later than fourteen (14) days before the date of Annual General Meeting, the following documents:

1. Notice of his/her intention to offer himself/herself for election in terms of Section 159(3) of the Companies Act, 2017, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017.
2. A detailed profile along with office address as required under SECP’ SRO 1196 (I)/2019 dated October 3, 2019.
3. A director must be a member of the Company at the time of filing consent for contesting election of directors except for a person representing a member which is not a natural person.
4. **A declaration confirming that:**
  - (a) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange; and
  - (b) He/she is not ineligible to become a director of a listed company under any provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other applicable law, rules and regulations.

5. Independent Director(s) will be elected through the process underlined in terms of section 159 of the Companies Act, 2017, and must meet the criteria laid down in Section 166 of the Companies Act, 2017, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Accordingly, the following additional documents should be submitted by the candidates intending to contest election of directors as an independent director:

- (a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019; and
- (b) Undertaking on non-judicial stamp paper that he/she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

### Under Section 134(3) of the Companies Act, 2017

#### Special business

Agenda Item 5 – Amendment of the Articles of Association of the Company

The Board of Directors has recommended that the Article 44, 81 and 84 of the Company’s Articles of Association be amended. These amendments will bring the Company’s existing Articles of Association in line with the changes made by the promulgation of the new Companies Act, 2017 (which has repealed the Companies Ordinance, 1984). The amendments are summarized below:

#### Comparative table

Existing Article	Proposed Alteration
44. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such poll.	44. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall have and exercise a second or casting vote.
81. The quorum for meetings of the Board of Directors shall be required by Section 193 of the Ordinance.	81. The quorum for meetings of the Board of Directors shall be required by Section 176(1) of the Companies Act, 2017. Save as otherwise expressly provided in the Act, every question at meetings of the Board shall be determined by a majority of votes of the directors present in person or through video- link, each director having one vote. In case of an equality of votes or tie, the Chairman shall have a casting vote in addition to his original vote as a director.
84. Except as provided for by Section 196 of the Ordinance, a resolution in writing, signed by all the Directors (not alternate Directors) whenever they may be, shall be as valid and effectual as if it has been passed at a meeting of the Directors duly called and constituted. Faxed copies of a resolution duly signed by each of the Directors shall be sufficient for the purposes of this Article.	84. A resolution in writing approved by majority of the directors or the committee of directors for the time being entitled to receive notice of a meeting of the directors or committee of directors shall be as valid and effectual as if it had been passed at the meeting of the directors or the committee of directors duly convened and held.

The resolution required for the above purpose is set forth in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

# standard request form

circulation of annual audited accounts

The Share Registrar  
Engro Polymer and Chemicals Limited.  
FAMCO Associates (Pvt.) Ltd.  
8-F, Near Hotel Faran  
Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal  
KARACHI.  
E-mail: info.shares@famco.com.pk  
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: \_\_\_\_\_

Dear Sir,

Subject: **Request for Hard Copy of Annual Report of Engro Polymer and Chemicals Limited.**

I, \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ being a registered shareholder of Engro Polymer and Chemicals Limited with the particulars as mentioned below would request that my name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Report of the Company and hereby request you send to me the Annual Report in hard copy form at my registered address as contained in the member register instead of providing the same through email.

## Particulars

Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly,

\_\_\_\_\_  
Shareholder's Signature

Copy to:  
Company Secretary  
Engro Polymer and Chemicals Limited  
12th Floor, Ocean Tower, G-3, Block 9, Clifton,  
Khayaban-e-Iqbal, Karachi-75600, Pakistan.



# proxy form

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of ENGRO POLYMER AND  
CHEMICALS LIMITED and holder of \_\_\_\_\_  
(Number of Shares)

Ordinary Shares as per share Register Folio No. \_\_\_\_\_  
and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_,  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

as my proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the  
Company to be held on the 27<sup>th</sup> day of April, 2023 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

WITNESSES:

1) Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

CNIC or: \_\_\_\_\_

Passport No: \_\_\_\_\_

2) Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

CNIC or: \_\_\_\_\_

Passport No: \_\_\_\_\_

\_\_\_\_\_  
Signature

Signature should agree with the  
specimen registered with the Company

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours  
before the meeting. A Proxy holder may not need to be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their  
Computerized National Identity Card or Passport with this proxy form before submission to the  
Company.

# پراکسی فارم



میں رہم \_\_\_\_\_ کی طرف \_\_\_\_\_

سے \_\_\_\_\_ بیٹ ایگریگیشن گروپ میمبر اینڈ گیکٹور لیسٹیڈ کے رکن، اور \_\_\_\_\_ (سرخ لکھنا) عوامی حصص یافتہ جن کی مالیت فی حصص \_\_\_\_\_

رجسٹرڈ فلیو نمبر \_\_\_\_\_ اور ایس ڈی سی participant آئی ڈی نمبر \_\_\_\_\_ اور فی اکاؤنٹ نمبر \_\_\_\_\_ اپنی دانست میں \_\_\_\_\_

\_\_\_\_\_ کی طرف سے \_\_\_\_\_ کو بطور پراکسی تصدیقات کرنا ہوں میری / ہماری طرف سالانہ عام اجلاس میں شرکت کریں اور \_\_\_\_\_

میں ووٹ دے دوں گا تا 27 مئی 2023 کو مستحق کیا جائے گا

دستخط \_\_\_\_\_ سوچی اتاریخ \_\_\_\_\_ 2023-

گواہان:

1- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

2- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

دستخط شیکر ہولڈر  
دیکھا گئی ہے کہ ہائے ایلے دستخط سے متاثر کرتے ہیں

نوٹ: پراکسیوں کی حیثیت سے صورت میں پراکسی فارم کبھی کو سالانہ عام اجلاس کے انعقاد سے 48 گھنٹے پہلے تک کبھی کو موصول ہونا چاہیے۔ منتخب پراکسی کبھی کا ممبر نہیں ہونا چاہیے۔

سی ڈی سی شیکر ہولڈر اور ان کی نمائندہ پراکسی کو اپنی اصل قومی شناختی کارڈ کی یا پاسپورٹ کی منظر شدہ کاپی اس فارم کے ساتھ کبھی کو بھیجینی ہے

کمپنیز ایکٹ 2017 کے سیکشن 244 کے پروویژن کے مطابق، کمپنی کی طرف سے جاری کردہ کوئی بھی شیئرز، یا اعلان کردہ ڈیویڈنڈ جو ادائیگی کی تاریخ سے تین سال کی مدت تک غیر ملکی ادارے یا غیر ادا شدہ رہ گئے ہیں اور قابل ادا ہیں، انہیں فیڈرل گورنمنٹ کے کریڈٹ کے لیے اور شیئرز ہولڈرز کے ڈیویڈنڈ کو فائل کرنے کے لیے شیئرز ہولڈرز کو جاری کردہ نوٹس کے بعد سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کروانا ضروری ہے۔ جاری کردہ شیئرز اور کمپنی کی طرف سے اعلان کردہ ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے بتایا ہے، شیئرز ہولڈرز کو بھیج دی گئی ہیں۔

شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے غیر ملکی شدہ ڈیویڈنڈ اور شیئرز کے دعوے فوری طور پر درج کیے جائیں۔ اگر مقررہ وقت میں کمپنی کے پاس کوئی دعوئی درج نہیں کیا جاتا ہے، تو کمپنیز ایکٹ 2017 کے سیکشن (2) 1244 ایکٹ کے تحت اخبار میں نوٹس دینے کے بعد غیر ملکی ادارے یا غیر ادا شدہ رقم اور حصص وفاقی حکومت کے پاس جمع کروائے گی۔

## 12 سی ڈی سی اے ڈی ایف میں فریکوئنسی شیئرز کی تبدیلی

ایس ای سی بی نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ، 2017 ("ایکٹ") کے سیکشن 72 کی دفعات پر عمل کریں۔ جس کے تحت تمام کمپنیوں کو ایکٹ کے نفاذ کے چار سالوں کے اندر فریکوئنسی فارم میں جاری کردہ شیئرز کو بیک انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔

اس کے مطابق، فریکوئنسی فریکوئنسی شیئرز سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فریکوئنسی فارم سے جلد از جلد بیک انٹری فارم میں تبدیل کریں۔ شیئرز ہولڈرز سی ڈی ایس اے ڈی ایف کے کھولنے اور بعد ازاں فریکوئنسی شیئرز کو بیک انٹری فارم میں تبدیل کرنے میں مدد کے لیے پی ایس ایکس میمبر سی ڈی سی شرکت کنندہ، یا سی ڈی سی انوسٹر اے ڈی ایف سے رابطہ کر سکتے ہیں۔ بیک انٹری فارم میں حصص کو برقرار رکھنے کے بہت سے فوائد ہیں۔ سی ڈی سی کے ساتھ حصص کی محفوظ توجیل، ڈیجیٹل حصص کے اجراء کے لیے درکار ریکی کارڈ ایسوں سے گریز، وغیرہ۔ کمپنی کے شیئرز ہولڈرز فریکوئنسی شیئرز کو بیک انٹری فارم میں تبدیل کرنے کے لیے کمپنی کے شیئرز رجسٹرار اور ٹرانسفر ایکٹ، یعنی نیٹو ایس ایس (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔

## مادی حقائق کا بیان

سی اسٹینٹ تاریخ 27 اپریل 2023، اینگریڈولپمنٹ اینڈ ٹیکنالوجی (کمپنی) کے منصفہ کردہ سالانہ اجلاس میں درج ذیل کاروبار سے متعلق مادی حقائق کی نشاندہی کرتی ہے۔

## عمومی کاروبار

ایجنڈا آئٹم 4۔ کمپنی کے ڈائریکٹرز کی تقرری

## کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے ماتحت کمپنی کے ڈائریکٹرز کی تقرری

کمپنی کے موجودہ ڈائریکٹرز کی مدت ملازمت 23 اپریل 2023 کو ختم ہو جائے گی۔ کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے مطابق بورڈ آف ڈائریکٹرز نے سالانہ اجلاس میں آئندہ تین سال کے لیے منتخب ڈائریکٹرز کی تعداد سات (07) مقرر کی ہے۔

کوئی بھی فرد جو کہ ڈائریکٹر آفس کے لیے انکیشن کا حصہ بننا چاہے، خواہ وہ ریٹائرڈ ہونے والا ڈائریکٹر ہو یا دوسری صورت میں، سالانہ اجلاس کے منصفہ ہونے سے کم از کم چودہ (14) دن پہلے کمپنی کے رجسٹرڈ آفس 12 فلور، واقع وی او این ٹاور، G/3 بلاک 9، گلشن، خیابان اقبال میں کمپنی سیکرٹری کے پاس اپنی فائل جمع کروا سکتا ہے اور اس کی تصدیق ہے۔

1۔ کمپنیز ایکٹ 2017 کے سیکشن (3) 159 کے مطابق خود انکیشن کے لیے پیش کرنے کے ارادے کا نوٹس کمپنیز ایکٹ 2017 کے تحت مقرر کردہ فارم 28 میں بطور ڈائریکٹر کام کرنے کی رضامندی کے ساتھ جمع کئے ہیں۔

2۔ SECP' SRO 1196 (I)/2019 تاریخ 3 اکتوبر 2019 کے مطابق ایک تفصیلی پروفائل آفس کے پتے پر ارسال کیا جائے۔

3۔ ڈائریکٹرز کے انتخاب میں شمولیت حاصل کرنے کے لیے لازمی ہے کہ رضامندی ظاہر کرنے کے موقع پر یا انکیشن میں حصہ لینے کی رضامندی فائل کرتے وقت ڈائریکٹر کمپنی کا ممبر ہونا ضروری ہے۔ سوائے اس شخص کے جو کہ ایسے ممبر کی نمائندگی کر رہا ہے جو حقیقی طور پر موجود نہیں۔

## 4۔ اطلاع دہندگان کی بات کی تصدیق

(a) یہ مرد اور خواتین کے تحت خود پر لاگو شدہ، مہمور نظام اینڈ آرٹیکلز آف ایسوسی ایشن آف وی سی سی اور پاکستان اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کے تحت اپنے فرائض اور اختیارات سے واقف ہیں، اور

(b) وہ کمپنیز ایکٹ 2017 کی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019، اور کسی دوسرے قابل اطلاق قانون، قواعد و ضوابط کی کسی بھی دفعات کے تحت لسٹڈ کمپنی کے ڈائریکٹرز بننے کے لیے نااہل نہیں ہیں۔

5۔ آزاد ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017، کے سیکشن 159 کے تحت بیان کردہ طریقہ کار کے مطابق کیا جائے گا، اور انہیں کمپنیز ایکٹ 2017، کے سیکشن 166 میں 2018 کی ریگولیشنز کے تحت کمپنیز کے بیان کردہ معیار پر (وضع اور آزاد ڈائریکٹرز کے انتخاب) پورا اترنا چاہیے۔

اس لیے ایک آزاد ڈائریکٹر کے طور پر ڈائریکٹرز کے انکیشن میں حصہ لینے کا ارادہ رکھنے والے امیدواروں کے لیے ضروری ہے کہ وہ درج ذیل اضافی ڈائریکٹرز کے ضوابط کی رعایت کریں:

(a) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت آزاد ڈائریکٹر (ز) کی ڈیفنیشن، اور

(b) غیر عدالتی اسٹامپ پیپر پر ایگزیکٹو فراہم کرنا کہ سب ریگولیشن (1) کے ضابطے 4 کی ریگولیشنز کے تحت کمپنیز کے بیان کردہ معیار پر (وضع اور آزاد ڈائریکٹرز کے انتخاب) پورا اترتا ہے۔

## کمپنیز ایکٹ 2017، کے سیکشن (3) 134 کے مطابق

### انتخاب کا دور

ایجنڈا آئٹم 5۔ کمپنی کے ایسوسی ایشن کے آرٹیکلز میں ترمیم

بورڈ آف ڈائریکٹرز نے کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل، 81، 84 اور 84 میں ترمیم کی سفارش کی ہے۔ یہ ترمیم کمپنی کے موجودہ آرٹیکلز آف ایسوسی ایشن کو نئے کمپنیز ایکٹ 2017، (جس نے کمپنیز آرڈیننس، 1984 کو منسوخ کر دیا ہے) کے نفاذ کے ذریعے کی گئی تبدیلیوں کے مطابق عمل میں لائیں گے، ان ترمیم کا خلاصہ درج میں دیا گیا ہے:

## تفصیلی جائزہ

موجودہ آرٹیکل	تجویز کردہ آرٹیکل
44۔ کسی بھی مینٹگ کا چیرمین ایسی مینٹگ میں پیش کیے گئے ہر ایک ووٹ کی درستی کا واحد جج ہوگا۔ کسی بھی مینٹگ کا چیرمین ایسی رائے شماری میں پیش کیے گئے ہر ایک ووٹ کی درستی کا واحد جج ہوگا۔	44۔ ووٹوں کی برابری کی صورت میں، خواہ متحدہ کھانا ہو یا پول پر، جس مینٹگ میں ہاتھ دکھانا ہوتا ہے، یا جس پر رائے شماری کا مطالبہ کیا جاتا ہے، اس کے چیرمین کو ایک اضافی یا کاسٹنگ ووٹ کا اختیار ہوگا۔
81۔ آرڈیننس کے سیکشن 193 کے تحت بورڈ آف ڈائریکٹرز کے اجلاسوں کے لیے کورم کی ضرورت ہوگی۔	81۔ بورڈ آف ڈائریکٹرز کے اجلاسوں کا کورم کمپنیز ایکٹ، 2017 کے سیکشن (1) 176 کے تحت درکار ہوگا۔ سوائے اس کے کہ ایکٹ میں واضح طور پر فراہم کیا گیا ہے، بورڈ کے اجلاسوں میں ہر سوال کا تین اراکین کے ووٹوں کی اکثریت سے کیا جائے گا۔ ڈائریکٹرز ذاتی طور پر یا ویڈیو لنک کے ذریعے پیش ہوتے ہیں، ہر ڈائریکٹر کا ایک ووٹ ہوتا ہے۔ ووٹوں کی برابری یا برابری کی صورت میں، چیرمین کو بطور ڈائریکٹر اپنے اصل ووٹ کے علاوہ کاسٹنگ ووٹ بھی حاصل ہوگا۔
84۔ سوائے آرڈیننس کے سیکشن 196 کے ذریعے فراہم کردہ تجویزی طور پر ایک قرارداد جس پر تمام ڈائریکٹرز (متبادل ڈائریکٹرز شامل نہیں) کے دستخط ہوں گے، جب بھی، جہاں بھی ضرورت ہو یہ قرارداد اتنی ہی موثر ہوگی جیسا کہ اسے ڈائریکٹرز کی مینٹگ میں منظور کیا گیا ہو، تجویز کیا گیا ہو یا پھر تشکیل دیا گیا ہو۔ اس آرٹیکل کے مقاصد کے لیے ہر ایک ڈائریکٹر کی دستخط شدہ قرارداد کی نقل شدہ کاپیاں کافی ہوں گی۔	84۔ ڈائریکٹرز یا کمپنی آف ڈائریکٹرز کی مینٹگ کا نوٹس وصول کرنے کا حقدار اس وقت کے لیے ڈائریکٹرز یا کمپنی آف ڈائریکٹرز کی اکثریت کے ذریعے تجویزی طور پر منظور شدہ قرارداد اتنی ہی درست اور موثر ہوگی جیسے کہ اسے ڈائریکٹرز یا ڈائریکٹرز کی کمپنی کا باضابطہ اجلاس اور انعقاد میں منظور کیا گیا ہو۔

مندرجہ بالا مقاصد کے لیے درکار قراردادوں سالانہ اجلاس عام طلبی کے نوٹس میں درج کی گئی ہے اور اس قرارداد کو خصوصی قرارداد کے طور پر تجویز کیا جائے گا اور منظور کیا جائے گا۔

## 1- سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنس نمائندگی پانچویں شخص کی شرکت:

ممبران سے درخواست کی جاتی ہے کہ وہ ویڈیو کانفرنس نمائندگی کے ذریعے اجلاس میں شرکت کریں جس کے انتظامات کمپنی کی طرف سے کیے جائیں گے۔

وہ تمام شیئرز ہولڈرز اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کے خواہشمند ہیں، ان سے درخواست ہے کہ وہ اپنا نام، فوٹیو نمبر، موبائل نمبر، سی این آئی سی / پاسپورٹ نمبر اور تمام شیئرز ہولڈرز سالانہ اجلاس عام کے ایجنڈا آئیٹمز سے متعلق اپنی آراء اور سوالات agm.epcl@engro.com پر بھیج سکتے ہیں۔

## 2- سالانہ رپورٹ 2022 کی الیکٹرانک فراہمی

کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کی قیام میں، کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2022 کو ای میل کے ذریعے ان شیئرز ہولڈرز تک پہنچایا ہے جن کے ای میل پتے کمپنی کے شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس دستیاب ہیں۔ ان صورتوں میں، جہاں کمپنی کے شیئرز رجسٹرار کے پاس ای میل ایڈریس دستیاب نہیں ہیں، انہیں مذکورہ مہمائیاتی بیانات کو ڈاؤن لوڈ کرنے کے لیے QR فعال کوڈ / ویب لنک کے ساتھ سالانہ اجلاس عام کا پرنٹ شدہ نوٹس بھیج دیئے گئے ہیں۔ تاہم، کمپنی کسی بھی ممبر کی درخواست پر ایک ہفتے کے اندر ان کی مہمائی پر ان کے رجسٹرڈ پتے پر سالانہ رپورٹ کی بارڈ کا پتہ مفت فراہم کرے گی۔

مزید شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کے شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو اپنے درست ای میل ایڈریس درست CNIC کی کاپی کے ساتھ فراہم کریں، اگر ممبر کے پاس فزیکل فارم میں حصص ہیں یا ممبر کے متعلقہ شرکت کنندہ / سرمایہ کار کا اکاؤنٹ سروسز کے پاس اگر حصص بک انٹری فارم میں رکھے گئے ہیں۔

3- کمپنی کی حصص منتقلی کتاب بروز منگل، 18 اپریل، 2023 تا بروز جمعرات، 27 اپریل، 2023 (بشمول دونوں دن) بند رہے گی۔ ہمارے رجسٹرار بنام میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ F-8 نزد فاران ہوٹل، بلاک 6، پی۔ ای۔ سی۔ ایچ۔ ایس، شاہراہ فیصل، کراچی، پی ای سی ایف ایکس نمبر: 5-34380101-21 (92-21) اور ای میل info.shares@famco.com.pk کے آفس میں بروز پیر، 17 مارچ، 2023 کو کاروباری بندش سے قبل (شام 5:00 بجے) موصول شدہ فرانسفرز متعلقہ اشخاص کے اجلاس میں شرکت کرنے اور ووٹ دینے اور فائل کیش ڈیویڈنڈ کی حقداری کے مقاصد کے لئے بروقت تصویب کئے جائیں گے۔

4- ممبر جو اجلاس میں شرکت اور ووٹ کا حقدار ہے، اسے کسی دوسرے شخص کو اپنا پراکسی بنانے کا حق حاصل ہے اور نامزد کردہ پراکسی کو اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کا حق حاصل ہوگا۔ پراکسی فارمز کو اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہونا لازمی ہے۔ پراکسی کو کمپنی کا ممبر ہونا ضروری نہیں ہے۔

## 5- پراکسیوں کی تقرری کے قواعد

(a) انفرادی افراد کی صورت میں، اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات سینٹرل ڈیپازٹری کمیٹی آف پاکستان لمیٹڈ ریگولیشنز کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا مطلوبات کے مطابق پراکسی فارم جمع کروائیں گے۔

(b) پراکسی فارم پر دو افراد (سرو) گواہ ہوں گے جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں گے۔

(c) درست سی این آئی سی کی تصدیق شدہ کاپیاں یا پینٹیشنل اونرز کے پاسپورٹ اور پراکسی، پراکسی فارم کے ساتھ پیش کیے جائیں گے۔

(d) پراکسی سالانہ اجلاس عام کے وقت اپنا درست اصل سی این آئی سی یا اصل پاسپورٹ پیش کرے گا۔

(e) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی، نامزد شخص کے نمونے کے دستخط کے ساتھ، پراکسی فارم کے ساتھ کمپنی کو جمع کروایا جائے گا جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو۔

6- کمپنیز ریگولیشنز (پوسٹل بیٹ) 2018 کے مطابق، ایجنڈا آئیٹمز کے کسی بھی مقصد کے لیے کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے مطلوبات سے مشروط ممبران کو اپنے بذریعہ پوسٹل بیٹ ووٹ دینے کی اجازت دی جائے گی، یعنی مذکورہ بالا ریگولیشنز میں درج مطلوبات اور طریقہ کار کے مطابق بذریعہ پوسٹ یا الیکٹرانک ووٹ دینا۔

## 7- الیکٹرونک ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے تحت، تمام ایجنڈا آئیٹمز کے لیے لازمی ہے کہ وہ اپنے شیئرز ہولڈرز کو الیکٹرانک موڈ کے ذریعے براہ راست حقدار شیئرز ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کریں۔

براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے فزیکل شیئرز کی صورت میں شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب نقد ڈیویڈنڈ کے الیکٹرانک کریڈٹ کے لیے شیئرز ہولڈرز انفارمیشن فارم کو پُر کریں اور اسے درست CNIC کی کاپی کے ساتھ دستخط شدہ شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیجیں۔

سی ڈی سی میں حصص رکھنے کی صورت میں، الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئرز ہولڈرز کے رجسٹرار / پانچویں شخص کی سی ڈی سی اکاؤنٹ سروسز کو جمع کروایا جاتا ہے۔

معلومات کی عدم وصولی کی صورت میں، کمپنی شیئرز ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

8- انکم ٹیکس آرڈیننس، 2001 کے پہلے شیڈول کے حصہ III کے ڈویژن I کے ساتھ پڑھے گئے سیکشن 150 کی قیام میں 'فائلر' اور 'ٹران فائلر' شیئرز ہولڈرز کے لیے باہمی طور پر 15% اور 30% کی شرح سے ڈیویڈنڈ آمدنی پر دو ہولڈنگ ٹیکس کا نانا جائے گا۔ ایک 'فائلر' ایک ٹیکس دہندہ ہے جس کا نام ایف بی آر کی طرف سے دیا جاتا ہے اور 'ٹران فائلر' ٹیکس دہندہ ہے اور 'ٹران فائلر' ٹیکس دہندہ کوئی دوسرا شخص ہوتا ہے۔ کمپنی کو فائلرز کے لیے 15% ٹیکس دو ہولڈرز کے قابل بنانے کے لیے، تمام شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام FBR کی ویب سائٹ پر تازہ ترین دستیاب ATL میں ظاہر ہوں، بصورت دیگر ٹران فائلرز کے لیے ان کے ٹیکس ڈیویڈنڈ پر 30% ٹیکس کا نانا جائے گا۔ ڈیویڈنڈ کی آمدنی سے دو ہولڈنگ ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دی جائے گی جب درست ٹیکس اسٹیٹس کے سرٹیفکیٹ کی کاپی کتاب بند ہونے کے پہلے دن تک شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو دستیاب کروائی جائے۔

ایف بی آر کے مطابق مشترکہ کھاتوں کی صورت میں دو ہولڈنگ ٹیکس کا تعین پر پہلے شیئرز ہولڈرز کے فائلر / ٹران فائلر کا نام ایف بی آر کے ساتھ ساتھ جو انٹ ہولڈرز کے اسٹیٹس کی بنیاد پر اپنا پراکسی فارم جمع کروائیں گے۔ جو ممبران مشترکہ شیئرز ہولڈرز کے ساتھ شیئرز رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ پہلے شیئرز ہولڈرز اور جو انٹ ہولڈرز کے ساتھ ہولڈنگ کا حساب ہمارے شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ تحریری طور پر فراہم کریں۔ اگر ہمارے رجسٹرار کو مطلوبہ معلومات فراہم نہیں کی جاتی ہیں تو یہ فرض کیا جائے گا کہ حصص پر پہلے شیئرز ہولڈرز اور جو انٹ ہولڈرز کے برابر تناسب میں رکھے گئے ہیں۔

9- ڈکوڈ کی لازمی کنوٹی سے اسٹیٹی کا دعویٰ کرنے کے لیے، شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ NJSP پر ڈکوڈ اعلامیہ فارم CZ-50 کی ایک فوری شدہ کاپی شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو کتاب بند ہونے کے پہلے دن تک جمع کروائیں۔ اگر حصص غیر منقولہ شکل میں رکھے گئے ہیں تو اس طرح کے ڈکوڈ اعلامیہ فارم (CZ-50) کو شیئرز ہولڈرز کے سی ڈی سی اکاؤنٹ میں ان کے شریک / سرمایہ کار اکاؤنٹ سروسز کے ذریعے اپ لوڈ کیا جانا چاہیے۔ مزید برآں، غیر مسلم حصص یافتگان کو بھی ضروری ہے کہ وہ (solemn affirmation) (https://famco.com.pk/share-registration-service/) پر دستیاب ہے) کو کمپنی کے شیئرز رجسٹرار کو پیش کریں، اگر شیئرز فزیکل سرٹیفکیٹ کی شکل میں ہیں یا سی ڈی سی یا پراکسی سروسز / انویسٹر اکاؤنٹ سروسز میں، اگر شیئرز اسکرپٹس فارم میں ہوں۔ ڈکوڈ کی کنوٹی سے اس وقت تک اسٹیٹی کی اجازت نہیں دی جائے گی جب تک کہ مندرجہ بالا دستاویزات برعکاس سے مکمل نہ ہوں۔

## 10- درست سی این آئی سی جمع کروانا (لازمی)

ایس ای سی پی کی ہدایات کے مطابق جن شیئرز ہولڈرز کے درست شناختی کارڈز، شیئرز رجسٹرار کے پاس دستیاب نہیں ہیں ان کا ڈیویڈنڈ روکا جاسکتا ہے۔ اس لیے فزیکل شیئرز ہولڈنگ رکھنے والے تمام شیئرز ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے درست سی این آئی سی کی فوٹو کاپی فوری طور پر، اگر پہلے سے فراہم نہیں کی گئی ہے، شیئرز رجسٹرار میسرز ٹیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بغیر کسی تاخیر کے جمع کروائیں۔

# سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ مندرجہ ذیل کاروباری امور کی انجام دہی کے لیے انگریز پالیمر اینڈ کیمیکل لمیٹڈ ("کمپنی") کا پچیسواں سالانہ اجلاس عام، بروز جمعرات، مورخہ 27 اپریل 2023 کو دوپہر 02:30 بجے، کراچی اسکول آف بزنس اینڈ لیڈرشپ، نیشنل انسٹیٹیوٹ برورڈ، بالٹائیل لیاقت نیشنل ہسٹائل، کراچی۔ 74800 میں منعقد ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ ڈیوٹی فونرٹس فیصلی کے ذریعے اجلاس میں شرکت کریں جس کے انتظامات کمپنی نے کیے ہیں (تفصیلات کے لیے براہ مہربانی نوٹس سیکشن کا مطالعہ کریں)

## (A) عمومی امور

1۔ کمپنی کے 31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے کے ساتھ ساتھ ڈائریکٹرز رپورٹ اور آڈیٹرز رپورٹ اور چیئرمین کی جائزہ رپورٹ کی وصولی، جائزہ اور قبول کرنا۔ کمپنی ایکٹ 2017 کے سیکشن (7) 223 کے مصلوبات کے مطابق کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جو مندرجہ ذیل لنک سے ڈاؤن لوڈ کیے جاسکتے ہیں:

<https://www.engropolymer.com/shareholder-information/#financial>



2۔ اعلان کرنے کے لیے جیسا کہ ڈائریکٹرز کی تجویز ہے، 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 2,422,308,333 روپے کی شرح سے حتمی نقد ڈیویڈنڈ کی ادائیگی، جو اس طرح تقسیم کی جائے گی: 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے عام ڈیویڈنڈ کے لیے حتمی نقد منافع، 2.50 روپے فی شیئر یعنی 25%۔ یہ عبوری نقد ڈیویڈنڈ کے علاوہ ہے جو پہلے ہی 10.00 روپے فی شیئر یعنی 100% ادا ہو چکا ہے۔

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے ترجیحی شیئر ہولڈرز کے لیے حتمی نقد منافع، 0.50 روپے فی شیئر یعنی 5.00%۔ یہ عبوری نقد ڈیویڈنڈ کے علاوہ ہے جو پہلے ہی 1.22 روپے فی شیئر یعنی 12.20% ادا ہو چکا ہے۔

3۔ سال 2023 کے لیے آڈیٹرز کا تقریر اور ان کے معاہدے کا تعین کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے ریٹائر ہونے والے آڈیٹرز سے ایف فرگوین اینڈ کمپنی، کے نام کی سفارش کی ہے۔

4۔ کمپنی ایکٹ 2017 کے مطابق سات (07) ڈائریکٹرز کو سالانہ اجلاس عام کے انعقاد کی تاریخ یعنی 27 اپریل 2023 سے شروع ہونے والی تین سال کی مدت کے لیے منتخب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز جناب فریٹ خان، جناب فیروز رضوی، جناب غزالی بیگ، محترمہ عائشہ عزیز، جناب ٹومیا قندو، جناب نادر سالار قریشی، جناب ارم حسن اور جناب رضوان مسعود راجہ ہیں۔

## خصوصی امور

4۔ کمپنی ایکٹ 2017 کے سیکشن 38 کے تحت کمپنی کی ایسوسی ایشن کے آرٹیکلز میں ترمیم کرنے کے لیے درج ذیل خصوصی قرارداد (قراردادوں) پر غور کرنے اور اگر مناسب سمجھا جائے تو ترمیم، اضافہ یا حذف کے ساتھ یا اس کے بغیر پاس کرنا، جیسا کہ کمپنی کے بورڈ آف ڈائریکٹرز نے تجویز کیا ہے:

منظور کیا گیا کہ انگریز پالیمر اینڈ کیمیکل لمیٹڈ ("کمپنی") کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 44 میں ترمیم کی گئی ہے جسے اب ایسا پڑھا جائے:

"44۔ ووٹوں کی برابری کی صورت میں، خواہ ہاتھ دکھانا ہو یا پول پر، جس مینٹگ میں ہاتھ دکھانا ہوتا ہے، یا جس پر رائے شماری کا مطالعہ کیا جاتا ہے، اس کے نتیجے میں کو ایک اضافی یا کاسٹنگ ووٹ کا اختیار ہوگا۔"

مزید منظور کیا گیا کہ کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 81 کو ترمیم کر کے اس طرح پڑھا جائے:

"81۔ بورڈ آف ڈائریکٹرز کے اجلاسوں کا کورم کمپنی ایکٹ، 2017 کے سیکشن (1) 176 کے تحت درکار ہوگا۔ ہوائے اس کے کہ ایکٹ میں واضح طور پر فراہم کیا گیا ہے، بورڈ کے اجلاسوں میں ہر سوال کا تعین اراکین کے ووٹوں کی اکثریت سے کیا جائے گا۔ ڈائریکٹرز ذاتی طور پر یا ویڈیو لنک کے ذریعے پیش ہوتے ہیں، ہر ڈائریکٹر کا ایک ووٹ ہوتا ہے۔ ووٹوں کی برابری یا برابری کی صورت میں، چیئرمین کو بطور ڈائریکٹر اپنے اصل ووٹ کے علاوہ کاسٹنگ ووٹ بھی حاصل ہوگا۔"

مزید یہ منظور کیا گیا کہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 84 میں ترمیم کی جائے گی اور اس کو مندرجہ ذیل پڑھا جائے گا:

"84۔ ڈائریکٹرز یا کمپنی آف ڈائریکٹرز کی مینٹگ کا نوٹس وصول کرنے کا حقدار اس وقت کے لیے ڈائریکٹرز یا کمپنی آف ڈائریکٹرز کی اکثریت کے ذریعے تحریری طور پر منظور شدہ قرارداد تھی ہی درست اور موثر ہوگی جیسے کہ اسے ڈائریکٹرز یا ڈائریکٹرز کی کمپنی کا باضابطہ اجلاس اور انعقاد میں منظور کیا گیا ہو۔"

مزید منظور کیا گیا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور یا کمپنی کے ذریعے قانونی، کارپوریٹ اور طریقہ کار کو پورا کرنے کے لیے، ایسے تمام ایکٹس، کارروائیوں کو کرنے، کوئی بھی اور تمام ضروری اقدامات کرنے کا مجاز ہے۔

مذکورہ قرارداد کے تصدیق کو عمل طور پر حاصل کرنے کے لیے اس کی جانب سے ضروری سمجھے جانے والے تمام ضروری دستاویزات / ریٹرن فائل کریں۔

انجمن بورڈ  
خواجہ حیدر عباس، اے سی اے  
کمپنی سیکریٹری

کراچی  
14 مارچ، 2023

## بورڈ اور انتظامیہ کے فیصلوں کا میگزین

EPCL کے بورڈ آف ڈائریکٹرز EPCL کی حکمت عملی کی سمت کا تعین، اس کے نفاذ اور اس کے حوالے سے کی جانے والی پیش رفت کی نگرانی کے ذمہ دار ہیں۔ جبکہ دوسری جانب بورڈ کی جانب سے منظور شدہ حکمت عملی کے کامیاب نفاذ کے عمل کو یقینی بنانے کی ذمہ داری انتظامیہ ٹیم کو دی گئی ہے۔ مؤثر انتظامی عمل اور کمپنی کے آپریشن اور حکمت عملی کے نفاذ کے لیے اہم اور ضروری فیصلے کرنے کا اختیار بورڈ نے انتظامیہ کو دیا ہے۔

## ٹریڈ کیے گئے شیئرز اور ان کی اوسط قیمتیں

سال کے دوران کمپنی کے 534 ملین شیئرز کی پاکستان اسٹاک ایکسچینج میں ٹریڈنگ کی گئی ہے۔ روزانہ بند ہونے والی قیمتوں کے حوالے سے EPCL کے شیئرز کی اوسط قیمت 64.12 روپے تک رہی۔ 2022 کے 52 ہفتوں کے دوران low high بالترتیب 39.75 اور 93.48 فی شیئر رہی۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے حتمی کیش منافع منقسمہ 2.50 روپے فی عمومی شیئر اور 0.50 روپے فی ترجیحی شیئر کا اعلان کیا ہے، جسے شیئر ہولڈرز کی طرف سے سالانہ اجلاس عام کے موقع پر منظور کیا جاتا ہے۔

## آڈیٹرز

میسرز اے ایف فرگوسن اینڈ کمپنی کے موجودہ آڈیٹرز ریٹائر ہو رہے ہیں اور انھوں نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کے لیے تجویز پیش کی جس کی توثیق بورڈ آف ڈائریکٹرز نے کی۔



فیروز راضوی  
ڈائریکٹر



جہانگیر پراچہ  
چیف ایگزیکٹو آفیسر



سال 2013 میں کمپنی نے اپنے گزشتہ منظم بڑے دو ایڈیٹ فنڈ کو اینگریڈ کارپوریشن لمیٹڈ (ہائی کمپنی) کے زیر انتظام اور زیر نگرانی نئے بڑے دو ایڈیٹ فنڈ میں منتقل کر دیا ہے۔ اس فنڈ سے متعلق مالیاتی معلومات جو 30 جون 2022 کے فنڈ کے حالیہ آڈٹ شدہ مالیاتی گوشواروں اور 31 دسمبر 2022 کے غیر آڈٹ شدہ مالیاتی گوشواروں پر مبنی ہے، جو اینگریڈ کارپوریشن لمیٹڈ کے زیر انتظام ہیں۔

فنڈ کی تفصیلات درج ذیل ہیں:

(پاکستانی روپوں میں)	31 دسمبر 2022	30 جون 2022
مجموعی اثاثہ جات	5,034,330,074	4,930,044,431
سرمایہ کاری کی لاگت	4,548,676,387	4,476,484,954
سرمایہ کاری کی شرح فیصد	90.35%	90.80%
سرمایہ کاری کی منصفانہ قیمت	3,585,523,159	3,038,428,466

### مختلف صنعت کی بنیاد پر بورڈ کی پالیسی

بورڈ، آرگنائزیشن میں ہر سطح پر صنعتی تنوع کی حوصلہ افزائی کرتا ہے۔ اسی حوالے سے سال 2020 میں کمپنی بورڈ میں محترمہ عائشہ عزیز کا ایک آزاد ڈائریکٹری حیثیت سے تقرر کیا گیا ہے۔

### کوڈ آف کارپوریٹ گورننس کے مطابق تعمیل

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا بغور جائزہ لیتا ہے۔ کمپنی کی حکمت عملی، سالانہ کاروباری منصوبے اور اہداف، طویل مدتی سرمایہ کاری اور قرضوں سے متعلق فیصلے جن میں شامل ہیں مگر اس تک محدود نہیں ہیں۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لیے پُر عزم ہے۔

بورڈ آف ڈائریکٹرز بڑے مسرت انداز میں یہ رپورٹ پیش کرتے ہیں:

- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے منصفانہ انداز میں اس کے معاملات کی صورتحال، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں آنے والی تبدیلیوں کو پیش کرتے ہیں
- اکاؤنٹس کی باضابطہ ٹیس برقرار رکھی گئیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا اور اکاؤنٹنگ تخمینے مناسب اور حتمی فیصلوں کی بنیاد پر ہیں
- مالیاتی گوشواروں کی تیاری کے لیے پاکستان میں قابل اطلاق بین الاقوامی معیارات پر عمل کیا گیا ہے اور وہاں سے کسی بھی قسم کے ہونے والے انحراف کو واضح کیا گیا ہے
- اندرونی کنٹرول کا نظام اپنی ساخت میں مستحکم ہے اور موثر انداز میں اس کا نفاذ کیا گیا اور نگرانی کی گئی ہے
- ایک قائم رہنے والی کمپنی کی صلاحیت پر نمایاں طور پر کوئی بھی شک و شبہات نہیں ہیں
- اندراج کردہ ضوابط میں تفصیل سے واضح کیا گیا ہے کہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں کیا گیا ہے

### بنیادی خدشات کے حوالے سے بورڈ کا تجربہ

بورڈ نے کمپنی کو درپیش خطرات کا جائزہ لیا ہے جو کاروباری ماڈل، مستقبل کی کارکردگی، حل پذیری یا لیکویڈیٹی کے لیے خطرہ ہوں گے، ان میں شامل ہیں مگر ان تک محدود نہیں ہیں۔

### ڈائریکٹرز کے لیے تربیتی پروگرام

SECP سے منظور شدہ پاکستان کے منظور شدہ اداروں سے گزشتہ سال محترمہ غیاث خان، محترم فیروز رضوی، محترم نادر سالار قریشی، محترم ارم حسن، محترمہ عائشہ عزیز، محترم جہانگیر پراچہ، محترم رضوان مسعود راجا کی جانب سے ڈائریکٹرز کے لیے تربیتی پروگرام مکمل کر لیا گیا ہے۔

### واقفیت پر مبنی پروگرام (ڈائریکٹرز اور مشین)

EPCL کے بورڈ آف ڈائریکٹرز مختلف پیشہ ورانہ ماحول سے اپنے ساتھ ایک وسیع تجربہ EPCL لے کر آتے ہیں۔ نئے ڈائریکٹرز کی تقرری پر انہیں مارکیٹ کی اُن قوتوں کے حوالے سے تعارف اور آگاہی دی جاتی ہے جو کمپنی پر، اس کے آپریشنز اور اس کی طویل مدتی حکمت عملی پر کسی نہ کسی طرح سے اثر انداز ہوتی ہیں۔ مزید یہ کہ اسٹیک ہولڈرز کے لیے انہیں اُن کی تمام مخلصانہ اور اہم ذمہ داریوں سے بھی آگاہ کیا جاتا ہے۔

### غیر ملکی ڈائریکٹرز کی سیکورٹی کیلینڈر

EPCL کسی بھی غیر ملکی ڈائریکٹرز کے تقرر کے لیے SECP کی رہنما ہدایات پر عمل کرتی ہے اور وزیر داخلہ کے سیکورٹی کیلینڈر کے اجراء کے بعد ہی غیر ملکی ڈائریکٹرز کا تقرر کیا جاتا ہے۔

### قانونی تقاضوں سے زیادہ مکتومی طریقہ کار کا نفاذ

EPCL کی شفافیت کو فروغ دینے کے لیے بحیثیت ایک ذمہ دار کارپوریٹ شہری ہونے کے کمپنی ہمیشہ سے ہر معاملے میں اپنا ذمہ دارانہ اور شفاف طریقہ عمل رکھتی ہے۔

- ICAP/ICMAP اور SAFA کی تجویز کردہ واضح ہدایات کے خلاف رپورٹنگ کی ضروریات پہنچ مار کر رکھی جاتی ہیں۔
- کڑی اندرونی تجارتی پالیسی کو اپنایا گیا ہے جو قانونی تقاضوں سے بالاتر رہتی ہے۔
- تجربہ کاروں کی سرمایہ بریفنگ کا اہتمام کیا جاتا ہے اور باقاعدگی کے ساتھ تمام اسٹیک ہولڈرز کے ساتھ رابطے میں رہا جاتا ہے۔
- لوگوں، کمیونٹی اور ماحول کے تحفظ کے لیے اپنے کیے گئے عزم کو صحت، حفاظت اور ماحول سے متعلقہ پالیسی کا اطلاق کر کے واضح کیا گیا ہے۔
- اپنے ارد گرد کی کمیونٹی کے معیار زندگی کو بہتر بنانے کے لیے صحت اور تعلیم کے کئی منصوبوں کا آغاز کیا گیا ہے۔
- گروپ کمپنیوں کے ملازمین پر کویڈ پیڑھ ضروریات کو جاننے کی ذمہ داری کو عائد کیا گیا ہے۔
- اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کی نجی طور پر ملکیتی ماتحت ادارے پہنچ مار کر پر عملدرآمد کرتے ہیں۔

سال 2022 میں بورڈ آف ڈائریکٹرز نے اپنی سرگرمیوں کے مکمل دورانیے کا احاطہ کرنے کے لیے کل 6 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹرز کا نام	شرکت کیے جانے والے اجلاس
محترم غیاث الدین خان	6
محترم ارم حسن	6
محترم نادر سالار قریشی	5
محترم رضوان مسعود راجا	6
محترمہ عائشہ عزیز	6
محترم فیروز رضوی	6
محترم ظہور علی بیگ	6
محترم جہانگیر پراچہ	6
محترم ہدی کی اداچی	6



اقسام	تعداد
نان ایگزیکٹو ڈائریکٹرز	محترم غیاث خان
	محترم نادر سالار قریشی
	محترم رضوان مسعود راجا
	محترم ہدی کی اداچی
	محترم ارم حسن
ایگزیکٹو ڈائریکٹر - سی ای او	محترم جہانگیر پراچہ
آزاد ڈائریکٹر	محترم فیروز رضوی
	محترم ظہور علی بیگ
آزاد ڈائریکٹر - خاتون	محترمہ عائشہ عزیز

بورڈ آؤٹ کمیٹی	
محترم فیروز رضوی	چیئر پرسن
محترم ارم حسن	رکن
محترم ہدی کی اداچی	رکن
محترم ظہور علی بیگ	رکن

بورڈ سٹیل کمیٹی	
محترمہ عائشہ عزیز	چیئر پرسن
محترم نادر سالار قریشی	رکن
محترم رضوان مسعود راجا	رکن
محترم فیروز رضوی	رکن

#### ڈائریکٹرز کا معاوضہ

کمپنیز ایکٹ 2017 اور لنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق EPCL اپنے ڈائریکٹرز کے معاوضے کے لیے شفاف طریقہ کار اور ایک باضابطہ پالیسی رکھتی ہے۔ اس پالیسی کے ذریعے نان ایگزیکٹو ڈائریکٹرز کو کاروبار سے متعلق سفر کے لیے سفری اور روزانہ الاؤنس کی ادائیگی بھی کی جاتی ہے۔

معاوضہ، بشمول بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادائیگی ڈائریکٹرز فیصیحہ صفحہ نمبر 243 پر واضح کی گئی ہے۔ (غیر مربوط مالیاتی گوشواروں کا نوٹ 38)

#### فیصلوں سے متعلق اہم شعبے

انکم ٹیکس، پروفیشن، ہنگامی حالات اور وعدے، موثر ٹیکس اکاؤنٹس سے متعلق اہم شعبے اور دیگر شعبے جن میں موضوعی فیصلے اور ان کے مالیاتی گوشواروں پر مادی اثرات کی مکمل تفصیلات اکاؤنٹس کے نوٹ میں دی گئی ہے۔

#### اکاؤنٹ کے معیارات

یہ مالیاتی گوشوارے پاکستان میں نافذ اکاؤنٹنگ اور رپورٹنگ کے معیارات کے مطابق تیار کیے گئے ہیں۔ پاکستان میں نافذ اکاؤنٹنگ اینڈ رپورٹنگ معیارات درج ذیل پر مشتمل ہیں:

بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ بورڈ (IASB) کی طرف سے جاری کردہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (IFRSs) جن کی کمپنیز ایکٹ 2017 کے تحت ہدایات جاری کی گئی ہیں، اور

کمپنیز ایکٹ 2017 کے تحت جاری کردہ ضوابط اور ہدایات۔

جہاں کمپنیز ایکٹ 2017 کے تحت جاری کردہ ہدایات IFRS سے مختلف ہیں وہاں کمپنیز ایکٹ 2017 کے تحت جاری کردہ ضوابط اور ہدایات پر عمل کیا گیا ہے۔

## ➤ صلاحیت اور قابلیت کی بہتری

EPCL کا بورڈ اس بات کو یقینی بنانے پر بہت زیادہ زور دیتا ہے کہ اس کے پاس مطلوبہ صلاحیتوں اور قابلیت رکھنے والا کافی ٹیلنٹ موجود ہو، تاکہ اس کے توسیعی اور معتبر پروجیکٹس کامیابی سے تکمیل ہو سکیں۔ اس مقصد کے تحت، ہیومن ریسورسز HR پارٹنمنٹ نے گریجویٹ ٹریننگ اور ٹریڈ اپرنٹس کے تربیتی منصوبوں پر اپنی کوششوں کو دوبارہ مرکوز کیا ہے۔ آئندہ منصوبوں کے لیے، ٹیموں کی نشاندہی کر کے اس بات کو یقینی بنانا ہے کہ ان کے پاس مناسب عملہ موجود ہو۔ سال کے دوران، ملازمین کی کام کرنے کی صلاحیت اور طریقہ کار دونوں کی ضروریات کو پورا کرنے کے لیے متعدد تربیتی پروگرام منعقد کیے گئے۔ چونکہ EPCL اب 2023 میں داخل ہو رہا ہے، یہ ایک جامع ٹریننگ اسٹریٹیجی تیار کرے گا جو تکنیکی تربیت اور کام کرنے کے طرز عمل سے متعلق مہارت فراہم کرے گا۔

## ➤ اسٹیک ہولڈرز سے روابط اور تعلقات

کمپنی تمام سطحوں پر اپنے اسٹیک ہولڈرز کے ساتھ پُر خلوص روابط پر یقین رکھتی ہے اور اسی لیے اُن سے روابط اور اشتراک کے لیے ہم نے گزشتہ سال متعدد پلٹ فارمز کو استعمال کیا، جن میں سماجی تجزیاتی بریفنگ، پریس ریلیز، پلانٹ کے دورے، حکمت عملی سے متعلق اسٹاک ایکسچینج کو واضح کرنا اور غیر رسمی گفتگو وغیرہ شامل ہیں۔

تمام قانونی تقاضوں کو پورا کرنے کے لیے EPCL نے متعلقہ اداروں بشمول ٹیکس ایجنسیاں، پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ساتھ قریبی روابط کے سلسلے کو برقرار رکھا ہے۔ تکنیکی مدد اور کاروبار کی تکمیل کے لیے خدمات فراہم کرنے کے لیے ہم اپنے وینڈرز اور صارفین کے ساتھ رسمی اور غیر رسمی میڈیا بشمول میٹنگز اور کانفرنسز میں مصروف رہتے ہیں۔

چونکہ کمپنی کی ترقی میں اس کے ملازمین ایک اہم کردار ادا کرتے ہیں اسی لیے ہم ان کی مسلسل حوصلہ افزائی کا اندازہ لگاتے ہیں اور اس کے مقابلے میں صنعتی معیارات سے موازنہ کرتے ہیں۔ اس کے بعد مناسب حکمت عملی بنانے کے لیے ہم ان معلومات کو متعلقہ مینجمنٹ اور ہیومن ریسورسز (HR) کو آگاہ کرتے ہیں۔

## ➤ حکومت سے درکار معاونت

EPCL حکومت سے درج ذیل شعبوں میں تعاون کی درخواست کرتی ہے:

➤ گیس کی دستیابی: گیس کی دستیابی کے حوالے سے غیر یقینی صورتحال بالخصوص موسم سرما کے دوران، نے کمپنی اور صنعت کو بڑے آپریشنل خدشات سے دوچار کر دیا ہے۔ فیڈ اسٹاک کی کمی کے باعث اس کے برے اثرات ملک کی برآمدات پر بھی مرتب ہوئے ہیں۔

➤ جی آئی ڈی سی کیس: سال 2020 میں سپریم کورٹ نے GIDC (گیس انفراسٹرکچر ڈیولپمنٹ سیزا ایکٹ) کے معاملے میں حکم جاری کیا جس کے نتیجے میں کمپنی 48 ماہ میں GIDC کی اقساط کی ادائیگی کرنے کی پابند ہے۔ اس حوالے سے دائر کی گئی نظر ثانی کی درخواست بھی مسترد کی جا چکی ہے۔ EPCL نے GIDC سے پڑنے والے اثرات کو اپنے صارفین تک پہنچنے نہیں دیا کیونکہ PVC کی قیمتوں کے معیار کا تعین بین الاقوامی قیمتوں کے مقابلے میں کیا جاتا ہے جبکہ اسٹاک کی قیمتیں طلب و رسد کے محرکات پر مبنی ہیں۔ کمپنی حکومت سے درخواست کرتی ہے کہ اس معاملے میں مداخلت کرے اور باہمی فائدے کے حصول کے لیے تمام اسٹیک ہولڈرز کے ساتھ مؤثر مذاکرت کرے۔

## ➤ پی وی سی کی درآمدات پر ڈیوٹی:

پی وی سی کی درآمدی ڈیوٹی کی موجودہ سطح کو برقرار رکھنا علاقائی پی وی سی انڈسٹری کے لیے بہت ضروری ہے۔ ہم اس بات کو نمایاں کرنا چاہیں گے کہ EPCL نے حال ہی میں پی وی سی کی پیداواری صلاحیت میں 100,000 MT اضافے (195,000 MT سے 295,000 MT تک) اور دیگر نشوونما اور کارکردگی کے حامل منصوبوں پر 150 ملین یو ایس ڈالر کی سرمایہ کاری کی ہے جو علاقائی مارکیٹ کی طلب سے زیادہ ہے۔ موجودہ لیفٹ کا اسٹریکچر مکمل پی وی سی چین میں کافی نیچے ہے۔ ہمیں یقین ہے کہ کوئی بھی لیفٹ rationalization، ماری سرمایہ کاری کو بری طرح سے متاثر کرے گی جسے عالمی سطح تک پہنچانا ہے تاکہ ہم عالمی طور پر مسابقت مند رہیں۔ کسی کو بھی اس بات پر زور دینا چاہیے کہ درآمدی متبادل ملک کا گراں قدر زر مبادلہ بچاتے ہیں۔

## ➤ مستقبل کا منظر نامہ:

ملک میں معاشی مشکلات کے باوجود نئے منصوبوں اور مارکیٹوں کی تلاش کے لیے EPCL اعلان کردہ منصوبوں پر کام جاری رکھے گا۔ بین الاقوامی سطح پر پولیمر اور متعلقہ کیمیکلز کے شعبے میں نمایاں ماہرینہ EPCL کا عزم ہے۔ کمپنی کے منصوبوں کے حوالے سے اپ ڈیٹ درج ذیل میں موجود ہے:

➤ آکسیجن کی بنیاد پر VCM کی پیداوار: خام مال کی کچھت میں بہتری لانے کے لیے EPCL نے آپریشنل کارکردگی پر توجہ مرکوز رکھی اور VCM کی پیداوار کو ایئر میڈ سے آکسیجن میڈ ٹیکنالوجی میں منتقل کرنے کے منصوبے کی منظوری دی۔ یہ منصوبہ اپریل 2022 میں کامیابی کے ساتھ اپنی تکمیل کو پہنچ چکا ہے۔

➤ ہائیڈروجن پر آکسائیڈ: کمپنی کا اسٹاک کی تیاری کے عمل میں ذیلی پروڈکٹ کے طور پر ہائیڈروجن تیار کرتی ہے جو کہ فی الحال اس کے پاؤر پلانٹ میں ایک ایندھن کے طور پر استعمال ہو رہی ہے۔ اس منصوبے کا مقصد ہائیڈروجن کو ہائیڈروجن پر آکسائیڈ کی پیداوار میں تبدیل کرنا ہے جو کہ زیادہ ٹریڈ سٹائل کی صنعت میں ہائیڈروجن کے طور پر استعمال ہوا ہے اور سال 2023 میں اس کے آن لائن آنے کی توقع ہے۔

➤ ہائی ٹمبر پچ ڈائریکٹ کلورینیشن: کمپنی کی توجہ توانائی کی کارکردگی پر ہے اور HTDC پروجیکٹ کے ساتھ اس کے کاربن فٹ پرنٹ کو کم کرنا اس کے مقصد میں شامل ہے۔ یہ منصوبہ سال 2023 میں آن لائن آنے کی توقع ہے۔

➤ EDC/VCM پلانٹ کی ڈیٹیکھلائزیشن: کمپنی کے طویل مدتی نظریے میں معیار میں پیدا ہوتی ہوئی تبدیلی کو کم کرنے اور کارکردگی میں اضافے کے لیے آٹومیشن اور ڈیٹیکھلائزیشن کا عمل شامل ہے۔ اس منصوبے کے 2024 میں آن لائن آنے کی توقع ہے۔

کمپنی کی توجہ ان منصوبوں کی تکمیل پر مرکوز رہے گی جو اس کی مضبوط کارکردگی کے عمل کو جاری رکھے گی۔

مواضعوں کو فروغ دینے کے لیے پوری طرح پر عزم ہیں۔ اس مقصد کو حاصل کرنے کے لیے، ڈائورسٹی، انکیوٹی، اور انکلوژن (DEI) کو EPCL کے وژن کے اہم محرکات کے طور پر شناخت کیا گیا ہے۔ بورڈ آف ڈائریکٹرز نے پہلا قدم بڑھانے کے لیے، DEI کے لیے وژن 2025 کی منظوری دے دی ہے۔ پورے سال کے دوران، HR ٹیم نے ادارے کے اندر DEI مقاصد کو فروغ دینے کے لیے کئی اقدامات کیے اور اپنی کوششوں کے لیے کافی پزیرائی حاصل کی۔

### ڈائورسٹی، انکیوٹی، اور انکلوژن (DEI) کی مہمیں

2022 میں، کمپنی نے ٹرینی پروگراموں میں متنوع شمولیت کا اب تک سب سے زیادہ تناسب حاصل کیا، جس میں GTE اور TAE میں بالترتیب 37% اور 50% خواتین ٹرینی تھیں۔

معذور افراد کے پہلے گروپ (PwDs) نے EPCL میں سب سے پہلا Enableall (PwD) انٹرنشپ پروگرام (کامیابی کے ساتھ مکمل کیا۔ انہیں فنانس اور ٹیکنیکل ڈپارٹمنٹس میں رکھا گیا جہاں انہوں نے ٹیموں کے ساتھ اپنا قابل قدر کردار ادا کیا۔

### برقراریت اور ترقی

کمپنی نے شہر سے باہر خواتین ٹرینی (GTE) کے لیے اپنی پہلی کمپنی رہائش متعارف کرائی۔ بحر یہ ناؤن میں واقع یہ گیسٹ ہاؤس 6 ٹرینیز کے لیے محفوظ اور آسان رہائش کا بندوبست ہے۔

کمپنی نے "Breaking the Glass Ceiling" کے نام سے ایک جامع پروگرام پیش کیا، جو بارہ ماہ کا سفر تھا جس میں گروپ اور ذاتی نوعیت کے کوچنگ سیشن شامل تھے، جو خواتین کو صلاحیتوں میں ماہر ہونے اور خود اعتماد ہونے میں مدد دیتے ہیں جو ان کے قائدانہ کردار کو ادا کرنے کے لیے ضروری ہے۔ اس سال، ادارے سے 21 خواتین ملازمین نے اس پروگرام میں حصہ لیا اور ان میں سے متعدد خواتین نے ترقیاتی پروگرام کے پہلے سال کو کامیابی کے ساتھ مکمل کیا۔

"Go Vendi" مشینیں EPCL ہیڈ کوارٹر اور پلانٹ سائٹس پر نصب کی گئیں، جو خواتین ملازمین کے لیے سینیٹری پروڈکٹس مہیا کرتی ہیں۔ وسائل فراہم کرنے کے علاوہ، ملازمین اور ان کے خاندان کے افراد کے لیے چھاتی کے کیئر، PCOS، اور مینوپوس جیسے موضوعات پر آگاہی سیشن بھی منعقد کیے گئے۔

"Diversity Intelligent Leaders Program & Harasment Awareness" ایک حساس ترقیاتی پروگرام تھا جو ایگرو میں 4 ذیلی اداروں کے شرکاء کے ساتھ منعقد کیا گیا تھا اور EPCL کی قیادت میں Engro Corp کے تعاون سے کیا گیا تھا۔ پروگرام کو دو حصوں میں تقسیم کیا گیا تھا: ایک تین روزہ ورکشاپ جس میں کارکنوں کے ایک گروپ کو "ٹرین دی ٹرینیز" کے طریقے سے تربیت دی گئی، اس کے بعد کارکنوں نے نامزد آبادیوں کے لیے حساس ترقیاتی سیشن کی قیادت کی، تاکہ پورے گروپ میں شمولیت اور تنوع کو فروغ دیا جاسکے۔

### کامیابیاں

ILO کی جانب سے بہترین کیس اسٹڈی ایوارڈ، انٹرنیشنل لیبر آرگنائزیشن نے ایسپلائرز فیڈریشن آف پاکستان کے ساتھ مل کر "نیشنل ویمن ایسپاورمنٹ کانفرنس" کے عنوان سے ایک کانفرنس کا انعقاد کیا۔ کمپنی کو کانفرنس کے لیے دی گئی گزارشات میں سے ٹاپ ٹین کیس اسٹڈیز میں سے ایک ہونے پر نوازا گیا۔

Gender DEI ٹول کٹ: کمپنی نے اپنے بہترین طریقوں کا اشتراک کیا، جو FAST NUCES اسلام آباد سینیمنٹ ایڈوانسمنٹ ریسرچ سینٹر (MARC) ٹیم کے ذریعہ تیار کردہ Gender DEI ٹول کٹ کا حصہ بن گیا۔ ٹول کٹ کو عالمی معیارات کے مطابق نظریات فراہم کرنے کے لیے ڈیزائن کیا گیا ہے، تاکہ کام کی جگہ پر صنعتی آزادی اور تنوع کو مضبوط بنانے اور بڑھانے میں اداروں کی مدد کی جاسکے۔

گلوبل ڈائورسٹی، انکیوٹی اینڈ انکلوژن نیٹ ورکس (GDEIB) ایوارڈز: EPCL کو HR میٹریکس کے ذریعے، سالانہ GDEIB ایوارڈز میں اس کی DEI کوششوں اور توجہ کے لئے تسلیم کیا گیا۔ کمپنی نے اس سال کل 12 کیٹیگریز میں سے 11 ایوارڈز جیتے، ان میں سے 8 ایوارڈز بہترین پرفیکٹس لیول کے لیے ہیں۔ EPCL کو سال 2022 کے لیے ٹاپ 10 کمپنیوں میں سے ایک کے طور پر نامزد بھی کیا گیا تھا۔

### شمولیت (انگیجمنٹ)

کمپنی نے اپنے ملازمین کی فلاح و بہبود اور ذاتی نشوونما میں مدد کرنے کے لیے مختلف پروگرام اور اقدامات بھی متعارف کرائے ہیں۔ ان میں صحت اور تندرستی کے پروگرام، تربیت اور ترقی کے مواقع، اور ورک لائف بیلنس کے اقدامات شامل ہیں۔ EPCL اپنے ملازمین کے لیے کام کا ایک مثبت ماحول پیدا کرنے کے لیے کوشاں ہے اور کمپنی کی کامیابی میں ان ملازمین کے تعاون کو قدر کی نگاہ سے دیکھا جاتا ہے۔ ملازمین کے باقاعدہ انگیجمنٹ سروے اور فیڈبیک میکانزم، انتظامیہ کو اپنے ملازمین کی ضروریات اور خدشات کو سمجھنے اور ان سے نمٹنے میں مدد کرتے ہیں۔

HR ٹیم اس بات کو یقینی بنانے کے لیے ڈپارٹمنٹس کے سربراہوں کے ساتھ مل کر کام کرتی ہے تاکہ ملازمین کی انگیجمنٹ اسٹریٹیجیز EPCL کے مجموعی وژن اور ٹارگیٹس کے مطابق ہوں۔ کمپنی ایک حوصلہ افزاء اور پر عزم افرادی قوت کو برقرار رکھنے میں ملازمین کی شمولیت کی اہمیت کو تسلیم کرتی ہے، اور اپنے ملازمین کے انگیجمنٹ میکانزم کو مسلسل بہتر بنانے کے لیے وقف ہے۔

### انگیجمنٹ کے اہم اقدامات میں شامل ہیں:

منیجرز کے ذریعے آرام کی فراہمی کو بہتر بنانے پر توجہ مرکوز کرنا

ایسے پروگراموں کو لاگو کرنا جو ملازمین کی فلاح و بہبود میں معاونت فراہم کرتے ہیں اور ملازمین کو اس قابل بناتے ہیں کہ وہ اپنی پوری قوت کے ساتھ کام کر سکیں

ادارے کے تنوع اور شمولیت کے عزم پر عمل کرنا، بشمول صنعتی برابری یا تنوع کو بہتر بنانے کے لیے بلند حوصلہ اہداف کا تعین کرنا

### انگیجمنٹ کو مزید بڑھانے کے لیے، EPCL نے مختلف اقدامات کا اہتمام کیا ہے جیسے:

CEO اور ڈویژنل سربراہان کی قیادت میں ناؤن ہال میٹنگز

HR کی زیر قیادت "پالیسی مذاکرات"

مقررہ فورمز کے ذریعے CEO کے ساتھ باقاعدہ ڈسکشن اور تعاون کی سہولت فراہم کرنا

"صدارتین کی آراء کا سروے کرنا

ملازمین کے تجربے کے سروے کا انتظام کرنا

انگیجمنٹ کے نتائج کو بہتر بنانے کے لیے ایکشن پلان کو نافذ کرنا، جس میں M1 کے مساوی یا اس سے کم کے تمام ملازمین حصہ لیں

سال کے دوران، EPCL نے اپنی تاریخ کے سب سے بڑے ٹرن آؤٹ میں سے ایک کو کامیابی کے ساتھ منیج کیا، جس میں سائٹ پر 2900 سے زائد افرادی قوت تعینات تھی، اور ایک نئے 141 ٹن ہائی پوائس کالم کی ریٹنگ بھی شامل تھی۔ سائٹ نے تمام آپریشنز زیر ماحولیاتی اثر کے ساتھ مکمل کیے۔ کمپنی نے ماحولیاتی انتظام پر بھی زور دیا اور محفوظ کام کے طریقوں کو مزید بہتر بنانے کے لیے کئی اقدامات کیے۔ ان اقدامات میں شامل ہیں:

- معیاری آپریشن طریقہ کار کی شیڈولنگ اور اسٹینڈرڈائزیشن
- ایک فولڈور کرز اور ریگرز کے لیے اسکل اسمسٹ ڈرائیو کی شیڈولنگ اور اسٹینڈرڈائزیشن جس کے نتیجے میں اوجھائی پر کام کرنے کی خلاف ورزیوں میں 40% کمی واقع ہوئی
- اسٹاک میں PPE کی اسٹینڈرڈائزیشن کرنا جس سے سائٹ سے غیر معیاری PPE کا خاتمہ ہو
- گروپ لاک آؤٹ اور ٹیک آؤٹ سسٹم کا نفاذ
- انجینئرنگ اور ایڈمنسٹریٹو کنٹرول کا نفاذ
- فوسڈ گروپ ٹریننگ اور سخت اسٹینڈرڈائزیشن اور HAZCOM سہولتوں کا آغاز

2022 میں، EPCL نے بین الاقوامی بہترین طریقوں کے ساتھ شیڈولنگ کرنے کے بعد، اہم پر فارمنس انڈیکسز پر نظر ثانی کر کے کامیابی کے ساتھ ان کا نفاذ کیا۔ دنیا بھر کے متعدد ممالک کے ساتھ شیڈولنگ کے مکمل مطالعہ کے بعد، EDC کے اہلکاروں کے لیے ایکسپوژر کی حدود پر بھی نظر ثانی کی گئی۔ پہلی بار، سائٹ پر پیدا ہونے والے تمام قسم کے کچرے کو ٹریک کرنے کے لیے ایک جامع ویسٹ رجسٹر تیار کیا گیا۔ OHIH سیکشن نے مجموعی طور پر سائٹ ہاؤس کیپٹل کو بہتر بنانے کے لیے ایک کراس فنکشنل ہاؤس کیپٹل آؤٹ پروگرام شروع کیا۔ سیکشن نے OHIH اسٹینڈرڈ آپریشنز پر ویسٹ کی شیڈولنگ اور رول آؤٹ مکمل کیا، گلوبلی ہارمونائزڈ سسٹم کے مطابق سٹیٹو ڈیٹا شیٹس پر نظر ثانی کی گئی، ویسٹ مینجمنٹ پروگرام کی بہتری، اور Sub HSE OHIH فورم کو بھی بحال کیا گیا۔

کمپنی نے ماحولیاتی تحفظ کے لیے اپنے عزم کو ثابت کرنے کے لیے عالمی یوم ماحولیات منایا۔ اس کے لیے، سائٹ نے ماحولیاتی اہمیت کو اجاگر کرنے اور کاربن آفسیٹنگ کی کوششوں میں حصہ ڈالنے کے لیے سائٹ پر 280 درخت لگائے۔

## انفارمیشن سسٹم

EPCL ٹیکنالوجی میں سب سے آگے رہنے اور اپنے کاموں میں جدید حل شامل کرنے کے لیے شہرت رکھتا ہے۔ جیسے جیسے دنیا تیزی سے ڈیجیٹلائزیشن کی طرف بڑھ رہی ہے، کمپنی نے اس شعبے میں اپنے قائدانہ کردار کو برقرار رکھنے کا عزم کیا ہے۔ ڈیجیٹل ٹرانسفارمیشن ڈیپارٹمنٹ کارکردگی کو بڑھانے، پروسیس سیکورٹی کو بہتر بنانے، پیداواری صلاحیت کو بڑھانے، افرادی مداخلت کو کم کرنے، اور کاغذ کے استعمال کے بغیر ماحول کی طرف بڑھنے کے لیے ہر ڈیپارٹمنٹ کو ڈیجیٹل اور خود کار بنانے کے لیے کام کر رہا ہے جہاں ہر عمل اور آپریشن، ملازمین کے لیے، کہیں بھی اور کسی بھی ڈیوائس پر قابل رسائی ہو گا۔ EPCL کے وٹن کے مطابق، ڈیجیٹل ٹرانسفارمیشن ٹیم نے کامیابی کے ساتھ تکنیکی اور غیر تکنیکی دونوں شعبوں میں کئی جدید ترین ڈیجیٹل حل کا نفاذ کیا ہے۔ جن میں بشمول:

## EPCL کا CEO ڈیش بورڈ

کمپنی نے درست وقت میں فیصلہ سازی کے عمل پر توجہ مرکوز کرتے ہوئے اپنا پہلا CEO ڈیش بورڈ فراہم کیا۔ یہ ڈیش بورڈ مینجمنٹ کو اہم کاروباری KPI کا جائزہ فراہم کرے گا تاکہ متعدد ڈویژنوں سے ڈیٹا کی نگرانی اور تجزیہ کیا جاسکے۔ SAP رپورٹس اور بزنس لاجک کے ساتھ انتظام ایک چیلنج تھا، لیکن اسے ایک مقررہ مدت کے اندر کامیابی سے نمٹایا گیا۔ ڈیش بورڈ مستقبل کی رپورٹنگ اور تجزیات کی بنیاد ہو گا، جس میں وقت کے ساتھ ساتھ KPI متعارف کرائے جائیں گے۔

## اکن لائن ویٹل ریٹنگ (OVT):

OVT پروجیکٹ دسمبر 2022 میں شروع کیا گیا تھا تاکہ صارفین کے اطمینان بخش تجربے کو بہتر بنایا جاسکے اور ان کی لوگیشن پر ڈیجیٹل ٹریک کیا جاسکے۔ "OpenPort" کو ایک ڈیجیٹل لاجسٹکس پلیٹ فارم کے طور پر لاگو کیا گیا تاکہ ٹریکنگ ڈیٹا کو منظم کیا جاسکے اور صارفین کو ڈیجیٹل ہسٹری دیکھنے اور الیکٹرانک دستخط کے ساتھ پروڈکٹ وصول کرنے کے لیے ویب اور موبائل ایپ فراہم کی جاسکے۔ یہ پروجیکٹ ٹرانسپورٹ کی کارکردگی کی نگرانی کے لیے، ایک KPI ڈیش بورڈ اور لاجسٹک کے لیے تجزیات بھی فراہم کرے گا۔ روٹ اور غیر معمولی اسٹینڈرڈ کی نگرانی 2023 کے پہلی سہ ماہی تک شامل کر دی جائے گی۔

## SAP ہائیڈروجن پراسیس (HPO):

ہائیڈروجن پراسیس پر ڈیجیٹل کی منظم طریقے سے نگرانی کے لیے SAP کو 2022 کی دوسری سہ ماہی میں HPO تک بڑھا دیا گیا تھا۔ CAPEX سرگرمیوں کو منظم کرنے کے لیے تین ماڈلز (پروڈیجٹ سسٹمز، انویسٹمنٹ مینجمنٹ، اور میٹریٹیز مینجمنٹ) شروع کیے گئے تھے۔ یہ پروڈیجٹ، انویسٹمنٹ، فنانس، سپلائی چین، اور ICT کی ٹیموں کے تعاون سے مکمل کیا گیا تھا۔ SAP کے ذریعے پلانٹ اور کمرشل آپریشنز کو منظم کرنے کے لیے، 2023 کی دوسری سہ ماہی تک مزید ماڈلز شامل کیے جائیں گے۔

## ریسک آلیو (Risk Alive):

Risk Alive کا نفاذ EVCM پونٹ میں 2022 کی سب سے اہم کامیابیوں میں سے ایک تھا۔ یہ آرٹیفیشل انٹیلیجنس پر مبنی خطرے کی ترجیحات اور انہیں منیج کرنے کا ٹول ہے۔ اس ٹول نے اہم حفاظتی ریکارڈوں کے استعمال اور پختگی کو بہتر بنانے اور نئے منصوبوں (HTDC اور HPO) کے لیے تجاویز کو ترجیح دینے میں مدد کی۔ Risk Alive کے تجزیات نے بڑے خطروں کو سنبھالنے میں بھی مدد کی۔ +100 حفاظتی اور ماحولیات کے اہم آلات (SECE) کا جائزہ لیا گیا، جس میں 21 سے زائد SECE سیکورٹی کو یقینی بنایا گیا اور 41 ڈیفیٹ پروسیجر پر نظر ثانی کی گئی۔

## انسانی وسائل (HR)

کمپنی، کاروباری برتری کو فروغ دینے کے لیے ہمیشہ پُر عزم ہے اور اپنے ملازمین پر بہت زیادہ توجہ دیتی ہے۔ ملک میں آہستہ آہستہ کوویڈ-19 کی پابندیاں ختم ہونے کے ساتھ، EPCL اپنے معمول کے کاموں میں واپس آنے کے قابل ہو گیا ہے۔

## صلاحیت اور قیادت

کمپنی اپنے ملازمین کی ترقی اور فلاح و بہبود کے لیے کوشاں رہتی ہے۔ یہ کراس گروپ موبو منٹس، ترقیاتی پروگراموں، اور ڈیٹا اور جسمانی تندرستی کے لیے سپورٹ کے ذریعے اپنی قیادت کے معیار کو ترجیح دیتا ہے۔ مزید برآں، EPLC نے اہم پوزیشنز کی نشاندہی کر کے اور سیکسین پلاننگ کو لاگو کر کے اپنی ٹیلنٹ پائپ لائن کو مضبوط کیا ہے۔ EPCL نے حال ہی میں کیریئر پاتھ بنانے اور اہم پوزیشنز کے لیے کامیاب ملازمین کا تعین کرنے کے لیے پانچ سالوں میں اپنا پہلا ٹیلنٹ ریویو سیشن منعقد کیا۔ EPLC اپنے E4 ماڈل کے ذریعے، تجربہ، ایکسپوژر، تعلیم، اور ماحول کے مطابق، ان کامیاب ملازمین کی بہتری اور ترقی کو ٹریک کرے گا۔

## کلچر

پاکستان کے اہم مسائل کو حل کرنا اور ملازمین کی قائدانہ صلاحیتوں کو فروغ دینا، EPCL کے کام کے کلچر کا لازمی جزو ہے۔ 2022 میں، آرگنائزیشنل کلچر کے ارتقاء کے ذریعے، کام کے عمل کی رفتار اور کارکردگی کو بڑھانے پر توجہ دی گئی۔ ہیومن ریسورس ڈیپارٹمنٹ، اس شعبے میں ہونے والی پیش رفت کے بارے میں بورڈ آف ڈائریکٹرز کو باقاعدگی سے اپڈیٹ کرتا ہے۔ ثقافتی اقدامات کو مزید سپورٹ کرنے کے لیے، بورڈ اور سینئر مینجمنٹ ایسے افراد کی تقرری اور اس عمل کو فروغ دیتے ہیں جو ادارے کے اقدار سے خود کو وابستہ سمجھتے ہوں۔ اس سال، توجہ شمولیت (inclusivity) کے کلچر کو فروغ دینے پر مرکوز کی گئی۔ انتظامی کمیٹی کے اراکین اور بورڈ آف ڈائریکٹرز، تمام افراد کے لیے ملازمت اور پیشہ ورانہ ترقی میں یکساں

EPCL، گھگر پھانگ کے دیہات میں "The Citizens Foundation" کے ساتھ شراکت داری میں تین پرائمری اسکول اور "Teach the World Foundation (TTWF)" کے ساتھ ایک مائیکرو اسکول چلا رہا ہے۔ اس کے علاوہ، کمپنی، ایم ٹی خان روڈ پر Magnificience Center کے ساتھ ایک اور اسکول کی تعمیر بھی مکمل کر چکی ہے۔ یہ اسکول ایسی پسماندہ کمیونٹی کی خدمات کے لیے بنائے گئے ہیں جنہیں پہلے کبھی اپنے علاقوں میں معیاری اور مفت تعلیم تک رسائی حاصل نہیں تھی۔ یہ پرائمری اسکول اینگریو کے طویل منصوبے کا حصہ ہیں کیونکہ ان کی بدولت علاقے میں شرح خواندگی کو بڑھا کر وہاں کے رہائشیوں کی سماجی و معاشی حالت کو بہتر اور کامیاب بنایا جاسکتا ہے۔

تعلیم کو فروغ دینے کا عزم، صرف EPCL کی کارپوریت ذمہ داریوں کا حصہ نہیں ہے۔ EPCL تعلیم کو مستحکم معاشی پیش رفت اور سماجی ترقی کے اہم محرکات کے طور پر دیکھتا ہے۔ معیاری تعلیم تک رسائی فراہم کر کے، کمپنی ان کمیونٹی کی خدمت کرنے کے لیے، ان کے مستقبل میں سرمایہ کاری کر رہی ہے۔ افراد کو علم اور ہنر سے آراستہ کر کے با اختیار بنانا ہی ہے تاکہ وہ اپنی کامیابی اور ترقی کی راہیں بنوا کر سکیں۔ تعلیم کو فروغ دینے اور کمیونٹی کو با اختیار بنانے کا EPCL کا عزم اس بات کا ثبوت ہے کہ EPCL کی اپنی قدر اور یقین، تعلیم کو ہی ان کمیونٹی کو ترقی دینے کا سب سے زیادہ طاقت ور ذریعہ مانتا ہے۔

### 2022 کی اہم جھلکیاں درج ذیل ہیں:

- ان اسکولوں میں کل 580 طالب علم زریہ تعلیم ہیں جن میں 28% لڑکیاں ہیں
- حاجی جگتی گوٹھ، ہجر، اور ابراہیم گوٹھ میں واقع ITCF اسکول کیسپس میں کوئی ڈراپ آؤٹ نہیں رہا اور خواتین کا تناسب یکساں رہا
- 2022 کے دوران 3.8 پاکستانی روپے ملین فنڈنگ فی کیسپس فراہم کی گئی

### میلٹہ کیئر

EPCL نے SINA ویلفیئر ٹرسٹ کے ساتھ پارٹنرشپ کر کے، 15.7 پاکستانی روپے ملین کی لاگت سے ایک ہسپتال تعمیر کیا ہے جو گھگر پھانگ کے علاقے میں ہیلتھ کیئر کی سہولیات فراہم کرنے کے لیے قائم کیا گیا ہے۔ کلینک مختلف خدمات فراہم کر رہی ہے جن میں کمیونٹی کو بلا معاوضہ کونسلٹیشن، او پی ڈی، الٹراساؤنڈ، ویکیٹیشن، ٹیسٹنگ، اور مفت ادویات دی جا رہی ہیں۔ اس کے علاوہ، کمپنی کے پاس ایک کمیونٹی انگیجمنٹ ٹیم بھی موجود ہے جو ترقی گاہوں و رہائشوں میں SINA کلینک اور اس میں دستیاب صحت کی دیکھ بھال کے لیے مفت خدمات کے بارے میں آگاہی دیتی ہے اور اپنا باقاعدہ ہیلتھ چیک اپ کروانے پر حوصلہ افزائی کرنے کے ساتھ صحت سے متعلق مختلف خدشات و شکایات کو دور کرنے کے لیے باقاعدگی سے میڈیکل کیپ لگاتی ہے۔ ان میڈیکل سینٹر میں تین ڈاکٹر، ایک فیملی ہیلتھ کنسلٹنٹ، اور چار کمیونٹی ہیلتھ ورکرز موجود ہوتے ہیں۔

### 2022 کی اہم جھلکیاں درج ذیل ہیں:

- 31,000 سے زائد مریضوں کا علاج
- 2,500 سے زائد لیب ٹیسٹ کیے گئے
- مریضوں کی کل تعداد میں 43% بچے شامل
- روزانہ 120 مریضوں کا علاج

EPCL نے گھگر پھانگ کمیونٹی میں صحت کے ایک بڑے مسئلے کا ازالہ کیا: پینے کے لیے صاف اور محفوظ پانی کی کمی۔ پانی کی فراہمی کا سرکاری نظام ناقابل بحور و سہ، ناکافی، اور ای کوئی اور فیصلہ ای کوئی جیسے خطرناک بیکٹیریا سے آلودہ تھا، جو صحت کے لیے ایک بڑا خطرہ تھا۔ اس کے نتیجے میں، کام کے کئی گھنٹے صرف ہوئے اور صحت کی دیکھ بھال کے بھاری اخراجات اٹھائے گئے۔ اس مسئلے سے نمٹنے کے لیے، کمپنی اب اپنے پارٹنر "The Water Foundation" کے ذریعے 5 واٹر فلٹریشن پلانٹس چلا رہی ہے، جو کمیونٹی میں پانی سے پیدا ہونے والی بیماریوں کے پھیلاؤ کو روکنے میں اہم کردار ادا کر رہی ہے۔ پانی کی فلٹریشن کے عمل سے علاقے میں پانی کے وسائل کو موثر طریقے سے استعمال کرنے میں بھی مدد ملتی ہے۔

### 2022 کی اہم جھلکیاں درج ذیل ہیں:

- 2022 میں 7 ملین لیٹر سے زائد پینے کا صاف پانی فلٹر کر کے فراہم کیا گیا
- کمیونٹی کے 153,000 افراد نے واٹر فلٹریشن پلانٹس سے فائدہ اٹھایا
- کمیونٹی کو روزانہ اوسطاً 18,440 لیٹر صاف پانی فراہم کیا جاتا ہے

### کاروباری اخلاقیات اور افسانہ ادب عنوانی

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے کاروباری معاملات میں EPCL کے اخلاقی معیارات اور طرز عمل کو کنٹرول کرنے کے لیے ایک سخت "ضابطہ اخلاق" قائم کیا ہے۔ اس ضابطہ اخلاق کا مقصد قوتاً و تقویاً جوازہ لیا جاتا ہے اور اسے EPCL کی اقدار اور توقعات کی عکاسی کرنے کے لیے اپڈیٹ کیا جاتا ہے، جس میں رشوت، کرپشن، بد عنوانی اور دیگر غیر اخلاقی حرکات کے خلاف بغیر کسی تلافی کے کارروائی کرنے کا عزم بھی شامل ہے۔ ملازمین کو باقاعدگی سے EPCL کی توقعات سے آگاہ کیا جاتا ہے اور انہیں ضابطہ اخلاق پر ضروری تربیت فراہم کی جاتی ہے۔

کاروباری اخلاقیات اور اپنی کرپشن کے لیے کمپنی کا عزم، موثر آڈٹ پلان اور اشورنس طریقہ کار کے ذریعے مزید مضبوط ہوا ہے، جنہیں کسی بھی غیر اخلاقی رویے یا خدشات کی نشاندہی کرنے اور ان سے نمٹنے کے لیے ڈیزائن کیا گیا ہے۔ EPCL رسمی اور غیر رسمی رپورٹنگ چینلز بھی فراہم کرتا ہے، جسے "Speak Up" کے نام سے جانا جاتا ہے تاکہ ضابطہ اخلاق کے ساتھ کسی بھی قسم کی بد انتظامی یا عدم تعمیل کی اطلاع دی جاسکے۔ رپورٹ ہونے والے تمام واقعات کا اینگریو کارپوریشن کی تحقیقاتی ٹیم از خود جائزہ لیتی ہے اور ضرورت کے تحت مناسب کارروائی بھی کی جاتی ہے۔

اچھی کارپوریت گورننس، EPCL کے لیے انتہائی اہمیت کی حامل ہے اور بورڈ بھی اسٹیک ہولڈرز بشمول ملازمین، دکانداروں اور صارفین کے ساتھ اپنے تمام معاملات میں شفافیت اور اخلاقی طریقوں پر زور دیتا ہے۔ یہ ذمہ دار پیشہ ور افراد اور اچھے کارپوریت شہریوں کی بہتری کو فروغ دیتا ہے اور EPCL کا اپنے اسٹیک ہولڈرز کے ساتھ تعلق کو مضبوط کرتا ہے۔

### صحت، تحفظ اور ماحول

کمپنی نے اپنے EVCM-1، PVC-2 اور PVC-2 پر رسک بیڈ پروج (RBA) کو کامیابی کے ساتھ لاگو کیا ہے تاکہ بڑے حادثاتی خطرات کا جائزہ لیا جاسکے اور سیفٹی مینجمنٹ کے پورے عمل کو بہتر کیا جاسکے۔ اس میں پروسیس سیفٹی انیسپیکشن، مینٹیننس اور آپریشنل طریقہ کار سمیت مجموعی طور پر سیفٹی کرٹیکل ڈیفینٹ مینجمنٹ شامل ہیں۔ RBA ڈیزائن بورڈ کو بھی خطرے کے حوالے سے فیصلہ سازی کرنے کے لیے، ٹاپ کمریوں اور عدم تحفظ دیکھنے کے لیے بنایا گیا تھا۔

EPCL نے CCPS، DuPont RBA اور CCPS کی مکمل ری ایسیٹیوٹی پر ورکشاپس اور ٹریننگ سیشنز کے ذریعے مختلف سطحوں پر پروسیس سیفٹی کی مہارتیں پیدا کرنے کے لیے پیشہ کاروں کو شیشیں کیں۔ ان کوششوں نے سہولت کے ساتھ پروسیس سیفٹی رسک کو کم کرنے اور انہیں حل کرنے کی ترجیحات میں مدد کی۔

2022 میں ایک بڑی کامیابی VCM پونٹ میں Risk Alive کا نفاذ تھا جو کہ آرٹیفیشل انٹیلیجنس پر مبنی خطرے کی ترجیحات اور مینجمنٹ کا طریقہ کار ہے۔ اس طریقے نے اہم حفاظتی رکارڈوں اور نئے منصوبوں کے لیے ترجیحی خطروں کی تجاویز کے استعمال اور پانچگی کو بہتر بنایا۔ اس عمل کے ذریعے ساٹھ کو پچھلے سال کے مقابلے میں کامیابی سے لیکچرز کو 44% تک کم کرنے میں مدد ملی۔

کمپنی نے اپنے ایمر جنسی ریپانس کو بہتر بنانے کے لیے کئی منصوبے بھی مکمل کیے ہیں، جن میں کارڈ اسکینرز اور CCTV کیمروں کی تنصیب، ٹاکس ریپلیز (زہریلے مواد کی نکاسی) کے پلان کی تیاری، ابتدائی طبی امداد کا سرٹیفیکیشن، ان-ہاؤس SCBA فلنگ فیسلیٹی، سیفٹی شاور کی اسٹینڈرڈائزیشن، اور آئیوٹھشل ہیلتھ اور میڈیکل سینٹرز کی جدید کاری شامل ہیں۔

EPCL نے سال کے آخر میں، سٹڈیکیشن کے عمل کے ذریعے 8.75 PKR ملین کی فنانسنگ کامیابی سے حاصل کی ہے۔ فنانسنگ کی شرائط میں 5 سال کی رعایتی مدت کے ساتھ 8 سال کی ادائیگی کی مدت شامل ہے۔ یہ قرض، کمپنی کے موجودہ سکوک و اجابات کو ادا کرنے کے مقصد سے حاصل کیا گیا تھا، جن کو زیادہ اسپریڈ ریٹ پر پینچ مارک کیا گیا تھا اور اس کی وجہ سے مالیاتی اخراجات میں نمایاں بچت ہوئی۔

کمپنی نے کئی چیکوں کے ساتھ 6,000 PKR ملین کی رقم کے لیے مالی معاہدہ بھی کیا ہے۔ قرض کی ادائیگی کی مدت 7 سال ہے، جس میں رعایتی مدت 3 سال ہے۔ اس فنانسنگ کا مقصد سرمائے کے اخراجات کی ضروریات کو پورا کرنا ہے۔

### گریڈ ریٹنگ

2022 میں، پاکستان گریڈ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے A1+ پر شارٹ ٹرم ریٹنگ کو برقرار رکھتے ہوئے کمپنی کی لاگ ٹرم گریڈ ریٹنگ کو AA تک بڑھا دیا ہے۔ گریڈ ریٹنگ ایجنسی نے کمپنی کی ریٹنگ کو جانچا اور اسے "مستحکم" قرار دیتے ہوئے موجودہ گریڈ قابلیت کو نمایاں کیا۔ ایجنسی کی ریٹنگ کمپنی کی کاروباری اور مالیاتی پروفائل کو بڑھانے کی صلاحیت اور مستحکم آپریشنز برقرار رکھنے پر مبنی تھی۔

### کمپنیل اسٹریکچر

کمپنی کے اثاثوں کو 2022 میں 48:52 کے تناسب سے قرض اور ایکویٹی کے ذریعے فنانس کیا گیا، جبکہ 2021 میں یہ تناسب 42:58 تھا۔ سال کے دوران، EPCL کے کمپنیل اسٹریکچر میں ایکویٹی کی جانب تبدیلی دیکھنے میں آئی کیونکہ قرض کی ادائیگیاں حاصل کیے گئے نئے قرضوں کی رقم سے زیادہ ہو گئی تھیں، جس کی وجہ سے EPCL کے لیوریج میں کمی واقع ہوئی۔

### رہسک مینجمنٹ فریم ورک اور طریقہ کار

کمپنی نے 2011 میں، اس یقین کے ساتھ اپنا لین اینڈ پرائز رسک مینجمنٹ (ERM) فریم ورک قائم کیا کہ رسک مینجمنٹ غیر یقینی صورتحال اور خطرات کو سنبھال کر شیئرز ہولڈرز ویلیو بنانے، اضافہ کرنے اور تحفظ دینے کے لیے ضروری ہے۔ خاص طور پر وہ صورتحال جو کارپوریٹ مقاصد اور نارگیٹس کے حصول کو متاثر کر سکتی ہیں۔

کمپنی کاروباری ماحول کی پیچیدگیوں کو سمجھتی ہے اور یہ مانتی ہے کہ کسی بھی ادارے کی حکمت عملی اور اس کے رسک لیول کا باقاعدگی سے جائزہ لینا ضروری ہے۔ اس کے لیے پورے ادارے میں ذمہ داریاں واضح طور پر بیان ہونی چاہئیں۔ EPCL تمام سطحوں پر احتساب پر زور دیتا ہے اور رسک والے ماحول میں ہونے والی تبدیلیوں اور شناخت شدہ رسک کو مینجمنٹ کرنے کے لیے کیے گئے اقدامات کی کامیابی کی مسلسل نگرانی، کیونیکیشن اور رپورٹنگ ضروری سمجھتا ہے۔

پورے ادارے میں رسک کی نشاندہی کرنے کے عمل میں، ان رسک کے اثرات اور امکانات کی بنیاد پر ان کی درجہ بندی کرنا بھی شامل ہوتا ہے۔ رسک کی نشاندہی ہونے کے بعد، ان کے اثرات کو کم کرنے کے لیے حکمت عملیاں تیار کی جاتی ہیں، جن کی نگرانی انتظامی کمیٹی باقاعدگی سے کرتی ہے۔ رسک مینجمنٹ کے عمل کی قیادت، چیف فنانشل آفیسر (CFO) کرتے ہیں اور سالانہ بنیادوں پر بورڈ آف کمیٹی (BAC) کو پیش کیا جاتا ہے۔

### کاروباری تسلسل کی منصوبہ بندی

کمپنی نے کاروباری تسلسل کی منصوبہ بندی کے لیے ایک جامع بزنس سٹریٹجی پلان (BCP) بنایا ہے جس میں مختلف پالیسیوں اور طریقہ کار آڈٹ لائن کیے گئے ہیں۔ ان کا مقصد کسی بھی انتشار انگیز واقعے کے ممکنہ اثرات کو کم کرنا ہے۔ یہ منصوبہ 2013 میں متعارف کروایا گیا تھا اور اس کی مسلسل تازگی کو یقینی بنانے کے لیے اسے 2018 سے باقاعدگی سے اپڈیٹ کیا جا رہا ہے۔

بزنس سٹریٹجی پلان (BCP) کو کسی بھی غیر متوقع ہلاکتی صورت میں، بلا تامل ضروری کاروباری عمل کو انجام دینے کے لیے ڈیزائن کیا گیا ہے۔ اس کے بنیادی مقاصد درج ذیل ہیں:

➤ ایک مؤثر نتیجہ اخذ کرنے کے لیے موثر اور بہتر صلاحیت پیدا کرنے کا ایک فریم ورک فراہم کرنا جو اہم اسٹیک ہولڈرز کے مفادات کے ساتھ اپنی سماج اور برانڈ ایجنج کی حفاظت کرے، اور اہمیت پیدا کرنے والی سرگرمیوں کو تحفظ دے۔

➤ کمپنی کی آپریشنل سرگرمیوں کو درپیش خطرات کا اندازہ لگانا اور اگر وہ کاروباری ترجیحات اور ادارے میں باہمی انحصار کو دیکھتے ہوئے عملی شکل اختیار کریں تو ان خطرات کے اثرات کا بغور جائزہ لینا۔

➤ مالی استحکام کو یقینی بنانا تاکہ یہ اطمینان کیا جاسکے کہ کاروبار کسی بھی تباہ کن واقعے پر مؤثر لاگت طریقے سے قابو پانے کے قابل ہے۔

➤ کاروباری کارروائیوں پر پڑنے والے اثرات کو کم کرنے کے لیے مؤثر اور مناسب اقدامات سے کسی بھی قسم کی ممکنہ رکاوٹ کے جواب اور اس کے نتیجے کو منظم کرنا۔

➤ کسی ایسے واقعے کے نتیجے میں جہاں اہم کاروباری کارروائیاں یا سپورٹ سروس میں خلل پڑ جائے تو تمام کاروباری کارروائیوں کو پہلے سے طے شدہ قائم فریم کے اندر، کم سے کم ممکنہ وقت میں، ایک تسلسل بنائیں بحال کرنا۔

➤ کاروبار کے تسلسل کو سپورٹ کرنے والے منصوبوں کی باقاعدگی سے جانچ اور جائزہ لینا، نیز ضرورت کے مطابق ان پر نظر ثانی کرنا۔

2013 کے بعد سے، بزنس سٹریٹجی پلان (BCP) کامیابی کے ساتھ لاگو کیا جا رہا ہے اور انتظامیہ کی طرف سے ہر سال اسے ٹیسٹ کیا جاتا ہے تاکہ تمام آپریشنز کے محفوظ تسلسل کو بغیر کسی رکاوٹ کے یقینی بنایا جاسکے۔ اس منصوبے نے اپنی کامیابی کو ثابت کیا ہے، کیونکہ اس سے کمپنی کو 2020 میں کوویڈ-19 کے لاک ڈاؤن اور 2021 میں OneSAP مائیگریشن کے دوران بھی آسانی سے کام کرنے کا موقع ملا۔

BCP میں ہماری جوابی حکمت عملی، جس میں بشمول BCP کم از کم آپریٹنگ ضروریات، ٹیم کی تنظیم، نقصان کا اندازہ، اور بنیادی سائٹ کی بحالی کی سرگرمیاں شامل ہیں۔ یہ اہم ڈیٹا کے تحفظ کو یقینی بناتا ہے اور ڈیزاسٹر ریکوری کے اہم عوامل کا خلاصہ کرتا ہے۔ انتظامیہ، اپنے بزنس اور انفراسٹرکچر کو درپیش ممکنہ خطرات کا باقاعدگی سے جائزہ لیتی ہے اور کسی بھی غیر متوقع چیلنج کا مؤثر طریقے سے جواب دینے کے لیے حکمت عملی تیار کرتی ہے۔

### ذمہ داری شہریت اور CSR سرگرمیاں

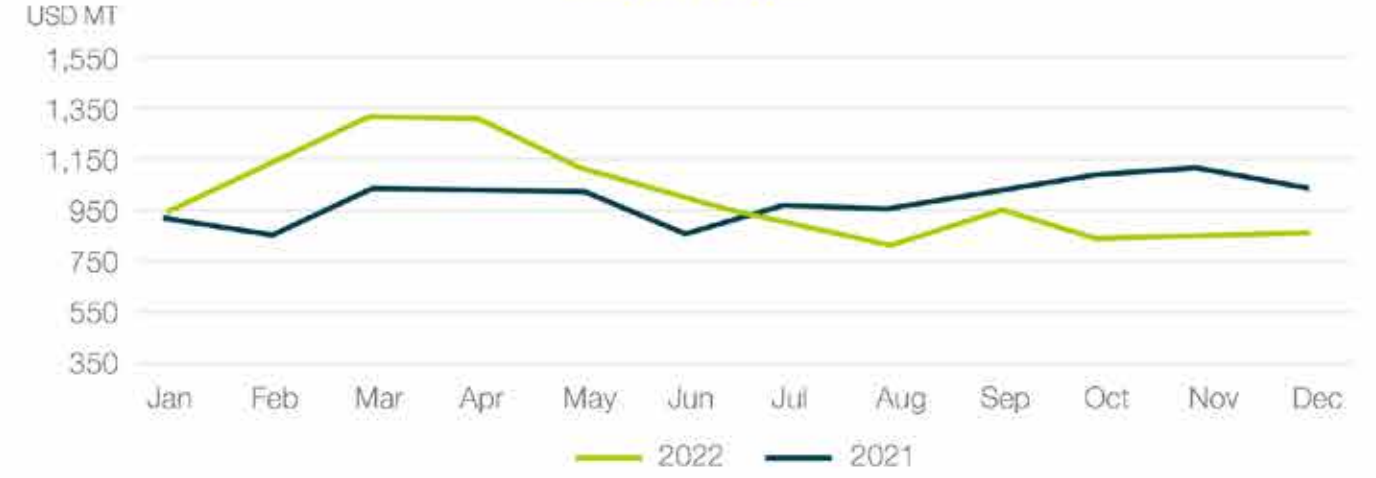
کمپنی کی کارپوریٹ سماجی ذمہ داری (CSR) کا نظریہ، تعلیم، صحت کی دیکھ بھال، ماحولیاتی تحفظ، پانی کی بچت، اور کمیونٹی انگیجمنٹ کو اپنی بنیادی قدروں میں ترجیح دیتا ہے۔ اس کا مقصد، ماحولیاتی تحفظ اور پائیدار ترقی کے شعبوں میں، بطور ایک ذمہ دار کاروباری لیڈر، کمپنی کا وقار قائم رکھنا ہے، اور ان کیوینٹیز کی فعال طور پر مدد کرنا ہے جہاں کمپنی کام کرتی ہے۔

### تعلیم

پسماندہ کمیونٹیز میں تعلیم فراہم کر کے اس کمیونٹی کے افراد کو بااختیار بنانے کے مقصد کے تحت کمپنی اپنی دسترس سے بڑھ کر ایک محفوظ، صحت مند، اور خود مختار معاشرے کو فروغ دینے کے لیے پرعزم ہے۔ کمپنی نے EPCL کے مینوفیکچرنگ پلانٹ پر واقع گلگر چھانک کو ماڈل گاؤں میں تبدیل کرنے کا ہدف مقرر کیا ہے۔

PVC کا بنیادی خام میٹریل اتھیلین (Ethylene) ہے۔ اس کا استعمال پولی اتھیلین سمیت دیگر پولیمرز کی تیاری میں بھی ہوتا ہے۔ گزشتہ سال کے دوران، تیل اور توانائی کی لاگت میں اضافے کی وجہ سے 2022 کی پہلی ششماہی میں اتھیلین کی قیمتیں بہت اوپر رہیں۔ تاہم، سال کے دوسرے نصف تک، طلب کم ہو جانے کے باعث قیمتوں میں کمی واقع ہوئی۔

### Ethylene Prices



### کلور الکی مارکیٹ

Chlor-Alkali بنیادی طور پر ایلیوینا کی تیاری میں استعمال ہوتی ہے۔ کنسنٹریشن اور ایوی ایشن کی صنعتوں میں استعمال ہونے کی وجہ سے اس کی مانگ بہت زیادہ ہے۔ Chlor-Alkali کی طلب اقتصادی سرگرمیوں کا ایک حصہ ہے۔ 2022 کے دوسرے نصف میں، یورپی توانائی کے بحران کی وجہ سے Chlor-Alkali توجہ کا مرکز رہی ہے۔ اس کے نتیجے میں توانائی کی لاگت میں بھی اضافہ ہوا ہے، یورپ میں پیداوار میں کمی واقع ہوئی اور ایشیائی اور مشرق وسطیٰ کے سپلائرز کو ٹاٹا (آر بی ٹی) کا موقع ملا۔

پاکستان میں مقامی سطح پر کاسٹک سوڈا، ٹیکسٹائل انڈسٹریوں کے لیے ایک اہم جز ہے، اور اس کی طلب کار دارو دار صنعتی کارکردگی پر ہے۔ 2022 کی پہلی ششماہی میں، ٹیکسٹائل کی بڑھتی ہوئی برآمدات اور کوویڈ سے بحالی کے باعث مارکیٹ بہت مضبوط تھی۔ تاہم، گیس کی عدم دستیابی کے ساتھ ناموافق اقتصادی اور جغرافیائی سیاسی پیش رفت نے سال کے آخری نصف میں صنعت کو بری طرح متاثر کیا۔ دریں اثنا، توانائی کی قیمتوں میں اضافے کی وجہ سے مقامی کاسٹک سوڈا کی قیمتوں میں بھی اضافہ ہوا۔

کمپنی کے Chlor-Alkali پورٹ فولیو میں سوڈیم ہائیپو کلورائیٹ اور ہائیڈروکلورک ایسڈ بھی شامل ہیں۔ سوڈیم ہائیپو کلورائیٹ بنیادی طور پر ٹیکسٹائل انڈسٹری میں پلچنگ ایجنٹ کے طور پر استعمال ہوتا ہے اور ڈس انفیکشن اور واٹر ٹریٹمنٹ میں بھی اس کا استعمال کیا جاتا ہے۔ دوسری طرف، ہائیڈروکلورک ایسڈ کا استعمال اسٹیل گیٹنگ (ٹریٹمنٹ) (ٹریٹمنٹ) اور ڈس انفیکشن، پاور پلانٹس، اور جینریشن سیکٹ میں ہوتا ہے۔ کمپنی کا خیال ہے کہ ان ٹیکسٹائل کے استعمال کے تسلسل میں مزید ترقی کی صلاحیت موجود ہے، جیسے پانی صاف کرنے کے عمل میں سوڈیم ہائیپو کلورائیٹ کی بڑھتی ہوئی ضرورت اور پاور سیکٹر میں ہائیڈروکلورک ایسڈ کی ضرورت ہے۔

### مشترکہ

مقامی مارکیٹ میں Chlor-Alkali صنعت، بنیادی طور پر توانائی کی قیمتوں سے متاثر ہوتی ہے۔ ڈیٹا سٹیک ڈیٹا آؤٹ لک ٹیٹ ہے، اس کا تعین بڑے اسکیل کے مینوفیکچرنگ سیکٹر میں بحالی اور ٹیکسٹائل کی برآمدات پر حکومت کی بڑھتی ہوئی توجہ جیسے عوامل سے ہوتا ہے۔ تاہم، Chlor-Alkali صنعت کے لیے گیس کی مستقل اور پختہ فراہمی ایک اہم چیلنج بنی ہوئی ہے۔

### آپریٹنگ کارکردگی

EPCL میں، وسائل کی حفاظت اور آپریٹنگ کارکردگی ایسے شعبے ہیں جن پر زیادہ توجہ دی جاتی ہے تاکہ اسٹیک ہولڈرز کے لیے اہمیت برعنائی جاسکے اور استحکام کے ایجنڈے میں مثبت کردار ادا کیا جاسکے۔ سال 2022 کے دوران، کمپنی نے اوکسی ڈینٹ ریسیکل (OVR) پروڈیکٹ کو کامیابی کے ساتھ مکمل کر لیا اور ہائی ٹیپرچر ڈائریکٹ کلور-نیشن (HTDC) پروڈیکٹ کو مکمل کرنے کے لیے اپنی کوششیں جاری رکھیں۔ HTDC پروڈیکٹ کا مقصد توانائی کی افادیت کو متعارف کروانا اور کاربن ڈائی آکسائیڈ کے اخراج کو کم کرنا ہے۔ اس کے علاوہ، کمپنی مختلف اہم ڈیجیٹائزیشن اقدامات میں بھی مصروف ہے جو کام کو تیز کرنے اور پلانٹ کی کارکردگی کو بہتر بنانے میں مدد کرے گی۔

### مالیاتی جائزہ اور شہینج

#### کیلز کا جائزہ

2022 میں، PVC اور کاسٹک سیلز حجم میں اضافے کے باعث EPCL کی آمدنی میں 17% اضافہ ہوا۔ حجم میں اضافہ جزوی طور پر PVC کی کم قیمتوں سے بھی ہوا، جو 2022 میں عالمی سطح پر میکرو اکنامک اور چند منحنی جغرافیائی سیاسی پیش رفت کی وجہ سے کم ہو گیا۔

ڈیویژن (kT)	2021	2022	YoY
PVC	208	231	11%
کاسٹک سوڈا	68	54	-20%
کاسٹک فیکس	7	7	-3%

### منافع

EPCL نے PKR 11,689 ملین کی بوٹم لائن رپورٹ کرتے ہوئے، ریکارڈ ٹوڑ PVC کی فروخت کا حجم، متاثر کن برآمدی کارکردگی، اور لاگت کو بہتر بنانے کے کامیاب اقدامات کی وجہ سے، مثبت مالیاتی کارکردگی کا مظاہرہ کیا۔

### ایک دفعہ وقوع پذیر ہونے والے ایونٹ

2021 کی آمدنیوں پر سپر ٹیکس کی رقم PKR 632 ملین کا ساہدہ اطلاق کیا گیا۔

### منافع مختصر

EPCL کے بورڈ آف ڈائریکٹرز PKR 2.50 فی آرڈینری شیئر اور PKR 0.50 فی پرفورمنس شیئر پر حتمی نقد منافع منقسمہ کی منظوری دے چکے ہیں۔

### قومی ایکس چینج میں حصہ

2022 کے دوران، کمپنی نے PKR 9,115 ملین سے زائد رقم، سرکاری خزانے کو ٹیکس کی مدد میں ادا کی، جس میں ایکسٹرنل ڈیوٹی، کسٹم ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس شامل ہیں۔

### لیکویڈیٹی اور کیش فلو

گزشتہ سال کے دوران، EPCL نے اپنی آپریٹنگ سرگرمیوں سے PKR 21.7 ملین کا تیش فلو پیدا کیا۔ کمپنی کی مضبوط لیکویڈیٹی پوزیشن سے شیئر ہولڈرز کو منافع منقسمہ ادا ہوسکا۔ کسی بھی اضافی شارٹ ٹرم کیش کو ڈیٹ مارکیٹ انٹرنیشنل، میوچوئل فنڈز اور TDR میں سرمایہ کاری کا انتظام سے احتیاط سے کیا گیا۔



سال 2022 میں، پاکستان میں ڈیوٹیکسٹ PVC مارکیٹ نے بین الاقوامی قیمتوں میں کمی، جغرافیائی سیاسی انتشار اور مون سون کے تباہ کن سیلاب کی وجہ سے اتار چڑھاؤ کا سامنا کیا۔ ان مشکلات میں اضافے کے ساتھ بڑھتی ہوئی مہنگائی اور غیر ملکی ذخائر میں کمی نے مشکل اقتصادی صورتحال اور اس کے نتیجے میں پروان چڑھنے والے حالات پر خاص طور پر سال کے آخری نصف میں منفی طور پر اثر کیا۔ تاہم، EPCL مسابقتی قیمتوں پر مصنوعات کی دستیابی کو یقینی بنانے اور مارکیٹ کے اعتماد کو بڑھانے کے لیے مختلف ترجیحات کو لاگو کر کے اپنے مارکیٹ شیئر کو برقرار رکھنے میں کامیاب رہا۔ نتیجتاً، کمپنی کی فروخت میں 11% سالانہ اضافہ ہوا۔

پاکستان میں PVC کی صنعت بھرپور متنوع ہو رہی ہے، ان مصنوعات کی رینج میں PVC سے تیار کردہ فرش، گارڈن فرنیچر، چھت سازی، وال پینلز اور چھتیں شامل ہیں۔ فی کس کھپت میں اضافے، تعمیراتی سرگرمیوں اور نئی اپلیکیشنز کے متعارف ہونے سے خطے میں پیداواری طلب میں اضافے کا آؤٹ لک مثبت ہے۔

ایک اندازے کے مطابق، پاکستان میں PVC کی طلب 2022 سے 2032 کے درمیان 4.5% تک بڑھ جائے گی۔ جیسا کہ PVC مارکیٹ مسلسل ترقی اور چنگلی کی جانب گامزن ہے، یہ مزید تنوع اور ترقی کے مواقع فراہم کرے گی۔ کمپنی ان مواقعوں سے فائدہ اٹھانے اور پاکستان میں PVC کی صنعت کو مسلسل فروغ دینے اور اس کی ترقی میں اپنا کردار ادا کرنے کے لیے پرعزم ہے۔ ہمیں امید ہے کہ آنے والے سال میں ملک کی فی کس PVC کھپت بڑھے گی اور بالآخر بین الاقوامی سطحوں کے ساتھ ہم آہنگ ہو جائے گی۔

### مارکیٹ کی ترقی کے لیے سرگرمیاں

مارکیٹ ڈیولپمنٹ ٹیم نے PVC کے تصور کو تبدیل کرنے اور اسے "میریل آف چائنہ" کی پوزیشن دینے کی طرف ایک فعال قدم اٹھایا ہے۔ 2022 کی پہلی سہ ماہی میں، ٹیم نے عوامی منصوبوں پر بنیادی زور دیتے ہوئے اپنی حکمت عملی پر نظر ثانی کی ہے۔ تمام توجہ، اعلیٰ معیار کی PVC ڈاؤن اسٹریم پروڈکٹس کے بارے میں آگاہی کو فروغ دینے اور پیداواری صلاحیت میں بہتری کے ذریعے کارکردگی بڑھانے پر مرکوز کی گئی ہے۔ ٹیم PVC کی نئی ڈاؤن اسٹریم اپلیکیشنز میں تنوع کو فعال طور پر سپورٹ کر رہی ہے۔

PVC ڈاؤن اسٹریم پروڈکٹس کے بارے میں آگاہی دینے کے لیے، ٹیم نے مختلف تقریبات اور نمائشوں میں پورے جوش و خروش سے حصہ لیا۔ جن میں 2022 میں، ہونے والی انسٹیٹیوٹ آف آرکیٹیکٹس کی نمائش اور پاکستان میں پہلی بار منعقد کیے گئے مینوفیکچررز ایسوسی ایشن کی نمائش قابل ذکر ہے۔ ٹیم نے پروڈکٹ کی ترقی اور بہتری کو مزید آگے بڑھانے کے لیے، آرکیٹیکٹس کے ساتھ برین اسٹارٹنگ سیشنز کا بھی انعقاد کیا۔ مزید برآں، ٹیم نے صارفین کے ساتھ مل کر PVC ڈاؤن اسٹریم مصنوعات کے لیے مواقع تلاش کرنے، اور ان مصنوعات کو برآمد کرنے کی صلاحیت پیدا کرنے کے لیے کام کیا۔

مارکیٹ ڈیولپمنٹ ٹیم کے سرکاری اور نجی پارٹنرز کے ساتھ جاری و ساری تعاون کے نتیجے میں، متعدد PVC ڈاؤن اسٹریم پروڈکٹس مثلاً دوڈ پلاسٹک کمپوزٹ (WPC) اور PVC روٹنگ، مختلف فوجی منصوبوں میں بھی استعمال ہوتے ہیں۔ ان کوششوں کی وجہ سے ایک تعمیراتی منصوبے میں بھی WPC کے دروازوں کا استعمال کیا گیا جو ملک کا سب سے بڑا پرائیوٹ تعمیراتی ادارہ ہے۔ ادائیگی کے ہتایا جات (بیلنس آف پیمنٹ) کے چیلنج سے نمٹنے کے لیے انگریزوں کے وژن کے مطابق، EPCL، عالمی مارکیٹس کی تلاش میں ویلیو ایڈڈ PVC ڈاؤن اسٹریم مصنوعات کو برآمد کرنے کے لیے، TDAP کے ساتھ اشتراک کر رہا ہے۔ اس تعاون کے ذریعے، درآمدی متبادل میں اپنا کردار ادا کرتے ہوئے، EPCL نے ڈرپ ایریگیٹیشن سسٹم کے لیے پامپس بھی فراہم کیے ہیں، جو پہلے درآمد کیے گئے تھے۔

ٹیکنیکل سروسز ٹیم نے لین بکس سگما (LSS) پروجیکٹ کے ساتھ اپنے صارفین کی صلاحیتوں کو بڑھانے اور کارکردگی کو بہتر بنانے میں ایک اہم کردار ادا کیا ہے۔ ٹیم نے PSQCA گرین بلڈنگ کمپنی انسٹیٹیوٹ میں، کامیابی کے ساتھ PVC کی 13 اپلیکیشنز کا اندراج کر کے EPCL کے لیے نئی راہیں استوار کی ہیں، اور اس کی وجہ سے پاکستان میں پہلی بار علاقائی سطح پر تیار ایشیا کو ایک سپورٹ مارکیٹ میں رسائی ملی ہے۔

اپنے کاروبار کی اہمیت بڑھانے کے علاوہ، EPCL نے CSR پروگرامز پر بھی اپنی توجہ مرکوز کی ہے جس میں ڈاؤن اسٹریم PVC مصنوعات کا استعمال کیا گیا۔ مثال کے طور پر، ہم نے سلمان صوفی فاؤنڈیشن اور میونسپل کارپوریشن آف لاہور (MCL) کے تعاون سے لاہور میں عوامی سہولت کے لیے، PVC سے بنے واٹر رومز / سین نصب کیے۔ ایک اور پروجیکٹ میں ایک نجی گروپ کے ساتھ مل کر EPCL نے PVC سے بنے ٹینٹ فراہم کیے گئے جو سیلاب زدہ علاقوں میں متاثرین کو ٹیلنٹ دینے کے لیے استعمال ہوئے۔ اس طرح کے اقدامات نے PVC کی استعداد اور پائیداری کے ساتھ ساتھ اس کی بڑھتی ہوئی اسٹریکچرل افادیت کو بھی نمایاں کیا۔

### برانڈ آؤٹ لیٹ

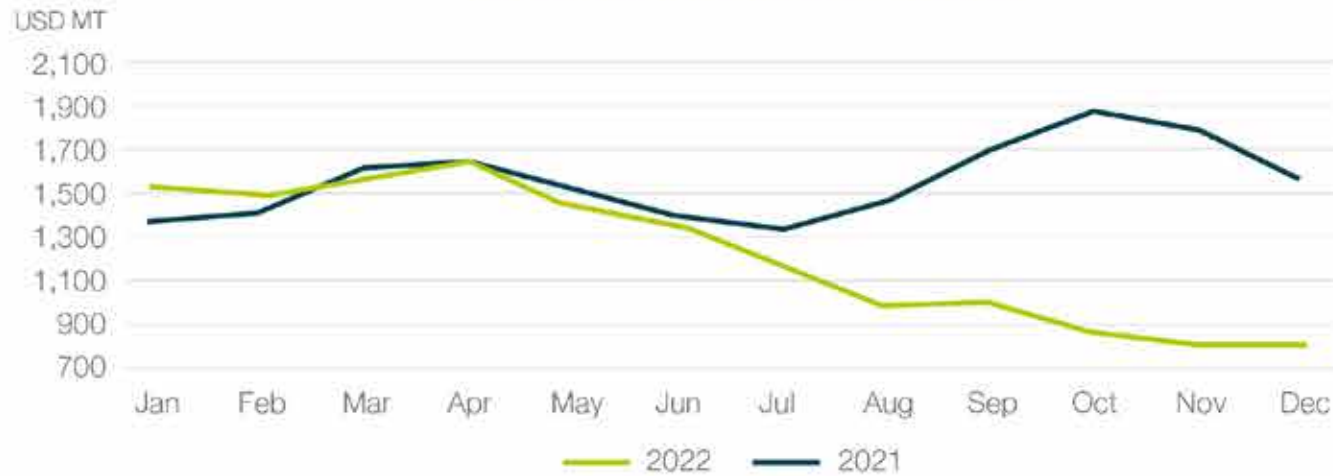
گزشتہ برسوں میں منعقد کی گئیں آگاہی کی مہموں کی کامیابی کی بنیاد پر، کمپنی نے 2022 میں متعدد اقدامات شروع کیے ہیں جو آرکیٹیکٹس، کارپینٹرز، اور صارفین کے لیے مقصود تھے۔ آرکیٹیکٹس اور بلڈرز کے لیے ایک جامع انگیجمنٹ پلان نافذ کیا گیا، جس میں یونیورسٹی کے سیشنز اور ڈسٹریکشن کے ساتھ ساتھ ڈیجیٹل چیلنجز میں بھی انگیجمنٹ شامل ہے۔ کارپینٹرز کے لیے، thinkPVC آؤٹ لیٹ پر ترقی و رکشاپس کا انعقاد کیا گیا، جہاں انہیں PVC سے بنے فوم بورڈز کو استعمال کرنے کا طریقہ سکھایا گیا اور انہیں PVC کے فوائد اور استعمال کا مکمل جائزہ لینے کا موقع ملا۔

ان کوششوں کے نتیجے میں ملک میں مشکل معاشی حالات کے باوجود آمدنی میں نمایاں اضافہ ظاہر کیا۔

### بین الاقوامی دنگل چین کی قیمتیں

عالمی سطح پر تجارت کی جانے والی اجناس ہونے کے باوجود، PVC کی قیمتیں تمام خطوں میں مختلف ہوتی ہیں۔ پاکستان میں، متعلقہ قیمتوں کا شیڈ مارک CFR جنوبی ایشیا ہے، جو ہندوستان، پاکستان، بنگلہ دیش اور سری لنکا میں قابل اطلاق ہے۔ 2022 کی پہلی سہ ماہی کے دوران، PVC کی قیمتیں بڑھی ہوئی تھیں جس کی وجہ طلب میں اضافہ، توانائی کے زیادہ اخراجات، اور شیپنگ کی قیمتیں تھیں جو پچھلے سال سے زیادہ تھیں۔ تاہم، بڑھتی ہوئی عالمی جغرافیائی سیاسی کشیدگی، روس-یوکرین کی جنگ، اور اقتصادی دباؤ کے ساتھ، چین میں معاشی سست روی اور بھارت میں مون سون کے متوقع موسم کے ساتھ، سال کے باقی حصے میں PVC کی قیمتوں میں زبردست کمی دیکھنے میں آئی۔ دسمبر میں مارکیٹ میں معمولی تیزی آئی جب چین نے کوویڈ-19 کے حوالے سے لاک ڈاؤن ہٹایا اور اس کے نتیجے میں ہندوستان کو PVC کی طلب میں زبردست بحالی کا فائدہ ہوا، جبکہ امریکہ میں موسم سرما کے طوفانوں نے پیداواری صلاحیت کو بہت متاثر کیا۔

### PVC International Prices (South Asia)

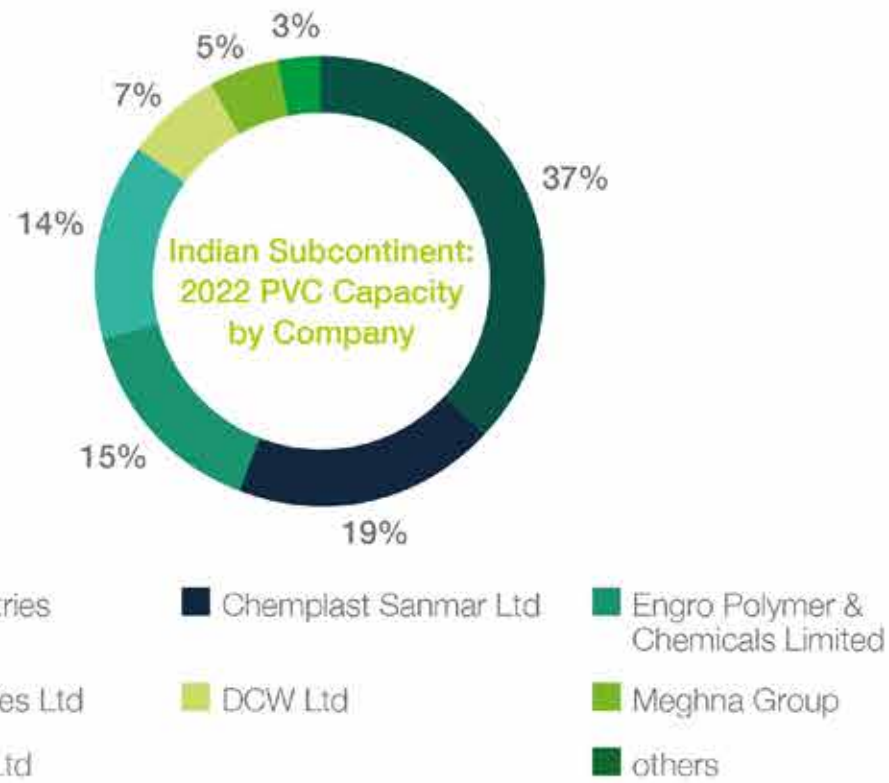


برصغیر پاک و ہند ایک تیزی سے بڑھتی ہوئی PVC مارکیٹ ہے جس میں ترقی یافتہ ممالک کے مقابلے میں ترقی کرنے کی بہت زیادہ صلاحیت موجود ہے۔ PVC کی فی کس کھپت، 2.1 کلوگرام فی فرد ہے، جو کہ 6.1 کلوگرام کے عالمی اوسط سے کم ہے، اس لیے یہاں ترقی کا ایک اہم موقع نظر آتا ہے۔

بھارتی خطے میں PVC کی طلب زیادہ ہے، جس میں فی کس کھپت کی شرح 2.3 کلوگرام ہے اور نکل طلب 85% ہے۔ کوویڈ-19 کے وبائی مرض سے شمالی کے باوجود، ملک میں بے روزگاری کی شرح اور آمدنی کی صورت حال ابھی تک کوڈ-19 کی وبا سے پہلے کی سطح پر واپس نہیں آئی ہے۔ عالمی خوراک کی فراہمی میں سپلائی چین کی مداخلتوں اور جغرافیائی سیاسی پھٹل نے بھی 2022 میں ہندوستان کی جی ڈی پی کی شرح نمو کو متاثر کیا۔

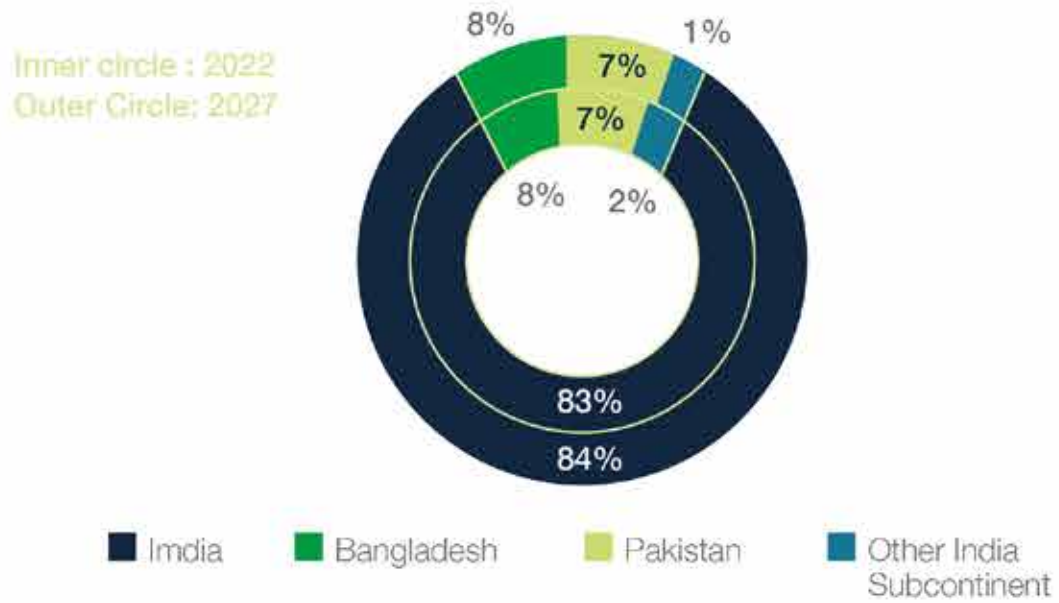
ہندوستان اس وقت خطے میں PVC کی پیداوار پر غالب ہے، اور نکل پیداواری صلاحیت کا 81% حصہ اس کے پاس ہے۔ اس وقت ملک میں پانچ بڑے پروڈیوسرز کام کر رہے ہیں، جبکہ بنگلہ دیش میں میگھنا گروپ اور پاکستان میں اینٹروپولیمر اینڈ کیمیکلز خطے میں واحد دوسرے پروڈیوسرز ہیں۔

اگلے دس سالوں کے دوران، PVC کی بڑھتی ہوئی طلب کی بدولت نئی پیداواری صلاحیت میں اضافہ متوقع ہے۔ 2032 تک، PVC کی سالانہ پیداواری صلاحیت میں 2.5 ملین ٹن اضافے کا اندازہ کیا جا رہا ہے، جس میں ڈومیسٹ ڈیمانڈ 6.4 ملین ٹن تک پہنچ سکتی ہے۔ طلب میں اس اضافے، فی کس آمدنی میں اضافہ، بڑھتی ہوئی اربنائزیشن اور ڈومیسٹک مینوفیکچرنگ کو فروغ دینے کے لیے حکومتی اقدامات کی وجہ سے 2022 سے 2032 کے درمیان، 5.4% CAGR کی توقع کی جا رہی ہے۔ خطے کی معیشت میں بھی 2022 سے 2023 کے درمیان 5.8% کی توسیع کا امکان ہے۔

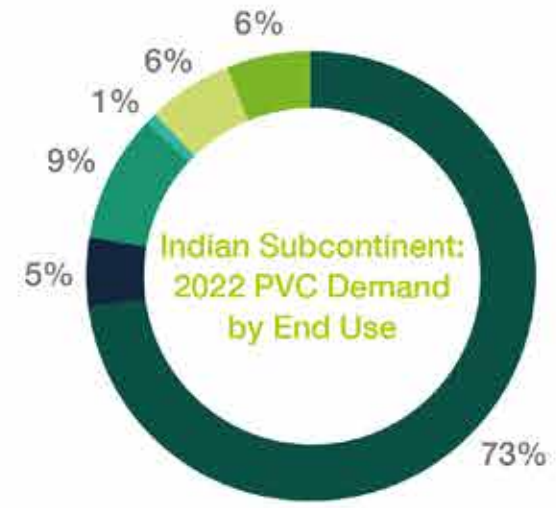


Capacity = 2.0 Million Metric Tons

Indian Subcontinent: PVC Demand by Geography



2022 Domestic Demand = 3.8 Million Metric Tons  
2027 Domestic Demand = 5.0 Million Metric Tons



2022 Domestic Demand = 3.8 Million Metric Tons

شمالی امریکہ کی PVC مارکیٹ 6.5 ملین میٹرک ٹن کی طلب کے ساتھ اس دہائی کی بلند ترین سطح پر پہنچ چکی ہے۔ کوویڈ-19 کے بعد طلب کی غیر متوقع بحالی کا دار و مدار مختلف مجموعی عوامل مثلاً صارفین کے رویے میں تبدیلی، حکومتی محرکات، اور ترقی پزیر ہاؤسنگ مارکیٹ پر ہے۔ PVC اپنی پائیداری، رنگ اور مانگیر دہل کے خلاف لانے کی صلاحیت کے ساتھ، تعمیراتی صنعت میں ایک ترجیحی میٹریل ہے۔ فرش، سائڈنگ، بالنگانے، اور سجاوٹ کے لیے اس کی بڑھتی ہوئی مقبولیت کے ساتھ، اس کی مانگ میں مزید اضافہ ہوا ہے۔

شمالی امریکہ میں PVC کی کل طلب کا 83% حصہ امریکہ کے پاس ہے اور یہ دنیا کی سب سے بڑی کنسٹرکشن مارکیٹ ہے، جو علاقائی اخراجات کی 80% نمائندگی کرتی ہے۔ شمالی امریکہ میں شیل گیس کے اضافے کی وجہ سے کم لاگت والے فیڈ اسٹاک کا فائدہ PVC پر ڈیوسرز کو ہوا ہے جو آٹھٹھیلین استعمال کرتے ہیں۔ کم شرح سود، حکومتی اخراجات میں اضافہ، عالمی وبا سے پیدا ہونے والے لاجسٹک چیلنج، اور صارفین کی ترجیحات میں تبدیلی نے مقامی پیداواری طلب میں اہم کردار ادا کیا ہے۔

شمالی امریکہ کا خطہ دنیا کی PVC استعداد کا 16.2% ہے، اور اس کی کل پیداواری سکت 9.8 ملین میٹرک ٹن سالانہ ہے، جس میں امریکہ کی پیداواری سکت کا 89% حصہ ہے۔ ویسٹ لیک کارپوریشن اور اورینٹا جیسی کمپنیوں کی طرف سے پیداواری صلاحیت میں توسیع کا اعلان کیا گیا ہے، جس سے پیداوار میں پالترتیب 272,000 ٹن اور 1 ملین ٹن اضافہ ہوگا۔ فارموسا پلاسٹک کی طرف سے 136,000 میٹرک ٹن سالانہ PVC پروڈکشن کی صلاحیت میں توسیع کا پروڈیکٹ، 2023 میں آن لائن آنے کی امید ہے۔

ایک بڑی مارکیٹ کے طور پر، شمالی امریکہ سے توقع کی جاتی ہے کہ اگلے دس سالوں میں ڈیوسٹک ڈیمانڈ میں سالانہ 1.7% کی شرح سے مسلسل اضافہ ہوگا۔ کل علاقائی طلب، بشمول برآمدات میں، ہر سال 2.1% کی تیز رفتار ترقی کی توقع ہے، کیونکہ PVC کی برآمدات میں اضافہ متوقع ہے۔

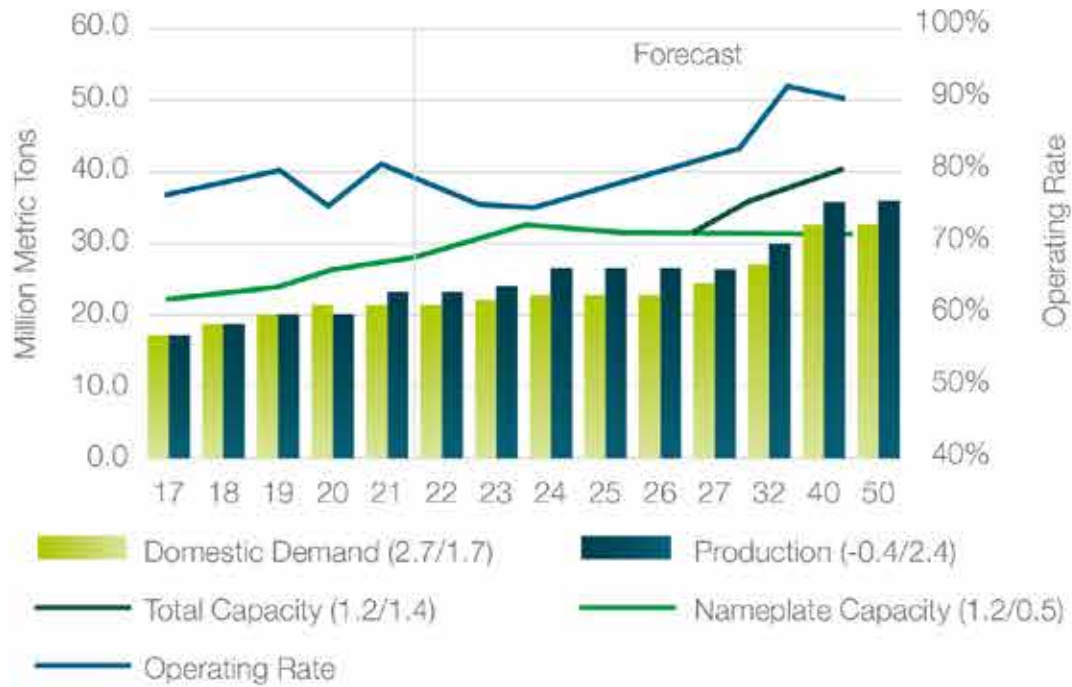
چین کی معاشی صورت حال میں 2022 کے دوران وسیع پیمانے پر سست روی دیکھنے میں آئی، جس کے ساتھ صنعتی پیداوار کی شرح میں کمی واقع ہوئی۔ حکومتی نارہمیش کے تحت، کاربن کے اخراج کو کم کرنے کے لیے، سپلائی چین میں رکاوٹیں اور پیداواری پابندیاں لگائی گئیں اور انہیں وجوہات کی بنا پر صنعتی ترقی میں رکاوٹیں مائل ہوئیں۔ مزید برآں، گھر کی خریداری پر لگائے کنٹرولز اور سخت مورگنچ پالیسیوں کی وجہ سے ہاؤسنگ مارکیٹوں میں بھی کمی دیکھنے میں آئی۔ ایسی صورت حال میں، کوویڈ-19 کی سخت پالیسیاں معیشت کے لیے ایک اہم چیلنج بن گئی ہیں۔ پر اپنی مارکیٹ کو مستحکم کرنے کے لیے، غیر یقینی نتائج ہونے کے باوجود، مقامی حکومتیں، مرکزی حکومتوں کے ساتھ تعاون کر رہی ہیں۔

چین، دنیا کی سب سے بڑی PVC مارکیٹ ہے، اور 2022 کی عالمی ڈیمانڈ میں اس کا 44% حصہ ہے۔ یہ توقع کی جارہی ہے کہ ڈیوسٹک PVC کی ڈیمانڈ 2022 میں 21.4 ملین ٹن سے بڑھ کر 2032 تک 28 ملین ٹن ہو جائے گی۔ جبکہ 2022 سے 2027 کے درمیان، پیداواری طلب میں 3% تک اور 2027 سے 2032 کے درمیان 2.5% کی توقع ہے۔ چین کی بڑھتی ہوئی مانگ نئی پیداواری صلاحیت کو اپنے اندر جذب کر لے گی اور امید کی جاتی ہے کہ مستقبل قریب میں بھی یہی دنیا کی معروف PVC گروہ مارکیٹ رہے گی۔

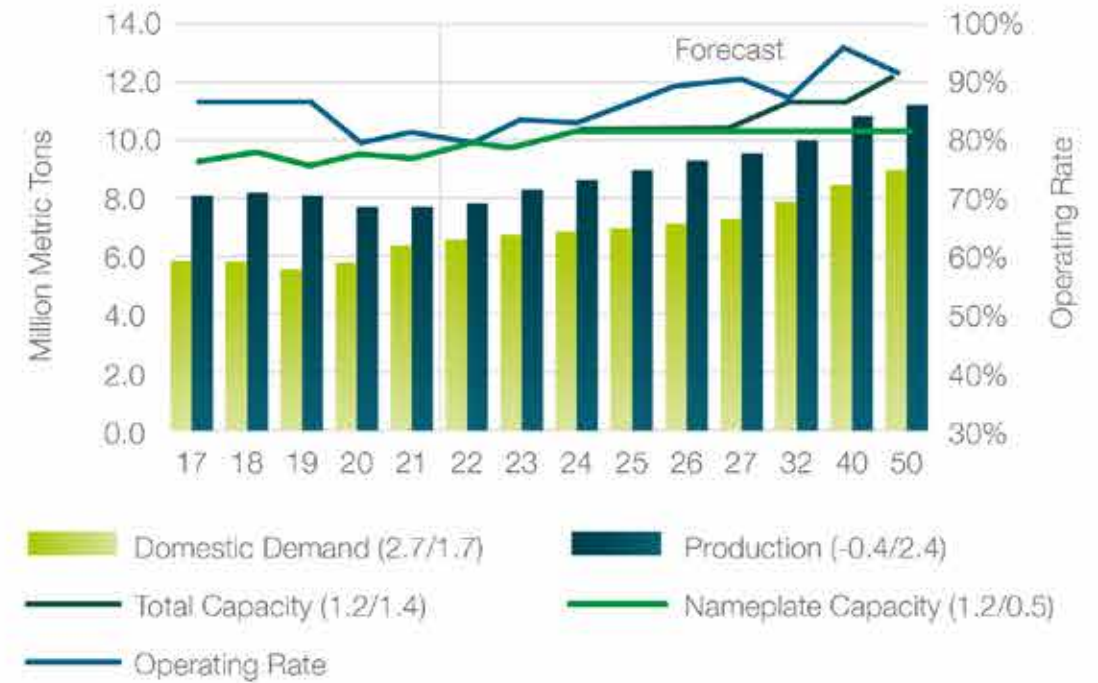
ٹین لینڈ چین میں 2022 میں PVC کی پیداوار 28.5 ملین میٹرک ٹن سالانہ رہی، جو کہ کل عالمی صلاحیت کا 47% ہے۔ یہ حصہ، نئی پیداواری صلاحیت کے اضافے کے ساتھ 2024 تک 49% تک پہنچنے کی امید ہے۔ 2022 میں، چین نے PVC کی پیداواری صلاحیت میں تقریباً 1.1 ملین میٹرک ٹن سالانہ اور VCM میں 1.2 ملین ٹن سالانہ اضافہ کیا ہے۔

2032 تک، چین اپنی PVC کی پیداواری صلاحیت میں سالانہ 6.5 ملین ٹن اضافہ کرنے اور ڈیوسٹک PVC کی طلب میں 28 ملین میٹرک ٹن سالانہ تک بڑھانے کا امکان رکھتا ہے۔ جیسے جیسے معیشت پختہ ہوتی جارہی ہے، نئی کس PVC کی کھپت، پچھلے پانچ سالوں کے دوران 3.1% سے کم ہو کر 2022 سے 2032 کے درمیان، تقریباً 2.6% ہونے کی توقع ہے۔ 2022 سے 2027 کے درمیان، دنیا بھر میں PVC کی نئی پیداواری صلاحیت کا 48% حصہ چین کے پاس ہوگا۔ اس کی بقی ڈیٹی 2022 سے 2027 کے درمیان 5.1% اور 2027 سے 2032 کے درمیان 4.4% کی شرح سے بڑھنے کا امکان ہے۔

China (mainland): PVC Supply & Demand



North America: PVC Supply & Demand



سال 2022 میں صنعتوں کو بے شمار رکاوٹوں کا سامنا رہا جن کا آغاز 2021 میں معاشی بحالی سے ہوا۔ قومی سطح پر پاکستان کو تباہ کن سیلاب، زرمبادلہ کے ذخائر میں نمایاں کمی، اور مسلسل افراط زر کا سامنا کرنا پڑا۔ عالمی سطح پر، روس اور یوکرین کی جنگ جیسے واقعات کے نتیجے میں اجناس (کوڈیٹی) کی قیمتوں میں نمایاں اضافہ، پیٹرولیم مصنوعات کی قلت، اور معاشی عدم استحکام نے ملک کی پچھلے سے موجود سخت ترین معاشی حالات کو مزید بدتر بنا دیا۔

بین الاقوامی مالیاتی فنڈ (IMF) نے سال 2022 کو چیلنج سے بھرپور جبکہ 2023 کو گزشتہ سال سے بھی زیادہ مزید سخت قرار دیا ہے۔ ملک کی گروس ڈومیسٹک پروڈکٹ (GDP) میں بنیادی طور پر نجی اخراجات اور بڑے پیمانے پر مینوفیکچرنگ بڑھنے سے 6% کا اضافہ دیکھنے میں آیا۔ تاہم، سرمایہ کاری کا اس اضافے میں بہت کم کردار رہا۔ معاشی استحکام کے خطرات بڑھنے کے ساتھ ہی، پالیسی کی شرح میں بھی اضافہ ہوا، اسٹیٹ بینک آف پاکستان (SBP) نے زیر جائزہ سال کے دوران مجموعی طور پر 675 بیس پوائنٹس کے ساتھ ڈسکانٹ شرح میں اضافہ کیا۔

قومی افراط زر کی سطح خطرناک حد تک اوپر کی جانب ٹریڈ کر رہی ہے۔ ملک کو جنوری 2022 میں 13% افراط زر کا سامنا تھا جو بڑھ کر اگست 2022 میں 27.3% تک پہنچ گیا، جو سال کی دوسری ششماہی میں بلند افراط زر کی عکاسی کرتی ہے۔ اس بڑھتی ہوئی مہنگائی کی کمی وجوہات تھیں جن میں سب سے زیادہ نمایاں کوویڈ کے دوران لاگو کی گئی مالیاتی توسیع اور مالیاتی پالیسیاں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی (37%) جس کے نتیجے میں درآمدی افراط زر، سپلائی کی کمی، مارکیٹ میں بگاڑ اور اشیاء کی بین الاقوامی قیمتوں میں اضافہ تھا۔ دسمبر 2022 میں مہنگائی کی سطح میں 24.5% تک کمی آنے کے ساتھ، سال کی آخری سہ ماہی میں بھی معمولی بہتری دیکھنے میں آئی۔

سال کی دوسری ششماہی میں درآمدات کو کم کرنے کے لیے کیے گئے سخت اقدامات کے نتیجے میں، کرنٹ اکاؤنٹ خسارہ دسمبر 2022 کے آخر میں \$3.6 بلین رہا، جو پچھلے سال اسی مدت کے دوران \$9.09 بلین تھا۔ تاہم، برآمدات میں کمی اور ترسیلات زر کے ساتھ ساتھ بیرونی قرضوں کی ادائیگیوں نے روپے کی قدر پر نمایاں دباؤ ڈالا، جس کی وجہ سے یہ فروری 2022 میں 175 روپے کی بلند ترین سطح سے کم ہو کر جولائی 2022 میں 240 کی ریکارڈ کم ترین سطح پر آ گیا۔ ریاست نے عوامی قرضوں کی سچورٹی پر وفا کٹ میں توسیع کی، اس کے نتیجے میں قرضے کی سرنگ میں اضافہ دیکھنے میں آیا۔ مالیاتی خسارہ بھی 2022 میں بڑھ کر 1,266 بلین پاکستانی روپے ہو گیا، جو کہ 2021 میں جولائی تا اکتوبر کے دوران 587 بلین پاکستانی روپے تھا۔

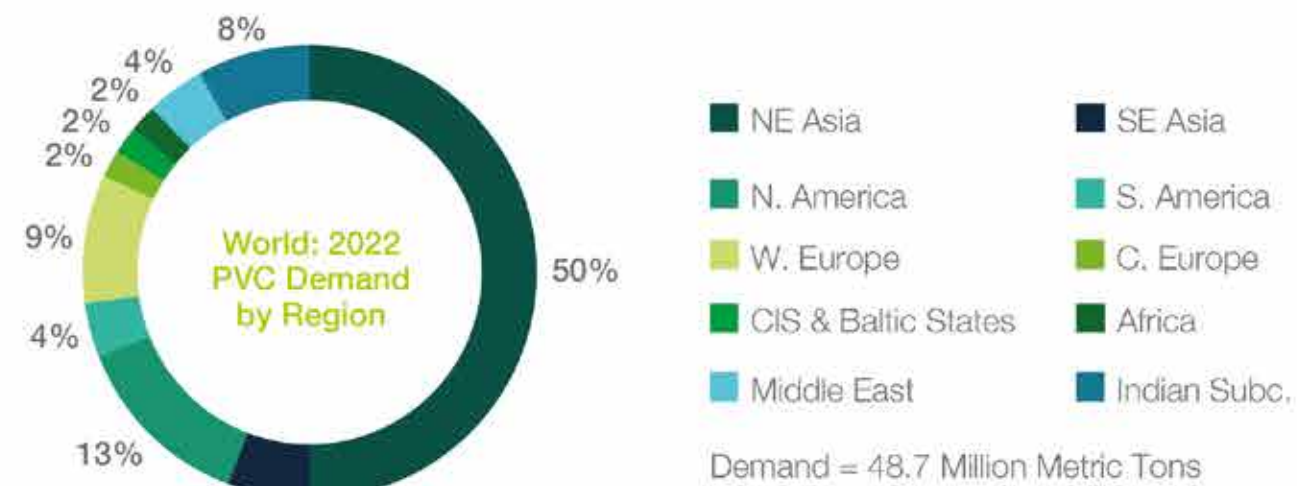
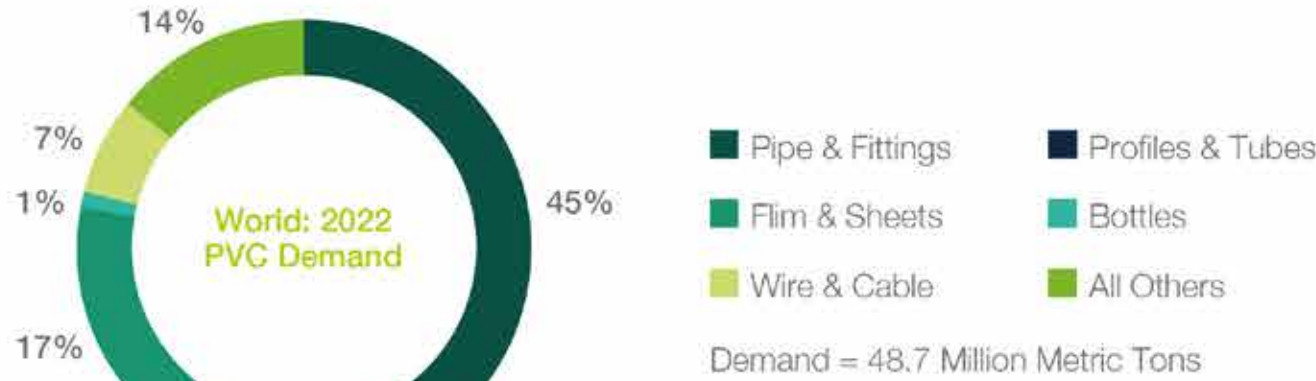
غیر یقینی اقتصادی ماحول کی وجہ سے مرکزی بینک نے ابھی تک آئندہ سال کے لیے شرح سود کو کوئی پیش گوئی نہیں کی ہے۔ محدود غیر ملکی ذخائر کے ساتھ ایپورٹ لیٹر آف کریڈٹ (LCs) کو جاری رکھنا مشکل ہو جا رہا ہے۔ آگے بڑھتے ہوئے یہ امکان کیا جا رہا ہے کہ مختلف اصلاحی اقدامات کیے جائیں گے جو بحالی سے پہلے معاشی صورتحال کو مزید قابو کر سکیں گے۔ گیس کی لوڈ شیڈنگ اور شرح سود میں اضافے سے ملک کی صنعتی پیداوار اور نجی سرمایہ کاری متاثر ہوئی ہیں۔ نئے سال کی شروعات کے ساتھ، ملک کو اس وقت ایک غیر یقینی معاشی صورتحال کا سامنا ہے جو ملکی اور بین الاقوامی سطح پر متوقع اہم واقعات کی وجہ سے رونما ہوگی۔

دنیا بھر کی مارکیٹ کا جائزہ

Vinyl انڈسٹری ایک انتہائی مسابقتی عالمی مارکیٹ ہے، سال 2022 میں PVC کی دنیا بھر میں کل پیداوار کا 19% حصہ عالمی سطح پر تجارت کیا گیا ہے۔ PVC مختلف حصوں میں مارکیٹ شیئر بڑھا رہا ہے کیونکہ یہ لکڑی، سیرامکس، ٹائیلین اور دیگر پلاسٹک جیسے روایتی میٹریل کی جگہ لے رہا ہے۔ PVC کی طلب کی عالمی GDP کی شرح نمو یا مخصوص کنٹریکشن اور بلڈنگ انڈسٹری سے قریبی طور پر جڑی ہوئی ہے۔

2021 میں، کوویڈ-19 کے وبائی مرض سے بحالی کے بعد PVC کی طلب میں دوبارہ اضافہ ہوا جو کہ 2022 کے پہلے نصف تک جاری رہا۔ تاہم مذکورہ سال کے دوران عالمی معیشت کو توانائی اور جغرافیائی سیاست میں اہم چیلنجز کا سامنا کرنا پڑا، جس کی وجہ سے معاشی سرگرمی کی رفتار میں کمی اور ٹیکنیکی سطح پر پیدا ہونے والی ہیر و ذگاری کا سامنا کرنا پڑا۔ توانائی کی بلند قیمتوں، شرح سود، اور یورپ میں ہنگامہ خیز جغرافیائی سیاسی ماحول کے ساتھ، صارفین کی جانب سے طلب میں کافی کمی پیدا ہوئی۔ مزید برآں چین کو بھی گرتی ہوئی ریٹیل اسٹیٹ مارکیٹ اور ہیر و ذگاری کی بلند شرح کی وجہ سے معاشی مشکلات کا سامنا کرنا پڑا جس نے صارفین کے اعتماد کو مزید متاثر کیا۔

عالمی معیشت کے چیلنجز سے دنیا بھر میں PVC کی پیداوار کی طلب 40 سالوں میں (علاوہ ڈیمانڈ کانٹریکشن کے سالوں کے) 0.4% کے سب سے کم ترین پوائنٹ پر پہنچ گئی۔ جنوبی مشرقی ایشیا میں بڑھتی ہوئی آبادی اور انفراسٹرکچر کی ضروریات کی وجہ سے پیداواری طلب میں 5% کا سب سے زیادہ اضافہ ریکارڈ کیا گیا۔ جبکہ اس کے برعکس موجودہ جغرافیائی سیاسی بحران کی وجہ سے دولت مشترکہ کی خود مختار ریاستوں اور بانگ ریاستوں میں تقریباً 12% تک کمی سب سے کم طلب دیکھنے میں آئی۔ ایک ایسا خطہ جو کوویڈ-19 کی وبا کی وجہ سے پہلے ہی متعدد مشکلات کا سامنا کر رہا تھا، سپلائی چین کی مدخلتوں اور بڑھتی ہوئی مہنگائی کے باعث اس میں مزید اضافہ ہو گیا تھا۔





انگریجو لیمیر اینڈ کیمیکلز لمیٹڈ ("EPCL" یا "کمپنی") کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کی اپنی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### نہ نکل اسٹینٹ

سال کے دوران، کمپنی نے 82,060 ملین پاکستانی روپے کی آمدنی اور ٹیکس کے بعد 11,689 ملین پاکستانی روپے کا منافع کمایا جبکہ پچھلے سال کمپنی کی آمدنی 70,022 ملین پاکستانی روپے اور ٹیکس کے بعد 15,061 ملین پاکستانی روپے منافع تھا۔ یہ گزشتہ سال کے 16.28 پاکستانی روپے فی شیئر کے مقابلے میں سال 2022 میں 12.37 پاکستانی روپے فی شیئر آمدنی کو ظاہر کرتا ہے۔ بورڈ آف ڈائریکٹرز نے 2.50 پاکستانی روپے فی آرڈینری شیئر اور 0.50 پاکستانی روپے فی پرفرنس شیئر کے حتمی کیس ڈیویڈنڈ کی منظوری سے دی ہے۔

### بنیادی سرگرمیاں

انگریجو لیمیر اینڈ کیمیکلز لمیٹڈ (EPCL)، انگریجو کارپوریشن لمیٹڈ کا ذیلی ادارہ (سبسیڈری) ہے جو واڈو ہر کولیس کارپوریشن لمیٹڈ کا ذیلی ادارہ ہے۔ کمپنی کا قیام 1997 میں، تنسیخ شدہ کمپنیز آرڈیننس، 1984 کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر کیا گیا اور 1997 میں اس میں کمرشل آپریشن کا آغاز کیا گیا۔ کمپنی کے شیئرز تجارتی مقاصد کے لیے پاکستان اسٹاک ایکچینج میں درج ہیں۔

EPCL کا بنیادی کام Chlor-Vinyl مصنوعات کی پیداوار اور تقسیم ہے، ان مصنوعات میں پولی وینائل کلورائیڈ (PVC)، وینائل کلورائیڈ مونومر (VCM)، کاسٹک سوڈا لیکویڈ، کاسٹک سوڈا فلکس، ہائیڈروکلورک ایسڈ اور سوڈیم ہائیڈروکلورائیڈ شامل ہیں۔ کمپنی کے فلگ شپ برانڈ SABZ کو پورے ملک میں PVC کی پیداوار میں شاندار کوالٹی کی علامت کے طور پر پہچانا جاتا ہے۔ کمپنی اپنی تین اہم ترین مصنوعات، افراد، دنیا، اور منافع کے درمیان توازن رکھنے کے فلسفے پر عمل پیرا ہے۔

### کاروبار کی نوعیت اور بزنس ماڈل

انگریجو لیمیر اینڈ کیمیکلز Chlor-Vinyl کے شعبے میں کام کرتا ہے، اور اس کی مالیاتی کامیابی اس کاروبار کی ماحول کا حصہ ہے جہاں وہ کام انجام دیتی ہے:

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## Plant

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