

March 7, 2024

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

Transmission of the Annual Report 2023 for the year ended December 31, 2023

Dear Sir/Madam,

We have to inform you that the Annual Report of the Company for the year ended December 31, 2023 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.

Yours faithfully,
For and on behalf of
Engro Polymer & Chemicals Limited



KHAWAJA HAIDER ABBAS, ACA
Company Secretary

Copied:

1. The Director (Enforcement), Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad
2. The Registrar, Company Registration Office, State Life Building No. 2, 4th Floor, North Wing, Wallace Road, I.I. Chundrigar Road, Karachi.

پر ذرائع پوشیدہ قوتیں جو اشراف

annual report 2023



engro

enhancing Pakistan

about the theme

A recurring motif in Iqbal's classics is the profound idea that we can push our boundaries to harness our true potential. The adage perfectly encapsulates the essence of self-belief and encourages us all to tap into our inner prowess.

It also ties in well with Engro Polymer & Chemicals Limited's approach to business. As a market leader in the petrochemicals industry and the sole producer of PVC resin in Pakistan, we continuously strive to transform the local construction sector. Our high quality, made-in-Pakistan PVC products have facilitated import substitution worth millions of dollars. The Company is also exploring new horizons through exports and the introduction of value-added products. Our humble efforts to improve the lives in surrounding communities and promote sustainability across the value chain are aimed at creating a better future for Pakistan.

Our people form the bedrock of our strength as a Company. Their dedication, diverse talents, and passion for Pakistan's prosperity fuels our imagination. Taking cue from Iqbal's motivational verses, we strive to cultivate an environment where people feel empowered and thrive to create a lasting impact.

aim & scope

Our Annual Report for 2023 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 uncover how the company continues to create and sustain value over time through short-term, medium, and long-term approaches. Thereby, aligning the current 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 seven sections and will be organized in a composition as follows:

company information

In this section we will look at EPCL's overall business, its values, major achievements, an overview of the company's strategy in place, and details about EPCL's products.

stakeholder engagement

The section looks at EPCL's policies and approach towards building healthy relationships with our stakeholders.

corporate governance

It covers EPCL's governance structure with the profiles of our board, and management committee along with the reviews of the Chairman and CEO. The section also covers various initiatives undertaken by EPCL under the ambit of corporate social responsibility and its alignment with the UN's sustainable development goals.

directors' report & financial review

This particular section assesses EPCL in terms of the domestic market, and analyzes its current positioning along with the assessment of risks and opportunities. We will present a detailed financial analysis of the company's performance, rationalizing major variations from prior periods.

financial statements

This section presents EPCL's standalone & consolidated financial statements.

annexures & urdu translation

It provides secretarial information like AGM notice, proxy form and accounts circulation request form for the facilitation of our shareholders. Furthermore, the section has an Urdu translated version of our Annual Report.

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 Pakistan Stock Exchange.
- ▶ Best practices on 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 Limited acknowledges its responsibility to ensure the integrity of this Annual Report. The Directors' Report and financial statements included in the report have been approved by the Board for circulation in its meeting held on February 20, 2024.

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

integrated reporting

EPCL holds timely and effective communication with shareholders in high regard. We endeavor to provide insightful information relating to our markets, business and operations which could assist our shareholders in their respective decision making. The core focus of our communication is to exhibit the value generated, and measures adopted by EPCL to generate value and potential for future value generation. Furthering this resolve, EPCL is committed to adopt internationally integrated reporting framework to benchmark our corporate reporting with best international practices.

With our firm commitment towards adoption of framework, we will continue to shape our corporate reporting more shareholder centric for better facilitation of their decision making.

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empowering progress & performance

corporate information



company information

Company Secretary

Mr. Khawaja Haider Abbas

board of directors

Mr. Ghias Khan | Mr. Tomoyo Kondo | Mr. Tariq Nisar | Syed Shahzad Nabl
Ms. Ayesha Aziz | Mr. Kamran Nishat | Mr. Nazoor Ali Balg | Mr. Jahangir Piracha

bankers

Al Baraka Bank (Pakistan) Limited (Islamic)
Allied Bank Limited
Allied Bank Limited (Islamic)
Askari Bank Limited
Bank Alfalah Limited
Bank Alfalah Limited (Islamic)
Bank Al-Habib Limited
Bank Al-Habib Limited (Islamic)
Bank Islami Pakistan Limited
Bank Of China
Bank of Khyber
Citibank N.A
Dubai Islamic Bank Pakistan limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
SAMBANK Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited / Bank Makramah Limited
The Bank of Punjab
United Bank Limited
United Bank Limited (Islamic)

shares registrar

M/s. FAMCO Share Registration Services (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

12th Floor, Ocean Tower, G-3, Block 9,
Clifton, Khayaban-e-Iqbal,
Karachi-75600
PABX: +92-21-35188863-64
UAN: 111 411 411

ceo message (video link)

<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, Lalak Jan Chowk,
DHA, Lahore.
UAN: 111 211 211

website

www.engropolymer.com

key figures

Revenue

(Rs. in millions)

81,270

82,060

EBITDA

(Rs. in millions)

21,508

22,820

Earnings per Share

(Rs. in millions)

9.12

12.37

Total Assets

(Rs. in millions)

90,598

85,401

Total Equity

(Rs. in millions)

28,592

27,122

Capital Expenditure

(Rs. in millions)

11,366

9,096

Cash Flow from Operations

(Rs. in millions)

5,156

21,734

Dividend Paid

(Rs. in millions)

7,931

14,390

Market Capitalization

(Rs. in millions)

42,347

38,466

vision

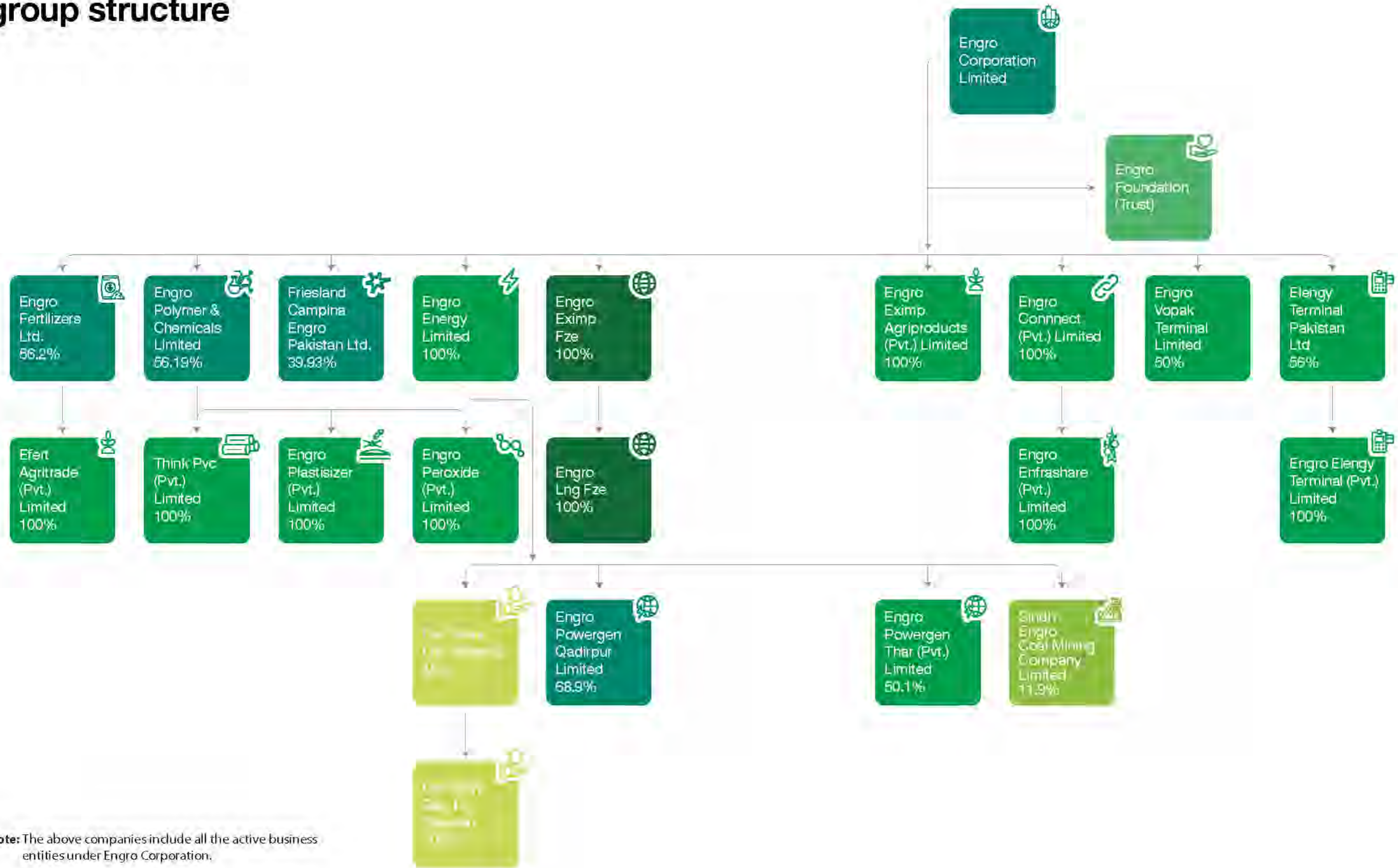
Lead Pakistan in polymers & allied chemicals with an international footprint.

mission

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

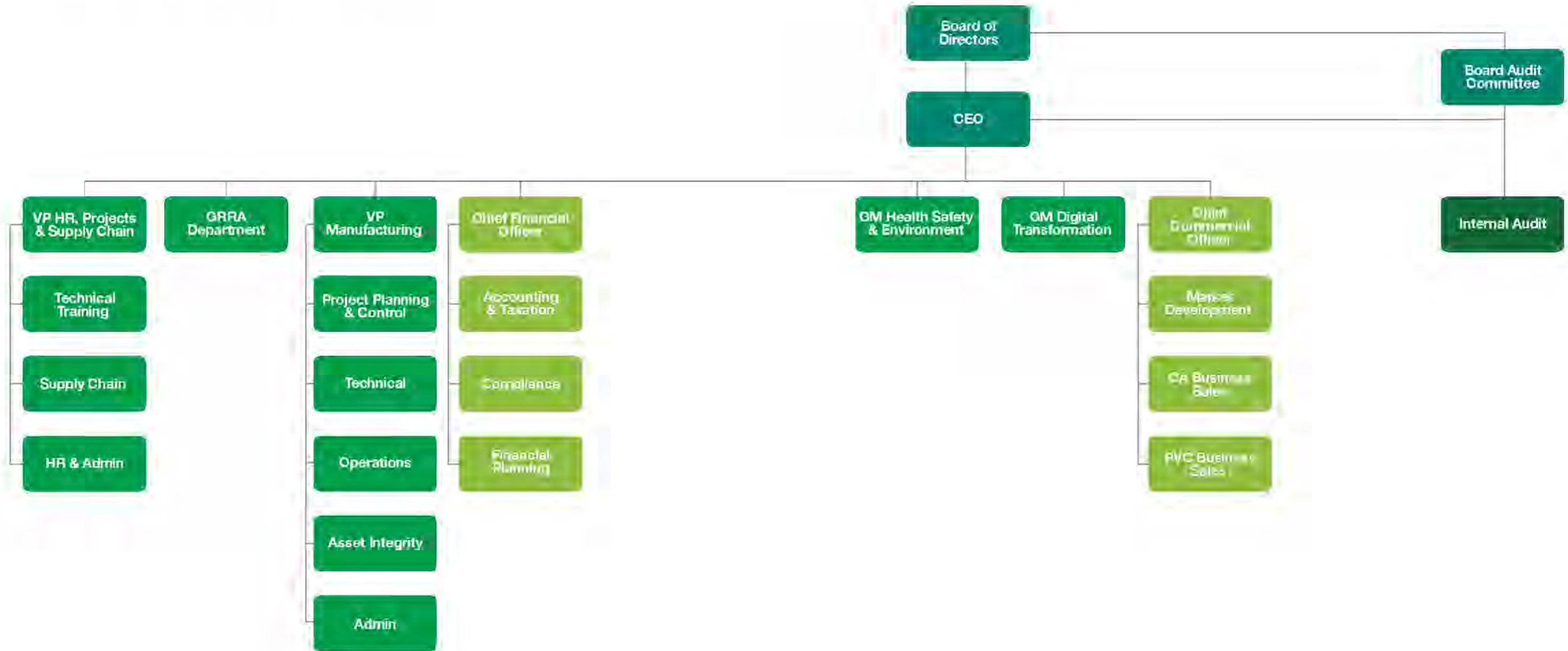


group structure



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

organizational structure



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

health, safety & environment

Cares deeply about the environmental impact and safety of people



ethics & integrity

Has impeccable character and lives by the highest standards of integrity and accountability



community & society

Nurtures passion to serve the country community and Company, with a strong belief in the dignity and value of people



our 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.

our integrated business approach

our business

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

our focus

maximizing shareholder value
improving the livelihood of our community
protecting the environment



social

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



human

- Total Employees: 596 (509 at plant)
- competencies, capabilities, and experience of Human Resource



natural

- Air, water, land, minerals, energy and forests
- Biodiversity and Eco-system



finance

- Equity: 28.6 billion
- Long-term debt: 26.7 billion



manufactured

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



intellectual

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



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, Sina Clinic, Karwan E Hayat (Mental Health Clinic)



human

- Productive, engaged, technically competent & diverse workforce.



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 8.9 billion
- Earnings per Share - Basic 9.12
- Earnings per Share - Diluted 7.39
- Dividend per Ordinary Share 7.5



manufactured

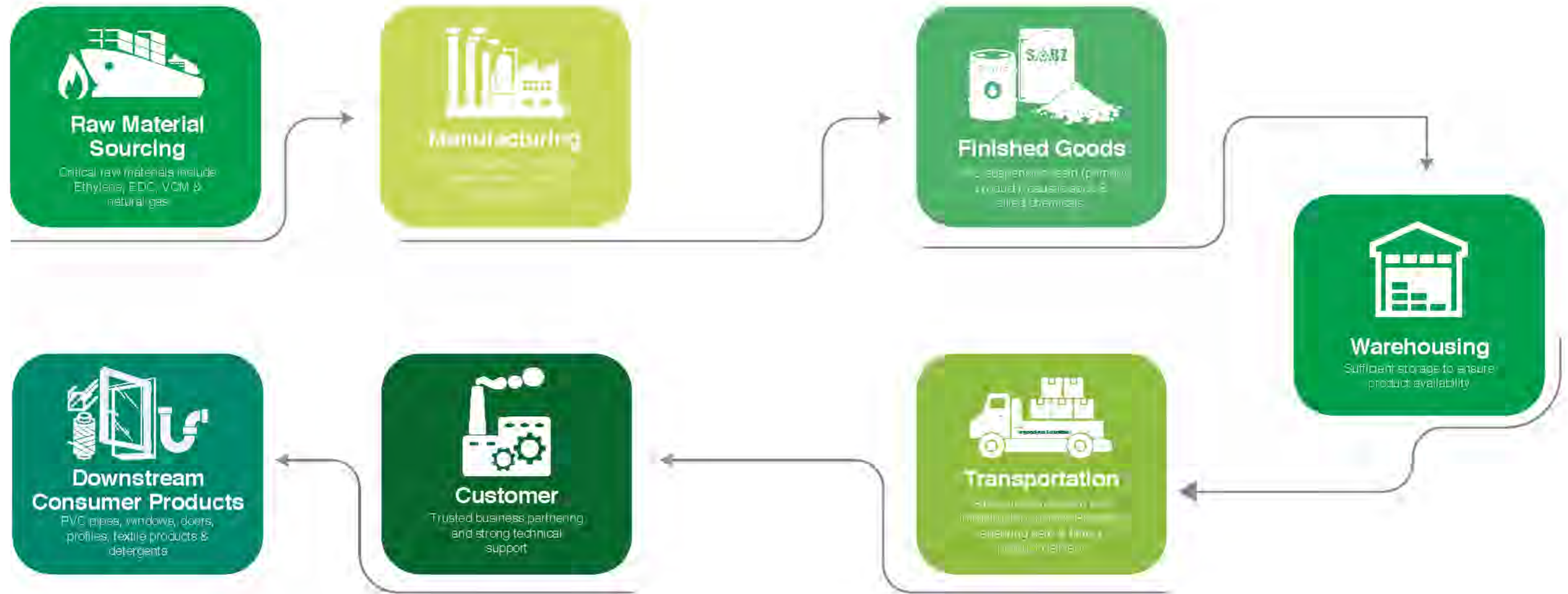
- PVC: 230 KT
- Caustic Soda Production: 96KT
- Improved production efficiencies



intellectual

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

our value chain



strategy

objective and 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 the speed of decision-making.

Nature	Strategic Objectives	Strategic Actions
Short-term	Continuity of safe operations	Focus on process safety improvement initiatives
	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 savings opportunities and realize them in a timely manner

Nature	Strategic Objectives	Strategic Actions
Medium-term	Enter new markets to diversify product base	The company 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	Expand PVC Branded Outlets, 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.
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	Detailed 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 cultivate a diverse and inclusive workplace.

functional objectives & strategies

finance & digitization



objectives

- Execute an approved capital structure.
- Automation and digitization of business processes.
- Focus on overheads and cost efficiencies.
- Identify and monitor enterprise risks. Also, to 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 the adoption of measures to eliminate those risks or to reduce them to an acceptable level.



strategy

- A robust cash flow projections-based financing plan is conducted to meet cash requirements.
- A detailed strategy with 4 pillars (i.e. going paperless, wireless systems upgrade, workplace agility enhancement, and automation of sales operations).
- Reviewing fixed and variable costs for each division and identifying areas of improvement to ensure reduction in fixed cost.
- Continuous cross departmental collaboration and being cognizant of changes in the 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

This includes Human capital, manufactured capital, and financial capital.



human resources



objectives

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



critical performance indicators

- Attrition ratios and diversity ratio.
- Employee Engagement Survey.
- Uninterrupted operations in all departments.
- Strong succession pipeline especially for key critical positions.



strategy

- Attrition rates and diversity ratios are monitored and reported regularly. Job rotations and enrichment is planned to ensure talent retention and a diverse workforce.
- Implement a comprehensive action plan in collaboration with divisions on identified action items taken from previous employee surveys. The aim is to ensure better employee engagement. In addition, regular CEO open house sessions with employees will encourage a conducive workplace environment.
- Development of a succession plan for all key positions within the organization.
- The implementation of a technical competency framework - to build a talent pipeline through craft in charges and skill pool managers.



future relevance

The CPIs shall remain relevant in the future.



resource allocation

This includes human capital, financial capital, and social & relationship capital.

health, safety & environment



objectives

- Ensure a safe working environment.
- Carry out external independent assessments about Health, Safety and Environment (HSE).
- 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

This includes 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 and 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.
- The Progress report will be monitored by the senior management and BoD regularly.



strategy

- Conduct plant turnaround within a specific time frame and with allocated resources. The preventive maintenance and critical equipment is tested for reliability, regularly.
- Monitoring the production facility and processes on a timely basis to identify and eliminate bottlenecks.
- Regular monitoring of production and 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 the satisfactory completion of projects within the prescribed time. Post completion analysis is also conducted and reported.



future relevance

The CPIs shall remain relevant in the future.

resource allocation

This includes Human capital, manufactured capital, and financial capital.



commercial



objectives

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

critical performance indicators

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

strategy

- Evaluation of market segments & their drivers.
- Ensuring optimum sales mix.
- Market development to identify areas for growth and evaluate export potential.
- Customer voice through survey & relationship management.
- Promote value-added PVC downstream products.

future relevance

The CPIs shall remain relevant in the future.

resource allocation

This includes human capital, manufactured capital, and financial capital.



decision making process

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

the committees include:

management committee:

Governing and decision making body that meets as and when needed.



govt relations and regulatory affairs:

Consultative body that handles GRRR and meets once every 2 months.



projects steering committee:

Steering committee on various projects that meets once a month.



corporate HSE committee & sustainability:

Oversees HSE matters at a corporate level that meets quarterly.



workplace harassment committee:

The committee reviews and conducts a complete investigation into complaints of harassment and meets as and when needed.



contracts review committee:

Oversees contracts above Rs. 10 million and meets as and when needed.



HR MC:

Governing and decision making body that oversees matters specific to HR and meets as and when needed.



resource allocation plan

At EPCL, the focus has always been to realize the maximum potential of our resources with the ultimate objective to increase shareholder value, achieve customer satisfaction, and to develop resources. For each of the strategic objectives, the Company has put in place a stringent resource allocation process that scrutinizes various aspects. This includes the criticality, resource availability, and potential synergies before the resource is dedicated towards an objective. Thereafter, the management continues to monitor the changes in the 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 an 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 & 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. The Company 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 also entered into financing agreements with multiple banks for additional facilities to fund capital expenditure requirements. The company's product offtake is majorly skewed toward cash-based sales, and the 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 and decisions

During the year, the Company made significant strides on the earlier announced expansion, diversification, and efficiency projects despite the challenges stemming from an adverse local and global macroeconomic climate. The Company 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 the upstream PVC product line over the years, the Company plans on leveraging its experience and expertise to promote the downstream PVC market in Pakistan. The downstream market is a vertical with huge potential given the low per capita PVC consumption and an even lower penetration of diverse PVC applications. To take our plan forward, the company intends to continue the utilization of 'thinkPVC' outlet, as a platform to introduce and promote various PVC applications for all downstream stakeholders including consumers, builders, interior designers, etc.

Initiatives to promote and enable innovation

For decades, EPCL has spearheaded innovation, embracing cutting-edge technology and infusing creativity into its operations. Now, as the world dives into digitization, EPCL is poised to continue leading the charge.

Digital Transformation plays a pivotal role in realizing EPCL's vision of transforming into an automated and secure organization through the adoption of modern technological solutions. In adherence to cybersecurity compliance standards, our site network architecture seamlessly integrates cloud connectivity. This sophisticated configuration is fortified with next-generation firewalls and data diodes, ensuring comprehensive security for the Operational Technology (OT) infrastructure against potential threats subsequent to cloud integration.

EPCL integrates various cutting-edge technologies into its operations to enhance efficiency and safety. Aspen ProMV utilizes big data analytics to optimize plant performance, while the Digital Twin at the EVCN unit offers real-time plant simulation and 3D Intelligent Modeling optimizes CAPEX through precise data validation. Moreover, Risk Alive's advanced AI enhances site safety by prioritizing risk recommendations. Furthermore, PowerBI dashboards minimize process-side leakages, thermal cameras with Computer Vision AI detect leaks proactively, and drones revolutionize tank inspections. Lastly, EPCL's salesforce-driven solution enhances customer experience.

These initiatives underscore EPCL's commitment to innovation, operational excellence, and safety. With the approval of a 5-year digital transformation strategy reinforcing their dedication to improving customer engagement, empowering employees, optimizing processes, and prioritizing workplace safety.

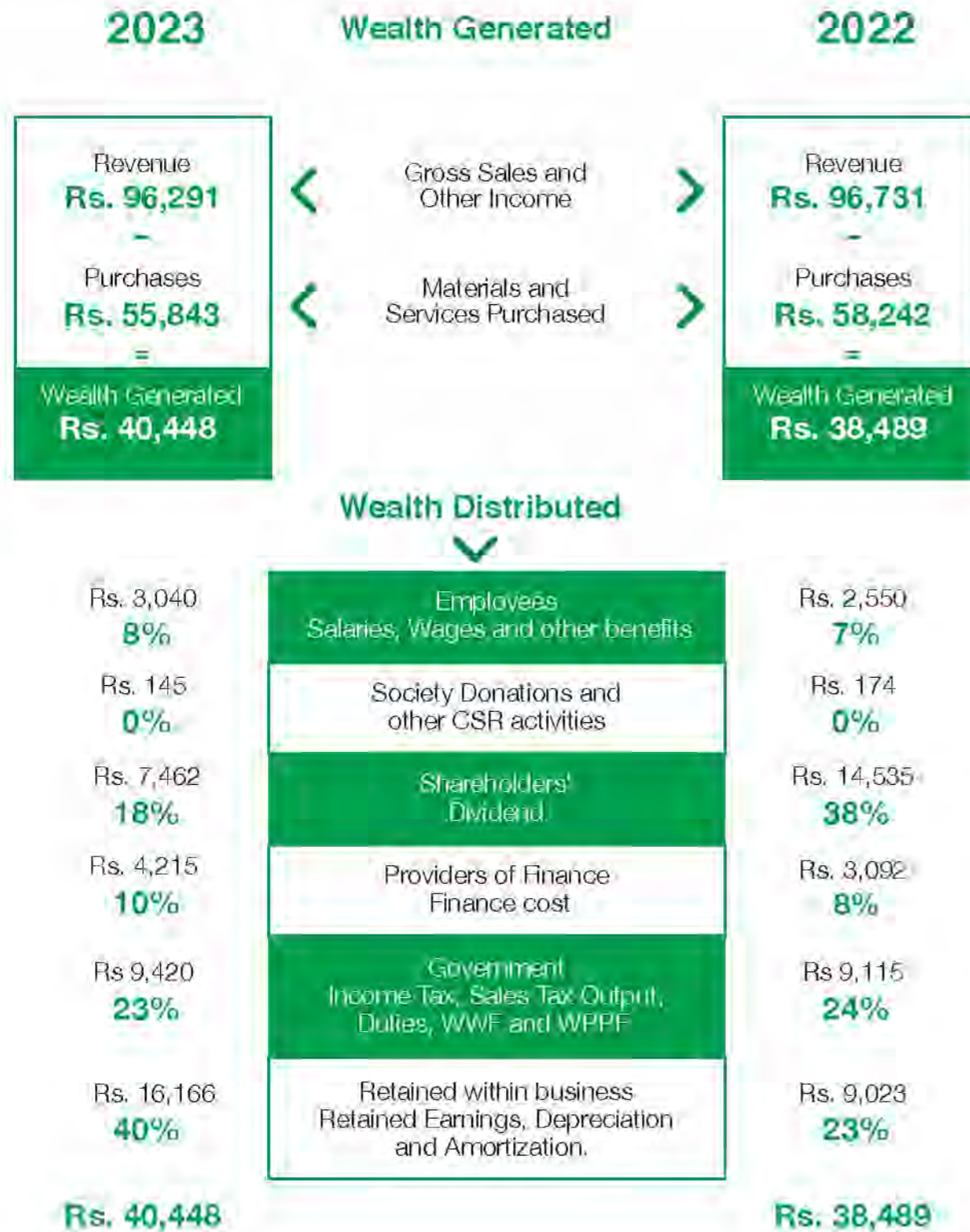
significant changes in objectives and strategies from prior years

The Company remains cognizant of changes in the internal and external environment, which may call for changes in objectives or strategic adjustments.

There were no significant changes in objectives and strategies

statement of value addition & distribution

2023 snapshot figure



**boosted
Pakistan's
forex reserves by**

\$92Mn

in imports substitution through its local PVC & VCM production and generated

USD 26 Mn

in foreign exchange through exports.



polyvinyl chloride (PVC)

raw material exporting countries:

ethylene

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

ethylene dichloride (EDC)

- Middle East, USA, and Europe

vinyl 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 is 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 exporting destinations:

- Algeria
- Bahrain
- Egypt
- Iraq
- Jordan
- Kenya
- Kuwait
- Lebanon
- Libya
- Mauritius
- Morocco
- Nigeria
- Oman
- Qatar
- Saudi Arabia
- Sri Lanka
- Tanzania
- Turkey
- Uzbekistan
- UAE
- Yemen

Top PVC importing countries

- Bahrain
- Egypt
- Kenya
- Oman
- Qatar
- Sri Lanka
- Tanzania
- Turkey
- United Arab Emirates
- Uzbekistan

PVC & intermediary plant capacities

PVC: 295 KTA

EDC: 127 KTA

VCM: 245 KTA

PVC Downstream Initiatives:

thinkPVC:

Value-added downstream products, such as windows, doors, flooring, vanities, wardrobes, cabinets, pipes & fittings, etc. showcased at an outlet in Karachi to promote & establish PVC as the material of choice.

expo participation:

Engaging in strategic participation at exhibitions to drive expansion in both export and domestic markets, fostering invaluable collaboration with customers and relevant stakeholders, reinforcing our reputation, as evidenced by our presence at esteemed events like IAPEX and Saudi Build.



caustic and allied chemicals



caustic soda flakes

In the textile sector, it is used in dyeing, in the mercerization process, in the removal of free fatty acids from edible oil & ghee, soap, and in water purification.



hydrogen

Used in the manufacturing of terephthalic acid.



hydrochloric acid

Used in pickling, oil well acidizing, water treatment, cleaning, food processing, and medicine.



sodium hypochlorite

Used in 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



a bond of brilliance

stakeholder engagement



policy for engaging stakeholders

media

Our engagement with print and visual media takes place through regular press releases on key achievements and activities as well as through informal conversations on Company news and updates throughout the year.



investors, lenders and shareholders

Investors, lenders and shareholders look forward to our Annual General Meeting as well as Corporate Reports (Annual and Sustainability Reports), which include comprehensive information on both financial and non-financial matters related to the organization.



suppliers and customers

Our suppliers and customers are engaged through periodic formal and informal meetings / conferences. We regularly provide them with technical assistance related to their businesses, to benefit both the industry and the economy in which we operate.



host communities (local to our facilities and throughout Pakistan)

We consider ourselves responsible for our host communities and hold regular interactions in order to understand how we can improve our relationships. The Company is extremely active in health, education, livelihood, and environmental projects for the betterment of these communities.



employees

EPCL concentrates on employee engagement as it is key to performance. A survey is carried out every year to assess the levels of engagement and motivation at the workplace and based on feedback, areas of weakness are improved and strengths held stable.



regulators

The Company complies with all regulatory requirements and in this regard maintains close coordination with relevant regulators including the Pakistan Stock Exchange (PSX), Securities and Exchange Commission of Pakistan (SECP), and Federal Board of Revenue (FBR).



analysts

EPCL engages analysts from security markets by conducting analyst briefings at the end of each quarter at least, exceeding the regulatory requirement. EPCL also coordinates with the analysts as and when needed through formal meetings and discussions.



stakeholder engagement

- At EPCL, we prioritize understanding and responding to our customers' needs. To achieve this, we conduct a bi-yearly Net Promoter Score survey in collaboration with CustomerGauge. This ongoing initiative allows us to closely monitor customer satisfaction levels and swiftly implement strategies to further enhance loyalty. Our commitment to excellence has been recognized through notable accolades, including the prestigious single region Response Rate award which we received for two consecutive years. As a result, EPCL was selected as one of the distinguished participants to present at the Monetize Global Conference 2023, organized by CustomerGauge. It highlighted our dedication of delivering exceptional customer experiences.
- At EPCL, we serve a diverse customer base across Pakistan. Leveraging insights from our Net Promoter Score Survey, we actively engage with our customers to ensure their needs are met and any concerns are promptly addressed. This invaluable data empowers our Sales team to strategically plan customer visits, foster meaningful interactions, and reinforce our commitment to customer satisfaction. These visits also offer EPCL's senior management an opportunity to directly engage with customers which nurtures stronger relationships and enhances customer retention.
- EPCL, in partnership with Engro Foundation, launched an extensive series of training initiatives spanning multiple locations across Pakistan. These programs have equipped over 400 craftsmen with diverse skill sets related to PVC product installation. By providing comprehensive theoretical teachings alongside practical demonstrations, these sessions have successfully addressed skill gaps, particularly within the PVC foam board and pipe industries. This collaborative effort not only achieved widespread geographical coverage but also aided significantly in the advanced skill development for carpenters and plumbers, making a tangible impact on Pakistan's workforce.



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, 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	Meeting
Q4 2022	14 th February 2023	Meeting conducted at KSBL / Online
Q1 2023	17 th April 2023	Meeting conducted at KSBL / Online
Q2 2023	11 th August 2023	Meeting conducted at KSBL / Online
Q3 2023	19 th October 2023	Meeting conducted at KSBL / Online

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 the Company's projects under progress, and an outlook of the market dynamics. In addition, a comprehensive Q&A session also takes place to address queries and clarifications from the attendees.



management actions to encourage minority shareholders

The notice of the annual general meeting and extraordinary general meetings are sent to all shareholders of the Company at least twenty-one days before 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. Furthermore, 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 date of which are announced through the stock exchange.



The Company 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



AGM issues & responses

The Company's Annual General Meeting (AGM) was held on April 27, 2023, which was attended by the Chairman of the Board, Chairman of the Board Audit Committee, Chief Executive Officer, and other senior management of the Company to address queries and clarifications sought by the shareholders. 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

The Annual General Meeting and the Analyst briefing are good opportunities to address investors complaints or queries. To ensure communication on an ongoing basis, the 'Investor Relations' section on the Company's website provides contact details that can be used for queries or complaints.



SWOT analysis



strengths

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



weaknesses

- Dependence on a consistent supply of imported raw materials, such as Ethylene.
- Exposure to debt to meet the capex requirements.
- Oversupplied caustic market.



opportunities

- Lower per capita PVC consumption in the country which can lead to demand growth.
- Uplift in PVC demand with the Government's focus on the construction industry.
- thinkPVC outlet providing an exposure and awareness to new market segments and application.
- Diversification into new product lines such as Hydrogen Peroxide and leveraging existing manufacturing & marketing strengths.
- Alternate energy and operational efficiency projects.



threats

- Rationalization in tariff and duty structures.
- Uncertainty over continuous power availability at competitive pricing.
- Dumping of PVC from regions where Anti-Dumping Duty has not been imposed.
- Price war from Caustic players leading to reduced margins.
- High exposure to volatility in international commodity prices which impacts profitability.

significant factors affecting the external environment

One of the aspects of maximizing shareholder value is to remain vigilant towards the ever changing political, social, and environmental factors that affect the organization. Also, it is important to take proactive measures to mitigate risks and to capitalize on opportunities presented by the ever changing factors. Below provides the picture of how efficiently this process is executed at EPCL.

	Factors	Organizational Response
commercial	Everchanging demand and seasonality impact the sales of our PVC. A seasonal slowdown in demand is usually observed in the winter and monsoon season 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.
	Government policies on import duties and tariff structures impact the PVC prices and imports of products manufactured by the Company.	The Company vigilantly monitors the dumping practice of global players and timely notifies NTC to undertake measures to safeguard the domestic industry.
political	Government export promotion strategies positively influence the demand of our Chlor Alkali products which are mostly used by the export-oriented textile sector.	Through our proactive and efficient planning, we ensure the availability of products as per the changing market demand dynamics.
	The political scenario impacts consumer confidence in the domestic market which ultimately moves overall demand.	The Company has invested in various growth, efficiency & diversification projects to enhance local manufacturing and therefore, saves the precious foreign exchange of our country.
	Government spending on infrastructure development and public spending on construction activities impact the demand for PVC products.	The Company remains in touch with government authorities and general public (thinkPVC outlet) for awareness and inclusion of various PVC applications.
economic	Macroeconomic scenarios such as interest rates and exchange rates impact profitability and future cash obligations.	The Company has ensured that several of the loans are fixed rate or benchmarked against LIBOR / SOFR. Also, the Company has mitigated the impact by efficient management of international supplier credit.

	Factors	Organizational Response
economic	Sustainable power solution unavailability impacts the business and in-return is detrimental to the export-oriented sector which heavily contributes to the national exchequer.	The Company is exploring long term energy solutions and at the same time appealing to the government to ensure the availability of gas supply at competitive prices, throughout the year.
social	The rising population level 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 our flagship thinkPVC retail outlet, we intend to showcase the versatility of PVC applications to all consumer classes which will help in developing the PVC market domestically.
technological	The introduction of various technological tools and applications in operations can impact the profitability of the Company.	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.
environmental	Pakistan remains one of the most vulnerable countries to climate change. Extreme & extended monsoon season, rising fog levels during winters and scarcity of water exposes businesses to operational risk.	The Company has invested in several projects including HTDC and QVR with the view of improving its environmental impact. Meanwhile, minimizing CO2 emissions remains one of the most important KPIs for which we have developed plans like tree plantations and a reduction in carbon emission. In addition, a keen focus is being put on water and plastic recycling.
legal	Imposition of Super Tax with retrospective application on 2022 earnings impacting profitability of the Company.	The Company has filed petition with respect to Super Tax under section 4C with Islamabad High Court. However, provision in this respect has been adequately provided.

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

In the vinyl product line, the Company is the sole domestic manufacturer and serves the bulk of the total PVC market in Pakistan. The rest of the demand is met through imports. There is no major competition in the vinyl product line.

In chlor alkali products, our major competitors are commercial manufacturers of caustic soda and allied chemicals. The competitors are mostly based in the North, and we serve as the major caustic player in the Southern region of Pakistan. The caustic market remains highly competitive which drives an imminent risk of price war among players.

threat of new entrants into the industry

Prospects of new players entering the Vinyl products market remains remote owing to the highly specialized nature of the 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, the high saturation and robust competitive nature of the chlor alkali market creates further barriers for potential new entrants.

power of suppliers

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

power of customers

Despite being the sole manufacturer 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 sale services. We are cognizant of the fact that our customers remain a key to our success, therefore, we 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 applications over substitute products 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 which is dedicated to showcasing the various applications of PVC and their better value proposition over substitute products.

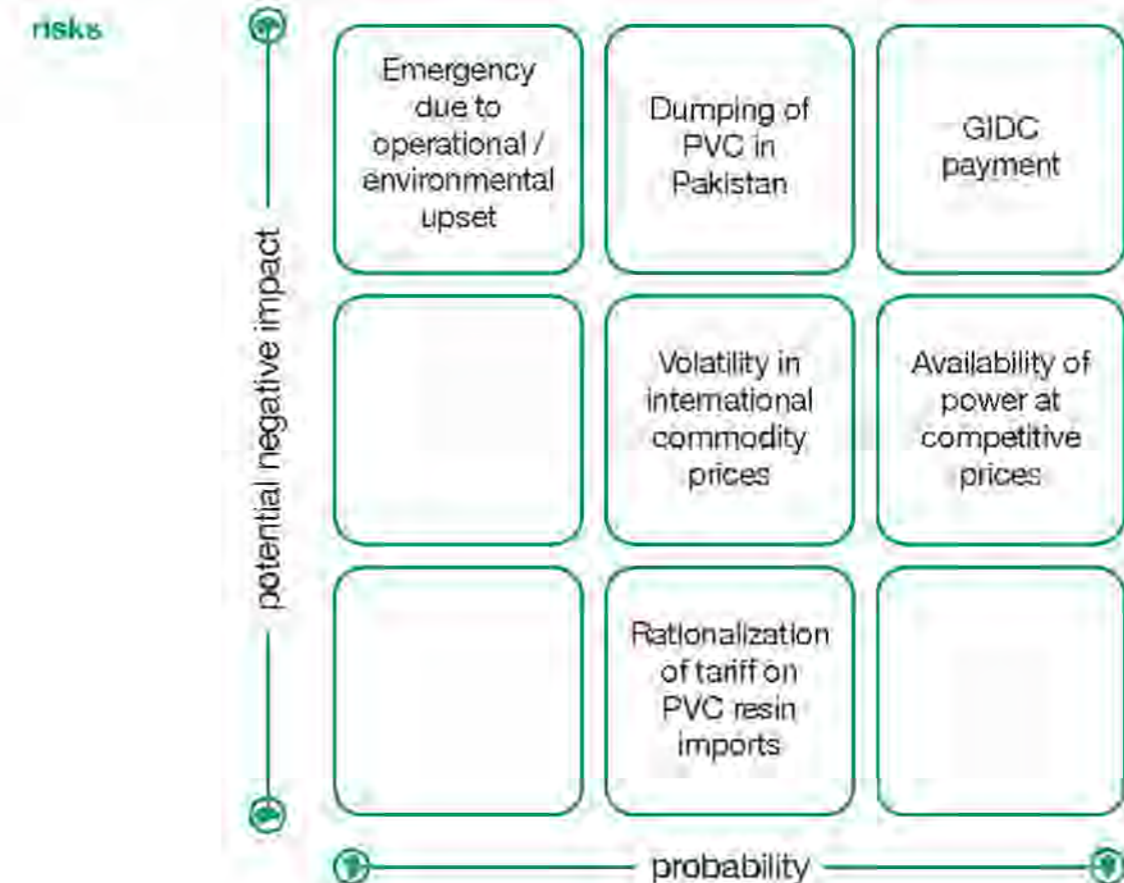
strengths and weaknesses of competitors

The Company serves as the sole manufacturer of PVC in Pakistan. On the chlor-alkali front, most players are located in the North which gives the Company an advantage to serve the market in the South. 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 evident through strong correlation of PVC sales with that of cement dispatches. Therefore, during the winter season, dampened construction activities also impact PVC resin offtake. Our caustic product line follows suit of key derivative operators i.e soap and textile industries. During winter season, since the demand for soap remains sluggish and textile orders also decrease owing to the global holiday season, the caustic offtake also remains soft. However, as demand picks up post winter season for both key derivative operators, caustic products sales also grow in line.

risks and opportunities



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 turnaround to ensure the 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 impact 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. The sunset review due for review in 2022 has been successfully completed and duty retained on above mentioned countries. However, dumping has started from other regions which the Company is evaluating and will approach NTC accordingly.

GIDC payment risk

Capital impacted: Financial capital

Nature: Medium term

Source: External

Risk: Honorable Supreme Court of Pakistan has announced its decision on the matter whereby it has legalized collection of GIDC. This will generate an adverse impact of ~ Rs. 5.7 Bn on EPCL's cashflows.

Mitigating risk: The Company has obtained a stay order from Sindh High Court. The grounds adopted by EPCL is that the decision has been made on the premise that GIDC is being passed on to the ultimate consumer. However, this does not hold true for EPCL given the nature of business whereby EPCL benchmarks its prices with the international market for PVC product lines and caustic prices are determined on the basis of demand supply dynamics.

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 network with international olefins analysts which helps in gaining better insight on international market dynamics.

availability of power on competitive prices

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

Nature: Short term

Source: External

Risk: Depletion of indigenous natural gas reserves and winter season shortages may lead to exacerbated RLNG pricing to EPCL which can impact our volumes and profitability.

Mitigating risk: The Company continues to work on alternate reliable power solutions at competitive pricing. Furthermore, 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 energy prices.

rationalization of tariff on PVC products

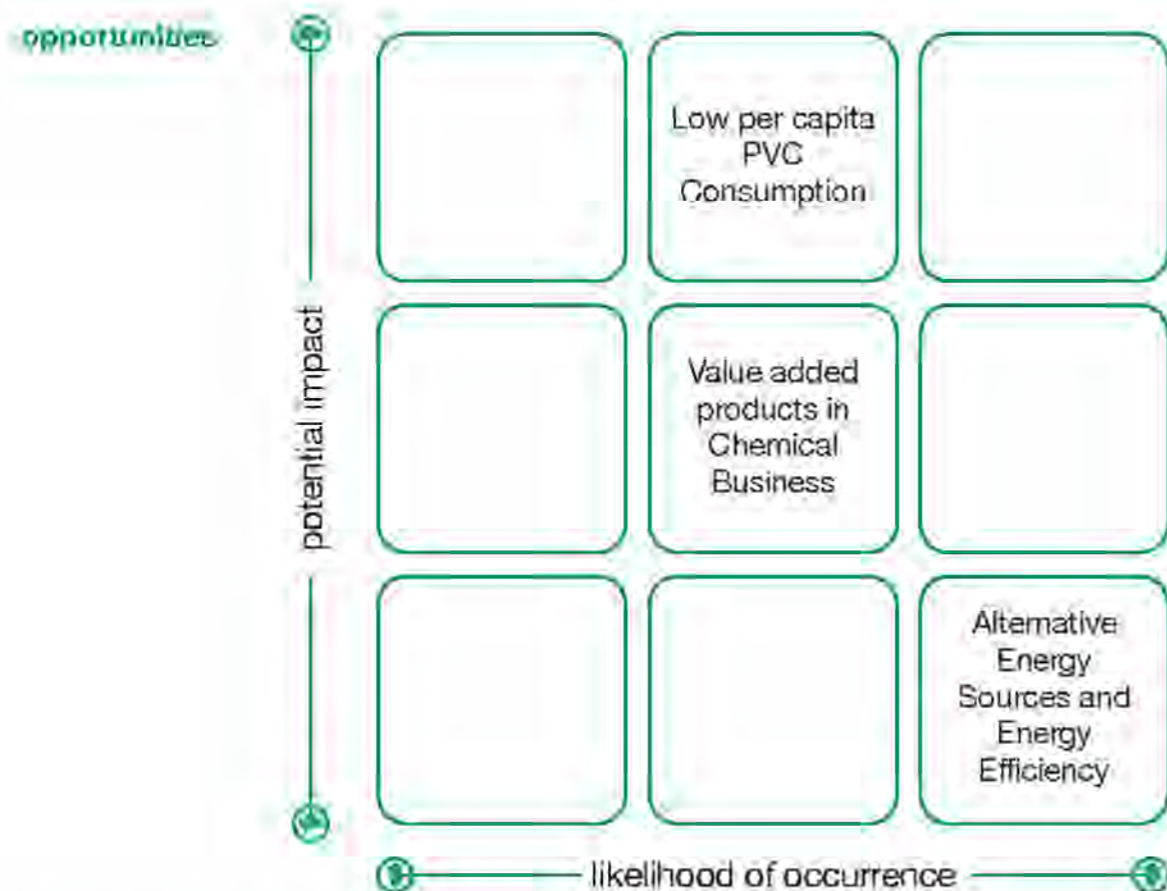
Capital impacted: Financial capital, manufactured capital, social and relationship capital

Nature: Medium term

Source: External

Risk: Reduction in import duties on PVC resin products will lead to higher imports and will impact domestic market.

Mitigating risk: EPCL continues to liaise with the government through different forums such as Pakistan Business Council, and OICCI to maintain the protective duties on PVC products.



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 standing at ~1,2KG / capita. This presents an opportunity to introduce other than conventional applications of PVC. In relation to this, the Company has invested considerably in the thinkPVC branded outlet which acts as a forum to introduce new PVC products including PVC Foam Board, PVC Wood Plastic and PVC Wall Panels to all stakeholders of the downstream PVC market.

value added products in the 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 landscape but also in allied chemicals as well. In 2019, the Company commissioned its caustic flakes plant. In addition, the Company remains committed to Hydrogen peroxide diversification project to broaden its product portfolio and diversify risk.

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 find a sustainable power solution. 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 an assessment of the organization's strategy and the quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. EPCL entrusts accountability at all levels and it monitors, communicates and reports changes in the risk environment and it analyzes the effectiveness of actions taken to manage identified risks on an ongoing basis.

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

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.

inadequacy in the capital structure and plans to address such inadequacy

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's impact on raw material prices and on 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 the information disclosed in this section)

Significant changes from prior years are disclosed in relevant sections.

lead by ambitions

corporate governance



board of directors



Ghias Khan

Chairman

Mr. Ghias Khan is the 4th 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 the 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 produced 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 the Company 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, focusing on talent development, work culture, and increasing diversity across the Group.

He is also leading the transition to sustainability at Engro. The Company 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.

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

board of directors



Tomoya Kondo

Non-executive Director

Tomoya Kondo has worked at Mitsubishi Corporation since April 2002. As Deputy General Manager in the Basic Chemicals Business Department, he is responsible for managing investments in Japan, Mexico, and Pakistan, as well as serving on the boards of joint venture companies.

Tomoya has contributed to the management of the world's largest solar salt business and is responsible for the company's chlor-alkali and salt business investments administration. He has experience in managing supply contracts and in developing and implementing various petrochemical trading. He has a Bachelor Grade of Politics from Waseda University in Japan.



Tariq Nisar

Non-Executive Director

Mian Tariq Nisar, a stalwart in Pakistan's business arena, brings a formidable blend of experience and acumen to his roles as a Non-Executive Director. With an illustrious career spanning over four decades, Tariq Nisar has left an indelible mark on diverse sectors, including manufacturing, petrochemicals, and spinning industries.

Currently at the helm of Nimir Chemicals Pakistan Limited as its Chief Executive Officer, Tariq Nisar also holds directorships in Nisar Spinning Mills (Pvt) Limited and Pakistan Vinyl Industries. Armed with a BSc degree, his leadership prowess extends across a spectrum of domains, including Operations, Business Development, Sales, Customer Services, and Supply Chain Management.

Tariq Nisar's leadership ethos revolves around fostering teamwork, nurturing trust, and aligning organizational values with those of its employees. His unwavering commitment and remarkable accomplishments have earned him prestigious accolades, notably the "Businessman of the Year Gold Medal" in 2005, 2006, and 2011. In 2014, Mr. Tariq Nisar was honored as the leading taxpayer in Pakistan, securing the top position. Furthermore, his dedication to societal welfare is exemplified through his philanthropic pursuits, notably as the Chairman of Life Care Hospital, Lahore.

Beyond his professional and philanthropic endeavors, Tariq Nisar is deeply invested in advancing the stability and prosperity of Pakistan. His contributions across various industries, including Textile Spinning, Artificial and Synthetic Leather, Plastic, and Chemicals, which underscore his unwavering commitment to national development.

Mian Tariq Nisar stands as a beacon of leadership, embodying excellence, and integrity in every facet of his endeavors. Thereby, playing a pivotal role in shaping the future landscape of Pakistan's business and societal fabric.

board of directors



Syed Shahzad Nabi

Non-executive Director

Syed Shahzad Nabi is currently the Senior Vice President Manufacturing at Engro Fertilizers Ltd.

Shahzad is a Mechanical Engineer with over 30 years of corporate experience in functions of Plant Management, Maintenance, Human Resources, Projects, Technical Services, Administration, Industrial Relations, Planning & Contract Management, Warehouse & Inventory Management, his forte being Machinery Diagnostics & system development for capacity building of resources.

He has diverse hands-on experience in Fertilizers, Polymers, Power industry & acted as a change agent in bringing transformation all across the conglomerate. With his passion for institutionalized skill development, he founded the Transitional Training Model (TTM), the flagship training program of Engro. In addition, he also revamped process safety regimes & audit regimes (hold-point concepts). Shahzad has also worked on international assignments including the Project's due diligence, reliability audits and has represented Engro in various international conferences and symposiums.



Ayesha Aziz

Independent Director

Ayesha Aziz has 30 years of financial sector experience in leadership positions and is a qualified Chartered Financial Analyst (CFA). Her area of expertise is Strategy and Financial Engineering and her functional roles have been in Investment Banking, Treasury, Credit and Planning. As the founding Managing Director of Pak Brunei Investment Company, Ms. Aziz helped position the company as a leading investment bank with a focus on project finance, SME, and distress asset financing.

Over the course of her career, she oversaw the establishment of two new DFIs as well as non-banking finance companies for microfinance, asset management, Islamic finance, and SME leasing. Apart from Engro Polymer & Chemicals Limited, Ms. Aziz also serves on the Board of Haleon Pakistan (formerly GSK Consumer Healthcare), KSB Pumps Company Limited and Alfalah Asset Management Ltd. She is the Managing Partner in White Clover Consulting which was established to develop and monetise green projects, apart from providing financial advisory services.

board of directors



Kamran Nishat

Independent Director

Mr. Kamran Nishat is a fellow member of ICAP (Institute of Chartered Accountants of Pakistan) and a Chartered Accountant by profession. With over 39 years of professional experience, he serves as the Managing Director & Chief Executive Officer (CEO) of Muller & Phipps Pakistan (Private) Limited. Additionally, he holds the position of CEO at associated companies of Muller & Phipps Pakistan (Private) Limited, including:

- M&P Express Logistic (Private) Limited
- Tech Sirat Technologies (Private) Limited
- Logex (Private) Limited
- Tech Sirat (Private) Limited
- Veribest Brands Pakistan (Private) Limited

Furthermore, Nishat is a member of the boards of AGP Limited, Briogene (Private) Limited, OBS AGP (Private) Limited, Muller & Phipps (Singapore) PTE. LTD and Hugo Bank Limited.

He has actively contributed to the professional community, serving as a Member of the Accounting and Auditing Standards Committee (South) of ICAP, the Information Technology Committee (South) of ICAP, the Management Association of Pakistan, and the Executive Committee of the American Business Council (ABC). Nishat has also held the position of President at ABC. He is serving his contributions at the National Skills University Islamabad as a member of the Advisory Council. He is on The Board of Trustees of Developments in Literacy (DIL).

Throughout his career, Nishat has held various key positions, including Senior Manager at Sidat Hyder Morshed Associates (Private) Limited, Group Financial Controller at MIMA Group, General Manager Corporate Affairs at Dawood Hercules Chemicals Limited, Deputy Managing Director at Central Cotton Mills Limited, and Manager Finance at Al-Ghazi Tractors.



Nazoor Ali Baig

Independent Director

Mr. Baig is a retiree from Detroit Edison Company a subsidiary of DTE Energy Company, where he managed the power generation division. He returned to Pakistan to assist Hub Power Company Limited, in the development and implementation of Coal Power Projects. He is an Electrical Engineer by profession and has worked in the industry for over 45 years.

His experience includes working in Operations, Maintenance, Engineering, Project Development/Management, Business Management, Large Systems Change Management, Implementation of ERP systems, etc. He has served on various boards as director including EPGL board since 2020.

board of directors



Jahangir Piracha

Chief Executive Officer and Executive Director

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 and 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 degree 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, ThinkPVC (Pvt.) Limited, Engro Foundation, REON Energy Limited and Greengo (Private) Limited

board of directors



management committee



Jahangir Piracha

Chief Executive Officer

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Rabia Wafah Khan

Chief Financial Officer

Rabia Wafah Khan is the Chief Financial Officer for Engro Polymer & Chemicals Limited. Previously, she has also served as the Chief Financial Officer for Engro Powergen Qadirpur Limited.

Rabia has over 20 years of corporate experience in Finance, Human Resources, and Treasury. She has served at Engro Chemical Ltd and Engro Fertilizers while working in various capacities, such as a Business Analyst, and Treasury Manager, to name a few. Currently, as CFO of Engro Polymer and Chemicals Limited, Rabia has stewarded EPCL's long-term strategy project, which envisages future milestones for the Company.

After completing her Bachelor's in Computer Science from IBA, Rabia pursued her MBA in Finance & Management Information Systems from the same institute. Subsequently, she completed her 2nd Master's degree from Golden Gate University, USA in Investments & Securities. Rabia is also a Certified Financial Analyst (CFA).

management committee



Adeel Qamar

Vice President Supply Chain,
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 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 the Manufacturing Excellence Award for his outstanding contributions.

During his last role as General Manager - Maintenance at Engro Fertilizers, he was responsible for the reliability and asset management of Daharki Fertilizer Complex and led 05 major plant turnarounds. He navigated the plant maintenance team through COVID-19 pandemic challenges with a remarkable plant service factor and 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.



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. He has over 27 years of Operations, Commissioning, Health & Safety and Business Development experience. Mahmood 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, Mahmood has also led Engro's key community programs, including the Sahara Welfare Society, schools in Kacha, the Community Emergency Response Program, and Engro Model School.

Mahmood is a Chemical Engineer from the University of the Punjab.

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.

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 that were critical to the success of the Thar coal project such as the 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 the United Kingdom's most prestigious conference – Nitrogen & Syngas of CRU and the 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



principal board committees

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. Kamran Nishat

Chairperson & Independent Director

Mr. Nazoor Ali Baig

Independent Director

Mr. Tomoya Kondo

Non-Executive Director

Mr. Kalimuddin A. Khan

Secretary

board people committee

The Board People Committee meets to review and recommend 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. Nazoor Ali Baig

Independent Director

Mr. Tariq Nisar

Non-Executive Director

Mr. Adeel Qamar

Secretary



management committee

Jahangir Piracha

Chairperson

Mahmood Siddiqui

Member

Rabia Wafah Khan

Member

Muhammad Idrees

Member

Adeel Qamar

Member

Zearma Khan

Secretary

govt. relations and regulatory affairs

Jahangir Piracha

Chairperson

Syed Zaheer Mehdi

Member

Mahmood Siddiqui

Member

Rabia Wafah Khan

Member

Muhammad Idrees

Member

Col Syed Ali Majid

Member

Mobeen Ahmed

Member

Zearma Khan

Secretary



project steering committee



Jahangir Piracha

Chairperson

Adeel Qamar

Member

Ahmed Shakoor

Member

Mahmood Siddiqui

Member

Asad Waheed

Member

Arif Jalil

Member

Zearma Khan

Secretary

corporate HSE committee & sustainability



Jahangir Piracha

Chairperson

Rabia Wafah Khan

Member

Adeel Qamar

Member

Mahmood Siddiqui

Member

Muhammad Idrees

Member

Arif Jalil

Member

Meer Salman Mudassar

Secretary

workplace harassment committee



Rabia Wafah Khan

Chairperson

Arif Jalil

Member

Shanze Afreen

Member & Secretary

contracts review committee (above Rs. 10 million)



Rabia Wafah Khan

Chairperson

Aamir Aslam

Member

Madiha Taj Siddiqui

Member

Qamar Jaleel

Member

Col. Syed Ali Majid

Member

Waqar Zia

Secretary

human resource management committee



Jahangir Piracha

Chairperson

Mahmood Siddiqui

Member

Rabia Wafah Khan

Member

Muhammad Idrees

Member

Adeel Qamar

Member

Gull Zareen Khan

Secretary

chairman's review

On behalf of the Board of Directors, I am pleased to present the Annual Report of Engro Polymer & Chemicals (EPCL/the Company), encapsulating its performance for the year ending in 2023.

The global economy faced significant challenges in 2023, marked by heightened inflationary pressures, geostrategic tensions, energy price uncertainties, and disruptions in critical shipping routes. In Pakistan, the already challenging business environment was further complicated by diminishing foreign exchange reserves, a rapid devaluation of the Pakistani Rupee, historically high interest rates, an unprecedented surge in energy prices, and political uncertainty. Despite these obstacles, policymakers have proactively initiated economic reforms to address longstanding issues. While we appreciate these reforms, it's essential to recognize the added burden on commodity manufacturers in Pakistan, who are grappling with depressed global prices and limited resilience against cost-push pressures.

EPCL confronted a challenging year in 2023, with global PVC prices remaining depressed throughout the year, averaging at \$837/ton while raw material prices remained strong due to supply constraints. Moreover, energy prices in Pakistan increased by 51% during the year, significantly impacting the Company's profitability. Despite these challenges, the management remained committed to maintaining the highest safety benchmarks, ensuring consistent and efficient plant operations, focusing on customer-centric approaches, and optimizing costs. Through prudent measures, the company navigated the challenging year and achieved a Profit After Tax (PAT) of Rs. 8.9 billion, compared to the PAT of Rs. 11.7 billion in 2022.

In 2023, EPCL generated exports of \$26 million and achieved import substitution worth \$92 million, conserving ~\$120 million of precious foreign exchange for Pakistan. I extend my heartfelt gratitude to the Government of Pakistan for their pragmatic approach in supporting local manufacturing by ensuring the continuation of fair and necessary anti-dumping duties on PVC.

Looking forward, we maintain optimism about the company's prospects. Ongoing projects, such as the Hydrogen Peroxide plant and High-Temperature Direct Chlorination, are positioned to enhance our product portfolio and drive efficiency. With the anticipation of interest rates peaking out, we expect an upturn in construction activity in the country, leading to an improvement in domestic PVC demand. Globally, declining interest rates and the improving economic prospects of China and India are likely to support PVC dynamics.

I extend my appreciation to the Board of Directors and its committees for their insightful guidance and encouragement. Gratitude is also extended to our investors, employees, and discerning customers for their steadfast support. This trust remains pivotal to our continued growth and resilient future.



Ghias Khan

Chairman of the Board of Directors

ceo's review

The year 2023 was marred with a turbulent economic landscape, despite that fact Engro Polymer & Chemicals Limited (the "Company") delivered robust earnings of Rs. 8.9 billion this year, compared to Rs. 11.7 billion in the previous year. This commendable performance underscores our unwavering commitment to shareholder value creation, achieved through rigorous adherence to our stringent safety standards and unyielding dedication to customer engagement.

On the business front, the post-pandemic boom in the PVC industry fizzled out in 2023, with prices tumbling back to pre-2020 levels. The market remained subdued throughout the year, as it grappled with a multitude of challenges. Global economic uncertainty, high energy costs, and record interest rates dampened demand, particularly in key markets like Europe and the US. Additionally, China's economic slowdown, characterized by a stagnant real estate sector along with weak consumer and business confidence further pressured the global PVC market.

Recognizing the challenging market conditions in 2023, characterized by a 9% contraction in the domestic PVC market, the Company proactively countered these headwinds by implementing targeted customer engagement initiatives, competitive pricing mechanisms, and robust product availability measures. As a result, we successfully preserved our 89% market share, achieved domestic sales of 199 KT of resin, and significantly contributed to import substitution with an estimated value of USD 92.2 million.

Pakistan's PVC market shows immense potential due to its current low per capita consumption compared to other South Asian countries. A stable post-election stable environment, revival in construction, and new applications of PVC, paints a bright picture for 2024, with an expected 12% growth in demand. The Company, with planned capacity enhancements, is ready to seize these opportunities and contribute to the market's overall development.

The volatility of the global oil and gas market in 2023, was also reflected in Ethylene prices. Supply constraints and spiking crude sent ethylene prices into a tailspin in March before easing bottlenecks and sluggish downstream demand which ultimately grounded the rally, establishing a stable price range in Q2 and Q3. The stability was short-lived as prices again saw an increase in the last quarter of 2023 that had a negative impact on our raw material costs. The Company countered these challenges by implementing stringent cost controls, strategic raw material sourcing, optimized procurement, and strategic investments in efficiency projects.

The global Chlor-Alkali market suffered from oversupply in 2023, resulting in depressed pricing amidst a landscape of lackluster economic growth. Domestically, caustic soda demand, intricately linked to the textile industry's performance, experienced contrasting periods in 2023. The first half saw a slump due to high energy costs and economic uncertainty, while the second half benefited from a booming textile export market, primarily driven by denim. This upswing, combined with escalating energy costs, resulted in higher local caustic soda prices. The Company proactively navigated the challenge of indigenous gas unavailability by securing RLNG supply contracts, ensuring uninterrupted production and customer service.

The Company also capitalized on export opportunities, exporting surplus products worth USD 26 million. We expect the export market to remain lucrative given the suppressed local demand and the Company's efficiencies.

As part of our digital transformation drive the Company progressed further by leveraging cutting-edge technology to improve both internal and external operations. Aspen ProMV, which is powered by big data analytics, optimizes plant performance, and reduces VCM losses through its AI-driven insights. Meanwhile, Salesforce empowers customers with digital payments, product dispatch tracking, and reconciliation, boosting their experience and satisfaction, as evidenced by a noticeable increase in Net Promoter Score (NPS) to 84%. The company also drew its focus on the effective utilization of SAP and introduced SAP best practices assessment tools to support and institutionalize the drive. This holistic approach to digital transformation drives efficiency and success across the entire value chain.

On the financing front, the Company obtained financing of Rs. 4.2 billion through the International Finance Corporation in November 2023. Furthermore, the Company entered into financing agreements with various banks for an amount of Rs. 1.8 billion which will be used to enhance operational efficiency and to meet capital expenditure requirements.

On the Health, Safety, and Environment (HSE) front, the Total Recordable Injury Rate (TRIR) closed at 0.13. This outstanding performance was made possible through relentless focus on this critical area.

The Company has maintained its commitment to advancing its Sustainability agenda. Over the years, our primary emphasis has been on diminishing our carbon footprint. This involves identifying opportunities at the plant site and executing an extensive forestation and tree plantation program. Additionally, we are dedicated to water conservation, implementing projects aimed at reducing our current freshwater consumption. On the Circular Plastics front, our collaboration with KSBL through the Circular Plastics Institute remains fruitful. This partnership propels us closer to our goal of catalyzing a circular economy for plastics in Pakistan, with a clear emphasis on recycling plastic waste.

I am pleased to share that our strong business performance and growth prospects helped the Company maintain its long-term credit rating to AA and its short-term rating of A1+ from PACRA with our outlook termed as 'Stable'.

The Company persevered through a challenging economic environment domestically and internationally,

and successfully adapted to changes in monetary and fiscal policies. Our performance remained strong even amidst changes to the tax regime that included the imposition of an additional 6% super tax with retrospective application. The company has made provisions to ensure it remains completely covered.

I would like to express my gratitude to the Government of Pakistan for extending the antidumping duty for another 3 years, this will not only help growth of the domestic PVC production but also help save valuable foreign exchange.

We would like to reiterate our commitment to contributing towards economic prosperity and creating shareholder value. As we move into 2024, we plan to focus on sustainability, the 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.

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 and we look forward to building an even stronger Company in the years to come.



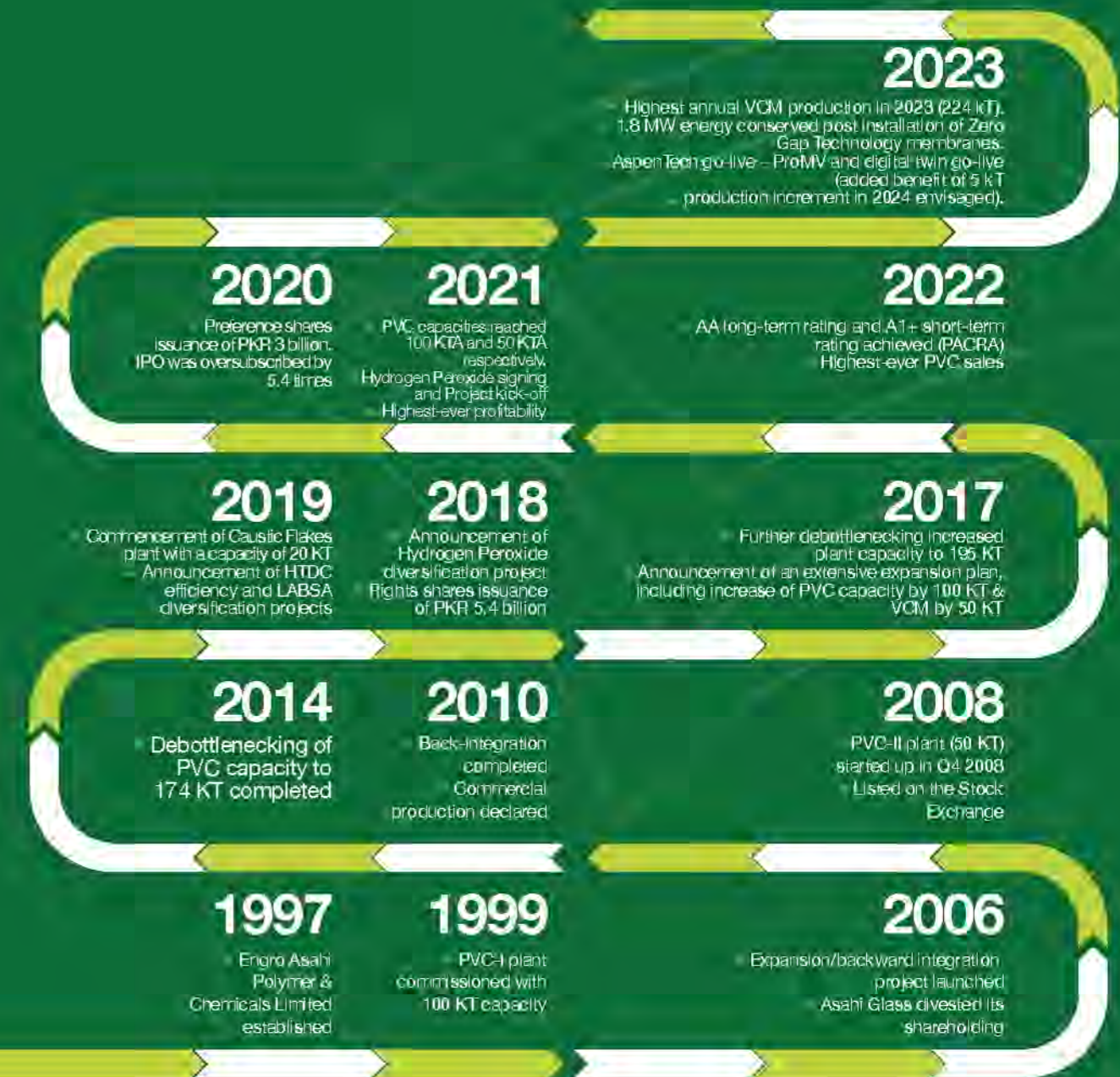
Jahangir Piracha
Jahangir Piracha
Chief Executive Officer

key highlights and major achievements

- PSX Top 25 Companies Award 2023.
- Biznet Awards – EPCL was recognized by the President of Pakistan for its effort towards the inclusion of women in technical roles.
- EPCL was named among the top 5 ‘Most Inclusive’ Companies at GDIEB awards. EPCL won 11 awards and 8 were best practice awards.
- Single Region Account Response Rate Award for 2023 from CustomerGauge.
- Highest annual VCM production in 2023 (224 kT).
- 1,000+ days without blackout.
- 1,000+ days operation – no VCM unplanned shutdown.
- 1.8 MW energy conserved post installation of Zero Gap Technology membranes.
- AspenTech go-live – ProMV and digital twin go-live (added benefit of 5 kT production increment in 2024 envisaged).
- Energy audit carried out for the 1st time - significant savings realized via reduction in losses/leakages.
- Zero EDC discharge in effluent streams.



history of major achievements



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, must also play a crucial role in achieving the goals. 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 2: zero hunger

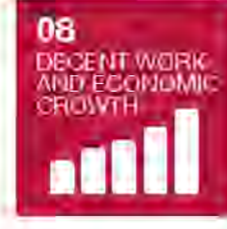
goal 8: decent work and economic growth

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 fulfill 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 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 110 patients daily, totaling approximately 37,000 per year. A solar power system meets the clinic's energy requirements in line with the Company's more comprehensive sustainability agenda.



This year's highlights are:

- 37,000+ patients treated.
- 3,400+ lab tests conducted.
- Over 16,500 children were treated at the facility, 44% of the total patient population.
- 15,600+ women patients were treated at the facility.
- ~110 patients were treated per day.

The Company realized the need for the lack of mental health facilities available in Ghaggar Phattak and its neighboring communities. Therefore, to address psychological challenges in the community, EPCL established a mental health clinic with its execution partner 'Karwan-e-Hayat'. This clinic not only provides free therapy and medicines to the patients but also conducts regular awareness sessions to educate the local community on the need to get medical help. People in the neighborhood considered as depression and anxiety as social taboo and such topics were considered as black magic. The clinic has had a positive impact in improving the lives of the people.

Key highlights from 2023 are:

- 1,700+ patients treated.
- Women amounted to 68% of the patient population.
- 87 community awareness sessions were conducted which were attended by over 1,900 residents of Ghaggar Phattak.

HSE program

EPCL lays the utmost importance on the health and safety of its employees. Our HSE program is also embedded in our compliance program to ensure that we comply with all laws and regulations and practice transparent public reporting on our HSE performance.

EPCL has a well-established Occupational Health and Industrial Hygiene program based on DuPont management system which covers all aspects of health and hygiene related to Plant Operations.

EPCL complies with the following standards:

Standard	ISO 9001 (QMS)	ISO 14001 (EMS)	ISO 45001 (OH&S)	EMS	Process Safety Management System by DuPont	Chlorine Institute and CCPS Guidelines	E2G (Equity Engineering Practices)
EPCL	Yes	Yes	Yes	Yes	Yes	Yes	Yes

We continue to increase our involvement in health and safety, empower our businesses to deliver the best-in-class HSE performance based on international standards, and develop a culture that fosters a safety mindset in every individual. We ensure that HSE is responsible for appropriately trained, empowered, accountable employees and management.

The Corporate HSE Committee is responsible for bringing excellence to the health, safety, and environment sectors. The Company's CEO chairs the HSE Committee, thus highlighting the focus and importance placed on HSE initiatives, actions, and learnings for the Company.

Our occupational health and industrial hygiene services aim to protect the health of our employees through rigorous risk assessments and strict compliance with mitigating controls. To enable access to these medical facilities, a dedicated medical staff is available at production site that regularly performs health checks of employees.

In addition, the group provides a wide range of medical and healthcare services to all employees. It conducts periodic comprehensive medical assessments by well-reputed medical institutes for employees (both at the plant and other locations) as per defined timelines based on their job roles. Depending on the nature of the business, requirements for medical assessments are ascertained (such as frequency and laboratory tests required). These assessments are well coordinated, and eligible workers and employees are kept informed and facilitated throughout the process. Based on the tests' results, appropriate action is taken on a case-to-case basis.

EPCL conducts health promotion and awareness programs for employees and their families to improve health awareness. These programs are designed to create awareness regarding health matters for employees and their families. These sessions also provide an opportunity for the employees to provide any feedback for our consideration. Better informed employees and supporting policies that promote good health (medical OPD and insurance) enable employees to prioritize health and remain productive. During the year, zero cases of work-related ill health were reported.

Similarly, for all contract workers, periodic health assessment is a contractual obligation, and this helps EPCL ensure that contractor work force gets necessary health services to remain healthy and productive.

employment & employee well being

Employee well-being is at the core of all the employee-related interventions that are implemented. The goal is to engage and retain the unique set of home-grown talent that is appreciated and valued for its unwavering commitment to EPCL.

These efforts are exemplified in the following interventions:

EPCL cares: EPCL believes that the personal milestones of employees (birthdays of employees and immediate family members, childbirth, anniversaries, work anniversaries) are momentous occasions that need to be celebrated. EPCL Cares allows us the opportunity to mark these moments that matter through gifts and other various tokens. Thereby, helping us be a part of the celebrations.

monthly birthday events: The monthly birthday events allow colleagues to come together and celebrate. It gives everyone at work the opportunity to let their hair down and interact in a casual work setting.

travel facility: The societal context that EPCL operates in ensuring safety of employees spills beyond the workplace premises. To ensure smooth and secure travel arrangement, EPCL has extended a monthly Careem wallet facility to all our women employees stationed across our corporate offices who are not eligible for car allowance. While all our plant-based employees avail company transport, for women employees this goes a step further with door-to-door pickup.

accommodation facility: All our plant-based outstation trainees and M1 employees are also offered subsidized safe and secure housing options. The guesthouses have numerous facilities and are manned by dedicated security staff. Our HSE principles extend to the daily operations of these guesthouses to ensure that the stay at these facilities is not only comfortable but safe.

nutritional wellbeing program: The organization hosts monthly webinars focused on different topics related to nutritional health that are open to the immediate families of employees as well. Also, a one on one consultation session with our certified nutrition coach can be availed free of cost by employees and their families.

mental wellbeing program: EPCL in collaboration with Saaya Health offers mental health consultation sessions with certified professionals to employees and their immediate family members. These services are provided free of charge to our employees.

benefits & policies

Engro's compensation policies ensure competitive and appropriate employee remuneration based on their role, experience, and performance. Payment for management employees is determined by relevant competitive markets and guided by company policies. Our rewards structure also includes an array of benefits to boost morale and enrich employee experience and satisfaction.

Following are some of the key benefits offered to permanent employees:

- Health & Life Insurance
- Car & Fuel Allowance
- Club Membership
- Medical & Dental Benefits
- Parental Leaves & Sabbatical leaves
- Retirement & Separation Benefits
- Service Incentive Program
- Annual incentive bonus & Performance Bonus
- Home ownership assistance
- Education Assistance
- Travel & Transport Benefits
- Interest Free Loans
- Child Education Assistance Program
- Subsidized Accommodation for outstation employees

goal 4: quality education

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.

On the education front, EPCL operates three primary schools in partnership with "The Citizens Foundation". These schools serve a population that previously did not have access to quality 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.

As per the MOU which was signed with Malala Fund to promote STEAM education in our schools. 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. Each shift is for 2 hours and comprises of 25 students who come to learn English, Urdu, and Mathematics via game applications.

After completion of a feasibility study of another micro-school in the TDF Magnificience Centre vicinity, the 2nd school has started its operations in Dec 2023.

Key highlights from 2023 are:

- 800 students were receiving education from these schools, of which 45% were girls.
- The overall female ratio across all Engro-sponsored schools increased from 28% to 45%.
- Roughly PKR 5.6 million funding was provided to each TCF campus during 2023.

goal 5: gender equality

goal 10: reduced inequalities

EPCL is steadfast in its dedication to fostering equal employment opportunities and advancing professional development for all individuals. We are tirelessly pursuing our commitment to Diversity, Equity, and Inclusion (DEI) by implementing a range of initiatives and programs. Our goal is not only to attract top talent but also to nurture and retain it, ensuring a diverse leadership pipeline.



recruitment

EPCL prioritizes Diversity, Equity, and Inclusion (DEI) in its recruitment strategies, particularly aiming to increase female representation in the workforce. The company conducts nationwide traineeship drives, collaborating with academic institutions and technical education boards to attract talent from various backgrounds. Additionally, EPCL's website features a dedicated section highlighting its DEI commitment and family-friendly policies, fostering an inclusive culture. An online Employee Resource Group provides a safe space for employees to share experiences and promote inclusion.

retention

EPCL prioritizes employee sensitization on DEI issues, achieving 100% sensitization across its workforce through tailored training sessions delivered by dedicated DEI Ambassadors. The 3rd party workforce has also attained 50% sensitization status. These sessions cover topics relating to equity, inclusion, and diversity concepts, ensuring understanding and commitment to DEI principles at all levels. Furthermore, EPCL implements initiatives like the 'Steam Safer Program' and the 'Umeed E Nouh' Training Program, engaging employees in community activities and empowering women through skill development initiatives. These efforts enhance retention by fostering a culture of inclusivity and social responsibility.

development

EPCL invests in the development and advancement of underrepresented groups, particularly women and people with disabilities (PwDs). Initiatives like the "Breaking the Glass Ceiling" program empower women for leadership roles. The "ENableall" internship program provides opportunities for persons with disabilities (PwDs) to gain skills and work experience. Collaborations with external organizations offer additional training opportunities, such as the 'Women Leadership Development' program and the Khudi Program for PwDs' employment.

community engagement

EPCL's commitment to inclusion extends beyond its corporate walls, with initiatives aimed at empowering women and fostering community development. Through the 'Umeed E Nouh' Training Program, conducted in collaboration with Engro Foundation and Descon Training Institute, women are equipped with forklift operation skills, enabling access to unconventional job roles and financial stability. Additionally, initiatives like the Steam Safer program engage EPCL employees in community outreach efforts, inspiring and motivating students in government schools. Thereby, fostering a passion for learning and career aspirations.



goal 6: clean water and sanitation

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 risks 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 8+ million liters of clean drinking water processed and provided in the year 2023.
- ~155,000 members of the community benefited from the water filtration plants.
- An average of 22,000 liters of clean water provided per day to the communities.

Furthermore, EPCL is fully committed to ensuring the recycling and reuse of freshwater at our manufacturing facility and has taken multiple initiatives to optimize the water resources it has access to.

effluent treatment plants (ETP) reuse treated water, reducing freshwater intake. This effort helps minimize water use and has a remarkable environmental impact by lowering the overall plant effluent. The plant was designed with dual train CFS (Coagulation-Flocculation System), ACF (Activated Carbon Filters), Ultrafiltration (UF), and RO (Reverse Osmosis) technologies, with the total capability to convert 100 m³/hr of wastewater into reusable raw water.

optimization of cooling water system through chemical treatment - Minimizing water consumption by technological improvement initiatives plays an integral part in our sustainability drive to reduce water intake. We have implemented close circulation cooling towers to minimize freshwater consumption via multiple layers of chemical treatment, which has optimized the performance of cooling water systems.

optimized operation of cooling tower fans - EPCL has successfully implemented a strategic initiative to optimize the operation of cooling tower fans. This initiative involved a dynamic approach, tailoring the cooling tower fan operation to ambient conditions and heat load, resulting in significant water savings.

steam trap leakages rectification - As part of our continuous efforts towards energy efficiency and sustainable practices, EPCL has successfully executed a steam trap leakages rectification initiative. This strategic endeavor focused on identifying and rectifying steam trap leakages, resulting in significant curtailment of steam losses and subsequent savings in both energy and water consumption.



enhancement of wastewater treatment unit study - The refurbishment and enhancement of the wastewater treatment unit are geared towards improving the quality of released wastewater, converting it into a resource suitable for recycling in industrial operations. The project KPIs are in accordance with the "Zero Liquid Discharge" philosophy, emphasizing a thorough approach to wastewater treatment to facilitate water reuse and recycling. Efforts have been undertaken to identify a wastewater stream with quality matching the feed quality of the effluent treatment plant, facilitating early rehabilitation, and aligning with our long-term goal for WWTU rehabilitation. This endeavor aligns with our dedication to international SDGs and underscores our commitment to environmental conservation.

goal 7: affordable & clean energy

EPCL operates all its CSR facilities, available in Ghaggar Phattak, using solar power. The Clinic which hosts Sina & Karwan-E-Hayat's team is fully operated by solar power, due to the unavailability of an electricity distribution system in the area. Furthermore, all TCF schools and TTWF schools operate using solar power facilities, along with water filtration plants as well. This further ensures that all our services are uninterrupted and provided throughout the year to community residents.

EPCL has invested in projects such as Oxy Vent Recycle (OVR), and High-Temperature Direct Chlorination (HTDC) to reduce the company's energy requirements for production. Also, the modification of three electrolyzers to Zero-Gap technology has not only resulted in enhanced efficiency but has led to an annual saving of 1.8 MWh, contributing to a substantial 6% reduction in overall energy consumption.

Furthermore, to improve operational efficiency, EPCL has also implemented a rectification initiative focused on the Heat Recovery Steam Generator (HRSG) and the Tornado gas turbine's thermal insulation systems. The rectification of HRSG and Tornado thermal insulation systems has resulted in a significant reduction in energy losses. By enhancing the insulative properties of these components, we have successfully retained a greater portion of the produced heat, leading to increased operational efficiency. The improved thermal insulation has directly translated into notable natural gas savings. As less energy is lost during the production and distribution processes, we have experienced a significant decrease in our natural gas consumption, contributing to both cost savings and environmental sustainability.



goal 8: decent work and economic growth

EPCL's partnership with the Pakistan Business Council (PBC) to sponsor the SDG Leadership Program demonstrates its dedication to responsible business practices and sustainable development. Focused on Goal 8: "Decent Work and Economic Growth," this program recognizes members' exceptional commitment to local communities and environmental sustainability, promoting inclusive workplaces and climate action. Through these collaborations and initiatives, EPCL not only empowers individuals but also contributes to the social and economic development of communities while advancing environmental stewardship.



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 a prolonged rest of our customer portal. EPCL introduced digital logging to replace paper checklists to promote a paperless environment.

Also, the Company 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:

aspen promv powered by big data analysis – optimizing plant performance & equipment reliability

Aspen ProMV analyzes complex process data with 100+ variables using big data analytics. Employing latent variables, it optimizes production parameters at EPCL site, providing actionable insights. Our 11 ProMV agents, enhancing efficiency in Oxychlorination Reactors, Incinerators & Distillation Columns, resulted in a significant reduction in VCM losses.

digital twin – optimizing evcm plant parameters in real time

EPCL's Digital Twin of EVCM unit (plant's simulated replica), provides real-time simulation insights into key process parameters like HEX fouling, column hydraulics, and soft sensors. Powered by an RTO-based solution, it optimizes plant variables in real-time with the overall optimization function, allowing loss reduction at VCL Column Bottom.

3D intelligent modelling – capex optimization through process safety information data validation

Utilizing Plant's Intelligent 3D model with advanced laser scan technology addressed gaps in the PSI Package by determining accurate vent heights, directions, and optimal piping routes. The results were subsequently utilized in engineering studies (dispersion modeling & piping stress analysis). Thereby, eliminating the need for equipment upgrades through project reappraisals, leading to major savings in CAPEX investments.

risk alive - unleashing potential of pha data through ai (an approach to advanced barrier management)

EPCL's process safety transformation, powered by Risk Alive's AI and machine learning, optimally utilized Process Hazard Analysis data. It enhanced the process safety barrier management and risk mitigation through advanced analytic features. This resulted in a significant reduction in the site's PSTIR, number of PHA recommendations, and SECE defeat time.

thermal cameras for preemptive detection of leakages at evcm unit – leveraging computer vision ai

EPCL has installed 12 state-of-the-art thermal cameras at the EVCM unit. By integrating Computer Vision AI for preemptive detection of leakages, monitoring of temperature variation in critical process equipment, and close surveillance of inaccessible plant zones. This led to a reduction in incident response time.

predictive analytics through powerBI dashboards – microsoft business analytical tool

The adoption of Power BI represents a paradigm shift in our analytical methodology, supplanting conventional, time-intensive approaches with instantaneous data-driven analytics. The application of Power BI dashboards in scrutinizing process-side leakages (LOPC - Loss of Process Containment) has facilitated the identification of multiple underlying causes, including gaps in practices, metallurgical issues, and improved asset reliability by identification of bad actors. The strategic implementation of corrective actions against these root causes yielded a notable reduction in leakages & heat exchanger failures and an improvement in the site's MTBF.

visual inspection through drones – cutting edge solution

EPCL has transformed tank and vessel inspections with drone technology, eliminating scaffolding, and reducing inspection man-hours by 75% per equipment. This enhances operational efficiency, enabling real-time monitoring, reducing human exposure, and providing versatile access to areas inaccessible through traditional methods.

salesforce driven growth at EPCL – revolutionizing customer experience

EPCL's Customer Connect Channel (Salesforce Software) empowers customers with seamless digital payments, streamlining transactions, efficient reconciliation, and an online vehicle tracking system for real-time visibility. It significantly improved the customer experience, which led to a notable increase in Net Promoter Score to 84% in 2023.

air gapped data diode technology - revolution in OT cyber security

EPCL has implemented air-gapped Data Diode technology, converging IT/OT networks, leveraging the highly secure OPC-UA protocol, marking a pioneering collaboration between OWL and Aspentech. The implementation ensures the safety and security of Advanced Process Control. Thereby, reducing the cyber-attack risks.

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-efficiency Zero Gap membranes and reaped its benefits in 2022-23. Moreover, high-efficiency reactors such as High-Temperature Direct Chlorination (HTDC) commissioning remained in progress throughout 2023. It is supposed to come online in 2024 which will significantly save EPCL on the energy front.

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. These projects are in full swing and successfully contribute towards sustainable operations and consumption. Moreover, EPCL intends to recycle its wastewater stream further via the addition of a second ETP line (Effluent Treatment Plant) in the coming years.

EPCL's strategic vision for sustainable value generation includes a strong commitment to environmental responsibility and a dedicated effort to minimize our ecological footprint. Our approach revolves around prioritizing eco-efficiency practices, which essentially means achieving more while using fewer resources. Thereby, reducing our environmental impact. This approach involves integrating innovative processes and advanced technologies to enhance our environmental performance.

To establish a consistent environmental approach across all our business operations, we have embraced the following primary areas of focus:

conscious culture toward the environment: We strive to achieve environmental excellence by adhering to global standards, pursuing internationally recognized certifications, and complying with local environmental and safety laws. EPCL maintains a rigorous internal and external regimen on continuous



learning and improvement from behavioral and technical interfaces, periodic communication, and awareness campaigns that enable us to control our environmental impacts. Our facilities are periodically audited by third parties giving credence that we maintain the highest standards.

At EPCL, we have cultivated an organizational culture that nurtures dynamic thought processes and a sense of responsibility towards the environment. A vital aspect of this ever-evolving process is our fundamental core value, "an Engro employee cares deeply about environmental impact and for the safety of people."

At EPCL, we ensure compliance with legal requirements. In fact, we often go beyond these stipulated guidelines and incorporate international best practices in our operations to drive our environmental efforts. Our subsidiaries have a well-established ecological management system, including detailed technical standards and an extensive audit and inspection program.

At EPCL, we have systematic monitoring of environmental performance and process safety measures in place. This includes Hazard and Operability Studies (HAZOP), Layer of Protection Analysis (LOPA), qualitative risk assessment studies, aspect impact risk assessments, dispersion modeling, and real-time monitoring of emissions and discharges. All this keeps us upfront in our war.

As environmental challenges become more complex and demanding, Engro ensures that appropriate processes and controls are in place to ascertain, measure, and manage the risks involved and to maintain environmental compliance. It involves a structured approach to adherence to all local laws, application of best-in-class standards, classification and regular appraisal of our ecological footprints, and continuous effort towards conservation of natural resources. This is achieved through investment in efficient technology and behavioral change.

EPCL believes in conducting sustainable operations which focus on reducing energy consumption by constantly reviewing energy-sourcing decisions and monitoring operational efficiencies. Our primary sources of energy are natural gas and electricity. The remainder of our energy supply comes from purchased electricity via the national grid.

We are committed to managing and improving our GHG emissions performance as part of our long-term strategy. This can be attained through technology upgrades, renewable energy initiatives, and nature-based solutions.

Zero Gap Technology: In our ongoing commitment to operational excellence and sustainability, the modification of three electrolyzers to Zero-Gap technology has not only resulted in enhanced efficiency but has also translated into tangible benefits for our organization. This technological advancement has led to a commendable annual saving of 1.8 MWh, contributing to a substantial 6% reduction in overall energy consumption. Furthermore, the positive impact extends beyond energy efficiency, with a noteworthy 9,000 tons per annum reduction in CO2 emissions. These accomplishments underscore our dedication to not only optimize our operational processes but to also actively contribute to environmental stewardship. As we continue to pioneer advancements in our technology, these achievements serve as a testament to our commitment to sustainability and responsible resource management.

cooling tower pump load optimization- In pursuit of operational excellence and sustainable practices, EPCL has successfully implemented a machinery load optimization initiative. This strategic effort focused on determining the optimal number of pumps required to operate the cooling tower, which resulted in substantial electricity savings.

hrsg & tornado thermal insulation rectification: EPCL has implemented a rectification initiative focused on the Heat Recovery Steam Generator (HRSG) and the Tornado gas turbine's thermal insulation systems. The rectification of HRSG and Tornado thermal insulation systems has resulted in a significant reduction in energy losses. As a result, we have successfully retained a greater portion of the produced heat, leading to increased operational efficiency.

The improved thermal insulation has directly translated into notable natural gas savings. We have experienced a significant decrease in our natural gas consumption, contributing to both cost savings and environmental sustainability.

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 initiated multiple initiatives that reduce our impact on the environment by reducing our energy consumption and curtailing energy losses. These include:

- HRSG & Tornado thermal insulation rectification- In our ongoing commitment to sustainable practices and operational efficiency, EPCL has successfully implemented a rectification initiative focused on the Heat Recovery Steam Generator (HRSG) and the Tornado gas turbine's thermal insulation systems. This has resulted in a significant reduction in energy losses. By enhancing the insulative properties of these components, we have successfully retained a greater portion of the produced heat, leading to increased operational efficiency.
- Steam trap leakages rectification- As part of our continuous efforts towards energy efficiency and sustainable practices, EPCL has successfully executed a steam trap leakages rectification initiative. This strategic endeavor focused on the identification and rectification of steam trap leakages, which resulted in the significant curtailment of steam losses and subsequent savings in both energy and water consumption.
- Cooling tower pump load optimization- In pursuit of operational excellence and sustainable practices, EPCL has successfully implemented a machinery load optimization initiative. This strategic effort focused on determining the optimal number of pumps required to operate the cooling tower, which resulted in substantial electricity savings.
- Zero Gap Technology- In our ongoing commitment to operational excellence and sustainability, the modification of three electrolyzers to Zero-Gap technology has not only resulted in enhanced efficiency but has



also translated into tangible benefits for our organization. This technological advancement has led to a commendable annual saving of 1.8 MWh, contributing to a substantial 6% reduction in overall energy consumption. Furthermore, the positive impact extends beyond energy efficiency, with a noteworthy 9,000 tons per annum reduction in CO2 emissions.

For responsible production of plastics, EPCL has envisioned a circular plastics economy and is diligently working towards research, development of pilot projects, and raising awareness to create an effective Circular Plastics Economy.

- EPCL founded the Circular Plastics Institute to close the knowledge gap in waste management and recycling within Pakistan.
- In just 18 months, the CPI has achieved substantial progress, conducting pioneering research and successfully securing USD 85,000 in international funding.
- Some examples of studies conducted include:
 - Plastic Waste Imports: Mapping Pakistan's PVC supply chain and understanding factors impacting the Basel Convention's implementation.
 - Mapping Open Burning: Identifying plastic burning and the pollution impact in Karachi and Lahore.
 - Life Cycle Assessment (LCA) of 4 Major PVC Products: Analyzing PVC product life cycle for better environmental performance and stakeholder decision making.
 - Mapping Waste Pickers: Studied waste pickers in 3 cities to understand the challenges and contributions to Pakistan's circularity.
 - Marine Pollution Study: Studying waste sources and types found at multiple Karachi coastal sites.
 - Circular Economy Potential: Advising the Board of Investment on circular economy potential.
- 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.

Engro has embarked on an ambitious forest restoration and carbon offset program with the aim of offsetting its carbon emissions in line with the Group's sustainability agenda. This is a first of its kind project in Pakistan with a lot of potential to be scaled up and to fulfill the objectives of the Government of Pakistan towards the climate change obligations and the SDGs.

Keeping in line with SDG 13, Climate action, Engro has partnered with WWF Pakistan to plant and conserve forests in Pakistan. We have planted trees on 650+ hectares (1612 acres) across different parts of the country. The project has significant outcomes in the form of ecosystem and biodiversity conservation. These plantations have been carried out with the support of the farmers. A formal agreement with 84 farmers has been signed to facilitate the plantation activity. These farmers have been provided with solar panels, water pumps, and fodder seeds for their livestock. The current project area, Jhelum district, being part of the Potohar Region, constitutes the key habitat of Punjab Uril, an endemic species (vulnerable species as per IUCN) and migratory waterfowls around river Jhelum and seasonal streams. By restoring vegetation cover, raising awareness, and mobilizing local communities, the project will improve habitats of wildlife species, thus, supporting conservation activities.

goal 16: peace, justice and strong institutions

Engro has strong governance structures and internal control systems that ensure our businesses are run in an effective, accountable, and transparent manner. Our governance structures are strengthened by clearly defined roles and responsibilities from the highest governing body to the bottom. We have a dedicated ethics and compliance (E&C) department that ensures all employees conduct themselves based on high principles and ethics, with zero tolerance for corruption and disregard of the law. Given the importance of the subject, E&C conducts periodic Awareness Roadshows covering code of conduct, anti-corruption, speak out platform, etc.



Our values and commitment to ethical practices are reflected in our statement of Ethics and Business practices:

"Ethics and integrity are among the three core values of Engro, and we expect compliance with our standard of integrity throughout the organization. We do not stop with legal compliance but rather hold all Engro employees and our business partners to the standard we perceive that centers morality, justice, equity, and a commitment to do good while creating value for all our stakeholders. Our commitment to ethics and sustainable business practices is reflected in our Code of Conduct which has clear policies outlining what constitutes unethical business practices and our zero-tolerance towards such practices."

We have adopted several policies related to good corporate governance which reflect the high standard of ethical and responsible conduct to which we pledge ourselves as an organization. This has always been our core strength. It is reinforced through reporting of irregularities, periodic reviews and audits of business practices, and our external reporting.

Engro's Code of Conduct outlines the Group's position on an array of topics. It highlights the key commitments and principles of our compliance program and this applies to all Engro employees, whether full-time, part-time, permanent, or temporary, and to the members of the Board of Directors. The Code of Conduct is reviewed periodically and is available on our website.

At Engro, we have a robust grievance mechanism that helps us identify risks on the basis of which appropriate actions are taken which is available for both internal and external stakeholders. Facilitating dialogue, providing channels for reporting grievances, and communicating critical concerns are important elements of our stakeholder management process.

As an additional measure, a Whistleblower system is in place. The Company expects employees, suppliers, and contractors at Engro and its subsidiaries to abide by our standards. If they wish to report any concerns regarding business ethics, safety and environment, human rights violations, employment-related matters, or other possible breaches of compliance, they may do so using our Speak Out platform. It is an independent email address which can be used to report anonymously. The Speak Out platform is managed by our Ethics and Compliance Unit. The Speak Out hotline and email details are publicly available on our website. To seek advice on internal ethical and lawful practices, or address compliance queries, employees can contact the E&C team via email: compliance@engro.com

All negative impacts, grievances, and complaints, whether reported through the Speak Out platform, audits and reviews, or identified otherwise, are investigated through the Internal Investigation Procedure. It is a structured and systematic approach by the Ethics & Compliance department, where independent people/teams are appointed to investigate the case confidentially. The investigations result in corrective, remedial, and/or disciplinary action being taken along with feedback to the complainant at the time of case closure.

goal 17: partnerships for the goals

EPCL is a part of various industry associations and forums, reflecting our commitment to long-term, sustainable value creation, and global cooperation. We are members/signatories to the following:

Direct Membership

- The Overseas Investors Chamber of Commerce & Industry (OICCI)
- Peshawar Chamber of Commerce
- All Pakistan PVC & Plastic Pipe Manufacturer's Association (PPPMA)
- Pakistan Chemical Manufacturers Association (PCMA)
- Pakistan Japan Business Forum
- Bin Qasim Association of Trade & Industry (BAQTI)

Additionally, for our philanthropic activities, EPCL, through Engro Foundation works in collaboration with multiple civil society organizations. Some of these include the WWF, TCF, TTWF (Teach The World Foundation), SINA, HUNAR FOUNDATION, DTI (Descon Technical Institute) & TWF (The Water Foundation),



statement of best practices

- Overall, work towards creating an environment that promotes the realization of our Vision and Values, by focusing on behavioral modification and systematic changes.
- Challenge the status quo by experimenting, 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 of 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 listen and think.
- Recognize team and individual efforts to change by celebrating both lessons and successes.

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. However, 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, 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 to improve 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, while 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 based on 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 an honest, ethical, knowledgeable, and comprehensive management that implements good Corporate Governance as a means of accomplishing maximum success and effectiveness for the Company. Corporate Governance is a tool for the enhancement and reinforcement of our values and for 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 to ensure that concrete measures of success can be obtained. Audit operations and insurance measures are also continuously improved with the help of various tools in an 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 make the necessary decisions to manage the operations of the Company.

evaluation of board, committees, ceo & the chairman

As of December 31, 2023 the Board, which 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 four Non-Executive Directors, two 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 53 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 5 times this year and discussed matters relating to inter alia long-term planning and took into consideration 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 of the 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 steering of the Company. In this regard, a comprehensive range of self-evaluation surveys were conducted in the Company concerning the performance of its Board of Directors and Board Committees. Purposeful feedback from all Board members was solicited on areas of strategic clarity & beliefs, the direction of the business plan, and the 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 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 the CEO's management role.
- **Transparency:** The Board Members determine goals, expectations, concerns and ensures that it is communicated 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 Resources 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. During the year, orientation of Mr. Tomoya Kondo, Mr. Tariq Nisar, Mr. Shabbir Hashmi and Mr. Syed Shahzad Nabi were conducted by the Management.

training program for directors

The Directors Training program has been completed by Mr. Ghias Khan, Mr. Kamran Nishat, Syed Shahzad Nabi, Mr. Nazoor Ali Baig, Ms. Ayesha Aziz & Mr. Jahangir Piracha 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 a 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 Directors.
- Regulate and monitor the process of voting, which includes demanding the making 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. This includes the following acts:

- 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 April 27, 2023 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 27, 2023. 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 and 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 153.

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

The members of the Board Audit Committee are as follows:

Board Audit Committee	
Mr. Kamran Nishat	Chairman
Mr. Tomoya Kondo	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.
- 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, six meetings were held, which were conducted virtually and/or in-person:

Board Audit Committee	Meetings Attended
Mr. Feroz Rizvi*	2
Mr. Shabbir Hashmi**	2
Mr. Nazoor Ali Baig	6
Mr. Eram Hasan*	2
Mr. Tomoya Kondo	6
Mr. Kamran Nishat**	0

* Mr. Feroz Rizvi & Mr. Eram Hassan retired from the Board on April 27, 2023.

** Mr. Kamran Nishat was appointed on December 29, 2023 replacing Mr. Shabbir Hashmi who resigned as a Director on August 18, 2023.

board people committee

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

Board People Committee	
Ms. Ayesha Aziz	Chairperson
Mr. Nazoor Ali Baig	Member
Mr. Tariq Nisar	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 sub-committees 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	Meeting attended
Ms. Ayesha Aziz	3
Mr. Nazoor Ali Baig	2
Mr. Tariq Nisar	1
Mr. Feroz Rizvi	1

details of board meetings held outside Pakistan during the year

During 2023, 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 153). In addition, group shareholding and direct & indirect ownerships of the Company are demonstrated on page 7.

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 186.

board approved policies

board remuneration policy

The remuneration paid to the members of the Board for attendance at 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 are 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:

- The remuneration shall be appropriate and shall commensurate with the level of responsibility and expertise of the Directors.
- It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director.
- No Director shall determine his/her own remuneration nor of a Director who may be a related party.
- 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.
- The Board, if deems appropriate, may engage an independent consultant to determine the appropriate level of remuneration of its Directors and recommend to the Board for consideration and approval.

policy for security clearance of foreign directors

The Company follows the SECP guidelines for appointment of any foreign Director and is subject to the issuance of security clearance from the Ministry of Interior, then 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 is considered 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 and Company contact details are also disclosed in "Company Information" section of this report. In addition, the Finance 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 2022	February 14 th , 2023	Meeting conducted at KSBL / Online
Q1 2023	April 17 th , 2023	Meeting conducted at KSBL / Online
Q2 2023	August 11 th , 2023	Meeting conducted at KSBL / Online
Q3 2023	October 19 th , 2023	Meeting conducted at KSBL / Online

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 exceed the minimum requirement prescribed by the 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 the following 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 a secure location with state-of-the-art protections against physical deterioration, fire, and natural disasters.
- Availability of a 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.

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, 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 a comprehensive succession planning exercise is undertaken for all key critical position in the organization. Through this exercise successors are identified at various readiness levels to ensure development and readiness of identified employees. As the second stage in this exercise 'Talent Review Sessions' are conducted for all key management positions. 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 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. The 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 12% from 4.5 % 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 various awards throughout the years.

We will continue to strive towards this end, and we envision a day not 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 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 and contractors, 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 as 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 & account able employees & management.
- Promote a culture of learning & practicing HSE management among employees and contractors.
- Encourage off the Job HSE awareness among employees and families.

health

- Identify and evaluate health risks related to its operations that potentially affect its employees, contractors, or the public.
- Provide a 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

- Provide or arrange for medical services necessary for the treatment of employee occupational illness or injuries and for handling medical emergencies.
- 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 misconduct and liable to penalties / accountability as per company's progressive motivation principals or any other action as the Company may deem fit.

ethics & compliance

EPCL ensures compliance with all regulatory and governance requirements while conducting its operations. It has formulated various policies and standards, continuously monitored through our Ethics and Audit function, which reports to the Audit Committee. Our values and commitment to ethical practices are reflected in our statement of Ethics and Business practices:

"We care how results are achieved and will demonstrate honest and ethical behavior in all our activities. Our intent is to choose the course of the highest integrity, and we establish and maintain the highest professional and personal standards. A well-founded reputation for scrupulous dealing is itself a priceless asset."

Facilitating dialogue and providing channels for reporting grievances are essential elements of our stakeholder management process. We have several company-wide channels and methods to identify areas for improvement or grievances. We regularly engage with employees, customers, suppliers, and other stakeholders through our regular engagement, business meetings, engagement surveys (for employees), questionnaires, town hall meetings, performance and development discussions, and more. We actively promote discourse and sharing of feedback to ensure critical concerns can be raised and grievances can be identified and addressed.

We have adopted several policies related to good corporate governance, which reflect the high standard of ethical and responsible conduct to which we pledge ourselves as an organization. It has always been our core strength and is reinforced through reporting irregularities, periodic reviews and audits of business practices, and our external reporting.

As an additional measure, a **Whistleblower System** has also been established. The Corporation expects employees, suppliers, and contractors at group level to abide by the standards. Should they have or wish to report any concerns regarding business ethics, safety, and environment, human rights violations, employment-related matters, or other possible breaches of compliance, they may do so using our Speak Out platform, which is an independent email address which can be used to report anonymously. Our Ethics and Compliance Unit manage the Speak Out platform. The Speak out hotline and email details are publicly available on our website.

Open and candid communication is an integral part of our culture.

We believe dialogue and discussion are essential to building and preserving good relations between management and stakeholders.

- Employees are encouraged to raise their concerns with line managers. Employees who have work-related concerns, or feel that they have been mistreated, are encouraged and free to speak with their immediate supervisors without fear of retribution. However, if they are uncomfortable doing so, they can use the Speak Out hotline or email to raise their concerns.

- For investors, the Company's contact details are disclosed in the "Company Information" section of the annual report and on its website under the "Investor relations" section to facilitate shareholders / other investors' and timely resolve their complaints if any. As mentioned earlier, the Speak Out platform is available for other complaints.
- Our external stakeholders, such as business partners, suppliers, contractors and vendors, customers, and local communities, can also utilize the Speak Out platform.

All negative impacts, grievances, and complaints, whether reported through the Speak Out platform, audits and reviews or identified otherwise, are investigated through the Internal Investigation Procedure, which is a structured and systematic approach by the Ethics & Compliance department, where independent people/teams are appointed to investigate the case confidentially.

The investigation results in corrective, remedial, and disciplinary action being taken along with feedback to the complainant at the time of case closure. A summary of all cases that are investigated whether they are substantiated or not, is presented to the Board through the Board Audit Committee on a quarterly basis, along with actions taken.

internal audit

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 that are taken up by the Management to remediate control lapses. The observations are shared regularly with the Board Audit Committee, Chief Executive Officer, and the concerned Divisional Management.

Internal Audit is also responsible for monitoring and reporting ethical issues. All allegations concerning 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 the Internal Audit Function continues to change in reaction to events, risks, and regulations 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. It 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 comply 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, 2023. 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. Kamran Nishat (Chairman) - Independent Director
- Mr. Nazoor Ali Baig (Member) - Independent Director
- Mr. Tomoya Kondo (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 2023, the Committee met 6 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.
- 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.

During 2023, 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.

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, 2023 and shall retire on the conclusion of the 26th 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 2024. 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 an External Auditor and Taxation Consultant. The performance, cost, and independence of the external auditors are 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 2023

The Committee assessed the 2023 Financial Statements as fair, balanced, and understandable, and that it provided sufficient information to enable the shareholders to assess the performance.

enterprise risk management

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
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.
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, and OICCI to maintain the protective duties on PVC products.
Natural gas price increase.	Gas price is the substantial cost component in the business model. Increase in gas prices will impact the Company's bottom line as the cost may not be passed on the customers.	Several energy efficiency projects have been / will be conducted to ensure the natural gas consumption ratio is at the optimum level. Liaison with Government authorities to highlight that the Company is a feedstock provider to export oriented sector.

Risk	Impact	Strategy
Impact of weather / climate change.	Disruption in road network due to heavy rainfall – affecting both incoming and outgoing transportation from the plant.	The Company monitors adequate inventory levels in central and north regions prior to Monsoon season. Alternate routes have been identified within Karachi for movement within the city.

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 LGs (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, 2023 outstanding KIBOR based borrowings stood at PKR 23,139, whereas outstanding long-term LIBOR / SOFR based borrowings stood at PKR 5,758 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 through the Islamic Long Term Financing Facility (ILTFF), Islamic Temporary Economic Refinance Facility (ITERF) and Export Refinance Facility totalling PKR 5,353 Mn, at SBP's concessionary rate.

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 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.

forward-looking statement

In 2023, the global economy experienced a period marked by uncertainty and transition. Despite an anticipated growth rate of 3.1%, which was lower than in preceding years, various challenges hindered progress. Inflation emerged as a significant obstacle, prompting central banks to intervene, thereby heightening the risk of recession. Additionally, geopolitical unrest continued to exert downward pressure on commodity prices.

On the domestic front, Pakistan's economy encountered turbulence throughout 2023, resulting in a contraction of 0.17% for the fiscal year. Factors such as political instability, the implementation of capital controls to address a growing current account deficit, and persistent inflation collectively dampened economic activity. Inflation reached historic highs, peaking at 38% year-on-year in May 2023 before moderating to 30% by December 2023, driven by global commodity price increases, currency depreciation, and disruptions in the supply chain. However, there were some positive developments, including a significant reduction in the current account deficit to \$831 million by December 2023, down from \$3.6 billion in the corresponding period the previous year. This improvement was attributed to stringent import restrictions, increased costs of imports due to currency depreciation, and modest growth in exports.

The domestic PVC market in Pakistan contracted by 9% in 2023 due to various factors, including high inflation, reduced construction activity, and limited government spending on infrastructure. Despite these challenges, the Company ensured product availability and gave incentives to bolster market confidence. The PVC industry in Pakistan continues to diversify its product range, with the introduction of PVC doors, window profiles, flooring, garden furniture, and roofing materials. The outlook for PVC demand remains positive, driven by expected economic stability post-elections, increased construction activity, and the introduction of new applications. The Company is committed to capitalizing on growth opportunities and contributing to the development of the domestic PVC market.

The production of Chlor-Alkali is primarily utilized in alumina manufacturing, which in turn serves the construction and aviation industries. Globally, the Chlor-Alkali market experienced oversupply in 2023, resulting in depressed international prices. In Pakistan, Caustic Soda, a key input for the textile sector, saw sluggish demand in the first half of 2023 due to high energy costs and economic uncertainty. However, sustained performance was observed in the second half, particularly in the denim sector amid favorable export conditions. Local caustic soda prices responded to increased energy costs by rising accordingly.

Looking ahead, EPCL will continue to identify ways to deliver higher shareholder value by investing in long-term reliability of existing operations to identify major safety, reliability, operability and maintenance issues and their solutions. This will result in safer plant operations, sustained service, reduction in unplanned outages and minimization of unplanned expenses. Additionally, digital transformation department will focus on delivering tangible value through optimizing operations and improving safety. The Company also has a keen focus on targeted interventions in sustainability to ensure value for all key stakeholders for the year ahead. In this regard, the Company plans to reduce its carbon emission by identifying various opportunities and embark on a tree plantation program, carbon offset, with an aim to achieve carbon neutrality by 2030. In addition, a focus on water

conservation is also being emphasized by the Company to optimize current water consumption, use of ground water and improve capacity to recycle water.

With continued government support and dedication of our people, EPCL remains committed on creating exciting possibilities in domestic PVC and caustic markets and maximizing value for our shareholders.

status of the projects

The Company continues to work towards executing its previously announced projects and seeking new projects and markets despite the country's economic challenges. The Company'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:

- **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 2024.
- **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 2024.
- **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 Company's focus, enabling it to continue its strong performance.

source of information and assumptions used for projections / forecasts

Engro Polymer utilizes a well-defined process to analyze and assess the assumptions that are being used for quantitative and qualitative analysis and forecasts. The Company has an established network with international olefins analysts to have better insight into international market dynamics. Assumptions relating to macroeconomic factors are sourced from publications issued by the State Bank of Pakistan and the Pakistan Bureau of Statistics. The Company also relies heavily on primary sources of information where we conduct customer surveys, market visits, and other activities to develop an understanding of the domestic market and use this for the purpose of our forecasts. All assumptions used in forecasts and projects are vigilantly monitored and discussed by the top management in decision-making processes.

organization's capability in responding to potential critical challenges and uncertainties.

EPCL remains cognizant of the changing internal and external environment which may bring challenges to business. We have put in place thorough enterprise risk management practices through which the Company identifies various risks and uncertainties and develops mitigating actions for those risks and uncertainties. The key identified risks along with their mitigating plans are presented and reviewed by the Board of Directors. In addition, we're mindful of our responsibilities to operate and ensure the protection of business operations from any potential disruption. We initiated our Business Continuity Plan in 2013 and have upgraded it regularly since 2018.

always the winning move

directors' report and
financial review



directors' report

The Directors of Engro Polymer & Chemicals Limited ("the Company") are pleased to submit their Annual Report and audited accounts for the year ended December 31, 2023.

financial statement

During the year, the Company posted a Revenue of PKR 81,270 million and Profit after Tax of PKR 8,932 million as compared to last year's Revenue of PKR 82,060 million and Profit after Tax of PKR 11,689 million. This translates into Earning per Share of PKR 9.12 in 2023 against PKR 12.37 per share last year. The Board of Directors approved final cash dividend of PKR 1.00 per ordinary share and PKR 0.67 per preference share.

principal activities

The Company 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 the Company is production and distribution of Chlor-Vinyl products, including Poly Vinyl Chloride (PVC), 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 in its business operations: People, Planet and Profit.

nature of business & business model

The Company operates in the Chlor-Vinyl segment, and its financial prowess is a product of the business environment it operates in.



macroeconomic environment

The year 2023 was a year of uncertainty and transition in the global economy. While the global economy was expected to grow by 3.1% in 2023, it was significantly slower than in previous years. Inflation was a major challenge, forcing central banks to take action that increased the risk of recession. Spillover effects of geopolitical turmoil continued to take their toll on commodity prices.

On the domestic front, Pakistan's economy navigated turbulent waters in 2023, contracting by 0.17% for the fiscal year 2023. Political uncertainty, capital controls to curb a rising current account deficit, and high inflation took their toll on economic activity. Inflation soared to multi-decade highs, peaking at 38% year-on-year in May 2023 before cooling off to 30% in December 2023, fueled by global commodity price hikes, rupee depreciation, and supply chain disruptions. The current account deficit narrowed significantly in 2023 to \$831 million by December 2023 from \$3.6 billion in the same period last year. This improvement came from stringent import curbs, rising rupee cost of imports, and modest export growth.

Amidst the initial turmoil, however, the latter half of the year offered glimpses of hope. The State Bank of Pakistan (SBP) adopted a tight monetary policy to combat inflation, raising interest rates albeit at the cost of dampening economic activity. Securing a USD 3 billion stand-by arrangement with the International Monetary Fund (IMF) provided vital financial support, and stringent curbs on imports further helped shore up the current account deficit.

Sector-wise, promising signs emerged in key industries. Cement exports saw an increase in 2023. The textile industry, leveraging its competitive labor costs and export diversification strategy demonstrated resilience, with exports growing by ~5% in the second half of 2023, contributing significantly to the narrowing of the trade deficit. The PVC market saw a brief uptick, following a relatively milder monsoon season compared to the same period last year.

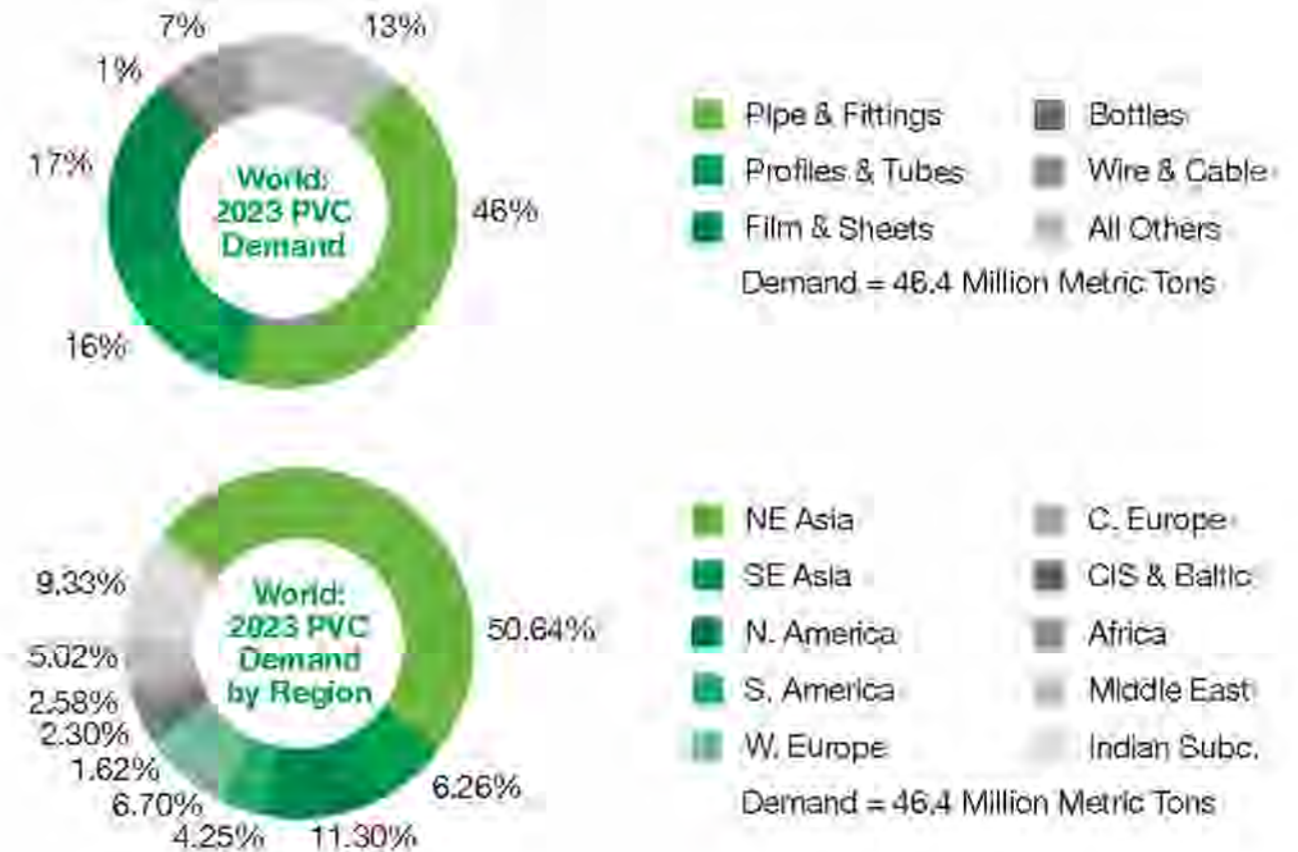
Looking ahead, a gradual recovery of 2-3% GDP growth is projected for FY2024 which hinges on several key factors: Boosting exports through diversification, value-added products, and regional trade agreements will be vital for sustainable external balance. Tackling inflation through a combination of tight monetary policy and addressing supply chain bottlenecks will be crucial. Attracting foreign investment through policy reforms and an improved business environment can provide much-needed inflows. Finally, maintaining fiscal discipline and reducing budget deficits, especially the circular debt in the power sector, will help stabilize the rupee and control external borrowing.

vinyl market overview

The global polyvinyl chloride (PVC) industry in 2023 witnessed a lackluster year as prices went back down to pre-Covid19 levels, rangebound USD 770 – 850 per MT. The vinyl industry is a highly competitive global market with 23% of the world's total PVC production traded globally in 2023. PVC is gaining market share in various segments as it is replacing traditional materials such as wood, ceramics, carpet, and other plastics, and the demand for PVC is closely tied to global GDP growth, particularly with the construction industry.

The geopolitical challenges of 2022 started easing by 4Q 2022 leading to an initial uptick in 1Q 2023 on the back of renewed demand from India. Since then, however, the PVC market remained under pressure amid economic uncertainty, throughout the year. Record high interest rates suppressed demand in Europe and the US. Furthermore, China's economic recovery was marred with a slow real estate market and sluggish consumer and business confidence. With increased PVC production coming online in China in 2023, and a slowing domestic construction sector, the global PVC markets witnessed a slowdown in Chinese demand for PVC imports.

These global economic challenges contracted world PVC demand, closing in marginally lower than 2022. India recorded the strongest demand growth of ~10% due to a growing population and the need for infrastructure. Conversely, North America has suffered the steepest demand contraction in the past decade due to high interest rates driving down construction activity. Sluggish demand coupled with oversupply and high input costs negatively impacted margins in 2023.



North America

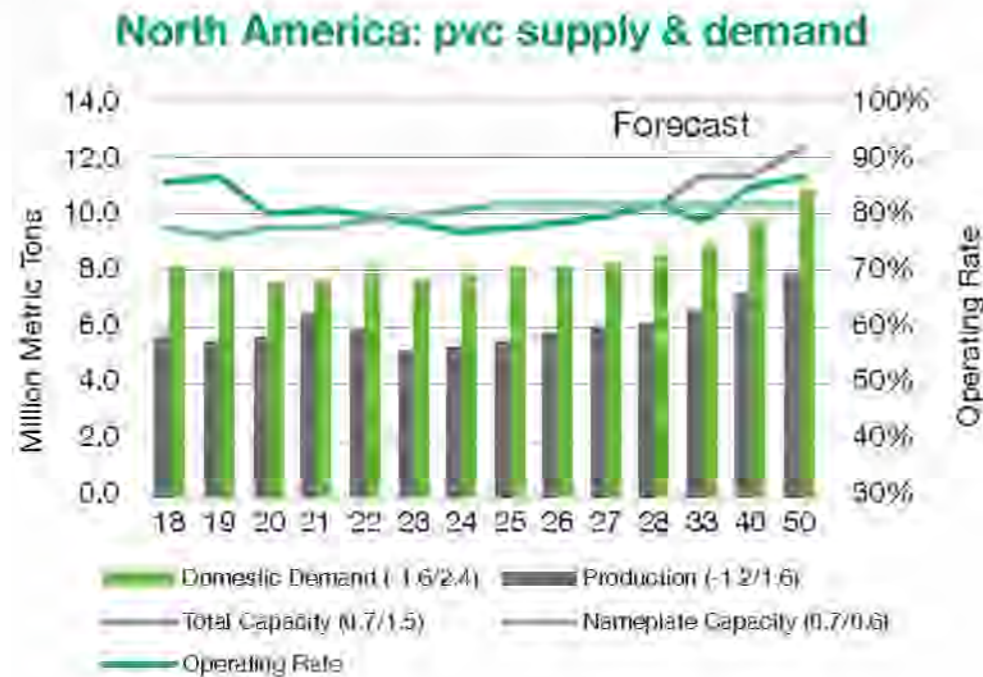
The North American PVC market suffered its steepest demand contraction in nearly a decade, with demand in 2023 estimated at 5.2 million metric tons. The inventory position of large PVC producers shifted dramatically from being sold out in 2022, to looking for volume commitments in 2023. These dynamics have led to increased domestic competition and US PVC exports increasing by 25%.

The United States remains North America's PVC powerhouse, consuming 80% of regional demand and dominating the construction market. High interest rates, lower government spending (2% YoY) and an oversupplied market have contributed to the erosion in domestic demand for PVC in 2023 by 12%. Higher interest rates led to a slowdown in the construction sector as mortgage rates skyrocketed to unprecedented highs.

The North American region accounted for 16% of the world's PVC production capacity in 2023 with a total nameplate capacity of 10 million metric tons per year, of which the US accounts for 83% of the production capacity. Effective operating rates dropped to 78% vs 90% in 2021 primarily due to slower housing demand and thin margins. Going into 2024, operating rates are expected to further decline and not exceed 80% until 2028.

Lower natural gas prices in North America, compared to other regions, have been a competitive advantage for vinyl producers in recent years, granting them a significant cash cost advantage. This edge has translated into robust regional net exports across the entire vinyl chain.

Domestic demand growth is expected to continue being slow in North America over the next year. The total regional demand, including exports, however, is expected to grow at a faster pace of 3% per year, as PVC exports are projected to increase by 6% YoY in 2024.



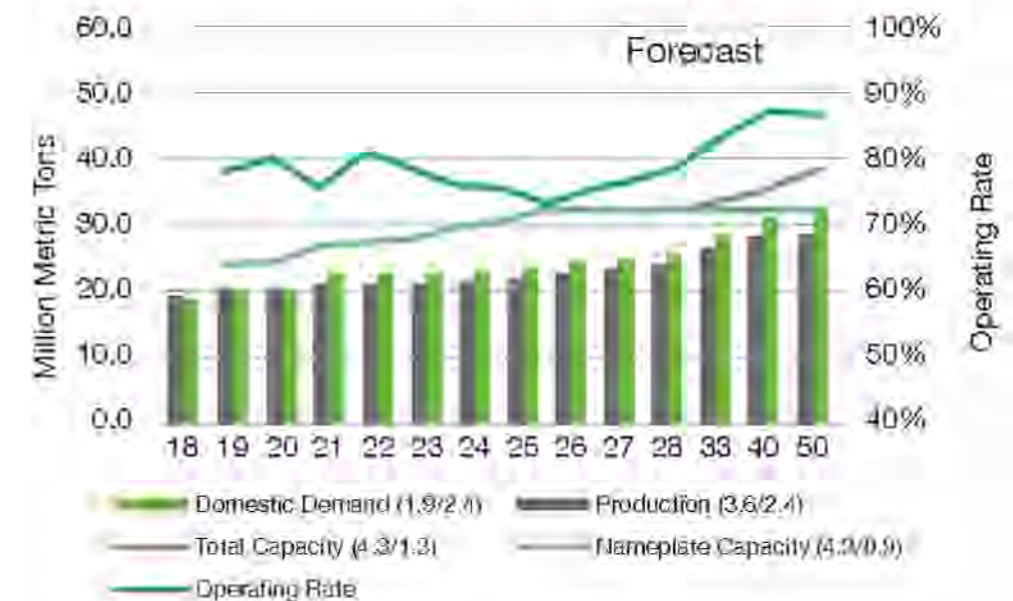
China

The Chinese economy in 2023 faced persistent challenges on its road to recovery, despite achieving government growth target of 5.2%. The performance of the real estate industry was weak despite the government's announcement of new infrastructure spending and looser rules to encourage property investment. Household spending remained subdued, impacting domestic demand. Slowing global trade and economic uncertainty added to the challenges.

Mainland China PVC market remained under pressure due to oversupply on the back of slow demand growth, in contrast to post-pandemic era demand expectations. Negative sentiments deepened on the back of bankruptcy of some large real estate companies, further dampening demand. This led to most PVC producers operating at negative margins. The domestic demand supply gap was bridged by increased exports, which reached their highest levels in a decade at 10% of production. The Indian subcontinent was the largest market for Chinese PVC at 48%.

The oversupply situation is expected to exacerbate in 2024 and beyond, as the spill-over effect of 2 million tons of supply increase from 2023, and capacity additions of ~3 million tons coming online between 2023 and 2026 creates further imbalances in industry demand supply. Demand is expected to be positive, growing by 2.6% annually between 2023 and 2028 but is still expected to remain below GDP level. Exports will remain high at about 8% or more through 2050 to mitigate the demand supply imbalance, helping relieve some of the supply pressure in the market. Producer margins are likely to remain under pressure in the short term, causing operating rates to stay below 75% through 2026.

China (mainland): pvc supply & demand

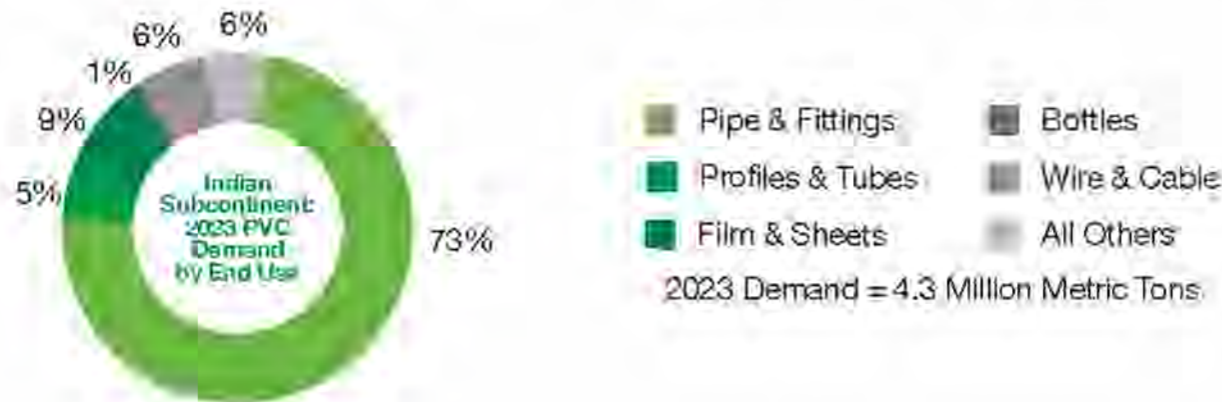


South Asia

The Indian Subcontinent, (primarily India), is experiencing an increase in PVC demand projected to grow at 6% annually until 2033. This rise is driven by factors like economic expansion, urbanization, and government support for domestic manufacturing. India, the regional leader, accounts for 84% of demand in South Asia and is expected to see further growth. The region's per capita PVC consumption is significantly lower than the global average at 2.3 kg per capita vs global average of 5.8 kg per capita, indicating immense growth potential. India, with the highest per capita consumption of 2.6 kg per capita in the region, is expected to be a key driver of this growth on the back of state investment and buoyant consumer sentiment. A significant gap exists between this surging demand and current production, making the region heavily reliant on imports. India was the largest importer of not only Chinese PVC but also US PVC exports in 2023.

Currently, India dominates regional PVC production with 79% of total regional capacity, but production still lags domestic demand. To bridge this gap, new capacity additions are planned – 1.6 million metric tons are expected to come online between 2024 and 2027. Interestingly, even with this new capacity, domestic demand is predicted to outpace regional GDP, highlighting the immense potential in the market. This further demand growth is attributed to rising income, urbanization, and government initiatives promoting domestic manufacturing. 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.

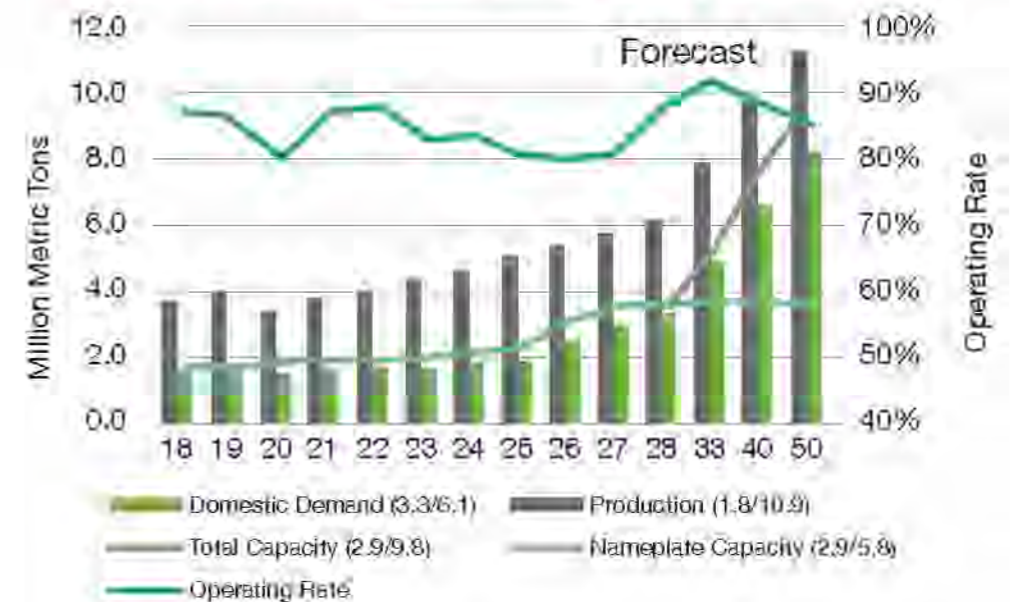
The future of the Indian Subcontinent's PVC market appears promising. With planned capacity increases and robust demand drivers, the region could potentially reduce its reliance on imports. Overall, the Indian Subcontinent presents a dynamic and rapidly growing market for PVC, offering significant opportunities for producers and investors.



Indian Subcontinent: pvc demand by geography



Indian Subcontinent: pvc supply & demand



Pakistan

In 2023, the domestic PVC market in Pakistan contracted by 9% owing to high inflation, slowdown in construction activity and low government spending on infrastructure development. Adding to these challenges, the political uncertainty and depleting foreign reserves negatively impacted economic sentiment, particularly in the first half of the year. Despite these headwinds, the Company was able to sustain an 89% market share by ensuring product availability and implementing various incentives to boost market confidence.

The PVC industry in Pakistan continues to diversify, with the range of finished products available domestically expanding to include PVC doors and window profiles, flooring, garden furniture and roofing. The outlook for PVC demand growth in Pakistan remains positive given expected economic stability post elections, resumption of construction activity, and the introduction of new applications. Demand recovery for PVC is expected in 2024 with YoY growth of 12% as political and economic stability drives industrial and construction activity. The Company is determined to capitalize on growth opportunities and contribute to the overall development of the domestic PVC market.

market development activities

This year, the Market Development Team has worked proactively to transform the perception of PVC and position it as the "Material of Choice". Building on the success of previous years' awareness campaigns, the Company initiated multiple initiatives aimed at architects, plumbers, carpenters, and end-users in 2023. A comprehensive engagement plan was implemented for architects and builders and active engagement on digital channels. To raise awareness of PVC downstream products, the team actively participated in events and exhibitions, including the Institute of Architects exhibition in 2023, and held brainstorming sessions with architects to foster product development and improvement.

As part of their campaign to position PVC as a leading choice in construction applications, the team has launched podcasts on the thinkPVC platform geared towards incentivizing and engaging architects, urban planners, builders, and other relevant stakeholders. The podcast endeavors to promote active involvement of, and foster connections within, the targeted professional community.

During the year, thinkPVC achieved a remarkable threefold growth in revenue by strategically pivoting its business model and proactively promoting innovative products.

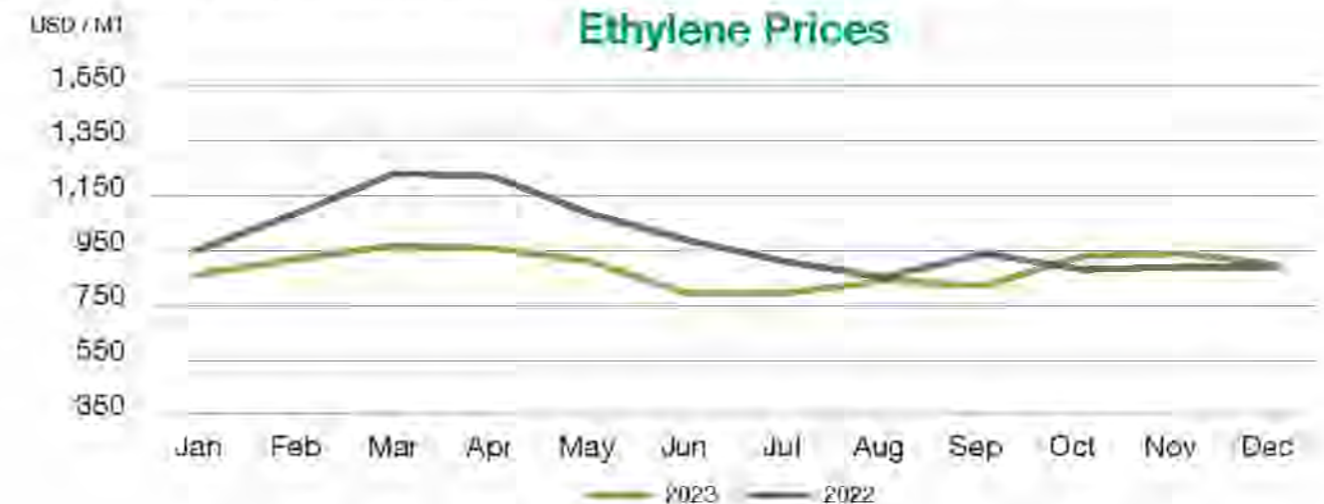
The Technical Services team conducted capacity-building workshops for plumbers & carpenters with the goal of improving their skills. A total of 380 plumbers underwent training, marking the workshops as having the most extensive geographical coverage to date, including major cities such as Lahore, Karachi, Hyderabad, Quetta, Peshawar, and Multan. The sessions provided an overview of the benefits and applications of PVC. Additionally, around 50 carpenters received training on the thinkPVC platform, focusing on the usage of PVC-based foamboard.

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. In 2023, PVC prices declined towards pre-COVID-19 levels, signaling an end to the super cycle. During the first two months of 2023, PVC prices remained elevated mainly due to restocking activity in India and Europe, following an extensive liquidation of inventory in late 2022. However, coming out of the lunar new year, the international market started to show signs of slowdown especially in China and the US. This led to a steady decline in global prices until mid-2023, when prices started picking up again mainly on the back of supply constraints as some plants-initiated maintenance shutdowns, while other producers cut their production to manage inventory levels and margins. In Asia, PVC prices declined, bottoming out in October amid oversupply in the region as various plants came back online after scheduled maintenance. The lackluster domestic demand for PVC in China and SEA further dampened support for price increase despite some restocking activity in India.



Ethylene, the primary raw material for PVC, is also used in the production of other polymers, including Polyethylene. During the outgoing year, ethylene prices were volatile due to instability in the global oil and gas market in 2023. Ethylene prices peaked around March mainly due to supply tightness and increase in crude prices. As supply disruptions eased, lackluster downstream demand forced prices to remain rangebound.



outlook

In 2024, PVC outlook rests on the delicate balance between cost pressures and market demand dynamics. While oversupply and weak demand might suggest price declines, narrow producer margins limit further price cuts. Near-term market firmness is anticipated due to rising production costs, fueled by upward trend in ethylene prices. Ethylene prices are expected to rise to USD 1,000 by year-end, translating to higher production costs. Geopolitical tensions in the Red Sea could further tighten supply, offering additional support for price increases. The second half holds potential for margin improvement as demand strengthens.

chlor-alkali market

The Chlor-Alkali production is primarily used in the manufacturing of Alumina which, in turn, is used in the construction and aviation industries. Globally, the Chlor-Alkali market was oversupplied in 2023 leading to depressed international prices. Historically, the correlation between Chlor-Alkali market and economic activity has been strong, and this was witnessed in 2023 when the industry underperformed due to dull economic growth globally.

In Pakistan, Caustic Soda is a key input for the textile sector and its demand is largely linked to the performance of the textile industry. The market was sluggish in the first half of 2023, on the back of high energy costs and economic uncertainty plaguing the industrial sector. However, we saw sustained performance in the second half amid favorable textile export market mainly in the denim sector. 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, affordable energy cost will remain a challenge for Chlor Alkali industry.

operational efficiencies

At the Company, resource conservation and operational efficiency are high focus areas to maximize value for stakeholders and contribute positively to the sustainability agenda. During 2023, the Company continued the implementation of High Temperature Direct Chlorination (HTDC) project. The project is delayed on the back of covid lockdowns in China and curbs on import payments in the country. In addition, the Company engaged in various key digitization initiatives such as implementation of Aspen ProMV, advanced process data analytics, which optimizes plant performance, and improves efficiency through AI-driven insights.

financial overview & management

sales review

In 2023, the Company's revenue decreased by 1% compared to 2022, on the back of lower sales volumes of PVC and Caustic. The decrease in volumes was further negatively impacted by lower PVC prices, which decreased to pre Covid-19 levels due to adverse global macroeconomic and geopolitical developments.

Domestic Sales (kT)	2023	2022	YoY
PVC	199	231	-14%
Caustic Soda	49	54	-10%
Caustic Flakes	3	7	14%

profitability

The Company demonstrated a positive financial performance, reporting a bottom line of PKR 8,932 million, despite macroeconomic headwinds. To mitigate slower domestic market, the Company focused on PVC export opportunities and more than doubled exports from 10kT in 2022 to 22kT in 2023.

dividend

The Board of Directors of the Company have approved a final cash dividend of PKR 1.00 per ordinary share and PKR 0.67 per preference share.

contribution to the national exchequer

During 2023, the Company contributed over PKR 9,422 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, the Company generated a cash flow of PKR 5,156 million from its operating activities. The Company's strong liquidity position has enabled it to pay regular dividends to its shareholders. Any excess short-term cash was prudently managed by investing in debt market instruments, mutual funds and TDRs.

financing

The Company has successfully secured PKR 4.2 billion in financing through International Finance Corporation in November 2023. The terms of the financing include a repayment period of 5 years, with a grace period of 1.5 years.

The Company has taken disbursement of existing Islamic Temporary Economic Refinancing facility to the tune of PKR 1.8 billion. The loan repayment period is 10 years, with a grace period of 2 years. The purpose of this financing is to meet capital expenditure requirements related to Hydrogen Peroxide (HPO) and High Temperature Direct Chlorination (HTDC) projects.

credit rating

In 2023, Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long-term credit rating at AA and its short-term rating at A1+. The credit rating agency evaluated the Company's rating as "Stable", highlighting its good credit worthiness. The agency based the ratings on the Company's ability to enhance its business, financial profile, and maintain stable operations.

capital structure

The Company's assets were financed by debt and equity of 49:51 in 2023, compared to 48:52 in 2022. During the year, the Company's capital structure saw a slight shift towards debt as new loans obtained exceeded the amount of loan repayment, leading to a slight increase in the Company's leverage.

risk management framework & methodology

The Company established its 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. The Company 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.

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 the Management Committee regularly monitors. The Risk Management process is led by the Chief Financial Officer (CFO) and presented to the Board Audit Committee (BAC) biannually.

business continuity plan

The Company has put in place a comprehensive Business Continuity Plan (BCP) outlining the policies and procedures to mitigate the potential impact of any disruptive event. The plan was launched in 2013 and has been regularly updated since 2018 to ensure its 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 key stakeholders' interests, reputation, 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 materialize, while considering business priorities and organizational interdependencies.
- To ensure financial stability by ensuring the business can overcome any catastrophic event cost-effectively.

- To manage the response in case of any potential disruption effectively and 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.

As part of the Company's response strategy, the BCP includes minimum operating requirements, team organization, damage assessment, and primary site restoration activities. It ensures the 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 respond to any unforeseen challenges effectively.

responsible citizenship & csr activities

The Corporate Social Responsibility (CSR) approach of the Company prioritizes education, healthcare, environmental preservation, water conservation, and community engagement in alignment with its foundational values. The program upholds the Company's reputation as a responsible business leader in environmental conservation and sustainable development and to support the communities it operates in. To further our cause the Company conducts its CSR activities mainly through the Engro Foundation.

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

education

On the education front, the Company 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 worked towards launching another school near the Magnificence Center on MT Khan Road, which started its operations in December 2023. These schools serve a population that previously did not have access to quality 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.

The Company's efforts to promote education are more than just a corporate responsibility. The Company 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. The Company's commitment to promoting education and empowering communities is a testament to the Company's values and its belief in the power of education to transform lives and communities.

Key highlights from 2023 are:

- 800 students were receiving education from these schools, of which 45% were girls.
- The overall female ratio across all Engro-sponsored schools increased from 28% to 45%.
- Roughly PKR 5.6 million funding per campus was provided during 2023.

healthcare

The Company, 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 as all the expenses are borne by Engro Polymer and Chemicals. 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 2023 are:

- 37,000+ patients were treated.
- 3,400+ lab tests were conducted.
- Over 16,500 children were treated at the facility, 44% of the total patient population.
- 9,000+ women patients were treated at the facility.
- ~110 patients were treated per day.

The company also realized the need for the lack of mental health facilities available in Ghaggar Phattak and its neighboring communities. Therefore, to address psychological challenges in the community, The Company established a mental health clinic with its execution partner 'Karwan-e-Hayat'. This clinic not only provides free therapy and medicines to the patients but also conducts regular awareness sessions to educate the local community on the need to get medical help when challenged with various mental health conditions. People in the neighborhood considered depression and anxiety a social taboo. However, the clinic has had a positive impact in improving the lives of the people.

Key highlights from 2023 are:

- 1,700+ patients were treated.
- Women amounted to 68% of the patient population.
- 87 community awareness sessions were conducted which were attended by over 1,900 residents of Ghaggar Phattak

The Company 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 risks 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 8+ million liters of clean drinking water processed and provided in the year 2023
- ~155,000 members of the community benefited from the water filtration plants.
- An average of 22,000 liters of clean water is 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 the Company in its business dealings. This Code of Conduct is periodically reviewed and updated to reflect the Company's values and expectations, including a commitment to zero tolerance towards bribery, corruption, and other unethical practices. Employees are regularly informed of the Company'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. The Company 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 the Company 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 the Company's relationships with its stakeholders.

health, safety and environment

In 2023, the Company completed LWI Free 29 million manhours with ongoing site reliability projects, turnarounds, and expansion projects.

The process safety transformation journey of the Company remained the signature highlight for the year. In this regard, the Company completed Major Accidental Hazards (MAH) review based on DuPont's "Risk Based Assessment" philosophy. This includes assessment of operating units, expansion projects (HPO and HTDC) and non-process hazards. With this, a comprehensive remedial action plan has also been chalked out providing a road map to mitigation of critical hazards. Moreover, to ensure a robust pipeline of process safety resource pool, various capacity building exercises were held including Functional Safety and SIL Assessments. This year only, the Company collaborated with USA's renowned risk specialists "Process Improvement Institute" and developed 06 Certified HAZOP Leaders possessing necessary expertise to smoothly lead cyclic PHAs and ensure better risk management. With this, the Company also completed Process Safety Risk Studies including Dispersion Modelling of Pressure Relief Valves, OSBL lines QRA, F&G mapping, and Hazardous Area Classification Study, further supplementing the risk visibility and action plans towards process safety improvements.

The Company also continued its endeavors in the digital transformation journey in which various projects have been deployed to enhance visibility of site risks and provide means for effective process safety management. In this regard, full deployment of Risk Alive - The AI based tool offering the capability to harness the PHA data for Process Safety Barrier Management has been carried out at aiding the day-to-day operations and SECE management. The Company also upgraded its Safety Management Information System (SMIS) to Velocity EHS with complete implementation in phases during 2023.

The Company embarked on site occupational safety systems and institutionalizing construction safety practices at expansion projects. This includes systems like Risk Based JSA, and Craft Skill Certification Program for employees & contract workforce etc.

Extending its safety commitment to national level, the Company also spearheaded the initiative of collaboration between the PCMA (Pakistan Chemical Manufacturing Association) and Rescue 1122 to develop a comprehensive Industrial Disaster Management Framework, adding the element of industrial disaster preparedness in National Disaster Management structure.

To strengthen the site emergency response, rigorous training of the emergency response team remained on top. Moreover, the digital head count system was further expanded to increase efficacy in emergencies and Service Level Agreement assuring availability and sustainability of the system. Early detection of hazardous chemicals' leakages is vital for prompt emergency response. Leveraging technology, thermal cameras have been installed at strategic locations to prompt quick mitigative response. The readiness of expansion workforce on emergency response and preparedness has been completed after rigorous training and certification process.

At hydrogen peroxide project, the Company achieved a remarkable milestone of injury free year 2023. This significant accomplishment stems from our approach to safety, which includes extensive training programs, thorough risk reviews, the diligent application of Job Safety Analysis (JSA) protocols, and effective supervision. This achievement not only reflects our unwavering commitment to upholding the highest standards of workplace safety and health but also demonstrates our proactive and systematic approach to risk management and employee well-being.

The capacity building of the contractors has been rigorously undertaken through tailored training programs, aligning them with the Company's safety systems. The Company has introduced Contractor HSE Key Performance Indicators (KPIs) to meticulously gauge and enhance contractor performance. This improvement is clearly reflected in the Company project safety statistics, marking a notable advancement in our commitment to fostering a culture of safety and excellence at our projects.

Self-reporting of safety hazards & incidents was encouraged, and the Company was able to increase it by 100% as compared with 2022. This is an evident performance indicator of the improvement in the safety culture of the organization.

A notable feat for environmental safety remained to be Zero SEQS excursions for the year while at the supply chain and non-manufacturing front, the Company completed 12 million Kilometers of fleet with zero FAFF (Fleet Accident Frequency Rate) in 2023.

information systems

The Company has consistently positioned technology as a primary facilitator of our operational excellence. In response to the global trend towards digital transformation, our Company is committed to sustaining its leadership position in this domain. The Digital Transformation Department is actively engaged in the digitization and automation, with the overarching goals of enhancing efficiency, fortifying process security, increasing productivity, reducing human intervention, and progressing towards a paperless environment. This strategic shift ensures that every process and operation is readily accessible to employees from any location and device. In alignment with The Company's vision, the Digital Transformation Team has effectively implemented cutting-edge digital solutions across both technical and non-technical domains including:

aspen promv powered by big data analysis – optimizing plant performance & equipment reliability

Aspen ProMV analyzes complex process data with 100+ variables using big data analytics. Employing latent variables, it optimizes production parameters at The Company site, providing actionable insights. Our 11 ProMV agents, enhancing efficiency in Oxychlorination Reactors, Incinerators & Distillation Columns, resulted in significant reduction in VCM losses.

digital twin – optimizing evcm plant parameters in real time

The Company's Digital Twin of EVCM unit (plant's simulated replica), provides real-time simulation insights into key process parameters like HEX fouling, column hydraulics and soft sensors. Powered by an RTO-based solution, it optimizes plant variables in real time with the overall optimization function, allowing loss reduction at VCL Column Bottom.

3D intelligent modelling – capex optimization through process safety information data validation

Utilizing Plant's Intelligent 3D model with advanced laser scan technology addressed gaps in the PSI Package by determining accurate vent heights, directions, and optimal piping routes. The results were subsequently utilized in engineering studies (dispersion modelling & piping stress analysis), thereby eliminating the need for equipment upgrades through project reappraisals, leading to major savings in CAPEX investments.

risk alive - unleashing potential of pha data through ai (an approach to advanced barrier management)

The Company's process safety transformation, powered by Risk Alive's AI and machine learning, optimally utilized Process Hazard Analysis data to enhance process safety barrier management and risk mitigation through advanced analytic features, resulting significant reduction in site's PSTIR, number of PHA recommendations & SECE defeat time.

thermal cameras for preemptive detection of leakages at evcm unit – leveraging computer vision ai

The Company has installed 12 state-of-the-art thermal cameras at the EVCM unit, integrating Computer Vision AI for preemptive detection of leakages, monitoring of temperature variation in critical process equipment and close surveillance of inaccessible plant zones, leading reduction in incident response time.

predictive analytics through powerbi dashboards – microsoft business analytical tool

The adoption of Power BI represents a paradigm shift in our analytical methodology, supplanting conventional, time-intensive approaches with instantaneous data-driven analytics. The application of Power BI dashboards in scrutinizing process-side leakages (LOPC - Loss of Process Containment) has facilitated the identification of multiple underlying causes, including gaps in practices, metallurgical issues, and improved asset reliability by identification of bad actors. The strategic implementation of corrective actions against these root causes yielded a notable reduction in leakages & heat exchanger failures and improvement in site's MTBF.

visual inspection through drones – cutting edge solution

The Company has transformed tank and vessel inspections with drone technology, eliminating scaffolding, reducing inspection manhours by 75% per equipment. This enhances operational efficiency, enabling real-time monitoring, reducing human exposure, and providing versatile access to areas inaccessible through traditional methods.

salesforce driven growth at the company – revolutionizing customer experience

The Company's Customer Connect Channel (Salesforce Software) empowers customers with seamless digital payments, streamlining transactions, efficient reconciliation and an online vehicle tracking system for real-time visibility, which significantly improved the customer experience, leading to a notable increase in Net Promoter Score to 84% in 2023.

human resources

The Company is committed to fostering an inclusive workplace. As an equal opportunity employer, we consistently review our culture and practices to create a secure and thriving environment where every team member feels included.

As the only fully integrated chlor-vinyl complex in Pakistan, the Company possesses a unique talent landscape. Our strategic focus revolves around the in-house development of technical talent, with a strong emphasis on development and nurturing of our trainees. Their development is significant as they form an integral part of the talent pipeline for senior leadership positions. The focus is on developing and aligning their skillset with the complex technical capabilities required for our plant. We are dedicated to promoting business excellence, placing a strong emphasis on the development and well-being of its employees.

talent and leadership

Recognizing the importance of deploying technological advancements with effective leadership, we strive to foster a workplace culture where individuals seamlessly integrate both aspects to drive innovation and success.

PMGM (Performance & Goal Management) is regarded as an important tool that supports us in aligning talent development with our strategic focus. Beyond just considering the 'what' part of the objective achievement, the PMGM also considers the 'how' part, ensuring that the behaviors behind these decisions are accounted for as well. The Leadership Competency Model (LCM) was updated in 2023 to ensure alignment with our core values.

Continuous growth and development of our workforce are important in surviving a dynamic, complex, and challenging business environment. To further this agenda, the Talent Development Program plays a significant role by identifying high-potential, top-caliber, talented employees across the business and provides them with mentorship opportunities with C-Suite level executives across all subsidiaries.

Another area of focus in 2023 remained implementation and tracking of individual development plans for successors of key critical roles at the Company. These plans were customized to address the developmental needs of each individual, with a key focus on leadership competency development.

culture & engagement

Fostering leadership competencies among employees is integral to Engro's work culture. In 2023, our primary focus was on enhancing the pace and efficiency of work execution by promoting a culture of capacity building, inclusion, and digital agility. The Human Resources Department gives regular updates to the Board of Directors, offering insights into the progress made in this area. To further support our cultural initiatives, the Board and senior management actively engage in appointing and promoting individuals who align with the organization's value.

Regular employee engagement surveys and feedback mechanisms help management understand and address the needs and concerns of the employees. The HR team works closely with the department heads to ensure that employee engagement initiatives are aligned with the feedback received and our overall goals. We continuously work on improving employee engagement mechanisms.

The focus of employee engagement in 2023 remained on developing digital culture within the organization and enhancing the digital skillset of employees. The DX Champion Program was launched in line with this. Through this program employees with advanced digital skillsets were identified as digital champions within their respective divisions and were responsible for developing digital capabilities within their wider teams.

Learning initiatives like assignment of Coursera Licenses continued to provide employees an opportunity to work on their capacity building through self-learning modules. Learning marathons and monthly leaderboards were used as tools to increase learning engagement on the platform with focus on courses with Data Analytics and Employee Wellbeing.

capacity and capability development

The significance of maintaining a suitable talent pipeline is that it equipped with the required capabilities to facilitate the successful execution of our projects and to achieve operational efficiency which is recognized across all levels. In alignment with this goal, the focus in 2023 remained on enhancing the technical training capacity at the Company.

Multiple interventions were introduced to ensure that technical training operated with a strategic focus. Technical Competency Framework was launched for manufacturing departments in 2023. Along with it, the focus in 2023 was to create SMEs across the entire organization, with the launch of the Craft in Charges Program and Skill Pool Managers Program being the first steps in that direction.

diversity, equity & inclusion

Inclusion of diverse talent is the key objective behind the Company's DE&I vision demonstrated by an increase in diversity from 54 employees in 2022 to 83 in 2023. This is emphasized throughout all HR practices with a key commitment area being equal-opportunity recruitment and remuneration leading to retention of diverse talent in unconventional roles. Our DEI strategy aims for a 16% diversity ratio by 2025, reflected in multiple initiatives like gender-inclusive leadership, DEI sensitization training for our employees and 3rd party workforce, and coaching programs such as "Breaking the Glass Ceiling".

Recruitment strategies such as degendered job ads and targeted outreach to underrepresented areas are employed to ensure equal opportunity is implemented on the ground.

The presence of women in significant managerial roles exemplifies our commitment to supporting career progression of merited talent without discrimination. This commitment extends to promoting women employees in different roles, and breaking gender barriers in areas like assistant engineers, apprentices, and sales managers.

Our family-friendly policies extend beyond the workplace, offering comprehensive support in multiple aspects throughout an employee's life cycle, including secure accommodation, transportation, and unique returnship programs like "Break Kay Baad" and the Off-track policy for long-term sabbaticals whether for education or care giving needs. Moreover, we actively engage in community outreach, contributing to societal development through initiatives like the Steam Safer Program. The focus of these initiatives is to empower employees to make a positive impact at grassroots level by establishing a connection with their communities for the betterment of the country. In summary, our holistic approach encompasses recruitment, career progression, family support, community engagement, and governance, creating a workplace that values diversity and actively supports employees throughout various life situations.

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, the Company 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

the Company requests support from the government in the following areas:

- **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. The Company 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.
- **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

The Company continues to work towards executing its previously announced projects and seeking new projects and markets despite the country's economic challenges. The Company'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:

- **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 2024.
- **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 2024.
- **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.

Categories of Shareholding as at December 31, 2023

S.No.	Category of Shareholders	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their Spouse and Minor Children	8	6,506	0.00
2	Executives	3	434,685	0.05
3	Associated Companies, Undertakings and Related Parties	4	702,609,677	77.30
4	NIT and ICP	-	-	-
5	Banks, Development Financial Institutions, Non-Banking Financial Institutions	7	1,148,726	0.13
6	Insurance Companies	7	15,573,875	1.71
7	Mutual Funds and Modarabas	30	8,294,866	0.91
8	Shareholder holding 5% or more	3	701,568,837	77.19
9	General Public:			
	a. Local	38345	161,193,660	17.73
	b. Foreign	-	-	-
10	Others	146	19,661,338	2.16
	Total (excluding shareholder holding 5% or more)	36,560	908,923,333	100.00

Information of shareholding required under reporting framework is as follows:

1. Directors, Chief Executive Officer, and their Spouse and Minor Children

S.No.	Name	No. of Shares Held
1	Mr. Ghias Uddin Khan	1
2	Mr. Tomoya Kondo	1
3	Syed Shahzad Nabi	1
4	Mr. Tariq Nisar	5,000
5	Ms. Ayesha Aziz	501
6	Mr. Nazoor Ali Baig	1
7	Mr. Kamran Nishat	1
8	Mr. Tahir Aziz (Spouse of Ms. Ayesha Aziz)	1,000
	Total	6,506

2. Executives

S.No.	Name	No. of Shares Held
	Total	434,685

3. Associated Companies, Undertakings and Related Parties

S.No.	Name	No. of Shares Held
1	Engro Corporation Limited	510,733,453
2	Mitsubishi Corporation	100,053,563
3	Mr. Nadeem Nisar	90,761,821
4	EPGL Employees' Trust	1,040,840
	Total	702,609,677

4. NIT and ICP

S.No.	Name	No. of Shares Held
	Total	-

5. Banks, Development Financial Institutions, Non-Banking Financial Institutions

S.No.	Name	No. of Shares Held
	Total	1,148,726

6. Insurance Companies

S.No.	Name	No. of Shares Held
	Total	15,573,875

7. Mutual Funds and Modarabas

S.No.	Name	No. of Shares Held
1	Punjab Pension Fund Trust	2,142,020
2	Atlas Stock Market Fund	1,164,884
3	KSE Meezan Index Fund	746,977
4	NBP Stock Fund	706,873
5	Atlas Islamic Stock Fund	622,500
6	HBL Income Fund - MT	597,000
7	Punjab General Provident Investment Fund	444,212
8	Faysal MTS Fund - MT	344,940
9	HBL Financial Sector Income Fund Plan I - MT	325,250
10	Al Habib Islamic Stock Fund	180,000
11	Faysal Islamic Stock Fund	175,314
12	Atlas Pension Islamic Fund - Equity Sub Fund	133,000
13	Atlas Islamic Dedicated Stock Fund	120,000
14	IAML Equity Fund	111,730
15	Atlas Pension Fund - Equity Sub Fund	80,000
16	AKD Index Tracker Fund	66,310
17	Pak-Qatar Islamic Stock Fund	64,604
18	Pak Oman Advantage Asset Allocation Fund	50,000
19	Pak Oman Islamic Asset Allocation Fund	50,000
20	NBP Balanced Fund	49,173
21	Faysal Islamic Pension Fund-Equity Sub Fund	31,608
22	Faysal Pension Fund-Equity Sub Fund	28,350
23	Al Habib Pension Fund-Equity Sub Fund	21,000
24	Al Habib Islamic Pension Fund-Equity Sub Fund	20,000
25	Trust Modaraba	10,000
26	First Al-Noor Modaraba	6,000
27	Pak-Qatar Islamic Pension Fund - Equity Sub Fund	3,515
28	Al-Zamin Modaraba Management (Private) Limited	2,500
29	ABL Islamic Stock Fund	75
30	ABL Stock Fund	31
	Total	8,294,866

8. Shareholder holding 5% or more voting rights in the Company

S.No.	Name	No. of Shares Held
1	Engro Corporation Limited	510,733,453
2	Mitsubishi Corporation	100,063,563
3	Mr. Nadeem Nisar	90,781,821
	Total	701,568,837

9. General Public (Local)

S.No.	Name	No. of Shares Held
	Total	161,193,660

10. Others

S.No.	Name	No. of Shares Held
	Total	19,661,338

Pattern of Shareholding as at December 31, 2023

No. of Shareholders	No. of Shareholdings			Total Shares
	From	To		
2,178	1	100		94,564
19,134	101	500		8,713,001
6,522	501	1,000		4,982,867
5,087	1,001	5,000		18,129,349
1,411	5,001	10,000		10,930,082
569	10,001	15,000		7,284,105
382	15,001	20,000		7,026,854
245	20,001	25,000		5,627,571
147	25,001	80,000		4,178,210

No. of Shareholdings			
No. of Shareholders	From	To	Total Shares
129	30,001	35,000	4,245,115
70	35,001	40,000	2,700,665
40	40,001	45,000	1,714,960
107	45,001	50,000	5,277,651
44	50,001	55,000	2,328,844
41	55,001	60,000	2,388,772
25	60,001	65,000	1,591,057
29	65,001	70,000	1,998,834
12	70,001	75,000	884,604
18	75,001	80,000	1,410,532
14	80,001	85,000	1,166,820
21	85,001	90,000	1,850,367
17	90,001	95,000	1,592,456
38	95,001	100,000	3,786,282
14	100,001	105,000	1,440,349
15	105,001	110,000	1,626,108
11	110,001	115,000	1,233,572
12	115,001	120,000	1,416,999
4	120,001	125,000	497,725
6	125,001	130,000	779,269
4	130,001	135,000	526,565
2	135,001	140,000	277,500
3	140,001	145,000	431,394
7	145,001	160,000	1,045,500
8	150,001	155,000	1,223,170
4	155,001	160,000	633,549
4	160,001	165,000	645,436
3	165,001	170,000	508,000
5	170,001	175,000	866,821
3	175,001	180,000	540,000
7	180,001	185,000	1,282,904
6	185,001	190,000	1,130,785

No. of Shareholdings			
No. of Shareholders	From	To	Total Shares
4	190,001	195,000	770,255
9	195,001	200,000	1,800,000
6	200,001	205,000	1,214,503
4	205,001	210,000	834,350
1	210,001	215,000	215,000
3	215,001	220,000	651,416
1	220,001	225,000	221,565
1	225,001	230,000	230,000
2	230,001	235,000	464,667
1	235,001	240,000	235,500
2	245,001	250,000	500,000
5	250,001	255,000	1,257,708
1	255,001	260,000	260,000
1	265,001	270,000	267,377
6	270,001	275,000	1,369,789
1	275,001	280,000	279,000
1	280,001	285,000	283,951
1	285,001	290,000	286,298
1	290,001	295,000	295,000
7	295,001	300,000	2,096,483
1	300,001	305,000	300,756
1	310,001	315,000	314,000
1	315,001	320,000	316,500
2	320,001	325,000	647,900
3	325,001	330,000	985,250
1	330,001	335,000	333,333
3	335,001	340,000	1,014,024
1	340,001	345,000	344,940
4	345,001	350,000	1,396,200
2	350,001	355,000	705,073
3	355,001	360,000	1,080,000
1	360,001	365,000	365,000

No. of Shareholdings			
No. of Shareholders	From	To	Total Shares
2	865,001	870,000	786,324
2	895,001	400,000	797,999
1	405,001	410,000	410,000
1	410,001	415,000	410,986
1	415,001	420,000	415,471
1	425,001	430,000	430,000
2	440,001	445,000	889,212
3	445,001	450,000	1,347,920
2	455,001	460,000	914,138
1	480,001	485,000	485,000
4	495,001	500,000	2,000,000
1	515,001	520,000	518,527
1	580,001	585,000	565,000
1	585,001	570,000	566,849
1	570,001	575,000	573,018
4	595,001	600,000	2,397,000
1	605,001	610,000	606,080
1	620,001	625,000	622,500
1	665,001	670,000	666,849
1	675,001	680,000	677,726
2	680,001	685,000	1,369,056
1	695,001	700,000	700,000
1	700,001	705,000	704,000
1	705,001	710,000	706,873
1	710,001	715,000	711,580
2	720,001	725,000	1,450,000
1	745,001	750,000	746,977
1	775,001	780,000	780,000
1	785,001	790,000	787,000
1	845,001	850,000	846,905
1	895,001	900,000	900,000
1	910,001	915,000	914,462

No. of Shareholdings			
No. of Shareholders	From	To	Total Shares
1	955,001	960,000	960,000
1	985,001	990,000	985,405
3	995,001	1,000,000	3,000,000
1	1,040,001	1,045,000	1,040,840
1	1,045,001	1,050,000	1,048,737
1	1,095,001	1,100,000	1,100,000
1	1,160,001	1,165,000	1,164,884
1	1,365,001	1,370,000	1,369,956
2	1,395,001	1,400,000	2,796,514
1	1,410,001	1,415,000	1,414,290
1	1,415,001	1,420,000	1,417,000
1	1,445,001	1,450,000	1,450,000
1	1,495,001	1,500,000	1,600,000
1	2,140,001	2,145,000	2,142,020
1	2,345,001	2,350,000	2,350,000
1	2,580,001	2,585,000	2,582,095
1	2,995,001	3,000,000	3,000,000
1	3,715,001	3,720,000	3,716,195
1	4,460,001	4,465,000	4,463,582
1	10,860,001	10,865,000	10,864,780
1	90,780,001	90,785,000	90,781,821
1	100,050,001	100,055,000	100,053,563
1	510,780,001	510,785,000	510,783,453
36,550			908,923,333

board meetings and attendance

In 2023, the Board of Directors held 5 meetings to cover the complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Ghias Uddin Khan	5
Ayesha Aziz	5
Nazoor Ali Baig	5
Jahangir Piracha	5
Tomoya Kondo	4
Tariq Nisar	3
Syed Shahzad Nabi	3
Feroz Rizvi	2
Eram Hasan	2
Rizwan Masood Raja	1
Shabbir Hussain Hashmi	1
Nadir Salar Qureshi	1

Board Composition

Male	7
Female	1

Category	Name
Non-Executive Director	Mr. Ghias Khan
	Mr. Tariq Nisar
	Mr. Tomoya Kondo
	Syed Shahzad Nabi
Executive Director – CEO	Mr. Jahangir Piracha
Independent Director	Mr. Nazoor Ali Baig
	Mr. Kamran Nishat
Independent Director – Female	Ms. Ayesha Aziz

Board Audit Committee

Mr. Kamran Nishat	Chairman
Mr. Nazoor Ali Baig	Member
Mr. Tomoya Kondo	Member

Board People Committee

Ms. Ayesha Aziz	Chairperson
Mr. Tariq Nisar	Member
Mr. Nazoor Ali Baig	Member

Compensation of Directors

The Company 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 326 (Note 38 to the standalone financial statements.)

Major Judgement 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 Company's financial statements have been prepared per 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.
- 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, 2023, and unaudited financial statements as of December 31, 2023, which are maintained by Engro Corporation Limited.

Details of the fund are as follows:

(in PKR)	31-Dec-23	30-Jun-23
Total Assets	5,559,547,049	5,909,242,343
Cost of Investments	4,818,844,811	4,976,330,908
Percentage of Investment made	86.67%	84.21%
Fair Value of Investments	5,379,476,393	5,147,597,649

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 the code of corporate governance

The Board of Directors reviews all significant matters of the Company. These include, but are not limited to, the 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 the 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, Ms. Ayesha Aziz, Mr. Jahangir Piracha, Mr. Kamran Nishat, Mr. Nazoor Ali Baig and Syed Shahzad Nabi during the preceding years from recognized institutions of Pakistan, approved by the SECP.

director orientation

The Company's Board of Directors comprises individuals from diverse professional backgrounds who bring a wealth of experience to the Company. 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

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.

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, the Company:

- 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 the Company is responsible for establishing the Company'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, 391 million shares of the Company were traded on Pakistan Stock Exchange. The average price of the Company's share based on daily closing rates was PKR 44.17. The 52-week low high during 2023 was PKR 38.50 – 52.39 per share, respectively.

dividends

The Board of Directors declared final cash dividend of PKR 1.00 per ordinary share and PKR 0.67 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.

statement of compliance with listed companies (code of corporate governance) regulations, 2019 year ended december 31, 2023

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, ("Regulations") in the following manner:

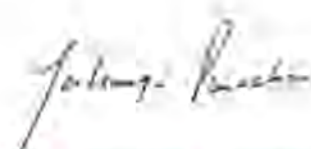
1. The total number of directors are eight (8) in the following manner:
 - a. Male: 7*
 - b. Female: 1

*Including the Chief Executive Officer (CEO), who is a Deemed Director.

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Nazoor Ali Balg Mr. Kamran Nishat*
Independent Director - Female	Ms. Ayesha Aziz
Non-Executive Directors	Mr. Ghias Khan Mr. Tariq Nisar Mr. Tomoyo Kondo Mr. Syed Shahzad Nabi
Executive Director - CEO	Mr. Jahangir Piracha

*Mr. Kamran Nishat was appointed on December 29, 2023 in place of Mr. Srabir Hussain Hashmi who resigned as a Director on August 18, 2023.



Mr. Jahangir Piracha
Chief Executive Officer



Kamran Nishat
Director

3. The directors have confirmed that none of them are 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. Additionally, the Board has ensured that comprehensive record of significant policies, including the date of their 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 the 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. Out of the 8 directors, 6 directors have successfully completed the Director's Training Program. Mr. Tariq Nisar and Mr. Tomoyo Kondo, who were appointed during the year, shall take the training under the stipulated timeline as per the requirement of Regulation 19(2).
10. The Board had approved the appointment of the Chief Executive Officer including his remuneration and terms and conditions of employment and complied with the Regulations in this respect. The Board has also reviewed the remuneration of the existing Chief Financial Officer, Company Secretary and Chief Internal Auditor along with the terms and conditions of their employment.
11. The Chief Executive Officer and the Chief Financial Officer duly endorsed the Company's financial statements, prior to approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Board Audit Committee

Mr. Kamran Nishat - Chairman
Mr. Nazoor Ali Balg
Mr. Tomoyo Kondo

The Committee was reconstituted on December 29, 2023, after resignation of Mr. Shabbir Hussain Hashmi (former Chairman) on August 18, 2023.

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

Ms. Ayesha Aziz - Chairperson
Mr. Nazoor Ali Balg
Mr. Tariq Nisar

The Committee was reconstituted on July 10, 2023.

13. The terms of reference of the aforementioned committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as follows:
 - a) Board Audit Committee - 6 meetings held during the year; and
 - b) 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 (ICAP) 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 ICAP 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, these Regulations or any other regulatory requirements and the auditors have also confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with, whereas, for compliance with Regulations 6 and 27, the status has been explained below:

1. Independent Directors [Regulation 6(1)]

On August 18, 2023, the casual vacancy occurred on the Board due to resignation of Mr. Shabbir Hussain Hashmi (Independent Director). Thereafter, the Company made continuous efforts to fill in the casual vacancy, which was filled through appointment of Mr. Kamran Nishat, as an Independent Director on December 29, 2023. Thereafter, the Company stands compliant with the requirements of Regulation 6(1) i.e. the Board comprised of 1/3rd of Directors being Independent Directors.

2. audit committee [regulations 27(1)(i) and 27(1)(iii)]

On appointment of Mr. Kamran Nishat with effect from December 29, 2023, the Board Audit Committee (BAC) was reconstituted. Thereafter, the Company stands compliant with the requirements of aforementioned Regulations i.e. having three member BAC and one financial literate director to be the member of BAC.

19. Explanations for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

1. nomination committee and risk management committee (regulations 29 and 30)

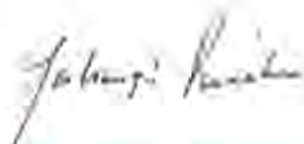
The responsibilities of the Nomination Committee and the Risk Management Committee are currently fulfilled by the Board and Board Audit Committee respectively. Therefore, establishing a separate committee for Nomination and Risk Management is not required.

2. directors training program for female executive and head of department (regulation 19(3))

One female executive who is Head of Department is a certified director under the Directors Training Program. The Company intends to arrange training for another female executive and / or head of department in the ensuing year.



Mr. Ghia Khan
Chairman



Mr. Jahangir Piracha
Chief Executive Officer



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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, 2023 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, 2023.

AFFERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 3-C, 1st Chandigarh Road, P.O. Box 4216, Karachi-75000, Pakistan
Tel: +92 (21) 34426682/34426611-3; Fax: +92 (21) 34411805/34426611/34411811; www.afo.com.pk

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Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references where these are disclosed in the Statement of Compliance:

S.No	Reference	Description
(i)	Paragraph 18	On August 18, 2023, a casual vacancy occurred on the Board, which was filled on December 29, 2023. During this period, there were only two independent directors on the Board of Directors, instead of the required minimum three independent directors i.e. 1/3 rd of the total members of the Board of Directors.
(ii)	Paragraph 18	On occurrence of casual vacancy on August 18, 2023, the Audit Committee stood comprised of only two members and there was no financial literate member on the Audit Committee until December 29, 2023.



Chartered Accountants
Karachi

Date: March 6, 2024

Engagement Partner: Waqas Aftab Sheikh

UDIN: CR202310069j0mqzSuec

quarterly analysis

(based on consolidated financial statements)

first quarter

Profit and loss – Rs in Mn	Q1-23	Q1-22
Net revenue	17,978	23,127
Cost of sales	(14,387)	(15,462)
Gross profit	3,591	7,665
Operating profit	2,849	6,869
Profit before tax	1,672	6,256
Net profit	1,183	4,714

In Q1 2023, local PVC sales declined by 26% as compared to same period last year. Caustic volumes also reflected a similar trend where volumes declined by 38%. The decline comes amid significant challenges posed by volatile macroeconomic situation in the country on account of restrictions on foreign payments, massive dollar devaluation, high interest rates and surging inflation. Resultantly, the net profit reduced by 75% in Q1 2023 as compared to same period last year.

Financial position – Rs in Mn	Mar-23	Dec-22
Total assets	84,662	85,401
Total equity	28,305	27,122
Total liabilities	56,357	58,279

Due to the aforementioned challenges, the financial position of the Company remained stable with a reduction in working capital on account of reduced profitability during the quarter as compared to last quarter.

second quarter

Profit and loss – Rs in Mn	Q2-23	Q2-22
Net revenue	19,044	22,277
Cost of sales	(13,592)	(14,749)
Gross profit	5,452	7,528
Operating profit	4,963	6,258
Profit before tax	3,412	5,521
Net profit	1,562	2,338

Sales for Q2 2023 slightly increased from the previous quarter but reduced by 15% from the same period last year due to continued macroeconomic challenges. During the period, international PVC prices continued the downward spiral negatively impacting margins. The decline in profit is attributed to the impact of lower sales, higher production costs & finance costs.

Financial position - Rs in Mn	Jun-23	Dec-22
Total assets	88,423	85,401
Total equity	26,386	27,122
Total liabilities	62,037	58,279

The financial position for the period witnessed a slight increase in non-current assets & liabilities. Working capital of the Company was reduced on account of lower profits and disposal of short-term investments during the quarter.

third quarter

Profit and loss - Rs in Mn	Q3-23	Q3-22
Net revenue	25,016	16,904
Cost of sales	(18,492)	(11,931)
Gross profit	6,524	4,973
Operating profit	5,647	3,986
Profit before tax	4,411	3,112
Net profit	2,642	2,257

The topline witnessed a growth of 31% from the last quarter and 48% from the same period last year mainly on the back of higher volumetric sales. The PVC market benefitted from an uptick in construction activity in Q3 2023, following a relatively milder monsoon season compared to the same period last year.

Financial position - Rs in Mn	Sep-23	Dec-22
Total assets	86,639	85,401
Total equity	27,514	27,122
Total liabilities	59,126	58,279

The financial position of the Company remained stable during the quarter on account of improved profitability and working capital position as compared to previous quarter.

fourth quarter

Profit and loss - Rs in Mn	Q4-23	Q4-22
Net revenue	19,231	19,751
Cost of sales	(14,065)	(16,214)
Gross profit	5,166	3,537
Operating profit	4,511	2,675
Profit before tax	4,262	1,807
Net profit	3,545	2,380

During the last quarter, the Company witnessed a 23% decline in its sales as compared to previous quarter but remained consistent with the same period last year. This was mainly due to lackluster downstream demand in the construction sector as winter season kicked in. International PVC prices also saw an uptick further dampening the PVC downstream demand.

Financial position - Rs in Mn	Dec-23	Dec-22
Total assets	90,598	85,401
Total equity	28,592	27,122
Total liabilities	62,006	58,279

The financial position of the Company observed an increase in non-current assets on account of capital expenditure that was partly financed by long-term & short-term borrowings.

six-year summary of financial performance

with horizontal and vertical analysis

ASSETS	2023			2022			2021			2020			2019			2018		
	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
Property, plant and equipment	58,794	19	59	45,297	17	53	38,703	3	50	37,614	20	54	31,433	62	55	19,398	21	54
Right-of-use asset	1,206	(28)	1	1,684	(17)	2	2,037	(12)	3	2,306	(16)	3	2,748	100	5	-	-	-
Intangible assets	620	(10)	1	686	(4)	1	712	598	1	102	29	-	79	(26)	-	107	2	-
Investments at amortised cost	-	(100)	-	1,318	(57)	2	3,093	(34)	4	4,661	(14)	7	5,421	100	9	-	-	-
Long-term loans, advances and deposits	23	2,164	-	1	49	-	1	(98)	-	29	(60)	-	72	(14)	-	84	11	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	(100)	-	116	100	-	-	(100)	-
Stores, spares and loose tools	3,312	34	4	2,464	21	0	2,042	14	3	1,785	6	3	1,678	7	3	1,509	(2)	4
Stock-in-trade	16,985	63	19	10,416	(17)	12	12,591	103	16	6,195	42	9	4,350	21	8	3,581	(3)	10
Trade debts	1,629	(39)	2	2,679	221	3	834	42	1	586	25	1	470	9	1	430	(15)	1
Loans, advances, deposits, prepayments and other receivables	3,528	57	6	3,515	87	4	1,877	496	2	315	(64)	-	879	(48)	2	1,700	199	5
Taxes recoverable	-	-	-	-	-	-	-	(100)	-	159	87	-	85	100	-	-	(100)	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	(100)	-	9,396	20	16	7,798	3,149	22
Short-term investments	3,460	(75)	4	14,059	(1)	16	14,143	(2)	18	14,396	100	21	-	-	-	-	-	-
Cash and bank balances	4,101	25	5	3,292	70	4	1,933	104	2	918	19	1	792	(42)	1	1,962	99	4
TOTAL ASSETS	90,588	6	100	85,401	10	100	77,966	13	100	69,094	20	100	57,519	60	100	38,023	48	100
EQUITY																		
Ordinary share capital	9,089	-	10	9,089	-	11	9,089	-	12	9,089	-	13	9,089	-	16	9,089	37	25
Preference shares	3,000	-	3	3,000	-	4	3,000	-	4	3,000	-	4	-	-	-	-	-	-
Share premium	3,875	-	4	3,875	-	5	3,875	-	5	3,875	-	6	3,875	-	7	3,875	302	11
Unappropriated profits	12,629	13	14	11,158	(20)	13	14,904	38	19	10,162	111	15	4,812	26	9	3,832	2,280	11
EQUITY	28,592			27,122			29,968			26,126			17,776			16,796		
LIABILITIES																		
Long-term borrowings	22,138	12	24	19,835	15	23	17,177	(13)	22	19,790	2	23	19,389	159	34	7,500	(14)	21
Deferred income - Government grant	1,299	123	1	592	271	1	157	100	-	-	-	-	-	-	-	-	-	-
Lease liabilities	1,361	(28)	2	1,892	(30)	2	2,713	(25)	3	3,614	(20)	9	4,544	-	8	-	-	-
Provisions	-	(100)	-	637	(65)	1	1,809	(40)	2	2,991	-	4	-	-	-	-	-	-
Deferred tax liability	2,982	40	3	2,131	5	2	2,029	72	3	1,183	-	2	-	(100)	-	390	-	1
Current portion of long term borrowings	3,071	(36)	3	4,826	23	6	3,930	114	5	1,837	-	3	-	-	-	-	-	-
Current portion of lease liabilities	1,173	(39)	1	1,919	29	2	1,481	37	2	1,081	10	2	987	-	2	-	-	-
Provisions	6,111	2	7	6,011	48	7	4,074	66	5	2,456	(57)	4	5,658	22	10	4,639	49	13
Service benefit obligations	85	15	-	74	(25)	-	98	23	-	80	31	-	61	11	-	55	20	-
Short-term borrowings	7,526	1,487	8	(174)	-	1	474	100	1	-	(100)	-	2,159	-	4	-	-	-
Current portion of deferred income - Government grant	217	123	0	97	261	0	27	100	-	-	-	-	-	-	-	-	-	-
Trade and other payables	14,661	(5)	16	15,353	32	18	11,551	22	15	9,483	45	14	6,548	2	11	6,436	42	19
Unclaimed dividend	706	(40)	1	1,174	14	1	1,030	3,579	1	28	(10)	-	31	15	-	27	(29)	-
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(100)	-	26	-	-
Taxes payable	151	(95)	-	2,887	194	3	1,016	100	1	-	-	-	-	(100)	-	89	-	-
Accrued interest / mark-up	526	34	1	392	(9)	-	431	2	1	425	16	1	366	463	-	65	(52)	-
LIABILITIES	62,006			58,279			47,988			42,968			39,743			19,227		
TOTAL EQUITY AND LIABILITIES	90,588	6	100	85,401	10	100	77,966	13	100	69,094	20	100	57,519	60	100	38,023	48	100

six-year summary of financial performance

with horizontal and vertical analysis

	2023			2022		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
Revenue from contracts with customers - net	81,270	(1)	100	82,060	17	100
Cost of sales	(60,536)	3	(74)	(58,356)	28	(72)
Gross profit	20,734	(11)	26	23,704	(3)	28
Distribution and marketing expenses	(832)	42	(1)	(587)	45	(1)
Administrative expenses	(1,618)	22	(2)	(1,329)	94	(1)
Other expenses	(1,863)	(47)	(2)	(3,481)	46	(4)
Other income	1,551	4	2	1,481	12	2
Operating profit / (loss)	17,071	(9)	22	19,763	(10)	24
Finance costs	(4,215)	36	(5)	(3,092)	62	(4)
Profit / (loss) before taxation	13,756	(15)	17	16,606	(16)	20
Taxation	(4,824)	(4)	(6)	(5,007)	2	(6)
Profit / (loss) after taxation	8,932	(24)	11	11,609	(22)	14

	2021			2020			2019			2018		
	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical	Amount In Mn.	Horizontal In %	Vertical
Revenue from contracts with customers - net	70,022	98	100	35,331	(7)	100	37,837	7	100	35,272	27	100
Cost of sales	(45,596)	89	(66)	(24,382)	(18)	(69)	(23,731)	7	(79)	(27,663)	28	(78)
Gross profit	24,036	120	34	10,949	35	31	6,106	7	21	7,609	25	22
Distribution and marketing expenses	(406)	38	(1)	(294)	(26)	(1)	(332)	3	(1)	(385)	(7)	(1)
Administrative expenses	(634)	24	(1)	(550)	(3)	(2)	(570)	(2)	(1)	(577)	(1)	(2)
Other expenses	(2,382)	177	(3)	(860)	(31)	(2)	(1,241)	30	(3)	(828)	133	(2)
Other income	1,327	12	2	1,180	27	3	930	(26)	2	1,250	812	4
Operating profit / (loss)	21,891	110	31	10,425	53	29	6,833	(3)	18	7,069	50	21
Finance costs	(1,904)	(13)	(3)	(2,191)	22	(5)	(1,794)	196	(5)	(606)	(26)	(2)
Profit / (loss) before taxation	19,987	143	29	8,234	63	23	5,039	(22)	13	6,463	107	18
Taxation	(4,927)	97	(7)	(2,304)	85	(7)	(1,343)	(12)	(4)	(1,533)	41	(4)
Profit / (loss) after taxation	15,060	163	22	5,730	55	16	3,696	(25)	9	4,930	140	15

key financial ratios

(Based on consolidated financial statements)

	unit	formula	2023	2022	2021	2020	2019	2018
Profitability ratios								
Gross profit ratio	%	Gross profit / total revenue	25.51	28.89	34.33	30.99	21.42	21.57
Net profit to sales	%	Net profit / total revenue	10.90	14.24	21.51	16.22	9.77	13.98
EBITDA	Rs. in M	Operating profit + depreciation and amortisation	21,508	23,820	24,176	19,190	3,352	1,044
EBITDA to sales	%	EBITDA / total revenue	28.47	27.81	34.58	34.50	22.07	22.81
Operating leverage ratio	No. of Times	% change in EBIT / % change in sales	9.54	(0.58)	1.12	(7.94)	(0.58)	2.94
Return on equity (after tax)	%	PAT / shareholder's equity	31.24	43.10	50.25	21.93	20.79	29.35
Return on equity (before tax)	%	PBT / shareholder's equity	48.11	61.50	66.70	31.52	28.95	38.48
Return on capital employed	%	PBT / average debt liabilities + average shareholder equity	25.34	30.49	43.84	23.73	21.94	34.48
Shareholders' funds	%	Total shareholders equity / total assets	31.55	31.76	38.44	37.81	30.90	45.63
Return on shareholders funds	%	PAT / total shareholders equity	31.24	43.10	50.25	21.93	20.79	29.35
Liquidity ratios								
Cash flows from operating activities	No. of times	Cash flows from operations / current liabilities	0.35	0.75	0.69	0.70	0.49	0.07
Cash to current liabilities	No. of times	Cash + cash equivalents / current liabilities	(0.06)	0.10	0.25	0.93	0.50	0.81
Current ratio	No. of times	Current assets / current liabilities	1.02	1.10	1.39	1.58	1.12	1.46
Quick ratio	No. of times	Current assets - inventories / current liabilities	0.43	0.71	0.79	1.07	0.74	1.00
Capital structure								
Interest cover ratio	No. of times	EBIT / finance cost	5.33	9.47	16.23	3.01	5.26	12.35
Long term debt to equity ratio	%	Long-term debt / shareholders' equity	44.56	42.58	37.63	43.97	52.48	31.69
Long term debt to equity ratio at market value	%	Long-term debt / (total number of shares * market value per share)	34.06	34.66	35.65	46.64	64.36	22.78
Weighted average cost of debt	%	Interest on debt / weighted average loan balance	14.84	8.91	6.16	7.80	8.82	6.36
Financial leverage	%	Total debt / shareholders' equity	114.89	89.89	72.48	84.41	123.23	45.04
Employee productivity ratio								
Productivity per employee	No. of times	Total production / total number of employees	1.11	1.11	1.07	1.08	1.18	1.31
Revenue per employee	No. of times	Total revenue / total number of employees	186	197	117	89	74	78
Staff turnover ratio	No. of times	Employee who left / average no. of employees	0.12	0.14	0.09	0.07	0.43	0.05
Activity/turnover ratios								
Fixed assets turnover	No. of times	Revenue / operating assets	2.95	2.39	3.20	1.85	3.07	2.19
Total assets turnover	No. of times	Revenue / total assets	0.90	0.66	0.90	0.51	0.66	0.98
Inventory turnover	No. of times	Cost of goods sold / average inventory	5.42	5.69	6.42	6.18	6.81	8.89
Inventory turnover days	No. of days	365 / inventory turnover	67.11	64.19	56.84	59.09	53.64	41.07
Debtor turnover	No. of times	Total sales / average accounts receivable	45.17	38.53	109.03	79.55	93.27	97.07
Debtor turnover days	No. of days	365 / debtor turnover	8.08	9.57	3.35	4.69	3.71	4.10
Creditor turnover	No. of times	Raw and packing materials / average accounts payable	11.79	13.42	17.04	6.88	7.17	8.22
Creditor turnover days	No. of days	365 / creditor turnover	30.95	27.21	21.42	53.08	50.90	44.40
Operating cycle	No. of days	Inventory turnover days + debtor turnover days - creditor turnover days	39.74	43.55	38.70	(1.80)	(7.55)	0.80
Others								
Spares inventory as % of total assets	%	Total spares inventory / total assets	3.86	2.88	2.62	2.58	2.92	4.22
Maintenance cost as % of operating expense	%	Total maintenance cost / total operating expense	1.35	8.65	5.95	6.98	6.76	5.13

key financial ratios

(Based on consolidated financial statements)

	unit	formula
Investment/market ratios		
Number of outstanding shares at year end	No. in Mn	
Earnings per share - basic	Rs.	$\text{PAT} - \text{dividend on preference shares} / \text{weighted average no. of ordinary shares}$
Earnings per share - diluted	Rs.	$\text{PAT} - \text{dividend on preference shares} / \text{weighted average no. of ordinary shares}$
Price earning ratio	No. of Times	$\text{Market value of share} / \text{basic EPS}$
Market value per share (at the end of the year)	Rs.	
Market value per share (highest during the year)	Rs.	
Market value per share (lowest during the year)	Rs.	
Price to book ratio	%	$\text{Market value of share} / \text{total assets} - \text{intangible assets}$
Break up value per share	Rs.	$\text{Total shareholders' equity} / \text{total ordinary share outstanding}$
Cash dividend per ordinary share	Rs.	$\text{Cash dividend} / \text{number of ordinary shares}$
Dividend payout ratio	%	$\text{Dividend per ordinary share} / \text{basic EPS}$
Dividend cover ratio	No. of Times	$\text{Basic EPS} / \text{Annual total dividend per share}$
Dividend yield ratio	%	$\text{Annual dividend per share} / \text{market value per ordinary share}$
Cash dividend per preference share	Rs.	$\text{Cash dividend} / \text{number of preference shares}$
Preference dividend yield ratio	%	$\text{Annual preference dividend per share} / \text{market value per preference share}$

	2023	2022	2021	2020	2019	2018
Number of outstanding shares at year end	909	908	908	909	908	909
Earnings per share - basic	9.42	12.37	16.28	6.30	4.07	6.22
Earnings per share - diluted	7.39	9.67	12.46	6.23	4.07	6.22
Price earning ratio	5.11	3.42	2.89	7.54	8.16	5.97
Market value per share (at the end of the year)	46.59	42.32	54.21	47.51	36.21	37.14
Market value per share (highest during the year)	52.39	60.73	65.45	49.17	41.84	40.73
Market value per share (lowest during the year)	38.50	40.90	42.84	22.47	29.93	25.49
Price to book ratio	47.06	45.41	66.79	62.60	32.56	34.00
Break up value per share	31.46	29.64	33.97	28.74	19.56	18.48
Cash dividend per ordinary share	6.00	12.50	16.30	1.25	0.80	1.10
Dividend payout ratio	65.79	101.05	100.12	19.79	19.66	17.68
Dividend cover ratio	1.52	0.99	1.00	5.05	5.09	5.65
Dividend yield ratio	12.86	30.00	30.00	3.00	2.00	3.00
Cash dividend per preference share	232	1.22	1.11	0.00	-	-
Preference dividend yield ratio	23.20	12.20	11.10	-	-	-

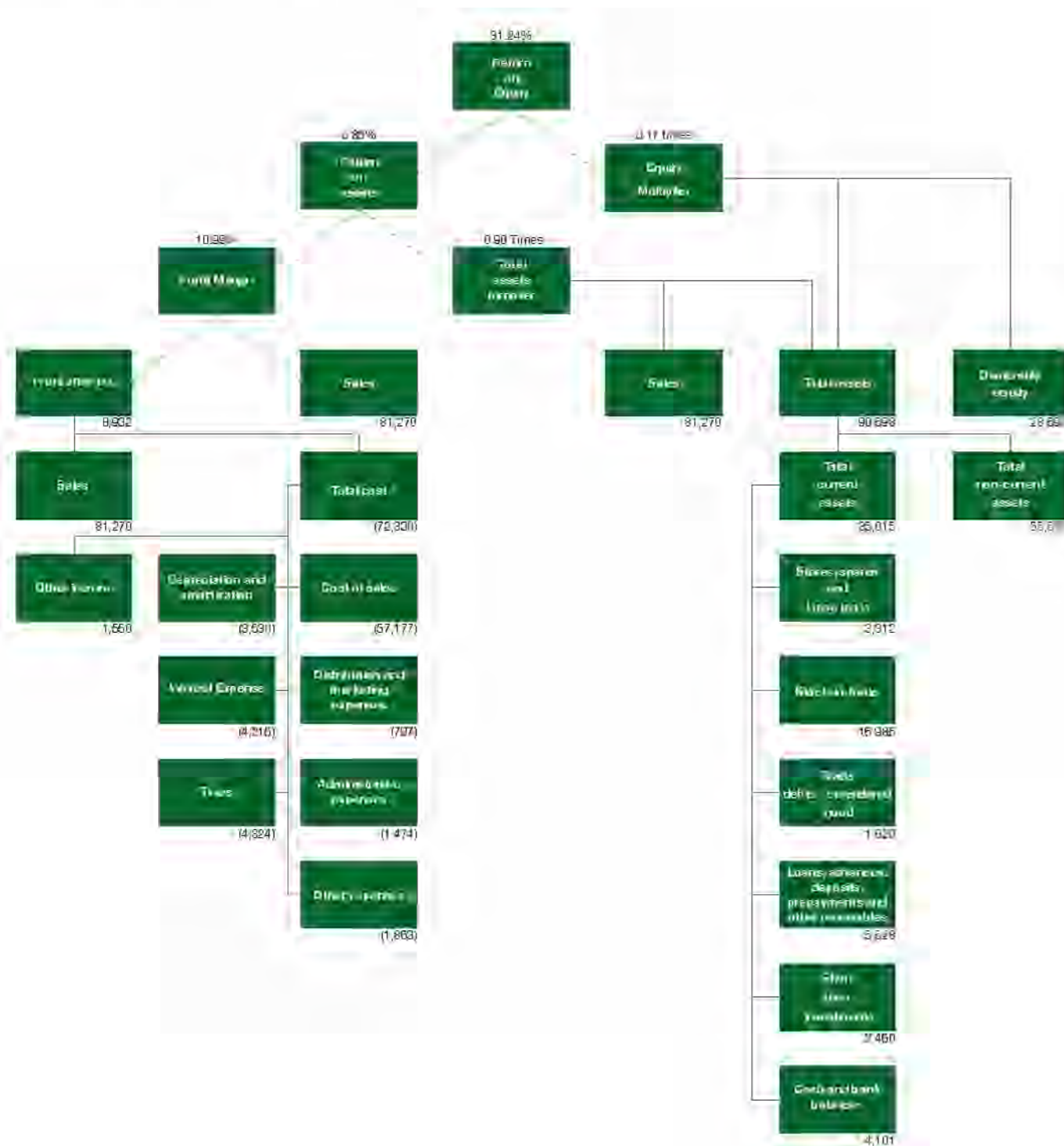
consolidated statement of cash flows

direct method

(Rs in million)

	2023	2022	2021	2020	2019	2018
Cash flows from customers	95,791	93,403	80,889	41,333	37,799	35,347
Cash payments to suppliers and others	(83,403)	(68,513)	(83,573)	(26,870)	(28,729)	(24,899)
Cash generated from operations	12,388	24,891	17,217	12,463	9,070	10,358
Long term loans and advances	(22)	-	29	43	12	(9)
Retirement benefits paid	(67)	(93)	(42)	(35)	(45)	(155)
Income tax paid	(6,708)	(3,035)	(2,905)	(1,279)	(1,280)	(278)
Net cash flow from operating activities	5,591	21,763	14,299	11,192	7,757	9,916
Purchase of operating assets and intangibles	(11,366)	(9,036)	(3,401)	(7,318)	(13,114)	(4,280)
Proceeds from disposal of operating assets	44	29	3	-	3	-
Investment in Term Deposit Receipt	-	-	(23)	(5)	(6,421)	-
Income on investments and bank deposits	-	1,112	1,395	1,072	852	345
Purchase of short-term investments	(40,754)	(340,467)	(10,950)	-	-	-
Proceeds on sale / maturity of short-term investments	63,929	337,216	3,000	-	-	-
Maturity of Term Deposit Receipts	731	2,258	435	-	-	-
Net cash flow from investing activities	2,584	(8,754)	(9,341)	(6,252)	(17,680)	(3,914)
Proceeds from long-term borrowings - net of Transaction costs	5,910	9,785	1,061	1,925	19,367	-
Proceeds from short term borrowings	324	-	(74)	-	-	-
Repayments of long-term borrowings	(5,163)	(12,876)	(1,127)	-	(7,500)	(1,250)
Repayments of short-term borrowings	(474)	-	-	-	-	-
Proceeds from loan under Diminishing Musharaka Agreement	-	6,000	-	94	-	-
Proceeds of subordinated loan from Holding company	1,700	-	-	-	-	-
Repayment of subordinated loan to Holding company	(1,700)	-	-	-	-	-
Shares issuance cost paid	-	-	(4)	(199)	-	-
Issuance of preference shares	-	-	-	3,000	-	-
Issue of share capital	-	-	-	-	-	5,365
Finance costs	(4,596)	(3,041)	(1,354)	(1,891)	(999)	(638)
Rentals paid	(2,394)	(1,738)	(1,372)	(1,337)	(1,241)	-
Dividend	(7,931)	(14,390)	(10,213)	(185)	(840)	(1,242)
Net cash flow from financing activities	(14,324)	(15,550)	(13,335)	1,407	8,787	2,235
Net increase / (decrease) in cash and cash equivalents	(6,149)	(2,541)	(8,378)	6,347	(1,136)	6,237
Cash and cash equivalents at beginning of the year	3,453	5,994	14,371	8,024	9,160	923
Cash and cash equivalents at end of the year	(2,696)	3,453	5,994	14,371	8,024	9,160

dupont analysis



free cash flows

(based on consolidated financial statements)

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.

	2023	2022	2021	2020	2019	(Rs in million) 2018
Net cash generated from operating activities	5,166	21,734	14,280	11,192	7,757	9,916
Capital expenditures - net	(11,322)	(9,057)	(3,598)	(7,318)	(13,111)	(4,260)
Rentals paid	(2,394)	(1,738)	(1,372)	(1,297)	(1,241)	-
Free cash flows	(8,540)	10,929	9,290	2,527	(6,595)	5,656
Long term borrowings - net	747	2,908	(866)	128	10,888	(1,885)
Free cash flows available to equity shareholders	(7,813)	13,837	8,424	2,655	4,273	3,768

The cashflows generated from the operations are directly related with the profitability and from 2018 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. During the year, free cash flows to equity shareholders significantly reduced due to lower profits and significant capital expenditure.

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).

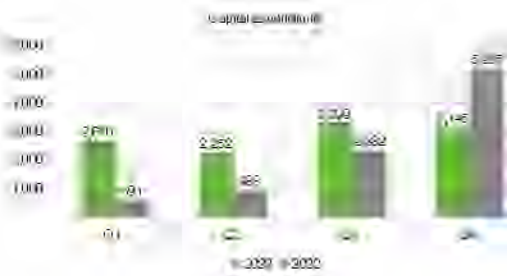
	2023	2022
Rupees in million		
NOPAT	13,147	14,781
Less: cost of capital	(9,146)	(6,214)
Economic value added	4,001	8,567

analysis of variation in interim accounts

with final accounts

In 2023, the Company's revenue decreased by 1% as compared to 2022, on account of lower sales prices and volumes of PVC and Caustic due to adverse local & global macroeconomic and geopolitical developments.

The Company demonstrated a positive financial performance, reporting a bottom line of PKR 8,932 million in 2023, despite macroeconomic challenges. To mitigate slower domestic market, the Company focused on PVC export opportunities and increased the exports from 10kT in 2022 to 22kT in 2023.



financial analysis

of consolidated statement of financial position

non-current assets

Non-current assets of the Company have marginally increased by Rs. 6,608 Mn against last year i.e., by 13%. A diversified range of CAPEX was undertaken by the Company which included Hydrogen Peroxide, High Temperature Direct Chlorination (HTDC), VCM 300 and other operational efficiency and reliability projects.

current assets

The net decrease in current assets amounting to Rs. 1,411 Mn over the previous year is majorly due to lower profits and cash generated from operations.

shareholders' equity

Share holders' equity has increased during the year by Rs. 1,470 Mn. The variation is attributed to the following events:

1. Net profit reported for the year was Rs. 8,932 Mn. which is 24% less than the profit made last year.
2. Profit appropriation made during the year was Rs. 7,462 Mn. against Rs. 14,535 Mn in the corresponding year

non-current liabilities

Non-current liabilities have increased by Rs. 2,703 Mn to Rs 27,780 Mn, This is primarily on account of provisions being classified under current liabilities, recognition of Government grant on subsidized loans obtained, exchange loss on foreign currency loans and an increase in deferred tax liability.

current liabilities

Current liabilities have increased from Rs. 33,202 Mn to Rs. 34,226 Mn in 2023. There has been a significant increase witnessed in short-term borrowings that was partly offset by decrease in trade and other payables, current portions of long-term borrowings and lease liabilities and unclaimed dividend.

financial analysis

of consolidated statement of profit or loss

revenue

During the year, the top-line of the Company has slightly decreased by Rs 790 Mn from last year on account of lower sales prices and volumes of PVC and Caustic due to adverse local & global macroeconomic and geopolitical developments.

cost of sales

Cost of sales have increased by Rs. 2,180 Mn mainly because of higher gas prices and PKR devaluation during the year, increasing the cost of production and raw materials respectively.

gross profit

The Company's gross profitability has decreased by Rs. 2,970 Mn. This is mainly attributable to increase in imported raw materials prices due to devaluation of PKR against USD.

other income

The other income earned from financial assets have slightly dropped by Rs. 69 Mn which is mainly attributed to lower cash availability during the year partly offset by higher average yield rates that increased substantially from 16% to 21.2% during the year.

finance cost

Finance cost has significantly increased by Rs. 1,123 Mn from the previous year which is mainly attributable to Running Finance utilization, increase in KIBOR and LIBOR rates and PKR devaluation.

taxation

Tax charge is a function of profitability. Even though the profitability of the Company has decreased by 24% from the previous year, the tax charge for the year only reduced by 3.7% due to enhancement of Super tax by 6% for the year 2022 partly offset by tax credits.

segment analysis

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

polyvinyl 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 a slight dip of 4% amounting to Rs. 2,789 Mn in PVC sales on account of high inflation, slowdown in construction activity and low government spending on infrastructure development in Pakistan. Cost of sales also increased due to higher gas prices and PKR devaluation during the year, increasing the cost of production and raw materials respectively. Resultantly, the gross profit reduced by Rs. 2,061 Mn.

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

In KT	2023	2022	2021	2020	2019	2018
Production	230	239	243	163	197	202
Sales	221	241	227	163	193	207

Furthermore, the segment assets have constantly been increasing since 2018 when the Company kicked-off investment in efficiency, capacity expansion & diversification projects.





caustic soda & allied chemicals (CA)

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

The overall profitability of this segment decreased by Rs 1,675 Mn despite the increase in revenue. This segment witnessed a decline in its local sales volume of 5 KT primarily because of unfavorable macroeconomic conditions and high energy costs. However, the decline in sale volume was offset by the elevated prices as compared last year resulting in a net increase of Rs. 1,783 Mn 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	2023	2022	2021	2020	2019	2018
Production	96	97	92	77	106	105
Sales	66	67	72	61	88	86

Caustic flakes – In kT	2023	2022	2021	2020	2019	2018
Production	13	9	8	2	4	-
Sales	12	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.

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	2023	2022	2021	2020	2019	2018
Power	45	55	55	48	48	48

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



summary of consolidated statement of cash flows

indirect method

	2023	2022	2021	2020	2019	2018
Net cash generated from operating activities	5,156	21,734	14,299	11,192	7,757	9,916
Net cash used in investing activities	2,584	(8,754)	(9,314)	(6,252)	(17,680)	(3,914)
Net cash (used in) / generated from financing activities	(14,323)	(15,650)	(13,335)	1,407	8,787	2,235
Net change in cash and cash equivalents	(6,583)	(2,670)	(8,351)	6,347	(1,136)	8,237
Cash and cash equivalents at end of the year	(2,696)	3,453	6,994	14,371	8,024	9,160

success year after year

financial statements



consolidated financial statements

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 Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, 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 material accounting policy information 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, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then 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 judgement, 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
 Suite 116 Building No. 4-C, CF 25 Road/200 Road, P.O. Box 2716, Karachi-75000, Pakistan
 T: (92 21) 34426006, 34426007 Fax: (92 21) 34426007, 34426008, 34426009, 34426010, 34426011

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
<p>Contingent liabilities and provisions</p> <p>(Refer notes 13.2, 13.7, 13.8, 20.1, 20.2, 22.2, 26.1 to 26.7, and 35.2 to 35.4 to the consolidated financial statements)</p> <p>The Group has contingent liabilities and provisions in respect of certain taxes, levies and duties including income taxes and other contentious matters, which are pending adjudication at various appellate forums.</p> <p>Contingencies and provisions require management of the Group to make judgements 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 provisions and disclosures 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 judgements and estimates to assess the related financial impacts, which may change over time as new facts emerge and the matters progress, 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"> • 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 Group's management; • Checked correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • Circularised confirmations to the Group's external legal and tax advisors for their views on matters being handled by them; • Involved internal tax professionals to assess management's conclusion on certain contingent tax matters and evaluated the consistency of such conclusion with the views of management and external advisors engaged by the Group; and • Assessed the adequacy of the related disclosures made in the consolidated financial statements in respect of these matters with regard to the applicable accounting and reporting framework.

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 The 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 6, 2024

UDIN: AR2023100694MhBPX5xe

consolidated statement of financial position

as at december 31, 2023

(Amounts in thousand)

	Note	2023	2022
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	53,734,049	45,985,725
Right-of-use asset	6	1,206,266	1,089,540
Intangible assets	7	620,205	689,308
Investments at amortised cost	8	-	1,317,508
Long-term loans, advances and deposits	9	22,637	300
		55,583,157	49,075,171
Current Assets			
Stores, spares and loose tools	10	3,811,772	2,464,113
Stock-in-trade	11	16,985,033	10,415,992
Trade debts	12	1,629,173	2,679,412
Loans, advances, deposits, prepayments and other receivables	13	5,527,968	3,514,946
Short-term investments	14	3,459,929	11,059,319
Cash and bank balances	15	4,100,732	3,291,627
		35,014,653	35,405,409
TOTAL ASSETS		90,597,810	85,400,580
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	16	3,089,233	3,089,233
Preference shares	17	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		12,627,869	11,157,628
		23,592,055	21,121,814
Non-Current Liabilities			
Long-term borrowings	18	22,137,506	19,804,943
Government grant	18, 13	1,298,853	581,338
Lease liabilities	19	1,361,414	1,662,238
Provisions	20	-	637,307
Deferred tax liability - net	21	2,982,382	2,180,680
		27,780,215	25,077,006
Current Liabilities			
Trade and other payables	22	14,660,366	15,352,341
Service benefit obligations	23	85,163	74,278
Current portion of long-term borrowings	18	3,070,726	4,826,253
Current portion of Government grant	18, 13	216,632	97,328
Current portion of lease liabilities	19	1,173,036	1,013,744
Short-term borrowings	24	7,526,086	474,360
Accrued interest / mark-up	25	526,224	392,062
Unclaimed dividend		706,550	1,174,365
Taxes payable	26	150,921	2,887,239
Provisions	20	6,110,603	6,010,879
		34,225,510	33,201,869
Contingencies and Commitments	27	62,006,725	58,278,865
TOTAL EQUITY AND LIABILITIES		90,597,810	85,400,580

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

Kamran Nishat
Director

consolidated statement of profit or loss and other comprehensive income

for the year ended december 31, 2023

(Amounts in thousand except for earnings per share)

	Note	2023	2022
Revenue from contracts with customers - net	28	81,269,534	82,059,583
Cost of sales	29	(60,535,612)	(58,355,833)
Gross profit		20,733,922	23,703,750
Distribution and marketing expenses	30	(832,429)	(587,183)
Administrative expenses	31	(1,618,143)	(1,329,267)
Other expenses	32	(1,863,187)	(3,481,620)
Other income	33	1,560,517	1,482,189
Operating profit		17,970,680	19,787,849
Finance costs	34	(4,214,708)	(3,091,904)
Profit before taxation		13,755,972	16,695,945
Taxation	35	(4,823,678)	(5,006,829)
Profit for the year		8,932,294	11,689,116
Other comprehensive income for the year		-	-
Total comprehensive income for the year		8,932,294	11,689,116
Earnings per share - basic	36	9.12	12.37
Earnings per share - diluted	36	7.99	9.67

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

Kamran Nishat
Director

consolidated statement of cash flows

for the year ended december 31, 2023

(Amounts in thousand)	Note	2023	2022
		Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	11,963,642	24,651,992
Long-term loans and advances, net		(21,837)	(126)
Retirement benefits paid		(87,404)	(92,789)
Income tax paid		(6,708,294)	(5,034,676)
Net cash generated from operating activities		5,158,107	21,724,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(11,366,384)	(9,095,716)
Proceeds from disposal of property, plant and equipment		44,328	29,385
Purchase of short-term investments		(40,754,084)	(340,467,497)
Proceeds on sale / maturity of short-term investments		53,928,691	339,467,895
Income on short-term investments, intercompany balances and bank deposits		731,039	1,312,103
Net cash generated from / (utilised) in investing activities		2,583,580	(6,763,830)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		5,909,581	15,784,432
Repayments of long-term borrowings		(5,162,637)	(12,676,573)
Proceeds from short-term borrowings		324,360	-
Repayment of short-term borrowings		(474,360)	-
Proceeds of subordinated loan from the intermediate parent company		1,700,000	-
Repayment of subordinated loan to the intermediate parent company		(1,700,000)	-
Finance costs paid		(4,595,554)	(2,330,563)
Lease rentals paid		(2,393,582)	(1,737,586)
Dividend paid		(7,930,739)	(14,390,460)
Net cash utilised in financing activities		(14,322,931)	(15,550,460)
Net decrease in cash and cash equivalents		(6,661,244)	(2,569,899)
Net foreign exchange differences		434,307	38,420
Cash and cash equivalents at beginning of the year		3,463,356	5,994,825
Cash and cash equivalents at end of the year	40	(2,695,691)	3,463,356

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

Kamran Nishat
Director

consolidated statement of changes in equity

for the year ended december 31, 2023

(Amounts in thousand)	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary share capital	Preference shares	Share premium	Unappropriated profits	
Balance as at December 31, 2021	1,000,000	2,000,000	3,74,320	14,63,119	11,387,419
Total comprehensive income for the year				11,690,119	11,690,119
Transactions with owners					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share				(1,000,000)	(1,000,000)
- 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				(4,500,000)	(4,500,000)
- 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				(2,250,000)	(2,250,000)
- 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				(2,250,000)	(2,250,000)
- Rs. 0.48 per preference share				(144,000)	(144,000)
Balance as at December 31, 2022	1,000,000	2,000,000	3,74,320	10,865,219	14,639,539
Total comprehensive income for the year				3,822,274	3,822,274
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share				(2,500,000)	(2,500,000)
- Rs. 0.5 per preference share				(150,000)	(150,000)
First interim dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share				(1,000,000)	(1,000,000)
- Rs. 0.5 per preference share				(150,000)	(150,000)
Second interim dividend for the year ended December 31, 2023					
- Rs. 1.5 per ordinary share				(2,250,000)	(2,250,000)
- Rs. 0.5 per preference share				(150,000)	(150,000)
Third interim dividend for the year ended December 31, 2023					
- Rs. 2.5 per ordinary share				(2,250,000)	(2,250,000)
- Rs. 0.65 per preference share				(185,000)	(185,000)
Balance as at December 31, 2023	1,000,000	2,000,000	3,74,320	10,621,539	13,625,859

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

Kamran Nishat
Director

notes to and forming part of the consolidated financial statements

for the year ended december 31, 2023

(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').

The Holding Company was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Holding 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 are 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, Pakistan
Manufacturing plant	EZ/VP-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	Office No. 601, 6th Floor, Haly Tower, Lalak Jan Chowk, DHA, Lahore
Branded Outlet	Plot 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi, Pakistan

1.5 The Holding Company has investments in the following subsidiaries:

	Percentage of shareholding of the Company	
	2023	2022
- 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 on November 6, 1999, as a wholly owned subsidiary of the Holding Company. Currently, TPPL is involved in marketing and trading of PVC products through its branded outlet.

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 on 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.

(Amounts in thousand)

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 recognised in consolidated 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 recognised in consolidated profit or loss.

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.

(Amounts in thousand)

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 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 - notes 5 and 7

The Group 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 consolidated profit or loss.

3.4.2 provision for slow-moving stores and spares - note 10

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 of the minimum stock level, thereby ensuring that items meeting the criteria are provided for.

3.4.3 provision for stock-in-trade - note 11

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.

(Amounts in thousand)

3.4.4 income taxes - notes 26 and 35

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 - notes 6 and 19

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 - notes 20, 26 and 27

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 standards, amendment or an interpretation to existing standards

3.5.1 standards, amendments or improvements to approved accounting and reporting standards that became effective during the year

There are certain amendments or improvements to approved accounting and reporting standards became applicable to the Group for the financial year beginning on January 1, 2023, however these do not have any material impact on the Group's financial reporting and, therefore, have not been presented in these consolidated financial statements except for the following:

(Amounts in thousand)

Amendment in IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2:

This recent amendment provides guidance and examples to help entities apply materiality judgements in order to determine accounting policy information which should be disclosed. This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. This amendment only had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these consolidated financial statements.

3.5.2 standards, amendments and improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the group

There are standards and certain amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Group for the financial year beginning on January 1, 2023. These are not expected to have any material impact on the Group's financial reporting and, therefore, have not been presented in these consolidated financial statements.

4. material accounting policy information

The material 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 consolidated 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.

(Amounts in thousand)

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.

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

(Amounts in thousand)

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 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 recognised 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.

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 3 to 10 years.

(Amounts in thousand)

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 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.

(Amounts in thousand)

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 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 consolidated profit or loss in the period in which they arise.

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 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.

(Amounts in thousand)

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 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.

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 Group assess store and spares which have no movement for at least three years and the quantity available is in excess of the minimum stock level. Provision is recognised for such items in 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 realisable 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.

(Amounts in thousand)

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 120 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 consolidated profit or loss. Trade debts and other receivables 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 bank overdraft facilities.

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 recognised in 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 Intermediate Parent 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 Intermediate Parent 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 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.

(Amounts in thousand)

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.

4.15.2 deferred

Deferred 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 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 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 in case of local sales. For export sales, the control is transferred when the product is shipped on board and its insurance risk is borne by the customer. The payment term varies depending on the credit worthiness of the customers, generally ranging from 30 to 120 days.
- 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.

(Amounts in thousand)

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 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.

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.

(Amounts in thousand)

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 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

2021 ...Rupees... 2022

Operating assets - note 5.1
Capital work-in-progress - note 5.5
Capital spares

34,587,298	34,375,726
18,921,324	10,698,886
245,427	212,113
<u>53,734,049</u>	<u>45,286,725</u>

5.1 operating assets

	Leasehold land (note 5.2)	Building on leasehold land (note 5.2)	Plant and Machinery	Pipelines				Gas	Furniture, fixtures and equipment	Vehicles	Total
				Water	Vinyl Chloride Mono mer (VCM)	Ethylene	Ethylene Di Chloride (EDC)				
Rupees											
Gross carrying value - As at January 01, 2021											
Cost	1,000,000	1,300,000	40,000,000	50,000	10,000	10,000	50,000	50,000	20,000	50,000	
Accumulated depreciation	(150,000)	(200,000)	(10,000,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Net book value	850,000	1,100,000	30,000,000	45,000	5,000	5,000	45,000	45,000	15,000	45,000	
Year ended December 31, 2021											
Net carrying value											
Opening net book value	850,000	1,100,000	30,000,000	45,000	5,000	5,000	45,000	45,000	15,000	45,000	
Acquisitions for cash	-	20,000	1,000,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	
Disposals (note 5.4)	-	-	(10,000,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Cost	-	20,000	9,000,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Accumulated depreciation	-	(5,000)	(10,000,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Depreciation charge - note 5.11	-	10,000	(10,000,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Net book value	-	15,000	(1,000,000)	-	-	-	-	-	-	-	
Gross carrying value - As at December 31, 2021											
Cost	1,000,000	1,320,000	41,000,000	55,000	10,000	10,000	55,000	55,000	25,000	55,000	
Accumulated depreciation	(150,000)	(205,000)	(10,000,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	
Net book value	850,000	1,115,000	31,000,000	50,000	5,000	5,000	50,000	50,000	20,000	50,000	

(Amounts in thousand)

	Land/Leasehold and (2022)	Buildings and Leasehold (2022)	Plant and Machinery	Fibres				Other	Furniture, fixtures and equipment	Vehicles	Total
				Water	Wavy Fibre (VCM)	Optical Fibre	Optical Fibre (EDC)				
Year ended December 31, 2021											
At beginning year	1,000	80,100	1,000,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Impairment (net of value adjustments)											
Deposits/withdrawals (note 11)											
Accumulated depreciation											
Depreciation charge (note 31)	100,000	80,000	800,000	100,000	100,000	100,000	100,000	100,000	100,000	800,000	
Net book value	1,100,000	160,100	2,800,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	8,000,000	
Cross-checked with Balance Sheet											
Cost	1,000,000	80,100	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	8,000,000	
Accumulated depreciation	100,000	19,900	1,800,000	100,000	100,000	100,000	100,000	100,000	100,000	1,800,000	
Net book value	900,000	60,200	2,200,000	900,000	900,000	900,000	900,000	900,000	900,000	6,200,000	
Reconciliation	1,100,000	160,100	2,800,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	8,000,000	

5.2 The details of immovable operating assets (i.e. land and buildings) are as follows:

Description of Assets	Address	Total Area of Land (square yards)
- Leasehold land	EZ/I/P-II-1 Eastern Zone, Bin Qasim, Karachi	619,520
- Production facilities	EZ/I/P-II-1 Eastern Zone, Bin Qasim, Karachi	280,720
- Storage facilities	EZ/I/P-II-1 Eastern Zone, Bin Qasim, Karachi	19,360
- Administration facilities	EZ/I/P-II-1 Eastern Zone, Bin Qasim, Karachi	9,680

5.3 Depreciation charge has been allocated as follows:

	2023	2022
Cost of sales - note 29	2,899,437	2,393,665
Distribution and marketing expenses - note 30	7,524	11,563
Administrative expenses - note 31	48,777	49,033
	2,955,738	2,454,151

(Amounts in thousand)

5.4 The details of operating assets disposed / written-off during the year are as follows:

Description of assets	Cost	Accumulated Depreciation & Impairment	Net book value	Disposal proceeds	Gain / Loss	Made at (thousand)	Particulars of buyers / Relationship
Items having net book value Rs. 500 each or more							
Vehicles	2,676	725	1,951	2,107	(156)	Company Policy	Muhammad Arifas - Employee
Vehicles	2,754	975	1,779	1,840	(61)	Company Policy	Syed Saad Hussain Shah - Employee
Vehicles	3,497	1,268	2,209	2,224	(15)	Company Policy	Syed Faraz Abbas Jami - Employee
Vehicles	3,567	960	2,607	3,032	(425)	Company Policy	Muhammad Imran - Employee
Vehicles	2,723	231	2,492	2,801	(189)	Company Policy	Sami Ur Rehman - Employee
Vehicles	3,492	1,386	2,107	2,677	(570)	Company Policy	Syed Aizal Hussain - Employee
Vehicles	3,111	1,330	1,781	2,465	(684)	Company Policy	Syed Hassan Sultan - Employee
Vehicles	5,611	2,146	3,465	3,622	(157)	Company Policy	Aliyar Abrar Khwaja - Ex Employee
Vehicles	2,811	1,115	1,696	1,791	(95)	Company Policy	Abid Hussain - Employee
Vehicles	2,811	1,036	1,776	1,866	(90)	Company Policy	Muhammad Abdul Mohaseen - Employee
Vehicles	3,492	1,187	2,305	2,428	(123)	Company Policy	Muhammad Nasir - Employee
Vehicles	4,083	289	3,794	3,962	(168)	Company Policy	Muhammad Hassan Yousof - Employee
Vehicles	2,776	826	1,950	2,337	(387)	Company Policy	Tariq Jamil - Employee
Vehicles	3,230	500	2,727	2,907	(180)	Company Policy	Mohammad Hasan Batai - Employee
Vehicles	2,661	910	1,751	2,196	(445)	Company Policy	Muhammad Iliad Siddiq - Employee
Vehicles	3,483	1,482	2,001	2,740	(739)	Company Policy	Muhammad Ashar Muehlaq - Employee
Vehicles	3,477	888	2,589	2,985	(396)	Company Policy	Shahbaz Ali - Employee
Other operating assets having net book value less than Rs. 500							
	8,662	8,534	128	498	-		
Year ended December 31, 2023	55,297	25,803	29,494	33,306	(4,900)		
Year ended December 31, 2022	311,731	293,488	24,302	23,336	(1,066)		

5.5 capital work in progress

	2023	2022
Leasehold land	9,000	32,000
Plant and machinery	13,856,289	8,887,717
Building and civil works including pipelines	282,555	149,494
Furniture, fixture and equipment	129,556	23,285
Softwares	206,730	15,396
Advances to suppliers	542,086	283,288
Other ancillary costs	229,491	42,669
Capital spares	3,715,617	1,265,037
	18,921,324	10,698,836

(Amounts in thousand)

5.5.1 The movement in capital work in progress is as follows:

	2023	Rupees	2022
Balance at beginning of the year	10,698,886		7,094,888
Additions during the year including borrowing costs	11,447,328		9,155,982
Transferred to:			
- operating assets - note 5.1	(3,186,738)		(5,168,896)
- intangible assets - note 7	(88,152)		(72,212)
- capital spares	-		(10,876)
	(3,224,890)		(5,551,984)
Balance at end of the year	18,921,324		10,698,886

B. right-of-use asset

Storage tanks at Engro Wapak Terminal Limited	Properties	Total
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Year ended December 31, 2022

Net carrying value

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	1,570,597	112,943	1,683,540

Gross carrying value

Cost	3,269,835	193,578	3,463,413
Accumulated depreciation	(1,699,238)	(80,635)	(1,779,873)
Net book value	1,570,597	112,943	1,683,540

Year ended December 31, 2023

Net carrying value

Opening net book value	1,570,597	112,943	1,683,540
Depreciation - note 6.1	(449,661)	(27,613)	(477,274)
Closing net book value	1,120,936	85,330	1,206,266

Gross carrying value

Cost	3,269,835	193,578	3,463,413
Accumulated depreciation	(2,148,899)	(108,248)	(2,257,147)
Net book value	1,120,936	85,330	1,206,266

Rate of depreciation (%)

10 - 20	10 - 33
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(Amounts in thousand)

6.1 Depreciation charge has been allocated as follows:

	2023	Rupees	2022
Cost of sales - note 29	449,661		449,662
Distribution and marketing expenses - note 30	25,392		25,299
Administrative expenses - note 31	2,221		5,022
	477,274		479,983

7. Intangible assets

- Computer softwares and applications

Net carrying value

Balance at beginning of the year	686,598		711,832
Add: Additions at cost - note 5.5.1	38,152		72,212
Less: Amortisation for the year - note 7.2	(104,545)		(97,446)
Balance at end of the year	620,205		686,598

Gross carrying value

Cost	899,036		860,883
Less: Accumulated amortisation	(278,830)		(174,285)
Balance at end of the year	620,205		686,598

7.1 The cost is being amortised over a period of 3 to 10 years.

7.2 Amortisation charge has been allocated as follows:

	2023	Rupees	2022
Cost of sales - note 29	9,851		-
Distribution and marketing expenses - note 30	2,158		-
Administrative expenses - note 31	92,536		97,446
	104,545		97,446

8. Investments at amortised cost

Investment in Term Deposit Receipts - note 8.1	1,691,328		4,040,191
Less: Current maturity - note 14	(1,691,328)		(2,722,683)
	-		1,317,508

(Amounts in thousand)

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 starting from July 15, 2021 and ending on January 15, 2024.

9. long-term loans, advances and deposits - considered good

2023 ...Rupees... 2022

Executives - notes 9.1 to 9.4
Less: Current portion shown under current assets - note 13

38,660 12,024
(16,823) (12,024)

Long-term deposits

800 800
22,637 800

9.1 Reconciliation of the carrying amount of loans and advances to executives is as follows:

Balance at beginning of the year
Add: Disbursements
Less: Repayments / Adjustments
Balance at end of the year

12,024 32,321
54,093 21,606
(27,457) (41,903)
38,660 12,024

9.2 These include interest free loans to executives for house rent and salary advances given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments. Salary advances are repayable within 12 months.

9.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 38,660 (2022: Rs. 12,024).

9.4 The Group does not have any loans or advances placed under any arrangements not permissible under Shariah.

(Amounts in thousand)

10. stores, spares and loose tools

2023 ...Rupees... 2022

Consumable stores and spares - notes 10.1 and 10.2
Less: Provision for slow moving stores and spares - note 10.3

3,686,727 2,817,028
(374,955) (352,915)
3,311,772 2,464,113

10.1 This includes goods in transit amounting to Rs. 87,208 (2022: Rs. 73,784).

10.2 During the year, the Holding Company has written-off, stores and spares amounting to Rs. 210 (2022: Rs. 14,224).

10.3 The movement in the provision for slow moving stores and spares is as follows:

2023 ...Rupees... 2022

Balance at beginning of the year
Add: Provision recognised during the year - note 29
Balance at end of the year

352,915 346,792
22,040 6,123
374,955 352,915

11. stock-in-trade

Raw and packing materials - notes 11.1 to 11.3
Less: Provision against stock-in-trade - note 11.4

10,752,527 7,283,484
(105,811) (93,199)
10,646,716 7,184,285

Work-in-process
Finished goods - manufactured products and trading products - note 11.2

431,254 -
5,907,069 3,231,707
16,985,039 10,415,992

11.1 This includes stocks held at storage facilities of following parties:

2023 ...Rupees... 2022

- Engro Vopak Terminal Limited, a related party
- Al-Noor Petroleum (Private) Limited
- Al-Rahim Trading Company (Private) Limited
- Home Products International (Private) Limited

2,788,703 2,672,597
34,959 30,825
1,966,882 565,268
- 168,732
4,790,544 3,437,422

(Amounts in thousand)

11.2 This includes goods in transit amounting to Rs. 1,413,903 (2022: Nil).

11.3 During the year, the Company has written off, stock-in-trade amounting to Nil (2022: Rs. 18,604).

11.4 The movement in the provision against stock-in-trade is as follows:

	2023	2022
Balance at beginning of the year	99,199	-
Add: Provision recognised during the year - note 29	6,612	99,199
Balance at end of the year	105,811	99,199

12 Trade debts - considered good

Related parties - notes 12.1, 12.2 and 12.3

Secured	468,441	2,223,250
Unsecured	34,915	4,972
	503,356	2,228,222

Others - note 12.3

Secured - note 12.4	1,070,171	438,549
Unsecured	55,910	12,641
Less: Provision for expected credit loss - note 31	(264)	-
	55,646	12,641
	1,629,173	2,679,412

12.1 Details of amounts due from associated undertakings / related parties are as follows:

	Upto 3 month		3 to 6 months		Total	
	2023	2022	2023	2022	2023	2022
	Rupees					
Engro Fertilizers Limited	34,915	4,972	-	-	34,915	4,972
Engro Eximp FZE - export sales	435,259	1,938,451	33,182	384,799	468,441	2,223,250
	470,174	1,943,423	33,182	384,799	503,356	2,228,222

(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:

	2023	2022
Engro Fertilizers Limited	34,915	18,595
Engro Eximp FZE	468,441	2,223,250
Engro Energy Services Limited	-	787

12.3 These balances are neither past due nor impaired except for balances amounting to Rs. 55,573 (2022: Rs. 40,011), which are past due for not more than 60 days but considered not impaired.

12.4 These debts are secured by way of bank guarantees and letters of credit from customers.

13 loans, advances, deposits, prepayments and other receivables

	2023	2022
Considered good		
Current portion of long term-loans and advances to executives - note 9	16,823	12,024
Advances to employees	5,050	60
Advances to suppliers and others - note 13.1	539,843	693,225
Deposits	1,834,520	1,479,966
Less: Provision against bank guarantees - note 13.2	(137,242)	(137,242)
	1,697,278	1,342,724
Prepayments - note 13.3	328,500	498,893
Workers' Profits Participation Fund - note 13.6	-	27,182
Receivable from Government of Pakistan in respect of Sales tax and Federal excise duty refundables - note 13.11	2,675,222	912,704
Due from related parties, unsecured - notes 13.4, 13.5 and 13.11	8,444	15,128
Other receivables, unsecured - notes 13.10 and 13.11	256,798	7,626
	5,527,958	3,509,566

(Amounts in thousand)

2023 Rupees 2022

Considered doubtful

Custom duty claims refundable - note 13.7
Less: Provision for impairment - note 13.8

18,043 23,573
(18,043) (18,183)

Special Excise Duty (SED) refundable - note 13.8
Less: Provision for impairment - note 13.8

36,687 36,687
(36,687) (36,687)

5,527,958 3,514,946

13.1 This includes advance made to a related party - Nimir Industrial Chemicals Limited amounting to Rs. 196,910 (2022: Nil).

13.2 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. EEPL'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 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.

13.3 This includes prepaid insurance of Rs. 199,349 (2022: Rs. 142,410).

(Amounts in thousand)

13.4 Other receivables from related parties comprise of:

	Upto 3 month		3 to 6 months		More than 6 months		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Engro Corporation Limited	151	8	718	1,817	-	-	864	1,055
Engro Energy Limited	98	93	-	-	-	24	98	59
Engro Energy Services Limited	12	11	75	-	118	-	205	11
Engro Fertilizers Limited	-	9,100	3,000	12,11	553	100	1,583	1,000
Engro Powergen Qadirpur Limited	16	10	804	-	183	-	422	10
Engro Powergen Thar (Private) Limited	50	12	-	-	-	-	50	12
Engro Vopak Terminal Limited	928	-	1,357	-	531	-	2,819	-
Engro Elengy Terminal (Private) Limited	456	-	-	-	-	-	456	-
Sindh Engro Coal Mining Company Limited	-	-	-	-	9	-	9	-
	1,718	9,276	5,379	5,393	1,347	1,299	8,444	6,075

13.5 Maximum amounts due from related parties at the end of any month during the year are as follows:

2023 Rupees 2022

Engro Corporation Limited	864	67,687
Engro Energy Limited	524	562
Engro Energy Services Limited	205	8
Engro Fertilizers Limited	3,583	15,596
Engro Powergen Qadirpur Limited	422	68
Engro Powergen Thar (Private) Limited	50	32
Engro Foundation	10,749	-
Engro Vopak Terminal Limited	2,819	-
Engro Elengy Terminal (Private) Limited	456	-
Sindh Engro Coal Mining Company Limited	9	-

13.6 The movement in Worker's Profit Fund payable is as follows:

Receivable balance at beginning of the year	(27,182)	(8,364)
Allocation for the year - note 32	460,924	881,182
	433,742	872,818
Less: Payments made during the year	(411,000)	(900,000)
Payable / (Receivable) balance at end of the year	22,742	(27,182)

(Amounts in thousand)

13.7 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.

The Holding Company has filed an appeal with the High Court of Sindh 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.

13.8 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.

13.9 As at December 31, 2023, receivables aggregating to Rs. 54,730 (2022: Rs. 54,730) were deemed to be impaired and have been provided for in full (notes 13.7 and 13.8).

13.10 Includes Rs. 239,327 (2022: Nil) in respect of insurance claim receivable.

13.11 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 amortised cost

- Treasury bill - note 14.2

- Term deposit receipts - note 14.3

- Current maturity of investment in term deposit receipts - note 8

	2023	2022
At fair value through profit or loss		
- Mutual funds - note 14.1	100,118	8,869,468
At amortised cost		
- Treasury bill - note 14.2	1,148,648	2,305,449
- Term deposit receipts - note 14.3	519,835	161,729
- Current maturity of investment in term deposit receipts - note 8	1,691,328	2,722,683
	<u>3,359,811</u>	<u>5,189,861</u>
	<u>3,459,929</u>	<u>14,059,319</u>

(Amounts in thousand)

14.1 The investments made in mutual funds as at reporting date are fully Shariah compliant.

14.2 Carries mark-up at rates ranging from 21.40% to 21.81% (2022: 15.66% to 15.72%) per annum, having maturities upto October 31, 2024.

14.3 Carries mark-up at rates ranging from 19.00% to 21.20% (2022: 13.15%) per annum having maturities upto November 23, 2024.

15. cash and bank balances

Cash in hand
Cash at bank - note 15.1

Conventional

- in current accounts
- in savings accounts - note 15.2

Islamic

- in current accounts
- in savings accounts - note 15.2

2023 ...Rupees... 2022

Cash in hand	704	988
Cash at bank - note 15.1		
Conventional		
- in current accounts	2,120,081	1,410,468
- in savings accounts - note 15.2	290,427	857,468
	<u>2,410,508</u>	<u>2,267,937</u>
Islamic		
- in current accounts	606,341	353,175
- in savings accounts - note 15.2	1,088,229	869,527
	<u>1,694,570</u>	<u>1,022,702</u>
	<u>4,105,078</u>	<u>3,290,639</u>

15.1 These include Rs. 1,920,451 (2022: Rs. 796,140) held in foreign currency bank accounts.

15.2 These carry mark-up at rates ranging from 7.50% to 21.20% (2022: 9.75% to 16%) per annum.

16. ordinary share capital

authorised capital

1,250,000,000 (2022: 1,250,000,000) ordinary shares of Rs. 10 each

issued, subscribed and paid-up capital

908,923,333 (2022: 908,923,333) ordinary shares of Rs. 10 each, fully paid in cash - notes 16.1 and 16.2

2023 ...Rupees... 2022

authorised capital		
1,250,000,000 (2022: 1,250,000,000) ordinary shares of Rs. 10 each	<u>12,500,000</u>	<u>12,500,000</u>
issued, subscribed and paid-up capital		
908,923,333 (2022: 908,923,333) ordinary shares of Rs. 10 each, fully paid in cash - notes 16.1 and 16.2	<u>9,089,233</u>	<u>9,089,233</u>

(Amounts in thousand)

16.1 As at December 31, 2023, Engro Corporation Limited (the Intermediate Parent Company) and Mitsubishi Corporation (an associated company) held 510,733,453 and 100,053,563 (2022: 510,733,453 and 100,053,563) ordinary shares of Rs.10 each denoting 56.19% (2022: 56.19%) and 11.01% (2022: 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 of Directors selection, voting rights, rights of first refusal and etc.

17. preference shares

authorised capital

400,000,000 (2022: 400,000,000) preference shares of Rs. 10 each

issued, subscribed and paid-up capital

300,000,000 (2022: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1

	2023	2022
authorised capital	4,000,000	4,000,000
issued, subscribed and paid-up capital	3,000,000	3,000,000

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 mark-up at the rate of 6 months KIBOR + 3.5% per annum. The payment of the same shall be at the discretion of the Board of Directors of the Holding Company. The objective of the preference shares issuance was to finance PVC-III expansion and VCM debottlenecking projects. The Holding Company has 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. No shares were converted during the year.

(Amounts in thousand)

18. long-term borrowings

	Mark-up rate (per annum)	Installments		Rupees	
		Number	Commencing		
Loan from International Finance Corporation (IFC) - note 18.1	6 months LIBOR + 3.25%	6 half yearly	July 16, 2021	1,546,647	2,015,000
Bilateral Loan - note 18.2	6 months KIBOR + 0.5%	6 half yearly	July 10, 2021	300,000	2,014,700
Islamic Long Term Financing Facility (ILTF) - note 18.3	BBP rate + 1.05%	12 quarterly	December 14, 2022	1,500,000	1,000,000
Loan under diminishing musharaka agreement - note 18.4	3 months (IBOR) + 0.4%	1 half yearly	June 28, 2020	1,000,000	400,000
Syndicated Long Term Islamic Financing Facility - note 18.5	3 months KIBOR + 0.05%	12 quarterly	March 27, 2020	1,000,000	800,000
Loan under diminishing musharaka agreement - note 18.6	3 months KIBOR + 0.05%	10 quarterly	March 20, 2020	800,000	1,000,000
Lease Facility from International Finance Corporation (IFC) - note 18.7	SOFR + 3.15%	2 half yearly	July 15, 2025	4,112,407	-
Islamic Temporary Economic Reference Facility (ITERF) - notes 18.8 (a) 18.10 and 18.11	Holding (IBOR) rate + 0.75% (a) 1.5%	12 quarterly	June 2020 to September 2023	1,000,000	1,719,450
				38,237,171	34,234,720
Less: Current portion shown under current liabilities					
Loans from International Finance Corporation				1,546,647	2,015,000
Bilateral Loan				300,000	2,014,700
Islamic Long Term Financing Facility (ILTF)				1,500,000	1,000,000
Islamic Temporary Economic Reference Facility (ITERF)				1,000,000	1,000,000
Loan under diminishing musharaka agreement				1,000,000	1,000,000
Less: Deferred income - Government grant - note 18.11				(1,514,485)	(1,514,485)
				38,237,171	34,234,720

18.1 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.

18.2 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).

18.3 In 2020, the Holding Company obtained Islamic Long Term Financing Facility (ILTF) 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.

(Amounts in thousand)

- 18.4** In 2021, the Holding Company made a draw down of Rs. 400,000 under diminishing musharaka 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.
- 18.5** 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 its sukuk bonds. The borrowing is secured by 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.
- 18.6** 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.
- 18.7** In 2021, the Holding Company had entered into a ijarah agreement with IFC for a total of USD 15,000, the draw down of which was made during the year in November 2023. 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 18,750 which shall rank pari passu with the charges created in favour of the existing creditors.
- 18.8** 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 Holding 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 Holding Company received additional Rs. 144,522 on account of ITERF loan facility.
- 18.9** In 2021, EPPL entered into a musharaka agreement with MCB and MCB Islamic Bank Limited (MIBL) amounting to Rs. 550,000 and Rs. 100,000, respectively, under the Islamic Temporary Economic 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 EPPL (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

- 18.10** In 2022, EPPL entered into a musharaka agreement with Faysal Bank Limited amounting to Rs. 2,000,000 under the ITERF of SBP. The principal is repayable over 10 years in 32 equal quarterly installments commencing from January 2025 and carries markup at SBP Refinance Rate plus 0.95% payable quarterly. The borrowing is secured by the way of hypothecation charge over plant and machinery of EPPL with 20% margin. During the year, EPPL further received Rs. 1,615,854 on account of its ITERF facility to the extent of Rs. 2,500,000.
- 18.11** Following are the changes in the long-term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2021	2022
Balance at beginning of the year	25,339,872	21,280,331
Add: Loans received - net of transaction costs	5,909,581	15,784,432
Add: Amortisation of transaction costs - note 34	68,161	95,695
Add: Exchange loss - net	568,800	1,045,687
Less: Loans / Installments repaid	(5,162,637)	(12,876,273)
Balance at end of the year	26,723,777	25,339,872

- 18.12** The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost of Rs. 124,857 (2022: Rs. 93,535).
- 18.13** The value of benefit of below-market interest rate on the loans disclosed in notes 18.8 to 18.10 has been accounted for as government grant. The movement of carrying amount of deferred grant in respect of these loans is as under:

	2021	2022
Balance at beginning of the year	678,666	153,624
Add: Recognised during the year	1,020,075	539,052
Less: Amortisation of deferred income charged to profit or loss during the year - note 34	(58,521)	(44,010)
Less: Amortisation of deferred income capitalised	(124,735)	-
Balance at end of the year	1,515,485	678,666
Less: Current portion	(216,632)	(97,328)
	1,298,853	581,338

(Amounts in thousand)

19. lease liabilities

2023 - Rupees - 2022

Total lease liabilities - note 19.1	2,534,450	3,804,982
Current portion	(1,173,036)	(1,912,744)
Non-current portion	1,361,414	1,892,238

19.1 This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,435,722 (2022: Rs. 3,679,819).

19.2 The movement in the lease liability during the year is as follows:

2023 - Rupees - 2022

Balance at beginning of the year	3,804,982	4,194,568
Additions	-	116,064
Mark-up on lease liabilities - note 34	209,453	243,960
Exchange loss on foreign currency denominated leases - note 32.3	913,597	987,986
Lease rentals paid	(2,393,582)	(1,737,596)
Balance at end of the year	2,534,450	3,804,982

20. provisions

Provision for		
- Gas Infrastructure Development Cess - note 20.1	5,593,211	6,131,294
- Gas price revision - note 20.2	517,392	517,392
	6,110,603	6,648,686
Less: Current portion of provisions	(6,110,603)	(6,010,879)
	-	637,807

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.

(Amounts in thousand)

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.

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 which has been fully unwinded as at the year end.

20.1.1 The movement in the provision for GIDC is as follows:

2023 - Rupees - 2022

Balance at beginning of the year	6,131,294	5,364,818
Remeasurement loss on provision for GIDC (Reversal of Provision) / Provision for default surcharge - notes 20.1.2 and 34	140,281	262,743
	(678,364)	503,733
Balance at end of the year	5,593,211	6,131,294
Less: Current portion of provision for GIDC	(5,593,211)	(5,493,487)
	-	637,807

(Amounts in thousand)

20.1.2 During the year, the Holding Company has reassessed its obligation in respect of recognition of provision of default surcharge on GIDC, in consultation with its external legal counsel. The legal counsel of the Holding Company is of the view that the Holding Company has reasonable grounds to contest the applicability of default surcharge, as there is a stay order in place given by the SHC and there was no mens rea on the Holding Company's part. Accordingly, the Holding Company has reversed provision of default surcharge recognised till December 31, 2022 during the current year.

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.

21. deferred tax liability - net

2023 Rupees 2022

Credit balances arising due to:

- accumulated depreciation

6,007,188 5,165,732

Debit balances arising due to:

- unpaid liabilities

451,480 211,203

- leases

440,128 560,834

- provisions

1,989,393 2,173,226

- shares issuance cost

77,771 65,149

- accumulated business losses

66,034 24,640

(3,024,806) (3,035,052)

2,982,382 2,130,680

(Amounts in thousand)

22. trade and other payables

2023 Rupees 2022

Trade and other creditors - note 22.1

2,961,867 3,794,396

Accrued liabilities - notes 22.1 and 22.2

9,455,261 6,579,815

Advances from customers - note 22.3

1,876,800 4,500,182

Retention money

12,208 5,398

Security deposits - note 22.4

20,400 7,400

Payable to provident fund

- 23,969

Payable to gratuity fund

1,933 10,231

Payable to pension fund

1,775 2,217

Workers' Welfare Fund - note 22.5

255,955 379,289

Workers' Profits Participation Fund - note 13.6

22,742 -

Withholding tax payable

12,510 15,871

Others

39,115 33,473

14,660,566 15,352,341

22.1 Includes due to following related parties:

- Engro Corporation Limited

292,606 363,253

- Engro Fertilizers Limited

150,569 54,370

- Engro Energy Limited

250 315

- Engro Foundation

125,000 8,000

- Engro Vopak Terminal Limited

289,925 229,475

- Engro Eximp FZE

1,739,751 834,764

- The Dawood Foundation

- 240

- Nimir Industrial Chemicals Limited

46,292 -

2,644,393 1,490,417

22.2 On June 4, 2021, the SHC through its judgement 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 judgement before the SCP challenging the SHC judgement. Later, on September 2021, the SCP suspended the judgement of SHC along with the recovery of the Cess. For all future consignments, the Holding Company is required to furnish fresh bank guarantees equivalent to the full amount of levy. The Holding Company is confident that ultimate outcome of the case will be decided in its favor; however, on prudence basis, has recognised Rs. 2,216,076 (2022: Rs. 1,633,035) in respect of the Cess in these consolidated financial statements.

(Amounts in thousand)

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, 2022 have been fully recognised 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.

22.5 The movement in Workers' Welfare Fund payable is as follows:

2023 ...Rupees... 2022

Balance at beginning of the year	379,289	325,222
Charge for the year - note 32	138,993	356,392
	518,282	681,614
Less: Payments made during the year	(262,327)	(302,325)
Balance at end of the year	255,955	379,289

23. service benefit obligations

Service incentive plan - note 23.1	85,166	74,278
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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.

24. short-term borrowings

2023 ...Rupees... 2022

Conventional running finance - note 24.1	2,618,621	-
Islamic running finance - note 24.1	4,583,105	-
Conventional export refinance facility - note 24.2	324,360	474,360
	7,526,086	474,360

24.1 The aggregate facilities for running finance available from various banks as at December 31, 2023, amounted to Rs. 12,500,000 (2022: Rs. 3,400,000), out of which Rs. 5,298,274 (2022: Rs. 3,400,000) was unutilised as at year end. These facilities carries mark-up of 3 / 1 month KIBOR plus a spread ranging from 0.4 % to 0.5% per annum. These facilities are secured through hypothecation charges against the current assets of the Holding Company and are payable on demand.

(Amounts in thousand)

24.2 Represents export refinancing facility carrying mark-up at the rate of 19% (2022: 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.

25. accrued interest / mark-up

2023 ...Rupees... 2022

Mark-up accrued on:
- long-term borrowings
- short-term borrowings

	516,286	380,016
	9,938	12,046
	526,224	392,062

26. taxes payable

26.1 The Deputy Commissioner Inland Revenue (DCIR) through his order dated November 30, 2010 raised a tax demand of Rs. 163,206 for tax year 2009. The demand arose as a result of disallowance of finance costs 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 (SED) 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 Appellate Tribunal Inland Revenue (ATIR) issued an order whereby the aforementioned appeal was disposed of by accepting 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 Holding Company filed a reference in the Sindh High Court (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, no provision has been recognised in these consolidated financial statements.

26.2 Through Finance Act 2015, Section 4E 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 super tax rate has been amended to 0% from tax year 2020 and onwards for companies other than the banking companies. On August 1, 2018, the Holding Company filed petition against the levy of super tax in the SHC, however, based on the opinion of its legal advisor, the Holding Company has made 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 Holding Company received various notices from tax authorities for recovery of super tax for tax years

(Amounts in thousand)

2017 to 2019. The Holding Company filed appeals against the said notices with the Commissioner Inland Revenue Appeals [CIR(A)] whereby the action of the tax officer has been confirmed by the CIR(A) for tax years 2017 to 2019. The Holding Company has filed an appeal thereagainst before the ATIR against the decision of the CIR(A) which is pending adjudication.

In the meanwhile, the Holding Company also filed petition in the Supreme Court of Pakistan (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.

26.3 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 Holding Company to pay Rs. 552,331 being the amount short paid with the income tax return. The Holding Company filed a Constitutional Petition in the SHC challenging the notice. SHC through its 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 basis 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 the 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 has been recognised in these consolidated financial statements.

26.4 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, super tax at the rate of 10% has been imposed on specified industry sectors (including the chemical sector) in case the taxable income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for certain other sectors super tax has been levied at the rate of 4%. 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 that the imposition of higher rate on the specified sectors is discriminatory. The Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in the SCP, whereby, SCP through an interim order dated February 16, 2023, directed Nazir of the SHC to encash bank guarantees to the extent of 4% of super tax, resultantly, bank guarantees equivalent to Rs. 665,210 has been encashed during the year in favour of the Nazir of SHC. The Holding Company's management, in this respect has recognised provision of super tax at the rate of 4% amounting to Rs. 632,543 in these consolidated financial statements on account of prudence and, based on advice from its consultants, considers that the chances of additional super tax levy of 6% amounting to Rs. 957,494 is remote and, therefore, no provision is recognised thereagainst in these consolidated financial statements.

(Amounts in thousand)

26.5 Through Finance Act, 2023, super tax rate under section 4C of the Income Tax Ordinance, 2001 has been increased to 10% on companies whose taxable income exceeds Rs. 500,000 for tax year 2023 (financial year ended December 31, 2022) and onwards. Accordingly, the Holding Company has recognised an additional super tax charge at the rate of 6% amounting to Rs. 808,351 during the current year. The Holding Company along with other petitioners have challenged the amendment in super tax rate for tax year 2023 in the Islamabad High Court (IHC), which has granted stay against the increase in super tax rate. The matter is pending in IHC for adjudication.

26.6 During the year, income tax department finalised the monitoring proceedings for tax years 2018 to 2022 against the Holding Company and raised a demand amounting to Rs. 316,851 on account of alleged non-withholding of taxes on payments made to various parties. The tax demand has been paid by the Holding Company under protest and has preferred an appeal before the CIR(A) to contest the aforementioned monitoring proceedings. The Holding Company, based on the advice from its tax consultant expects a favourable outcome in this respect and hence, no provision has been recognised in these consolidated financial statements.

26.7 During the year, the income tax department amended the assessment filed by the Holding Company for tax year 2019. The Holding Company preferred an appeal thereagainst before the CIR(A) against the disallowances, which mainly pertains to the adjustment of minimum tax carried forward resulting in excess demand of Rs. 532,754. The Holding Company has paid demand of Rs. 200,000 under protest. However, as the Holding Company based on the advice of its tax consultant expects a favourable outcome, accordingly, no provision has been recognised in these consolidated financial statements.

26.8 During the year, in accordance with section 59B (Group relief) of the Income Tax Ordinance, 2001, the Holding Company has purchased tax losses from Engro Corporation Limited (the Intermediate Parent Company) and Engro Eximp Agriproducts (Private) Limited for the year ended December 31, 2020 (tax year 2021) and December 31, 2022 (tax year 2023), respectively for a consideration of Rs. 373,489 and Rs. 228,688, respectively, being equivalent to resultant tax benefit. The Holding Company, accordingly, has adjusted the aforementioned losses against its taxable income for the current year and have adjusted the taxes payable in these consolidated financial statements.

27. contingencies and commitments

27.1 contingencies

27.1.1 Income tax related contingencies are disclosed in notes 26.1 to 26.7.

(Amounts in thousand)

27.1.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at December 31, 2023 amounts to Rs. 7,300,000 (2022: Rs. 7,048,000). The amount utilised thereagainst as at December 31, 2023 is Rs. 6,391,001 (2022: Rs. 6,268,568).

The performance guarantees of Rs. 102,180 and Rs. 286,682 given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of EPPL, respectively. With regard to greenfield status, the Group is of the view that if payment on account of sales tax and income tax amounting 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 recognised in this respect.

27.2 commitments

27.2.1 The facility for opening letter of credits as at December 31, 2023 aggregates to Rs. 36,237,214 (2022: Rs. 27,750,000) out of which Rs. 7,707,035 (2022: Rs. 8,631,302) 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 6,893. As at December 31, 2023, the commitment for civil works and equipment procurement amounts to Nil (2022: EUR 1,331).

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, 2023, outstanding commitment for civil works and equipment procurement amounts to CNY 12,547 (2022: 70,592).

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, 2023, outstanding commitment amounts to Rs. 196,265 (2022: Rs. 472,174).

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, 2023, outstanding commitment for equipment procurement amounts to Rs. 146,138 (2022: 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) and Caustic Soda in respect of which future lease commitments aggregate to:

2023 Rupees 2022

Not later than one year

16,770

3,600

(Amounts in thousand)

27.2.7 Commitments of the Holding Company in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 10,584 (2022: USD 22,752) valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 8,270 (2022: USD 11,602) valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 667 (2022: USD 665) valid till December 31, 2024.

2023 Rupees 2022

27.2.8 Commitments in respect of expenditure of capital and other operational items

4,587,857

1,759,592

28. revenue from contracts with customers - net

Gross local sales - note 28.1

89,902,736

92,990,439

Less:

- Sales tax

13,470,809

13,185,768

- Discounts

2,575,010

2,297,964

16,045,819

15,486,732

73,856,917

77,503,707

Commission income - note 28.2

5,785

-

Export sales - note 28.3

7,300,539

4,479,059

Supply of electricity - note 28.4

106,293

76,817

81,269,534

82,059,583

28.1 Include sales of trading goods amounting to Rs. 185,348 (2022: Rs. 61,519).

28.2 This represents commission income earned by TPPL from customers on marketing of PVC products through the Branded Outlet.

28.3 The Group has made exports in the Middle East and Central Asian markets.

28.4 This represents revenue against supply of surplus power to Engro Fertilizers Limited - a related party.

28.5 All revenue earned by the Group is Shariah compliant.

(Amounts in thousand)

29. cost of sales

2023 Rupees 2022

	2023	2022
Opening stock of work-in-process	-	56,008
Raw and packing materials consumed	39,839,676	37,915,001
Salaries, wages and staff welfare - note 29.1	2,020,350	1,823,058
Fuel, power and gas	11,856,084	8,557,549
Repairs and maintenance	152,734	560,762
Depreciation on operating assets- note 5.3	2,899,437	2,393,565
Depreciation on right-of-use asset - note 6.1	449,661	449,662
Consumable stores	549,730	495,029
Purchased services	1,309,378	1,475,287
Storage and handling - note 29.2	907,416	682,564
Training, conveyance and travelling	804,235	275,228
Communication, stationery and other office expenses	74,106	44,072
Rent, rates and taxes - note 29.3	586,345	91,794
Product transportation	2,149,189	2,009,780
Insurance, fees and subscription	505,194	426,730
Provision against slow moving stores and spares - note 10.3	22,040	6,123
Provision against stock-in-trade - note 11.4	6,612	99,199
Write-off of:		
- stores and spares - note 10.2	210	14,224
- stock-in-trade - note 11.3	-	18,604
Amortisation of intangible assets - note 7.2	9,851	-
Other expenses	-	4,976
	63,642,228	57,348,207
Closing stock of work-in-process	(431,254)	-
Cost of goods manufactured	63,210,974	57,404,215
Opening stock of finished goods	3,062,264	4,001,606
Closing stock of finished goods	(5,902,479)	(3,062,264)
	(2,840,215)	939,342
Cost of sales - trading goods - note 29.4	164,853	12,276
	60,535,612	58,355,833

(Amounts in thousand)

29.1 Includes Rs. 161,448 (2022: Rs. 149,619) 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. 210,229 (2022: Rs. 255,948).

29.3 These include rentals for short-term leases amounting to Rs. 83,193 (2022: Rs. 82,797).

29.4 Movement of trading goods:

2023 Rupees 2022

Opening trading stock	169,443	22,947
Purchases made during the year	-	158,772
Closing trading stock	(4,590)	(169,443)
Consumption during the year	164,853	12,276

30. distribution and marketing expenses

Salaries, wages and staff welfare - note 30.1	454,005	201,318
Dealer commission	224,803	210,030
Sales promotion expense	19,748	45,788
Rent, rates and taxes - note 30.2	11,026	12,484
Purchased services	19,930	6,262
Depreciation on right-of-use asset - note 6.1	25,392	25,299
Depreciation on operating assets - note 5.3	7,524	11,553
Training, conveyance and travelling	50,278	66,665
Communication, stationery and other office expenses	16,853	3,275
Amortisation of intangible assets - note 7.2	2,158	-
Others	652	4,509
	882,429	587,183

30.1 Includes Rs. 19,322 (2022: Rs. 16,018) in respect of staff retirement and other service benefits.

30.2 These include rentals for short-term leases amounting to Rs. 6,185 (2022: Rs. 5,237).

(Amounts in thousand)

31. administrative expenses

2023 Rupees 2022

Salaries, wages and staff welfare - note 31.1	565,928	520,605
Rent, rates and taxes - note 31.2	96,249	98,903
Purchased services	600,137	379,020
Depreciation on operating assets - note 5.3	48,777	49,033
Amortisation of intangible assets - note 7.2	92,536	97,446
Depreciation on right-of-use asset - note 6.1	2,221	5,022
Training, conveyance and travelling	112,185	87,645
Communication, stationery and other office expenses	81,445	74,467
Provision for expected credit loss - note 12	264	-
Others	18,401	29,146
	<u>1,618,143</u>	<u>1,329,287</u>

31.1 Includes Rs. 32,335 (2022: Rs. 39,246) in respect of staff retirement and other service benefits.

31.2 These include rentals for short-term leases amounting to Rs. 39,881 (2022: Rs. 20,098).

32. other expenses

2023 Rupees 2022

Legal and professional	88,160	89,135
Auditor's remuneration - note 32.1	35,756	14,123
Donations - note 32.2	145,216	173,960
Foreign exchange loss (net) - note 32.3	994,138	1,966,828
Workers' Welfare Fund - note 22.5	138,993	356,392
Workers' Profits Participation Fund - note 13.6	460,924	851,182
	<u>1,863,187</u>	<u>3,481,620</u>

32.1 auditor's remuneration

Fee for:		
- Annual statutory audit	3,125	2,865
- Review of half yearly financial information	865	765
- Review of compliance with the Code of Corporate Governance	75	60
- Taxation and other advisory services	23,120	9,718
- Certifications and other services	7,613	-
Reimbursement of expenses	958	715
	<u>35,756</u>	<u>14,123</u>

(Amounts in thousand)

32.2 This includes donations made to:

2023 Rupees 2022

- Engro Foundation - note 32.2.1	125,000	122,000
- R. B. Udhawdas Tarachand Hospital, DC Office, Shikarpur	-	49,728
- Behbud Foundation	-	1,000
	<u>125,000</u>	<u>172,728</u>

32.2.1 Mr. Jahangir Piracha (Chief Executive Officer), Mr. Nadir Salar Qureshi (the Ex - Director) and Mr. Ghias Khan (the Chairman of the Board of Directors) are the trustees of Engro Foundation.

32.3 Includes Rs. 913,597 (2022: Rs. 987,986) arising on translation of foreign currency denominated lease liabilities.

33. other income

2023 Rupees 2022

on financial assets

Profit on bank deposits - note 33.1	179,249	129,426
Income from investments - note 33.2	957,228	1,307,906
Income on intercompany balances due from associate	47,158	-
	<u>1,183,635</u>	<u>1,437,332</u>

on non-financial assets

Scrap sales	111,134	31,546
Gain on disposal of operating assets - note 5.4	4,900	1,083
Insurance claim	239,327	-
Others	11,521	12,228
	<u>366,882</u>	<u>44,857</u>
	<u>1,550,517</u>	<u>1,482,189</u>

33.1 These include Rs. 148,187 (2022: Rs. 94) earned from shariah compliant bank deposits and bank balances.

33.2 These include Rs. 239,327 (2022: Rs. 181,329) earned from investments held with Islamic banks.

(Amounts in thousand)

34 finance costs

Interest / mark-up on

- long-term borrowings - note 34.1
 - lease liabilities - note 19.2
 - short-term borrowings and other facilities - note 34.2
- Less: Amortisation of deferred income
- Government grant - note 18.13

- Guarantee commission
- Amortisation of transaction costs note - 18.11
- (Reversal of Provision) / Provision for default surcharge on GIDC - note 20.1.1
- Letter of credit charges
- Bank and others charges

2023 Rupees 2022

	2023	2022
Interest / mark-up on		
- long-term borrowings - note 34.1	3,903,082	2,048,083
- lease liabilities - note 19.2	209,453	243,960
- short-term borrowings and other facilities - note 34.2	245,353	42,339
Less: Amortisation of deferred income		
- Government grant - note 18.13	(58,521)	(44,010)
	4,299,367	2,290,372
Guarantee commission	19,059	13,418
Amortisation of transaction costs note - 18.11	68,161	95,695
(Reversal of Provision) / Provision for default surcharge on GIDC - note 20.1.1	(678,364)	503,733
Letter of credit charges	237,492	84,612
Bank and others charges	268,993	104,074
	4,214,708	3,091,904

34.1 Represents interest on long term borrowings incurred under Islamic mode of long-term finance.

34.2 This includes Rs. 53,606 (2022: Nil) incurred under Islamic mode of short-term finance.

35 taxation

Current

- for the year - note 35.2
- for prior years - notes 35.2 to 35.4

Deferred

- for the year
- for prior years

2023 Rupees 2022

	2023	2022
Current		
- for the year - note 35.2	3,692,557	4,272,877
- for prior years - notes 35.2 to 35.4	279,419	632,562
	3,971,976	4,905,439
Deferred		
- for the year	596,124	100,216
- for prior years	255,578	1,174
	851,702	101,390
	4,823,678	5,006,829

(Amounts in thousand)

35.1 relationship between tax expense and accounting profit

Profit before taxation

- Tax calculated at applicable rate of 29% (2022: 29%)
- Tax effect of super tax, presumptive tax regime, tax credits and income subject to lower tax rates
- Prior year tax charge - net
- Effect of deferred tax not recognised on tax losses
- Effect of inadmissible expenses / permanent differences
- Others

2023 Rupees 2022

	2023	2022
Profit before taxation	13,756,972	16,695,945
Tax calculated at applicable rate of 29% (2022: 29%)	3,989,232	4,841,624
Tax effect of super tax, presumptive tax regime, tax credits and income subject to lower tax rates	159,585	(541,234)
Prior year tax charge - net	534,997	633,736
Effect of deferred tax not recognised on tax losses	10,489	-
Effect of inadmissible expenses / permanent differences	104,862	71,099
Others	24,513	1,404
	4,823,678	5,006,829

35.2 Current tax charge for the year includes Rs. 971,019 on account of super tax at the rate of 10% for tax year 2024 and current tax charge for prior year includes additional super tax at the rate of 6% for tax year 2023 amounting to Rs. 808,351.

35.3 During the year, the income tax department amended the assessment filed by the Holding Company for tax year 2020. The DCIR has allowed the tax credit claimed under section 65B to the extent of 5% and hence, the Holding Company has recognised tax credit amounting to Rs. 157,500 in these consolidated financial statements to the extent of credit allowed. The Holding Company has preferred an appeal before the CIR(A) against the disallowances, for remaining tax credit under section 65B.

35.4 During the year, the Company has recognised tax credit amounting to Rs. 400,861 relating to prior years under section 65E of the Ordinance.

36 earnings per share - basic and diluted

36.1 Basic earnings per share has been calculated by dividing the profit attributable to ordinary share holders of the Group by weighted average number of ordinary shares in issue during the year.

36.2 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.

(Amounts in thousand)

36.3 The information necessary to calculate basic earnings per share is as follows:

	2023	2022
Profit for the year	8,932,294	11,689,116
Less: Dividends on convertible preference shares	(645,000)	(447,000)
	<u>8,287,294</u>	<u>11,242,116</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>

36.4 The information necessary to calculate diluted earnings per share is as follows:

	2023	2022
Profit for the year	8,932,294	11,689,116
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>
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	<u>1,208,923</u>	<u>1,208,923</u>

37. retirement and other service benefits

37.1 In 2013, the Group replaced its provident fund with the provident fund operated and managed by the Intermediate Parent Company.

37.2 The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Act, and the conditions specified there under.

(Amounts in thousand)

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:

	2023			2022		
	Director Chief Executive	Others	Executives	Director Chief Executive	Others	Executives
	-----Rupees-----					
Managerial remuneration - note 38.1	51,484	-	1,192,952	44,777	-	1,149,646
Retirement benefit funds	10,377	-	188,982	9,018	-	147,250
Bonus	18,642	-	273,095	12,234	-	259,727
Other benefits	1,338	-	394,233	946	-	308,668
Directors fee	-	21,364	-	-	21,571	-
Total	<u>81,841</u>	<u>21,364</u>	<u>2,049,262</u>	<u>67,024</u>	<u>21,571</u>	<u>1,859,291</u>
Number of persons including those who worked part of the year	<u>1</u>	<u>6</u>	<u>305</u>	<u>1</u>	<u>6</u>	<u>285</u>

38.1 The Group also provides vehicles for the use of the Chief Executive and certain executives.

39. cash generated from operations

	2023	2022
Profit before taxation	13,755,972	16,695,945
Adjustments for non cash-charges and other items:		
Staff retirement and other service benefits	78,292	69,769
Depreciation:		
- operating assets - note 5.3	2,955,738	2,454,151
- right-of-use asset - note 6.1	477,274	479,923
Amortisation of intangible assets - note 7.2	104,545	97,446
Write-off of:		
- stores and spares - note 29	210	14,224
- stock-in-trade - note 29	-	18,604
Carried forward	<u>17,372,031</u>	<u>19,829,122</u>

(Amounts in thousand)

2023 - Rupees - 2022

Brought forward	17,372,031	19,829,122
Provision against:		
- slow moving stores and spares - note 10.3	22,040	6,123
- stock-in-trade - note 11.4	6,612	99,199
- expected credit loss - note 12	264	-
- deposits - note 13.2	-	137,242
Unrealised foreign exchange loss on financial assets and liabilities	439,463	1,078,954
Income on financial assets - note 33	(1,183,635)	(1,437,332)
Finance costs - note 34	4,214,708	3,091,904
Gain on disposal of operating assets - note 33	(4,900)	(1,083)
Remeasurement loss on provision against GIDC - note 20.1.1	140,281	262,743
Working capital changes - note 39.1	(9,053,222)	1,795,120
	<u>11,953,642</u>	<u>24,861,992</u>

39.1 working Capital Changes

(Increase) / Decrease in current assets

Stores, spares and loose tools	(869,909)	(442,621)
Stock-in-trade	(6,575,659)	2,056,871
Trade debts	1,097,133	(1,345,057)
Loans, advances, deposits, and other receivables - net	(2,013,012)	(1,774,769)
	<u>(8,361,447)</u>	<u>(2,005,576)</u>

(Decrease) / Increase in current liabilities

Trade and other payables	(691,775)	3,800,696
	<u>(9,053,222)</u>	<u>1,795,120</u>

40. cash and cash equivalents

Short-term investments - note 14	405,363	161,729
Cash and bank balances - note 15	4,100,782	3,291,627
Running finances - note 24	(7,201,726)	-
	<u>(2,695,581)</u>	<u>3,453,356</u>

(Amounts in thousand)

41. financial instruments by category

41.1 financial assets at amortised cost

Investments at amortised cost	3,359,811	6,507,369
Trade debts	1,629,173	2,879,412
Loans, deposits and other receivables	2,001,980	1,378,302
Cash and bank balances	4,100,782	3,291,627
	<u>11,091,746</u>	<u>13,856,710</u>

financial assets at fair value through profit or loss

Short-term investments	100,118	8,869,458
	<u>11,191,864</u>	<u>22,726,168</u>

41.2 Financial liabilities at amortised cost

Long-term borrowings	26,723,777	25,339,872
Lease liabilities	2,534,450	3,804,982
Trade and other payables	12,488,851	10,420,582
Service benefit obligations	85,166	74,278
Short-term borrowings	7,526,086	474,360
Accrued interest / mark-up	526,224	392,062
	<u>49,884,554</u>	<u>40,506,136</u>

42. financial risk management objectives and policies

42.1 financial risk factors

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.

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:

(Amounts in thousand)

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 by matching foreign payments with foreign receipts.

At December 31, 2023, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 4,075,480 (2022: Rs. 7,059,581) and Rs. 12,971,011 (2022: Rs. 11,123,973), respectively.

At December 31, 2023, 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. 304,316 (2022: Rs. 159,952). However, this change in profits would be partially offset by a corresponding change in margins as majority of revenue 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, 2023, 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. 172,151 (2022: Rs. 42,159).

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 investments in 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 (i.e. bank balances and investments) is limited because the counter parties are banks and asset management companies with reasonably high credit ratings.

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:

	2023	...Rupees...	2022
Investments at amortised cost	3,359,811		6,507,369
Investment at fair value through profit or loss	100,118		8,869,458
Trade debts	1,573,600		2,639,401
Loans, deposits and other receivables	2,001,980		1,377,502
Bank balances	4,100,078		3,290,639
	<u>11,135,587</u>		<u>22,684,369</u>

The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. As at the reporting date, the credit quality of the Group's bank balances and investments can be assessed with reference to external credit ratings assigned to the respective financial institutions as follows:

(Amounts in thousand)

The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. As at the reporting date, the credit quality of the Group's bank balances and investments can be assessed with reference to external credit ratings assigned to the respective financial institutions as follows:

Bank	Rating agency	2023 Ratings		2022 Ratings	
		Short-term	Long-term	Short-term	Long-term
Conventional					
Allied Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA-	A-1+	AA+
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	F1+	A
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
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	A	P-1	A2
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	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
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Islamic					
Allied Bank Limited (Islamic)	PACRA	A-1+	AAA	A-1+	AAA
Bank Alfalah Limited (Islamic)	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	A-1	A+
Bank Al Habib Limited (Islamic)	PACRA	A-1+	AAA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	AA-	A-1	A+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Bank of Khyber	PACRA	A-1	A-	A-1	A
United Bank Limited (UBL Ameen)	JCR-VIS	A-1+	AAA	A-1+	AAA
Al Ameen Islamic Cash Fund	JCR-VIS	N/A	AA+	N/A	AA+

(Amounts in thousand)

o) 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:

	2023		Total	2022	
	Maturity upto one year	Maturity more than one year		Maturity upto one year	Maturity more than one year
-----Rupees-----					
Financial liabilities					
Long-term borrowings	6,458,451	37,252,204	43,710,655	7,702,521	33,630,224
Lease liabilities	1,280,047	1,448,984	2,729,031	1,919,516	2,216,858
Trade and other payables	12,488,851	-	12,488,851	10,430,582	-
Service benefit obligations	85,166	-	85,166	74,278	-
Short-term borrowings	7,526,086	-	7,526,086	474,360	-
Accrued interest / mark-up	526,224	-	526,224	392,062	-
	<u>28,364,825</u>	<u>38,701,188</u>	<u>67,066,013</u>	<u>20,983,319</u>	<u>35,847,080</u>

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 the reporting date, the carrying value of all financial assets and liabilities approximate to their fair value.

(Amounts in thousand)

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

The Group classifies its financial 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 financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds				
- December 31, 2023	-	100,118	-	100,118
- December 31, 2022	-	8,869,458	-	8,869,458

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:

Long-term borrowings
Lease liabilities

Total equity
Total capital

Gearing ratio

	2023	2022
	Rupees	
Long-term borrowings	26,723,777	25,339,872
Lease liabilities	2,534,450	3,804,982
	29,258,227	29,144,854
Total equity	28,592,085	27,121,715
Total capital	57,850,312	56,266,569
Gearing ratio	0.51	0.52

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, shoes and packaging industries. 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 industries.
- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.
- Unallocated: Include management of short-term investments of the Group. Unallocated balances are reported to the Board of Directors at company level.

Management monitors the operating results of above-mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing the 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)

	Purified Vinyl Chloride (PVC) and filled chemicals		Gaseous and filled chemicals		Inves supply		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Segment profit or loss										
Revenue from contracts with customers (net) - note 50C	69,810,993	72,609,211	11,000,775	1,349,019	189,293	1,350,356	30,650	34,027	81,089,884	83,389,584
Less:										
Cost of sales	(63,041,030)	(64,072,530)	(5,010,207)	(3,887,010)	(83,368)	(1,260,077)	(208,247)	(40,661)	(68,089,612)	(69,257,984)
Depreciation and amortization expenses	(677,062)	(642,899)	(2,733,841)	(1,217,761)	1,305	(1,009)	8,006	(309)	(899,449)	(667,180)
Administrative expenses	(1,389,000)	(1,173,818)	(2,000,847)	(1,443,020)	(2,110)	(1,190)	(8,380)	(1,870)	(1,619,140)	(1,223,288)
Other expenses	(1,460,183)	(8,112,079)	(888,733)	(801,000)	(2,328)	(3,114)	(8,084)	(3,707)	(1,893,107)	(2,441,620)
Other income	1,320,624	1,277,031	(21,861)	(201,020)	2,010	1,118	6,116	1,477	1,260,217	1,462,136
Finance costs	(3,000,824)	(2,900,330)	(6,859,115)	(18,140)	(6,491)	(7,171)	(16,277)	(13,122)	(6,214,798)	(6,021,201)
Profit before taxation	10,420,684	11,789,277	3,299,180	1,888,166	187,338	15,229	180,485	69,127	13,700,972	16,069,944
Taxation	(4,181,229)	(4,422,467)	(816,878)	(604,806)	(6,561)	(1,001)	(19,284)	(6,128)	(4,823,670)	(6,035,826)
Profit for the year	6,239,455	7,366,810	2,482,302	1,283,360	180,777	14,228	161,201	62,999	8,877,302	10,034,118
Depreciation and amortisation	8,129,065	8,216,882	1,991,384	(207,860)	4,649	(6,239)	(12,079)	(2,146)	(3,587,557)	(6,031,681)
Capital expenditure	(1,119,281)	(4,167,235)	(5,204,876)	(1,163,642)	784	(1,446)	(209,180)	1,790,846	(11,333,070)	(9,113,621)
Segment assets and liabilities										
Total segment assets - note 46.3	47,742,233	54,034,265	19,713,130	6,341,047	23,193	(7,022)	22,110,284	34,100,039	90,597,810	85,401,501
Total segment liabilities	42,269,663	21,723,477	11,079,081	2,891,159	13,026	1,647	7,620,839	24,167,246	62,005,725	58,278,164

45.2 Revenue from one customer of the Group's PVC segment amounts to Rs. 7,175,426 (2022: Rs. 7,305,366) of the Group's total revenue i.e. 8.88% (2022 : 8.90%).

45.3 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts and located within Pakistan.

46. transactions with related parties

46.1 Following are the name of associated companies and related parties with whom the Group 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%	Intermediate Parent Company
Mitsubishi Corporation (Incorporated in Japan)	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship
Sindh Engro Coal Mining Company Limited	N/A	Common directorship
Engro Energy Limited	N/A	Common directorship
Engro Eximp Agriproducts (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
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
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 Limited	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
KSB Pumps Company Limited	N/A	Common directorship
Nimir Industrial Chemicals Limited	N/A	Common directorship
ATS Synthetic (Private) Limited	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	Ex - Non-executive Director
Mr. Kamran Nishat	N/A	Independent Director
Mr. Feroz Rizvi	N/A	Ex - Independent Director
Mr. Shabbir Hashmi	N/A	Ex - Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Ali Baig	N/A	Independent Director
Mr. Hideki Adachi	N/A	Ex - Non-executive Director
Mr. Ghias Uddin Khan	N/A	Chairman
Mr. Rizwan Masood Raja	N/A	Ex - Non-executive Director
Mr. Eram Hasan	N/A	Ex - Non-executive Director
Mr. Tomoya Kondo	N/A	Non-executive Director
Mr. Syed Shahzad Nabi	N/A	Non-executive Director
Mr. Tariq Nisar	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Adeel Qamar	N/A	Key management personnel
Mr. Arif Jalil	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Athar Abrar Khawaja	N/A	Ex - Key management personnel
Mr. Muhammad Idrees	N/A	Key management personnel
Mr. Khawaja Haider Abbas	N/A	Key management personnel

(Amounts in thousand)

46.2 Transaction 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	2023 ... Rupees ...	2022
Intermediate Parent Company			
- Engro Corporation Limited	Reimbursement made	1,512,888	902,627
	Reimbursement received	(182)	86,513
	Expenses paid	-	84
	Advance for intangible asset	-	18,587
	Subordinated loan received	1,700,000	2,000,000
	Subordinated loan repaid	(1,700,000)	(2,000,000)
	Mark-up on subordinated loan	14,392	20,137
	Dividend paid	3,830,601	7,916,368
	Purchase of taxable loss	373,489	-
Member of the Group			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sales of utilities	106,293	124,031
	Purchase of services	97,299	105,882
	Purchase of goods	69,364	20,969
	Reimbursement made	285,269	147,916
	Reimbursement received	(104,664)	(13,863)
- Engro Yopak Terminal Limited	Purchase of services	2,975,099	2,219,813
	Reimbursement made	63,793	57,486
	Reimbursement received	(3,689)	-
	Late payment charges	19,026	-
- Engro Energy Limited	Reimbursement made	-	562
	Reimbursements received	(1,734)	250
	Expense incurred on behalf of the Group	-	49,728
- Engro Elengy terminal (Private) Limited	Reimbursement made	-	53
	Reimbursement received	456	34
- Engro Energy Services Limited	Reimbursement received	197	-
	Reimbursement made	-	8
- Engro Powergen Thar (Private) Limited	Reimbursement received	344	3,274
	Reimbursement made	630	-
- Engro Powergen Qadirpur Limited	Reimbursement received	422	2,433
	Reimbursement made	-	1,555
- Engro Foundation	Donations	125,000	128,351
	Reimbursement received	11,749	378
	Reimbursement made	272	-
- Engro Eximp FZE	Purchase of goods	36,315,354	12,259,445
	Sale of goods	7,239,630	3,645,860
	Reimbursement received	(1,137)	-
	Reimbursement made	588,657	68,031
	Interest income on intercompany balances	47,168	-

(Amounts in thousand)

Nature of relationship	Nature of transactions	2023 ... Rupees ...	2022
- Sindh Engro Coal Mining Company Limited	Reimbursement made	4,979	-
	Reimbursement received	-	7
- Engro Eximp Agriproducts (Private) Limited	Purchase of taxable loss	228,689	-
Associated Company			
- Mitsubishi Corporation	Dividend paid	750,402	(1,550,882)
	Purchase of goods	20	-
- Pakistan Oxygen Limited	Purchase of services	20	-
	Sale of goods	90,322	-
- Overseas Investors Chamber of Commerce and Industry (OICCI)	Purchase of services	500	-
- KSB Pumps Company Limited	Purchase of goods	7,261	-
- Nimir Industrial Chemicals Limited	Purchase of goods	184,812	-
- Ate Synthetic (Private) Limited	Sale of goods	4,604,003	-
Directors			
	Fee	21,364	19,991
	Dividend paid	29	8
Contribution to staff retirement benefits			
	Managed and operated by the Intermediate Parent Company		
	- Provident fund	125,319	115,361
	- Gratuity fund	87,965	84,285
	- Pension fund	5,445	4,736
Key management personnel			
	Managerial remuneration	157,172	157,971
	Retirement benefit funds	26,788	26,104
	Bonus	63,216	62,342
	Other benefits	37,403	29,275

46.3 The related party status of outstanding balances as at December 31, 2023 / 2022 are disclosed in the respective notes to the consolidated financial statements.

47. general

47.1 Number of employees

	2023	2022
- Total number of employees	596	601
- Average number of employees	584	599

Included herein are 509 (2022: 428) employees working at the plant of the Holding Company as at December 31, 2023 and average number of these employees during the year was 505 (2022: 427).

(Amounts in thousand)

47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2023	2022	2023	2022	
-----Kilo tons-----					
PVC	295	295	230	239	Production planned as per market demand and in-house consumption needs
EDC	127	127	100	102	
Caustic soda	106	106	96	97	
Caustic flakes	20	20	13	9	
VCM	245	245	224	219	
-----Mega Watts-----					
Power	66	66	45	55	

48. non-adjusting event after the reporting period

The Board of Directors of the Holding Company in its meeting held on February 20, 2024 have proposed a final cash dividend of Rs. 908,923 (2022: Rs. 2,272,308) which is approximately Rs. 1 (2022: Rs. 2.5) per ordinary share. Further, the Board of Directors of the Holding Company in this meeting have proposed a final cash dividend for preference shareholders of Rs. 201,000 (2022: Rs. 150,000) which is approximately Rs. 0.67 per share (2022: Rs. 0.5 per share).

These appropriations will be approved by the members in the Annual General Meeting to be held on March 28, 2024.

49. corresponding figures

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. The material reclassification made during the year is as follows:

Description	Reclassified		Rupees
	from	to	
Purchased services	Cost of sales (note 29)	Administrative expenses (note 31)	323,851

(Amounts in thousand)

50. date of authorisation for issue

These consolidated financial statements were authorised for issue on February 20, 2024 by the Board of Directors of the Company.

Jahangir Piracha
Chief Executive Officer

Rabia Wafiq Khan
Chief Financial Officer

Kamran Nishat
Director

**standalone 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, 2023, 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 material accounting policy information 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, 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 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, 2023 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 judgement, 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.

Following is the Key audit matter:

Key audit matter

How the matter was addressed in our audit

Contingent liabilities and provisions

(Refer notes 13.6, 13.7, 20.1, 20.2, 22.2, 26.1 to 26.7, 27.1.1 and 35.2 to 35.4 to the financial statements)

The Company has contingent liabilities and provisions in respect of certain taxes, levies and duties including income taxes and other contentious matters, which are pending adjudication at various appellate forums.

Contingencies and provisions require management of the Company to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impacts, if any, on the Company 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 judgements and estimates to assess the related financial impacts, which may change over time as new facts emerge and the matters progress, we have considered contingent liabilities and provisions as a key audit matter.

Our audit procedures amongst others included the following:

- 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;
- Checked correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- Circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;
- Involved internal tax professionals to assess management's conclusion on certain tax matters and evaluated the consistency of such conclusion with the views of management and external advisors engaged by the Company; and
- Assessed the adequacy of the related disclosures made in the financial statements in respect of these matters with regards to the applicable accounting and reporting framework.

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 skepticism 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 6, 2024

UDIN: AR202310069ugoT0xW31

statement of financial position

as at december 31, 2023

(Amounts in thousand)

ASSETS

Non-Current Assets

	Note	2023	Rupees	2022
Property, plant and equipment	4	44,794,643		41,004,213
Right-of-use asset	5	1,156,505		1,617,227
Intangible assets	6	620,205		633,598
Long-term investments	7	6,837,000		3,094,000
Investments at amortised cost	8	-		1,317,508
Long-term loans and advances	9	21,837		-
		53,430,190		43,609,551

Current Assets

Stores, spares and loose tools	10	3,311,772		2,464,113
Stock-in-trade	11	16,620,834		10,415,992
Trade debts	12	1,612,111		2,676,464
Loans, advances, deposits, prepayments and other receivables	13	5,817,368		2,980,140
Short-term investments	14	3,345,457		14,059,319
Cash and bank balances	15	3,986,495		2,632,045
		34,692,837		35,348,073

TOTAL ASSETS

EQUITY AND LIABILITIES

Equity

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		12,938,222		11,169,486
		28,902,408		27,133,672

Non-Current Liabilities

Long-term borrowings	18	20,927,735		19,323,385
Government grant	18.1	195,232		194,609
Lease liabilities	19	1,331,163		1,042,558
Provisions	20	-		137,807
Deferred tax liability	21	3,048,430		2,155,320
		25,502,615		24,149,659

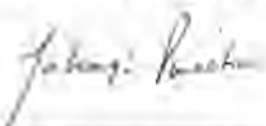
Current Liabilities

Trade and other payables	22	14,390,425		14,916,145
Service benefit obligations	23	95,166		74,278
Current portion of long-term borrowings	18	3,002,001		4,818,569
Current portion of Government grant	18.1	49,053		98,114
Current portion of lease liabilities	19	1,155,904		1,339,636
Short-term borrowings	24	7,526,086		474,360
Accrued interest / mark-up	25	458,994		390,578
Unclaimed dividend		706,550		1,174,365
Taxes payable	26	236,222		2,901,371
Provisions	20	6,110,603		6,010,873
		39,719,004		32,674,203

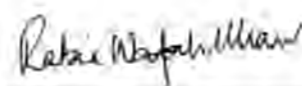
Contingencies and Commitments

TOTAL EQUITY AND LIABILITIES

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



Kamran Nishat
Director

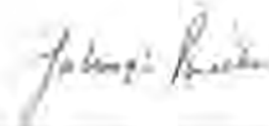
statement of profit or loss and other comprehensive income

for the year ended december 31, 2023

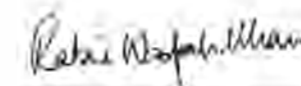
(Amounts in thousand except for earnings per share)

	Note	2023	Rupees	2022
Revenue from contracts with customers - net	28	81,224,448		82,059,583
Cost of sales	29	(60,484,597)		(58,352,573)
Gross profit		20,739,851		23,706,010
Distribution and marketing expenses	30	(811,359)		(568,871)
Administrative expenses	31	(1,617,264)		(1,329,287)
Other expenses	32	(1,713,102)		(3,453,453)
Other income	33	1,706,466		1,442,462
Operating profit		18,294,582		19,738,861
Finance costs	34	(4,197,208)		(3,082,932)
Profit before taxation		14,097,374		16,713,929
Taxation	35	(4,896,714)		(5,004,035)
Profit for the year		9,230,660		11,709,894
Other comprehensive income for the year		-		-
Total comprehensive income for the year		9,230,660		11,709,894
Earnings per share - basic	36	9.45		12.39
Earnings per share - diluted	36	7.64		9.69

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



Kamran Nishat
Director

statement of cash flows

for the year ended december 31, 2023

(Amounts in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Note	2023	Rupees	2022
	39		
Cash generated from operations	13,282,584		24,654,512
Long-term loans and advances, net	(21,837)		574
Retirement benefits paid	(67,404)		(92,789)
Income tax paid	(6,638,753)		(8,009,757)
Net cash generated from operating activities	6,554,590		21,552,640

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property, plant and equipment and intangible assets	(5,803,718)		(6,765,766)
Proceeds from disposal of property, plant and equipment	44,320		29,385
Investment made in subsidiary companies	(2,953,000)		(1,419,000)
Disbursement of subordinated loan to subsidiary companies	(5,050,800)		-
Repayment of subordinated loan from subsidiary companies	3,680,300		-
Purchase of short-term investments	(40,642,094)		(340,457,497)
Proceeds on sale / maturity of short-term investments	53,928,691		339,457,894
Income on short-term investments, subordinated loan, intercompany balances and bank deposits	862,743		1,272,366
Net cash generated from / (utilised) in investing activities	3,006,442		(7,682,618)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term borrowings - net of transaction costs	4,293,727		14,948,531
Repayments of long-term borrowings	(5,128,274)		(12,976,271)
Proceeds from short-term borrowings	324,360		-
Repayment of short-term borrowings	(474,360)		-
Proceeds of subordinated loan from the holding company	1,700,000		-
Repayment of subordinated loan to the holding company	(1,700,000)		-
Proceeds of subordinated loan from subsidiary company	400,000		-
Repayment of subordinated loan to subsidiary company	(400,000)		-
Finance costs paid	(4,631,992)		(2,311,808)
Lease rentals paid	(2,372,708)		(1,720,502)
Dividend paid	(7,930,739)		(14,350,460)

Net cash utilised in financing activities	(15,819,981)		(16,350,510)
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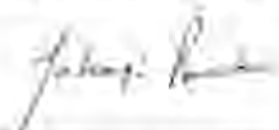
Net decrease in cash and cash equivalents	(6,258,949)		(2,680,488)
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Net foreign exchange differences	434,307		28,419
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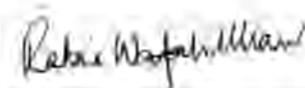
Cash and cash equivalents at beginning of the year	3,013,774		5,665,843
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Cash and cash equivalents at end of the year	(2,810,868)		3,013,774
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The annexed notes 1 to 50 form an integral part of these financial statements.



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Kamran Nishat
Director

statement of changes in equity

for the year ended december 31, 2023

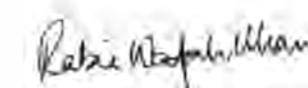
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary share capital	Preference shares	Share premium	Unappropriated profits	
Balance as at December 31, 2021	3,013,774	3,000,000	3,74,425	11,705,394	39,963,660
Total comprehensive income for the year	-	-	-	11,705,394	11,705,394
Transactions with owners					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share				(5,416,074)	(5,416,074)
- 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				(1,111,017)	(1,111,017)
- 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				(3,279,398)	(3,279,398)
- 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				(3,279,398)	(3,279,398)
- Rs. 0.48 per preference share				(111,000)	(111,000)
Balance as at December 31, 2022	3,013,774	3,000,000	3,74,425	11,184,419	33,392,660
Total comprehensive income for the year				11,705,394	11,705,394
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share				(7,461,924)	(7,461,924)
- Rs. 0.5 per preference share				(165,000)	(165,000)
First interim dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share				(2,013,774)	(2,013,774)
- Rs. 0.5 per preference share				(165,000)	(165,000)
Second interim dividend for the year ended December 31, 2023					
- Rs. 1.5 per ordinary share				(4,520,661)	(4,520,661)
- Rs. 0.5 per preference share				(165,000)	(165,000)
Third interim dividend for the year ended December 31, 2023					
- Rs. 2.5 per ordinary share				(7,461,924)	(7,461,924)
- Rs. 0.65 per preference share				(185,000)	(185,000)
Balance as at December 31, 2023	3,013,774	3,000,000	3,74,425	12,839,225	25,992,468

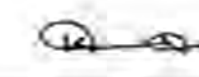
The annexed notes 1 to 50 form an integral part of these financial statements.



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Kamran Nishat
Director

notes to and forming part of the financial statements

for the year ended december 31, 2023

(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 are 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, Pakistan
Manufacturing plant	EZ/VP-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	Office No. 601, 6th Floor, Haly Tower, Lalak Jan Chowk, 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.

(Amounts in thousand)

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:

- 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.

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 judgement in the process of applying the Company'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:

2.4.1 useful lives, depreciation / amortisation methods, residual values and impairment of property, plant and equipment and intangible assets - notes 4 and 6

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,

(Amounts in thousand)

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 - note 10

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 - note 11

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.

2.4.4 income taxes - notes 26 and 35

In making the estimates for 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 - notes 5 and 19

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 - notes 20 , 26 and 27

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.

(Amounts in thousand)

2.5 initial application of standards, amendment or an interpretation to existing standards

2.5.1 standards, amendments or improvements to approved accounting and reporting standards that became effective during the year

There are certain amendments and improvements to approved accounting and reporting standards became applicable to the Company for the financial year beginning on January 1, 2023, however these do not have any material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements except for the following:

Amendment in IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2:

This recent amendment provide guidance and examples to help entities apply materiality judgements in order to determine accounting policy information which should be disclosed. This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. This amendment only had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

2.5.2 standards, amendments and improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There are standards and certain amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2023. These are not expected to have any material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements.

3. material accounting policy information

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

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 cost less accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(Amounts in thousand)

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.

(Amounts in thousand)

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.

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 recognise 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 recognised 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.

(Amounts in thousand)

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 3 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.

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.

(Amounts in thousand)

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 profit or loss in the period in which they arise.

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;

(Amounts in thousand)

- 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 profit or loss.

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.

(Amounts in thousand)

3.8 stock-in-trade

These are valued at the lower of cost, determined on weighted average cost basis, and net realisable 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 120 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 bank overdraft facilities.

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.

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 recognised in profit or loss over the period of borrowing using effective interest rate.

(Amounts in thousand)

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.

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.

3.16.2 deferred

Deferred 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 tax is determined using the effective 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 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 in case of local sales. For export sales, the control is transferred when the product is shipped on board and its insurance risk is borne by the customer. The payment term varies depending on the credit worthiness of the customers, generally ranging from 30 to 120 days.

(Amounts in thousand)

- 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.

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.

(Amounts in thousand)

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 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.

property, plant and equipment

2023 ...Rupees... 2022

- Operating assets - note 4.1
- Capital work-in-progress - note 4.5
- Capital spares

34,567,240	34,375,626
9,981,976	6,416,479
245,427	212,113
<u>44,794,643</u>	<u>41,004,218</u>

(Amounts in thousand)

4.1 operating assets

	Leasehold land (note 4.2)	Building on leasehold land (note 4.2)	Plant and Machinery	Pipelines					Furniture, fixtures and equipment	Vehicles	Total
				Water	Ethylene Chloride Methylene (VCM)	Ethylene Chloride (ECC)	Gas	Other			
Cost as at January 1, 2022	170,170	1,04,027	45,871,113	37,070	25,947	22,023	100,027	13,247	4,71,047	48,12,124	
Accumulated depreciation	(8,047)	(26,371)	(19,284,396)	(23,300)	(25,719)	(2,277)	(22,685)	(23,221)	(21,024)	(16,689,957)	
Net book value	98,123	77,656	26,586,717	13,770	20,228	19,746	77,342	10,026	4,50,023	31,432,167	
Year ended December 31, 2022											
Net carrying value											
Opening net book value	98,123	77,656	26,586,717	13,770	20,228	19,746	77,342	10,026	4,50,023	31,432,167	
Additions - additions	-	-	17,000	-	-	-	-	-	-	17,000	
Disposals/written off (note 4.4)	-	-	(20,871)	-	-	-	-	-	(1,000)	(21,871)	
Accumulated depreciation	-	-	(20,871)	-	-	-	-	-	(1,000)	(21,871)	
Depreciation charges (note 4.3)	(2,457)	-	(2,457)	-	-	-	-	-	(1,000)	(5,914)	
Net book value	95,666	77,656	26,565,846	13,770	20,228	19,746	77,342	9,026	4,49,023	31,405,254	
Cost as at December 31, 2022	170,170	1,04,027	45,898,987	37,070	25,947	22,023	100,027	13,247	4,71,047	48,138,101	
Accumulated depreciation	(8,047)	(26,371)	(19,333,141)	(23,300)	(25,719)	(2,277)	(22,685)	(23,221)	(21,024)	(16,702,867)	
Net book value	98,123	77,656	26,565,846	13,770	20,228	19,746	77,342	10,026	4,50,023	31,435,234	
Year ended December 31, 2021											
Net carrying value											
Opening net book value	98,123	77,656	26,586,717	13,770	20,228	19,746	77,342	10,026	4,50,023	31,432,167	
Additions - additions	33,000	3,176	3,663,200	-	-	-	-	-	-	36,839	
Disposals/written off (note 4.4)	-	-	-	-	-	-	-	-	-	-	
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	
Depreciation charges (note 4.3)	(8,457)	(6,470)	(2,978,431)	(2,829)	(2)	(2,777)	(1,409)	-	(1,000)	(15,875)	
Memoranda	33,000	3,176	3,663,200	88,800	330	17,971	88,948	-	3,151	38,976	
Net book value	92,666	74,362	27,271,486	11,241	20,226	17,269	86,841	10,026	4,49,023	31,405,234	
Cost as at December 31, 2021	1,17,170	1,09,054	30,915,667	37,070	25,947	22,023	100,027	13,247	4,71,047	48,111,148	
Accumulated depreciation	(24,504)	(34,692)	(10,000,181)	(23,300)	(25,719)	(2,277)	(22,685)	(23,221)	(21,024)	(16,689,957)	
Net book value	92,666	74,362	20,915,486	13,770	20,228	19,746	77,342	10,026	4,50,023	31,421,191	
Annual (add)/depreciation (%)	2.4%	8.4%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	2.2%	3.3%	

4.2 The details of immovable operating assets (i.e. land and buildings) are as follows:

Description of Assets	Address	Total Area of Land (square yards)
- Leasehold land	EZ/II/P-II-I Eastern Zone, Bin Qasim, Karachi	619,520
- Production facilities	EZ/II/P-II-I Eastern Zone, Bin Qasim, Karachi	280,720
- Storage facilities	EZ/II/P-II-I Eastern Zone, Bin Qasim, Karachi	19,360
- Administration facilities	EZ/II/P-II-I Eastern Zone, Bin Qasim, Karachi	9,680

(Amounts in thousand)

4.3 depreciation charge has been allocated as follows:

Cost of sales - note 29
Distribution and marketing expenses - note 30
Administrative expenses - note 31

	2023	Rupees	2022
Cost of sales - note 29	2,898,437		2,393,566
Distribution and marketing expenses - note 30	7,524		11,089
Administrative expenses - note 31	48,743		49,032
	2,955,704		2,453,687

4.4 The details of assets disposed off / 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 / Relationships
Rupees							
Items having net book value Rs. 500 each or more							
Vehicles	2,676	725	1,951	2,107	(156)	Company Policy	Muhammad Anas - Employee
Vehicles	2,754	975	1,779	1,840	(61)	Company Policy	Syed Saad Hussain Shah - Employee
Vehicles	3,497	1,268	2,209	2,224	(15)	Company Policy	Syed Faraz Abbas Jafri - Employee
Vehicles	3,567	960	2,607	3,032	(425)	Company Policy	Muhammad Imran - Employee
Vehicles	2,723	231	2,492	2,681	(189)	Company Policy	Sami Ur Rehman - Employee
Vehicles	3,492	1,386	2,107	2,677	(570)	Company Policy	Syed Atzal Hussain - Employee
Vehicles	3,111	1,330	1,781	2,465	(684)	Company Policy	Syed Hassan Sultan - Employee
Vehicles	5,611	2,146	3,465	3,622	(157)	Company Policy	Athar Abrar Khawaja - Ex - Employee
Vehicles	2,811	1,115	1,696	1,791	(95)	Company Policy	Abid Hussain - Employee
Vehicles	2,811	1,035	1,776	1,866	(90)	Company Policy	Muhammad Abdul Mohaseneen - Employee
Vehicles	3,492	1,187	2,305	2,428	(123)	Company Policy	Muhammad Nasir - Employee
Vehicles	4,083	209	3,794	3,902	(108)	Company Policy	Muhammad Hassan Yousof - Employee
Vehicles	2,776	826	1,950	2,337	(387)	Company Policy	Tariq Jami - Employee
Vehicles	3,230	503	2,727	2,907	(180)	Company Policy	Mohammad Hasan Botaj - Employee
Vehicles	2,661	910	1,751	2,196	(445)	Company Policy	Mohammad Ibad Siddiq - Employee
Vehicles	3,483	1,482	2,001	2,740	(739)	Company Policy	Muhammad Ashar Mushtaq - Employee
Vehicles	3,477	888	2,589	2,985	(396)	Company Policy	Shahbaz Ali - Employee
Other operating assets having net book value less than Rs. 500							
	8,821	8,381	440	440	-		
Year ended December 31, 2023	65,076	25,656	39,420	44,520	(4,900)		
Year ended December 31, 2022	311,563	283,256	28,307	23,335	(4,972)		

(Amounts in thousand)

4.5 capital work in progress

	2023	2022
Leasehold land	9,000	32,000
Plant and machinery	8,920,285	5,913,016
Building and civil works including pipelines	232,555	149,494
Furniture, fixture and equipment	129,556	23,285
Softwares	206,730	15,396
Advances to suppliers	463,867	283,288
Other ancillary costs	19,983	-
	<u>9,981,976</u>	<u>6,416,479</u>

4.5.1 The movement in capital work in progress is as follows:

	2023	2022
Balance at beginning of the year	6,416,479	5,185,100
Additions during the year including borrowing costs	6,790,387	6,783,361
Transferred to:		
- operating assets - note 4.1	(3,186,733)	(5,463,896)
- intangible assets - note 6	(38,152)	(72,212)
- capital spares	-	(10,874)
	<u>(3,224,890)</u>	<u>(5,551,982)</u>
Balance at end of the year	<u>9,981,976</u>	<u>6,416,479</u>

(Amounts in thousand)

Right-of-use asset

Year ended December 31, 2022

Net carrying value

Opening net book value	2,020,259
Additions	-
Depreciation - note 5.1	(449,662)
Closing net book value	<u>1,570,597</u>

Gross carrying value

Cost	3,269,835
Accumulated depreciation	(1,699,238)
Net book value	<u>1,570,597</u>

Year ended December 31, 2023

Net carrying value

Opening net book value	1,570,597
Depreciation - note 5.1	(449,861)
Closing net book value	<u>1,120,936</u>

Gross carrying value

Cost	3,269,835
Accumulated depreciation	(2,148,899)
Net book value	<u>1,120,936</u>

Rate of depreciation (%)

Storage tanks at Engro Vopak Terminal Limited	Properties	Total
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2,020,259	16,390	2,036,649
-	44,078	44,078
(449,662)	(13,839)	(463,500)
<u>1,570,597</u>	<u>46,630</u>	<u>1,617,227</u>

3,269,835	110,782	3,380,617
(1,699,238)	(64,152)	(1,763,390)
<u>1,570,597</u>	<u>46,630</u>	<u>1,617,227</u>

1,570,597	46,630	1,617,227
(449,861)	(11,061)	(460,722)
<u>1,120,936</u>	<u>35,569</u>	<u>1,156,505</u>

3,269,835	110,782	3,380,617
(2,148,899)	(75,213)	(2,224,112)
<u>1,120,936</u>	<u>35,569</u>	<u>1,156,505</u>

10 - 20

10

5.1 depreciation charge has been allocated as follows:

	2023	2022
Cost of sales - note 29	449,661	449,662
Distribution and marketing expenses - note 30	8,840	8,316
Administrative expenses - note 31	2,221	5,022
	<u>460,722</u>	<u>463,500</u>

(Amounts in thousand)

6. Intangible assets

- Computer software and applications

Net carrying value

Balance at beginning of the year	686,598	711,832
Add: Additions at cost - note 4.5.1	38,152	72,212
Less: Amortisation for the year - note 6.2	(104,545)	(97,446)
Balance at end of the year	<u>620,205</u>	<u>686,598</u>

Gross carrying value

Cost	899,035	860,883
Less: Accumulated amortisation	(278,830)	(174,285)
Balance at end of the year	<u>620,205</u>	<u>686,598</u>

6.1 The cost is being amortised over a period of 3 to 10 years.

6.2 Amortisation charge has been allocated as follows:

Cost of sales - note 29	9,851	-
Distribution and marketing expenses - note 30	2,158	-
Administrative expenses - note 31	92,536	97,446
	<u>104,545</u>	<u>97,446</u>

7. long-term investments

Subsidiary companies, at cost - notes 7.1 and 7.2

	<u>6,837,000</u>	<u>3,884,000</u>
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7.1 Subsidiary companies:

- Think PVC (Private) Limited 5,000,000 (2022: 5,000,000) ordinary shares of Rs. 10 each - note 7.1.1	50,000	50,000
- Engro Peroxide (Private) Limited 677,200,000 (2022: 382,900,000) ordinary shares of Rs. 10 each - note 7.1.2	6,772,000	3,829,000
- Engro Plasticizer (Private) Limited 1,500,000 (2022: 500,000) ordinary shares of Rs. 10 each - note 7.1.3	15,000	5,000
	<u>6,837,000</u>	<u>3,884,000</u>

(Amounts in thousand)

7.1.1 Think PVC (Private) Limited was incorporated in Pakistan on November 6, 1999, as a wholly owned subsidiary of the Company. Currently, Think PVC (Private) Limited is involved in marketing and trading of PVC products through its branded outlet.

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. 2,943,000 (2022: 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. During the year, the Company has made further investment amounting to Rs. 10,000, through subscription of right ordinary shares.

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, 2023, the Company continues to hold 100% (2022: 100%) of the share capital of these subsidiaries.

8. investments at amortised cost

Investment in Term Deposit Receipts - note 8.1	1,691,328	4,040,191
Less: Current maturity - note 14	(1,691,328)	(2,722,683)
	<u>-</u>	<u>1,317,508</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 starting from July 15, 2021 and ending on January 15, 2024.

9. long-term loans and advances

- Considered good

Executives - notes 9.1 to 9.4	38,660	12,024
Less: Current portion shown under current assets - note 13	(16,823)	(12,024)
	<u>21,837</u>	<u>-</u>

(Amounts in thousand)

9.1 Reconciliation of the carrying amount of loans and advances to executives is as follows:

	2023	Rupees	2022
Balance at beginning of the year	12,024		32,321
Add: Disbursements	54,093		21,806
Less: Repayments / Adjustments	(27,457)		(41,903)
Balance at end of the year	38,660		12,024

9.2 These include interest free loans to executives for house rent and salary advances given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments. Salary advances are repayable within 12 months.

9.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 38,660 (2022: Rs. 12,024).

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

	2023	Rupees	2022
Consumable stores and spares - notes 10.1 and 10.2	3,686,727		2,817,028
Less: Provision against slow moving stores and spares - note 10.3	(374,955)		(352,915)
	3,311,772		2,464,113

10.1 This includes goods in transit amounting to Rs. 87,208 (2022: Rs. 73,784).

10.2 During the year, the Company has written-off, stores and spares amounting to Rs. 210 (2022: Rs. 14,224).

10.3 The movement in the provision for slow moving stores and spares is as follows:

	2023	Rupees	2022
Balance at beginning of the year	352,915		246,792
Add: Provision recognised during the year - note 29	22,040		6,123
Balance at end of the year	374,955		352,915

(Amounts in thousand)

11. stock-in-trade

Raw and packing materials - notes 11.1 to 11.3
Less: Provision against stock-in-trade - note 11.4

	2023	Rupees	2022
Raw and packing materials - notes 11.1 to 11.3	10,388,122		7,283,484
Less: Provision against stock-in-trade - note 11.4	(105,811)		(99,199)
	10,282,311		7,184,285
Work-in-process	431,254		-
Finished goods - manufactured products and trading products - note 11.2	5,907,069		3,231,707
	16,620,634		10,415,992

Work-in-process

Finished goods - manufactured products and trading products - note 11.2

11.1 This includes stocks held at storage locations of following parties:

	2023	Rupees	2022
- Engro Vopak Terminal Limited, a related party	2,788,703		2,672,597
- Al-Noor Petroleum (Private) Limited	34,959		30,825
- Al-Rahim Trading Company (Private) Limited	1,966,882		565,288
- Home Products International (Private) Limited	-		168,732
	4,790,544		3,437,422

11.2 This includes goods in transit amounting to Rs. 1,413,903 (2022: Nil).

11.3 During the year, the Company has written off, stock-in-trade amounting to Nil (2022: Rs. 18,804).

11.4 The movement in the provision against stock-in-trade is as follows:

	2023	Rupees	2022
Balance at beginning of the year	99,199		-
Add: Provision recognised during the year - note 29	6,612		99,199
Balance at end of the year	105,811		99,199

(Amounts in thousand)

12. Trade debts - considered good

2023 ...Rupees... 2022

Related parties - notes 12.1, 12.2 and 12.3

Secured	468,441	2,223,250
Unsecured	34,915	4,972
	503,356	2,228,222

Others - note 12.3

Secured - note 12.4	1,070,171	438,649
Unsecured	38,848	9,693
Less: Provision for expected credit loss - note 31	(264)	-
	38,584	9,693
	1,612,111	2,676,464

12.1 Details of amounts due from associated undertakings / related parties are as follows:

	Upto 3 month		3 to 6 months		Total	
	2023	2022	2023	2022	2023	2022
	-----Rupees-----					
Engro Fertilizers Limited	34,915	4,972	-	-	34,915	4,972
Engro Eximp FZE - export sales	435,259	1,939,451	33,182	284,799	468,441	2,223,250
	470,174	1,944,423	33,182	284,799	503,356	2,228,222

12.2 Maximum amounts due from related parties at any time during the year with respect to month-end balances are as follows:

2023 ...Rupees... 2022

Engro Fertilizers Limited	34,915	13,595
Engro Eximp FZE	3,105,978	2,223,250
Engro Energy Services Limited	-	787

12.3 These balances are neither past due nor impaired except for balances amounting to Rs. 55,573 (2022: Rs. 40,011), which are past due for not more than 60 days but considered not impaired.

12.4 These debts are secured by way of bank guarantees and letters of credit from customers.

(Amounts in thousand)

13. Loans, advances, deposits, prepayments and other receivables

2023 ...Rupees... 2022

Considered good

Current portion of long term-loans and advances to executives - note 9	16,823	12,024
Advances to employees	5,050	50
Advances to suppliers and others - note 13.1	534,998	690,185
Deposits	1,402,663	1,095,786
Prepayments - note 13.2	328,500	489,586
Workers' Profits Participation Fund - note 13.5	-	27,182
Receivable from Government of Pakistan in respect of Sales tax and Federal excise duty refundable - note 13.12	1,563,865	833,394
Due from related parties, unsecured - notes 13.3, 13.4 and 13.12	260,646	27,969
Loans to subsidiary companies - notes 13.10, 13.11 and 13.12	1,457,207	-
Other receivables, unsecured - note 13.9 and 13.12	247,616	3,954
	5,817,368	2,980,140

Considered doubtful

Custom duty claims refundable - note 13.6	18,043	18,043
Less: Provision for impairment - note 13.8	(18,043)	(18,043)
	-	-
Special Excise Duty (SED) refundable - note 13.7	36,687	36,687
Less: Provision for impairment - note 13.8	(36,687)	(36,687)
	-	-
	5,817,368	2,980,140

13.1 This includes advance made to a related party - Nimir Industrial Chemicals Limited amounting to Rs. 196,910 (2022: Nil).

13.2 This includes prepaid insurance amounting to Rs. 199,349 (2022: Rs. 142,410).

13.3 Other receivables from related parties comprise of:

(Amounts in thousand)

	Upto 3 month		3 to 6 months		More than 6 months		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Engro Corporation Limited	101	9	713	1,057	-	-	884	1,066
Think PVC (Private) Limited	2,482	755	1,185	-	1,000	-	5,667	755
Engro Energy Limited	36	53	-	0	-	524	36	567
Engro Energy Services Limited	12	7	75	-	118	-	205	0
Engro Plasticizer (Private) Limited	-	301	-	10	440	170	440	180
Engro Fertilizers Limited	-	3,103	3,030	3,407	553	985	3,583	13,005
Engro Peroxide (Private) Limited	174,977	1,000	93,638	-	167,755	-	246,260	1,000
Engro Powergen Qadirpur Limited	66	64	204	-	135	-	422	64
Engro Powergen Thar (Private) Limited	50	32	-	-	-	-	50	32
Engro Vopak Terminal Limited	928	-	1,057	-	574	-	2,819	-
Engro Elengy Terminal (Private) Limited	456	-	-	-	-	-	456	-
Sindh Engro Coal Mining Company Limited	-	-	-	-	9	-	9	-
	179,175	21,881	40,094	4,453	41,377	1,635	260,846	27,998

13.4 Maximum amounts due from related parties at the end of any month during the year are as follows:

	2023	2022
Engro Corporation Limited	864	67,667
Think PVC (Private) Limited	5,502	1,196
Engro Energy Limited	524	362
Engro Energy Services Limited	205	8
Engro Plasticizer (Private) Limited	440	440
Engro Fertilizers Limited	3,583	18,596
Engro Peroxide (Private) Limited	246,260	68,428
Engro Powergen Qadirpur Limited	422	69
Engro Powergen Thar (Private) Limited	50	32
Engro Foundation	10,749	-
Engro Vopak Terminal Limited	2,819	-
Engro Elengy Terminal (Private) Limited	456	-
Sindh Engro Coal Mining Company Limited	9	-

(Amounts in thousand)

13.5 The movement in Workers' Profit Participation Fund payable is as follows:

Receivable balance at beginning of the year
Allocation for the year - note 32

Less: Payments made during the year
Payable / (Receivable) balance at end of the year

	2023	2022
Receivable balance at beginning of the year	(27,182)	(6,364)
Allocation for the year - note 32	460,924	881,182
	433,742	872,818
Less: Payments made during the year	(411,000)	(900,000)
Payable / (Receivable) balance at end of the year	22,742	(27,182)

13.6 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.

13.7 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 an 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.

13.8 As at December 31, 2023, receivables aggregating to Rs. 54,730 (2022: Rs. 54,730) were deemed to be impaired and have been provided for in full (notes 13.6 and 13.7).

13.9 Includes Rs. 239,327 (2022: Nil) in respect of insurance claim receivable.

13.10 Represents loans provided to Engro Peroxide (Private) Limited and Think PVC (Private) Limited, wholly owned subsidiary companies of the Company along with accrued interest, amounting to Rs. 1,436,589 and Rs. 20,168, respectively. These are repayable on September 1, 2024 and August 20, 2024, respectively. The total facility under these loan agreements amounts to Rs. 1,650,000 and carries markup at the rate of 1 month KIBOR + 0.5% per annum.

(Amounts in thousand)

13.11 Maximum outstanding loans due from related parties at the end of any month during the year are as follows:

	2023	2022
Engro Peroxide (Private) Limited	1,436,589	-
Think PVC (Private) Limited	20,618	-

13.12 These balances are neither past due nor impaired.

14. short-term investments

At fair value through profit and loss

- Mutual funds - note 14.1

100,118	8,869,458
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At amortised cost

- Treasury bill - note 14.2

1,148,648	2,305,449
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- Term deposit receipts - note 14.3

405,363	161,729
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- Current maturity of long-term investments in term deposit receipts - note 8

1,691,328	2,722,683
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3,245,339	5,189,861
-----------	-----------

3,345,457	14,059,319
-----------	------------

14.1 The investments made in mutual funds as at reporting date are fully Shariah compliant.

14.2 Carries mark-up at rates ranging from 21.40% to 21.81% (2022: 15.66% to 15.72%) per annum, having maturities upto October 31, 2024.

14.3 Carries mark-up at rates ranging from 19.00% to 19.70% (2022: 13.15%) per annum having maturities upto January 14, 2024.

15. cash and bank balances

	2023	2022
Cash in hand	554	617
Cash at bank - note 15.1		

Conventional

- in current accounts

2,112,030	1,390,842
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- in savings accounts - note 15.2

287,172	857,171
---------	---------

2,399,252	2,248,013
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Islamic

- in current accounts

502,824	346,865
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- in savings accounts - note 15.2

1,082,865	256,550
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1,585,689	603,415
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3,985,495	2,852,045
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(Amounts in thousand)

16.1 These include Rs. 1,820,451 (2022: Rs. 796,140) held in foreign currency bank accounts.

16.2 These carry mark-up at rates ranging from 12.5% to 20.50% (2022: 9.75% to 16%) per annum.

16. ordinary share capital

Authorised capital

1,250,000,000 (2022: 1,250,000,000) ordinary shares of Rs. 10 each

12,500,000	12,500,000
------------	------------

Issued, subscribed and paid-up capital

908,923,333 (2022: 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
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16.1 As at December 31, 2023, Engro Corporation Limited (the Holding Company) and Mitsubishi Corporation (an associated company) held 510,733,453 and 100,053,563 (2022: 510,733,453 and 100,053,563) ordinary shares of Rs.10 each denoting 56.19% (2022: 56.19%) and 11.01% (2022: 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 of Directors selection, voting rights, rights of first refusal, etc.

17. preference shares

Authorised capital

400,000,000 (2022: 400,000,000) preference shares of Rs. 10 each

4,000,000	4,000,000
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Issued, subscribed and paid-up capital

300,000,000 (2022: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1

3,000,000	3,000,000
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(Amounts in thousand)

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 the Board of Directors of the Company. The objective of the preference shares issuance was to finance PVC-III expansion and VCM debottlenecking projects. The Company has 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.

18. long-term borrowings

	Mark-up rate (per annum)	Installments		2022		2021	
		Number	Commencing	2022	2021	2022	2021
Loan from International Finance Corporation (IFC) - note 18.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	56,774	56,774	56,774	56,774
Bilateral Loan - note 18.2	6 months LIBOR + 0%	6 half yearly	July 10, 2021	910,004	910,004	910,004	910,004
Islamic Long Term Financing Facility (ILTF) - note 18.3	SBP rate + 1.25%	22 quarterly	December 14, 2022	1,000,000	1,000,000	1,000,000	1,000,000
Islamic Temporary Economic Refinance Facility (ITERF) - notes 18.4 and 18.11	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 17, 2023	540,000	540,000	540,000	540,000
Loan under diminishing musharaka agreement I - note 18.5	3 months LIBOR + 0.4%	8 half yearly	June 20, 2023	200,000	200,000	200,000	200,000
Undivided Long Term Islamic Financing Facility - note 18.6	3 months LIBOR + 0.3%	12 quarterly	March 29, 2020	200,000	200,000	200,000	200,000
Loan under diminishing musharaka agreement II - note 18.7	3 months LIBOR + 0.3%	16 quarterly	March 20, 2020	2,000,000	2,000,000	2,000,000	2,000,000
Ijarah facility from International Finance Corporation (IFC) - note 18.8	80FF + 3.5%	7 half yearly	July 15, 2025	12,482	12,482	12,482	12,482
Less: Current portion shown under current liabilities				74,071	74,071	74,071	74,071
Loans from International Finance Corporation				1,130,048	1,130,048	1,130,048	1,130,048
Bilateral Loan				910,004	910,004	910,004	910,004
Islamic Long Term Financing Facility (ILTF)				1,000,000	1,000,000	1,000,000	1,000,000
Islamic Temporary Economic Refinance Facility (ITERF)				540,000	540,000	540,000	540,000
Loan under diminishing musharaka agreement I				200,000	200,000	200,000	200,000
Undivided Long Term Islamic Financing Facility				200,000	200,000	200,000	200,000
Loan under diminishing musharaka agreement II				2,000,000	2,000,000	2,000,000	2,000,000
Ijarah facility from International Finance Corporation (IFC)				12,482	12,482	12,482	12,482
Less: (Dated) Income - Government grant - note 18.11				144,259	144,259	144,259	144,259
				3,089,774	3,089,774	3,089,774	3,089,774

18.1 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.

18.2 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).

(Amounts in thousand)

18.3 In 2020, the Company obtained Islamic Long Term Financing Facility (ILTF) 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.

18.4 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 received additional Rs. 144,522 on account of ITERF loan facility.

18.5 In 2021, the Company made a draw down of Rs. 400,000 under diminishing musharaka 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.

18.6 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 its sukuk bonds. The borrowing is secured by 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.

18.7 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.

18.8 In 2021, the Company had entered into a Ijarah agreement with IFC for a total of USD 15,000, the draw down of which was made during the year in November 2023. 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 18,750 which shall rank pari passu with the charges created in favour of the existing creditors.

(Amounts in thousand)

18.9 Following are the changes in the long-term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2023	2022
Balance at beginning of the year	24,371,657	21,153,015
Add: Loans received - net of transaction costs	4,293,727	14,948,531
Add: Amortisation of transaction costs - note 34	68,161	95,695
Add: Exchange loss - net	568,800	1,045,687
Less: Loans / Installments repaid	(5,128,274)	(12,876,271)
Balance at end of the year	24,174,071	24,371,657

18.10 The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost of Rs. 124,857 (2022: Rs. 93,535).

18.11 The value of benefit of below-market interest rate on the loans disclosed in note 18.4 has been accounted for as government grant. The movement of carrying amount of deferred grant in respect of these loans is as under:

	2023	2022
Balance at beginning of the year	223,723	146,227
Add: Recognised during the year	79,083	107,274
Less: Amortisation during the year - note 34	(58,521)	(29,778)
Balance at end of the year	244,285	223,723
Less: Current portion	(49,053)	(39,114)
	195,232	184,609

19. lease liabilities

	2023	2022
Total lease liabilities - note 19.1	2,487,072	3,741,194
Current portion	(1,155,904)	(1,898,636)
Non current portion	1,331,168	1,842,558

19.1 This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,435,722 (2022: Rs. 3,679,819).

(Amounts in thousand)

19.2 Movement in lease liabilities during the year is as follows:

	2023	2022
Balance at beginning of the year	3,741,194	4,194,568
Additions	-	44,078
Finance costs - note 34	204,984	235,064
Exchange loss on foreign currency denominated leases - note 32.3	913,597	987,986
Lease rentals paid	(2,372,703)	(1,720,502)
Balance at end of the year	2,487,072	3,741,194

20. provisions

	2023	2022
Provision for:		
- Gas Infrastructure Development Cess - note 20.1	5,593,211	6,131,294
- Gas price revision - note 20.2	517,392	517,392
	6,110,603	6,648,686
Less: Current portion of provisions	(6,110,603)	(6,010,879)
	-	637,807

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.

(Amounts in thousand)

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 Company has obtained ad-interim stay order dated October 5, 2020 against the GIDC Act, 2015 from SHC which restrained Sul 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 which has been fully unwinded as at the year end.

20.1.1 The movement in the provision for GIDC is as follows:

	2023	2022
Balance at beginning of the year	6,131,294	5,364,818
Remeasurement loss on provision for GIDC (Reversal of provision for) / Provision for default surcharge - notes 20.1.2 and 34	140,281	262,743
	(678,364)	603,733
Balance at end of the year	5,593,211	6,131,294
Less: Current portion of provision for GIDC	(5,593,211)	(5,493,487)
	-	637,807

(Amounts in thousand)

20.1.2 During the year, the Company has reassessed its obligation in respect of recognition of provision of default surcharge on GIDC, in consultation with its external legal counsel. The legal counsel of the Company is of the view that the Company has reasonable grounds to contest the applicability of default surcharge, as there is a stay order in place given by the Sindh High Court (SHC) against payment of GIDC and there was no mens rea on the Company's part. Accordingly, the Company has reversed provision of default surcharge recognised till December 31, 2022 during the current year.

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.

21. deferred tax liability - net

Credit balances arising due to:
- accumulated depreciation

Debit balances arising due to:
- unpaid liabilities
- leases
- provisions
- shares issuance cost

2023 ... Rupees ... 2022

6,007,202	5,165,712
451,480	211,203
440,128	560,834
1,989,393	2,173,226
77,771	65,149
(2,958,772)	(3,010,412)
3,048,430	2,155,320

22. trade and other payables

Trade and other creditors - note 22.1
Accrued liabilities - notes 22.1 and 22.2
Advances from customers - note 22.3
Retention money
Security deposits - note 22.4
Payable to provident fund
Payable to gratuity fund
Payable to pension fund
Workers' Welfare Fund - note 22.5
Workers' Profits Participation Fund - note 13.5
Withholding tax payable
Others

2,887,396	3,789,796
9,260,256	6,150,831
1,876,553	4,500,182
12,208	5,398
20,400	7,400
-	23,969
1,933	10,231
1,775	2,217
255,955	379,289
22,742	-
12,491	13,697
38,716	33,135
14,390,425	14,916,145

(Amounts in thousand)

22.1 Includes due to following related parties:

2023 ...Rupees... 2022

	2023	2022
- Engro Corporation Limited	291,307	361,293
- Engro Fertilizers Limited	150,569	54,370
- Engro Energy Limited	250	315
- Engro Foundation	125,000	8,000
- Think PVC (Private) Limited	-	188
- Engro Vopak Terminal Limited	289,925	229,475
- Engro Eximp FZE	1,739,751	834,764
- Engro Peroxide (Private) Limited	-	9,038
- Engro Plasticizer (Private) Limited	-	20
- The Dawood Foundation	-	240
- Nimir Industrial Chemicals Limited	46,292	-
	<u>2,643,094</u>	<u>1,497,703</u>

22.2 On June 4, 2021, the SHC through its judgement 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 judgement 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 the 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 recognised Rs. 2,216,076 (2022: Rs. 1,633,035) 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, 2023 have been fully recognised 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.

(Amounts in thousand)

22.5 The movement in Workers' Welfare Fund payable is as follows:

2023 ...Rupees... 2022

Balance at beginning of the year	379,289	325,222
Charge for the year - note 32	138,993	356,392
	<u>518,282</u>	<u>681,614</u>
Less: Payments made during the year	(262,327)	(302,325)
Balance at end of the year	<u>255,955</u>	<u>379,289</u>

23 service benefit obligations

Service incentive plan - note 23.1	85,166	74,278
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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 Company.

24 short-term borrowings

2023 ...Rupees... 2022

Conventional running finance facility - note 24.1	2,618,621	-
Islamic running finance facility - note 24.1	4,583,105	-
Conventional export refinance facility - note 24.2	324,360	474,360
	<u>7,526,086</u>	<u>474,360</u>

24.1 The aggregate facilities for running finance available from various banks as at December 31, 2023, amounted to Rs. 12,500,000 (2022: Rs. 3,400,000), out of which Rs. 5,298,274 (2022: Rs. 3,400,000) remained unutilised as at year end. These facilities carries mark-up of 3 / 1 month KIBOR plus a spread ranging from 0.4 % to 0.5% per annum. These facilities are secured through hypothecation charges against the current assets of the Company and are payable on demand.

24.2 Represents export refinancing facility carrying mark-up at the rate of 19% (2022: 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.

25 accrued interest / mark-up

2023 ...Rupees... 2022

Mark-up accrued on:		
- long-term borrowings	447,056	354,530
- short-term borrowings	9,938	12,046
	<u>456,994</u>	<u>366,576</u>

(Amounts in thousand)

26. taxes payable

26.1 The Deputy Commissioner Inland Revenue (DCIR) through his order dated November 30, 2010 raised a tax demand of Rs. 163,206 for tax year 2009. The demand arose as a result of disallowance of finance costs 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 (SED) 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 Appellate Tribunal Inland Revenue (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 in the 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 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, no provision has been recognised in these financial statements.

26.2 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 until tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the super tax rate has been amended 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, however, based on the opinion of its legal advisor, the Company has made 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 tax years 2017 to 2019. The Company filed appeal, against the said notices with Commissioner Inland Revenue - Appeals [CIR(A)] whereby the action of the officer has been confirmed by the CIR(A) for tax years 2017 to 2019. The Company has filed an appeal thereagainst before the ATIR against the decision of the CIR(A) which is pending adjudication.

In the meanwhile, the Company also filed petition in the Supreme Court of Pakistan (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.

(Amounts in thousand)

26.3 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 income tax return. The Company filed a Constitutional Petition in the SHC challenging the notice. SHC through its 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 basis 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 the 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 has been recognised in these financial statements.

26.4 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, super tax at the rate of 10% has been imposed on specified industry sectors (including the chemical sector) in case the taxable income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for certain other sectors super tax has been levied at 4%. The Company filed a petition against the imposition of super tax before the SHC. The SHC in its judgement dated December 22, 2022, declared that super tax levy shall only be applicable from the tax year 2023 and that the imposition of higher rate on the specified sectors is discriminatory. The Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in the SCP, whereby, SCP through an interim order dated February 16, 2023, directed Nazir of the SHC to encash bank guarantees to the extent of 4% of super tax, resultantly, bank guarantee equivalent to Rs. 665,210 has been encashed during the year in favour of the Nazir of SHC. The Company, in this respect had recognised provision of super tax at the rate of 4% amounting to Rs. 632,543 on account of prudence and, based on advice from its consultants, considers that the chances of additional super tax levy of 6% amounting to Rs. 957,494 is remote and, therefore no provision is recognised thereagainst in these financial statements.

26.5 Through Finance Act, 2023, super tax rate has been increased to 10% on companies whose taxable income exceeds Rs. 500,000 under section 4C of the Income Tax Ordinance, 2001 for tax year 2023 (financial year ended December 31, 2022) and onwards. Accordingly, the Company has recognised an additional super tax charge at the differential rate of 6% amounting to Rs. 808,351 for tax year 2023 during the current year. The Company along with other petitioners have challenged the amendment in super tax rate for tax year 2023 in the Islamabad High Court (IHC), which has granted stay against the increase in super tax rate. The matter is pending in IHC for adjudication.

(Amounts in thousand)

26.6 During the year, income tax department finalised the monitoring proceedings for tax years 2018 to 2022 and raised demand amounting to Rs. 316,851 on account of alleged non-withholding of taxes on payments made to various parties. The tax demand has been paid by the Company under protest and has preferred an appeal before the CIR(A) to contest the aforementioned monitoring proceedings. The Company, based on the advice from its tax consultant expects a favourable outcome in this respect and hence, no provision has been recognised in these financial statements.

26.7 During the year, the income tax department amended the assessment filed by the Company for tax year 2019. The Company preferred an appeal thereagainst before the CIR(A) against the disallowances, which mainly pertains to the adjustment of minimum tax carried forward resulting in excess demand of Rs. 532,754. The Company has paid demand of Rs. 200,000 under protest. However, as the Company based on the advice of its tax consultant expects a favourable outcome, accordingly, no provision has been recognised in these financial statements.

26.8 During the year, in accordance with section 59B (Group relief) of the Income Tax Ordinance, 2001, the Company has purchased tax losses from the Holding Company and Engro Eximp Agriproducts (Private) Limited for the year ended December 31, 2020 (tax year 2021) and December 31, 2022 (tax year 2023), respectively for a consideration of Rs. 373,489 and Rs. 228,688, respectively, being equivalent to resultant tax benefit. The Company, accordingly, has adjusted the aforementioned losses against its taxable income for current year and hence adjusted the tax payable in these financial statements.

27. contingencies and commitments

27.1 Contingencies

27.1.1 Income tax related contingencies are disclosed in notes 26.1 to 26.7.

27.1.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2023 amounts to Rs. 6,621,500 (2022: Rs. 6,548,000). The amount utilised there against as at December 31, 2023 is Rs. 5,902,139 (2022: Rs. 5,908,206).

27.2 Commitments

27.2.1 The facility for opening letters of credit as at December 31, 2023 aggregates to Rs. 32,037,214 (2022: Rs. 23,000,000). The amount utilised thereagainst as at December 31, 2023 was Rs. 7,145,794 (2022: Rs. 6,725,937).

(Amounts in thousand)

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) and Caustic Soda in respect of which future lease commitments aggregate to:

	2023	2022
Not later than one year	16,770	3,600

27.2.3 Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 10,584 (2022: USD 22,752) valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 8,270 (2022: USD 11,602) valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 667 (2022: USD 665) valid till December 31, 2024.

	2023	2022
27.2.4 Commitments in respect of expenditure of capital and other operational items	4,587,857	1,759,592

28. revenue from contracts with customers - net

Gross local sales - note 28.1	89,862,918	92,990,439
Less:		
- Sales tax	13,464,502	13,189,788
- Discounts	2,575,010	2,297,964
	16,039,512	15,486,732
	73,823,406	77,503,707
Export sales - note 28.2	7,294,749	4,479,059
Supply of electricity - note 28.3	106,293	76,817
	81,224,448	82,059,583

28.1 Include sales of trading goods amounting to Rs. 185,348 (2022: Rs. 61,519).

28.2 The Company has made exports in the Middle East and Central Asian markets.

28.3 This represents revenue against supply of surplus power to Engro Fertilizers Limited - a related party.

28.4 All revenue earned by the Company is Shariah compliant.

(Amounts in thousand)

29. cost of sales

2023 Rupees 2022

	2023	2022
Opening stock of work-in-process	-	56,008
Raw and packing materials consumed	39,839,676	37,915,000
Salaries, wages and staff welfare - note 29.1	2,020,350	1,823,058
Fuel, power and gas	11,856,084	8,557,549
Repairs and maintenance	152,734	560,762
Depreciation on operating assets - note 4.3	2,899,437	2,393,566
Depreciation on right-of-use asset - note 5.1	449,661	449,662
Consumable stores	549,730	495,029
Purchased services	1,269,179	1,475,287
Storage and handling - note 29.2	907,416	682,564
Training, conveyance and travelling	804,235	275,228
Communication, stationery and other office expenses	74,106	44,072
Rent, rates and taxes - note 29.3	586,345	91,794
Product transportation	2,148,373	2,009,780
Insurance, fees and subscription	505,194	428,730
Provision against slow moving stores and spares - note 10.3	22,040	6,123
Provision against stock-in-trade - note 11.4	6,612	99,199
Write-off of:		
- stores and spares - note 10.2	210	14,224
- stock in trade - note 11.3	-	18,604
Amortisation of intangible assets - note 6.2	9,851	-
Other expenses	-	2,716
	63,601,213	57,345,947
Closing stock of work-in-process	(431,254)	-
Cost of goods manufactured	63,169,959	57,401,955
Opening stock of manufactured products	3,062,264	4,001,606
Closing stock of manufactured products	(5,902,479)	(3,062,264)
	(2,840,215)	939,342
Cost of sales - trading goods - note 29.4	164,853	12,276
	60,494,597	58,353,573

(Amounts in thousand)

29.1 Includes Rs. 161,448 (2022: Rs. 149,619) 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. 210,229 (2022: Rs. 255,948).

29.3 These include rentals for short-term leases amounting to Rs. 83,193 (2022: Rs. 82,797).

29.4 Movement of trading goods:

2023 Rupees 2022

	2023	2022
Opening trading stock	169,443	22,947
Purchases made during the year	-	158,772
Closing trading stock	(4,590)	(169,443)
Consumption during the year	164,853	12,276

30. distribution and marketing expenses

	2023	2022
Salaries, wages and staff welfare - note 30.1	454,005	201,318
Dealer commission	224,863	209,590
Sales promotion	18,753	45,788
Rent, rates and taxes - note 30.2	11,026	7,913
Purchased services	17,675	10,744
Depreciation on operating assets - note 4.3	7,524	11,089
Depreciation on right-of-use asset - note 5.1	8,840	8,816
Training, conveyance and travelling	50,278	66,665
Communication, stationery and other office expenses	16,237	3,275
Amortisation of intangible assets - note 6.2	2,158	-
Other expenses	-	3,673
	811,359	569,871

30.1 Includes Rs. 19,322 (2022: Rs. 16,018) in respect of staff retirement and other service benefits.

30.2 These include rentals for short-term leases amounting to Rs. 6,185 (2022: Rs. 5,237).

(Amounts in thousand)

31. administrative expenses

2023 Rupees 2022

Salaries, wages and staff welfare - note 31.1	565,928	520,605
Rent, rates and taxes - note 31.2	96,249	98,903
Purchased services	599,301	379,020
Depreciation on operating assets - note 4.3	48,743	49,032
Amortisation of intangible assets - note 6.2	92,536	97,446
Depreciation on right-of-use asset - note 5.1	2,221	5,022
Training, conveyance and travelling	112,185	87,645
Communication, stationery and other office expenses	81,445	74,467
Provision for expected credit loss - note 12	264	-
Others	18,392	29,147
	<u>1,617,264</u>	<u>1,329,287</u>

31.1 Includes Rs. 32,335 (2022: Rs. 39,246) in respect of staff retirement and other service benefits.

31.2 These include rentals for short-term leases amounting to Rs. 39,881 (2022: Rs. 20,098).

32. other expenses

2023 Rupees 2022

Legal and professional charges	83,480	77,501
Auditor's remuneration - note 32.1	32,386	11,610
Donations - note 32.2	145,216	174,010
Foreign exchange loss (net) - note 32.3	852,103	1,952,758
Workers' Welfare Fund - note 22.5	138,993	356,392
Workers' Profits Participation Fund - note 13.5	460,924	851,182
	<u>1,713,102</u>	<u>3,453,453</u>

32.1 Auditor's remuneration

Fee for:		
- Annual statutory audit	2,125	1,775
- Review of half yearly financial information	500	415
- Review of compliance with the Code of Corporate Governance	75	60
- Taxation and other advisory services	22,570	8,243
- Certifications and other services	6,238	-
Reimbursement of expenses	878	517
	<u>32,386</u>	<u>11,610</u>

(Amounts in thousand)

32.2 This includes donations made to:

2023 Rupees 2022

- Engro Foundation - note 32.2.1	125,000	122,000
- R. B. Udhawdas Tarachand Hospital, DC Office, Shikarpur	-	49,728
- Behbud Foundation	-	1,000
	<u>125,000</u>	<u>172,728</u>

32.2.1 Mr. Jahangir Piracha (Chief Executive Officer), Mr. Nadir Salar Qureshi (the Ex - Director) and Mr. Ghias Khan (the Chairman of the Board of Directors) are the trustees of Engro Foundation.

32.3 Includes Rs. 913,597 (2022: Rs. 987,986) arising on translation of foreign currency denominated lease liabilities.

33. other income

2023 Rupees 2022

On financial assets

Profit on bank deposits - note 33.1	169,741	129,214
Income from investments - note 33.2	957,228	1,268,381
Income on subordinated loans given to subsidiary companies	165,447	-
Income on intercompany balance due from associate	47,158	-
	<u>1,339,574</u>	<u>1,397,595</u>

On non-financial assets

Scrap sales	111,134	31,546
Gain on disposal of operating assets - note 4.4	4,900	1,093
Insurance claim	239,327	-
Others	11,521	12,228
	<u>366,882</u>	<u>44,867</u>
	<u>1,706,456</u>	<u>1,442,462</u>

33.1 These include Rs. 139,938 (2022: Rs. 94) earned from shariah compliant bank deposits and bank balances.

33.2 These include Rs. 239,327 (2022: Rs. 181,329) earned from shariah compliant investments.

(Amounts in thousand)

34 Finance costs

2023 ... Rupees ... 2022

Interest / mark-up on:

- long-term borrowings - note 34.1
 - lease liabilities - note 19.2
 - short-term borrowings and other facilities - note 34.2
- Less: Amortisation of deferred income
- Government grant - note 18.11

3,903,082	2,048,083
204,984	235,064
245,041	42,339
(58,521)	(29,778)

- Guarantee commission
- Amortisation of transaction costs - note 18.9
- (Reversal of provision) / Provision for default surcharge on GIDC - note 20.1.1
- Letter of credit charges
- Bank and others charges

17,197	13,418
68,161	95,695
(678,364)	503,733
237,492	84,612
258,136	89,766
4,197,208	3,082,932

34.1 Represents interest on long term borrowings incurred under Islamic mode of long-term finance.

34.2 This includes Rs. 53,606 (2022: Nil) incurred under Islamic mode of short-term finance.

35 Taxation

2023 ... Rupees ... 2022

Current

- for the year - note 35.2
- for prior years - notes 35.2 to 35.4

3,691,825	4,264,721
281,779	632,543
3,973,604	4,897,264

Deferred

- for the year
- for prior years

640,237	105,008
252,873	1,763
893,110	106,771
4,866,714	5,004,035

(Amounts in thousand)

35.1 Relationship between tax expense and accounting profit

2023 ... Rupees ... 2022

Profit before taxation

14,097,374	16,713,929
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Tax calculated at applicable rate of 29% (2022: 29%)

4,088,238	4,847,039
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Tax effect of super tax, presumptive tax regime, tax credits and income subject to lower tax rates

114,529	(543,336)
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Prior year tax charge - net

534,652	634,306
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Effect of inadmissible expenses / permanent differences

104,862	64,262
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Others

24,433	1,764
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4,866,714	5,004,035
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35.2 Current tax charge for the year includes Rs. 971,019 on account of super tax at the rate of 10 % for tax year 2024 and current tax charge for the prior year includes additional super tax at the rate of 6% for tax year 2023 amounting to Rs. 808,351.

35.3 During the year, the income tax department amended the assessment filed by the Company for tax year 2020. The DCIR has allowed the tax credit claimed under section 65B to the extent of 5% and hence, the Company has recognised tax credit amounting to Rs. 157,500 in these financial statements to the extent of credit allowed. The Company has preferred an appeal before the CIR(A) against the disallowances, for remaining tax credit under section 65B.

35.4 During the year, the Company has recognised tax credit amounting to Rs. 400,861 relating to prior years under section 65E of the Ordinance.

36 Earnings per share - basic and diluted

36.1 Basic earnings per share has been calculated by dividing the profit attributable to ordinary share holders of the Company by weighted average number of ordinary shares in issue during the year.

36.2 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.

(Amounts in thousand)

36.3 The information necessary to calculate basic earnings per share is as follows:

	2023	2022
	Rupees	
Profit for the year	9,230,660	11,709,894
Less: Dividends on convertible preference shares	(645,000)	(447,000)
	<u>8,585,660</u>	<u>11,262,894</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>

36.4 The information necessary to calculate diluted earnings per share is as follows:

	2023	2022
	Rupees	
Profit for the year	9,230,660	11,709,894
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	<u>1,208,923</u>	<u>1,208,923</u>

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.

(Amounts in thousand)

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:

	2023			2022		
	Director		Executives	Director		Executives
	Chief Executive	Others		Chief Executive	Others	
	Rupees					
Managerial remuneration - note 38.1	51,484	-	1,192,952	44,777	-	1,149,645
Retirement benefit funds	10,377	-	188,982	9,018	-	147,250
Bonus	18,642	-	273,095	12,284	-	259,727
Other benefits	1,338	-	394,233	945	-	308,658
Directors fee	-	21,364	-	-	21,571	-
Total	<u>81,841</u>	<u>21,364</u>	<u>2,049,262</u>	<u>67,024</u>	<u>21,571</u>	<u>1,859,281</u>
Number of persons including those who worked part of the year	<u>1</u>	<u>6</u>	<u>305</u>	<u>1</u>	<u>6</u>	<u>285</u>

38.1 The Company also provides vehicles for the use of the Chief Executive and certain executives.

39. cash generated from operations

	2023	2022
	Rupees	
Profit before taxation	14,097,374	16,713,929
Adjustments for non cash-charges and other items:		
Staff retirement and other service benefits	78,292	69,769
Depreciation:		
- operating assets - note 4.3	2,955,704	2,453,687
- right-of-use asset - note 5.1	460,722	463,500
Amortisation of intangible assets - note 6.2	104,545	97,446
Write-off of:		
- stores and spares - note 29	210	14,224
- stock-in-trade - note 29	-	19,604

(Amounts in thousand)

2023 - Rupees - 2022

Provision against:

- slow moving stores and spares - note 10.3

- stock-in-trade - note 11.4

Unrealised foreign exchange (gain) / loss on financial assets and liabilities

Income on financial assets - note 33

Finance costs - note 34

Gain on disposal of operating assets - note 33

Remeasurement loss on provision against GIDC - note 20.1.1

Provision for expected credit loss - note 31

Working capital changes - note 39.1

22,040	8,123
6,612	99,199
439,463	1,089,765
(1,339,574)	(1,397,595)
4,197,208	3,082,932
(4,900)	(1,093)
140,281	262,743
264	-
(7,875,657)	1,682,279
<u>13,282,584</u>	<u>24,654,512</u>

39.1 Working Capital Changes

(Increase) / Decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans, advances, deposits and other receivables - net

(869,909)	(442,621)
(6,211,254)	2,056,871
1,111,247	(1,842,109)
(1,380,021)	(1,472,815)
<u>(7,349,937)</u>	<u>(1,700,674)</u>

(Decrease) / Increase in current liabilities

Trade and other payables

(525,720)	3,382,953
<u>(7,875,657)</u>	<u>1,682,279</u>

40. cash and cash equivalents

Short-term investments - note 14

Cash and bank balances - note 15

Running finances - note 24.1

405,363	161,729
3,985,495	2,852,045
(7,201,726)	-
<u>(2,810,868)</u>	<u>3,013,774</u>

(Amounts in thousand)

41. financial instruments by category

41.1 Financial assets at amortised cost

Investments at amortised cost

Trade debts

Loans, deposits and other receivables

Cash and bank balances

2023 - Rupees - 2022

3,245,339	6,507,369
1,612,111	2,876,464
3,406,792	1,139,733
3,985,495	2,852,045
<u>12,249,737</u>	<u>13,175,611</u>

Financial assets at fair value through profit or loss

Short-term investments

100,118	8,869,458
<u>12,349,855</u>	<u>22,045,069</u>

41.2 Financial liabilities at amortised cost

Long-term borrowings

Lease liabilities

Trade and other payables

Service benefit obligation

Short-term borrowings

Accrued interest / mark-up

24,174,071	24,371,657
2,487,072	3,741,194
12,218,978	9,986,560
85,166	74,278
7,526,086	474,360
456,994	366,576
<u>46,948,365</u>	<u>39,014,625</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.

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:

(Amounts in thousand)

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, 2023, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 4,075,480 (2022: Rs. 7,059,581) and Rs. 12,971,011 (2022: Rs. 11,123,973), respectively.

At December 31, 2023, 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. 304,316 (2022: Rs. 159,952). However, this change in profits would be partially offset by a corresponding change in margins as majority of revenue 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, 2023, 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. 172,151 (2022: Rs. 42,159).

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 investments in 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:

	2023	Rupees	2022
Investments at amortised cost	3,245,339		6,507,369
Investments at fair value through profit or loss	100,118		8,869,458
Trade debts - considered good	1,556,538		2,836,453
Loans, deposits and other receivables	3,406,792		1,139,733
Bank balances	3,984,941		2,851,428
	<u>12,293,728</u>		<u>22,004,441</u>

The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. As at the reporting date, the credit quality of the Company's bank balances and short term investments can be assessed with reference to external credit ratings assigned to the respective financial institutions as follows:

(Amounts in thousand)

Bank	Rating agency	2023 Ratings		2022 Ratings	
		Short-term	Long-term	Short-term	Long-term
Conventional					
Allied Bank Limited	PACRA	A-1-	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
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	F1+	A
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
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	A	P-1	A2
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	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
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Islamic					
Allied Bank Limited (Islamic)	PACRA	A-1+	AAA	A-1+	AAA
Bank Alfalah Limited (Islamic)	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+	A-1	A+
Bank Al Habib Limited (Islamic)	PACRA	A-1+	AAA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	AA-	A-1	A+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA
Bank of Khyber	PACRA	A-1	A+	A-1	A
United Bank Limited (UBL Ameen)	JCR-VIS	A-1+	AAA	A-1+	AAA
Al Ameen Islamic Cash Fund	JCR-VIS	N/A	AA+	N/A	AA+

(Amounts in thousand)

o) 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:

	2023		2022		Total
	Maturity upto one year	Maturity more than one year	Maturity upto one year	Maturity more than one year	
-----Rupees-----					
Financial liabilities					
Long-term borrowings	6,343,669	34,563,109	40,906,778	7,674,535	32,618,135
Lease liabilities	1,257,601	1,412,354	2,669,955	1,898,636	2,157,780
Trade and other payables	12,218,976	-	12,218,976	9,986,580	-
Service benefit obligations	85,166	-	85,166	74,278	-
Short-term borrowings	7,526,086	-	7,526,086	474,360	-
Accrued interest / mark-up	456,994	-	456,994	366,575	-
	<u>27,888,492</u>	<u>35,975,463</u>	<u>63,863,955</u>	<u>20,474,945</u>	<u>34,775,915</u>
					<u>55,250,661</u>

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 the reporting date, the carrying value of all financial assets and liabilities approximate to their fair value.

(Amounts in thousand)

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

The Company classifies its financial 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 financial assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds				
- December 31, 2023	-	100,118	-	100,118
- December 31, 2022	-	8,869,458	-	8,869,458

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:

Long-term borrowings
Lease liabilities

Total equity
Total capital

	2023	2022
Long-term borrowings	24,174,071	24,371,657
Lease liabilities	2,487,072	3,741,194
Total equity	26,661,143	28,112,851
Total capital	28,902,408	27,133,672
Gearing ratio	0.48	0.51

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, shoes and packaging industries. 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. Unallocated balances 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 for assessing the 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		Insecticide		Fertilizer		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Rs.										
Segment profit/loss										
Revenue from contracts with customers (note 42.2)	59,700,007	73,005,366	1,000,177	3,295,019	1,023	11,000	3,913	9,977	81,224	82,988,023
Less:										
Cost of sales	(63,999,817)	(60,000,194)	(1,013,207)	(3,360,000)	(8,068)	(13,777)	(1,000,110)	(1,100)	(60,484,897)	(65,888,671)
Distribution and marketing expenses	(576,084)	(443,988)	(27,222)	(110,989)	(1,275)	(1)	(1,255)	(10)	(911,556)	(890,671)
Administrative expenses	(1,099,000)	(1,190,011)	(219,785)	(1,029,000)	(3,160)	(1,990)	(1,880)	(1,080)	(1,617,394)	(1,629,271)
Other expenses	(1,357,221)	(5,175,725)	(229,000)	(270,331)	(223)	(3,741)	(1,164)	(3,630)	(1,715,105)	(5,450,451)
Other income	(1,481,612)	1,272,216	(31,103)	52,425	(22)	(310)	(1,614)	(3,670)	1,705,285	(1,442,864)
Finance costs	(3,606,026)	(2,397,433)	(570,000)	(1,011,925)	(6,491)	(2,176)	(16,662)	(1,945)	(4,197,200)	(2,882,924)
Profit before taxation	10,690,212	11,810,747	3,419,548	4,845,007	(3,643)	15,238	82,671	22,677	14,097,074	16,713,993
Taxation	(8,188,162)	(4,427,139)	(860,989)	(664,610)	(6,269)	(7,351)	(19,284)	(6,230)	(4,055,714)	(5,004,029)
Profit for the year	2,502,050	7,383,608	2,558,559	4,180,397	(9,912)	7,887	63,387	16,447	9,941,360	11,709,964
Depreciation/amortisation	2,112,514	2,940,194	(29,330)	(27,056)	4,845	(1,491)	(11,279)	(2,145)	(3,220,971)	(3,914,631)
Capital expenditure	3,719,251	3,157,883	(42,703)	(320,021)	784	(14)	(2,034,180)	(1,790,936)	6,770,402	5,783,261
Segment assets and liabilities										
Total segment assets - note 45.0	55,420,662	51,757,923	4,800,169	6,341,417	34,691	37,322	23,145,021	23,811,556	88,123,007	83,937,921
Total segment liabilities	44,777,795	37,895,034	6,301,602	4,981,106	15,233	1,941	1,626,768	25,685,100	59,220,619	56,820,957

45.2 Revenue from one customer of the Company's PVC segment amounts to Rs. 7,175,426 (2022: Rs. 7,305,366) of the Company's total revenue i.e. 8.88% (2022: 8.90%)

45.3 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 (Incorporated in Japan)	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship
Sindh Engro Coal Mining Company Limited	N/A	Common directorship
Engro Energy Limited	N/A	Common directorship

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
Engro Eximp Agriproducts (Private) Limited	N/A	Common directorship
Engro Foundation	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
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 Limited	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
KSB Pumps Company Limited	N/A	Common directorship
Nimr Industrial Chemicals Limited	N/A	Common directorship
ATS Synthetic (Private) Limited	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	Ex - Non-executive Director
Mr. Kamran Nishat	N/A	Independent Director
Mr. Feroz Rizvi	N/A	Ex - Independent Director
Mr. Shabbir Hashmi	N/A	Ex - Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Ali Baig	N/A	Independent Director
Mr. Hideki Adachi	N/A	Ex - Non-executive Director
Mr. Ghias Uddin Khan	N/A	Chairman
Mr. Rizwan Masood Raja	N/A	Ex - Non-executive Director
Mr. Eram Hasan	N/A	Ex - Non-executive Director
Mr. Tomoya Kondo	N/A	Non-executive Director
Mr. Syed Shahzad Nabi	N/A	Non-executive Director
Mr. Tariq Nisar	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Adeel Qamar	N/A	Key management personnel
Mr. Arif Jall	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Athar Abrar Khawaja	N/A	Ex - Key management personnel
Mr. Muhammad Idrees	N/A	Key management personnel
Mr. Khawaja Halder Abbas	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	2023	2022
Holding Company			
- Engro Corporation Limited	Reimbursement made	1,511,870	300,510
	Reimbursement received	1,018	85,776
	Advance for Intangible	-	18,857
	Subordinated loan received	1,700,000	2,000,000
	Subordinated loan repaid	1,700,000	2,000,000
	Mark-up on subordinated loan	14,392	20,107
	Purchase of taxable loss	373,489	-
	Dividend paid	3,830,501	7,916,868
Subsidiary Company			
- Think PVC (Private) Limited	Reimbursement made	-	188
	Reimbursement received	4,747	3,007
	Subordinated loan made to the Subsidiary Company	48,000	-
	Subordinated loan repaid by the Subsidiary Company	29,000	-
	Mark-up on subordinated loan	1,618	-
- Engro Peroxide (Private) Limited	Reimbursement made	-	3,038
	Reimbursement received	155,331	161,342
	Subordinated loan made to the Subsidiary Company	4,997,800	996,000
	Subordinated loan repaid by the Subsidiary Company	3,595,800	996,000
	Mark-up on subordinated loan paid by the Subsidiary Company	163,829	14,436
	Subordinated loan made by the Subsidiary Company	400,000	-
	Subordinated loan repaid to the Subsidiary Company	400,000	-
	Mark-up on subordinated loan paid to the Subsidiary Company	1,306	-
- Engro Plasticizer (Private) Limited	Reimbursement made	-	20
	Reimbursement received	-	324
	Subordinated loan made to the Subsidiary Company	5,000	500
	Subordinated loan repaid by the Subsidiary Company	5,500	-
	Mark-up on subordinated loan	219	16

(Amounts in thousand)

Nature of relationship	Nature of transactions	2023	2022
Member of the Group			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sales of utilities	106,293	124,031
	Purchase of services	97,299	105,882
	Purchase of goods	89,364	30,969
	Reimbursement made	235,269	1,47,916
	Reimbursement received	104,564	13,853
- Engro Vopak Terminal Limited	Purchase of services	2,975,099	2,219,813
	Reimbursement made	63,793	57,485
	Reimbursement received	3,589	-
	Late payment charges	19,025	-
- Engro Energy Limited	Reimbursement made	-	562
	Reimbursements received	1,734	250
	Expenses incurred on behalf of the Company	-	49,723
- Engro Elangy Terminal (Private) Limited	Reimbursement made	-	63
	Reimbursements received	456	34
- Engro Energy Services Limited	Reimbursements received	197	-
	Reimbursement made	-	8
- Engro Powergen Thar (Private) Limited	Reimbursements received	344	3,274
	Reimbursements made	580	-
- Engro Powergen Qadirpur Limited	Reimbursement received	422	2,433
	Reimbursements made	-	1,555
- Engro Foundation	Donations	125,000	128,351
	Reimbursement received	11,749	378
	Reimbursements made	272	-
- Engro Eximp FZE	Purchase of goods	35,481,477	12,259,445
	Sale of goods	7,239,630	3,643,880
	Reimbursements received	1,137	-
	Reimbursements made	422,534	98,031
	Interest income on intercompany balances	47,158	-
- Engro Eximp Agriproducts (Private) Limited	Purchase of taxable loss	228,688	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	4,979	-
	Reimbursement received	-	9

(Amounts in thousand)

Name of related parties	Nature of transactions	2023	2022
Associated Company			
- Mitsubishi Corporation	Dividend paid	750,402	1,550,830
- Pakistan Oxygen Limited	Purchase of goods	20	-
	Purchase of services	30	-
	Sale of goods	90,822	-
- Overseas Investors Chamber of Commerce & Industry (OCCI)	Purchase of services	500	-
- KSB Pumps Company Limited	Purchase of goods	7,281	-
- Nimir Industrial Chemicals Limited	Purchase of goods	184,812	-
- ATS Synthetic (Private) Limited	Sale of goods	4,504,003	-
Directors			
	Fee	21,264	19,991
	Dividend paid	29	8
Contribution to staff retirement benefits			
	Managed and operated by the Holding Company		
	- Provident fund	125,319	115,861
	- Gratuity fund	87,958	84,286
	- Pension fund	5,445	4,736
Key management personnel			
	Managerial remuneration	167,172	167,971
	Retirement benefit funds	26,788	26,104
	Bonus	63,216	62,342
	Other benefits	37,403	29,275

46.3 The related party status of outstanding balances as at December 31, 2023 and 2022 are disclosed in the respective notes of these financial statements.

47. general

47.1 Number of employees	Note	2023	2022
Total numbers of employees		569	601
Average numbers of employees		584	599

Included herein are 509 (2022: 428) employees working at the plant of the Company as at December 31, 2023 and average number of these employees during the year was 505 (2022: 427).

(Amounts in thousand)

47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2023	2022	2023	2022	
-----Kilo tons-----					
PVC	295	295	230	239	Production planned as per market demand and in-house consumption needs
EDC	127	127	100	102	
Caustic soda	106	106	96	97	
Caustic flakes	20	20	13	9	
VCM	245	245	224	219	
-----Mega Watts-----					
Power	66	66	45	55	

48. non-adjusting event after the reporting period

The Board of Directors of the Holding Company in its meeting held on February 20, 2024 have proposed a final cash dividend of Rs. 908,923 (2022: Rs. 2,272,308) which is approximately Rs. 1 (2022: Rs. 2.5) per ordinary share. Further, the Board of Directors of the Holding Company in this meeting have proposed a final cash dividend for preference shareholders of Rs. 201,000 (2022: Rs. 150,000) which is approximately Rs. 0.67 per share (2022: Rs. 0.5 per share).

These appropriations will be approved by the members in the Annual General Meeting to be held on March 28, 2024.

49. corresponding figures

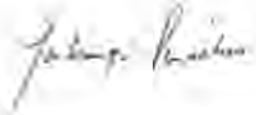
Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. The material reclassification made during the year is as follows:

Description	Reclassified		Rupees
	from	to	
Purchased services	Cost of sales (note 29)	Administrative expenses (note 31)	323,851

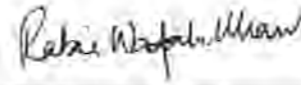
(Amounts in thousand)

50. **date of authorisation for issue**

These financial statements were authorised for issue on February 20, 2024 by the Board of Directors of the Company.



Jahangir Piracha
Chief Executive Officer



Rabia Wafah Khan
Chief Financial Officer



Kamran Nishat
Director

reaching beyond the basics

annexure



notice of annual general meeting

Notice is hereby given that the Twenty Sixth 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, March 28, 2024, at 02:30 p.m. to transact the following businesses:

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details).

a) ordinary business

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2023, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(6) of the Companies Act, 2017 (the "Act"), Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code:

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



2. To declare and approve, as recommended by the Directors, the payment of dividend as follows:

Final cash dividend for preference shareholders for the year ended December 31, 2023, PKR 0.67 per share i.e. 6.70%. This is in addition to interim cash dividend already paid at PKR 1.65 per share i.e. 16.5%.

Final cash dividend for ordinary shareholders for the year ended December 31, 2023, PKR 1.00 per share i.e. 10%. This is in addition to interim cash dividend already paid at PKR 5.00 per share i.e. 50%.

3. To appoint Auditors for the year 2024 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

b) special business

4. To approve the circulation of the Annual Report (audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting) to the Members of the Company through weblink and QR enabled code, in accordance with Section 223(6) of the Act, read with S.R.O. 389(I)/2023 dated March 21, 2023.

"RESOLVED THAT Engro Polymer & Chemicals Limited (the "Company") be and is hereby authorized to circulate its annual report including annual audited financial statements, auditor's report, directors' report, chairman's review report, notice of the shareholders' meeting and other reports contained therein to the Members of the Company through weblink and QR enabled code."

5. To consider and if deemed fit, pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) under Section 199 of the Act, read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), as recommended by the Board of Directors of the Company.

"RESOLVED THAT, approval of the members of Engro Polymer & Chemicals Limited (the "Company") is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) for the following acts by the Company.

- A. Approval for the Company to extend to its holding Company, Engro Corporation Limited, an intercompany loan in the aggregate amount of up to PKR Five billion (PKR 5,000,000,000) comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each.
- B. Approval for the Company to extend to its associated company, Engro Fertilizers Limited, an intercompany loan in the aggregate amount of up to PKR Five billion (PKR 5,000,000,000) comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each;

FURTHER RESOLVED THAT, the Chief Executive Officer, Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized, any two jointly, to do all acts, deeds and things, take any and all necessary steps, to fulfill 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 resolutions.”

By Order of the Board



K. NAWAJA HAIDER ABBAS, ACA
Company Secretary

Dated: February 20, 2024
Karachi

notes

1. Prohibition on grant of gifts to Shareholders

The Securities and Exchange Commission of Pakistan (the “SECP”), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

2. 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, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC/Passport number at <https://forms.office.com/r/2nKNTGkxJN>. Confirmation email for physical meeting or 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.

1. Electronic transmission of Annual Report 2023

In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2023 through email to Shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along with the weblink and QR enabled code to download the said Annual Report 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 Share Registration Services (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.

4. The Share Transfer Books of the Company will be closed from Thursday, March 21, 2024 to Thursday, March 28, 2024 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Share Registration Services (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@famcosrs.com by the close of business (03:00 p.m.) on Wednesday, March 20, 2024 will be treated in time for purpose of determining entitlement of final cash dividend, and to attend and vote at the meeting.

6. 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 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.

6. 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.
7. Pursuant to Companies (Postal Ballot) Regulations, 2018 and read with Sections 143 and 144 of the Act, 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.

8. Electronic dividend mandate

Under Section 242 of the Act, 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 Share Registration Services (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.

9. 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 a valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in the 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 Share Registration Services (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).

10. In order to claim exemption from compulsory deduction of Zakat, Shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Share Registration Services (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://famcosrs.com/downloads/>) 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 complete in all aspects have been made available as above.

11. 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 Share Registration Services (Private) Limited without any further delay.

12. Unclaimed Dividend

As per the provision of section 244 of the Act, 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 SECP 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 were 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 Act.

13. 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 Act, 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 M/s. FAMCO Share Registration Services (Private) Limited for the conversion of physical shares into book-entry form.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This Statement sets out the material facts pertaining to the Special Business as described in the Notice of AGM of the Company.

Agenda Item 4

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members approval is sought for the circulation of the Annual Report (including annual audited financial statements and other notices and reports contained therein) to the Members of the Company through weblink and QR enabled code in accordance with S.R.O. 389(I)/2023 dated March 21, 2023 issued by the SECP.

Agenda Item 5

To approve intercompany loan to the associated companies:

The information required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is as follows:

(a) Disclosure regarding associated companies and/or associate companies.

(i) Name of associated companies:

S. No.	Name of Associated Companies
1	Engro Corporation Limited
2	Engro Fertilizers Limited

(ii) Basis of relationship:

Name of Associate	Basis of Relationship	Effective Holding %
Engro Corporation Limited	Engro Corporation Limited holds 56.19% shareholding in Engro Polymer & Chemicals Limited	-
Engro Fertilizers Limited	Engro Polymer & Chemicals Limited and Engro Fertilizers Limited are under common control of Engro Corporation Limited and have one common director	-

(iii) Basic Earnings Per Share for the last three years:

(Rupees)

Basic Earnings Per Share	2022	2021	2020
Engro Corporation Limited	36.79	32.14	28.29
Engro Fertilizers Limited	11.54	15.78	12.59

(iv) Break-Up value per share, based on latest audited financial statements:

(Rupees)

Break-Up Value Per Share	31 December 2022
Engro Corporation Limited	158.40
Engro Fertilizers Limited	31.97

(v) Financial position, including main items of the statement of financial position and profit and loss account, on the basis of its latest audited financial statements:

Financial year ended December 31, 2022, standalone audited accounts of **Engro Corporation Limited:**

	(Amount in thousands)
Assets	
Property, plant and equipment	983,764
Right-of-use assets	970,153
Intangible assets	123,807
Long term investments	46,835,094
Long term loans and advances	5,372,573
Deferred taxation	475,159
Loans, advances, deposits and prepayments	2,817,736
Receivables	1,316,708
Short term investments	47,604,776
Cash and bank balances	165,977
Total Assets	106,665,747
Liabilities	43,345
Retirement and other service benefit obligations	937,359
Lease liabilities	5,398,425
Trade and other payables	214,074
Current portion of lease liabilities	8,571,977
Taxes payable	235,338
Unclaimed dividends	15,400,518
Total Liabilities	91,265,229
Total Equity	
Income Statement	
Dividend income	22,174,693
Royalty income	1,328,906
Profit before tax	23,517,703
Profit after tax	21,196,420

Financial year ended December 31, 2022, standalone audited accounts of **Engro Fertilizers Limited:**

	(Amount in thousands)
Assets	
Property, plant and equipment	77,879,522
Investments	2,103,692
Stores, spares and loose tools	6,495,230
Stock-in-trade	8,426,837
Other assets	44,849,903
Total Assets	139,755,184
Liabilities	
Borrowings	12,669,628
Trade and other payables	42,808,977
Other liabilities (including short term borrowings)	41,586,878
Total Liabilities	97,065,483
Total Equity	42,689,701
Income Statement	
Revenue	96,844,967
Profit before tax	22,504,608
Profit after tax	15,408,134

(vi) In case of Investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:
None

(b) General disclosures:

(i) Maximum amount of investment to be made:

Name of Associated Company	Amount in PKR
Engro Corporation Limited	5 billion
Engro Fertilizers Limited	5 billion

- (ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:

This will enable the Company to lend to its associated companies when/if it has access to excess funds/banking lines/ security, and the associated companies require the same. Each facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders. The period of investment is one (1) year, renewable for four (4) further periods of one (1) year each.

- (iii) Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds, (i) Justification of investment through borrowings from where loans or advances will be given (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) Cost benefit analysis.

The Company intends to use excess liquidity/banking lines/security available to it to provide the requisite financing to the aforementioned associated companies. Additionally, if the Company has un-utilized overdraft lines, it may opt to avail such lines to provide the required financing. For this, the Company's responses to the queries raised are as follows:

- (i) Justification – the associated companies will pay a mark-up rate which is not lower than the borrowing cost of the Company;
- (ii) Security – the Company secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments); and
- (iii) Cost benefit analysis – the Company will charge the associated companies a mutually agreed markup rate, which will improve the profitability of the Company.

- (iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment:

As detailed above, each financing facility will be provided on an arm's length basis.

- (v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:

The sponsors, majority shareholders and their relatives and directors of the Company have no interest in the matter. However, the following director on the Board of Director of the Company is also the director of the associated companies:

Engro Corporation Limited	Engro Polymer & Chemicals Limited	Engro Fertilizers Limited
Ghias Khan	Ghias Khan	Ghias Khan

- (vi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs:

None

- (vii) Any other important details necessary for the members to understand the transaction:

None

- (c) In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided above are

Name of Associated Company	Amount in PKR
Engro Corporation Limited	5 billion
Engro Fertilizers Limited	5 billion

- (ii) Average borrowing cost of the investing company, the Karachi Interbank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period:

The Company had short-term borrowings amounting to Rs. 7,526 Mn as at December 31, 2023. The three-month KIBOR as at December 31, 2023 was 21.46%. The Company has invested Rs. 100 Mn in Shariah compliant instruments as at year end of 2023. For unfunded facilities, bank rates are in the range of 0.15% to 1.0% per annum.

- (iii) Rate of interest, mark up, profit, fees or commission etc. to be charged by the investing company:

The rate of interest, mark-up, profit, fees or commission to be charged by the Company will be higher than or equal to what the Company must pay if it borrows similar facilities. Where it has no such facilities, the associated companies will be charged rates which are greater than or equal to market rates of such facilities. Each financing facility will be provided on an arm's length basis.

(iv) Particulars of collateral or security to be obtained in relation to the proposed investment:

No security is obtained since the Company and its associated company are under common control of Engro Corporation Limited (holding company). The Company and its associated company are confident that any financing arrangement will be repaid.

(v) If the investment carries conversion feature i.e., it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable:

There is no conversion feature.

(vi) Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking:

Facility granted for a period of one (1) year, renewable for four (4) further periods of one (1) year each. The other terms are mentioned above.

standard request form

Circulation of Annual Audited Accounts.

The Share Registrar
 Engro Polymer & Chemicals Limited.
 FAMCO Share Registration Services (Private) Limited
 8-F, Near Faran Hotel, Nursery, Block-6
 PECHS, Shahrah-e-Faisal, Karachi
 E-mail: Info.shares@famcosrs.com
 Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: _____

Dear Sirs,
 Subject: **Request for Hard Copy of Annual Report of Engro Polymer & Chemicals Limited.**

I, _____ S/o, D/o, W/o _____ being a registered shareholder of Engro Polymer & 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 Audited Accounts of the Company and hereby request you send to me the Annual Audited Accounts 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 & Chemicals Limited
 12th Floor, Ocean Tower G-3, Block 19
 Clifton Khayaban-e-Iqbal
 Karachi-75600.



proxy form

I/We _____
 of _____ being a member of ENGRO
 POLYMER & 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 falling him _____ of _____ as
 my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the
 Company to be held on the 28th day of March 2024, and at any adjournment thereof.

Signed this _____ day of _____ 2024.

WITNESSES:

- Signature: _____
 Name: _____
 Address: _____

 CNIC or _____
 Passport No. _____
- 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 need not 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 اہم _____ (نام)
 جس اجن کا تعلق _____ (شہر) سے ہے ایگزیکٹو پبلشر اور کمیونٹی لینڈ کے ممبر کی حیثیت سے
 _____ (شیرز کی تعداد) _____
 _____ (نام) _____ یا ان کی عدم حاضری کی صورت میں _____ کو جس اجن کا
 تعلق _____ سے ہے، کو 28 مارچ 2024 کو منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر اپنی ہماری غیر موجودگی
 میں شرکت اور ووٹ دینے کے لیے اپنا/ہمارا پراکسی مقرر کرتا کرتے ہیں۔

دستخط کئے _____ (دن) _____ 2024
 گواہان:
 1 دستخط _____

نام _____
 ایڈریس _____
 سی این آئی سی _____
 پاسپورٹ نمبر _____

دستخط _____
 دستخط کہتی ہیں رجسٹرڈ دستخط کے نمونے کے مطابق ہونے چاہئیں۔

2 دستخط _____
 نام _____
 ایڈریس _____
 سی این آئی سی _____
 پاسپورٹ نمبر _____

نوٹ: پراکسی کے موثر ہونے کے لیے یہ لازم ہے کہ پراکسی اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہوں۔ پراکسی کو کمپنی کا ممبر ہونا ضروری نہیں ہے۔
 سی ڈی سی شیئر ہولڈرز اور ان کے پراکسی سے درخواست کی جاتی ہے کہ پراکسی فارم کے ساتھ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ
 کاپیاں یا پاسپورٹ کمپنی میں جمع کرائیں۔

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2023 evaluation criteria

Ref.	Organizational Overview and External Environment	Page no
1.01	Mission, vision, code of conduct, ethics and values.	5, 11, 12, 108, 118
1.02	Principal business activities and markets (local and international) including key brands, products and services.	29-32
1.03	Geographical location and address of all business units including sales units and plants.	3
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	3
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	7-8
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	9-10
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	15-16
1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	43-44 190, 131
1.09	The legislative and regulatory environment in which the organization operates.	36, 113, 151
1.10	The legitimate needs, interests of key stakeholders and industry trends.	118, 146, 152
1.11	SWOT Analysis of the company.	41-42
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	45
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	81, 127, 131
1.14	History of major events.	86
1.15	Details of significant events occurred during the year and after the reporting period.	85

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2023 evaluation criteria

Ref.	Strategy and Resource Allocation	Page no.
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	17-18
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	13-14
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	25-26
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting, and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	25-26
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	19-23
2.06	The company's sustainability strategy with measurable objectives/ targets.	87-102
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	128
2.08	a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	N/A 125

Ref.	Risks and Opportunities	15 Marks
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	133
3.02	A Statement from Board for determining the following a) company's level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	122 124
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	143
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	25-26
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	42, 133, 127

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2023 evaluation criteria

Ref.	Sustainability and Corporate Social Responsibility (CSR)	Page no.
4.01	Board's statement for adoption of best practices for CSR.	144
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	17
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	81-82
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety.	87-102

Ref.	Governance	Page no.
5.01	Board composition: a) Leadership structure of those charged with governance; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director	73-74 161 53-61 108, 61
5.02	A brief description about role of the Chairman and the CEO.	107
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	24
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	81-82
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	106
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	106

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Ref.	Governance	Page no.
5.07	Details of formal orientation courses for directors.	107
5.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	107
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	73-74
5.10	Disclosure about related party transactions:	
	a) Approved policy for related party transactions.	111
	b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding.	7, 263- 266, 335- 339
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	111
	d) Disclosure of director's interest in related party transactions.	112
	e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	112
5.11	Disclosure of Board's Policy on the following significant matters:	
	a) Governance of risk and internal controls.	73
	b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	115
	c) Disclosure of director's interest in significant contracts and arrangements.	112
	d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	162
	f) Security clearance of foreign directors.	111
	g) Board meetings held outside Pakistan	110
	h) Human resource management including preparation of succession plan.	115, 114
	i) Social and environmental responsibility.	118
	j) Communication with stakeholders.	39- 40
	k) Investors' relationship and grievances.	112
	l) Employee health, safety and protection.	116
	m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing	118

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Ref.	Governance	Page no.
	f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	73, 121, 123
	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	73, 121 - 122
	h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	121 - 122
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	102
5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	40
5.19	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:	95
	a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system.	
	b) management support in the effective implementation and continuous updation;	
	c) details about user training of ERP software;	
	d) how the company manages risks or control risk factors on ERP projects;	143
	e) how the company assesses system security, access to sensitive data and segregation of duties.	114
5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	111
5.21	Chairman's significant commitments and any changes thereto.	106
5.22	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	131

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Ref.	Analysis of the Financial Information	Page no
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	175 - 190
6.02	a) Analysis of financial ratios (Annexure I). b) Explanation of negative change in the performance against prior year.	179 188
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years	175, 193
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow For specific funds e.g Zakat)	183
6.05	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	190
6.06	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	50
6.07	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	3

Ref.	Business Model	Page no
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	13- 14

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Ref.	Disclosures on IT Governance and Cybersecurity	Page no
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	114
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	95
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	50, 114
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	114
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	114
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	114
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	126, 145
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	85- 97
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	114

Ref.	Future Outlook	Page no
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	127
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year	127, 131
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	127
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	127

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Ref.	Stakeholders Relationship and Engagement	Page no.
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	37-38
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees, and g) Analysts.	39-40
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	39
10.04	Investors' Relations section on the corporate website.	Refer website
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	40
10.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	27
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	39-40
10.08	Highlights about redressal of investors' complaints.	40

Ref.	Striving for Excellence in Corporate Reporting	Page no.
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	Before Table of Contents
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	Before Table of Contents
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	362

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Ref.	Assessment based on Qualitative Factors	Page no.
13.01	Overall quality of information contained in the annual report based on the following qualitative factors: a) Clarity, simplicity and lucidity in presentation of Financial Statements Clarity, simplicity and lucidity in presentation of financial statements. b) Theme on the cover page. c) Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report. d) Effectiveness and relevance of photos and graphs. e) Effectiveness of the theme on the cover page.	5 197-341 Before Table of Contents

7. گنیزارکائیٹھو (پرنٹل بلیٹ) 2018 کے مطابق، گنیزارکائیٹھو 2017 کے سیکشن 143 اور 144 کے مطلوبات سے مشروط ممبران کو اپنے ووٹ کے حق کو استعمال کرنے کے لیے بذریعہ پرنٹل بلیٹ ووٹ دینے کی اجازت دی جائے گی یعنی مذکورہ بالا ریکارڈ کے مطابق پرنٹل بلیٹ یا الیکٹرانک ووٹ دینا (الیکٹرانک ووٹ سے ووٹ دینا) مثال ہوگا۔

10. الیکٹرانک ووٹ ڈیٹا مینڈیٹ

گنیزارکائیٹھو 2017 کے سیکشن 242 کے تحت اقدام لیا گیا ہے کہ وہ اپنے شیئر ہولڈرز کو الیکٹرانک ووٹ کے ذریعے براہ راست اقتدار شیئر ہولڈرز کے نام کو ووٹنگ کا ڈاٹ کام میں نقل ووٹ ڈیٹا ادا کریں۔

براہ راست اپنے ووٹنگ کا ڈاٹ کام میں ووٹ ڈیٹا حاصل کرنے کے لیے فزیکل شیئرز کی صورت میں شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ کبھی کی ویب سائٹ پر دستیاب نقل ووٹ ڈیٹا کے الیکٹرانک کریڈٹ کے لیے شیئر ہولڈر انڈر ٹیکن قادم کر کے اور اسے درست قومی شناختی کارڈ کی کاپی کے ساتھ دیکھنا شیئر رجسٹرار، ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) (اے سی ایف) سے فراہم نہیں کی گئی۔

سی ڈی ای سی میں شیئر رجسٹریشن کی صورت میں، الیکٹرانک ووٹ ڈیٹا مینڈیٹ قادم براہ راست شیئر ہولڈر کے بروکر/ امیڈ اور سی ڈی ای سی اکاؤنٹ سرورسز کو جمع کروایا جائے گا۔
مطلوبات کی عدم وصولی کی صورت میں، کبھی شیئر ہولڈرز کو ووٹ ڈیٹا کی ادائیگی روکنے پر مجبور ہوگی۔

9. انکم ٹیکس آرڈیننس، 2001 کے پہلے شیڈول کے حصہ III کے ووٹرز ان کے ساتھ پڑے سیکشن 150 کی قیود میں 'ٹاکر' اور 'نان ٹاکر' شیئر ہولڈرز کے لیے بالترتیب 15% اور 30% کی شرح سے ووٹ ڈیٹا مینڈیٹ پر ووٹ ڈیٹا ٹیکس کی کوئی ہوگی۔ ایک 'ٹاکر' جو ایک ٹیکس دہندگان کا نام ایف بی آر کی طرف سے وثاقاً جاری کر دے، ایک ٹیکس دہندگان کے ساتھ (اصلی ایل) میں ظاہر ہوتا ہے اور 'نان ٹاکر' ٹاکر کے علاوہ کوئی دوسرا ٹیکس دہندگان کے لیے 15% ٹیکس دہندگان کے قابل بنانے کے لیے، تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے FBR کی ویب سائٹ پر تازہ ترین دستیاب (ATL) میں ظاہر ہوں، بصورت دیگر نان ٹاکرز کے لیے ان کے ٹیکس ڈیٹا مینڈیٹ 30% ٹیکس کا ہونا چاہئے گا۔ ووٹ ڈیٹا کی آمدنی سے ووٹ ڈیٹا ٹیکس کی چھوٹ کی اجازت صرف اس صورت میں دئی جائے گی جب درست ٹیکس اسٹیٹی کی سرٹیفیکٹ کی کاپی کتاب بند ہونے کے پہلے ان تک شیئر رجسٹرار، ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) فراہم کی جائے گی۔
ایف بی آر کے مطابق شیئر رجسٹرار کی صورت میں ووٹ ڈیٹا ٹیکس کا ٹیکس پرنٹل شیئر ہولڈر کے 'ٹاکر/ نان ٹاکر' ٹیکس کے ساتھ ساتھ ووٹ ڈیٹا مینڈیٹ ہولڈرز کے ٹیکس کی بنیاد پر ان کے شیئر ہولڈنگ کے تناسب کی بنیاد پر کیا جائے گا۔ جو ممبران شیئر رجسٹرار کو ووٹ ڈیٹا مینڈیٹ کے ساتھ شیئر رجسٹرار سے درخواست کی جاتی ہے کہ وہ پرنٹل شیئر ہولڈرز اور جو اگلے ووٹ ڈیٹا مینڈیٹ کے ساتھ ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار، ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) کو تحریری طور پر فراہم کریں۔ اگر وہ اسے رجسٹرار کو مطلوبہ معلومات فراہم نہیں کی گئی تو فرض کیا جائے گا کہ پرنٹل شیئر ہولڈر اور جو اگلے ووٹ ڈیٹا مینڈیٹ کے شیئر رجسٹرار کا تناسب میں ہیں۔

10. ڈکوٹا کی لاری کوئی سے اسٹیٹ کا دعویٰ کرنے کے لیے، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ NISP پر ڈکوٹا اعلامیہ قادم CZ-50 کی ایک تحریری شدہ کاپی شیئر رجسٹرار، ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) کو کتاب بند ہونے کے پہلے دن تک جمع کروائیں۔ اگر حصص غیر متحول شکل میں رکھے گئے ہیں تو اس طرح کے ڈکوٹا اعلامیہ قادم (CZ-50) کو شیئر ہولڈر کے سی ڈی ای سی اکاؤنٹ میں بذریعہ آن لائن کے ذریعے فراہم کیا جا سکتا ہے۔

مزید برآں، غیر مسلم حصص داران کو بھی اپنا پتہ فراہم کرنا ضروری ہے (<https://famcoars.com/downloads> پر دستیاب ہے) اگر شیئر رجسٹرار فزیکل سرٹیفیکٹ کی شکل میں ہیں تو کبھی کے شیئر رجسٹرار کو غیر متقول شکل کی صورت میں ہونے کی سی ڈی ای سی یا ڈیکوٹا شیئر رجسٹریشن سرورسز کے پاس جمع کروانا ہوگا۔

11. درست قومی شناختی کارڈ (CNIC) جمع کروانا (لاری)

ایسی سی ڈی ای سی بی کی ہدایات کے مطابق جن شیئر ہولڈرز کے درست قومی شناختی کارڈ، شیئر رجسٹرار کے پاس دستیاب نہیں ہیں ان کا ووٹ ڈیٹا مینڈیٹ جمع کروانا چاہئے۔ اس لیے فزیکل شیئر ہولڈنگ رکھنے والے تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے درست قومی شناختی کارڈ کی فوٹو کاپی قومی طور پر، اگر پہلے سے فراہم نہیں کی گئی ہے تو شیئر رجسٹرار، ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) کو جمع کروانے کے جمع کروائیں۔

12. غیر رجسٹرڈ ووٹ ڈیٹا

گنیزارکائیٹھو 2017 کے سیکشن 244 کے پر ووٹرز کے مطابق، کبھی کی طرف سے جاری کردہ کوئی بھی شیئر، یا اعلان کردہ ووٹ ڈیٹا جو ادائیگی کی تاریخ سے تین سال کی مدت تک غیر رجسٹرڈ اور غیر ادا شدہ ووٹ میں ہیں اور قابل ادا ہیں، انحصار فیڈرل گورنمنٹ کے کریڈٹ اور شیئر ہولڈرز کے ووٹ کو فائل کرنے کے لیے شیئر ہولڈرز کو جاری کردہ ووٹوں کے بعد تکلیف دہ رہے۔ ایچ بی ڈی (ایچ بی ڈی) کے ساتھ پاکستان میں جمع کروایا جائے گا۔ جاری کردہ شیئر اور کبھی کی طرف سے اعلان کردہ ووٹ ڈیٹا کی تفصیلات جو تین سال سے زیادہ سے پہلے ہیں، شیئر ہولڈرز کو بھیج دی گئی ہیں۔

شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے غیر رجسٹرڈ ووٹ ڈیٹا اور شیئر کے ووٹوں کی تاریخ پر درج کر دیا جائے۔ اگر مقررہ وقت میں کبھی کے پاس کوئی ووٹ کی تاریخ نہیں ملتا گیا تو، گنیزارکائیٹھو 2017 کے سیکشن 244(2) کے تحت اخبار میں نوٹس دینے کے بعد غیر رجسٹرڈ اور غیر ادا شدہ ووٹ اور حصص وفاقی حکومت کے پاس جمع کروا دیے جائیں گے۔

13. سی ڈی ای سی اکاؤنٹ سرورسز سے فزیکل شیئر ڈیٹا کی تبدیلی

ایسی ای سی بی نے اپنے لیٹرمبر۔ CSD/ED/Misc/2016-639-640 مؤرخہ 26 مارچ 2021ء کے ذریعے تمام ایسی گنیزارکائیٹھو کو مشورہ دیا ہے کہ وہ گنیزارکائیٹھو 2017 (11 ایکٹ) کے سیکشن 72 کی دفعات پر عمل کریں۔ جس کے تحت تمام گنیزارکائیٹھو کے لیے ضروری ہوگا کہ وہ ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل قادم میں جاری کردہ شیئر ڈیٹا ایکٹری قادم میں تبدیل کر دیا جائے۔ جس کے مطابق فزیکل فوٹو/شیئر سرٹیفیکٹ رکھنے والے کبھی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئر ڈیٹا فزیکل قادم سے جلد از جلد ایکٹری قادم میں تبدیل کر دیا جائے۔ شیئر ہولڈرز سی ڈی ای سی اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئر ڈیٹا ایکٹری قادم میں تبدیل کرنے میں مدد کے لیے لی ایس ایس ایس مجسٹریٹری ڈی ای سی حرکت کنندہ، یا سی ڈی ای سی الویٹڈ اکاؤنٹ سرورسز پر وائیلڈ سے رابطہ کر سکتے ہیں۔ ایک ایکٹری قادم میں حصص کو یہ قرار رکھنے کے بہت سے فوائد ہیں۔ سی ڈی ای سی کے ساتھ حصص کی محفوظ قبولی، ووٹنگ ریٹ، حصص کے اجراء کے لیے دستاویزی کارروائیوں سے گریز وغیرہ۔ کبھی کے شیئر ہولڈرز فزیکل شیئر ڈیٹا ایکٹری قادم میں تبدیل کرانے کے لیے کبھی کے شیئر رجسٹرار اور فرانسز ایکٹریٹ یعنی ممبر ڈیکو شیئر رجسٹریشن سرورسز (پرائیویٹ) (ایچ بی ڈی) سے رابطہ کر سکتے ہیں۔

A - Arms Length Basis پر کھیتی کا پتی حلقہ کھیتی، ایگریکلچرل اینڈ فوڈ پراجیکٹس لمیٹڈ تک توسیع دینے کے لیے ایک گروٹی لائن آف کریڈٹ کی صورت میں ایگریکلچرل قرضے کی منظوری پانچ بلین (5,000,000,000 روپے) کی مجموعی رقم میں جو کہ دیگر چیزوں کے علاوہ، قرضوں، ایڈوانسز یا کسی بھی قسم کی سیکورٹیز پر مشتمل ہے (بشمول ایگریکلچر کی حد کی ضمانتیں، سرکاری سیکورٹیز، نقد رقم، ذریعہ غیر روایتی سیکورٹیز وغیرہ) جو خصوصی قرارداد کی تاریخ کے ایک سال بعد تک فعال رہے گی، جس کی کھیتی کی جانب سے چار مرتبہ مسلسل ایک سال سے ذائد حرج میں تجدید کی جاسکتی ہے۔

B - Arms Length Basis پر کھیتی کا پتی حلقہ کھیتی، ایگریکلچرل اینڈ فوڈ پراجیکٹس لمیٹڈ تک توسیع دینے کے لیے ایک گروٹی لائن آف کریڈٹ کی صورت میں ایگریکلچرل قرضے کی منظوری پانچ بلین (5,000,000,000 روپے) کی مجموعی رقم میں جو کہ دیگر چیزوں کے علاوہ، قرضوں، ایڈوانسز یا کسی بھی قسم کی سیکورٹیز پر مشتمل ہے (بشمول ایگریکلچر کی حد کی ضمانتیں، سرکاری سیکورٹیز، نقد رقم، ذریعہ غیر روایتی سیکورٹیز وغیرہ) جو خصوصی قرارداد کی تاریخ کے ایک سال بعد تک فعال رہے گی، جس کی کھیتی کی جانب سے چار مرتبہ مسلسل ایک سال سے ذائد حرج میں تجدید کی جاسکتی ہے۔

حرج منظور کیا گیا کہ کھیتی کے چیف ایگزیکٹو آفیسر، چیف فنانس افسر اور/یا کھیتی سیکرٹری، کوئی بھی دو مشترکہ طور پر قانونی، کارپوریٹ اور ریگولیشن کارپوریشن کے لیے تمام اقدامات و اعمال اور نتیجے میں کرنے، مذکورہ قرارداد کے مقصد کو مکمل طور پر پورا کرنے کے لیے اس جانب سے ضروری سمجھے جانے والے تمام ضروری دستاویزات، اسٹیشن فائل کرنے کے لیے تیار ہیں۔

محمد احمد

 ایگزیکٹو آفیسر
 کھیتی سیکرٹری

تاریخ: 20 فروری، 2024
 کراچی

تعارف:

1. حرج سالانہ اکاؤنٹ دیکھنے پر پابندی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے 2018 کے سرٹیفکٹ کے ذریعے مورچہ 9 فروری، 2018 کو کمپنیز کو حرج سالانہ اکاؤنٹ دیکھنے کے لیے (جو کہ، کوہن، ایچ، جی، او ایس، پی) کی بھی صورت یا انعام میں حرج سالانہ اکاؤنٹ دیکھنے یا حرج سالانہ اکاؤنٹ دیکھنے کی اجازت دینے کی اجازت کی ہے، ایکٹ کے سیکشن 185 کے تحت، کسی بھی قسم کی خلاف ورزی کو جرم سمجھا جائے گا، اور کمپنیز کو مکمل درآمد نہ کرنے کی صورت میں جرمانے کا سامنا کرنا چاہ سکتا ہے۔

2. سالانہ اجلاس عام میں بذریعہ ویڈیو کنفرنس شرکت کی اجازت:

ممبران سے درخواست کی جاتی ہے کہ وہ ویڈیو کنفرنس میں شرکت کر کے حرج سالانہ اجلاس میں شرکت کریں جس کے انتظامات کھیتی کی جانب سے کیے جائیں گے۔ وہ تمام شیئرز ہولڈرز جو اجلاس میں شرکت کے خواہشمند ہیں، خواتین، بذریعہ ویڈیو کنفرنس یا براہ راست شرکت، ان سے درخواست ہے کہ وہ اپنا نام، فون نمبر، سو پائل نمبر، قومی شناختی کارڈ / پاسپورٹ نمبر <https://forms.office.com/r/2nKNTGkxUJN> پر رجسٹر کرنا گے۔ براہ راست شرکت یا ویڈیو کنفرنس کے لیے ان کی تفصیلات کی تصدیق ای میل میں صرف ان ممبران کو بھیجی جائے گی جن کی رجسٹریشن سالانہ اجلاس عام سے 45 دن قبل موصول ہوگئی ہوں۔
 شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈا آئیٹمز سے متعلق اپنی آراء اور سوالات agm.epcl@engro.com پر بھیج سکتے ہیں۔

3. سالانہ رپورٹ 2023 کی الیکٹرانک کاپی سنبھالنا:

ایکٹ کے سیکشن (8) 223 کی قیود میں، کھیتی نے الیکٹرانک طور پر سالانہ رپورٹ 2023 کو ای میل کے ذریعے ان شیئرز ہولڈرز تک پہنچا دیا ہے جن کے ای میل ایڈریس کھیتی کے شیئرز رجسٹریشن ڈیپارٹمنٹ کے ذریعے (پرائیویٹ) لیٹل کے پاس دستیاب ہیں۔ ان صورتوں میں، جہاں کھیتی کے شیئرز رجسٹریشن کے پاس ای میل ایڈریس دستیاب نہیں ہیں، انھیں مذکورہ سالانہ رپورٹ کو ڈاؤن لوڈ کرنے کے لیے QR کوال کوڈ / ویب لنک کے ساتھ سالانہ اجلاس عام کے پرنٹ شدہ ڈوکومنٹس دیکھنے کے لیے ای میل کے ذریعے درخواست پر کھیتی درخواست موصول ہونے کے ایک ہفتے کے اندر ان کے رجسٹرڈ پتے پر سالانہ رپورٹ کی کاپی ارسال کی جائے گی۔
 مزید، شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر شیئرز ڈیپارٹمنٹ میں ہیں تو کھیتی کے شیئرز رجسٹریشن ڈیپارٹمنٹ کے ذریعے درخواست موصول ہونے کے ایک ہفتے کے اندر ان کے رجسٹرڈ پتے پر کاپی کے ساتھ فراہم کریں یا اگر شیئرز ڈیپارٹمنٹ میں نہیں ہیں تو ممبر کے متعلقہ شرکت کنندہ، ایگزیکٹو آفیسر یا ایگزیکٹو ڈائریکٹر کو فراہم کریں۔

کھیتی کی حرج سالانہ رپورٹ کی کاپی بروز جمعرات، 21 مارچ، 2024 بروز جمعرات، 28 مارچ، 2024 (بشمول دو دنوں دن) بند رہے گی۔ ہمارے حرج سالانہ رپورٹ ڈیپارٹمنٹ کے شیئرز رجسٹریشن ڈیپارٹمنٹ (پرائیویٹ) لیٹل، 8-F نورنگارن ہوائی، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی، پی ای سی ایچ ایس، 34380101-5 (82-21) ایڈریس info.shares@famcoars.com کے آفس میں بروز جمعرات، 20 مارچ، 2024 کو کاروبار کی بندش سے قبل (شام 3:00 بجے) موصول شدہ فراہم شدہ مختلف اجلاس میں شرکت کرنے، ووٹ دینے اور فائل کیشن ڈیویڈنڈ کی ہمداری کے مقاصد کے لیے بروقت تصور کیے جائیں گے۔

دہم جو سالانہ اجلاس میں شرکت اور ووٹ کا حقدار ہے، اسے کسی دوسرے شخص کو اپنا پراکسی ہائے کا حق حاصل ہے اور ناجواز کردہ پراکسی کو اجلاس میں شرکت کرنے، بیلنگ اور ووٹ دینے کے وہ تمام حقوق حاصل ہوں گے جو ایک ممبر کو حاصل ہیں۔ پراکسی فارم کو اجلاس سے 48 دن قبل کھیتی کو موصول ہونا لازمی ہے۔ پراکسی کو کھیتی کا ممبر ہونا ضروری نہیں ہے۔

4. پراکسیوں کی تقریر کے تحت:

- (a) الرادی فرد کی صورت میں، اکاؤنٹ ہولڈر یا ایگزیکٹو اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سیکرٹری یا ڈائریکٹری کھیتی آف پاکستان لیٹل ریگولیشن کے مطابق اپ لوڈ کی گئی ہیں، دستاویز یا اسٹیٹمنٹ کے مطابق پراکسی فارم جمع کرنا گے۔
- (b) پراکسی فارم ہونا (سرو) گواہ ہونے کے جن کے نام، پتے اور قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- (c) سیکرٹری یا دیگر دست قومی شناختی کارڈ کی تصدیق شدہ کاپیاں یا پاسپورٹ اور پراکسی فارم کے ساتھ پیش کیے جائیں۔
- (d) پراکسی سالانہ اجلاس عام کے وقت اپنا دست قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرے۔
- (e) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا بورڈ آف انارٹی، ناجر شخص کے آکسی میں داخلہ، اگر پہلے فراہم نہ کیا گیا ہو تو پراکسی فارم کھیتی کو فراہم کرنے ہوں گے۔

سال کے دوران پاکستان اسٹاک ایکسچینج میں کمپنی کے 391 ملین شیئرز کا کاروبار ہوا۔ یومیہ بند ہونے کی شرح کی بنیاد پر کمپنی کے شیئرز کی اوسط قیمت 44.17 روپے تھی۔ 2023 کے دوران 52 ہفتوں کی کم ترین سطح بالترتیب 38.50 سے 52.39 فی شیئر تھی۔

صالح حسرت

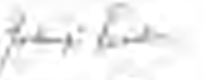
بورڈ آف ڈائریکٹرز نے 1.00 فی عمومی شیئر اور 0.87 فی ترجیحی شیئر کے حتمی نقد منافع کا اعلان کیا جو سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے منظور کیا جاتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اسے ایف فرگوسن اینڈ کمپنی رجسٹرار ہونے ہیں اور انہوں نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے جس کی بورڈ آف ڈائریکٹرز نے توثیق کر دی ہے۔



کامران نیشاد
ڈائریکٹر



جواگیر پراچہ
چیف ایگزیکٹو آفیسر

سالانہ اجلاس عام کا نوٹس

مطلع کیا جاتا ہے کہ مندرجہ ذیل کا روپا رسی انجمن کی اجلاس عام کے لیے ایجنڈا پر پندرہ ایجنڈے کی پیشکش (”کمپنی“) کا پھیلنا ہوا سالانہ اجلاس عام، بروز جمعرات، 28 مارچ 2024 کو دوپہر 02:30 بجے، کراچی اسکول آف بزنس ایڈمنسٹریشن (KSBL) پبلس اسٹیڈیم روڈ، ہال مقابل اہانت جینس ہسپتال، کراچی۔ 74800 میں منعقد ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ اپنی شرکت کے لیے سالانہ اجلاس عام میں شرکت کریں جس کے احکامات کمپنی نے کیے ہیں (تفصیلات کے لیے روپا رسی انجمن کی ویب سائٹ پر ملاحظہ کریں)۔

(A) عمومی امور

1۔ کمپنی کے 31 دسمبر 2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے اپنانے، جائزہ اور وصولی کے لیے بشمول ڈائریکٹرز رپورٹ، آڈیٹرز رپورٹ اور بئنچر میں کی جائزہ رپورٹ۔ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے مطابق کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جو مندرجہ ذیل لنک QR فعال کوڈ سے ادا کار کو ڈیکھ سکتے ہیں:



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

2۔ اعلان کرنے اور منظوری دینے کے لیے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق ڈیویڈنڈ کی ادائیگی درج ذیل ہوگی:
ترجیحی حصص داران کے لیے 31 دسمبر، 2023 کو ختم ہونے والے سال کے لیے حتمی نقد ڈیویڈنڈ 0.87 روپے فی شیئر ہوگا جو کہ 6.7 لاکھ روپے، یہ دیویڈنڈ 1.65 روپے فی شیئر 16.5 لاکھ روپے سے ادا شدہ نقد ڈیویڈنڈ کے علاوہ ہے۔
عام حصص داران کے لیے 31 دسمبر، 2023 کو ختم ہونے والے سال کے لیے حتمی نقد ڈیویڈنڈ 1 روپے فی شیئر ہوگا جو کہ 10 لاکھ روپے، یہ دیویڈنڈ 5.00 روپے فی شیئر 50 لاکھ روپے سے ادا شدہ نقد ڈیویڈنڈ کے علاوہ ہے۔

3۔ ممبران کو مطلع کیا جاتا ہے کہ سال 2024 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنے کے لیے بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے رجسٹر ہونے والے آڈیٹرز میسرز اسے ایف فرگوسن اینڈ کمپنی، کے نام کی سفارش کی ہے۔

(B) خصوصی امور:

4۔ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے مطابق (1) S.R.O.388/2023 مورخہ 21 مارچ 2023 کو سالانہ رپورٹ (بشمول آڈٹ شدہ مالیاتی گوشوارے) آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، بئنچر میں کی جائزہ رپورٹ اور حصص داران کی میٹنگ کا نوٹس) کے سرٹیفیکٹ کی منظوری۔
منظور کیا گیا کہ ایجنڈا پر پندرہ ایجنڈے کی پیشکش (”کمپنی“) اپنے کمپنی کے ممبران کو بذریعہ ویب لنک اور QR فعال کوڈ اپنی سالانہ رپورٹ سرٹیفیکٹ کرنے کی اجازت ہے، جس میں آڈٹ شدہ مالیاتی گوشوارے آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، بئنچر میں کی جائزہ رپورٹ اور حصص داران کی میٹنگ کا نوٹس اور دیگر پورٹس شامل ہیں۔

5۔ غور کرنے کے لیے اور اگر مناسب سمجھا جائے تو کمپنی کے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق مندرجہ ذیل خصوصی قرارداد کو کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت کمپنیز (ایسی لیکچر) ایسی لیکچر (ایسی لیکچر) ایسی لیکچر میں سرکاری (2017) کی ریگولیشن کے مطابق فریم، اضافہ یا حذف کے ساتھ یا اس کے بغیر پاس کیا جائے۔
منظور کیا گیا کہ ایجنڈا پر پندرہ ایجنڈے کی پیشکش (”کمپنی“) کے ممبران کو درج ذیل امور کے لیے خصوصی قرارداد کے ذریعے کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت کمپنیز (ایسی لیکچر) ایسی لیکچر (ایسی لیکچر) ایسی لیکچر میں سرکاری (2017) کے ضوابط کے ساتھ منظور کی جائے۔

سال 2013 میں، کمپنی نے اپنے پرانے پروڈیٹس فنانس کے انتظامات سے ایک نئے پروڈیٹس فنانس میں منتقلی کی، ایگزیکٹو کارپوریشن لیٹڈ (جی ایڈی کمپنی) اس کے انتظامات دیکھتی ہے۔ اس فنڈ سے متعلق مالیاتی معلومات 30 جون 2023 تک کے فنڈ کے تازہ ترین آڈٹ شدہ مالیاتی گوشواروں اور 31 دسمبر 2023 تک کے غیر آڈٹ شدہ مالیاتی گوشواروں پر مبنی ہے، جو ایگزیکٹو کارپوریشن لیٹڈ کے زیر انتظام ہیں۔

انڈیکس تفصیلات درج ذیل ہیں:

(PKR میں)	31 دسمبر 23	30 جون 23
کل اثاثے	5,559,947,049	5,909,242,343
سرمایہ کاری کی لاگت	4,818,644,811	4,976,330,908
سرمایہ کاری کا فیصد	86.67%	84.21%
سرمایہ کاری کی مناسب قیمت	5,379,476,393	5,147,597,849

صحتی جنوع پروڈیٹس کی پالیسی

بورڈ ادارے کے اندر تمام سطحوں پر صحتی جنوع کو فروغ دینا ہے۔ اس سلسلے میں، محترمہ عائشہ عزیز کو 2020 میں کمپنی کے بورڈ پر ایک آزاد ڈائریکٹر کی حیثیت میں مقرر کیا گیا۔

گورننگ بورڈ کی پالیسی

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا جائزہ لیتا ہے۔ ان میں کمپنی کی اہم کاروباری رخ، سالانہ کاروباری پلانز اور اہداف، طویل مدتی سرمایہ کاری اور قرض لینے کے فیصلے شامل ہیں۔ بورڈ آف ڈائریکٹرز گورننگ بورڈ کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز کو یہ اطلاع دینے سے خوشی ہو رہی ہے کہ:

- انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کی حالت، آپریشنز کے نتائج، کیش بنلینس اور ایکٹیویٹی میں ہونے والی تبدیلیوں کا کافی حد تک احاطہ کرتے ہیں۔
- اکاؤنٹس کی باقاعدہ پیکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو نافذ کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مستعمل اور دانشمندانہ فیصلے پہنچی ہیں۔
- پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور کسی بھی انحراف کو مناسب طور پر واضح کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے موثر طریقے سے لاگو کیا گیا اور اس کی نگرانی کی گئی ہے۔
- اپنے آپریشنز کو جاری رکھنے کی کمپنی کی قابلیت پر کوئی شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہوا ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔

بورڈ کا بنیادی خطرات سے متعلق جائزہ

بورڈ نے کمپنی کو درپیش خطرات کا جائزہ لیا ہے وہ جو کاروباری ماڈل، مستقبل کی کارکردگی، سٹاک ہولڈرز یا گریڈیڈ میں کے لیے خطرہ بن سکتے ہیں۔

ڈائریکٹرز کے لیے ترقیاتی پروگرام

ڈائریکٹرز کا ترقیاتی پروگرام جناب غیاث خان، محترمہ عائشہ عزیز، جناب جہانگیر پراچہ، جناب کامران نشاط، جناب منظور علی، جناب اور سید شجواہ جی نے گزشتہ سالوں کے دوران ایس ای سی پی سے منظور شدہ پاکستان کے مابین آزاد اداروں سے مکمل کیا۔

ڈائریکٹرز اور مشن

کمپنی کا بورڈ آف ڈائریکٹرز مختلف پیشہ ورانہ پس منظر سے تعلق رکھنے والے افراد پر مشتمل ہے جو وسیع تجربہ رکھتے ہیں۔ نئے ڈائریکٹرز کی تقرری پر انہیں مارکیٹ کی ان قوتوں کے بارے میں تعارف اور آگاہی دی جاتی ہے جو کمپنی، اس کے آپریشنز، ادارہ کی طویل مدتی حکمت عملی کو کسی نہ کسی طرح متاثر کرتی ہیں۔ اس کے علاوہ، انہیں تمام اسٹیک ہولڈرز کے لیے مخلصانہ اور اہم ذمہ داریوں سے آگاہ کیا جاتا ہے۔

غیر ملکی ڈائریکٹرز کی سیکورٹی پالیسی

کمپنی کسی بھی غیر ملکی ڈائریکٹرز کی تقرری کے لیے ایس ای سی پی کی ہدایات پر عمل کرتی ہے اور وزارت داخلہ کی جانب سے سیکورٹی کلیئرنس کے اجراء کے بعد ہی غیر ملکی ڈائریکٹرز کی تقرری کی جاتی ہے۔

قانونی تقاضوں سے زیا: دیگر کوئی طریقہ کار کا نفاذ

- تفصیلات کو فروغ دینے کے لیے، کمپنی ایک ذمہ دار کارپوریٹ شہری کی حیثیت میں، ہمیشہ اپنا ذمہ دارانہ اور شفاف طرز عمل رکھتی ہے۔
- SAFA اور ICARICMAP کی تجویز کردہ ہدایات کے خلاف رپورٹنگ کی ضروریات پیج مارکس رکھی جاتی ہیں۔
- ایک سخت اندرونی تجارتی پالیسی اپنائی، جو قانونی تقاضوں سے بالاتر ہے۔
- تجربہ کاروں کی سماجی برائے منصفہ کمیشن اور تمام اسٹیک ہولڈرز کے ساتھ باقاعدگی سے روابط رکھے جاتے ہیں۔
- اپنے ملازمین، برادری اور ماحول کے تحفظ کے لیے صحت، حفاظت اور ماحولیات کی پالیسی کا اطلاق کر کے واضح کیا گیا ہے۔
- آس پاس کی آبادیوں کے معیار زندگی کو بہتر بنانے کے لیے صحت اور تعلیم کے منصوبے شروع کئے ہیں۔
- گروپ کمپنیوں کے ملازمین پر کلوز پیئر کی ضروریات کو جاننے کی ذمہ داری عائد کی گئی ہے۔
- اس بات کو یقینی بنایا جاتا ہے کہ کمپنی کی نجی ملکیت والے ماتحت ادارے پیج مارک گورننس کے طریقوں کی تعمیل کرتے ہیں۔

بورڈ اور انتظامیہ کے فیصلوں کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی کی حکمت عملی کی سمت کا تعین اور اس کے نفاذ اور پیشرفت کی نگرانی کے ذمہ دار ہیں۔ دوسری جانب، انتظامیہ ٹیم کو بورڈ کی طرف سے منظور شدہ منصوبہ بندیوں کے کامیاب نفاذ کو یقینی بنانے کا کام سونپا گیا ہے۔ بورڈ نے کمپنی کے موثر انتظام اور آپریشن اور اس کی حکمت عملیوں کے نفاذ کے لیے ضروری فیصلے کرنے کا اختیار انتظامیہ کو سونپ دیا ہے۔

2023 میں، بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریوں کی انجام دہی کے لیے 5 اجلاس بلائے، اور ایکٹو کی ماہنامی اور جزیلی ہے:

ڈائریکٹرز کی نمائندگی	
جناب فیاض الدین خان	5
محترمہ عائشہ عزیز	5
جناب منظور علی بیگ	5
جناب جہاگیر پراچہ	5
جناب نوموین کوٹلو	4
جناب طارق فار	3
جناب سید شہزاد نبی	3
جناب قیوم رضوی	2
جناب ارشد حسن	2
جناب رضوان مسعود راجہ	1
جناب شعیب حسین ہاشمی	1
جناب نادر سالار قریشی	1

بہبود کی تفصیل	
مرد	7
عورت	1

کٹنگ	
جناب فیاض خان	تانا ایگزیکٹو ڈائریکٹر
جناب طارق فار	
جناب نوموین کوٹلو	
سید شہزاد نبی	
جناب جہاگیر پراچہ	ایگزیکٹو ڈائریکٹر، ای او
جناب منظور علی بیگ	آزاد ڈائریکٹر
جناب کامران بشاٹا	
محترمہ عائشہ عزیز	آزاد ڈائریکٹر، خاتون

بورڈ آف ڈائریکٹرز	
جناب کامران بشاٹا	چیئر پرسن
جناب منظور علی بیگ	ممبر
جناب مسز نوموین کوٹلو	ممبر

بورڈ چیئرمین	
محترمہ عائشہ عزیز	چیئر پرسن
جناب طارق فار صاحب	ممبر
جناب منظور علی بیگ	ممبر

ڈائریکٹرز کا حوالہ

کمپنی میں کنٹریباکٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق اپنے ڈائریکٹرز کے عہدے کے لیے ایک باخوابہ پالیسی اور مختلف طرح کے کارپوریٹ گورننس پالیسی نان ایگزیکٹو ڈائریکٹرز کو کارپوریٹ گورننس کی اہلیت کی تصدیق دیتی ہے۔

بورڈ بورڈ کمپنی کے اجلاس میں شرکت کے لیے ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو 15 دنوں کے اندر بیکورس سے متعلقہ کی تفصیل مندرجہ ذیل 326 پر دی گئی ہے۔ (نوٹ 38 ان کنسولڈیٹڈ مالیاتی گوشوارے)

اہم شعبہ جات کے ذمہ دار

انکم ٹیکس، دفعات، ہنگامی حالات اور واجبات مندرجہ ذیل 10 ٹول اور دیگر اہم شعبوں کے بارے میں تفصیلات جن میں مشروط فیصلے اور مالیاتی گوشواروں پر مادی اثر ڈالتے والے معاملات بھی شامل ہیں، ان کا ڈیٹس کے نوٹس میں مل سکتے ہیں۔

انکم ٹیکس کے معیارات

کمپنی کے مالیاتی گوشوارے پاکستان میں نافذ انکم ٹیکس اور ریگولیشنز کے مطابق تیار کیے گئے ہیں۔ پاکستان میں انکم ٹیکس اور ریگولیشنز کے معیارات جزیلی پر مشتمل ہیں۔

انٹرنیشنل انکم ٹیکس اسٹینڈرڈز بورڈ (IASB) کے ذریعے جاری کردہ بین الاقوامی مالیاتی ریگولیشنز (IFRSs) جیسا کہ کنٹریباکٹ، 2017 کے تحت مطلع کیا گیا ہے۔ اور

کنٹریباکٹ 2017 کے تحت جاری کردہ پروویژن اور ہدایات۔

جہاں کنٹریباکٹ 2017 کے تحت جاری کردہ دفعات اور ہدایات IFRS سے مختلف ہیں، وہاں کنٹریباکٹ 2017 کے تحت جاری کردہ دفعات اور ہدایات کی پیروی کی گئی ہے۔

پٹرول آف شیئر ہولڈنگ			
شیئر ہولڈنگ کی تعداد	کم از کم	زیادہ سے زیادہ	کل شیئر
1	955,001	960,000	960,000
1	985,001	990,000	985,405
3	995,001	1,000,000	3,000,000
1	1,040,001	1,045,000	1,040,640
1	1,045,001	1,050,000	1,048,737
1	1,095,001	1,100,000	1,100,000
1	1,160,001	1,165,000	1,164,884
1	1,365,001	1,370,000	1,369,956
2	1,395,001	1,400,000	2,796,514
1	1,410,001	1,415,000	1,414,290
1	1,415,001	1,420,000	1,417,000
1	1,445,001	1,450,000	1,450,000
1	1,495,001	1,500,000	1,500,000
1	2,140,001	2,145,000	2,142,020
1	2,345,001	2,350,000	2,350,000
1	2,580,001	2,585,000	2,582,095
1	2,995,001	3,000,000	3,000,000
1	3,715,001	3,720,000	3,716,195
1	4,460,001	4,465,000	4,463,582
1	10,860,001	10,865,000	10,864,780
1	90,780,001	90,785,000	90,781,821
1	100,050,001	100,055,000	100,053,563
1	510,730,001	510,735,000	510,733,453
36,550			906,923,333

پٹرول آف شیئر ہولڈنگ			
شیئر ہولڈنگ کی تعداد	کم از کم	زیادہ سے زیادہ	کل شیئر
2	365,001	370,000	736,324
2	395,001	400,000	797,999
1	405,001	410,000	410,000
1	410,001	415,000	410,586
1	415,001	420,000	415,471
1	425,001	430,000	430,000
2	440,001	445,000	889,212
3	445,001	450,000	1,347,920
2	455,001	460,000	914,138
1	480,001	485,000	485,000
4	495,001	500,000	2,000,000
1	515,001	520,000	518,627
1	560,001	565,000	565,000
1	565,001	570,000	566,849
1	570,001	575,000	573,018
4	595,001	600,000	2,397,000
1	605,001	610,000	606,080
1	620,001	625,000	622,500
1	665,001	670,000	666,849
1	675,001	680,000	677,726
2	680,001	685,000	1,369,956
1	695,001	700,000	700,000
1	700,001	705,000	704,000
1	705,001	710,000	705,873
1	710,001	715,000	711,530
2	720,001	725,000	1,450,000
1	745,001	750,000	746,977
1	775,001	780,000	780,000
1	785,001	790,000	787,000
1	845,001	850,000	846,905
1	895,001	900,000	900,000
1	910,001	915,000	914,462

پنشن آف شیئر ہولڈنگ			
شیئر ہولڈنگ کی تعداد	کم از کم	زیادہ سے زیادہ	کل شیئرز
4	190,001	195,000	770,255
9	195,001	200,000	1,800,000
6	200,001	205,000	1,214,503
4	205,001	210,000	834,350
1	210,001	215,000	215,000
6	215,001	220,000	651,416
1	220,001	225,000	221,565
1	225,001	230,000	230,000
2	230,001	235,000	464,667
1	235,001	240,000	235,500
2	245,001	250,000	500,000
5	250,001	255,000	1,257,708
1	255,001	260,000	260,000
1	265,001	270,000	267,377
6	270,001	275,000	1,369,789
1	275,001	280,000	279,000
1	280,001	285,000	283,951
1	285,001	290,000	286,298
1	290,001	295,000	295,000
7	295,001	300,000	2,096,483
1	300,001	305,000	300,756
1	310,001	315,000	314,000
1	315,001	320,000	316,500
2	320,001	325,000	647,900
6	325,001	330,000	985,250
1	330,001	335,000	333,333
6	335,001	340,000	1,014,024
1	340,001	345,000	344,940
4	345,001	350,000	1,396,200
2	350,001	355,000	705,073
3	355,001	360,000	1,080,000
1	360,001	365,000	365,000

پنشن آف شیئر ہولڈنگ			
شیئر ہولڈنگ کی تعداد	کم از کم	زیادہ سے زیادہ	کل شیئرز
129	30,001	35,000	4,245,115
70	35,001	40,000	2,700,665
40	40,001	45,000	1,714,960
107	45,001	50,000	5,277,651
44	50,001	55,000	2,326,844
41	55,001	60,000	2,388,772
25	60,001	65,000	1,591,057
29	65,001	70,000	1,998,634
12	70,001	75,000	884,604
18	75,001	80,000	1,410,532
14	80,001	85,000	1,156,820
21	85,001	90,000	1,860,367
17	90,001	95,000	1,592,456
38	95,001	100,000	3,786,282
14	100,001	105,000	1,440,349
15	105,001	110,000	1,626,108
11	110,001	115,000	1,233,572
12	115,001	120,000	1,416,999
4	120,001	125,000	497,725
6	125,001	130,000	779,269
4	130,001	135,000	535,565
2	135,001	140,000	277,500
3	140,001	145,000	431,394
7	145,001	150,000	1,045,500
8	150,001	155,000	1,223,170
4	155,001	160,000	633,549
4	160,001	165,000	645,436
3	165,001	170,000	508,000
5	170,001	175,000	866,821
3	175,001	180,000	540,000
7	180,001	185,000	1,282,904
6	185,001	190,000	1,130,765

نمبر	رکھے گئے شیئرز کی تعداد	نمبر	رکھے گئے شیئرز کی تعداد
1	2,142,020	1	پنجاب چائن فنانس
2	1,164,884	2	اٹلس اسلامک مارکیٹ فنڈ
3	746,977	3	KSE میزان انڈیکس فنڈ
4	705,873	4	INBP اسلامک فنڈ
5	622,500	5	اٹلس اسلامک اسلامک فنڈ
6	597,000	6	HBL آگم فنڈ-MT
7	444,212	7	پنجاب جرنل پروویڈنٹ فنڈ-توسیع فنڈ
8	344,940	8	فیصل ایم بی ایس فنڈ-MT
9	325,250	9	HBL ٹرانزیشن سیکرٹریٹ فنڈ پلان-MT
10	180,000	10	الحیب اسلامک اسلامک فنڈ
11	173,314	11	فیصل اسلامک اسلامک فنڈ
12	133,000	12	اٹلس چائن اسلامک فنڈ-ایکویٹی سب فنڈ
13	120,000	13	اٹلس اسلامک ڈیڈ ویگٹ اسلامک فنڈ
14	111,730	14	IAML ایکویٹی فنڈ
15	80,000	15	اٹلس چائن فنڈ-ایکویٹی سب فنڈ
16	66,310	16	اس کے ڈی ایچ ایس آر کے فنڈ
17	64,604	17	پاک قطر اسلامک اسلامک فنڈ
18	50,000	18	پاک اومان ایڈوانس ایسٹ ایلیمنٹس فنڈ
19	50,000	19	پاک عمان اسلامک ایسٹ ایلیمنٹس فنڈ
20	49,173	20	NBP پیلسی فنڈ
21	31,608	21	فیصل اسلامک چائن فنڈ-ایکویٹی سب فنڈ
22	28,350	22	فیصل چائن فنڈ-ایکویٹی سب فنڈ
23	21,000	23	الحیب چائن فنڈ-ایکویٹی سب فنڈ
24	20,000	24	الحیب اسلامک چائن فنڈ-ایکویٹی سب فنڈ
25	10,000	25	ٹرسٹ مضاربت
26	6000	26	فرسٹ انور مضاربت
27	3,515	27	پاک قطر اسلامی چائن فنڈ-ایکویٹی سب فنڈ
28	2,500	28	الزمین مضاربت پیمنٹ (پرائیویٹ) لمیٹڈ
29	75	29	ABL اسلامک اسلامک فنڈ
30	31	30	ABL اسلامک فنڈ
	8,294,866		کل

نمبر	رکھے گئے شیئرز کی تعداد	نمبر	رکھے گئے شیئرز کی تعداد
1	510,733,453	1	ایگروکار پوریشن لمیٹڈ
2	100,053,563	2	ملویشی کارپوریشن
3	90,781,821	3	جناب مدیم قمار
	701,568,837		کل

8 عام مجامع (مقامی)

نمبر	رکھے گئے شیئرز کی تعداد	نمبر	رکھے گئے شیئرز کی تعداد
	161,193,660		کل

10 دیگر

نمبر	رکھے گئے شیئرز کی تعداد	نمبر	رکھے گئے شیئرز کی تعداد
	19,661,338		کل

31 دسمبر 2023 کو شیئر ہولڈنگ کا طریقہ کار

کل شیئرز	زیادہ سے زیادہ	کم از کم	میزن آف شیئر ہولڈنگ	شیئر ہولڈر کی تعداد
94,564	100	1		2,178
8,713,001	500	101		19,134
4,982,867	1,000	501		6,522
13,129,349	5,000	1,001		6,087
10,980,082	10,000	6,001		1,411
7,284,105	15,000	10,001		569
7,026,854	20,000	15,001		382
5,627,571	25,000	20,001		245
4,178,210	30,000	25,001		147

نمبر	رکھ گئے شیئرز کی تعداد
کل	434,685

3 متعلقہ کمپنیاں، ادارے اور متعلقہ فریق

نمبر	رکھ گئے شیئرز کی تعداد
1	ایگزیکٹوز کارپوریشن لمیٹڈ
2	مشورشی کارپوریشن
3	جناب محمد ثناء
4	ای پی ای ایل ایسپلائمنٹس
کل	702,609,677

4 ICP اور NIT

نمبر	رکھ گئے شیئرز کی تعداد
کل	-

5 بینک ترقیاتی مالیاتی ادارے، غیر بینکنگ مالیاتی ادارے

نمبر	رکھ گئے شیئرز کی تعداد
کل	1,148,726

6 انشورنس کمپنیز

نمبر	رکھ گئے شیئرز کی تعداد
کل	15,573,875

نمبر	شیئر ہولڈرز کی تفصیلات	سر ہولڈرز کی تعداد	سرورق تعداد	تصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور ان کی شریک حیات اور ناپائے بچے	8	6,506	0.00
2	ایگزیکٹوز	3	434,685	0.05
3	متعلقہ کمپنیاں، ادارے اور متعلقہ فریق	4	702,609,677	77.30
4	ICP اور NIT	-	-	-
5	بینک ترقیاتی مالیاتی ادارے، غیر بینکنگ مالیاتی ادارے	7	1,148,726	0.13
6	انشورنس کمپنیاں	7	15,573,875	1.71
7	میوٹیل فنڈز اور مضارب	30	8,294,866	0.91
8	شیئر ہولڈرز جس کے پاس 5% یا اس سے زیادہ	3	701,568,837	77.19
9	عام آدمی	-	-	-
	الف مقامی	36345	161,193,860	17.73
	ب غیر ملکی	-	-	-
10	دیگر	146	19,661,338	2.16
	کل (5% یا اس سے زیادہ کے حامل شیئر ہولڈرز کو چھوڑ کر)	36,550	908,923,333	100

یہ رنگ فریم ورک کے تحت شیئر ہولڈنگ کی تفصیلات پیش کی گئی ہیں۔

1- ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور ان کی شریک حیات اور ناپائے بچے

نمبر	رکھ گئے شیئرز کی تعداد
1	جناب فریاد الدین خان
2	جناب نوسریا کوثر
3	جناب سید شہزاد نبی
4	جناب طارق قار
5	محترمہ عائشہ عزیز
6	جناب منظور علی بیگ
7	جناب کامران نشاء
8	جناب طارق عزیز
کل	6,506

متنوع ٹیلنٹ کی شمولیت کمپنی کے DE&I ڈاٹن کے پیچھے اہم ترین مقصد ہے جس کا ثبوت 2022 میں 54 ملازمن سے 2023 میں 83 تک متنوع ٹیلنٹ کے ذریعے کیا گیا۔ HR کے تمام طریقوں میں مساوی مواقع کی بھرتی اور غیر رہائشی مہدوں پر متنوع کرداروں کی بھرتی کو فروغ دینے والے مظاہرے کی کوشش کی گئی۔ ہماری DEI حکمت عملی کا مقصد 2025 تک 16% تنوع کا تناسب ہے، جس کی عکاسی قیادت میں متنوع مساوات، اپنے ملازمن اور فریقین کاٹ کی ورک فورس کے لیے DEI حساسیت کی تربیت اور "شیشے کی چھت کو توڑنا" جیسے کوچنگ پروگراموں سے ہوتی ہے۔

بھرتی کی منصوبہ بندی میں مساوی ملازمت کے اشتہارات اور کم نمائندگی والے علاقوں تک ڈارگٹ آؤٹ ریچنگ کا استعمال اس بات کو یقینی بنانے کے لیے کیا جاتا ہے کہ حقیقت میں مساوی مواقع کا نفاذ ہو۔

اہم انتظامی مہدوں پر خواتین کی موجودگی، امتیازی سلوک کے بغیر قابلیت پر کیریئر میں ترقی کی حمایت کرنے کے ہمارے عزم کی مثال ہے۔ یہ عزم مختلف کرداروں میں خواتین ملازمن کو فروغ دینے اور سٹنٹ انجینئرز، پارٹنرز، اور سٹریٹجی جیسے شعبوں میں مستثنیٰ رکاوٹوں کو ختم کرنے تک پھیلا ہوا ہے۔

ہماری دوستانہ پالیسیاں کام کی جگہ سے باہر تک پھیلی ہوئی ہیں جو ایک ملازم کی زندگی کے متعدد پہلوؤں میں جامع تعاون کی پیشکش کرتی ہیں، اس میں معمولی رہائش، ٹرانسپورٹ، اور تعلیم یا دیگر بحال کی ضروریات کے لیے "بریک کے بعد" جیسے منفرد پروگرام اور ایسی چیزوں کے لیے آف ٹریک پالیسی شامل ہیں۔ مزید برآں، ہم کیونٹی آؤٹ ریچنگ میں غلاتی سرگرمیوں میں مشغول رہتے ہوئے، سٹیٹمنٹ پروگرام جیسے اقدامات کے ذریعے سماجی ترقی میں حصہ لیتے ہیں۔ ان اقدامات کا مقصد ملازمن کو بااختیار بنانا ہے تاکہ وہ ملک کی بہتری کے لیے اپنی برادریوں کے ساتھ رابطہ قائم کر کے چلنی سٹیج پر مثبت اثر ڈالیں۔

حتمی طور پر، ہمارا مجموعی نقطہ نظر بھرتی، کیریئر کی ترقی، قائدانہ تعاون، کیونٹی کی معروضیت، اور تعلیم و ترقی پر مشتمل ہے، جو کام کی جگہ تخلیق، تنوع کو اہمیت اور زندگی کے مختلف حالات میں ملازمن کی فعال طور پر مدد کرتا ہے۔

اسٹیک ہولڈرز کی معروضیت اور تعلقات

کمپنی اپنے اسٹیک ہولڈرز کے ساتھ تمام سطحوں پر مشغول رہنے کے لیے عزم ہے، اور ہم نے ان کے ساتھ بات چیت اور تعاون کے لیے گزشتہ سال کے دوران مختلف پلیٹ فارمز کا استعمال کیا۔ اس میں تجزیہ کاروں کی سماجی ریفرنس، پریس ریلیز، پلانٹ وزٹ، انٹرنیٹ سائیکل معاملات کے حوالے سے اسٹاک ایجنٹ کی تفصیلات، اور غیر رسمی گفتگو شامل ہے۔

تمام ریگولیٹری تقاضوں کی تعمیل کے لیے، کمپنی نے متعلقہ حکام، بشمول ٹیکس ایجنسیوں، پاکستان اسٹاک ایکسچینج، اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ساتھ قریبی ہم آہنگی برقرار رکھی ہے۔ ہم اپنے ویب سائٹ اور صارفین کے ساتھ رسمی اور غیر رسمی میٹنگز یا میٹنگز اور کانفرنسیں، تکنیکی مدد اور کاروباری ترقی کی خدمات فراہم کرنے کے لیے تعلق قائم کئے آئے ہیں۔

چونکہ ملازمن کمپنی کی ترقی میں اہم کردار ادا کرتے ہیں، ہم باقاعدگی سے ان کی احوال پزیری کا جائزہ لیتے ہیں اور اپنے نتائج کا مستحق معیاروں سے موازنہ کرتے ہیں۔ اس کے بعد ہم مناسب حکمت عملی تیار کرنے کے لیے اس معلومات کو متعلقہ مینیجرز اور HR کے ساتھ شیئر کرتے ہیں۔

حکومت سے دستاویز تعاون

کمپنی درج ذیل شعبوں میں حکومت سے تعاون کی درخواست کرتی ہے:

• **GIDC کیس:** 2020 میں، سپریم کورٹ نے GIDC (گیس انفراسٹرکچر ڈیولپمنٹ بس ایگٹ) معاملے میں ایک حکم جاری کیا، جس کے نتیجے میں کمپنی کا 48 ماہہ اقساط میں GIDC ادا کرنا چاہیے کرنے کی ڈیمانڈ ہے۔ اس سلسلے میں اظہار رائے کی درخواست خارج کر دی گئی ہے۔ کمپنی نے GIDC کے اثرات کو صارفین تک نہیں پہنچایا کیونکہ PVC کی قیمتوں کا تین تین الاقوامی قیمتوں کے مقابلے میں کیا جاتا ہے، جبکہ کاسٹک قیمتوں کا تین ڈیماٹریک سلائی کی صورت حال کے ذریعے کیا جاتا ہے۔ فی الحال سندھ ہائی کورٹ سے حاصل اسے آرڈر برقرار ہے۔ کمپنی حکومت سے درخواست کرتی ہے کہ وہ اس معاملے میں مداخلت کرے اور باہمی طور پر مناسب حل کے لیے تمام اسٹیک ہولڈرز کے ساتھ موثر مذاکرات کا اہتمام کرے۔

• **PVC درآمدات پر ڈیوٹی:** PVC پر درآمدی ڈیوٹی کی موجودہ سطح کو برقرار رکھنا مقامی PVC صنعت کے لیے بہت ضروری ہے۔ 2021 میں، کمپنی نے PVC کی پیداواری صلاحیت کو 295,000 ٹن تک بڑھانے کے لیے تقریباً 150 ملین امریکی ڈالر کی سرمایہ کاری کی، جو مقامی مارکیٹ کی طلب سے زیادہ ہے۔ کمپنی کا خیال ہے کہ کوئی بھی غیر رہنما تریڈیشن اس کی سرمایہ کاری اور عالمی سطح پر مسابقتی ہونے کے لیے عالمی سطح کے ساتھ تک پہنچنے کے اس کے مقصد کو بری طرح متاثر کرے گی۔ درآمدی متبادل ملک کے لیے قیمتی ذریعہ کی بھی بچت کرتا ہے۔

مستقبل کا سحرناہ

کمپنی ملک کے معاشی مسائل کے باوجود اپنے اعلان کردہ منصوبوں کو مکمل جامہ پہنانے اور نئے منصوبوں اور مارکیٹوں کی تلاش میں کام جاری رکھے ہوئے ہے۔ کمپنی کا ڈاؤن ٹین الاقوامی موجودگی کے ساتھ پورے اور اس سے منسلک کیمپنڈ میں ایک قائم پوزیشن کا حصول ہے۔ کمپنی کے پرائیکٹس پر اپ ڈیٹس درج ذیل ہیں:

• **ہائیڈروجن پراجیکٹ:** کمپنی اپنے کاسٹک میٹھوین پراجیکٹ کے عمل کے ضمنی پروڈکٹ کے طور پر ہائیڈروجن تیار کرتی ہے، جو فی الحال اس کے پاور پلانٹ میں بطور ایندھن استعمال ہوتا ہے۔ اس منصوبے کا مقصد ہائیڈروجن کو ہائیڈروجن پراجیکٹ کی پیداواری طرف موڑنا ہے، جو بنیادی طور پر ٹیکسٹائل انڈسٹری میں پلچنگ ایجنٹ کے طور پر استعمال ہوتا ہے اور 2024 میں شروع ہونے کی امید ہے۔

• **ہائی ٹیمپریچر ڈائریکٹ کلورینیشن:** کمپنی کی توجہ توانائی کی کارکردگی پر ہے اور اس کا مقصد HTDC پروجیکٹ کے ساتھ اپنے کاربن فوٹ پرنٹ کو کم کرنا ہے۔ یہ پروجیکٹ 2024 میں شروع ہونے کی امید ہے۔

• **EDC/VCM پائپس کی ڈیجیٹائزیشن:** کمپنی کے طویل مدتی ڈاؤن میں کارکردگی کو بڑھانے اور معیار کے فرق کو کم کرنے کے لیے ڈیجیٹائزیشن اور آٹومیشن شامل ہے۔ یہ پروجیکٹ 2024 میں شروع ہونے کی امید ہے۔

ان منصوبوں کی تکمیل کمپنی کی توجہ کا مرکز ہے، جو اسے مضبوط کارکردگی کو جاری رکھنے کے قابل بنائے گی۔

کھپنی نے ڈیجیٹل تبدیلی کے سفر میں بھی اپنی کوششوں کو جاری رکھا جس میں سائٹ کے خطرات کی نشاندہی کو بڑھانے اور موثر پروسیس سٹریٹجی کے ذریعے فراہم کرنے کے لیے مختلف پروجیکٹس لگائے گئے ہیں۔ اس سلسلے میں، رسک المیڈ کی مکمل تہیائی سے پروسیس سٹریٹجی پر سٹریٹجی کے لیے پی ایچ اے کے ڈیٹا کو استعمال کرنے کی صلاحیت پیش کرنے والے AI ٹول کو روزمرہ کے آپریشنز اور SECE مہم میں مدد فراہم کرنے کے لئے استعمال کیا گیا ہے۔ کھپنی نے اپنے سٹریٹجی مہم کے ذریعے انفارمیشن سسٹمز (SMIS) کو بھی VelocityEHS میں 2023 کے دوران مختلف مراحل میں مکمل نافذ کے ساتھ اپ گریڈ کیا۔

کھپنی نے سائٹ کے پیشہ ورانہ سٹریٹجی سسٹمز اور توسیعی منصوبوں میں تیسراتی حفاظتی طریقوں کو منظم کرنے کا آغاز کیا۔ اس میں رسک بیٹہ JSA، اور ملازمین اور کنٹریکٹ ملازمین کے لیے کرافٹ اسٹیل سرٹیفیکیشن پروگرام وغیرہ شامل ہیں۔

حفاظت کے عزم کو کھپنی سطح پر بڑھاتے ہوئے، کھپنی نے پی ای ای ایم اے (پاکستان کے میٹیل اینڈ میٹیریل ایسوسی ایشن) اور ریسکیو 1122 کے درمیان ایک جامع صنعتی ڈیزاسٹر مینجمنٹ فریم ورک تیار کرنے کے لیے اشتراک عمل میں شامل کرتے ہوئے قائم انداز کو رہنمائی کیا جس کی بدولت کھپنی ڈیزاسٹر مینجمنٹ اسٹریٹجی میں انٹرنیٹل نقصانات کے ازالے کے عنصر کو بھی شامل کیا گیا۔

سائٹ کے ایمرجنسی رسپانس کو مضبوط کرنے کے لیے، ایمرجنسی رسپانس ٹیم کی سخت ٹریننگ سرفہرست رہی۔ مزید برآں، ہنگامی حالات اور سروس لیول ایگریمنٹ میں افادیت بڑھانے کے لیے ڈیجیٹل ہیلڈ کاؤنٹ سسٹم کو مزید وسعت دی گئی اور سسٹم کی دستیابی اور پائیداری کو یقینی بنایا گیا۔ فوری ایمرجنسی رسپانس کے لیے خطرناک کیمیکلز کے اخراج کا جلد پہنچنا بہت ضروری ہے۔ نیکنا ٹی کا فائدہ اٹھاتے ہوئے، قہرل کیمرے اہم مقامات پر نصب کیے گئے ہیں تاکہ فوری طور پر حفاظتی اقدامات کئے جاسکیں۔ ایمرجنسی رسپانس اور تیاری سے متعلق ورک فورس کی سخت تربیت اور سرٹیفیکیشن کا عمل مکمل ہو چکا ہے۔

ہائیز روچن پراجیکٹس پر آکسائیڈ پروجیکٹ میں، کھپنی نے کسی حادثے سے پاک سال 2023 کا ایک بے مثال سنگ میل حاصل کیا۔ یہ اہم کامیابی حفاظت کے لیے ہمارے سوچ کے پیش نظر حاصل ہوئی جس میں وسیع تربیتی پروگرام، خطرے کا باریک بین جائزہ، چاب سٹریٹجی (JSA) پر فوٹو کول کا موثر اطلاق، اور بھرپور نگرانی شامل ہے۔ یہ کامیابی نہ صرف کام کی جگہ کی حفاظت اور صحت کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے ہمارے بھرپور عزم کی عکاسی کرتی ہے بلکہ خطرے کے انتظام اور ملازمین کی بحالی کے لیے ہمارے فعال اور منظم انداز کو بھی ظاہر کرتی ہے۔

تعمیرات کی صلاحیت کو کھپنی کے سٹریٹجی سسٹمز سے ہم آہنگ کرنے کے لیے موزوں ٹریننگ پروگرام شروع کئے گئے۔ کھپنی نے تعمیراتی کارکردگی کو چاہنے اور بڑھانے کے لیے کنٹریکٹرز HSE کی پرفارمنس انڈیکسز (KPIs) متعارف کرائے ہیں۔ یہ بہتری کھپنی کے پروجیکٹ سٹریٹجی کے اعداد و شمار میں واضح طور پر ظاہر ہوتی ہے، جو کہ ہمارے پروجیکٹس میں حفاظت اور برتری کے کلچر کو فروغ دینے کے ہمارے عزم کی نشاندہی کرتی ہے۔

حفاظتی خطرات اور حادثات کی سیلف رپورٹنگ کی حوصلہ افزائی کی گئی اور کھپنی 2022 کے مقابلے میں اس میں 100 فیصد اضافہ کرنے میں کامیاب رہی۔ یہ ادارے کے حفاظتی کلچر میں بہتری کا واضح اشارہ ہے۔

ماحولیاتی تحفظ کے لیے ایک قابل ذکر کامیابی سال کے لیے زیرو SEQS کیلچر اور نائن میٹریکس فرمٹ پر، کھپنی نے 2023 میں سفر FAFR (فلٹ ایکٹیو فریکٹنسی رٹ) کے ساتھ 12 ملین گلو میٹر کا فلٹ مکمل کیا۔

انفارمیشن سسٹمز

کھپنی نے نیکنا ٹی کو ہماری آپریشنل برتری کے تسلسل میں بنیادی سہولت کار کے طور پر رکھا ہے۔ ڈیجیٹل تبدیلی کی طرف عالمی رجحان کے پیش نظر، ہماری کھپنی اس شعبے میں اپنی قائمات حیثیت کو برقرار رکھنے کے لیے بھرپور عزم ہے۔ ڈیجیٹل ٹرانسفارمیشن ڈیپارٹمنٹ فعال طور پر ڈیجیٹائزیشن اور آٹومیشن میں مصروف عمل ہے، جس کے اہم اہداف میں کارکردگی کو بڑھانا، عمل کی حفاظت کو پائیدار کرنا، پیداواری صلاحیت میں اضافہ، انسانی مداخلت کو کم کرنا، اور کلائنٹ کے تجربے اور کامیابی انجام دہی شامل ہے۔ اس کا دوبارہ تبدیلی سے ہر عمل اور آپریشن کی بھی مقام اور ڈیٹا اس سے ملازمین کی آسان رسائی میں ہوگا۔ کھپنی کے ڈیٹا کے مطابق، ڈیجیٹل ٹرانسفارمیشن ٹیم نے کھپنی اور فیئر ٹیکنیکل دونوں شعبوں میں جدید ترین ڈیجیٹل حل کو موثر طریقے سے نافذ کیا ہے، اس میں درج ذیل شامل ہیں:

Aspen ProMV پائیداری کی پلانٹ کی کارکردگی اور آلات پائیداری کو بہتر بنانا

Aspen ProMV بڑے ڈیٹا اینالیٹکس کا استعمال کرتے ہوئے 100 سے زائد ویری ایبلز کے ذریعے پیچیدہ پروسیس کے ڈیٹا کا تجزیہ کرتا ہے۔ لیٹ وی ری ایبلز کو استعمال کرتے ہوئے، یہ کھپنی کی سائٹ پر پیداواری ایمرجنسی کو بہتر بنانے کے ساتھ، قابل عمل تجاویز فراہم کرتا ہے۔ ہمارے ProMV 11 انجینئرز، Oxychlorination، Incinerators، Reactors، Distillation، کالمر کی کارکردگی کو بڑھانے کے ساتھ VCM کے نقصانات میں نمایاں کمی کا سبب بنتے ہیں۔

ڈیجیٹل ٹوئن EVCM پلانٹ کے ایمرجنسی بروقت بہتر بنانا

کھپنی کا ڈیجیٹل ٹوئن آف EVCM پلانٹ (پلانٹ کی خیالی نقل)، HEX کا ڈیٹا، کالم ہائیڈروکس اور سائٹ سینسز جیسے اہم پروسیس کے ایمرجنسی بروقت خیالی مشورہ فراہم کرتا ہے۔ RTO پمپنگ مل سے پاورڈ، یہ پلانٹ کے ویری ایبلز کو بروقت اصلاحی فنکشن کے ساتھ بہتر بناتا ہے، جس سے VCL کالم ہائیم میں نقصان کو کم کیا جاسکتا ہے۔

3D ٹی جٹ ڈیٹا CAPEX آئیٹمز کو پیش کے ذریعے پروسیس سٹریٹجی انفارمیشن ڈیٹا کی توثیق

اعلیٰ معیاری لیڈر سائن نیکنا ٹی کے ساتھ پلانٹ کے اعلیٰ جٹ 3D ماڈل کا استعمال کرتے ہوئے درست ڈیٹا کی ادغامیوں، ہستوں، اور پائینٹ کے بہترین راستوں کا تعین کر کے PSI کھینچ میں موجود خطا کو دور کیا۔ نتائج کو لہجہ میں انجینئرنگ اسٹڈیز (منشور مائیک اور پائینٹ اسٹریٹجی ایسٹس) میں استعمال کیا گیا، اس طرح پروجیکٹ کی دوبارہ تھیں کے ذریعے آلات کو اپ گریڈ کرنے کی ضرورت کو ختم کیا گیا، جس سے CAPEX پراجیکٹ میں بڑی بچت ہوئی۔

رسک ایچ-آئی کے ذریعے PHA ڈیٹا کی مکمل صلاحیت کو ختم کرنا (ایڈوانسڈ سٹریٹجی مینجمنٹ سے حلقہ ایک نظر)

کھپنی کی پروسیس سٹریٹجی ٹرانسفارمیشن، AI کی Risk Alive اور مشین لرننگ سے پاورڈ، پروسیس ہیز رڈ ایسٹس ڈیٹا کو بہتر طریقے سے استعمال کیا گیا تاکہ پروسیس سٹریٹجی ہیز رڈ مینجمنٹ کو بہتر بنایا جاسکے اور جدید تجزیاتی خصوصیات کے ذریعے خطرے کو کم کیا جاسکے، جس کے نتیجے میں سائٹ کے PSTIR، PHA، کی سفارشات اور SECE کے ڈیٹا میں نمایاں کمی آئی۔

EVCM پلانٹ میں کھپنی کا اعلیٰ از وقت پھلانگنے کے لیے قہرل کیمرے، ڈیجیٹل ٹوئن AI کا استعمال

کھپنی نے EVCM پلانٹ میں 12 جدید ترین قہرل کیمرے نصب کیے ہیں، جو کہ ڈیٹا کو پھلانگنے سے کھپنی کو پہلے سے کھپنے کا پھلانگنے، پروسیس کے اہم آلات میں درج حرارت کے تغیرات کی نگرانی اور ناقابل رسائی پلانٹ روز کی قریب نگرانی کے لیے خاص طور پر کام کرتے ہیں، جس سے واقعے کی بروقت خبر گیری ہوتی ہے۔

2023 کی اہم جھلکیاں یہ ہیں۔

- ان اسکولز میں 800 طلباء تعلیم حاصل کر رہے تھے جن میں 45% لڑکیاں ہیں۔
- ایگریڈ کے ذریعہ تمام اسکولز میں خواتین کا مجموعی تناسب 28% سے بڑھ کر 45% تک پہنچ گیا۔
- 2023 کے دوران تقریباً 5.6 ملین روپے فی کمپیس کی فنڈنگ فراہم کی گئی۔

صحت کی دیکھ بھال

کینیڈا نے SINA ڈیجیٹل ٹریسٹ کے ساتھ شراکت داری میں 15.7 ملین روپے کی لاگت سے ایک ہسپتال تعمیر کر کے گھگر پھانگ کے علاقے میں ایک صحت کی سہولت قائم کی ہے۔ یہ کلینک کیونٹی صحت کی مفت سہولیات مثلاً کنسلٹیشن، OPD، الٹراساؤنڈ، ڈسکین، ایب ٹیسٹنگ اور مفت ادویات فراہم کرتا ہے، یہاں کے تمام اخراجات ایگریڈ پونڈ اور کیپیٹل لینیڈر برداشت کر رہی ہے۔ حزیہ برآں، کینیڈا کے پاس ایک کیونٹی ایگریڈ ٹیم بھی موجود ہے جو قرین ادویات کو SINA کلینک میں صحت کی مفت خدمات کی دستیابی کے بارے میں آگاہ کرتی ہے اور باقاعدگی سے چیک اپ کی حوصلہ افزائی اور صحت سے متعلق شکایات کو دور کرنے کے لیے باقاعدگی سے سلیٹیکل کیپ گاتی ہے۔ اس سینٹر میں تین ڈاکٹر، ایک ٹیلی میڈیٹن کنسلٹنٹ، اور چار کیونٹی ہیلتھ ورکرز خدمات انجام دے رہے ہیں۔

2023 کی اہم جھلکیاں یہ ہیں۔

- 37,000 سے زائد مریضوں کا علاج
- 3,400 سے زائد ایب ٹیسٹ کئے گئے
- 16,500 سے زائد بچوں کا علاج کیا گیا جو کل مریضوں کا 44% بنتا ہے۔
- 9,000 سے زائد خواتین مریضوں کا علاج
- 110 مریضوں کا روزانہ علاج

کینیڈا نے گھگر پھانگ اور آس پاس کی آبادیوں میں دستیاب ہونے والی صحت کی سہولیات کے فقدان کو سوس کیا۔ لہذا کیونٹی میں نفسیاتی چیلنجوں سے نمٹنے کے لیے، کینیڈا نے اپنے ایگریڈ کیونٹی پارٹنر "کاروان حیات" کے ساتھ ہونے والی صحت کا کلینک قائم کیا۔ یہ کلینک نہ صرف مریضوں کو مفت قرین ادویات فراہم کرتا ہے بلکہ مقامی کیونٹی کوٹھک ہونے والی صحت کی حالتوں پر طبی مدد حاصل کرنے کی ضرورت کے بارے میں آگاہ کرنے کے لیے باقاعدہ آگاہی سیشن بھی منعقد کرتا ہے۔ محلے کے لوگ ڈپریشن اور ہونے والی پریشانی جیسی بیماریوں کو سماجی اثرات سمجھتے تھے جسے اکثر کالا جاوہ کے طور پر چھوڑ دیا جاتا تھا، تاہم، کلینک نے لوگوں کی زندگیوں کو بہتر بنانے میں مثبت اثرات مرتب کیے ہیں۔

2023 کی اہم جھلکیاں یہ ہیں۔

- 1,700 سے زائد مریضوں کا علاج
- مریضوں کا 88% خواتین پر مشتمل
- 87 کیونٹی آگاہی سیشن منعقد کیے گئے جن میں گھگر پھانگ کے 1,900 سے زیادہ افراد نے شرکت کی

کینیڈا نے گھگر پھانگ کیونٹی میں صحت کے لیے ایک بڑی تشریح پینے کے صاف اور محفوظ پانی کی کمی کا ازالہ کیا۔ پانی کی فراہمی کا ناقص نظام اور خطرناک، بیکٹیریا جیسے ای کوئی اور ٹیکسٹ ای کوئی سے آلودہ تھا، جو صحت کے لیے ایک بڑا خطرہ تھا۔ اس کے علاوہ پانی کے حصول میں کام کے لاکھوں گھنٹے ضائع ہوتے اور بیماری پر بیماری اخراجات اٹھانے جاتے تھے۔ اس مسئلے سے نمٹنے کے لیے، کینیڈا نے اپنے پارٹنر "ڈی واٹر فوڈیشن" کے ذریعے 5 ڈی واٹر فلٹریشن پلانٹس چلا رہی ہے جو کیونٹی میں پانی سے پیدا ہونے والی بیماریوں کے پھیلاؤ کو روکنے میں اہم کردار ادا کر رہے ہیں۔ پانی کی فلٹریشن کے عمل سے ملاتے میں پانی کے وسائل کو مؤثر طریقے سے استعمال کرنے میں بھی مدد ملی ہے۔

اہم جھلکیاں مثال ہیں۔

- 2023 میں 8 ملین لیٹر سے زائد پینے کا صاف پانی فلٹر کر کے فراہم کیا گیا
- کیونٹی کے 155,000 افراد نے واٹر فلٹریشن پلانٹس سے فائدہ اٹھایا
- آبادیوں کو روزانہ اوسطاً 22,000 لیٹر صاف پانی کی فراہمی جاری ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی

کینیڈا کے بورڈ آف ڈائریکٹرز نے اپنے کاروباری معاملات میں کینیڈا کے اخلاقی معیاروں اور طرز عمل کو قائم کرنے کے لیے ایک سخت "ضابطہ اخلاق" قائم کیا ہے۔ اس ضابطہ اخلاق کا مقصد نوٹا قائم کیا جاتا ہے اور کینیڈا کی اقدار اور نقطہ نظر کو پیش کرنے کے لیے اسے اپ ڈیٹ کیا جاتا ہے، اس میں رشوت، بدعنوانی اور دیگر غیر اخلاقی رویوں پر کسی قسم کی رعایت نہیں برتی جاتی۔ ملازمین کو کینیڈا کے نقطہ نظر کے بارے میں باقاعدگی سے آگاہ کیا جاتا ہے اور انہیں ضابطہ اخلاق پر ضروری تربیت فراہم کی جاتی ہے۔

کینیڈا کے موثر آڈٹ پلانز اور مضبوط طریقہ کار کی بدولت، کاروباری اخلاقیات اور کرپشن کی روک تھام مزید بہتر ہوتی ہے، مذکورہ پلانز اور طریقے کسی بھی غیر اخلاقی رویے یا خدشات کی نشاندہی کرنے اور ان سے نمٹنے کے لیے بنائے گئے ہیں۔ کینیڈا ضابطہ اخلاق اور غیر رسمی رپورٹنگ کو ملوث بھی فراہم کرتی ہے، جسے "اسپیک اپ" کہا جاتا ہے تاکہ کسی بھی بدعنوانی یا ضابطہ اخلاق کی خلاف ورزی کی اطلاع دی جاسکے۔ تمام رپورٹ شدہ واقعات کا ایگریڈ کارپوریشن کی تحقیقاتی ٹیم جائزہ لیتی ہے اور جہاں ضروری ہو مناسب کارروائیاں عمل میں لائی جاتی ہیں۔

اچھی کارپوریٹ گورننس کینیڈا کے لیے انتہائی اہمیت کی حامل ہے اور بورڈ تمام اسٹیک ہولڈرز بشمول ملازمین، دکانداروں اور صارفین کے ساتھ اپنے تمام معاملات میں شفافیت اور اخلاقی طریقوں پر زور دیتا ہے۔ اس سے ذمہ دار پیشہ ور افراد اور اچھے کارپوریٹ شہریوں کی ترقی کو فروغ ملتا ہے اور کینیڈا کے اسٹیک ہولڈرز کے ساتھ تعلقات مضبوط ہوتے ہیں۔

صحت، حفاظت اور بحالی

2023 میں، کینیڈا نے سائنٹ پر جاری پروجیکٹس، خزانہ اور ڈیولپمنٹ اور توسیعی منصوبے LWI کے بغیر 29 ملین آؤٹ کمل کئے۔

کینیڈا کا پروسیس سٹیبلٹی انسٹاریشن کا سفر سال بھر نمایاں رہا۔ اس سلسلے میں، کینیڈا نے DuPont کے "Risk Based Assessment" کے فلسفے کی بنیاد پر بڑے حادثاتی خطرات (MAH) کا جائزہ مکمل کیا۔ اس میں آپریٹنگ پلانٹس، توسیعی منصوبوں (HPO اور HTDC) اور نئے پروسیس کے خطرات کا جائزہ شامل ہے۔ اس کے ساتھ، ازالے پر مشتمل ایک مربوط ایکشن پلان بھی تیار کیا گیا جس میں اہم خطرات کو کم کرنے کے لیے روڈ میپ فراہم کیا گیا ہے۔ مزید برآں، پروسیس سٹیبلٹی ریسورس پول کی ایک مضبوط پائپ لائن کو یقینی بنانے کے لیے، فنکشنل سٹیبلٹی اور ایس آئی ایل ایس سمیت مختلف ملاحیوں کو پیدا کرنے کے لیے ایکسپریٹس منسٹر کی گئیں۔ صرف اس سال، کینیڈا نے USA کے معروف رسک ماہرین "Process Improvement Institute" کے ساتھ تعاون کیا اور 8 مریٹھفا ہینڈ HAZOP لیڈرز تیار کیے جن کے پاس سائبر ہیکل PHAs سے حلق آسان رہتا ہے اور خطرے کے بہتر انتظام کو یقینی بنانے کے لیے ضروری مہارت حاصل ہے۔ اس کے ساتھ، کینیڈا نے پروسیس سٹیبلٹی رسک اسٹریٹجی کو بھی مکمل کیا جس میں پریورٹیٹیف والوز کی ڈپریشن ماڈلنگ، OSBL، F&G، QRA، میپنگ، اور خطرناک جگہ کی درجہ بندی کا مطالعہ شامل ہے، جو کہ پروسیس سٹیبلٹی میں بہتری کے لیے خطرے کی پہچان اور ایکشن پلان کو مزید بہتر کرتا ہے۔

2023 میں، پاکستان گریڈ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کپٹی کی طویل مدتی گریڈ ریٹنگ AA اور اس کی مختصر مدت کی درجہ بندی A1 پر برقرار رکھی۔ گریڈ ریٹنگ ایجنسی نے کپٹی کی درجہ بندی کو "مستحکم" کے طور پر جانچا اور اس کی اچھی ساکھ کی اہلیت کو نمایاں کیا۔ ایجنسی کی ریٹنگ کپٹی کی اپنے کاروباری اور مالیاتی پروفاٹل کو بڑھانے کی صلاحیت اور مستحکم آپریشنز برقرار رکھنے کی صلاحیت پر مبنی تھی۔

سرمایہ کا نام (کنٹریل اسٹریکچر)

کپٹی کے اہلکاروں کو 2023 میں 51:49 کے تناسب سے قرض اور انکویٹی کے ذریعے ٹالس کیا گیا جبکہ 2022 میں تناسب 52:48 تھا۔ سال کے دوران، کپٹی کے سرمائے کے نظام میں قرض کی طرف ہلکی سی تبدیلی دیکھنے میں آئی کیونکہ حاصل کردہ نئے قرضے قرض واپسی کی رقم سے زیادہ ہو گئے، جس کی وجہ سے کپٹی کے لیوریج میں معمولی اضافہ ہوا۔

ریسک مینجمنٹ فریم ورک اور طریقہ کار

کپٹی نے 2011 میں اس یقین کے ساتھ اپنا اسٹریٹجک ریسک مینجمنٹ (ERM) فریم ورک قائم کیا کہ ریسک مینجمنٹ فریم ورک میں صورتحال اور خطرات پر قابو پانا یقینی ہوا اور شیئر ہولڈرز کے لیے قدر پیدا کرنے، تحفظ دینے اور بڑھانے کے لیے ضروری کارپوریٹ اہداف اور مقاصد حاصل کئے جاسکیں۔

کپٹی کا کاروباری ماحول کی پیچیدگیوں کو خوب سمجھتی ہے اور یہ یقینی ہے کہ ادارے کی حکمت عملی اور اس کے خطرات کی سطح کا باقاعدگی سے جائزہ لینا ضروری ہے۔ اس لئے پورے ادارے میں ذمہ داریاں واضح طور پر بیان ہونی چاہئیں۔ کپٹی ہر سطح پر حساب پر توجہ دیتی ہے اور خطرات کے ماحول میں ہونے والی تبدیلیوں کی مسلسل نگرانی، سواصلات اور رپورٹنگ اور شناخت شدہ خطرات کو سنبھالنے کے اقدامات کی کامیابی کو ضروری سمجھتی ہے۔

پورے ادارے میں خطرات کی نشاندہی کرنے میں ان کے اثرات اور امکان کی بنیاد پر درجہ بندی کرنا شامل ہے۔ ایک بار خطرات کی نشاندہی ہو جانے کے بعد ان کے اثرات کو کم کرنے کے لیے حکمت عملی تیار کی جاتی ہے، جس کی انتظامی کپٹی یا قاعدگی سے نگرانی کرتی ہے۔ ریسک مینجمنٹ کا عمل چیف فنانشل آفیسر (سی ایف او) کے زیر انتظام ہے اور بورڈ آؤٹ کپٹی (بی اے سی) کو سال میں دو بار پیش کیا جاتا ہے۔

کاروباری تسلسل کی منصوبہ بندی

کپٹی نے کاروباری تسلسل کی منصوبہ بندی کے لیے ایک جامع برنس کنٹینیٹی ٹی پلان (BCP) مرتب کیا ہے، جس میں مختلف پالیسیاں اور طریقہ کار واضح کردہ ہیں۔ ان کا مقصد کسی بھی خطرے کے واقعے کے ممکنہ اثرات کو کم کرنا ہے۔ یہ منصوبہ 2013 میں شروع کیا گیا تھا اور اس کی اثر انگیزی کو یقینی بنانے کے لیے 2018 سے باقاعدہ اسے اپ ڈیٹ کیا جاتا رہا ہے۔

برنس کنٹینیٹی ٹی پلان (BCP) کو کسی بھی غیر متوقع رکاوٹ کی صورت میں کسی رکاوٹ کے آپریشن جاری رکھنے کی ضمانت دینے کے لیے ڈیزائن کیا گیا ہے۔ اس کے بنیادی مقاصد درج ذیل ہیں:

- ایک موثر تہیہ اخذ کرنے کے لیے بہتر اور موثر صلاحیت پیدا کرنے کا ایک فریم ورک فراہم کرنا جو اہم اسٹیک ہولڈرز کے مفادات کو تحفظ دینے کے ساتھ اپنی ساکھ اور براڈ ایج کی حفاظت کرے اور قدر پیدا کرنے والی سرگرمیوں کو تحفظ دے۔
- کپٹی کے آپریشنز کو درپیش خطرات کا اندازہ لگانا اور کاروباری ترجیحات اور ادارے کے استحکام کے پیش نظر خطرات کے اثرات کو سمجھنا۔

• کاروبار کو ممکنہ خطرے کے واقعے پر لاگت کو موثر طریقے سے سنبھال کر مالی استحکام کو یقینی بنانا۔

• کسی بھی ممکنہ رکاوٹ کی صورت میں نیچے کو موثر اور مناسب طریقے سے منظم کرنا تاکہ کاروباری آپریشنز پر پڑنے والے اثرات کو کم سے کم کیا جاسکے۔

• کسی بھی واقعے کی صورت میں اہم کاروباری آپریشنز یا سہا دین سرورسز میں خلل پڑنے پر کاروباری آپریشنز کو کم سے کم وقت میں قابل قبول سطح پر بحال کرنا

• کاروبار کے تسلسل کو برقرار رکھنے والے منصوبوں کی باقاعدگی سے جانچ اور جائزہ لینا اور ضرورت کے مطابق ان پر نظر ثانی کرنا۔

2013 کے بعد، کاروباری تسلسل کے منصوبے (BCP) کو کامیابی سے لاگو کیا جا رہا ہے اور انتظامیہ کی طرف سے ہر سال اس کا تجربہ کیا جاتا ہے تاکہ آپریشنز کے ہلکے کسی رکاوٹ اور محفوظ تسلسل کو یقینی بنایا جاسکے۔

کپٹی کی جہاں بھی حکمت عملی کے طور پر BCP میں کم از کم آپریٹنگ ضروریات، اہم کی تنظیم، نقصان کا اندازہ اور بنیادی سائٹ کی بحالی کی سرگرمیاں شامل ہیں۔ یہ اہم ڈیٹا کے تحفظ کو یقینی بناتا ہے اور یو این اسٹریٹجی کے کلیدی عناصر کا خاکہ پیش کرتا ہے۔ انتظامیہ اپنے برنس اور انفراسٹرکچر کو درپیش ممکنہ خطرات کا باقاعدگی سے جائزہ لیتی ہے اور کسی بھی غیر متوقع نتیجے کا موثر طریقے سے جواب دینے کی حکمت عملی تیار کرتی ہے۔

اسناد اور صحت اور CSR سرگرمیاں

کپٹی کا کارپوریٹ سماجی ذمہ داری (CSR) کا نقطہ نظر تعلیم، صحت کی دیکھ بھال، ماحولیاتی تحفظ، پانی کی بچت اور کمیونٹی کے ساتھ تعلق کو اپنی بنیادی اقدار میں ترجیح دیتا ہے۔ یہ پروگرام ماحولیاتی تحفظ اور پائیدار ترقی میں ایک ذمہ دار کاروباری رہنما کے طور پر کپٹی کی ساکھ کو برقرار رکھتا ہے اور ان آبادیوں کی مدد کرتا ہے جن میں کپٹی کام کرتی ہے۔ اپنے فلاحی مقاصد کو آگے بڑھانے کے لیے کپٹی اپنے سماجی ظاہر و بہبود کی سرگرمیاں اینگریڈ فاؤنڈیشن کے ذریعے انجام دیتی ہے۔

کپٹی اپنی حدود سے باہر ایک محفوظ و صحت مند اور بھرپور حوالہ کو فروغ دینے کے لیے پرعزم ہے، تاکہ تعلیم کی فراہمی کے ذریعے پسماندہ آبادیوں کو بااختیار بنایا جاسکے۔ کپٹی نے اپنے بیوروکریٹک پلانٹ کے آس پاس واقع ٹھکانے بھانگہ کے وسیع کوماڈل گاؤں میں تبدیلی کرنے کا اپنا ہدف مقرر کیا ہے۔

تعلیم

تعلیمی ماحول پر، کپٹی ٹھکانے بھانگہ کے دیہات میں "دی سٹیزنز فاؤنڈیشن" کے ساتھ اشتراک عمل کے ذریعے 3 پرائمری اسکول اور "ٹیچ ڈی ورلڈ فاؤنڈیشن (TTWF)" کے ساتھ ایک ماٹرن اسکول چلاتی ہے۔ کپٹی نے ایم ٹی خان روڈ پر کپٹی فائی سائنس سینٹر کے قریب ایک اور اسکول شروع کیا۔ یہ اسکول اسکی آبادیوں کی خدمت کرتے ہیں جنہیں اس سے پہلے علاقے میں معیاری اور صحت تعلیم تک رسائی حاصل نہیں تھی۔ پرائمری اسکول علاقے میں شرح خواندگی میں اضافے کے ساتھ ماہلیوں کی سماجی و اقتصادی حالت کو بہتر بنانے اور انہیں ترقی دینے کے اینگریڈ کے طویل مدتی منصوبے کا حصہ ہیں۔

تعلیم کو فروغ دینے کے لیے کپٹی کی کوششیں کارپوریٹ ذمہ داری سے بڑھ کر ہیں۔ کپٹی تعلیم کو پائیدار اقتصادی ترقی اور سماجی ترقی کے اہم جز کے طور پر دیکھتی ہے۔ معیاری تعلیم تک رسائی فراہم کر کے، کپٹی ان آبادیوں کے مستقبل میں سرمایہ کاری کر رہی ہے۔ وہاں کے افراد کی کامیابی اور ترقی کے لیے انہیں علم اور سہارے دینے والے اختیار بتا رہی ہے۔ تعلیم کو فروغ دینے اور آبادیوں کو بااختیار بنانے سے ان کی زندگیوں اور ماحول کو بہتر بنانے کا ہمارا عزم کپٹی کی اقدار اور تعلیم کی طاقت پر یقین کا ثبوت ہے۔

2024 میں، PVC آؤٹ لک لاگت کے دباؤ اور مارکیٹ کی طلب کے درمیان عدم توازن پر منحصر ہے۔ اگرچہ ضرورت سے زیادہ سپلائی اور طلب میں کمی، پروڈیوسر کے کم منافع سے قیمتوں میں کمی کا سبب بنے لیکن بڑھتی ہوئی پیداواری لاگت سے اٹھلین کی قیمتوں میں اضافے کے رجحان کی وجہ سے مارکیٹ میں مضبوطی متوقع ہے۔ یہ بھی توقع ہے کہ سال کے آخر تک اٹھلین کی قیمتیں 1,000 امریکی ڈالرن تک بڑھ جائیں گی، جس سے پیداواری لاگت کا ازالہ ہوگا۔ بحیرہ احمر میں حلافا کی سیاسی انتشار سپلائی کو مزید مشکل کر سکتا ہے جو قیمتوں میں اضافے کے لیے حوالہ بن سکتا ہے۔ سال کی دوسری ششماہی میں طلب میں اضافے کی بدولت، مارجن میں بہتری کے امکانات ہیں۔

کلور الکی مارکیٹ

Chlor-Alkali بنیادی طور پر ایلوینا کی تیاری میں استعمال ہوتی ہے۔ تعمیراتی اور ایوی ایشن کی صنعتوں میں استعمال ہونے کی وجہ سے اس کی مانگ بہت زیادہ ہے۔ عالمی سطح پر 2023 میں Chlor-Alkali مارکیٹ کی سپلائی زیادہ ہوئی، نتیجے میں بین الاقوامی قیمتیں کم ہوئیں۔ تاریخی طور پر، Chlor-Alkali مارکیٹ اور اقتصادی سرگرمیوں کے درمیان باہمی تعلق مضبوط رہا ہے اور 2023 میں دیکھا گیا کہ عالمی سطح پر سست اقتصادی ترقی کی وجہ سے اس صنعت کی کارکردگی کی سست روی کا شکار رہی۔

پاکستان میں کانسٹریٹ سوڈا ایٹلسٹائل سیکٹر کے لیے ایک لازمی جز ہے اور اس کی طلب زیادہ تر ایٹلسٹائل انڈسٹری کی کارکردگی سے متعلق ہے۔ 2023 کی پہلی ششماہی میں توانائی کی زائد قیمتوں اور صنعتی شعبے کو متاثر کرنے والی معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ سست روی کا شکار تھی۔ تاہم، ہم نے دوسری ششماہی میں سائز گارنٹیل سٹائل ایک سپورٹ مارکیٹ کے درمیان خاص طور پر ڈیم سیکٹر میں پائیدار کارکردگی دیکھی۔ توانائی کی بڑھتی ہوئی قیمتوں کے سبب مقامی کانسٹریٹ سوڈا کی قیمتوں میں اضافہ ہوا۔

کھیتی کے Chlor-Alkali پورٹ فولیو میں سوڈیم ہائیپوکلورائیٹ اور ہائیڈروکلورک ایسڈ شامل ہیں۔ سوڈیم ہائیپوکلورائیٹ بنیادی طور پر ایٹلسٹائل انڈسٹری کے ڈریپ پلینٹس ایجنٹ کے طور پر استعمال ہوتی ہے اور اس کا دیگر استعمال ڈس انٹیکٹن اور ڈالٹریٹسٹ میں ہوتا ہے۔ دوسری طرف، ہائیڈروکلورک ایسڈ کا استعمال اسٹیل کیلیناٹزنگ ایٹلسٹری (مٹی-سائی)، ڈیسٹ ڈالٹریٹسٹ، پاور پلانٹس، اور پینٹسٹیکٹ میں کیا جاتا ہے۔ کھیتی کا خیال ہے کہ ان کیلینز کے استعمال میں مزید ترقی کی صلاحیت موجود ہے، جیسے پانی صاف کرنے کے عمل میں سوڈیم ہائیپوکلورائیٹ کی بڑھتی ہوئی ضرورت اور پائوریٹیٹر میں ہائیڈروکلورک ایسڈ کی ضرورت ہے۔

آؤٹ لک

مقامی مارکیٹ میں Chlor-Alkali صنعت بنیادی طور پر توانائی کی قیمتوں سے متاثر ہوتی ہے۔ مقامی طلب کا نقطہ نظر مثبت ہے، جس کا تعین لارج اسکیل میڈیوٹیٹی سیکٹر میں بحالی اور ایٹلسٹائل کی برآمدات پر حکومت کی بڑھتی ہوئی توجہ جیسے عوامل سے ہوتا ہے۔ تاہم، توانائی کی مناسب قیمت Chlor-Alkali صنعت کے لیے ایک چیلنج رہے گی۔

آپریٹنگ کارکردگی

کھیتی میں، وسائل کا تحفظ اور آپریٹنگ کارکردگی ایسے شعبے ہیں جن پر زیادہ توجہ دی جاتی ہے تاکہ اسٹیک ہولڈرز کے لیے اہمیت بڑھائی جاسکے اور پائیداری کے ایجنڈے میں مثبت کردار ادا کیا جاسکے۔ مینجمنٹ میں کوویڈ لاک ڈاؤن اور ملک میں درآمدی پابندیوں کی وجہ سے یہ منصوبہ بنانے کا چکارا ہے۔ اس کے علاوہ، کھیتی مختلف اہم ڈیجیٹائزیشن اقدامات کے لیے کوشاں ہے جیسے Aspen ProMV کا آغاز، معیاری ڈیٹا ایٹیکٹس، جو پائیس کی کارکردگی کو بہتر بناتا ہے، اور Al کے ذریعے کارکردگی کو بہتر بناتا ہے۔

مالی پائیدار اور منگام
تیار کا جائزہ

2023 میں، پی وی سی اور کانسٹریٹ کی کم مقدار میں فروخت کی وجہ سے، کھیتی کی آمدنی 2022 کے مقابلے میں 1% کم ہوئی۔ عالمی معاشی اور بحران مالی سیاسی غیر یقینی کی وجہ سے ہم میں کمی کے ساتھ پی وی سی کی قیمتوں میں کمی سے مزید ترقی اثر پڑا، جس کی بدولت قیمتیں COVID-19 سے پہلے کی سطح تک کم ہو گئیں۔

مالی فروخت (kT)	2022	2023	سال بہ سال
PVC	231	199	-14%
کانسٹریٹ سوڈا	54	49	-10%
کانسٹریٹ فلکیٹس	7	8	14%

منافع

کھیتی نے ایک مثبت مالیاتی کارکردگی کا مظاہرہ کیا، ہیکرو اکنامک مسائل کے باوجود 8,932 ملین روپے کی سطح پر قرار رکھی۔ ملکی مارکیٹ کی سست روی پر قابو پانے کے لیے، کھیتی نے PVC برآمدی مواقع پر توجہ مرکوز کی اور برآمدات کو 2022 میں 10kT سے 2023 میں 22kT تک بڑھا دیا۔

ایریڈ

کھیتی کے بورڈ آف ڈائریکٹرز نے 1.00 روپے فی عموٹی شیئر اور 0.67 روپے فی ترجیحی شیئر کے حتمی نقد منافع معتمد کی منظوری دے دی ہے۔

قرضی خزانے میں حصہ دار

2023 کے دوران، کھیتی نے سرکاری خزانے میں 9,422 ملین روپے سے زیادہ ٹیکس کی شکل میں حصہ داروں، جس میں ایکسائز ڈیوٹی، کسٹمز ڈیوٹی، ایکس اور سلیٹ ٹیکس شامل ہیں۔

لیوریج اور کیش فلو

2023 کے دوران، کھیتی نے اپنی کاروباری سرگرمیوں سے 5,156 ملین روپے کا کیش فلو پیدا کیا۔ کھیتی کی مضبوط لیکویڈیٹی پوزیشن نے اسے اپنے شیئر ہولڈرز کو باقاعدہ ڈیویڈنڈ ادا کرنے کے قابل بنایا ہے۔ کسی بھی اضافی قلیل مدتی کیش کا انتظام ڈسٹ مارکیٹ انشورنس، میچل فنڈ اور TDRs میں سرمایہ کاری کے ذریعے کیا گیا۔

ڈائٹنگ

کھیتی نے نومبر 2023 میں ایٹریٹنگ ڈائٹنگ کارپوریشن کے ذریعے 4.2 ملین روپے کی ڈائٹنگ کامیابی سے حاصل کی ہے۔ ڈائٹنگ کی شرائط میں ڈیڑھ سال کی رعایتی مدت کے ساتھ 5 سال کی ادائیگی کی مدت شامل ہے۔

کھیتی نے موجودہ اسلامی عارضی اقتصادی ری ڈائٹنگ سہولت کو 1.8 ملین روپے تک حاصل کیا ہے۔ قرض کی ادائیگی کی مدت 10 سال ہے، جس میں 2 سال کی رعایتی مدت بھی ہے۔ اس ڈائٹنگ کا مقصد ہائیڈروجن پراکسائیڈ (HPO) اور ہائی ٹیمپریچر ڈائٹنگ کلورینیشن (HTDC) پروجیکٹس سے متعلق سرمائے کی ضروریات کو پورا کرنا ہے۔

2023 میں، پاکستان میں مقامی پی وی سی مارکیٹ میں 9 فیصد کمی ہوئی جس کی وجہ بلند افراط زر، تعمیراتی سرگرمیوں میں سست روی اور بنیادی ڈھانچے کی ترقی پر کم سرکاری اخراجات ہیں۔ ان چیلنجز کے ساتھ سیاسی غیر یقینی اور گھٹتے ہوئے زر مبادلہ کے ذخائر نے سال کی پہلی ششماہی کے دوران اقتصادی صورتحال پر منفی اثرات مرتب کئے۔ ان مشکلات کے باوجود، کچھ مصنوعات کی دستیابی اور مارکیٹ کے اعتماد کو بڑھانے کے لیے مختلف مراعات پر عمل درآمد کر کے 89% مارکیٹ شیئر کو برقرار رکھنے میں کامیاب رہی۔

پاکستان میں پی وی سی انڈسٹری وسعت کا سلسلہ جاری رکھے ہوئے ہے، تیار شدہ مصنوعات کی ریجنل مقامی طور پر دستیاب ہے جس میں پی وی سی دروازے اور کمر کیوں کے پروفاکٹور ہنڈل، گارڈن کافر نیچر اور چھت کا سامان شامل ہیں۔ پاکستان میں پی وی سی کی طلب میں اضافہ ایکشن کے بعد سیاسی و معاشی استحکام، تعمیراتی سرگرمیوں کی بحالی، اور نئی اپیلی کیشنز کے متعارف کرانے سے متوقع ہے۔

2024 میں PVC کی طلب کی بحالی متوقع ہے جس میں سالانہ شرح نمو 12% ہے کیونکہ سیاسی اور اقتصادی استحکام ضمنی اور تعمیراتی سرگرمیوں کو آگے بڑھاتا ہے۔ کچھ ترقی کے مواقع سے فائدہ اٹھانے کے لیے تیار رہنے کے ساتھ مقامی پی وی سی مارکیٹ کی ترقی کے لیے کوشاں ہے۔

مارکیٹ کی ترقی کا تصور

اس سال، مارکیٹ ڈیولپمنٹ ٹیم نے PVC کے تصور کو تبدیل کرنے اور اسے "مطیریل آف چوائس" کی پوزیشن دینے کے لیے موثر انداز میں کام کیا۔ گزشتہ برسوں کی آگاہی مہمات کی کامیابی کی بنیاد پر، کچھ نے 2023 میں آرکیٹیکچر، پلیمرز، کارپوریشنز، اور صارفین کے لیے متحد اقدامات شروع کئے۔ آرکیٹیکچر اور بلڈرز کے لیے ایک مربوط تعلق کا منصوبہ نافذ کیا گیا اور ڈیجیٹل ٹولز پر فعال مشغولیت رہی۔ PVC ڈاون اسٹریم پروڈکٹس کے بارے میں بیداری پیدا کرنے کے لیے، ٹیم نے تقریبات اور نمائشوں میں بھرپور حصہ لیا، اس کے علاوہ 2023 میں انیشیٹیو آف آرکیٹیکچر کی نمائش، اور مصنوعات کی ترقی اور بہتری کو فروغ دینے کے لیے آرکیٹیکچر کے ساتھ برین اشارنگ سیشنز کا انعقاد کیا گیا۔

PVC کو تعمیراتی استعمال میں ایک اہم انتخاب کے طور پر رکھنے کی اپنی مہم کے طور پر، ٹیم نے تھنک پی وی سی پلیٹ فارم پر پوز کاسٹ شروع کئے ہیں جو آرکیٹیکچر، شہری منصوبہ سازوں، بلڈرز، اور دیگر حلقہ اسٹیک ہولڈرز کو ترغیب دیتے اور مشغول کرنے کی ایک کوشش ہے۔ پوز کاسٹ کے ذریعے ہارڈ ویئر پروڈکشن کیونٹی کے اندر موثر تعلق اور روابط کو فروغ دینے کی کوشش کی جارہی ہے۔

زیر جائزہ سال کے دوران، تھنک PVC نے جدید پروڈکٹس کو موثر انداز میں فروغ دینے اور اپنے کاروباری ماڈل کی زبردست حکمت عملی کے ساتھ آہٹائی میں تین گنا بے مثال ترقی حاصل کی۔

ٹیکنیکل سرورٹ ٹیم نے پلیمروں اور کارپوریشنز کی صلاحیتوں کو بہتر بنانے کے مقصد کے پیش نظر صلاحیت میں بھارا لانے والے ورکشاپس کا انعقاد کیا۔ کل 380 پلیمروں نے تربیت حاصل کی۔ لاہور، کراچی، حیدرآباد، کوئٹہ، پشاور اور ملتان جیسے بڑے شہروں میں ہونے والے ورکشاپس کو آج تک کی سب سے وسیع علاقائی کو تربیت حاصل ہوئی۔ سیشنز میں PVC کے فوائد اور اپیلی کیشنز کا ایک جائزہ پیش کیا گیا۔ مزید برآں، لگ بھگ 50 کارپوریشنز نے تھنک پی وی سی پلیٹ فارم پر تربیت حاصل کی، جس میں پی وی سی اپنی نوم بورڈ کے استعمال پر توجہ دی گئی۔

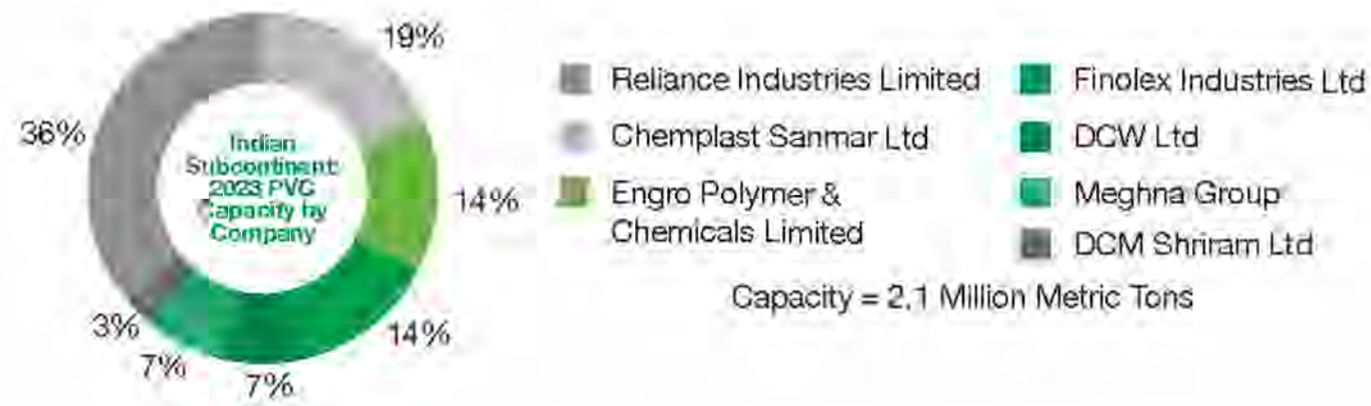
بین الاقوامی رجسٹریشن کی قیمتیں

عالمی سطح پر تجارت کے طور پر فروخت ہونے کے باوجود، PVC کی قیمتیں تمام خطوں میں مختلف ہوتی ہیں۔ پاکستان میں، متعلقہ قیمتوں کا بیچ مارک CFR جنوبی ایشیا ہے، جو بھارت، پاکستان، بنگلہ دیش اور سری لنکا پر لاگو ہوتا ہے۔ 2023 میں، PVC کی قیمتیں کوڈ-19 سے پہلے کی سطح تک گر گئیں، جو سپر سائیکل کے خاتمے کا اشارہ معلوم ہوتا ہے۔ 2023 کے پہلے 2 مہینوں کے دوران، ہندوستان اور یورپ میں 2022 کے آخر میں انڈسٹری کے ایک وسیع پیمانے پر لیکویڈیشن کے بعد، بحالی کی سرگرمیوں کی وجہ سے PVC کی قیمتوں میں اضافہ دیکھا گیا، تاہم عالمی قیمتوں خصوصاً چین اور امریکہ میں سست روی دیکھی گئی۔ 2023 کے وسط تک، چینی کی رکاوٹوں کی وجہ، کچھ پلاسٹکس کے سبب ہندس اور دیگر پروڈیوسرز نے انڈسٹری کی سٹاک اور مارجن کو منظم کرنے کے لیے اپنی پیداوار میں کمی کے سبب قیمتیں دوبارہ بڑھانا شروع ہوئیں۔ ایشیا میں، PVC کی قیمتوں میں کمی واقع ہوئی، اکتوبر میں غلطی میں ضرورت سے زیادہ چینی کے بعد مختلف پلاسٹکس نے شدید قیمتیں کے بعد واپس فعال ہوئے۔ چین اور ساؤتھ ایشیا میں PVC کی غیر ملکی طلب مقامی طلب نے ہندوستان میں کچھ بحالی کی سرگرمیوں کے باوجود قیمتوں میں اضافے کے امکان کو مزید کم کر دیا۔



پی وی سی کا بنیادی خام مال ایتھیلین (Ethylene) ہے۔ اس کا استعمال پولی ایتھیلین سمیت دیگر پلیمرز کی تیاری میں بھی ہوتا ہے۔ گزشتہ سال کے دوران، 2023 میں تیل اور گیس کی عالمی منڈی میں عدم استحکام سے ایتھیلین کی قیمتیں اتار چڑھاؤ کا شکار تھیں۔ ایتھیلین کی قیمتیں مارچ کے آس پاس عروج پر تھیں جس کی بنیاد پر ایشیا میں غلطی اور خام تیل کی قیمتوں میں اضافہ تھا۔

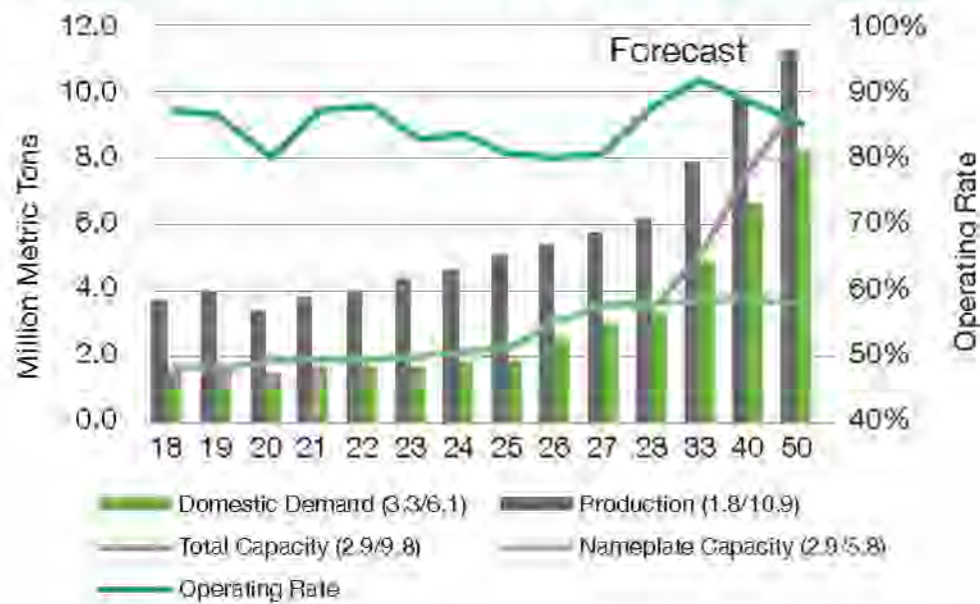




Indian Subcontinent: pvc demand by geography



Indian Subcontinent: pvc supply & demand



جنوبی ایشیا
برصغیر پاک و ہند، (بنیادی طور پر ہندوستان) میں، PVC کی طلب میں 2033 تک سالانہ 6% کی شرح سے اضافے کا تخمینہ لگایا جا رہا ہے۔ بھارت، بڑے ملک کی حیثیت میں، جنوبی ایشیا میں 84 فیصد ڈیمانڈ رکھتا ہے اور اس میں مزید اضافے کی توقع ہے۔ خطے کی فی کس پی وی سی کی کھپت عالمی اوسط 2.3 کلوگرام فی کس بمقابلہ عالمی اوسط 5.8 کلوگرام فی کس کے مقابلے میں نمایاں طور پر کم ہے، جو کہ بے پناہ ترقی کے امکانات کی نشاندہی کرتی ہے۔ ہندوستان، خطے میں سب سے زیادہ فی کس 2.6 کلوگرام فی کس کھپت کے ساتھ حکومتی سرمایہ کاری اور صارفین کی طلب بڑھنے سے اس ترقی کا کلیدی محرک ہوگا۔ بڑھتی ہوئی طلب اور موجودہ پیداوار کے درمیان ایک اہم فرق موجود ہے، جس سے یہ خطہ درآمدات پر بہت زیادہ انحصار کرتا ہے۔ ہندوستان 2023 میں نہ صرف چینی پی وی سی بلکہ امریکی پی وی سی درآمدات کا سب سے بڑا سپورٹر تھا۔

فی الحال، ہندوستان کل علاقائی صلاحیت کے 79% کے ساتھ علاقائی PVC پیداوار پر غلبہ رکھتا ہے، لیکن پیداوار اب بھی مقامی طلب سے بہت پیچھے ہے۔ اس خلا کو پُر کرنے کے لیے، نئی صلاحیت میں اضافے کی منصوبہ بندی کی گئی ہے، جس سے 2024 سے 2027 کے درمیان 1.6 ملین میٹرک ٹن پیداوار کی توقع ہے۔ اس طلب میں اضافے کی وجہ بڑھتی ہوئی آمدنی، شہری آبادیوں میں اضافہ اور مقامی سیمینٹ، پلاسٹک اور دیگر مصنوعات کی پیداوار کے لیے ہے۔ بھارت میں پانچ بڑے پروڈیوسر کام کرتے ہیں، جبکہ بنگلہ دیش میں سیکھنا گروپ اور پاکستان میں اینگرو پولیمر اینڈ کیمیکلز لینڈ ٹی خلیے کے دوسرے پروڈیوسر ہیں۔

برصغیر پاک و ہند کی PVC مارکیٹ کا مستقبل امید افزا دکھائی دیتا ہے۔ منصوبہ بندی کے ساتھ صلاحیت میں اضافے اور مستحکم طلب کے ساتھ، ممکنہ طور پر اس خطے کی درآمدات پر انحصار کو کم کر سکتے ہیں۔ مجموعی طور پر، برصغیر پاک و ہند PVC کے لیے ایک متحرک اور تیزی سے بڑھتی ہوئی مارکیٹ ہے، جو پروڈیوسروں اور سرمایہ کاروں کے لیے اہم مواقع پیش کرتا ہے۔



شمالی امریکہ کی PVC مارکیٹ کو تقریباً ایک دہائی سے مانگ میں سب سے زیادہ کمی کا سامنا کرنا پڑا، 2023 میں ڈیمانڈ کا تخمینہ 5.2 ملین میٹرک ٹن تھا۔ بڑے پیمانے پر ڈیولپمنٹ کی ترقی پوزیشن ڈرامائی طور پر 2022 میں فروخت ہونے سے 2023 میں حجم کے وعدوں کی تلاش میں بدل گئی۔ ان عوامل سے مقامی مقابلے میں اضافہ ہوا اور امریکی پی وی سی کی ایکسپورٹس 25 فیصد تک بڑھ گئیں۔

یونائیٹڈ سٹیٹس شمالی امریکہ کا PVC پاور ہاؤس بنا ہوا ہے، جو مقامی طلب کا 80% استعمال کرتا ہے اور تقریباً تمام PVC مارکیٹ پر حاوی ہے۔ بلند شرح سود کم سرکاری اخراجات (سال کے اعتبار سے 2%) اور زیادہ سہولتیں مارکیٹ سے 2023 میں PVC کی مقامی مانگ میں 12% تک کمی واقع ہوئی۔ سودی بلند شرح تھیراتی شیجے کی سست روی کا باعث بنی کیونکہ رہن کی شرح میں بھی بہت زیادہ اضافہ واقع ہوا۔

شمالی امریکہ نے 2023 میں دنیا کی PVC پیداواری صلاحیت کا 16% حاصل کیا، یہاں کی کل پیداواری صلاحیت 10 ملین میٹرک ٹن سالانہ ہے، دنیا کی پیداواری صلاحیت کا 83% امریکہ کا ہے۔ 2021 کی موثر آپریشن شرح بنیادی طور پر ہاؤسنگ کی سست مانگ اور کم مارجن کی وجہ سے 90% سے 78% تک گر گئیں۔ 2024 میں، آپریشننگ ریش میں مزید کمی متوقع ہے اور 2028 تک 80% سے زیادہ سے زیادہ ہونے کے امکانات ہیں۔

شمالی امریکہ میں دوسرے خطوں کے مقابلے میں قدرتی گیس کی کم قیمتیں، حالیہ برسوں میں وینٹن پروڈیوسرز کے لیے ایک اچھا فائدہ رہا ہے، جس سے انہیں نقل و حرکت کا ایک اہم فائدہ ملتا ہے۔ اسی وجہ سے پوری وینٹن مین میں مضبوط علاقائی برآمدات کا حصول ممکن ہے۔

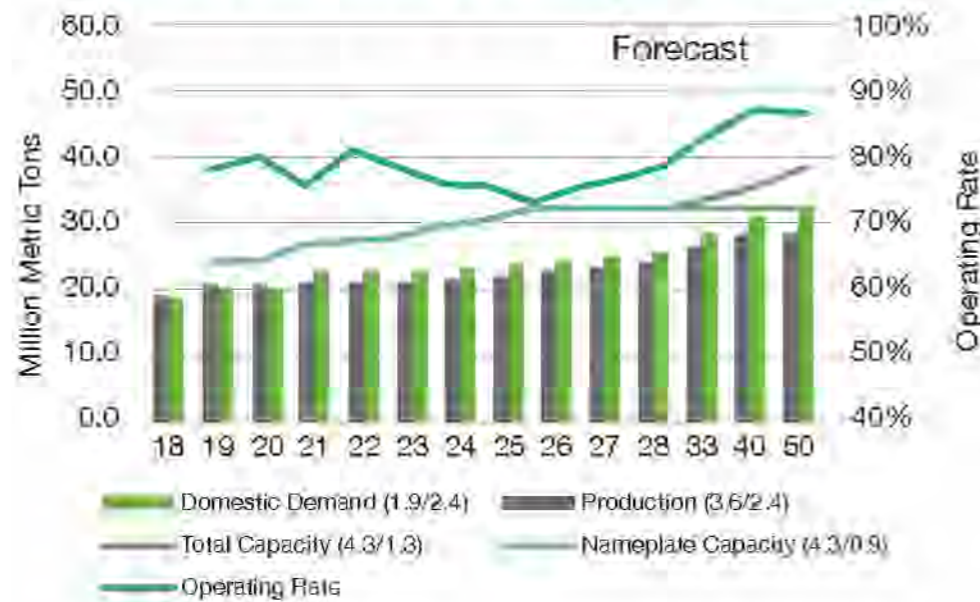
توقع ہے کہ اگلے سال کے دوران شمالی امریکہ میں مقامی طلب میں اضافہ سست روی کا فائدہ رہے گا۔ تاہم ہر سال مجموعی علاقائی طلب، بشمول برآمدات، 3% کی تیز رفتاری سے بڑھنے کی توقع ہے، کیونکہ PVC برآمدات میں 2024 سے سالانہ 16% اضافہ متوقع ہے۔

2023 میں چینی معیشت کو 5.2 فیصد کمزوری شرح نمو کا ہدف حاصل کرنے کے باوجود چینی بحالی کی راہ پر مسلسل چیلنجز کا سامنا کرنا پڑا۔ حکومت کی جانب سے نئے انفراسٹرکچر اخراجات اور پراپرٹی میں سرمایہ کاری کی حوصلہ افزائی کے لیے نرم قوانین کے اعلان کے باوجود ریکل اسٹیٹ انڈسٹری کی کارکردگی کمزور رہی۔ کئی اخراجات کم رہے جس سے مقامی طلب متاثر ہوئی۔ عالمی تجارت کی سست روی اور معاشی بے یقینی نے چیلنجز میں اضافہ کیا۔

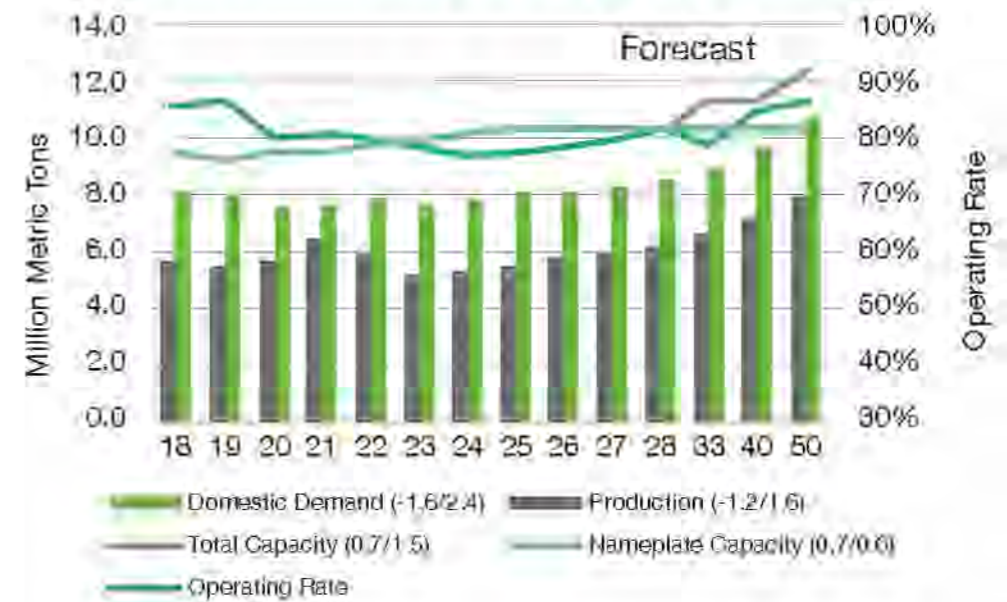
گرونا دباؤ کے بعد کی طلب کی توقعات کے برعکس چین لینڈ چائنائی وی سی مارکیٹ طلب میں سست روی کی صورت حال میں زیادہ سہولت کی وجہ سے دباؤ کا شکار رہی۔ کچھ بڑی ریکل اسٹیٹ کمپنیوں کے دیوالیہ ہونے سے مانگ میں مزید کمی کے سبب مقامی اثرات مزید بڑھ گئے۔ نتیجتاً زیادہ تر PVC پروڈیوسرز مقامی مارجن پر کام کر رہے ہیں۔ مقامی طلب اور سود کے فرق کو بڑھتی ہوئی برآمدات سے پرکھا گیا، جو پیداوار کے 10 فیصد پر یعنی دہائی میں اپنی بلند ترین سطح پر پہنچ گئی۔ برصغیر پاک و ہند میں PVC کی 48% برآمدات کے ساتھ سب سے بڑی منڈی تھی۔

توقع ہے کہ 2024 اور بعد کی سہولتیں 2023 سے سہولتوں میں 2 ملین ٹن اضافے سے مزید اضافہ ہوگا اور 2023 اور 2026 کے درمیان 3 ملین ٹن کی صلاحیت میں اضافہ صنعت کی طلب میں مزید عدم توازن پیدا کرے گا۔ 2023 اور 2028 کے درمیان ڈیمانڈ کے مثبت ہونے کی توقع ہے، جس میں 2.6 بلین سالانہ اضافہ ہوگا لیکن پھر بھی پی وی سی کی سطح سے نیچے رہنے کی توقع ہے۔ برآمدات 2050 تک تقریباً 8 فیصد یا اس سے زیادہ رہیں گی تاکہ طلب کی فراہمی کے عدم توازن کو کم کیا جاسکے، جس سے مارکیٹ میں سہولت کے دباؤ کو کم کرنے میں مدد ملے گی۔ پروڈیوسر مارجن پر قبضہ مدت میں دباؤ رہنے کا امکان ہے، جس کی وجہ سے آپریشننگ ریٹ 2026 تک 75% سے نیچے رہیں گے۔

China (mainland): pvc supply & demand



North America: pvc supply & demand



سال 2023 میں الاقوامی معیشت کے لیے غیر یقینی صورتحال اور تجدیدی کا سال تھا۔ 2023 میں عالمی معیشت کی ترقی کی شرح 3.1 فیصد متوقع تھی، لیکن یہ پچھلے سالوں کے مقابلے میں نمایاں طور پرست روی کا شکار تھی۔ افراط زر ایک بڑا چیلنج تھا، جس نے مرکزی بینکوں کو ایسی کارروائی کرنے پر مجبور کیا جس سے کساد بازاری کا خطرہ بڑھ گیا۔ جغرافیائی و سیاسی انتشار کے اثرات مہنگائی کی صورت میں سامنے آئے ہیں۔

مقامی سطح پر، پاکستان کی معیشت نے 2023 میں ہنگامہ خیز صورتحال کا سامنا کیا، مالی سال 2023 کے لیے شرح نمو 0.17 فیصد رہی۔ غیر یقینی سیاسی حالات، بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کو روکنے کے لیے سرمایہ کی تنگی اور بلند افراط زر نے معاشی سرگرمیوں کو متاثر کیا۔ اس دوران مہنگائی کی دہائیوں کی بلندیوں پر پہنچ گئی، دسمبر 2023 میں 30 فیصد تک بچھڑنے سے پہلے، عالمی اجناس کی قیمتوں میں اضافے، روپے کی قدر میں کمی اور سپلائی چین میں غلطی کی وجہ سے مئی 2023 میں سال کے اعتبار سے مہنگائی نے 38 فیصد تک کی بلندی پر پہنچ کر ایک کڑا اکاؤنٹ خسارہ 2023 میں نمایاں طور پر کم ہو کر دسمبر 2023 تک 831 ملین ڈالر رہ گیا جو پچھلے سال کی اسی مدت میں 3.6 بلین ڈالر تھا۔ یہ بہتری درآمدات پر سخت پابندیوں، درآمدات کی بڑھتی ہوئی لاگت اور درآمدات میں معمولی اضافے سے ہوئی ہے۔

ابتدائی بحران کی کیفیت کے بعد، سال کی دوسری ششماہی کے دوران امید نظر آنا شروع ہوئی۔ اسٹیٹ بینک آف پاکستان (SBP) نے مہنگائی سے نمٹنے کے لیے ایک سخت مانیٹری پالیسی اپنائی، معاشی سرگرمیوں کو کم کرنے کی قیمت پر شرح سود میں اضافہ کیا۔ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ 3 بلین امریکی ڈالر کے اسٹیبلز ہائی پروگرام کو حاصل کرنے سے اہم مالی مدد حاصل ہوئی اور درآمدات پر سخت پابندیوں نے کرنٹ اکاؤنٹ خسارے کو کم کرنے میں حریص مدد کی۔

سیکٹر کے لحاظ سے، اہم انڈسٹریز میں امید افزا اطلاعات نمودار ہوئیں۔ برآمدات میں اضافے کی وجہ سے 2023 میں سینٹ کیا پیداوار میں اضافہ ہوا (PDD، سینٹ پروڈکشن ڈینڈا)۔ ٹیکسٹائل کی صنعت نے لیبر کی تقابلی لاگت اور درآمدی وسعت کی حکمت عملی سے فائدہ اٹھاتے ہوئے استحکام حاصل کیا، مالی سال 2023 کی برآمدات میں 5 فیصد اضافے نے تجارتی خسارے کو کم کرنے میں اہم کردار ادا کیا (وزارت تجارت، تجارتی اشاریات ماہانہ دسمبر 2023)۔ گزشتہ سال اسی مدت کے مقابلے میں نسبتاً ہلکے مون سون کے موسم کے بعد PVC مارکیٹوں میں ایک مختصر اضافہ دیکھنے میں آیا۔

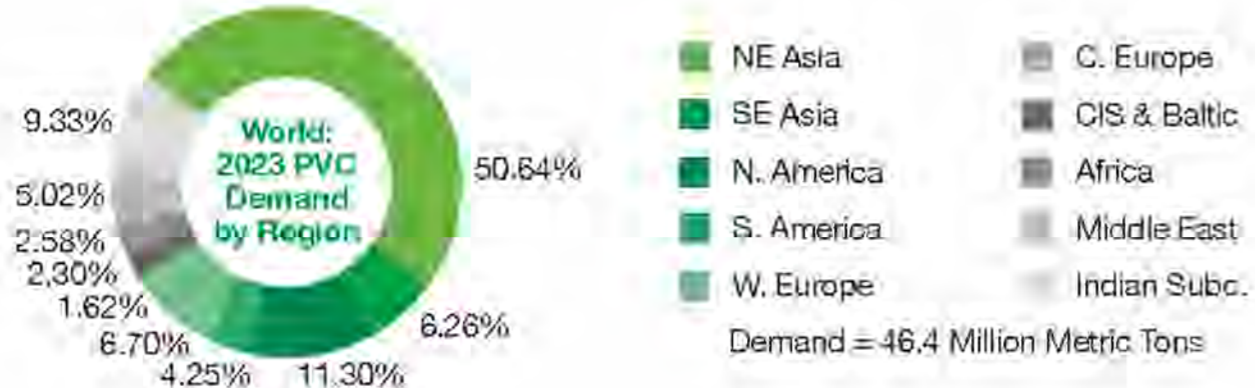
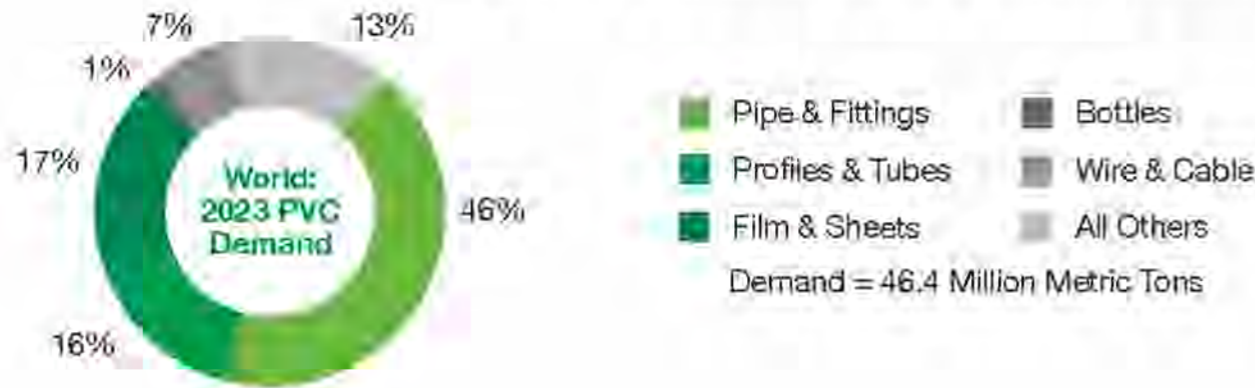
علاوہ ازیں، مالی سال 2024 (اپریل تا مارچ) پالیسی اسٹینڈنٹ جنوری 2024) کے لیے 2 سے 3 فیصد مئی ڈی پی پی کی بتدریج بحالی کا تعین لگایا گیا ہے جبکہ پائیدار بیرونی توازن کے لیے وسعت، ویلیو ایڈڈ مصنوعات اور علاقائی تجارتی معاہدوں کے ذریعے برآمدات کو بڑھانے جیسے اہم عوامل بہت ضروری ہوں گے۔ سخت مانیٹری پالیسی اور سپلائی چین کی رکاوٹوں کو دور کرنے سے افراط زر سے نمٹنا ضروری ہوگا۔ پالیسی اصلاحات اور بہتر کاروباری ماحول کے ذریعے غیر ملکی سرمایہ کاری کو راغب کرنے سے ضروری رقم حاصل کی جاسکتی ہیں۔ حتیٰ طور پر، مالیاتی نظم و ضبط کو برقرار رکھنے اور بچت خسارے کو خاص طور پر پارسیکل میں گروٹی قرضہ کو کم کرنے سے روکنے کو مستحکم کرنے اور بیرونی قرضوں کو کنٹرول کرنے میں مدد کرے گا۔

دنیا کی مارکیٹ کا جائزہ

عالمی پولي وینائل کلورائیڈ (PVC) کی صنعت نے 2023 کو ایک کمزور سال کے طور پر گزارا، کیونکہ قیمتیں کو 19 کی دہائی سے پہلے کی سطح پر واپس چلی گئیں، نتیجے میں قیمت 770 سے 850 امریکی ڈالر فی میٹرک ٹن کے درمیان رہی۔ وینائل انڈسٹری ایک انتہائی مسابقتی عالمی مارکیٹ ہے جس میں دنیا کی کل PVC پیداوار کا 23% سال 2023 میں تجارت ہوئی۔ PVC مختلف شعبہ جات میں مارکیٹ شیئر حاصل کر رہا ہے کیونکہ یہ لکڑی، سیرامکس، قالین اور دیگر پلاسٹک اشیاء کی جگہ لے رہا ہے، اور پی وی سی کی مانگ عالمی ترقی کی ترقی خاص طور پر تیسرا ترقی صنعت کے ساتھ سے گہرا تعلق رکھتا ہے۔

2022 کی چوتھی سہ ماہی سے کے علاقائی و سیاسی مسائل میں بہتری کے نتیجے میں آسانی پیدا کرنا شروع کر دی، نتیجے میں بھارت کی طرف سے نئے سرے سے مانگ کے سبب 2023 کی پہلی سہ ماہی میں اضافہ ہوا۔ تاہم، بعد ازاں، پی وی سی مارکیٹ سال بھر معاشی غیر یقینی صورتحال کے سبب باؤ میں رہی۔ ریکارڈ بڑھتے شرح سود نے یورپ اور امریکہ میں مانگ پر منفی اثرات ڈالے۔ حریص برآں، چین کی معاشی بحالی کے باوجود رکھل اسٹیٹ مارکیٹ اور صارف اور بڑے اسٹاکس میں سست روی سے متعلق اثر پڑا۔ 2023 میں چین سے PVC کی پیداوار میں اضافہ اور کئی تیسرا ترقی شعبے کی سست روی کے ساتھ، عالمی PVC مارکیٹوں میں چین کی روآمدات میں کمی دیکھنے میں آئی۔

ذکورہ عالمی اقتصادی چیلنجز نے عالمی PVC کی طلب کو متاثر کیا جو کہ 2022 کے مقابلے میں معمولی طور پر کم رہی۔ بڑھتی ہوئی آبادی اور پیداوی ڈیمانڈ کی ضرورت کے پیش نظر بھارت سے 10% کی مضبوط ترین مانگ میں اضافہ دیکھا گیا۔ اس کے برعکس، شمالی امریکہ کو گزشتہ ایک دہائی میں اعلیٰ شرح سود کی وجہ سے تیسرا ترقی سرگرمیوں میں کمی کا سامنا کرنا پڑا ہے۔ طلب میں کمی اور سپلائی اور لاگت میں اضافے نے 2023 کے نتائج پر منفی اثرات مرتب کئے۔



اینگرو پولیمیر اینڈ کیمیکلز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

مالیاتی اہلیت

سال کے دوران، کمپنی نے 81,270 ملین روپے کی آمدنی اور بعد از ٹیکس منافع 8,932 ملین کا منافع کمایا جبکہ پچھلے سال 82,060 ملین روپے آمدنی اور 11,689 ملین روپے کا بعد از ٹیکس منافع حاصل کیا تھا۔ نتیجے میں 2023 میں 9.12 فی سیٹر منافع بننا ہے جو گزشتہ سال 12.37 فی سیٹر تھا۔ یورڈ آف ڈائریکٹرز نے 1.00 فی عمومی شیئر اور 0.67 فی ترجیحی شیئر کے تہی نقد منافع کی منظوری دی ہے۔

بنیادی سرگرمیاں

کمپنی اینگرو کارپوریشن لمیٹڈ کا ذیلی ادارہ ہے جو آڈو ہرکولس کارپوریشن لمیٹڈ کا ذیلی ادارہ ہے۔ کمپنی کا قیام 1997 میں، جنسج شدہ کمپنیز آرڈیننس 1984 کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر عمل میں لایا گیا اور 1997 میں اس نے تجارتی سرگرمیوں کا آغاز کیا۔ کمپنی کے شیئرز تجارتی مقاصد کے لیے پاکستان اسٹاک ایکسچینج میں درج ہیں۔

کمپنی کا بنیادی کام Chlor-Vinyl مصنوعات کی پیداوار اور مارکیٹنگ ہے، ان مصنوعات میں پولی وینائل کلورائیڈ (PVC)، کاسٹک سوڈائیو، کاسٹک سوڈائیو فلیکس، ہائیڈروکلورک ایسڈ اور سوڈیم ہائیڈروکلورائیڈ شامل ہیں۔ کمپنی کے ایک فلگ شپ براڈ SABZ کوپورے ملک میں PVG کی پیداوار میں شاملہ کاروائی کی علامت کے طور پر پہچانا جاتا ہے۔ کمپنی اپنی تین اہم ترجیحات یعنی افراد، دنیا اور منافع کے درمیان توازن برقرار رکھنے کے فلسفے پر عمل پیرا ہے۔

کاروبار کی اہلیت اور بولس ماڈل

اینگرو پولیمیر اور کیمیکلز گلوبل کے شعبے میں کام کرتی ہے، اور اس کی مالیاتی کامیابی اس کاروباری ماحول کا حصہ بننا ہے۔



Head Office

12th Floor, Ocean Tower
Gas Block St. Gillian
Khayaban-e-Iqbal, Karachi-75500, Pakistan

UAN: +92-21-111-211-111

PABX: +92-21-25168868-64

www.encompolymer.com

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EZ/1/Phase-I, Eastern Zone
Pin. Gasim, Miralim, Pakistan

