THE BLUE DOT

engro polymer & chemicals

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a sustainable tomorrow

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2021

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Engro Polymer & Chemicals is proud to present its annual report for the year 2021.

This report focuses on stakeholder information, corporate governance, the directors' report and financial statements for the year ended December 31, 2021.

For any feedback, suggestions or queries kindly contact the following:

Rabia Wafah Khan
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This report is available on our website:
www.engropolymer.com

engro polymer & chemicals

about the theme

our theme

EPCL is consistent with the underlying philosophy, mission, and guiding principles that have been carefully crafted to assure compliance with the ever-changing world through sustainable solutions and practices.

This past year, an overarching focus was maintained on EPCL's sustainability agenda, conducting business activities in such a way that ensures future generations have the natural resources and climate conditions they need to live a life that is equal to, if not better than, that of current generations. We also made considerable strides in the past year and inaugurated PVC III Plant in December 2021, marking new growth opportunities for the many years to come.

Hence, this Annual Report is in celebration of that journey, and in celebration of our aim of taking our people and our nation to a Sustainable tomorrow.

aim and scope

Our Annual Report for 2021 aims to present itself as a consolidated document that gives a bird's eye view of the company's portfolio in coherence with a detailed run-through of our strategies, financial performance, and external parallels.

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

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

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

1. Organizational Overview and Strategy

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

2. Stakeholder Engagement and Relationship

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

3. Governance

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

4. External Environment & EPCL

Assess EPCL in terms of the domestic market, thereby analyzing its current positioning along with the assessment of risks and opportunities.

5. Sustainability & Corporate Social Responsibility

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

6. Moving Forward

Sheds light on the outlook of the company and the status of the projects in progress.

7. Financial Performance & Position

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

8. Financial Statements

Present EPCL's standalone & consolidated financial statements.

9. Shareholder's Information

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

Adopted Framework

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of and directives issued under the Companies Act, 2017.
- Reporting requirements of the listed companies Code of Corporate Governance, 2019 and listing regulations of 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 08, 2022.

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
Independent Assurance Report on Statement of Compliance with the Sukuk (Privately Placed) Regulations, 2017	A. F. Ferguson & Co. Chartered Accountants
Entity Credit Rating	PACRA

engro polymer & chemicals

table of contents

organizational **overview** & strategy

engro polymer & chemicals

vision

"Lead Pakistan in polymers & allied chemicals with international footprint"

mission

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

engro polymer & chemicals

EPCL at a glance

Engro Polymer & Chemicals Limited (EPCL) is the only integrated chlor-vinyl chemical complex in Pakistan.

EPCL is the sole manufacturer of PVC resin in Pakistan. Besides this the company also produces Chlor Alkali products like Caustic Soda, Sodium Hypochlorite and Hydrochloric Acid. It is a subsidiary of Engro Corporation, involved in the manufacturing, marketing and distribution of PVC under the brand name 'SABZ' and other quality Chlor-Vinyl allied products.

EPCL's triple bottom line philosophy– People, Planet and Prosperity are critical and indispensable elements for its growth and success.

history of major achievements

1997
Engro Asahi Polymer & Chemicals Limited established

1999
PVC-I Plant commissioned with 100 KT capacity

2006
- Expansion / backward integration project launched.
- Asahi Glass divested its shareholding

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

2010
- Back-integration completed
- Commercial production declared in 2010

2014
Completed debottlenecking of PVC capacity to 174 KT

2017
- Further debottlenecking increased plant capacity to 195 KT
- Announcement of an extensive expansion plan, including increase of PVC capacity by 100 KT & VCM capacity by 50 KT

2018
- Announcement of Hydrogen Peroxide diversification project
- Rights shares issuance of Rs. 5.4 billion

2019
- Commencement of Caustic Flakes plant with a capacity of 20 KT
- Announcement of HTDC efficiency

2020
- Preference shares issuance of Rs. 3 billion.
- IPO oversubscribed by 5.4 times

2021
- PVC and VCM capacities increased by 100 KTA and 50 KTA respectively
- Highest ever profitability
- Highest ever PVC production & sales
- Hydrogen Peroxide Engineering & Procurement contract signing and project kick-off

polyvinyl chloride (PVC)

Raw Material ExportingCountries

- Ethylene Middle East, Europe, USA, South East Asia, and Singapore
- Ethylene Dichloride (EDC) Middle East, USA, and Europe

PVC Products

- The Company manufactures and markets four grades (AU 60, AU 67 R, AU 67, S, AU 72) of suspension PVC under the brand name 'SABZ'

PVC importing countries:

PVC & intermediary plant

Capacities

- PVC 295 KTA
- VCM 245 KTA
- EDC 127 KTA

engro polymer & chemicals

caustic & allied chemicals

raw materials

Salt is our primary raw material for caustic and allied chemicals.

production capacities

Caustic Liquid	106 KTA
Caustic Flakes	20 KTA
HCL	60 KTA
Hypo	30 KTA

Caustic Soda Flakes

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

Hydrogen

Used in the manufacturing of terephthalic acid

Hydrochloric Acid

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

Sodium Hypochlorite

Water treatment, detergents, denim bleaching and paper bleaching

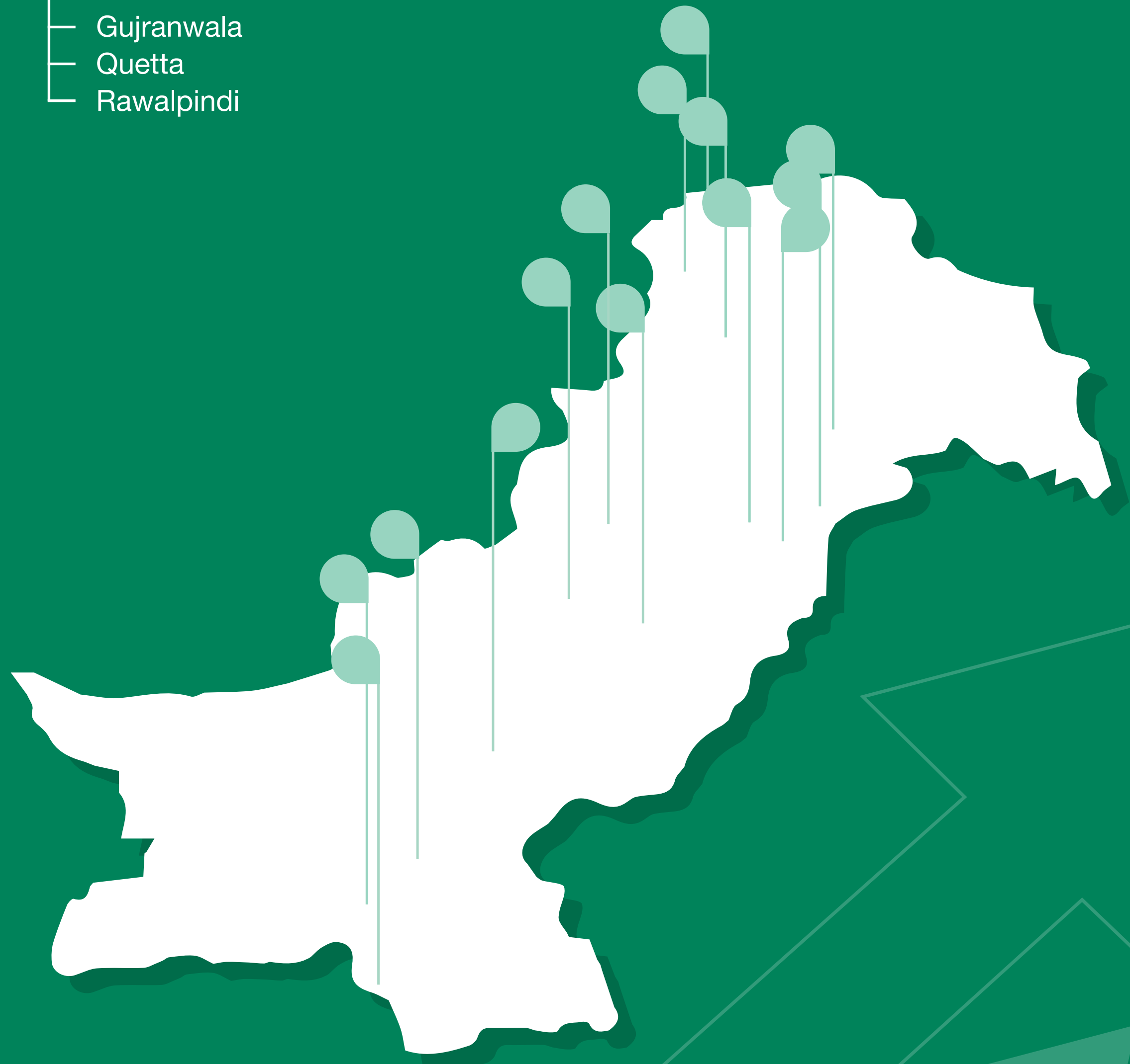
domestic market landscape

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

Hydrogen
- Karachi

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

Sodium Hypochlorite
- Karachi
- Hyderabad
- Hub
- Ghotki
- Sadiqabad
- Daharki



company information

Board of Directors

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

Bankers

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

Company Secretary

Mr. Khawaja Haider Abbas

Share Registrar

M/s. FAMCO Associates (Pvt) Limited

8-F, Next to Hotel Faran, Block-6, PECHS, Shahrah-e-Faisal Karachi Pakistan.

Tel: +92(21) 34380104-5, 34384621-3

Fax: +92(21) 34380106

Registered Office

12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi-75600

PABX: +92-21-35166863-64

UAN: 111 411 411

CEO Message (Video Link)

https://www.engro.com/knowledge-center/media-gallery/

Auditors

A.F. Ferguson & Company
Chartered Accountants
State Life Building No. 1-C,
I.I. Chundrigar Road,
Karachi-74000, Pakistan.

Tel: +92(21) 32426682-6 / 32426711-5

Fax: +92(21) 32415007 / 32427938

Plant

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

Lahore Office

Office No. 601, 6th Floor, Haly Tower, Lalik Chowk, DHA, Lahore.

UAN: 111 211 211

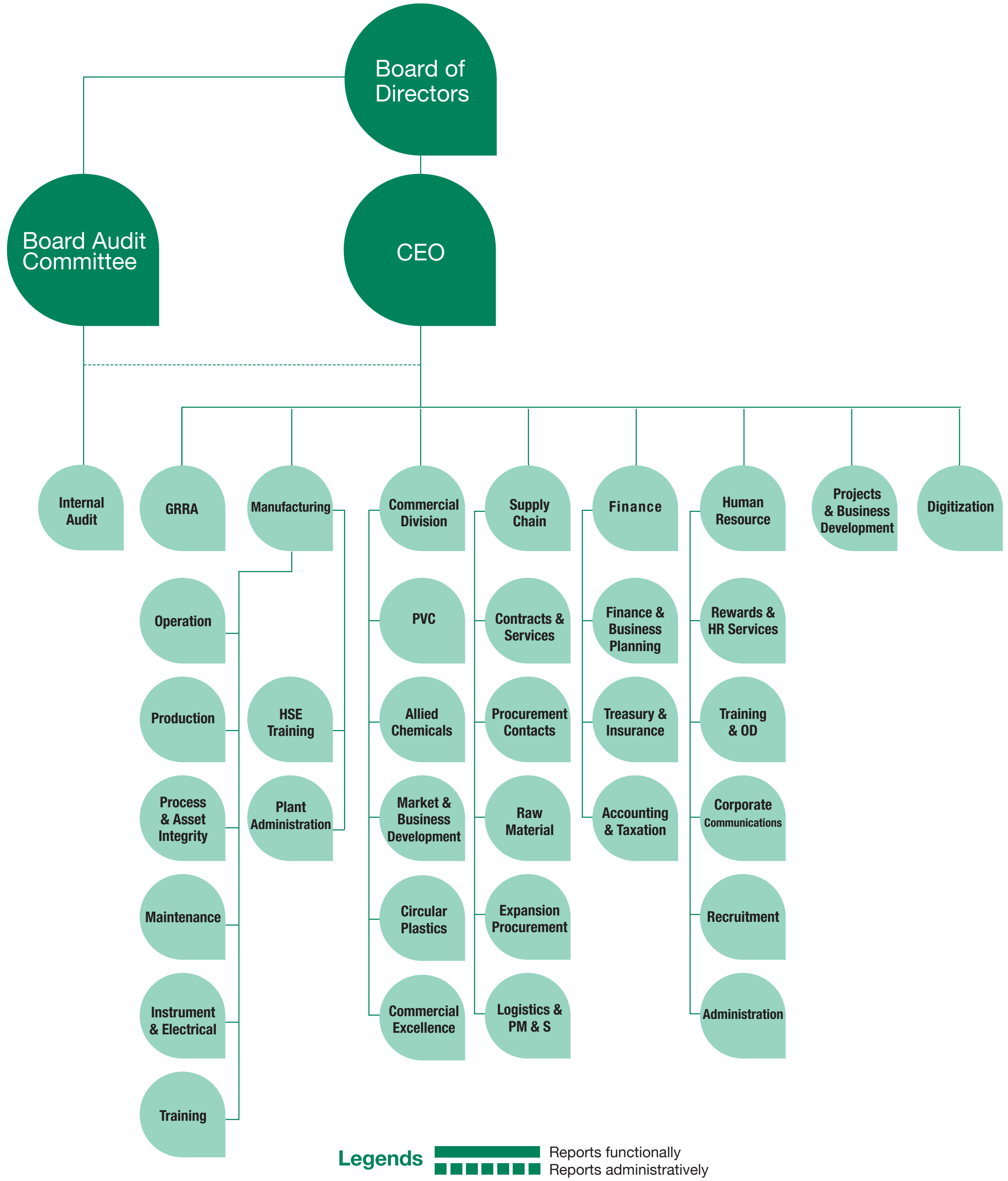
Website

www.engropolymer.com

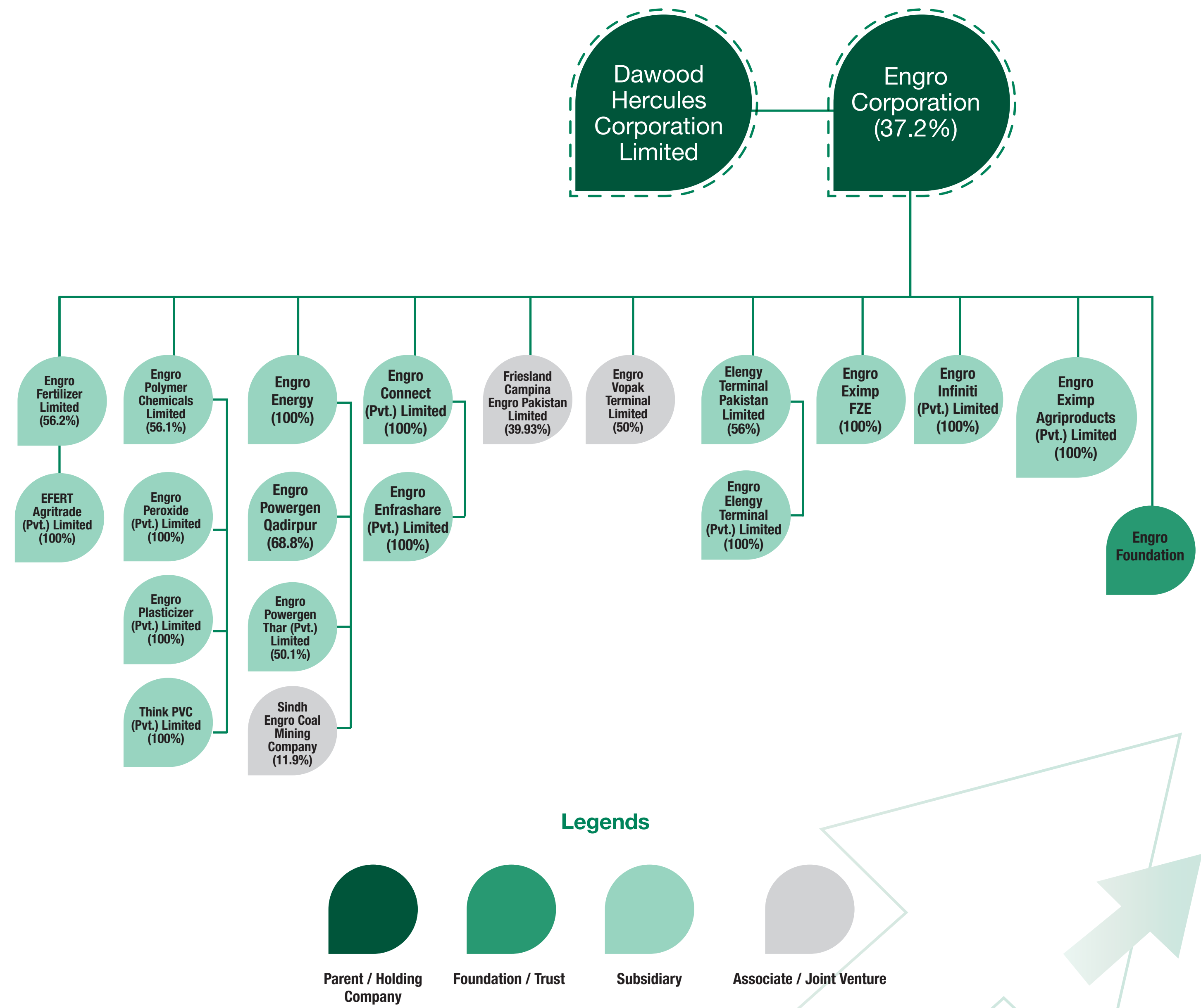
key highlights
& major achievements

- Highest Ever Net Sales Revenue, and profitability.
- PVC-III Completion & inauguration by the PM
- First of its kind store launch- thinkPVC
- Annual Report awards by ICAP and SAFA
- Served 3,000+ community members with Education and Healthcare
- Successful implementation of OneSAP
- Highest ever VCM Production
- 5 diversity awards at GDEIB Awards 2021
- MoU Signed with KSBL to establish Circular Plastics Policy Institute
- Pakistan's first affiliate member of the WEF (GPAP)
- Pakistan's first water recycling plant in an integrated chemical complex
- Won the 18th Annual Environment Excellence Award 2021
- Only South Asian finalist at IChemE Global Awards 2021
- 3 awards at 7th International HSE Awards
- Highest dividend payout
- Panel discussions on Sustainable Construction at Pakistan Pavilion of Dubai Expo 2020
- TERF financing of Rs. 3.65 Bn obtained
- Computer vision AI for efficient Covid-19 management
- First carbon neutral ethylene voyage
- Became an associate member of GPCA
- 4 awards at 13th CSR awards 2021
- COD of PVC III and VCM DBN project
- Development and endorsement of EPCL VISION 2030 from the BOD.

organizational structure



corporate structure reflecting direct and indirect ownership



The above companies include all active business entities under Engro Corporation

our **core** values

01

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

02

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

03

Cares deeply about **environmental impact** and **safety** of people

strategy & resource allocation

objective and strategy:

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

corporate objectives:

1. Manage and utilize resources and operations such that the health and safety of our people, neighbors, customers, and visitors whilst maximizing shareholder value is ensured
2. Enhance site reliability and ensure product availability
3. Execute Board-approved capital structure
4. Execute expansion, diversification, sustainability and operational efficiency projects successfully within Board approved timelines
5. Create value for Pakistan by exporting PVC and caustic and increasing opportunities for import substitution
6. Ensure availability of talent base and motivated employees for achieving organizational objectives
7. 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 while minimizing the risk of COVID transmission	Adequate measures such as continuous testing, medical staff deployment and rota system to ensure stringent implementation of COVID protocols
	Develop marketing strategies for additional PVC volumes and other upcoming products	Remain in constant touch with our potential customers and apprise 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 product i.e. Hydrogen Peroxide while study of other business opportunities is underway.
	Ensure manufacturing excellence	Introduce efficient processes in our manufacturing setup to ensure maximum utilization of resources. Work on our earlier announced efficiency projects is on track.
	Maintain and enhance plant reliability by ensuring regular maintenance	Conduct plant turnaround within aligned time frames and allocated resources. Preventive maintenance and testing of critical equipment is done
	Develop domestic PVC markets by introducing the latest applications	Establish thinkPVC Branded Outlet, a store 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 the communities residing near Port Qasim
	Automation and digitization of business processes	Dedicated Digital transformation team has been launched which continues to explore new areas of implementing AI & digital transformation
	Develop & 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 & inclusive workplace

EPCL continues to adapt to the ever-changing business environment. Since the onset of the COVID-19 pandemic, the Company has taken significant adequate measures such as continuous testing, deployment of trained medical staff, and the implementation of a rota system to ensure stringent implementation of COVID-19 protocols.

The Company maintains a keen focus on sustainability and corporate social responsibility, and remains committed to serving the community it operates in. In line with its sustainability agenda, the Company plans to reduce its carbon emission by identifying and tapping into various opportunities including embarking on an ambitious tree plantation program. In addition, a focus on water conservation is being emphasized to optimize current water consumption and improve recycling capacity. A Circular Plastics work stream has been created with an aim of contributing to offsetting the consumption of single use PVC by catalyzing a circular economy for plastics in Pakistan with a clear emphasis on plastic waste recycling.

functional objectives & strategies

Based on the corporate objectives, functional objectives are set for all divisions and strategy is crafted.

Health, Safety and 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
- Human capital, manufactured capital, and financial capital

Manufacturing

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

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

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

Future Relevance
- The CPIs shall remain relevant in the future

Resource Allocation
- Human capital, manufactured capital, and financial capital

Commercial

Objectives

- Maximize profitability across businesses by increasing customer engagement & 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 Indicator

- Customer retention & 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
- Customer voice through survey & relationship management

Future Relevance

- The CPIs shall remain relevant in the future

Resource Allocation

- Human capital, manufactured capital, financial capital, and social & relationship 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 Indicator

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

Strategy

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

Future Relevance

- The CPIs shall remain relevant in the future

Resource Allocation

- Human capital, financial capital, and social & relationship capital

Finance & Digitization

Objectives	• Execute approved capital structure • Automation and digitization of business processes • Focus on overheads and cost efficiencies • Identify and monitor enterprise risks. Also implement adequate mitigating measures.
Critical Performance Indicator	• Capital structure and financial ratios targets • Automation of major processes and a significant reduction in paper usage • Cost optimization and reduction • Earlier identification of critical risks that may arise and adoption of measures to eliminate those risk or reduce them to an acceptable level
Strategy	• Robust cash flow projections-based financing plan is conducted to meet cash requirements. The company also secured TERF at SBP concessionary rate and issued pref shares with the view of funding various projects. • Detailed strategy with 4 pillars (i.e. going paperless, wireless systems upgrade, workplace agility enhancement, and automation of sales operations). Digital transformation division has been formed with specific focus on digitizing plant reliability process • Reviewing fixed and variable costs for each division and identify areas of improvement to ensure reduction in fixed cost • Continuous cross departmental collaboration and cognizant of changes in internal and external environment to identify key risks being faced by the entity
Future Relevance	• The CPIs shall remain relevant in the future
Resource Allocation	• Human capital, financial capital, and intellectual capital

decision making process

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

Management Committee: governing/ decision making body that meets as and when needed.

Digital Transformation: provides leadership and steers the digital transformation of the organization. The committee meets once every 2 months

Government Relations & Regulatory Affairs: consultative body that handles GRRA and meets once every 2 months

Expansion & Diversification Projects Steering Committee: steering committee on various projects that meets once in a month

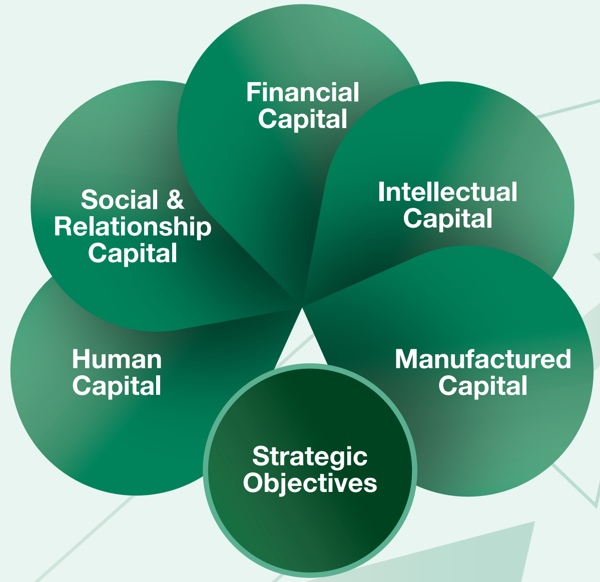
Corporate HSE: oversees HSE matters at a corporate level that meets quarterly

Project HSE: oversees HSE matters at an individual project level that meets once a month

resource allocation plan

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

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



strategy to overcome liquidity problems

Cashflow projections are regularly monitored and analyzed for the identification of short-term and long-term financing needs and investment opportunities. The Company remains on the lookout for optimized means of financing & 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 successfully utilized the subsidized Temporary Economic Refinance Facility offered by the State Bank this year thereby reducing its financing cost. The company's product offtake is majorly skewed toward cash-based sales, and generation of operating cash flows are sufficiently robust to ensure comfortable debt servicing. In addition, the options of optimizing supplier credit as per business need 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 earlier announced expansion, diversification and efficiency projects despite manning and other logistical challenges imposed by the pandemic. Taking into account key economic factors, a decision was made to to shelve the "LABSA" diversification project. On the other hand, our PVC expansion of 100 KTA and VCM DBN of 50 KTA was accomplished this year.

Having established a strong foothold in upstream PVC product line over the years, the company plans on leveraging its experience and expertise to promote downstream PVC market in Pakistan. The downstream market is a vertical with huge potential in view of the the low per capita PVC consumption and an even lower penetration of diverse PVC applications. To take our plan forward, we have invested in our project 'thinkPVC' , a retail outlet launched in 2021 which provides 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

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

In 2020, the 'Digital Transformation Department' was formed with the aim to digitize and automate each department thereby improving efficiency, productivity while reducing huma intervention. Significant progress has been made in the attempt to go paperless allowing greater accessibility and flexibility to its employees – setting the stage for the onset of the digital industry in Pakistan
The Digital Transformation Team was able to deploy several state-of-art digital solutions in technical & non-technical areas including RiskAlive Analytics, Digital Logging, Salesforce, Customer Gauge, Headcount System, InfoPlus.21, WorkSafe Analytics and One SAP.

significant changes in objectives and strategies from prior years

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

stakeholder **engagement** & relationship

engaging **stakeholders**

policy for engaging stakeholders

Engro Polymer & Chemicals Limited recognizes the significance of its stakeholders and has therefore devised a policy that looks to engage them both formally and informally, periodically and regularly.

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

01

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.

02

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.

03

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.

04

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.

05

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.

06

regulators

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

07

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.

details of analyst briefing held during the year:

Quarter	Date	Mode
Q4 2020 / FY 2020	February 11th, 2021	Video link facility
Q1 2021	April 19th, 2021	Video link facility
Q2 2021	August 11th, 2021	Video link facility
Q3 2021	October 18th, 2021	Video link facility

brief summary of matters discussed during analyst briefings

Matters discussed during the briefings normally pertain to an overview of the performance of the Company from a financial and operational perspective, EPCL's stance on any significant ongoing issue that has implications for the wider industry, an update on 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 prior to the meeting. The notice is published in both Urdu and English, in at least one issue of a daily newspaper with nationwide circulation for each respective language. Further, a notice of the AGM is sent to the exchange and is also placed on the Company's website. The Company encourages minority shareholders to also participate in quarterly analyst briefing sessions the 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 08, 2021, which was attended by the Chairman of the Board, Chairman of Board Audit Committee, Chief Executive Officer and other senior management of the Company to address queries and clarifications sought by the Board of Directors. During the last AGM, queries and clarifications were sought on the Company's financial statements, which were resolved to the satisfaction of the Shareholders. Apart from the said queries, no significant issues or concern was raised by the shareholders.

highlights about redressal of investors' complaints

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

Consolidated Statement of Value Added

	2020	2021
Revenue	Rs. 42,630	Rs. 82,464
- Purchases	Rs. 20,995	Rs. 42,214
= Wealth Generated	Rs. 21,635	Rs. 40,250

Wealth Distributed

	2020		2021	
Employees as remuneration	Rs. 2063	10%	Rs. 2702	7%
Society	Rs. 12	0%	Rs. 277	1%
Shareholders as dividend	Rs. 182	1%	Rs. 11,214	28%
Providers of Finance	Rs. 2191	10%	Rs. 1904	5%
Government as taxes and duties	Rs. 3465	16%	Rs. 9975	25%
Retained within Business	Rs. 13,722	63%	Rs. 14,178	35%

governance

board of **directors**

Ghias Khan
Chairman

Nadir Salar Qureshi
Non- executive Director

Eram Hasan
Non- executive Director

Rizwan Masood Raja
Non- executive Director

Ayesha Aziz
Independent Director

Mr. Jahangir Piracha
Chief Executive Officer

Hideki
Non-executive Director

Nazoor Ali Baig
Independent Director

Feroz Rizvi
Independent Director

Ghias Khan
Chairman

Ghias Khan is the 4th President & CEO of Engro Corporation. Since he came on board at the end of 2016, Ghias has been instrumental in revamping Engro's strategy, culture, and global outreach. Ghias, along with the Board of Directors, defined a powerful central narrative for Engro Corporation that has charted its path for years to come.

There have been several notable achievements for Engro under Ghias' guidance thus far. He has stewarded Engro's renewed commitment in petrochemicals with several growth initiatives at Engro Polymer & Chemicals and other greenfield projects, consolidated the management of all energy assets under one platform – Engro Energy – with a long-term strategy of investing in the overall energy value chain, and paved the way for more cooperation with our long-time partner, Royal Vopak, through its entry into Engro Elengy, which continues to operate as the most utilized terminal in the world.

In addition, during his Presidency, Engro's Thar Block II mine and power plant have continued to contribute 660 MW of consistent power to the national grid, benefitting around 7 million Pakistanis in the process. Ghias' contribution to the robust turnaround of the Engro Eximp Agriproducts' rice business helped win it its first-ever Top Exporter Award in 2018 and triggered an achievement of more than USD 20 million in exports in 2020 alone.

His leadership has helped position Engro Fertilizers as the premier seed-to-harvest solutions provider which, in 2020, achieved record urea production to play its part in food security for Pakistan while also undertaking several digitization initiatives that have established it as one of the largest e-sales companies in the country. Further, with a firm belief that connectivity is the conduit that enables social and financial inclusion, Ghias was involved in the launch of a new vertical at Engro: telecommunications infrastructure, under which Engro Enfrashare has already partnered with all major telcos and deployed over 2,200 telecom towers across Pakistan by the close of 2021.

Recognizing that Engro's people are its greatest asset, Ghias has focused on the talent development front and was the force behind the Engro Leadership Academy – a platform to develop effective leaders. Further, Ghias has laid the foundation for a digital future through Engro's OneSAP initiative, endorsed as Pakistan's largest digital transformation project. He is also leading the transition to sustainability at Engro. Under his leadership, Engro has committed to adopt and implement stakeholder capitalism metrics, sponsored by World Economic Forum's International Business Council, becoming the first organization from Pakistan to sign this commitment.

Under his guidance, Engro has also 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 in the workplace.
As the former CEO of Inbox Business Technologies, an enterprise technology company that he co-founded in 2001 and remained with till 2015, Ghias grew the employees to over 1,900 and pivoted the company from a computer manufacturer to a systems integrator, and then to a technology-enabled digital services company.

Currently, Ghias serves as Chairman on the Boards of Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro Enfrashare (Pvt) Limited, and Engro Energy Limited. He also serves on the Board of Trustees of Engro Foundation – the social investment arm of Engro Corporation. In 2022, Ghias was elected President of the Overseas Investors Chamber of Commerce & Industry (OICCI).

Ghias was part of the Hong Kong under 16 cricket team, has represented Pakistan in the junior bridge team, and, in 2015, won the amateur singles championship at Karachi Golf Club. He holds a Master's degree in Business Administration from the Institute of Business Administration, Karachi.

Ghias is involved in the boards of: Engro Corporation Limited, Engro Fertilizers Limited, Engro Energy Limited, Sindh Engro Coal Mining Company Limited, Thar Power Company Limited, Engro Eximp Agriproducts (Pvt.) Ltd, Engro Foundation (Trustee), Engro Infinity (Pvt.) Ltd, Engro Enfrashare (Pvt.) Ltd, Karachi School of Business Leadership, The Dawood Foundation (Trustee), Engro Connect (Pvt.) Ltd.

Hideki
Non-executive Director

Mr. Hideki Adachi joined Mitsubishi Corporation of Japan in 1993 and has been dealing in trading business of Chlor-Alkali and Petrochemical products for over 20 years, part of which he was stationed in Houston, USA as well.

He also experienced Corporate Planning Department for developing a strategy for Chemicals sector in Mitsubishi Corporation. He was General Manager of Alcohol and C1 Chemicals Dept., prior to the current position of General Manger of Basic Chemicals Business Dept., where he is responsible for management of the affiliated companies in Chlor-Alkali & PVC and Methanol/C1 Chemical industries and business development for such industries.

He got his degree in Law from Hitotsubashi University in Japan. He joined EPCL Board in April, 2021. He is involved in the Boards of:

Metanor De Oriente, Caribbean Gas Chemical Ltd, Caribbean Gas Chemical (Barbados) Ltd, Exportadora De Sal S.A. DE C.V, Philippine Resins Industries Inc., PT. Asahimas Chemical, AGC Chemicals Vietnam Company Ltd, Japan Trinidad Methanol Corporation

Nadir Salar Qureshi
Non-executive Director

Nadir Salar Qureshi is the Chief Executive Officer of Engro Fertilizers since December 2018. He joined Engro Corporation Limited in March 2017 as Chief Strategy Officer. He brings with him expertise in multiple sectors across GCC, Turkey, Australia, India, ASEAN and EU. He is also experienced in consulting, private equity and finance.

Nadir began his career with Engro Chemical Pakistan Limited as a Business Analyst and then moved on to organizations such as Hub Power Company, Bain & Company, Carrier Corporation and Abraaj Capital, leading up to his most recent role as Chief Investment Officer at Makara Capital in Singapore.

He has a Bachelors and a Masters degrees in Nuclear Engineering from MIT, and he completed his MBA from Harvard Business School. Nadir is involved in the Boards of:

Engro Fertilizers Ltd, Efert Agritrade (Pvt.) Ltd, Engro Vopak Terminal Ltd, Engro Energy Ltd, Pakistan Energy Gateway Ltd, Engro Foundation (Trustee)

Eram Hasan
Non-executive Director

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

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

Eram has over 25 years of international general management experience in diverse areas of Operations, Digitalization, Strategy, Business Development, Sales, Customer Services and Supply Chain. He was last serving as the Chief Strategy Officer / Managing Director at K-Electric. In his previous roles, he was associated with Coca-Cola Beverages Pakistan Ltd as Chief Operating Officer and Unilever Pakistan as Head of Sales & Operations. He was also associated with Alcoa, USA, as Business Director and Alcoa Asia/Middle East as Regional Vice President.

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

Eram is involved in the boards of: Engro Enfrashare (Pvt) Ltd, Engro Eximp FZE, and Engro Connect (Pvt) Ltd

Rizwan Masood Raja
Non-executive Director

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

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

Prior to joining Engro, Rizwan was serving as the Managing Director and Head of HR for Retail Banking and Wealth Management, Greater China and North Asia, at SCB. As the Chief People Officer at Engro, Rizwan is responsible for providing strategic direction and overall leadership on People function and enabling its transition to a more holistic "People" orientation, with "Culture" informing behaviors. His primary focus is to implement integrated People-First framework to enable transformation across Engro Corp and Subsidiaries; Talent Development with Strong Governance, robust operations and dynamic People policies & guidelines.

Rizwan is involved in the Boards of Engro Enfrashare (Pvt) Ltd, Karachi School of Business Leadership, and Engro Connect (Pvt) Ltd.

Ayesha Aziz
Independent Director

Ayesha Aziz currently serves as the CEO / Managing Director of Pak Brunei Investment Company. She brings over 25 years of experience in Structured Finance, Private Equity & Strategic Advisory businesses.

Ms. Aziz started her career from ANZ Grindlays Bank where she worked in Merchant Banking & Treasury Markets Divisions.

She was subsequently involved in establishing and managing business operations of Pak Oman Investment Company and its subsidiaries, in senior roles.

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

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

Feroz Rizvi
Independent Director

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 43 years of local and international experience in some of the largest companies in the world.

On returning to Pakistan, he joined ICI Pakistan Ltd and moved through various business on function including a period of secondment to ICI Head Office in London.

Mr. Rizvi has vast experience in the field of Corporate Finance, Strategy Corporate Restructuring merge and acquisition. He has worked in Pakistan, UK and Saudi Arabia. Mr. Rizvi qualified as a Chartered Accountant from England and Wales. He is an alumnus of INSEAD and Wharton Business School.

He is involved in the Boards of Pakistan Oxygen Ltd, POL Pension Fund (Trustee), and Al Meezan Investment Management Ltd

Nazoor Ali Baig
Independent Director

Mr. Baig is a retiree from Detroit Edison Company a subsidiary of DTE Energy Company USA. After retiring, he came back to Pakistan to assist in the development of coal power projects to alleviate power crisis in the country. He has worked as Director Technical at HUBCO, Pakistan.

He is an Electrical Engineer by profession and has worked in the utility industry for over 40 years. His experience includes working in Operations, Maintenance, Engineering, Project Development/Management, Outage Management, Coal handling facility with state-of-the-art Blending systems, Business Management, Large Systems Change Management, Implementation of ERP system, etc.

He completed his BSc. Mathematics from the University of Karachi, and Associates in Engineering, Sciences & Bachelor's of Science in Electrical Engineering from DIT/LTU Michigan, USA.

Jahangir Piracha
Chief Executive Officer and Executive Director

Jahangir Piracha is the Chief Executive Officer for Engro Polymer & Chemicals Limited. In his previous role, Mr. Piracha was serving as Chief Executive Officer of Engro Vopak Terminal Limited and Engro Elengy Terminal Limited since March 2017. Earlier, he served as the Chief Executive Officer for Engro Powergen Qadirpur Limited.

Prior to this, he has served as Vice President – Manufacturing, and General Manager Human Resource & Corporate Services at Engro Polymer & Chemicals Ltd. He has also previously worked as the Production and HSE Manager at Engro Fertilizers Limited. Prior to joining Engro, he has worked for ICI Pakistan Ltd.

Jahangir has 25 years of corporate experience in functions like Manufacturing, Human Resource and Procurement. Mr. Piracha is a director on the board of REON Energy Limited, and is also serving as the chairman for PCMA.

He received his bachelors' degree in Chemical Engineering from the University of Engineering and Technology, Lahore, Pakistan.

Jahangir is involved in the Boards of Engro Foundation (Trustee), Arabian Sea Country club, REON Energy, Green Go (Pvt) Ltd, Pakistan Energy Gateway, Engro Peroxide (Pvt) Ltd, Engro Plasticizer (Pvt) Ltd, and Think PVC (Pvt) Ltd.

management committee

Mr. Jahangir Piracha
Chief Executive Officer

Fahd Khawaja
Chief Commercial Officer

Aneeq Ahmed
Vice President Supply Chain

Athar Abrar Khawaja
Vice President Projects and BD

Salman Hafeez
General Manager Human Resources

Rabia Wafah Khan
Chief Financial Officer

Mahmood Siddiqui
Vice President Manufacturing

Asghar Ali Khan
General Manager Digital Transformation

Jahangir Piracha
CEO & Executive Director

Jahangir Piracha is the Chief Executive Officer for Engro Polymer & Chemicals Limited. In his most recent role, Jahangir was serving as Chief Executive Officer of Engro Vopak Terminal Limited and Engro Elengy Terminal Limited since March 2017. Earlier, he served as the Chief Executive Officer for Engro Powergen Qadirpur Limited.

Prior to this, he has served as Vice President – Manufacturing, and General Manager Human Resource & Corporate Services at Engro Polymer & Chemicals Ltd. He has also previously worked as the Production and HSE Manager at Engro Fertilizers Limited. Prior to joining Engro, he has worked for ICI Pakistan Ltd.

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He received his bachelors' degree in Chemical Engineering from the University of Engineering and Technology, Lahore, Pakistan.

Rabia Wafah Khan
Chief Financial Officer

Rabia Wafah Khan is serving as Chief Financial Officer of Engro Polymers & Chemicals Limited since March 2021.

Prior to joining EPCL, Rabia served in the Engro Energy vertical as CFO Engro Powergen Qadirpur (EPQL); her time at EPQL was devoted to dealing with external stakeholders including NEPRA, CPPAg and PPIB, as EPQL dealt with gas depletion and its mitigation, through the development of an alternate fuel option. Her career has spanned leadership roles in varied finance and HR roles across multiple Engro companies since 2004, including Engro Fertilizers, Engro Powergen Qadirpur Ltd and Engro Powergen Thar Ltd. Over the years, her key strength has emerged in product structuring and financing.

She is a Chartered Financial Analyst and an MBA (Finance/ MIS) from IBA

Mahmood Siddiqui
Vice President Manufacturing

Mahmood Siddiqui started his career with Engro Chemicals Pakistan Limited as a graduate trainee engineer and is currently leading Engro Polymer & Chemicals' Manufacturing division as the Vice President. With over 25 years of operations, commissioning, health & safety and business development experience, he has immensely contributed in building the backbone of Engro's health & safety systems of all the subsidiaries, manufacturing operations of Engro Polymer and Engro Fertilizers, new projects at fertilizers, energy, digital and foods segments of Engro.

Apart from leading business departments and divisions at Engro, Mahmood has also led Engro's key community programs including Sahara Welfare Society, schools in Kacha, Community Emergency Response program and Engro Model School.

He holds a bachelor's in chemical engineering from University of the Punjab.

Fahd Khawaja
Chief Commercial Officer

Fahd Khawaja is currently serving as the Chief Commercial Officer at Engro Polymer & Chemicals. Prior to joining EPCL Fahd was associated with Efert as VP Global Sourcing & Commercial Head Phosphates Business, where he conceived the idea of making Phosphates as a business unit and formulated and implemented business strategy which resulted in highest ever PAT for the business in 2018.

Fahd brings with him extensive experience of working in various leadership roles in Business Management, Marketing & Sales, Supply Chain, Global Sourcing and Trading. He has also worked as Department Head for Sales, Specialty Fertilizer Business and Supply Chain in the Commercial Division.

Fahd is also an ASQ certified Six Sigma Black Belt and holds a master's degree in Business Administration with concentration in Marketing and Finance.

He holds an MBA from Qauid-e-Azam University.

Aneeq Ahmed
Vice President Supply Chain

Aneeq started his career with Engro Polymer & Chemicals as graduate trainee engineer and is currently heading the company's Supply Chain Division. In his illustrious career spanning over 16 years, he has held several key positions and roles in the Company including Unit Manager Stationary and Rotary Equipment Maintenance, Maintenance Department Head, and PVC / VCM Plants' Debottlenecking and Capacity Enhancement Project Lead.

He has a bachelor's degree in Mechanical Engineering from N.E.D University of Engineering and Technology and master's degree in Business Administration from Institute of Business Administration.

Athar Abrar Khawaja
Vice President Projects and BD

Athar joined Engro Polymers as a Process engineer in 2004 and worked his way to the position of General Manager Technical in 2014. During this period, he was part of the project team responsible for the relocation and construction of the VCM plant from Baton Rouge LA in 2007.

From 2015 – 2018 he led the marketing function for the Chemicals business at ICI Pakistan.
He rejoined Engro Polymers as GM Expansion Projects in 2018.

His recent achievements at EPCL include leading the PVC 3 and VCM DBN Expansion projects. He navigated the project during the Covid Pandemic and ensured project completion and successful commercialization.

He has been leading the Business Development Department at EPCL from mid 2021 and has played a key role in the development of EPCL Vision 2030.

Salman Hafeez
General Manager Human Resources

Salman has over 12 years of experience in Talent Acquisition, Learning & Organization Development, Employee Relations as well as HR Business Partnership in FMCG, Banking as well as Telecommunication Industry.

Prior to joining EPCL, he was associated with Jazz (previously known as Mobilink) as Regional Head HR (South).

He has also worked at Standard Chartered Bank as Senior Talent Acquisition Manager and for Philip Morris Pakistan as a HR Business Partner.
He holds a master's degree from Iqra university.

Asghar Ali Khan
General Manager Digital Transformation

Asghar is serving as the General Manager for Digital Transformation at EPCL. He brings with himself a wealth of diverse and extensive professional experience as he has worked in the Maintenance, Planning, Warehouse and Workshop functions at all three major fertilizer companies of Pakistan.

Some of his key achievements include the full automation of safety gloves manufacturing as Head of Business at Midas Safety, integration of 17 robots for the manufacturing process in Hi-Tech Alloy Wheels as Chief Operating Officer and two SAP implementations as Project Manager at Sabic and Engro Fertilizer.

With a bachelor's in industrial engineering from Purdue University USA, Asghar has also completed with PMP certification from PMI.

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

Human Resource and **Remuneration Committee**

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

The Members of the Committee are as follows:

- **Ms. Ayesha Aziz**
  Independent Director
- **Mr. Feroz Rizvi**
  Independent Director
- **Mr. Rizwan Masood Raja**
  Non Executive Director
- **Mr. Nadir Salar Qureshi**
  Non Executive Director
- **Mr. Salman Hafeez**
  Secretary

Management **Committee**

- **Jahangir Piracha**
  (Chairman)
- **Athar Abrar Khwaja**
  (Member)
- **Aneeq Ahmed**
  (Member)
- **Asghar Ali Khan**
  (Member)
- **Fahd Khawaja**
  (Member)
- **Mahmood Siddiqui**
  (Member)
- **Rabia Wafah Khan**
  (Member)
- **Salman Hafeez**
  (Member)
- **Salima Hemani**
  (Secretary)

Workplace Harassment **Committee**

- **Rabia Wafah Khan**
  (Member)
- **Kalimuddin Khan**
  (Member)
- **Salima Hemani**
  (Member)

Corporate HSE **Committee**

- **Jahangir Piracha**
  (Chairman)
- **Aneeq Ahmed**
  (Member)
- **Asghar Ali Khan**
  (Member)
- **Fahd Khawaja**
  (Member)
- **Athar Abrar Khwaja**
  (Member)
- **Mahmood Siddiqui**
  (Member)
- **Salman Hafeez**
  (Member)
- **Rabia Wafah Khan**
  (Member)
- **Aqeel Riaz**
  (Secretary)

chairman's review

Dear Shareholders,

I am pleased to present to you the financials of Engro Polymer & Chemicals Limited ("EPCL" or the "Company") for the period ended 31st December 2021.

During this period, the macroeconomic environment of Pakistan showed signs of recovery from the COVID-19 pandemic, and the economy achieved a growth rate of 4% in 2020-21.

The Government was able to tackle multiple COVID-19 waves during the year by taking commendable measures which maintained buoyancy in the Large-Scale Manufacturing sector, whilst protecting human lives. The support by the Government towards economic growth, however, was tainted by high inflation rate touching 12.3% in December from 5% in January 2021. This high inflation rate is attributable to expansionary monetary and fiscal policies, supply shortages and the upsurge in international commodity prices. We are hopeful that strong commitment on part of the Government to reform the economy will translate into tangible actions and result in improvement in the overall economic sentiment.

For EPCL, the year 2021 proved to be a strategically significant year as the Company completed two expansion projects where we increased PVC capacity by 100KTA and VCM capacity by 50KTA. These projects are envisaged to help the Company meet domestic demand, support import substitution and increase exports. The company remains on track to deliver Hydrogen Peroxide plant and other efficiency projects. We are confident that these projects will allow EPCL to capitalize on the immense potential of polymers and allied chemicals sector in Pakistan.

We would like to thank the Government for its continuous support and will continue to count on timely support to solve some of the external challenges that pose imminent risks to our business. These issues, especially those related to gas supply unavailability and continued dumping of PVC in Pakistan, despite imposition of anti-dumping duty in 2018, impact continuity of business. I would request the Government of Pakistan to help us resolve these issues in the most befitting manner.

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

Looking ahead, the Company will remain committed to contributing to economic prosperity and delivering strong shareholder value by investing in long term reliability of existing operations, digital transformation initiatives, promoting gender diversity and improving sustainability to reduce carbon footprint, conserve natural resources and building a circular economy for plastics. We are grateful to all our stakeholders for their continued patronage and will work towards maintaining this trust placed in us.

Mr. Ghias Khan
Chairman Board of Director

CEO's review

Year 2021 was a historic year for Engro Polymer & Chemicals Limited ("EPCL" or the "Company"). The Company posted highest ever profit after tax of Rs. 15 billion against profit after tax of Rs. 5.7 billion last year. We also saw the completion of our capacity enhancement projects of 100kTA of PVC and 50 kTA of VCM. Such stellar results were achieved while maintaining strictest compliance to COVID-19 SOPs, high standards of operational safety and unrelenting focus on customer engagement.

On the business front, international PVC market showed signs of recovery post major disruption in 2020 due to COVID-19, particularly in Asia which accounts for 66% of the global demand and remains one of the largest importing regions of PVC. This recovery along with supply constraints led to soaring PVC prices globally, which transpired in demand destruction for our price-sensitive domestic market. Despite this challenge, the Company increased its market share by maintaining competitive prices and sold the highest ever volume of 207kT in the local market. Going forward, domestic PVC market is expected to continue to grow given a low per capita PVC consumption in Pakistan as compared to other South Asian counties. We feel that this provides us an opportunity for future growth and our latest capacity enhancement will help us serve the growing market.

The Company is pleased to inform that post serving the local PVC demand, the surplus product of approximately 19kT was exported, earning USD 27 Mn and we foresee that in next year, we can continue to export while fully meeting the total domestic demand.

The upward trajectory in commodity prices, witnessed in 2021, was also mirrored in Ethylene and EDC prices which trended upwards on the back of rising crude oil prices which increased our raw material cost significantly. This was offset by stringent cost controls and high core delta helping EPCL to achieve a strong bottom line.

On the Chlor-Alkali front, the market declined in the first half of 2021 primarily owing to a slowdown in textile exports due to rising COVID-19 cases in the USA and Europe. However, a strong surge in exports was observed post June, to be marred once again by issues of gas availability in last quarter. Caustic Soda is an important input material for the textile export sector and its demand is dependent on how this industry performs. It is key to note that an adverse impact on caustic production due to non-availability of natural gas could impact exports from this critical sector.

Hydrogen Peroxide and other efficiency projects, announced earlier, are progressing well, but under very challenging environment of supply chain disruptions and other COVID-19 related restrictions.

On the financing front, EPCL obtained Temporary Economic Refinance Facility of Rs. 3.65 billion and signed a USD 15 million loan with IFC which will be used to enhance operational efficiency and expand our product range.

As companies across the world have accelerated the pace of digitization amidst the pandemic, it gives me immense pleasure to share that our digital transformation journey is progressing well with multiple new digital implementations, aimed at bolstering business processes, and building efficiency, of which flagship implementation was upgrading our current ERP to SAP HANA S4 which was successfully executed. The project enables us to ensure business continuity and efficiency through integration of business processes, agility and data-driven decision making.

The COVID-19 pandemic continued to test the agility and grit of our people. The Company's stringent implementation of COVID-19 SOPs resulted in smooth operations of manufacturing facility and continuity of construction activities at our expansion site. With this being a priority, rigorous efforts were spent on ensuring employee vaccinations and are pleased to inform that more than 99% of our employees were vaccinated.

On the Health, Safety and Environment (HSE) front, EPCL completed 16 Mn+ safe manhours without a lost work-time injury and Total Recordable Injury Rate (TRIR) closed at 0.1. An annual turnaround was also smoothly executed with zero injury. This outstanding performance was made possible through relentless focus on this critical area.

EPCL has accelerated work on its Sustainability agenda. Our focus, over the years, will be on reducing our carbon footprint by identifying various opportunities at the Plant site and on implementation of an extensive forestation and tree plantation program. Another key area of focus will be water conservation where projects will help reduce our current freshwater consumption and we are pleased to inform that our first waste-water recycle unit was commissioned during the year. On Circular Plastics front, we have collaborated with KSBL to establish a Circular Plastics Institute with an aim to catalyze a circular economy for plastics in Pakistan with clear emphasis on plastic waste recycling.

I am pleased to share that improved business performance and strong growth prospects helped EPCL maintain its long-term and short-term credit ratings of AA- and A1+, respectively, from PACRA. Moreover, the rating agency has also upgraded our outlook from 'Stable' to 'Positive'.

As your company, we would like to reiterate our commitment to contributing towards economic prosperity and creating shareholder value. As we move into 2022, we plan to focus on sustainability, long term reliability of our existing operations and technological advancements while continuing to adhere to 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 Government for putting their trust in us and we look forward to building an even stronger Company in the coming years.

Mr. Jahangir Piracha
Chief Executive Officer

directors' **report**

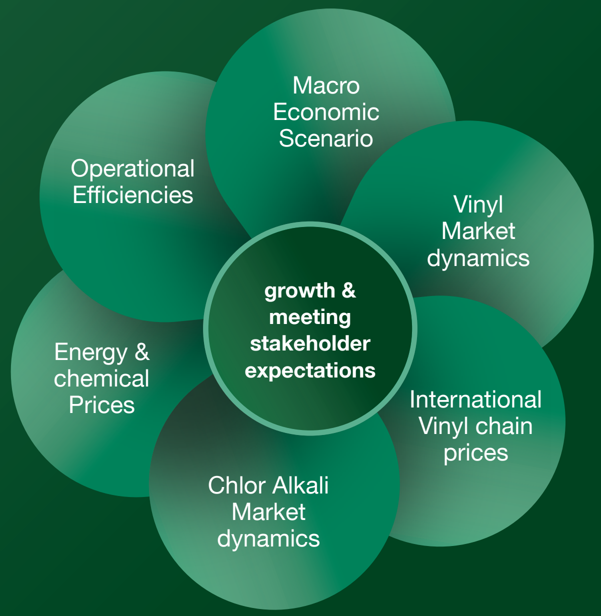
The Directors of Engro Polymer & Chemicals Limited are pleased to submit the annual report and audited accounts for the year ended December 31, 2021. During the year, the Company posted Revenue of Rs. 70,021 Mn and Profit After Tax of Rs. 15,061 Mn as compared to Revenue of Rs. 35,331 Mn and Profit After Tax of Rs. 5,730 Mn last year. This translates into Earning per Share of Rs. 16.28 per share in 2021 against Rs. 6.30 per share last year. The Board of Directors approved final cash dividend of Rs. 5.50 per ordinary share and Rs. 0.27 per preference share.

principal **activities**

Engro Polymer & Chemicals Limited ("EPCL" or the "Company") is a subsidiary of Engro Corporation Limited ("ECL" or "The Holding Company of EPCL"), which is a subsidiary of Dawood Hercules Corporation Limited ("DH Corp" or "The Holding Company of ECL"). EPCL was incorporated in 1997 as a Public Limited Company under the Repealed Companies' Ordinance 1984 and commenced commercial operations in 1997. Shares of the Company are listed on Pakistan Stock Exchange. The principal activity of the Company is to produce and market Chlor-Vinyl products which include Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic Soda Liquid, Caustic Soda Flakes, Hydrochloric Acid and Sodium Hypochlorite. The Company's flagship brand 'SABZ' has become synonymous to quality PVC in the country. EPCL strongly endorses its triple bottom line philosophy – People, Planet and Profit.

nature of business **& business model**

Engro Polymer & Chemicals Limited operates in the Chlor-Vinyl segment and its profitability is a function of business context within which it operates



macroeconomic **environment**

With the COVID-19 pandemic continuing in 2021, the Government of Pakistan ("GoP") was confronted with many challenges as the economic recovery was underway. The commendable measures taken by GoP helped in improving the economic environment with the economy registering a growth rate of 4% in 2020-2021 with noticeable performance by the Large-Scale Manufacturing (LSM) sector which achieved a growth of 15%. The current account deficit of the balance of payments reduced to extraordinarily low level of 0.6% of the GDP primarily due to low import prices. The budget deficit remained close to the targeted level of 7% of GDP, partly due to FBR revenues, which showed a growth rate of 19%. 2021 was a story of two-halves. While the first half was marked by buoyancy and economic progress, the momentum could not continue in the 2H'21 as the latter half witnessed colossal increase in the current account deficit on back of unprecedented jump of over 60% in international commodity prices as the global economy started to improve.

The current account deficit from Jul-Dec 2021 was $9.09 billion, compared with a $1.25 billion surplus in the same period last year. This put significant pressure on USD-to-PKR exchange which depreciated almost 18% during the year, going from a high of 152 in May 2021 to a low of 178 in Dec 2021.

To make matters worse, the rate of inflation also showed a continuous uptrend starting from 5% in January 2021 and reaching a high of 12.3% in December 2021. The higher rate of inflation was attributable to expansionary monetary and fiscal policies, supply shortages, market distortions, imported inflation and the upsurge in international commodity prices.

In response to the worsening situation, the State Bank of Pakistan (SBP) commenced monetary tightening and raised the policy rate by 2.75 percentage points, from 7.00% to 9.75%. The 30th of December also saw a mini budget with a target of additional tax revenues of Rs 350 billion, with higher sales tax especially on imported goods. Moving forward, if the SBP's GDP growth projection of 4% is to be achieved then the monthly deficit from Jan-Jun 2022 will need to be significantly curtailed.

The Government will also continue to face challenges with rising COVID-19 cases as Omicron variant surges throughout the world. On the other hand, gas load shedding and interest rates hike will have an impact on industrial production and the level of private investment.

The year ahead is foreseen to be an eventful year on both, the international and domestic fronts.

EPCL and covid -19 pandemic: **persevering as the challenge continues**

As the COVID-19 pandemic persisted in 2021, it continued to present numerous social, health and economical challenges for the country and as well as for the company. The most pressing issues confronted by us include:

- Managing over 1,000 manpower at site
- Sourcing of critical raw material amidst global supply chain disruptions
- Ensuring timely outbound and inbound logistics to ensure consistent supplies to customers

With unparalleled resilience, a strong leadership, committed workforce and stringent implementation of COVID SOPs, EPCL managed to ensure health and safety of our people along with continuity of our business operations. Some of our notable responses were:

- Ensuring vaccination of 99.5% employees
- Stringent screening process – over 6500 rapid tests were conducted
- Conducted 150+ COVID committee meetings

these and several other measures that were adopted helped the Company in navigating forward.

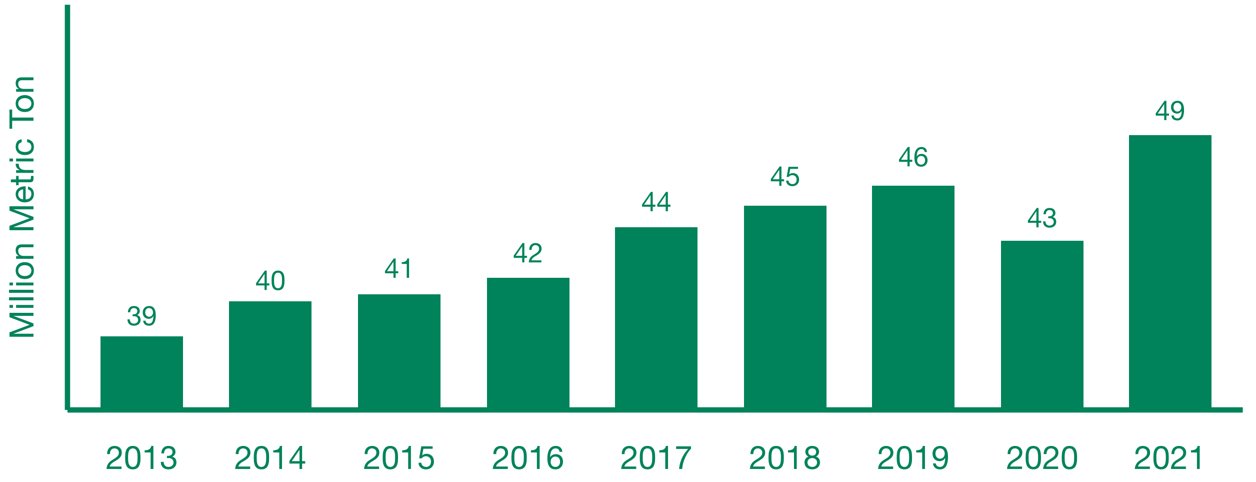
pandemic **management plan**

As our economy recovers from the pandemic, the Company's leadership has also put together a plan to ensure a smooth journey for EPCL through the pandemic. A few highlights of this plan highlights are as follows:

- Rota system at site and HO with stringent implementation and monitoring of SOPs
- Customer engagement activities to reinforce relationships as per SOP
- Ensuring timely sourcing of raw material through contract management
- Formation of a Departmental task force to continuously monitor the situation
- Regular COVID-19 committee meetings to be held to monitor the situation as it evolves
- Limit vehicle occupancy to ensure social distancing

vinyl market **overview**

PVC demand growth is typically aligned with global GDP growth as major economic expansion activities, especially related to the Construction industry, stimulate demand for PVC resin. In 2020, the COVID-19 pandemic wreaked havoc globally bringing economic activities almost to a halt. However, the global economy recovered by 5% in 2021 as continued investment in infrastructure and construction spending to boost the economies, especially in developing countries, supported and propelled global vinyl demand growth back to a trend-line level expansion. In the United States, President Biden signed the American Rescue Plan Act of 2021, implementing a $1.9 trillion stimulus package and relief proposal. The European Union bloc also took an unprecedented decision to jointly raise $917 billion to fund the economic recovery. This stimulus was on top of what the individual governments had deployed in the wake of the pandemic. Such level of fiscal spending by the leading economies of the world played a pivotal role in the revival of the global economy.



north **america**

COVID – 19 pandemic impacted PVC demand in North America unlike any other past events with the total market contracting by 4% in 2020. However, after the full lockdowns were lifted in 2021, economic activities started to resume but have not yet returned to what would be considered normal. Real US GDP growth in 2021 was revised up from 5.5% to 5.7%, while projected growth in 2022 remained unchanged at 4.3%.

PVC supply was largely impacted in 2021 by winter storm and Hurricane Ida in US. This resulted in PVC prices reaching an all-time high as various plants including Formosa Plastics, Oxychem, Westalke went into shutdown. Approximately 60% of the PVC capacity in US was knocked off due to Hurricane Ida. The situation was further exacerbated by high freight costs as two US terminals declared force majeure during the winter storm and global trade disbalance amid COVID-19 continued to impact supply chain.

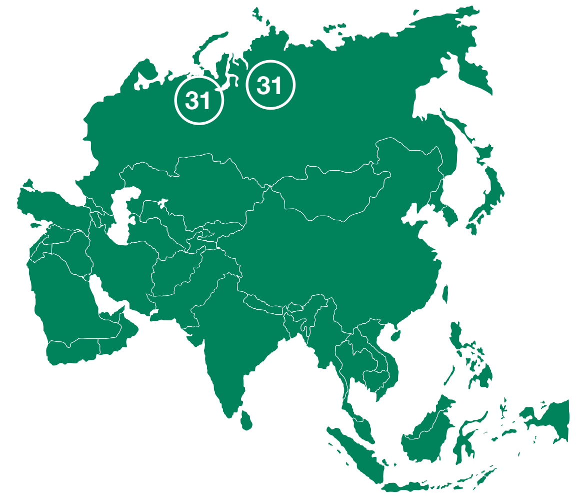
While the North American market has more or less remained flat in 2021, the outlook for growth in the region positive due to trends in non-traditional segments such as flooring, vinyl siding, fencing, and decking. Also, the repair and remodel market for construction is showing a positive trend even during the pandemic as people spend more time at home and some have chosen to remodel their houses instead of taking vacations. The average annual growth rate for PVC domestic demand is forecasted 2.5% over the next 5 years, and 2.0% over the next 10 years as construction market reaches a new equilibrium.

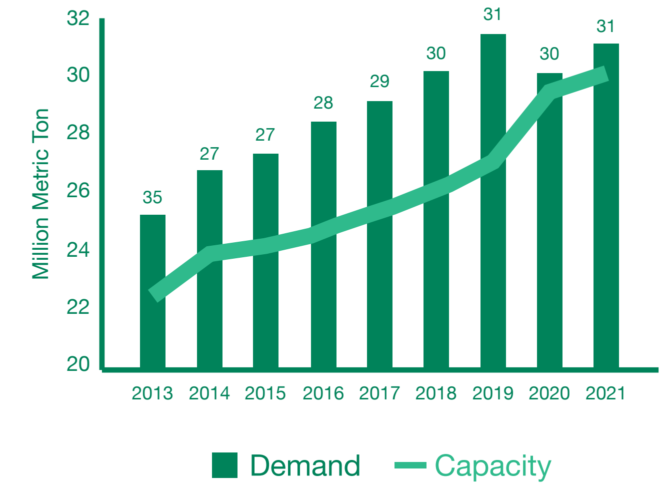
asia

Asia is an important market for PVC owing to its historic contribution to the overall demand growth where developing economies like China and India have provided growth impetus. Regional demand followed the global trend and recovered in 2021 post lifting of lockdown restrictions which accelerated recovery as many countries executed policies to boost demand and introduced stimulus packages.

Market in China also recovered although cases continued to emerge in the year. This resulted in the upward trajectory of Asian PVC prices as global supply tightness kept the pressure on regional market. High freight cost due to port congestions and shortage of containers also contributed to the price hikes. Going forward, regional market is expected to soften as global supply tightness eases out.

PVC demand & **capacity in asia**



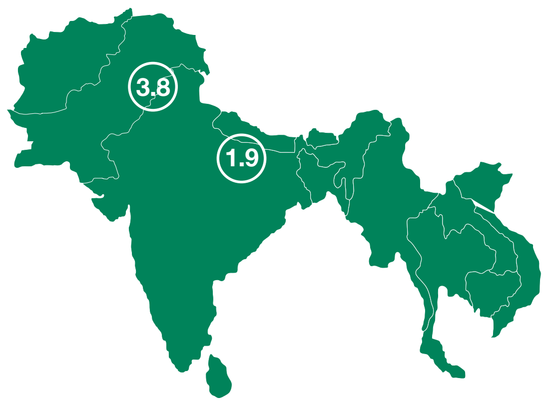


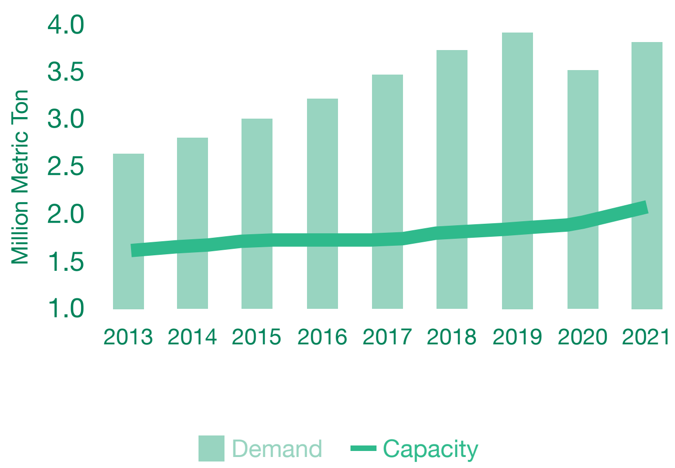
south **asia**

After contracting in 2020, the PVC market in South Asia recovered by 4% in 2021. It is anticipated that demand will remain strong as most countries in this region are continuing to stimulate the construction industry and declaring construction packages to bolster their economies. Major drivers of regional demand include infrastructure and modernization projects, such as new buildings, housing, sewage systems, and water pipe distribution systems. In addition, as the living standards of the region's rapidly growing population rise, residential and commercial real estate developments will continue to drive PVC demand. This trend will be aided by further development in the industrial and service sectors across the region.

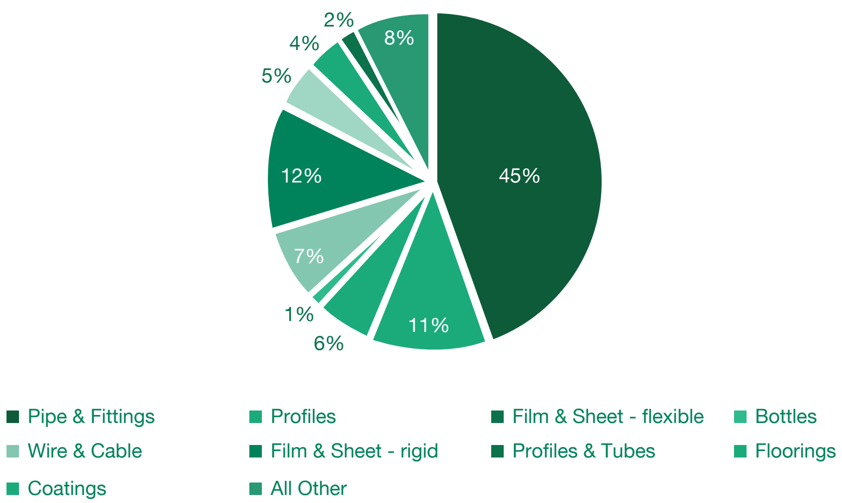
South Asia continues to be a crucial market in the global vinyl industry due to its large supply deficits, both for PVC as well as for feedstocks, and serves as an important lever in balancing the global vinyl supply and demand. The potential for growth in the region remains enormous for at least the next decade based on large population of over 2 billion and a low per capita consumption of only 2 KG compared to a global average of 6 KG per person. The importance of agriculture in the region cannot be emphasized enough in terms of PVC demand. Pipes and fitting accounts for 73% of total PVC regional demand which considerably outweighs the global proportion of 45%. Other applications like Chlorinated PVC pipes, wire & cable, and PVC profiles continue to gain wider acceptance in the region owing to their better value proposition compared with competitive products. The PVC industry in Pakistan is also slowly diversifying and is developing a wider range of finished products such as PVC flooring, garden hose, garden furniture, PVC roofing, wall panels & ceiling. Therefore, outlook for demand growth remains healthy in the region on the back of increasing per capital consumption, increasing construction activities and further introduction of new applications.

PVC demand & **capacity in south-asia**

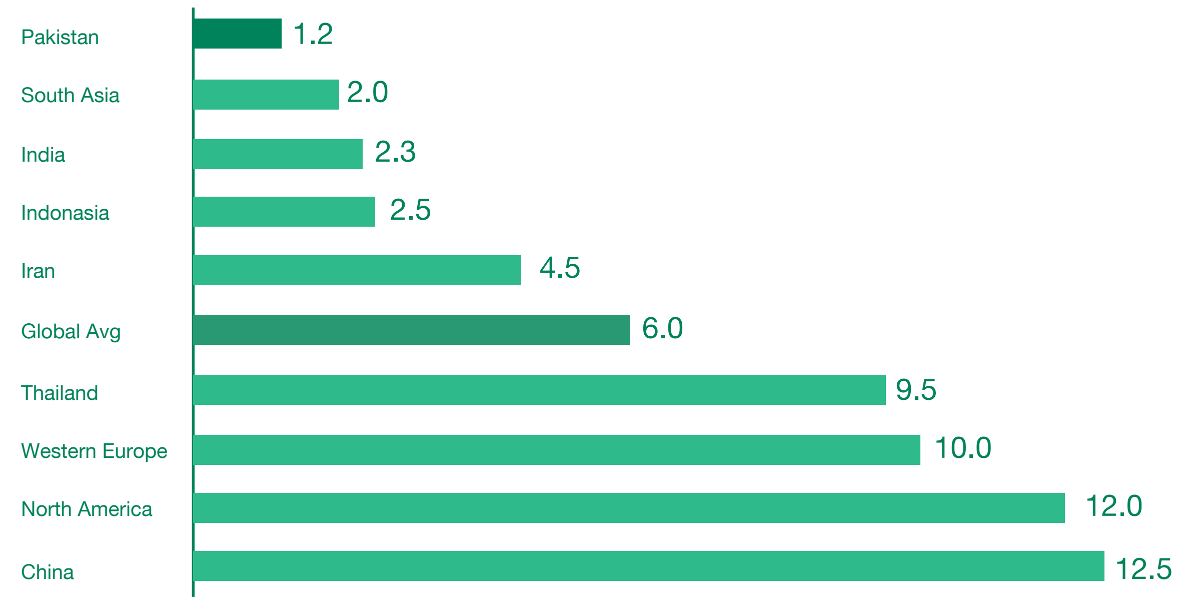




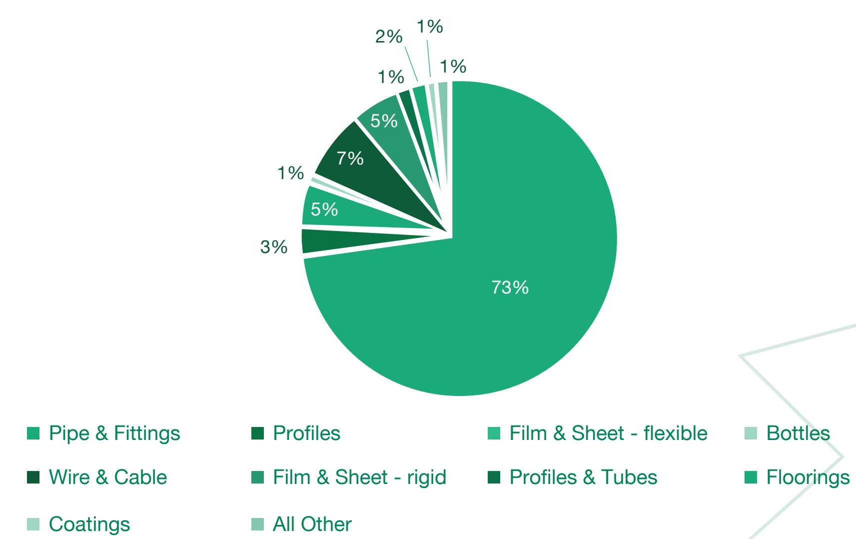
Global PVC Usage



Per capita consumption



South Asia PVC Usage



engro polymer & chemicals

Pakistan

In 2021, Pakistan's domestic PVC market declined due to high international prices. Although the Construction stimulus package announced in 2020 continued to remain in effect for most of 2021, the high levels of PVC prices coupled with high freight costs resulted in significant demand destruction. While Pakistan's domestic market declined, EPCL managed to gain its highest ever market share by maintaining product availability at competitive prices and introducing various incentives to give confidence to the market. As a result of which, the Company managed to increase its sales by 28% YoY.

We are pleased to share that our PVC expansion capacity of 100kT came online in 2021 and would like to reaffirm the Company's commitment to supporting Pakistan's economic development by meeting domestic demand of a key raw material thereby preserving the country's valuable foreign exchange.

Moving forward, in view of the Government's focus on affordable housing, expected improvement in economic growth and the Company's continued efforts to develop downstream applications, we are hopeful that the country's per capita PVC consumption will increase in years to come and converge towards international levels.

market development **activities**

Despite challenges faced by Market Development due to COVID-19 restrictions, significant breakthroughs were achieved in promoting PVC as a 'Material of Choice' across different sectors with primary focus on the construction industry.

This year proved to be fruitful in terms of public sector engagement with Punjab Irrigation Department delegation visiting the biggest PVC geo-membranes installation project in Pakistan – Makhi Farsh Canal Lining Project in Thar – and showing keen interest in using PVC geo-membranes in canal lining projects across Punjab as well. Market Development team continues to maintain engagement with public sector entities ranging from affordable housing to water supply and sanitation.

Another achievement of 2021 was successfully hosting interactive panel discussions on Sustainable Construction during the 'Urban & Rural Development' week at Dubai Expo 2020 where leading architects, developers and furniture industry manufacturers of Pakistan enlightened the audience on key sustainability initiatives being undertaken in the construction sector globally.

The Technical Services team also played a pivotal role in the growth of PVC market and customer engagement through disseminating technical bulletins, training EPCL customers' workforce in new process techniques and providing technical support to new potential investors venturing into the PVC downstream market of Pakistan.

branded **outlet**

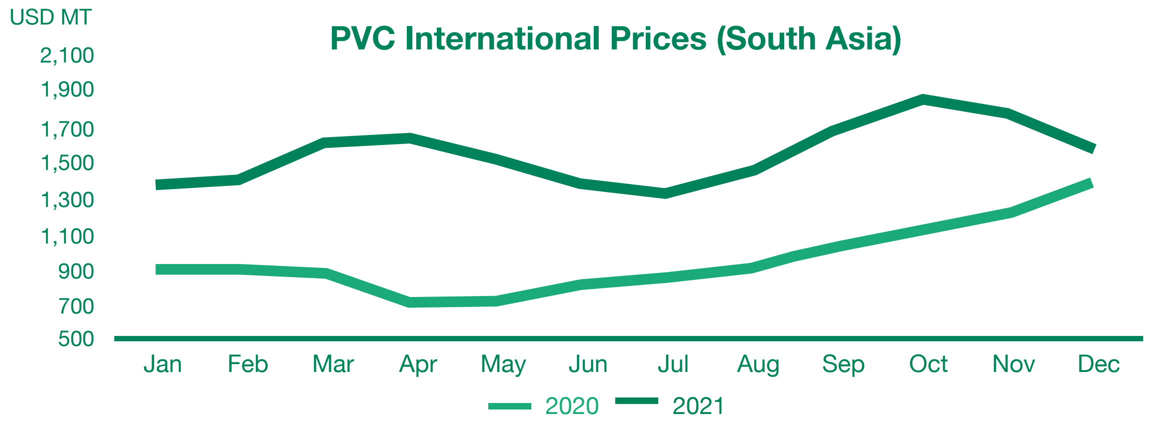
2021 was the year when our first ever Branded Outlet for PVC downstream products, 'thinkPVC' was successfully launched. Since its inauguration in April 2021, the outlet has proven to be a platform for engagement with key construction sector stakeholders including builders, developers, architects & interior designers along with end consumers. thinkPVC is not just creating awareness about the versatility and superior physical properties of PVC downstream products, but also changing the landscape of construction sector of Pakistan.

international vinyl **chain prices**

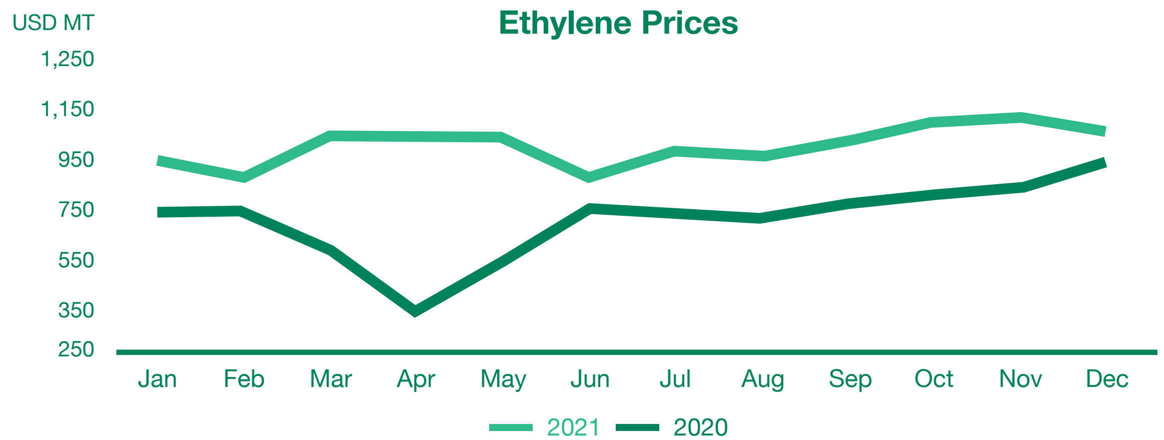
Despite being a globally traded commodity, PVC prices vary across regions. For Pakistan the relevant pricing benchmark is South Asian prices (applicable in India, Pakistan, Bangladesh and Sri Lanka). PVC prices continued their upward trajectory during Q1 2021. Major reason for this was the widespread, unplanned shutdowns in the US caused by the winter storm in February and knocked off ~87% of the country's PVC capacity. The prices were also supported by freight costs which continued to remain high as two US terminals declared force majeure after the aforesaid storm and the Suez Canal, one of the world's busiest waterways and the shortest shipping route between Europe and Asia, was blocked for 6 days.

PVC prices reversed their trajectory in Q2 2021 as COVID-19 related turbulences, especially in India, affected the international market. This dampened buying sentiment led to a sharp drop in the PVC prices. However, the Asian market posted a strong recovery in Q3 2021 and prices increased once again as Hurricane Ida knocked off 60% of US Gulf Coast's PVC capacity, followed by the Chinese Government implementing Power Control policy that resulted in significant production cuts in China. It was during this period PVC prices reached their record high levels.

During Q4 2021, prices once again started to decline on the back of increasing supply as plants came back online post force majeure. Moreover, demand also remained weak during this period due to seasonal slowdown in construction activities.



Ethylene, the primary raw material for PVC, is also used in the production of other polymers including Polyethylene. During the outgoing year, ethylene prices remained on the higher end as a result of extreme supply tightness from US storm which knocked off ~60% of US ethylene capacity and a 7.3 magnitude earthquake hit Japan resulting in ethylene supply disruption. The prices were also driven by



high crude and naphtha prices as economic activity picked up with the developing countries recovering from the effects of COVID-19 pandemic amidst mass vaccination drives and fiscal stimulus packages.

outlook

Operational issues, longer than expected turnarounds, disruptions caused by hurricanes and higher freight cost kept PVC prices on an upward trend during most of 2021. Going forward, we expect PVC prices to soften as more capacities come back online. On the ethylene front, prices will remain impacted by crude oil prices and overall ethylene supply. We expect ethylene prices to follow the suit of PVC prices despite higher crude oil prices, consequent to increase in ethylene capacities and delay in downstream ethylene expansion.

chlor-alkali **market**

Global Chlor-alkali demand is a function of economic activity as caustic soda is mainly used in the manufacturing of Alumina which in turn is used in Construction and Aviation industries. The international caustic soda prices, like other commodities, continued their upward trajectory in 2021 as lockdowns ended and pandemic related restrictions eased. Domestic textile sector picked up in the 2H 2021 as US and Europe ended lockdowns and their economic activity picked up. Caustic soda's prices also increased as a result of supply tightness in China where plants ceased operations or operated at low rates due to rising electricity cost caused by record-high coal prices.

During 1H 2021, Pakistan's domestic chlor-alkali market declined due to high cotton prices and slowdown in textile exports amidst rising COVID-19 cases in US and Europe, which resulted in lower operating rates among major exporters. Furthermore, shortage of cotton yarn in local textile industry impacted exporter margins and local caustic consumption. Textile sector showed strong resurgence of demand post June and retail channels activated due to relaxation of COVID-19 restrictions. On the pricing front, local caustic soda prices responded to increase in energy prices, however remained at a significant discount to international prices.

Sodium Hypochlorite and Hydrochloric Acid form part of the company's Chlor-Alkali portfolio. The former is used mainly by the textile industry as a bleaching agent while its other applications include disinfectant and as water treatment agent. In Pakistan, HCL is used in steel galvanizing industry, water waste treatment, power plants, gelatin segment amongst others. Moving ahead we recognize growth potential in the downstream applications of these chemicals may come from the water purification segment and expansion in power sector for Sodium Hypochlorite and Hydrochloric Acid respectively.

outlook

The local chlor-alkali prices are largely driven by energy cost. On demand front, the domestic market provides a bullish outlook on the back of factors such as recovery in LSM sector and the Government's increased emphasis on textile exports. However, reliable supply of gas will continue to pose a major challenge for the overall chlor alkali business

operational **efficiencies**

Resource conservation and operational efficiency is a key focus area at EPCL so that it's able to deliver maximum value for all stakeholders and contribute positively towards the sustainability agenda. Towards this end, the Company recently completed commissioning of Transfer Line Exchangers (TLEx) whereas Oxy Vent Recycle (OVR) project is also nearing its completion. These projects are expected to reduce the Company's energy requirement thereby reducing the drain on the country's depleting gas reserves and improving raw material efficiency which in turn will limit imports. This will also provide the Company some shield against gas price hikes and future PKR devaluation. EPCL also made progress on the previously announced High Temperature Direct Chlorination (HTDC) project, which will bring further energy efficiencies and reduce carbon dioxide emissions

financial overview & **management**

sales **review**

In 2021, EPCL's revenue increased by 98% in comparison to 2020, on account of increase in PVC and Caustic volumes by 28% and 12%, respectively. The increase in volumes were also followed by higher PVC prices (52% YoY basis) which rallied in 2021 on account of global supply constraints.

Domestic Sales (kT)	2021	2020	YoY
PVC	208	163	28%
Caustic Soda	68	61	12%
Caustic Flakes	7	2	250%

profitability

The Company recorded highest ever profitability in its history clocking at Rs. 15,061 Mn owing to high PVC prices and volumes. In this regard, the Company also managed to secure highest ever sales volume.

one time **item**

No one time item has been reported in 2021.

dividend

The Board of Directors of the company have approved a final cash dividend of Rs. 5.50 per ordinary share and Rs. 0.27 per preference share.

contribution to **national exchequer**

During 2021, EPCL contributed almost Rs. 10 Bn to the government treasury in form of taxes, excise duty, custom duty, income tax and sales tax.

liquidity & **cash flows**

During the year, the Company generated a cashflow of Rs. 14.5 Bn from Operating activities. A strong liquidity position allowed the Company to pay dividends. Excess short-term cash was invested in debt market instruments, mutual funds and TDRs for efficient cash management.

financing

During the year, the Company negotiated multiple Temporary Economic Refinance Facility (TERF) loans to the tune of Rs. 3,650 million to finance its recurring capex, expansion and efficiency projects. All loans have tenors of 10 years with grace periods of 2 years. The concessional rates on TERF will yield significant savings in terms of reduced finance costs.

The company has further entered into a long-term loan agreement with International Finance Corporation for US$ 15 million. The facility has a tenor of 5 years within a grace period of 2 years.

credit **rating**

In 2021, Pakistan Credit Rating Agency Limited (PACRA) awarded EPCL with a long term and short-term rating of AA- and A1+, respectively. The rating outlook has also been upgraded from 'Stable' to 'Positive' which highlights the Company's improved credit worthiness. The ratings are dependent upon company's ability to strengthen its business, financial profile and sustained operation.

capital **structure**

The assets of the Company were financed by debt and equity in the ratio of 42:58 in 2021, as compared to 47:53 in 2020. The capital structure has shifted more towards equity as the quantum of loan repayments was larger than news loan obtained during the year which ended up reducing the Company's leverage.

risk management **framework & methodology**

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 that mandates assessment of the organization's strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. EPCL entrusts accountability at all levels and requires monitoring, communicating, and reporting changes in the risk environment and the effectiveness of actions taken to manage identified risks 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. Risk Management process is led by Chief Financial Officer (CFO) and endorsed by the Board Audit Committee (BAC).

Strategic & Regulatory Risk

Emergency due to operational / environmental upset

Strategy

The company has deployed top-of-the-line technology, undergoes regular maintenance, and annual turnaround to ensure smooth function of the facility

Result

Plant operated smoothly during the year

Removal of duty protection on PVC

Strategy

The company has approached the government for the need for a Petrochemical investment policy which will encourage further investments to increase the size of plants to achieve world scale size and be globally competitive.

Result

Ministry of Industries, GoP is working on a petrochemical investment policy which will give clear direction to industries on future investment and incentives package.

Gas availability

Strategy

As an important raw material supplier to textile export industry we sought GoP's support for availability of gas so that exports don't suffer due to our shutdown.

Result

We were able to provide caustic soda to textile export sector even with curtailed gas availability during peak winter months.

Commerical/Operational Risk

International commodity prices

Strategy
Strengthen internal business intelligence and established network with international olefins analysts to have better insight of international price trend and fundamentals defining market dynamics

Result
The management regularly evaluates pricing trends of final products and primary raw materials. Based on these analyses, pricing / procurement strategies are developed to capitalize on market dynamics

Risk of lower capacity utilization

Strategy
Management has started working aggressively on market development activities including but not limited to thinkPVC outlet and push strategy in new downstream applications

Result
thinkPVC is generating good outreach and awareness. On the other hand, surplus inventory is being exported to ensure presence in the international market

Financial Risk

Over Leveraging Company to meet high capex requirements

Strategy
To safeguard Company from potential overleveraging, comprehensive forecasting, scenario & sensitivity analysis are used to source debt thereby ensuring company can withstand commodity shocks

Result
The Company has ensured that the capital structure is within the acceptable debt:equity threshold of 75:25 as prescribed by the lenders. The Company also ensures the maintenance of comfortable Debt Service Coverage and Interest Coverage ratios.

Risk of lower capacity utilization

Strategy
Closely follow key macro-economic indicators to identify potential risks and work with banks to hedge foreign exchange exposure

Result
Reduced impact by efficiently managed intl. supplier credit.

business continuity plan

We recognize our 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

Plan has been successfully implemented and tested by the management to ensure smooth & safe continuity of operations. The plan was tested from the onset of lockdown imposed by the Government in response to COVID–19 pandemic in 2020 and migration to One SAP in 2021.

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.

responsible citizenship & CSR activities

EPCL is a socially responsible organization with a well-crafted CSR strategy. EPCL has heavily focused its efforts towards uplifting the standard of living in Ghaghar Pathak, a community close to the Port Qasim Plant. These are elaborated below.

education

EPCL plays an active role in the provision of quality primary school education in Ghaghar Phatak area, with student enrolment of more than 500 students through four primary school units. EPCL employees actively engaged TCF Engro students in various activities and learnings that went beyond the classroom. From carrying out educational field trips, to setting up libraries and organizing celebratory events, students were given various platforms to enhance their knowledge and showcase their potential.

healthcare

In collaboration with SINA Welfare Trust, EPCL has established a primary healthcare clinic for the resident of Ghaghar Phatak villages with the aim of providing access to primary healthcare. To date, approximately Rs. 19 million has been spent on the initiative. The clinic offers screening, OPD, doctor's consultation, immunization, lab collection point, and lab-testing services. The facility also includes an ultrasound facility, a pharmacy for prescribed medicines with a range of 150 medicines, preventive healthcare on diabetes and a hypertension, eye and TB program with its partners. The clinic started operations in July 2019 and has been operating six days a week and provides the facilities free-of-charge for the community. The clinic treats approximately 100 patients each day. In 2021, the clinic treated more than 20,000 patients and conducted approximately 2,500 lab tests.

EPCL is also making clean drinking water accessible to the Ghaghar Phatak community by partnering with The Water Foundation. In the past, most of the residents received water through the public water supply system, which was not only irregular and scarce in supply, but also extremely contaminated with life-threatening microbial bacteria. Today, five water filtration plants are operating successfully six days a week across various locations in the community. All water filtration plants run on solar power. In 2021, more than 5 million litres of clean drinking water was provided to 25,000 residents of the community. The improvement in the quality of water from the water filtration plants compared to normal tap water have not gone unnoticed and most of the residents have switched to this alternative and have consequently experienced better health conditions. Three additional water filtration plants have been approved for construction by EPCL and their construction will begin in early 2022.

business ethics **& anti-corruption**

The Board of Directors of the Company has univocally set down the acceptable business practices and behaviors in the "Code of Conduct" to ensure that all our business dealings are undertaken whilst maintaining highest standards of ethical values. This Code of Conduct embodies our values and expectations, and it is reviewed and refreshed on a regular basis. Therefore, at the heart of all our internal and external dealing is our Code of Conduct and expectations, and commitment to 'zero tolerance' towards bribery and corruption or any other form of unethical practices. To reinforce Engro Polymer's clear expectations regarding acceptable behaviors, we maintain regular communications with our employees. Mandatory trainings on our code of conduct are provided periodically to our employees.

Our commitment to business ethics and anti-corruption is ascertained through completion of effectively designed and executed audit plans and assurance procedures which proscribe all sorts of unethical behaviors and highlight matters causing concerns in respect of business conduct. Moreover, we have formal and informal 'Speak Up' channels to report misconduct or non-compliance of behaviors that are unacceptable and are contrary to our fundamental and core values. Charges of non-compliance are reviewed by Engro Corporation's investigations team and appropriate actions are taken, where required.
Good corporate governance affects the way we steer our company and the relationships we have with all our stakeholders. Considering the importance pinned by the Board, our management places due emphasis on transparency and ethical practices as they play a fundamental role in developing our employees and those dealing with us in the capacity of vendors and customers as responsible professionals and good corporate citizens.

health, safety **and environment**

The Company faced COVID-19 as a critical challenge in 2021 as well. However, the Company implemented control measures in more effective manner and achieved success in keeping its people safe in pandemic. Some of the highlights of those measures were:

- Vaccinating 99.5% of the entire population of EPCL
- Ensuring compliance with COVID-19 protocols by installing AI based software, Work Safe Analytics
- Conducting over 6500+ tests on site
- Conducting frequent COVID–19 audits in line with international guidelines resulting in no major cases reported during annual Turnaround

For hazardous facilities like petrochemical plants, management of Major Accidental Hazards (MAH) is always the biggest challenge. In 2021, EPCL aligned its Process Safety Key Performance Indicators (KPIs) and Process Safety Incidents Classification with internationally recognized American Petroleum Institute (API) recommended practices, API-754 to manage process safety risks of site to avoid any major accidental hazards that could impact people, environment, or assets.

To get global acknowledgement on our standardization work of process safety system, EPCL participated in IChemE Global Safety Awards 2021. EPCL was declared as "Highly Commended" nominee for final award. Furthermore, adding to our global achievements, EPCL team managed to get its first ever technical process safety paper published in IChemE Hazard-31 journals with title "Improvement of Process Safety Monitoring of a Major Hazard Facility through Implementations of Effective Key Performance Indicators".

Site risk-based safety assessment was conducted by DuPont Sustainable Solution team in 2021 and introduced EPCL, along with other Engro affiliates, to risk-based approach initiated by DuPont which has been implemented globally. Likewise, HSE launched Risk Alive at plant site by engaging an external consultant to improve site hazard assessments through AI based analytics. These analytics provide an insight into critical causes identified in risk studies, their risk contribution and site critical safeguards that need to be healthy & available all the time to ensure a minimum required safety level.

Under the scope of Revamp of Emergency Response Planning, multiple projects were executed including development of shelter in place & safe havens at plant site, introduction of new sirens for communicating different emergencies, deployment of firefighting experts with multiple training sessions with fire squad teams, implementation of NFPA guidelines and inauguration of back up clinic.

In 2021, EPCL managed to cover one of the biggest Turnarounds of its history without any recordable injury or serious incident. The biggest challenge was to manage 2000+ workers utilization to cover turnaround scope safely for successful execution of planned jobs.

Demonstrating our commitment to safety, EPCL undertook several key safety measures during the year for improvement of Safe Work Practices at site. These measures included:

- Revamped site safety orientation protocols
- Implemented OSHA recommended 3-tags scaffold certification system
- Implemented interconnecting unit isolation protocol
- Revamped LOTO guidelines by introducing Group LOTO,
- Executed EPCL's first ever safety week
- Conducted 3rd party OSBL route hazard analysis to minimize road incidents

Environmental key performance indicators were revised and successfully implemented after performing benchmarking with international best practices. A detailed quarterly analysis of Ground Water Contamination was launched by Environment section against the bore hole monitoring on site highlighting the problematic areas and potential wastewater contamination sources.

Celebration of World Environment Days has also played an important role as this shows our seriousness and commitment towards protecting the environment.

Considering its various initiatives and performance, EPCL was honoured at the **18th Annual Environment Excellence Awards 2021 (AEEA)**.

information **systems**

EPCL has always maintained its reputation as an organization that keeps up with the latest technology and does not shy away from implementing creativity and innovation in its operations. As the world moves towards digitization, EPCL plans to remain on top on this front as well.

The Digital Transformation Department aims to digitize and automate each department to improve its efficiency, enhance security of their processes, increase productivity, reduce human intervention, and go paperless so each process and operation is accessible to its employees from anywhere, anytime and on any device.

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

- **RiskAlive Analytics**

Process hazard analysis (PHA) is a systematized process by which a company can assess the potential unsafe conditions that can lead to accidents and develop preventative and contingency plans. The difficulty with PHA is in assessing the cost-value of PHA recommendations. The difficulty arises from the plethora of information and recommendations that need to be assessed and execution prioritized to deliver maximum value at low cost.

RiskAlive Analytics works to provide a data-driven approach to risk management. It is a web based PHA analytics service that is delivered online through a cloud-based user platform. It is applied to EPCL's PHA facilitation project and pre-existing reports and visualizes the data to help the relevant personnel communicate the most critical safeguards and optimize implementation of recommendations while measuring against industry benchmarks.

Salient features of RiskAnalytics include:

- Optimization of recommendations by sequencing them based on their criticality and consequences.
- Comparison of EPCL plant with similar facilities around the world to identify any risks, causes or recommendations that may be being missed.
- Identification of most critical risks at site and their top causes. With each update in the PHA, the analytics is updated to provide a better picture of the plant.
- Reduction of spare parts an maintenance inventories by eliminating low impact safeguards.

- **Digital Logging**

EPCL, aiming for a greener workplace and reducing paper waste, introduced Digital Logging to replace paper checklists with tablets that provide instant uploads of checklist to database thereby saving not only paper, but also manhours by eliminating the need for manual data entry. Since deployment, a total of 415 checklists have been digitized and 84,836 log sheets have been submitted, continuing to save several thousand sheets of papers every month.

To promote a paperless environment, Digital Transformation concluded the efforts of digitization of documents at EPCL Plant. During this exercise, a total of 150,000+ documents were scanned at 600dpi, amounting to 150 GB of data. These scans will be accessible to various divisions from 2022 onwards once the Document Management System is implemented.

- **Salesforce**

The sales department was also automated to minimize human intervention and improve the efficiency of sales processes by implementing Salesforce, a digital platform for customers to generate orders in real time and for our internal users to approve, dispatch and close orders on the go.

Salesforce retrofitting consisted of 21 integration points during a limited black out period and zero ramp down of commercial operations. This task was successfully completed with the collaboration between Digital Transformation, OneSAP, ICT and business functions.

- **Customer Gauge**

For the first time in the history of EPCL, a system based NPS survey, 'Customer Gauge' was launched for its customers. Digital Transformation supported Commercial Division to ensure smooth execution of the project and an error-free integration with Salesforce.

- **Headcount System**

Under the umbrella of Health, Safety and Environment projects, Headcount System is currently under implementation that will track and monitor personnel in plant during emergencies, and provide a holistic view of head count to Administration and HSE at Plant.

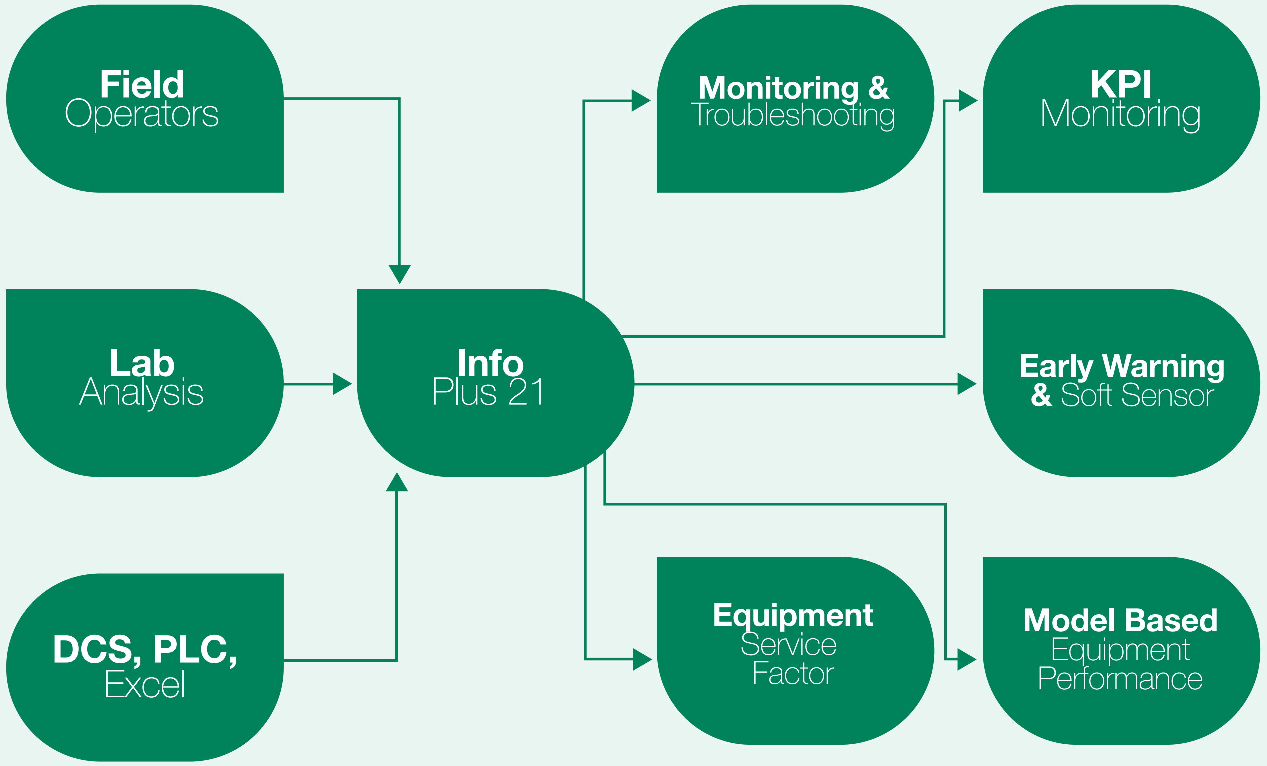
- **InfoPlus.21 (IP21)**

Currently, EPCL does not possess real time data logging and storing mechanism that is accessible online. This introduces delays in collecting, storing and logging data into computers for analysis. The current method of data collection also occupies one of the Distributed Control System(DCS) panels in the Central Control Room (CCR), a resource that must be available in times of emergencies when data collection and analysis is most needed. This creates difficulty for the Process team for receiving data required to support operations and occupies a critical asset needed by Operations to handle emergencies.

To remedy this, EPCL is in the process of introducing InfoPlus.21 (IP21) which is a real-time data historian that collects and visualizes data over EPCL Plant network.

Info Plus 21's capabilities include:

- Collecting and storing data in real time
- Visualizing data over EPCL network using a process explorer
- Importing of historical data directly into excel sheets for analysis and reporting
- Displaying KPI's in real time for quick plant health analysis.
- Generating alerts when parameters exceed predefined limits.
- Consolidating plant data into an easy-to-use interface for quick access.



- **WorkSafe Analytics**

EPCL has always kept the safety of its employees as the top priority. While all efforts were made to limit the attendance at plant, EPCL made sure technology was put to good use to monitor the safety of the resources present at plant.

While considering that EPCL keeps the safety of its employees as one of the top priorities, WORKSAFE Analytics, a computer vision-based solution, was deployed at site after the outbreak of COVID-19 to monitor mask and social distancing violations through CCTV footage and generate analytics based on violations.

the corona virus at site. Given the success, EPCL's WorkSafe Analytics initiative was also featured in the documentary "Business: go woke or go broke? | The Economist".

human **resources**

With an aim for continuous business excellence, EPCL was quick to adapt and remained successful in carrying out work from home without any compromise to its business and people. We launched several new business initiatives and projects with an imperative focus on learning and development, that too virtually.

- **Talent and Leadership**

The Company's focus on the quality of leadership, driven through cross-group movements, formal development interventions and increased efforts to support employees' wellbeing, i.e., mental, and physical, has contributed to an increase from 80% to 84% score in the Employee Experience Survey. The depth of Company's talent has also been deepened through identification of key critical positions followed by targeted succession planning for those positions. These development interventions include classroom functional trainings for employees at Senior Manager and Manager levels as well as for our Professional stream employees. In addition to this, the Company's entire senior leadership team went through multiple coaching programs.

- **Culture**

Engro's central idea of solving pressing issues of Pakistan and deepening the employees' leadership competencies are fundamental to the organization's Culture. In 2021 we continued to focus on Culture to increase the pace and performance focus of the way work is executed. Human resources regularly updates the Board of Directors on the progress the Company is making in the evolution of its culture. Throughout this year, Collaboration has been a key focus area with regards to culture. A survey was deployed to understand how various teams collaborate, network and integrate with each other. In order to improve collaboration, division wise specific action planning was conducted. To further support the cultural intents, the Board as well as the top management seeks to appoint and promote the right people.

Similar to 2020, the challenges posed by COVID-19 continued. In the backdrop of the pandemic, maintaining an engaging culture which supports the Company's growth initiatives, the Board's discussion of Culture centered on employees' experience and the organization's ways of working. The Company's leaders believe in "walking the talk" and present themselves as role models which, during the challenging times posed by COVID-19, played a crucial role in inspiring the employees.

Another important pillar of the organization's Culture is "Code of Conduct" as it is a manifestation of the behaviors the organization values and promotes The Code of Conduct is reviewed regularly and communicated frequently to the employees.

- **Engagement**

The Company has established strong engagement mechanisms with the employees that ensure they remain engaged and prefer to stay with the organization for a longer period of time. To achieve this, Human resources has played a pivotal role in increasing the touchpoints with employees for more frequent and meaningful communications during the pandemic. Other initiatives taken during the year to increase Engagement were as follows:

- Focused on how our managers are delivering feedback to the employees.
- Emphasizing interventions which support employee wellbeing and allow employees to bring their whole self to work.
- Vocalized our Diversity and Inclusion commitments by setting ambitious targets to improve gender diversity.

Key engagement interventions were:

- Townhall by CEO and Divisional Heads
- 'Policy Talks' by HR
- Facilitating dialogue and collaboration with CEO through identified forums
- Employee Forums and Focus Groups
- Employee Experience Survey

Our Engagement survey is a key channel to communicate the views of employees to the Board. As mentioned above, the overall employee engagement score is one of the key performance indicators with regards to employee experience. In 2021, the survey was conducted in Q4 and the score increased by four percentage points (4%) against last year to 84%. This indicates that the employees do not only feel engaged and productive, but also feel a deeper connection with the central idea and want to resolve Pakistan's national issues.

Another key aspect of Culture that was under focus throughout the year was Diversity and Inclusion ("D&I"). As part of the key enablers of our Vision 2030, D&I will continue to remain an important agenda item at EPCL's Management Committee meetings and the meetings of the Board of Directors. Following are some of the key interventions Human resources spearheaded to enhance D&I:

1. Kickstarted an all-female year-long coaching program: Breaking the Glass Ceiling, to provide a learning and coaching platform for the female talent that will help in their career advancement and retention.
2. Collaborated with multiple institutions to increase women in STEM education
3. Launched "Break ke Baad", an Engro-led initiative, which has been piloted at EPCL to enable females with a career break to return to the workforce with ease.
4. Confirmed the first female TAE in the Operations Department as an Assistant Operations Engineer.

The Company's endeavors in the realm of D&I have been acknowledged and appreciated by a global institution, having won awards in all the five categories to which the Company applied.

As the Company continues to invest in expansion and reliability projects, the Board is particularly focused on the availability and development of a talent pipeline with the right capacity and capabilities required to successfully execute the projects. Towards this end, Human resource has renewed its focus on the training plans for Graduate Trainees and Trade Apprentices, and has identified the teams for various upcoming projects to ensure they are manned with the right resources.

stakeholder engagement **& relations**

EPCL believes in engaging with stakeholders across all levels. During the past year we have used several platforms including quarterly securities analyst briefings, press releases, plant visits, disclosure to the stock exchange on strategic matters and informal conversations to this effect.

To comply with all regulatory requirements, the Company remains in close coordination with relevant authorities including tax agencies, Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan. We use formal and informal media such as meetings and conferences to interact with our vendors and customers. Our interactions with customers often include technical assistance and business development related to their businesses in our effort to benefit the industry.

Employees are a core driving force behind the company's growth, and therefore, EPCL measures employee motivation on regular intervals, benchmarks its findings against industry standards and shares them with respective managers and HR to formulate appropriate strategies.

support required **from government**

The company seeks the Government's support on the following matters:

Gas Price Increase: Since 2018, the domestic industry has already experienced multiple rounds of gas price increases which has impaired shareholder value. To ensure local industry's competitiveness against international players and continued growth in domestic industrial base, it is imperative for the Government to arrest the continuous increase in energy prices.

Gas availability: Uncertainty over availability of gas especially during winter season exposes the company and the wider industry to severe operational risks. It also has potential adverse impact on the country's exports resulting from shortage of feedstock. Therefore, it is essential for the Government to pursue long term solution to this burning issue, so that continuity of operations of the local industry can be ensured.

GIDC Case: The Honorable Supreme Court, in 2020, issued order on GIDC matter, as result of which the Company is liable to make GIDC payment in 48 monthly installments. A review petition in this regard was also dismissed by the honorable court. We would like to highlight that EPCL did not pass on the impact of GIDC to customers as its PVC pricing is benchmarked against international prices whereas Caustic prices are determined via demand-supply dynamics. Currently, a stay order has been obtained from the Sindh High Court against the recovery of GIDC on the grounds of no pass through. Therefore, the Government is requested to intervene in this matter and hold effective negotiations with all stakeholders for a mutually beneficial resolution of the issue.

Dumping of PVC: Pakistan continues to experience the dumping of PVC despite imposition of final anti-dumping duty on product from China, Taiwan, South Korea and Thailand. This has happened because importers have started to venture into other countries such as USA and Indonesia. The Government's support in this area will allow the Company to serve the nation by way of import substitution.

Duty on PVC imports: Maintaining the current level of import duty on PVC is imperative for the domestic PVC industry. We would like to highlight that, EPCL has recently invested ~ USD 150 Mn to increase the PVC production capacity from by 100,000 MT (from 195,000 MT to 295,000 MT) which is in excess of domestic market demand and on other growth & efficiency projects. The existing tariff structure is well cascaded down in the complete PVC chain. We believe any tariff rationalization will seriously impact our investment which is to reach a world scale size so that we are globally competitive. One must emphasize that import substitution saves valuable foreign exchange of the country.

future **outlook**

Despite various challenges posed by the pandemic which included lesser on-site manning and EPCL continued to work towards execution of its previously announced projects while continuing its endeavors to identify new projects and markets. The driving force behind these efforts emanate from our vision to Lead Pakistan in Polymers & Allied Chemicals with International Footprint.
Update on projects is as follow:

- Oxygen based VCM Production: Operational efficiency is a core focus of the company owing to its positive impact on shareholder value. Resultantly, the Board of Directors approved this project with the objective of shifting VCM production from an air-based technology to oxygen-based process. This will reduce the overall raw material consumption by ~2%. The project is underway and is expected to be completed in 2022.

- Hydrogen Peroxide: The Company generates hydrogen as a by-product of its caustic manufacturing process which is currently being used as fuel in our power plant. Post completion of the project, hydrogen will be diverted to the manufacturing of Hydrogen peroxide which will generate higher value compared to its current utilization as fuel. Hydrogen peroxide is mainly used as a bleaching agent in textile industry, a sector we already serve through our Caustic product line. The project is expected to come online in 2023.

- High Temperature Direct Chlorination (HTDC): EPCL is always in search of energy efficient solutions and also to optimize its energy consumption. HTDC is an outcome of the company's efforts towards the same objective. Post completion, this will reduce the company's carbon footprint and also bring further energy efficiency. The project is expected to come online in 2023.

- Linear Alkyl Benzene Sulphonic Acid (LABSA): The Board of Directors in their meeting held on August 10, 2021 decided not to pursue the earlier announced LABSA project.

Looking ahead, the completion of the aforementioned projects will remain the core focus of EPCL. These will enable the company to continue its strong operational and financial performance.

corporate **review**

The shareholding in the company as at December 31, 2021 is as follow:

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	9	14,207	0.00%
2	Associated Companies, Undertakings, and related Parties	3	611,827,854	67.31%
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	10	16,475,696	1.81%
5	Insurance Companies	10	32,118,183	3.53%
6	Mutual Funds	62	73,829,646	8.12%
7	Shareholders holding 10%	2	610,787,014	67.20%
8	General Public:	28,655	146,607,197	16.13%
	a. local			
9	Others	217	27,766,613	3.05%
10	Executives	29	283,937	0.03%
	Total (excluding shareholders holding 10%)	28,995	908,923,333	32.80%

Information of Shareholding required under the reporting framework is as follows:
1. Associated Companies, Undertaking and Related Parties

Shareholders' Category	Shareholders' Category
Engro Corporation Limited	510,733,451
Mitsubishi Corporation	100,053,563
EPCL Employees' Trust	1,040,840
Total	611,827,854

Mutual Funds	Holding
Meezan Islamic Fund	15,573,221
NBP Stock Fund	9,359,474
Faysal Islamic Dedicated Equity Fund	6,525,000
NBP Islamic Stock Fund	3,430,480
Faysal Stock Fund	3,330,000
Atlas Stock Market Fund	3,262,000
Meezan Tahaffuz Pension Fund - Equity Sub Fund	2,665,209
Al Meezan Mutual Fund	2,628,041
NBP Islamic Sarmaya Izafa Fund	2,503,500
Al-Ameen Shariah Stock Fund	2,263,016
ABL Stock Fund	2,064,370
Atlas Islamic Stock Fund	1,875,000
MCB Pakistan Stock Market Fund	1,655,000
JS Growth Fund	1,417,000
UBL Stock Advantage Fund	1,237,354
Faysal Islamic Stock Fund	1,168,000
Meezan Balanced Fund	1,104,954
KSE Meezan Index Fund	1,011,271
Alhamra Islamic Stock Fund	1,000,000
ABL Islamic Stock Fund	792,175
Alhamra Islamic Asset Allocation Fund	750,248
Alfalah GHP Islamic Stock Fund	699,000
Meezan Asset Allocation Fund	694,761
NBP Sarmaya Izafa Fund	640,357
Faysal Asset Allocation Fund	569,000
Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	487,990
Meezan Dedicated Equity Fund	424,644
Alfalah GHP Stock Fund	408,000
UBL Retirement Savings Fund - Equity Sub Fund	397,872
NBP Balanced Fund	386,623
JS Islamic Fund	376,000
Al-Ameen Islamic Asset Allocation Fund	273,890
JS Large Cap. Fund	245,500
APIF - Equity Sub Fund	245,000
NBP Islamic Active Allocation Equity Fund	231,416
Unit Trust of Pakistan	210,500
First Habib Islamic Stock Fund	200,000
Atlas Islamic Dedicated Stock Fund	194,500
ABL Islamic Dedicated Stock Fund	165,000
APF Equity Sub Fund	150,000
Alfalah GHP Alpha Fund	145,000
First Habib Stock Fund	138,500
JS Pension Savings Fund - Equity Account	125,000
Alfalah Ghp Value Fund	106,000
AKD Index Tracker Fund	79,197
JS Islamic Pension Savings Fund-Equity Account	76,000
Alfalah Ghp Islamic Dedicated Equity Fund	74,000
UBL Asset Allocation Fund	61,868
NBP Islamic Regular Income Fund	59,000
HBL Income Fund - MT	51,500
HBL IPF Equity Sub Fund	50,000

Name	Holding
HBL Islamic Equity Fund	50,000
Faysal MTS Fund - MT	50,000
HBL PF Equity Sub Fund	35,000
HBL Islamic Asset Allocation Fund	34,000
First Habib Asset Allocation Fund	25,000
JS Islamic Dedicated Equity Fund	20,102
Trust Modaraba	20,000
UBL Dedicated Equity Fund	11,113
B.R.R. Guardian Modaraba	1,000
Nit Income Fund - MT	1,000
Pakistan Income Fund - MT	1,000
Total	**73,829,646**

3. Directors and their spouses and minor children

Shareholders' Category	No. of Shares Held
MR. GHIAS KHAN	1
MR. ERAM HASAN	1
MR. NADIR SALAR QURESHI	1
MR. HIDEKI ADACHI	1
MR. RIZWAN MASOOD RAJA	1
MS. AYESHA AZIZ	501
MR. FEROZ RIZVI	1
MR. NAZOOR ALI BAIG	1
MRS. KULSUM ASHFAQ W/O Mr. ERAM HASAN	13,699
TOTAL	14,207

4. Executives

Shareholders' Category	No. of Shares Held
Executives	283,937

5. Public sector companies and corporations

Shareholders' Category	No. of Shares Held
Public sector companies and corporations	27,766,613

6. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful & Pension Funds

Shareholders' Category	No. of Shares Held
Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance, Takaful & Pension Funds	48,593,879

7. Shareholding five percent or more voting interest in the Company

Names of holders	No. of Shares	Percentage of Holding
Engro Corporation Limited	510,733,451	56.19
Mitsubishi Corporation	100,053,563	11.01

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

Name	Shares Purchased	Shares Sold	Rate	Date of Purchase / Sale
Muhammad Waqas	16,500	-	51.57	28-Apr-2021
Muhammad Waqas	3,000	-	51.59	30-Jul-2021
Muhammad Waqas	500	-	64.33	01-Sep-2021
Shahid Hussain	3,000	-	50.90	03-Dec-2021

9. Pattern of Shareholding – As at December 31, 2021

No of Shareholders	Size of Holding		Total Shares
	From	To	
618	1	100	19,557
17,768	101	500	8,403,552
5,660	501	1,000	4,255,498
2,873	1,001	5,000	7,474,741
753	5,001	10,000	5,894,251
301	10,001	15,000	3,866,958
203	15,001	20,000	3,743,628
127	20,001	25,000	2,895,696
68	25,001	30,000	1,896,121
72	30,001	35,000	2,388,119
45	35,001	40,000	1,735,547
27	40,001	45,000	1,154,311
76	45,001	50,000	3,748,630
22	50,001	55,000	1,180,730
25	55,001	60,000	1,465,432
22	60,001	65,000	1,385,089
17	65,001	70,000	1,167,185
19	70,001	75,000	1,407,788
11	75,001	80,000	865,654
7	80,001	85,000	580,910
11	85,001	90,000	963,232
4	90,001	95,000	376,247
17	95,001	100,000	1,697,500
2	100,001	105,000	206,800
10	105,001	110,000	1,078,813
4	110,001	115,000	448,823
5	115,001	120,000	591,192
6	120,001	125,000	746,296
5	125,001	130,000	642,062
3	130,001	135,000	399,000
9	135,001	140,000	1,247,990
2	140,001	145,000	287,500
4	145,001	150,000	598,000
4	150,001	155,000	607,219
3	155,001	160,000	475,683
6	160,001	165,000	983,456
1	165,001	170,000	165,214
5	170,001	175,000	862,978
5	175,001	180,000	894,040
7	180,001	185,000	1,275,407
3	185,001	190,000	562,042
3	190,001	195,000	582,500
15	195,001	200,000	3,000,000
1	205,001	210,000	208,050
2	210,001	215,000	423,500
2	220,001	225,000	445,089
1	225,001	230,000	230,000

No of Shareholders	Size of Holding		Total Shares
	From	To	
2	230,001	235,000	464,308
1	240,001	245,000	245,000
6	245,001	250,000	1,495,500
2	250,001	255,000	504,146
1	255,001	260,000	255,500
2	260,001	265,000	524,500
3	270,001	275,000	821,872
3	280,001	285,000	847,942
6	285,001	290,000	1,733,298
3	295,001	300,000	900,000
1	300,001	305,000	305,000
1	305,001	310,000	309,000
2	320,001	325,000	649,324
3	325,001	330,000	986,000
2	330,001	335,000	666,121
1	335,001	340,000	336,995
1	365,001	370,000	366,849
1	375,001	380,000	376,000
1	380,001	385,000	384,000
1	385,001	390,000	386,623
2	395,001	400,000	795,871
1	400,001	405,000	404,000
2	405,001	410,000	818,000
1	410,001	415,000	410,986
1	415,001	420,000	417,752
1	420,001	425,000	424,644
1	425,001	430,000	425,493
1	435,001	440,000	438,500
1	440,001	445,000	441,098
2	445,001	450,000	896,000
2	455,001	460,000	914,138
1	465,001	470,000	465,500
1	485,001	490,000	487,990
4	495,001	500,000	2,000,000
1	500,001	505,000	500,534
1	515,001	520,000	518,500
1	530,001	535,000	530,173
1	540,001	545,000	544,786
3	565,001	570,000	1,704,349
1	580,001	585,000	581,995
1	595,001	600,000	600,000
1	640,001	645,000	640,357
1	665,001	670,000	666,849
2	680,001	685,000	1,369,956
2	685,001	690,000	1,376,588
1	690,001	695,000	694,761
1	695,001	700,000	699,000

No of Shareholders	Size of Holding		Total Shares
	From	To	
1	700,001	705,000	701,000
1	720,001	725,000	725,000
1	740,001	745,000	740,778
1	750,001	755,000	750,248
2	790,001	795,000	1,584,216
1	795,001	800,000	800,000
1	845,001	850,000	846,905
1	895,001	900,000	900,000
1	900,001	905,000	905,000
1	910,001	915,000	914,462
1	965,001	970,000	965,500
3	995,001	1,000,000	3,000,000
1	1,010,001	1,015,000	1,011,271
1	1,040,001	1,045,000	1,040,840
1	1,100,001	1,105,000	1,104,954
1	1,145,001	1,150,000	1,148,516
1	1,165,001	1,170,000	1,168,000
1	1,170,001	1,175,000	1,175,000
1	1,235,001	1,240,000	1,237,354
1	1,365,001	1,370,000	1,369,956
1	1,400,001	1,405,000	1,404,290
1	1,415,001	1,420,000	1,417,000
2	1,445,001	1,450,000	2,896,973
1	1,495,001	1,500,000	1,500,000
1	1,650,001	1,655,000	1,655,000
1	1,745,001	1,750,000	1,750,000
1	1,870,001	1,875,000	1,875,000
1	2,010,001	2,015,000	2,013,500
1	2,055,001	2,060,000	2,060,000
1	2,060,001	2,065,000	2,064,370
1	2,170,001	2,175,000	2,170,500
1	2,260,001	2,265,000	2,263,016
1	2,345,001	2,350,000	2,350,000
1	2,500,001	2,505,000	2,503,500
1	2,510,001	2,515,000	2,514,000
1	2,625,001	2,630,000	2,628,041
1	2,665,001	2,670,000	2,665,209
1	2,695,001	2,700,000	2,700,000
1	2,745,001	2,750,000	2,746,500
1	2,925,001	2,930,000	2,927,096
1	3,225,001	3,230,000	3,227,699
1	3,260,001	3,265,000	3,262,000
1	3,325,001	3,330,000	3,330,000
1	3,430,001	3,435,000	3,430,480
1	4,635,001	4,640,000	4,637,000
1	4,760,001	4,765,000	4,763,582
1	6,520,001	6,525,000	6,525,000

No of Shareholders	Size of Holding		Total Shares
	From	To	
1	7,300,001	7,305,000	7,300,345
1	7,630,001	7,635,000	7,630,196
1	8,035,001	8,040,000	8,039,500
1	9,355,001	9,360,000	9,359,474
1	15,570,001	15,575,000	15,573,221
1	22,470,001	22,475,000	22,473,000
1	24,535,001	24,540,000	24,538,000
1	100,050,001	100,055,000	100,053,562
1	510,725,001	510,735,000	510,733,451
			908,923,333

board meetings and attendance

In 2021, the Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meeting Attended
Ghias Khan	5
Eram Hasan	6
Nadir Salar Qureshi	5
Noriyuki Koga*	1
Rizwan Masood Raja	6
Ayesha Aziz	6
Feroz Rizvi	6
Nazoor Ali Baig	6
Jahangir Piracha	6
Hideki Adachi**	5

* Resigned from the Board with effect from March 31, 2021
** Co-opted as Director on April 1, 2021 in place of Mr. Noriyuki Koga

board composition

Male	8
Female	1

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

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

Board People Committee	
Ms. Ayesha Aziz	Chairman
Mr. Nadir Salar Qureshi	Member
Mr. Rizwan Masood Raja	Member
Mr. Feroz Rizvi	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 No. 249 (Note 38 to the unconsolidated financial statements.)

major **judgment areas**

Main areas related to Income Taxes, provisions, contingencies / commitments, Deferred Tax Assets, and other areas involving subjective judgements and having material impact on financial statements are detailed in Notes to the accounts.

accounting **standards**

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; and

- Provision of and directives issued under the Companies Act, 2017.

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

provident **fund**

In 2013, the Company replaced its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Accordingly, the following information is based on the latest audited financial statements of the Fund maintained by the Holding Company as at June 30, 2021 and unaudited financial statements as at Dec 31, 2021.

Details of the fund are as follows:

(in PKR)	31-Dec-21	30-Jun-21
Total Assets	5,069,048,481	5,591598,187
Cost of Investments	4,592,437,896	4,625,926,494
Percentage of Investment made	90.59%	82.73%
Fair value of Investments	4,813,622,210	4,963,976,119

board's policy on **gender diversity**

The board fosters gender diversity at all levels with the organization. In relation to this, Ms. Ayesha Aziz was appointed as an independent director on EPCL board in 2020.

compliance with code of **corporate governance**

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

The Board of Directors is pleased to report that:

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

board's assessment of **the principal risks**

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

training program **for directors**

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

director **orientation**

The company's director come from diversified backgrounds and bring a wealth of experience with them. At the induction of a new director, they are briefed about the market dynamics that impact the company, its operations and its long-term strategy. They are also informed of their fiduciary responsibilities towards 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 goverance 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
- 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 Health, Safety, and Environment policy as testimony of its commitment to protect its people, community, and environment
- Undertaken 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
- Ensures that privately owned subsidiaries of the Company comply with benchmark governance practices.

board and management **decision matrix**

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

shares traded and **average prices**

During the year 677 Mn shares of the Company were traded on Pakistan Stock Exchange. The average price of the Company's share based on daily closing rates was Rs. 53.19. The 52-week low high during 2021 was Rs. 42.84 – 65.45 per share, respectively.

dividends

The Board of Directors declared final cash dividend of Rs. 5.50 per ordinary share and Rs. 0.27 per preference share and is to be approved by the shareholders in Annual General meeting.

auditors

The present auditors, M/s A.F. Ferguson & Co. retire, and offer themselves for reappointment. The Board Audit Committee has recommended the reappointment and the Board of Directors has endorsed the recommendation.

Jahangir Piracha
Chief Executive Officer

Feroz Rizvi
Director

our statement of **best practices**

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

our code of **conduct**

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

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

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

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

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

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

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

implementing governance practices **exceeding legal requirements**

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

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

governance **framework**

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

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

Developing good Corporate Governance is an iterative process and aims to incorporate standards that are universally practiced and appreciated.

internal environment & **internal control framework**

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

Responsibility

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

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

Framework

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

Risk Assessment

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

Control Activities

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

Operating Paradigm of EPCL Board

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

evaluation of board, committees, CEO & the chairman

As at December 31, 2021 the Board, that has the collective responsibility for ensuring that the affairs of the Company are managed competently and with integrity, comprises of one Executive Director, three Independent Directors, and five Non-Executive Directors, four of whom are executives in other Engro Group companies. A Non-Executive Director, Mr. Ghias Uddin Khan, Chairs the Board, and the Chief Executive Officer is Mr. Jahangir Piracha. Biographical details of the Directors are given on page 43 of the annual report.

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

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

Evaluation

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

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

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

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

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

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

Formal Orientation of our Board

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

Training Program for Directors

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

Responsibilities of the Chairman

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

The chairman is empowered and responsible to:

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

Responsibilities of the Chief Executive Officer (CEO)

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

- Compliance with regulations and best practices
- Ensuring effective functioning of internal control system
- Identifying risks and designing mitigation strategies
- Safeguarding of Company assets
- Development of human capital and good investor relations
- Sustainable growth of shareholder value
- Identification of potential diversification / investment projects
- Implementation of projects approved by the Board
- Preservation and promotion of the Company's image
- Endorse quarterly, half-yearly, and annual financial statements, after external auditors initials in case of half yearly and annual financial

statements, prior to placing and circulating for consideration and approval of the Board

- Placement of significant issues for the information, consideration, and decision, as the case may be, to the Board or its committees

Presence of Chairman at the Annual General Meeting

The Company's Annual General Meeting (AGM) was held on April 8, 2021 which was attended by the Chairman of the Board along with the other Board members including CEO and other senior management.

External consultancy for appointment of the Chairman

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

Chairman's Significant Commitments:

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

Sponsors, directors & executives shareholding

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

Companies where executive directors are serving as non-executive directors

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

board audit committee

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

- Mr. Feroz Rizvi – Chairman
- Mr. Nazoor Ali Baig – Member
- Mr. Eram Hasan – Member
- Mr. Noriyuki Koga – Member (retired on April 01, 2021)
- Mr. Hideki Adachi – Member (replaced Mr. Mr. Noriyuki Koga)

The committee appoints secretary of the commit-tee who shall either be the Company Secretary or Head of Internal Audit. Presently, this role is exer-cised by Mr. Kalimuddin A. Khan – General Manag-er Internal Audit.

The Chief Financial Officer is invited to attend the Committee's meetings as appropriate.

The terms of reference of the Committee include the following:

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

Attendance of Board Audit Committee

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

Director's name	Meetings attended
Mr. Feroz Rizvi	6
Mr. Nazoor Ali Baig	6
Mr. Eram Hasan	6
Mr. Noriyuki Koga	2
Mr. Hideki Adachi	2

board people's committee

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

- Ms. Ayesha Aziz - Chairperson
- Mr. Feroz Rizvi – Member
- Mr. Nadir Salar Qureshi – Member
- Mr. Rizwan Masood Raja – 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. Salman Hafeez – General Manager 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 Manage ment Policies to the Board of Directors
- Recommend to the Board of Directors the Selection, Evaluation, Compensation (including retirement benefits) and Succes sion 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 Direc tors as a whole and its various subcommit tees as required under the Code of Corpo rate Governance
- Recommend Bonus Programs
- Approve Comparator Basket of Companies for Annual Salary Program
- Recommend Salary Program

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

Director's name	Meetings attended
Ms. Ayesha Aziz	3
Mr. Feroz Rizvi	3
Mr. Nadir Salar Quershi	2
Mr. Rizwan Masood Raja	3

Details of Board meetings held outside Pakistan during the year

During 2021, 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 86). In addition, group shareholding and direct & indirect ownerships of the Company are demonstrated on page (20).

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 199.

board approved policies

Board remuneration policy

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

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

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

a) The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the Directors;

c) It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director;
d) No Director shall determine his/her own

remuneration nor of a Director who may be a related party;

e) No remuneration shall be paid to Executive Directors, Chief Executive Officer and Non-Executive Directors who are employees in other Engro entities, for attending meetings of the Board and its committees; and

f) The Board, if deems appropriate, may engage independent consultant to determine the appropriate level of remuneration of its Directors and recommend to the Board for consideration and approval.

policy for security clearance of foreign directors

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

contracts/ transactions with related parties

The Company has an established and approved policy of governing transactions between the Company and its Related Parties, in compliance with the requirements of Section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018.

The policy provides a framework for governance and reporting of Related Party Transactions, and is intended to ensure due and timely approval, disclosure including its pricing policy and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws.

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

conflict of interest policy

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

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

investor relations policy

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

- Establish a portal to handle shareholders / other investors' complaints and tackle any problems that they may be facing with regard to their investments or access to relevant corporate communications

- Disclose all material information in a fair and transparent manner in compliance with legal requirements and listing regulations of the Pakistan Stock Exchange where it is listed

- Disclose, through designated spokespersons, other financial or non-financial information that it considers useful for enhancing stakeholders understanding. This may be done through analysts briefings, press releases, television programs or postings on the Company's website

- Observe a "quiet period" prior to the announcement of quarterly / annual results, during which it will decline to respond to inquiries about its business performance and related matters to prevent information leaks and maintain fairness in disclosure.

investors' grievance policy

The Company values the relationship it has with all its stakeholders and continuously strives to take measures to strengthen the same. To facilitate all stakeholders and provide them with access to communicate any query or complaint to the Company, a dedicated investor complaint section is maintained at Company's website www.engropolymer.com and Company contact details are also disclosed in "Company Information" section of this report. In addition, Corporate Communication department of the Company dedicatedly monitors all the queries and resolves them it 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 2020/FY 2020	February 11th, 2021	Video Link Facility
Q1 2021	April 19th 2021	Video Link Facility
Q2 2021	August 11th, 2021	Video Link Facility
Q3 2021	October 18th, 2021	Video Link Facility

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

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

policy for safety records of the company

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

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

- Roles and responsibilities of all functions and departments to ensure that a proper mechanism is in place within their depart ment for backup of electronic data and digitization and archival of critical hard copy documents.
- Arrangements for storage of ERP systems and business data at secure location with state-of-the-art protections against physi cal deterioration, fire, natural disasters.
- Availability of suitable alternate site for backup of critical information systems including defining the methodologies for replication of applications on the alternate site based on industry's best practices.
- Mechanism and arrangements for digitiza tion (through a Document Management Solution) and archival of critical hard copy data and for backup of critical electronic data.

Moreover, the Company has a structed 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 recover

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 manage ment processes
- Enabling enterprise business strategies by developing technological infrastructure and information systems
- Ensure the necessary protection of assets through optimization of IT Risk Manage ment
- Comply with legal and regulatory require ments, 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 relation ship

whistleblower policy

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

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

All complaints and concerns should be reported on the Speakout platform at Speakout@engro.com for confidential investigation.

human resource management policies

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

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

Succession Planning

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

diversity at EPCL

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

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

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

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

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

social and environmental responsibility policy

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

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

HSE policy

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

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

To achieve these objectives, EPCL shall:

health

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

safety

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

environment

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

cardinal rules

- Mandatory to report all on-the-job unsafe acts / conditions, near misses and incidents.
- Mandatory to follow Company Policies, Safety Rules, and all applicable laws. Contractors engaged by the Company shall strictly adhere and cause its employees to strictly adhere to Company Policies, Safety Rules, and all applicable laws.
- Work with a valid work permit.
- Wear mandatory PPEs in designated areas.
- Bypassing Safety Critical device without authorization is prohibited.
- Lighting a flame without authorization is prohibited.
- Walking under a suspended load is prohibited.
- Ensure that there is no violation of work at height protocols (not latching harness, not using protetion like handrails, nets, lifelines, etc.).
- Engaging in or provoking horseplay or fighting within Company premises is prohibited.
- Damaging Company property intentionally is prohibited.
- Sleeping & carrying mobile phones in Plant operating areas are prohibited.
- Bringing weapon or any form of intoxicant on site is prohibited.
- Making a video or taking a picture of plant site areas is not allowed

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

shariah advisor

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

Profile of Shariah Advisor

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

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 which are taken up by the Management to remediate control lapses. The observations are shared on a regular basis with Board Audit Committee, Chief Executive Officer and the concerned Divisional Management.

Internal Audit is also responsible for monitoring and reporting of ethical issues. All allegations in relation to breach of the Company's Code of Business Conduct are thoroughly investigated by Internal Audit in cooperation with management and subsequently reported to the Audit Committee. It works in collaboration with the Business by taking up coaching responsibilities, driving performance improvement initiatives, and closing internal control gaps. The role of Internal Audit Function continuesto change in reaction to events, risk, and regulation affecting the Company while ensuring that its mandate is aligned with the organizational objectives and risks.

salient features of internal audit charter

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

Significant financial, managerial, and operating information, is accurate, reliable, and timely.

Significant statutory or regulatory issues impacting the Company are recognized and addressed appropriately.

Resources are acquired economically, used efficiently, and protected adequately.

Quality and continuous improvement are fostered in the Company's control process.

Risks are appropriately identified and managed.

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

audit committee **report**

Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee's Report for the financial year ended December 31, 2021. Our key focus was to assist the Board of Directors in fulfilling their governance and stewardship responsibilities, ensuring integrity of financial reporting and robustness of internal controls and risk management process at Engro Polymer & Chemicals Limited.

Composition of the Committee

Mr. Feroz Rizvi (Chairman) - Independent Director

Mr. Eram Hasan (Member) – Non-Executive Director

Mr. Nazoor Ali Baig (Member) - Independent Director

Mr. Hideki Adachi (Member) - Non-Executive Director

Mr. Kalimuddin A. Khan (Secretary) - Head of Internal Audit

During the year, Mr. Noriyuki Koga left the BAC on April 01, 2021 and Mr. Hideki Adachi joined the BAC as member.

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 2021, 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; and
- To monitor compliance of statutory requirements.

Role of Audit Committee

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

During 2021, 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 Control

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, 2021 and shall retire on the conclusion of the 24th Annual General Meeting. Being eligible for reappointment under the Code of Corporate Governance, the Committee has recommended to the Board the reappointment of A.F. Ferguson and Co., Chartered Accountants for the year 2022. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

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

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

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

financial statements 2021
The Committee assessed the 2021 Financial Statements as fair, balanced, and understandable, and that it provided sufficient information to enable the shareholders to assess the performance.

Mr. Feroz Rizvi
Chairman of the Audit Committee
Engro Polymer and Chemicals Limited

entity 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
Dumping of PVC Resin in Pakistan	Dumped products are available at less than market competitive rates hampering the pricing capability for EPCL.	EPCL presented its case to NTC, because of which final Anti-Dumping Duty has been imposed on China, Taiwan, South Korea and Thailand during 2018. Sunset review is expected in 2022
Curtailment of gas supply	Gas curtailment would lead to disruption in operations which will impact the Company's bottom line	In addition to working on alternate sources for long term gas availability solution, we have effectively communicated our stance to various authorities that being feed stock provider to export oriented sector, curtailment of gas to EPCL puts operations of wider industry at risk
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 continues to liaise with government through different forums such as Pakistan Business Council, OICCI to maintain the protective duties on PVC products

treasury management

Liquidity Risk Management

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

Foreign Exchange Risk Management

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

Interest Rate Risk Management

The company's capital structure involves sizeable leverage, mainly to fund expansion and efficiency projects, exposing EPCL to an interest rate risk. As of December 31, 2021 outstanding KIBOR based borrowings stood at Rs.16,619 Mn. whereas outstanding long term LIBOR based borrowings stood at US$ 29.17 Mn. As part of treasury operations, the company will continue to evaluate various options to hedge against interest rate risk (in case they are available). The Company mitigated some of its interest rate fluctuation risk by successfully sourcing the Islamic Temporary Economic Refinance Facility (ITERF) of Rs 3,650 Mn. at SBP's concessionary rate for our new/maintenance projects.

Credit Risk Management

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

business continuity plan

We recognize our 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. The plan was tested from the onset of the lockdown imposed by the Government in response to the pandemic, and was successfully implemented by the management to ensure smooth and safe continuity of operations.
The plan ensures smooth functioning of critical business processes in the event of an unforeseen disaster and has the following objectives:

• To provide a framework for building resilience and the capability for an effective response that safeguards the interests of key stakeholders, company reputation and brand image, and value creating activities

• To assess the risks to our operations and to understand the impact of the risks if they materialize while considering business priorities and organizational interdependency

• 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 to 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 business continuityThe 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 and has developed a strategy to adequately respond to any unpredictable challenges it might face.

pandemic recovery plan

As our economy is recovering from the pandemic, our leadership has also put together a plan to ensure EPCL smooth journey through the recovery. Some of the plan highlights are;

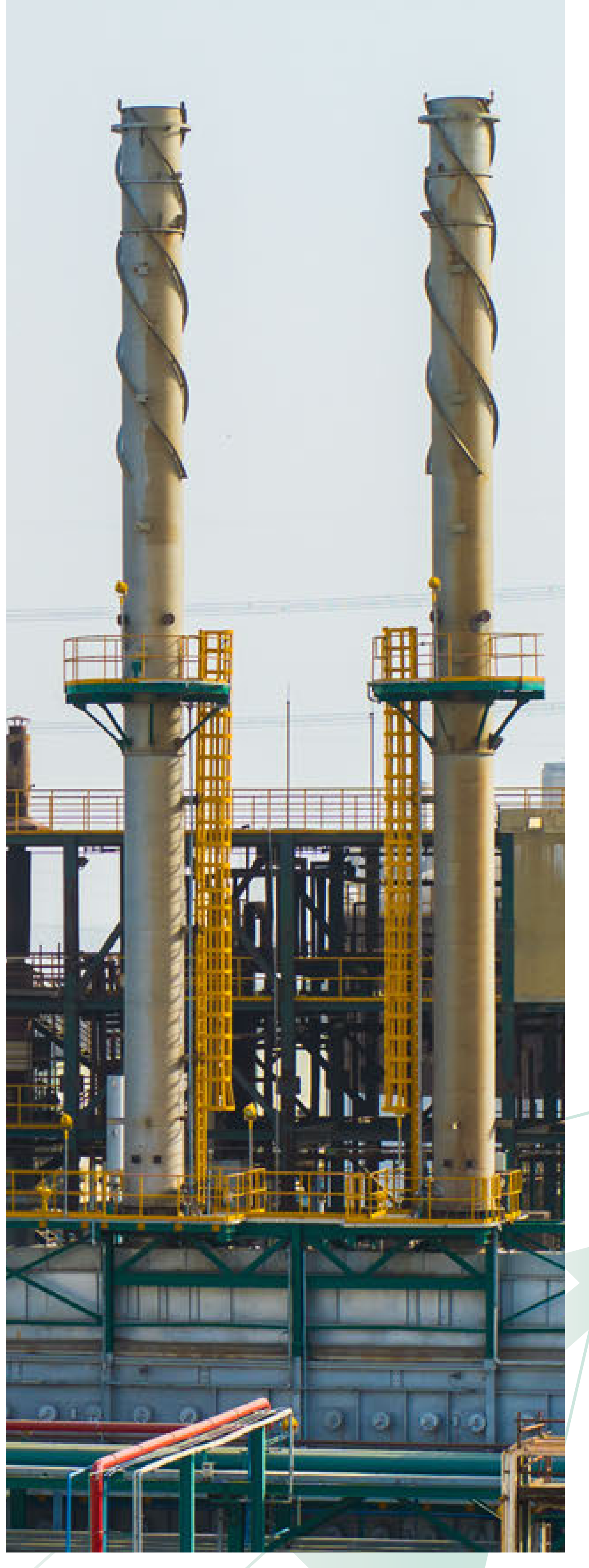
• Establishing rota system at site and HO to ensure stringent implementation and monitoring of SOPs

• Enhancing customer engagement activities to reinforce relationships

• Normalizing the sourcing of raw material through contract management

• Obtaining financing facilities at subsidized rate

• Departmental task force formation – to continuously monitor the situation



external **environment** & EPCL

business **model**

OurBusiness

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

Our Focus

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

	Inputs	Outputs
Social	• Relationshxips with customers, suppliers, communities around our plant and other stakeholders	• Customers - technical support, participation in trade fairs, promotion of alternate applications in Pakistan • Community - 4 TCF Schools, 5 Water Filtration Plants, Sina Clinic
Human	•Total Employees: 678 (578 at plant) • Competencies, Capabilities and Experience of Human Resource	• Strong human resource development programs such as Harvard ManageMentor and the learning podcasts
Natural	• Air, Water, Land, Minerals, Energy and Forests • Biodiversity and Eco-system	• EPCL strongly believes in enviromental conservation and has therefore undertaken HTDC project which will reduce our carbon footprint and improve energy effeiciency
Finance	• Equity: 30 Bn • Long-term Debt: 21.1 Bn	•Profit after Taxation: 15.06 Bn • Earnings per Share: 16.28 • Earning per share Diluted: 12.46 • Dividend per ordinary share: 16.30
Manufactured	• PVC Capacity: 295 KTA • Caustic Soda Capacity: 106 KTA • Expansions: PVC III (incremental 100 KTA) • Diversification: Hydrogen Peroxide • Efficiency Projects: Oxygen Based VCM, • High Temperature Direct Chlorination (HTDC)	• PVC Production 241 KTA • Caustic Soda Production 92 KTA •Improved Production Effeciencies
Intellectual	• Experience of op erating in polymer and chemical space in Pakistan •Company reputation as an honest member of the corporate community	• Strong Brand Image of SABZ which has become synonymous to quality PVC in the country

our approach towards **creating meaningful value**

Our Board of Directors is representative of our shareholders' interests and works with the CEO in deciding the overall strategic vision and direction of the Company.

Two principal Board Committees assist the Board in making decisions related to business management and compensation. Furthermore, there are numerous Functional Committees acting at the operational level in an advisory capacity to the CEO, providing suggestions and recommendations related to business, environment and employee matters. Monthly management review exercise is conducted so as to make meaningful decisions.

Functional Heads provide advice and recommendations in their capacities and concerning their respective business areas. These include health and safety, technical matters relating to the plants, marketing and sales, finance, employee matters, supply chain, information technology, and logistics.
The Senior Management of the Company considers feedback as a significant contributor to the review of objectives and for the development of future plans and strategies.

value chain

Raw Material Sourcing
Critical raw materials include Ethylene, EDC, VCM & natural gas

Manufacturing
PVC production: 241 KTA
Caustic Soda: 92 KTA
PVC III expansion: 100 KTA
VCM DBN: 50 KTA

Finished Goods
PVC suspension resin (primary product), caustic soda & allied chemicals

Warehousing
Sufficient storage to ensure product availability

Transportation
Strong logistics team and infrastructure across Pakistan ensuring safe & timely product delivery

Customer
Trusted business partnering and strong technical support

Downstream Consumer Products
PVC pipes, windows, doors, profiles, textile products & detergents

swot analysis

Strengths

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

Weaknesses

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

Opportunities

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

Threats

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

significant factors affecting **the external environment**

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

	Factors	Organizational Response
Commercial	Everchanging demand and seasonality impacts 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 explore export market to sell off inventory during times of low local demand
Political	Government policies on import duties and tariff structures impacts 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 domestic industry
	Government export promotion strategies positively influence the demand of our chlor alkali products which are mostly used by export-oriented textile sector	Through our proactive and efficient planning we ensure availability of products as per the changing market demand dynamics
	Improved political scenario will lead to higher consumer confidence in domestic market which ultimately improves overall demand	The Company has invested in various growth, efficiency & diversification projects to enhance local manufacturing and therefore save precious foreign exchange of our country
	Government spending on infrastructure development and public spending on construction activities impact the demand of PVC products	The Company remains in touch with government authorities and general public (thinkPVC outlet) for awareness and inclusion of various PVC applications
Economic	Improved macro-economic scenario such as interest rates and exchange rates will lead to improve profitability and positively impact future cash obligations	The Company has ensured that several of the loans are fixed rate / benchmarked against LIBOR. Company has also reduced impact by efficient management of international supplier credit.
	Gas supply unavailability impacts the business and in-return is detrimental to the export- oriented sector which contributes heavily to the national exchequer	The Company is exploring long term energy solution and at the same time appealing to government to ensure gas supply availability throughout the year

	‣ Gas price hikes by the government impacts the profitability of the Company as it forms major part of cost of production	‣ The Company remain focused on improving operational efficiencies to reduce gas consumption per ton to minimize the impact.
Social	‣ Rising population level will provide impetus to housing demand which in turn will spur demand for PVC products	‣ With our PVC 3 expansion now online 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 consumers class which will help in developing PVC market domestically
Technological	‣ 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 now developed 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 in winters and scarcity of water exposes businesses to operational risk.	‣ The company has invested in several projects including HTDC and OVR with the view of improving its environmental impact. Meanwhile minimizing CO2 emissions remain our one of the most important KPIs for which we have developed plans including tree plantation and carbon emission reduction. In addition, keen focus is being put on water and plastic recycling
Legal	‣ The GIDC decision announcement by honorable supreme court impacts the liquidity position of the company	The Company efficiently presented its stance to Sindh High Court that it does not pass on GIDC impact to customers, on the bases of which a stay order has been issued in the favor of the company.

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 Vinyl product line, the Company is the sole domestic manufacturer and serves the bulk of total PVC market in Pakistan. Rest of the demand is met through imports. The company competes with imports from international markets by providing PVC at competitive prices benefiting customers. With the new capacity now online, the Company is better positioned to serve the domestic market.

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

Threat of New Entrants

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

Power of Suppliers

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

Power of Customers

Despite being the sole manufacturers of PVC resin in the country, we always strive for higher value delivery to our customers through up-to-the-mark product quality and after 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 application 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.

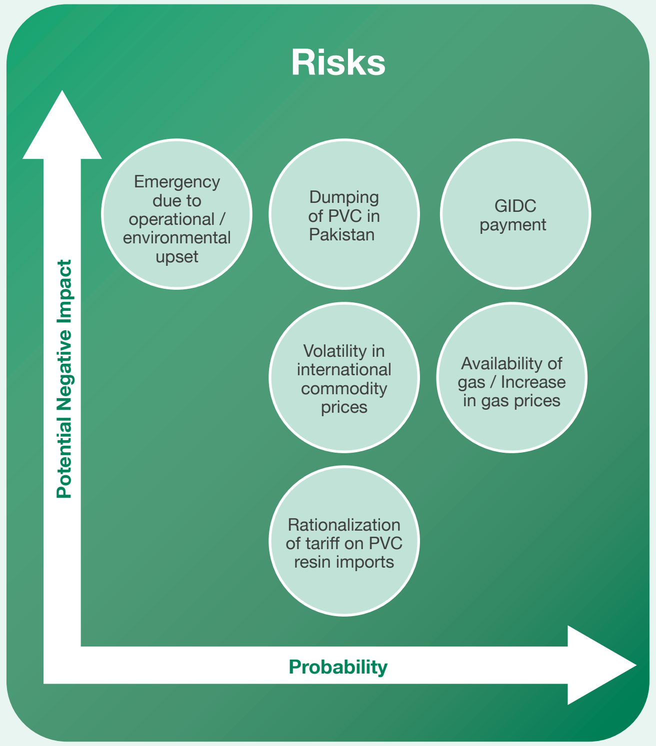
Strengths and weaknesses of competitors

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 South market. Since most textile players are also located in the North, the competitors have an advantage to serve the large textile players. On the other hand, competitors mostly rely on a mix of natural gas, coal and RLNG which means their margins erode during times of high crude oil and coal prices such as those observed in late 2021.

Customer demand

PVC market dynamics mainly follow the trend of construction activities as also evident through strong correlation of PVC sales with that of cement. Therefore, during the winter 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. In winter season, since the demand for soap remains sluggish and textile orders also decrease owing to global holiday season, Caustic offtake also remains soft. However, as demand picks up post winter 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 smooth function of the facility.

Dumping of PVC resin in Pakistan

Capital impacted: Financial capital, social and relationship capital

Nature: Long term

Source: External

Risk: Unfair practices exercised by global players impacts the domestic business environment and shareholder value.

Mitigating risk: The Company continuously monitors the developments on this front and notifies National Tariff Commission in this regard on timely basis. As a result, Anti-Dumping Duty has been imposed on China, Taiwan, South Korea, and Thailand in 2018. Sunset review is expected in 2022. 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: EPCL has obtained Stay Order from Sindh High Court. The grounds adopted by EPCL is that the decision has been made on 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 international market for PVC product lines and Caustic prices are determined based on 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 gas

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

Nature: Short term

Source: External

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

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

Increase in gas prices

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

Nature: Short term

Source: External

Risk: Increase in gas prices can have substantial adverse impact on Company's profitability

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

Rationalization of Tariff on PVC products

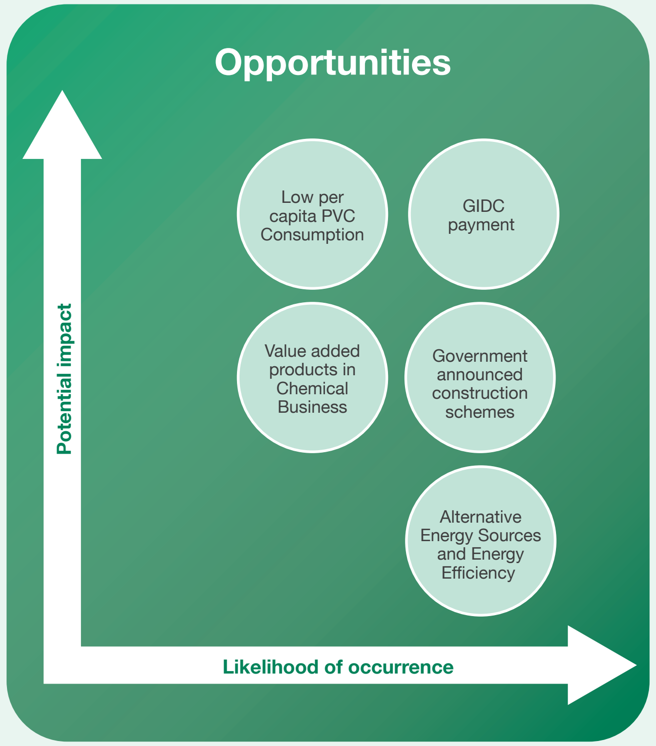
Capital impacted: Financial capital, manufactured capital, social and relationship capital

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 continue to liaison with government through different forums such as Pakistan Business Council, 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 thinkPVC branded outlet which is now operational. The outlet acts as a forum to introduce new PVC products including PVC Foam Board, PVC Wood Plastic and PVC Wall Panels to all stakeholders of downstream PVC market.

Value added products in chemical business

Capital impacted: Financial Capital, Manufactured Capital, Intellectual Capital

Nature: Medium term

Source: Internal

Opportunity: EPCL remains on course to develop its footmark not only in polymer market landscape but also in allied chemicals as well. In 2019, the Company commissioned its caustic flakes plant, meanwhile, company remains committed to Hydrogen peroxide diversification project to broaden product portfolio and diversify risk.

Government announced construction scheme

Capital impacted: Financial Capital

Nature: Medium term

Source: External

Opportunity: Recently announced housing scheme by the government promises growth for construction sector which directly impact our primary PVC segment of pipes and fittings. Our additional capacity now online will continue to help us meet the potential increase in demand and earn higher profitability.

Alternative energy sources and energy efficiency

Capital impacted: Financial Capital, Manufactured Capital, Natural Capital

Nature: Long term

Source: Internal

Opportunity: The Company is currently exploring alternative energy sources for its business as it looks to reduce its power cost and mitigate from the risk of a gas availability and price increase. Meanwhile, EPCL has announced efficiency projects to reduce power consumption in the manufacturing process.

Risk management policies established by Board

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

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

Risks are identified across the organization and 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. 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 outgoing year

Composition of Local Vs. Imported Material and Sensitivity Analysis Due to Foreign Exchange Fluctuations

The major raw material required for PVC production is being imported by the company. However, foreign exchange volatility impact on raw material prices does not affect the Company on net profit basis, 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.

sustainability & corporate social responsibility

sustainability and CSR

Sustainability Agenda

EPCL's sustainability agenda follows a three-pronged approach aimed at targeted interventions in the following areas:

Carbon Offsetting & Emissions Reduction

Environmental sustainability, a central focus of EPCL's sustainability agenda, is all about acting in a way that ensures future generations have the natural resources and climate conditions they need to live a life that is equal to, if not better than, that of current generations. By pledging to plant and protect forests across Pakistan over the next decade, EPCL is working towards reducing its carbon footprint, while simultaneously protecting crucial forested land, and frontline communities, through the Engro Forest Restoration and Carbon Offset Program. Through this Program, the company hopes to protect the natural resources and climate conditions need for a shared sustainable future.

Water Conservation

Closely tied with environmental sustainability is the concept of conserving water that is quickly becomnig a scare resource for both current and future generations. The company endeavors to play its part towards achieving this objective and has already put plans in motion by establishing Pakistan's first water recycling plant in an integrated chemical complex along with setting up a Chlorine Dioxide facility to conserve water for sustainable operations.

Materials & Waste

EPCL maintains a strong focus on conservation of resources and recycling of waste material. The company has embarked on an ambitious journey of mitigating the ill-effects of plastic pollution by catalyzing the circular economy. The company has launched a Circular Plastics Program to reduce single use plastics and has set up a not-for-profit thinktank in the form of the Circular Plastics Institute in collaboration with KSBL.

The report discusses in detail the sustainable projects that EPCL has been passionately working on, such as the Circular Plastics Institute, Chlorine Dioxide Facility, Effluent Treatment Plant, and Forestation spanning 20,000 acres of land. All of these projects attempt to make a positive difference and contribute to the greater good of living a sustainable life while conserving resources for future generations

CSR

EPCL's CSR objective is consistent with the underlying philosophy, mission, and guiding principles that have been carefully crafted to assurance compliance with the ever-changing world through sustainable solutions and practices.

For almost fifteen years, EPCL's CSR philosophy has been bringing forward the ardent belief in making a lasting change in communities and undertaking transformational initiatives.

In particular, EPCL has shifted to an inclusive sustainability strategy that focuses on low-income communities where its businesses are located, in order to maximize the social and economic impact of its progressive activities. By creatively supporting low-income with prospects of skills development and employment, the company built an ecosystem of employment, functional markets, products, and services that drives economic development in these focused and underprivileged districts. This structure this supports disadvantaged members of the nation to appear as prospective business partners and grow into customers, vendors, and employees in business value chains.

As a result of this philosophy, EPCL's CSR mission is to include the underprivileged in its business value chains, improve their lifestyles, and cater to the needs of people in related areas while engaging with relevant stakeholders through enthusiastically calculated and constructive social impact for a sustainable Pakistan. The company is particularly dedicated to creating shared value. For any plan, to have a lasting, positive influence, it is integral to ensure that it is linked to a larger value chain

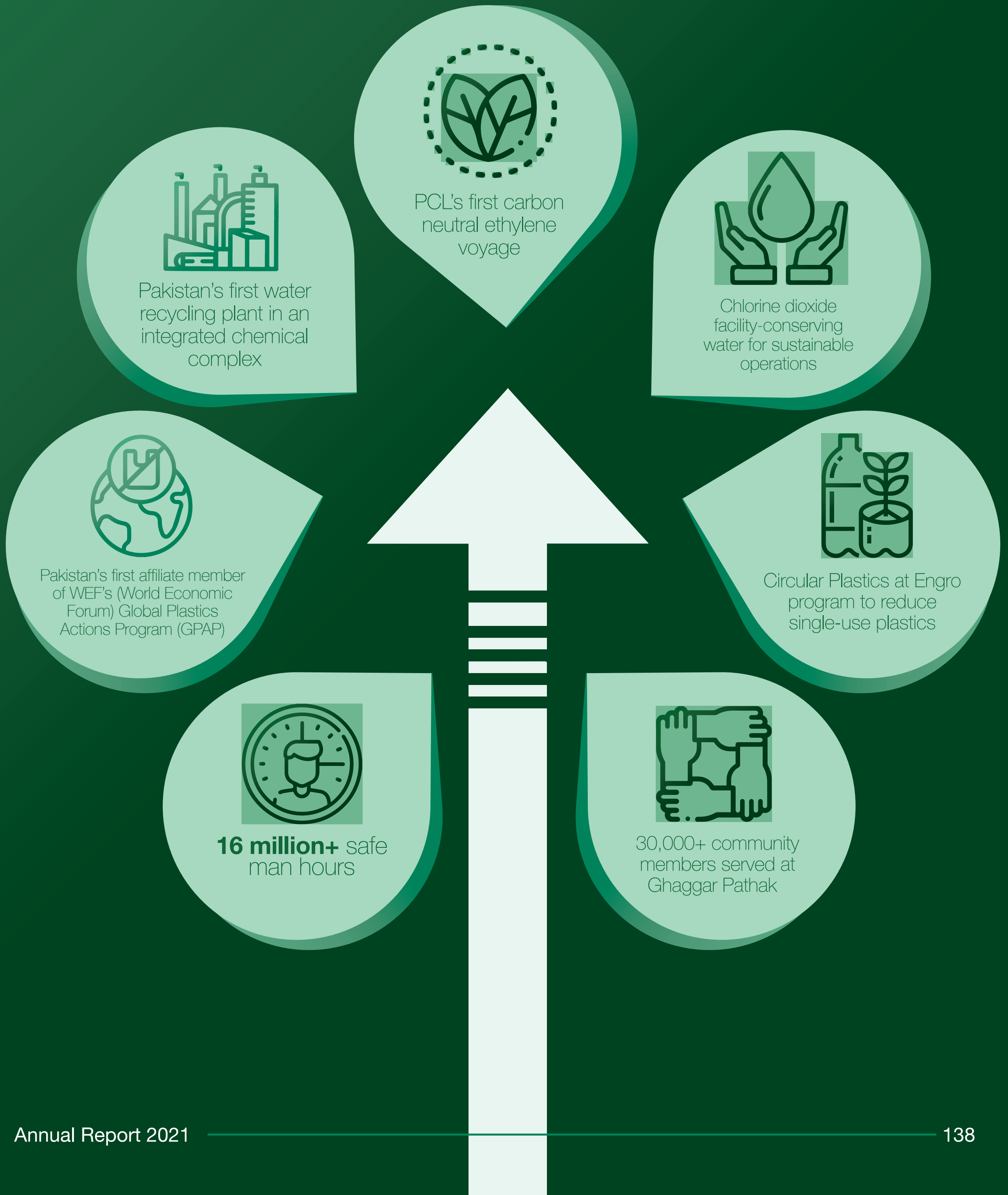
sustainability strategy & focus

As mentioned previously, our global future depends upon sustainability, hence EPCL's focus remains on providing sustainable solutions for the people who are connected to the business and the planet.

The commitment remains to inculcate a wider view of sustainability and ensure that each step taken is in line with core values. The Company strives to deliver profits to the stakeholders, by ensuring to invest in the needs of the broader shareholder community and the wider planet itself.

The Company invests in innovative ideas that result in improved solutions and services. The Company remains cognizant of the importance of the health and safety of people and remains steadfast in its duty of preserving and protecting natural capital for generations to come. Resultantly, employees are continuously trained through various educational programs on operational safety standards. The management has been devoted to sustaining safe business processes by following world class safety systems such as DuPont Personal Safety Management & Process Safety and Risk Management.

sustainability performance 2021 highlights



UN sustainable development goals

The Sustainable Development Goals (SDGs) of the United Nations seek to address the world's most serious concerns. In order to integrate with the UN SDGs, EPCL has catered to a number of set targets. While governments are responsible for prioritizing and implementing strategies to accomplish the SDGs, society's contributors, such as EPCL, are also required to play a key role in achieving the goals. As a result, collective and collaborative efforts are required.

Accordingly, EPCL supports the Sustainable Development Goals and believes that it has a critical role to play in this global achievement. All SDGs are relevant to the business in some form and the Company is already assisting in the achievement of some of them.

Sustainable Development Goals

Goal 1: No Proverty

Goal 8: Decent Work and Economic Growth

Economic growth is critical at this point in the country's development. EPCL continues to make every effort to ensure that it contributes in all possible ways to fuel promising growth and generate employment opportunities. Since job creation is the backbone of any country's economy, the Company tries to fulfil its responsibility while adhering to applicable labor, health, and safety laws. EPCL encourages local firms to join the supply chain network while simultaneously ensuring the suppliers meet the relevant requirements

The Company's Expansion, Efficiency, and Diversification projects have created jobs for a variety of labor groups and specialists. EPCL collaborates with governments and others to provide training to develop local skills and experience. With its new plant increasing total PVC production capacity to 295KT, the goal is now to create even 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 local 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 medicines, 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 complete history of each patient.

The clinic commenced operations in July 2019 and operates 6 days a week with all facilities provided free of cost. The clinic treats around 100 patients per day, totaling around 2,500 patients per month. The clinic's energy requirements are met by a solar power system in line with the Company's wider sustainability agenda.

Goal 4: Quality Education

Education is an integral component for uplifting societies, and it is a long-term investment for sustainable economic development. The organization's interventions in the field of education help in strengthening the literacy level, uplifting the quality of learning, and promoting the socio-economic development of the surrounding communities of Port Qasim.

In collaboration with The Citizens Foundation, the company has established four purpose-built schools. The campuses will benefit the children of less-privileged communities of Ghaggar Phattak villages and adjoining areas. With these schools EPCL provides quality education in the area to more than 950 students.

Goal 6: Clean Water and Sanitation

EPCL has successfully dispensed 3.6 million liters of clean water this year alone and has positively impacted more than 5000 residents in the process. Clean drinking water is a luxury for many citizens living in remote villages with limited access to safer alternatives. The company has established five water filtration plants in collaboration with The Water Foundation to help make clean drinking water accessible to people living in such areas. Similar to the healthcare clinic established by the company, all these water filter plants are based on a solar power system.

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 with the use of modern technological solutions.

During 2021, EPCL site network architecture was upgraded to make the site cyber security compliant with respect to cloud connectivity. The new architecture 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 was deployed which could monitor the 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 available and zero ramp down of commercial operations. A key success indicator was the absence of any prolonged downtime of our customer portal. To promote a paperless environment, EPCL introduced digital logging to replace paper checklists and digitized 150,000+ documents amounting to 150 GB of data. The company has further employed the use of 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. In 2022 EPCL is looking forward to introducing new avenues of automation while simultaneously growing the scope of the solutions implemented previously.

Goal 5: Gender equality

EPCL has maintained a significant focus on gender equality in recent years and plans to do so going forward in order to deliver on the Diversity, Equity, and Inclusion (DEI) agenda. EPCL has come a long way in the outgoing year. The whole workforce's diversity ratio increased to 6.9 percent (including Trainee/Graduate Trainee Engineers and contractual workers). EPCL focuses on DEI at the organizational level in terms of women's learning and development, educating them for future leadership roles, encouraging more women to join the workforce through defined initiatives, and enhancing communication for the same. The Company successfully won 5 awards at the GDEIB Awards 2021, in all the categories we applied for.

EPCL will continue to strive for this goal, where its personnel will be representative of the current external environment and demographics, as EPCL strives to make its culture more inclusive by developing affinity networks and relationships across the organization.

Major DEI initiatives for 2021 include:

Breaking the glass ceiling

Breaking the glass ceiling is a high-impact and challenging developmental track for EPCL's female employees that aims to develop them for future leadership roles. This program supports EPCL's aim to create an inclusive workplace by developing a gender-diverse leadership team. This twelve-month journey equips, engages, and empowers women to the highest level of leadership through deep exploration of their own strengths, weaknesses, and their personal power to succeed by giving voice to their leadership aspirations. This program is followed by a multitude of group and personalized coaching sessions.

EPCL's first female Trainee Assistant Engineer in Operations!

The company has embarked on an outreach program to actively encourage and support women in joining the company in technical roles in Engineering & Operations. Case in point - Umama Naeem - who accepted a role in a highly demanding department thereby becoming EPCL's first female TAE.

For a woman to work in operations can be tough, considering some societal challenges one might face, but Umama made it her goal, and set to achieve her ultimate dream job. Engro remains committed to providing a conducive environment and a nourishing culture for women to broaden their horizons.

Break ke Baad- an initiative to encourage professional, experienced women to rejoin the workforce after a career-break

Engro centrally established a 12-month long job contract which allows women to relaunch their careers to improve gender diversity by leveraging experienced talent that is now on a break. Women who have returned to work have previously dealt with a wide range of emotions, including illness, sorrow, relocation, and childrearing. These women return to work more resilient than ever, ensuring that they will remain unmoved in critical situations. Engro hired ten Break k Baad returnees from varied backgrounds. EPCL successfully onboarded two of the candidates and provided them with exposure in the Finance and Supply Chain divisions based on their career goals.

Goal 12: Responsible Consumption and Production

EPCL remains cognizant of responsible consumption in order to create a sustainable environment for the generations to come. To this effect, the company has made significant investments in projects like Oxy Vent Recycle (OVR), High Temperature Direct Chlorination (HTDC) and Transfer Line Exchangers (TLEx). These projects are expected to reduce the company's energy requirement thereby reducing the drain on the country's depleting natural gas reserves, lowering its carbon footprint and improving raw material efficiency.

The following projects are in full swing and are successfully contributing towards the goal of sustainable operations and consumption:

Effluent Treatment Plant – Pakistan's first water recycling plant in an integrated chemical complex!

With an increase in demand for water required for plant operations at the EPCL site, a sustainable solution was envisaged.

Realizing that there was a substantial amount of used water which was treatable, an initiative was taken to recycle and reuse this in internal processes. Though challenging – different types of waste-water streams from various plants were involved – the team's dedicated and skilled engineering filled with dedication powered through.

Thus, 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 135 m³/hr of wastewater into reusable raw water.

This effort not only helps to minimize water use but has a good environmental impact by lowering the overall plant effluent. EPCL has time and again proved its commitment to preserve environment and natural resources. The ETP project is a major symbol of that commitment, and it will continue to motivate future generations of engineers to research and implement even more successful initiatives in order to realize EPCL's objective of becoming a Zero Liquid Discharge Site.

With this initiative, EPCL sets a precedent for other chemical industries by being the pioneers of effluent recycling and taking the lead in this cutting-edge technology.

Chlorine Dioxide Facility – conserving water for sustainable operations

Minimizing water consumption by technology improvement initiatives has become necessary in the road towards more sustainable operations. The Chlorine Dioxide facility installation thus comes as another step in EPCL's commitment towards conservation and sustainability.

Chlorine Dioxide generation facility was commissioned as a sustainability project for water conservation at EPCL site that also serves as an improved alternative in the highly essential Biotreatment of cooling water.

Effective microbiological control is an important aspect of a successful cooling water treatment program because cooling water systems provide an ideal environment for microbes. At present, there are three cooling towers operational at EPCL. Among these, Cooling Tower II is the largest one with 22500 m3/hr service and supplies cooling water to EDC-VCM, PVC-II, CA and UTY-II. Previously, Sodium Hypochlorite was being used at CT-II as an oxidizing biocide. However, sodium hypochlorite increases overall chlorides in the cooling water. These additional chlorides are offset by increasing the amount of blowdown, consequently increasing makeup water and chemical consumption.

Chlorine Dioxide comes as a powerful antimicrobial agent that acts without disrupting the metabolic processes of the microorganisms. It remains as a true dissolved gas and does not add chlorides in the system. Hence, there is 30 m3/hr reduction in blowdown, thus decreasing the consumption of water and overall reducing it by the same amount, along with corresponding reduction in the cooling water treatment chemical consumption. Chlorine Dioxide is also 2.5 times more effective within the operating pH range of Cooling tower.

Goal 13: Climate Action

EPCL is committed towards green practices and pursue continuous development for environment. In addition to carbon neutrality exercise this year, EPCL has also conducted multiple environment audits and acquire several approvals from SEPA. These include:

- Environment impact assessment (EIA) for H2O2 along with NOC for Construction phase (The EIA was completed in 2020, Independent Monitoring Consultants are being engaged to carry out environmental Monitoring from 2022)
- Received NOC Renewal of Hazardous substance license from SEPA (Hazardous Substances License was renewed on 1st July 2021, valid for one year)
- Approval of initial environment examination for TDS extension (NOC was received on 24th June 2020)
- NOC for PVC – III operation (Received on 9th November 2020, no further update on this front)
- Environmental Laws Compliance audit was conducted by Corporate Audit department with SATISFACTORY results
- A tree plantation drive was conducted by Environment and Admin departments on 14th of August 2021
- All Hazardous waste from site is being disposed through SEPA certified vendor

Envisioning a zero plastic-waste future for Pakistan

Plastics is a versatile material, making possible the many comforts and conveniences that have come to be associated with modern civilization. However, this should be a cause to ignore the potentially critical issues associated with its use, including plastic waste which affects ecosystems in manifold ways. It is estimated that almost three-fourths of plastics are discarded within the first year of production, mostly due to single-use plastic packaging applications.

This is not a major issue with polyvinyl chloride plastics, which is Engro Polymer's main product in the form of resin as it is predominantly used in long-life plastics applications, such as in construction materials. Nonetheless, as a purpose driven entity, EPCL strongly believes in solving the pressing issues of the time, including that of plastics waste.

EPCL has identified three critical issues preventing a move towards a zero-plastics waste future: lack of source segregated plastics, lack of data and knowledge, and non-integration of the informal sector. Its solution is the Circular Plastics program at Engro which uses a systematic approach to tackle critical issues and has a vision of contribute towards achieving zero-plastics waste, by catalyzing a circular economy for plastics in the country by 2040.

This vision has been operationalized through three streams: the Circular Plastics Pilot Unit will establish low-cost segregated waste collection systems; the Circular Plastics Investment Fund will invest in circular economy for plastics business models; and the Circular Plastics Institute will be an action-oriented think tank that brings together stakeholders from the plastic and related sectors to develop data-driven roadmaps for a zero-plastics waste future.

EPCL becomes Pakistan's first affiliate member of the World Economic Forum's (WEF) Global Plastic Action Partnership (GPAP)

An important feature of the program is partnerships and collaborations. Internationally, Engro Polymer & Chemicals has joined as Pakistan's first affiliate member of the World Economic Forum's (WEF) Global Plastic Action Partnership (GPAP). Domestically, it has joined the Collect and Recycle Alliance, a platform of leading plastic package manufacturing and use companies. With these linkages, the complex issue of plastics waste can be more effectively challenged.

The program has been participating publicly to showcase these efforts, most recently displaying at ArabPlast, the premier plastics trade fair in the Middle East held in the United Arab Emirates. By doing so, it not only disseminates its experiences, but also learns from the multitude efforts being employed by leading companies moving towards a zero-plastics waste future.

EPCL is proud of the initial but serious strides being made towards credibly addressing the plastics waste issue head on and believes in leading from the front. As a storied company that has played an integral role in the economic development of Pakistan, it is combining the creation of prosperity with sustainability to ensure a safe and healthy future for coming generations.

sustainable use of PVC

Revolutionize your construction and increase its life with PVC materials

Polyvinyl chloride, PVC is one of the most popular plastics used in building and construction. In general, PVC is light, water-resistant, offers a long-life cycle, and does not require much maintenance. These excellent qualities make PVC one of the most used plastics today. General properties include fast fusion and good property flow with high heat stability. With excellent transparency, a good surface on finished products, and easy coloring, PVC is replacing traditional building materials such as wood, metal, concrete and clay in many applications. It is used in drinking water and wastewater pipes, window frames, flooring and roofing foils, wall coverings, cables, and many other applications as it provides a modern alternative to traditional materials such as wood, metal, rubber, and glass.

It is estimated that more than 75 per cent of PVC pipes will have a lifetime more than 40 years with a potential in-service life of up to 100 years. In other applications such as window profiles and cable insulation, studies indicate that over 60 per cent of them will also have working lives of over 40 years.

Think Sustainable, think PVC!

PVC products require comparatively less energy and resources during both production, and conversion to finished products. They are lighter than those made of concrete, iron or steel thereby requiring less energy (and thus fewer emissions) to transport and install.

Use safer material, use PVC for its inherently self-extinguishing, fire-retardant properties

PVC possesses excellent fire-retardant properties which makes it a safer material to use in homes. All organic polymers (whether they are plastics or natural materials like wood, cotton, or rubber) are combustible as they decompose when sufficient heat is supplied making it easier to catch fire. However, PVC will typically not burn when the source of heat or flame is removed as it contains more than 50% chlorine in its base polymer by weight which confers the fire-retardant properties to it.

Burning PVC yields an expanded carbonaceous structure called 'intumescence'. This structure forms a thermal barrier protecting the underlying parts. In some cases, such as pipes, PVC can even prevent fire spreading by blocking the orifices through walls or floors.

Since PVC is highly fire resistant, it is widely used in exterior construction materials such as window profiles, siding boards, or interior housing materials, such as wallcovering and flooring. It is also used in industrial facilities such as tanks, ducts, parting strips, or for sign boards, corrugated boards, and cable coverings.

The official flammability rating of PVC is UL 94 V-0, which means that it is regarded as a self-extinguishing material as it will not burn unless you keep it under intense heat or flame. A PVC pipe needs a temperature of around 734 degrees Fahrenheit (390 Celsius) to catch fire which is significantly high when compared to other building materials, such as wood which has a much lower burning point of around 500 degrees Fahrenheit.

financial capital

EPCL operates with the view of creating sustainable financial value for all its stakeholders inclduing but not limited to shareholders and the government. During the outgoing year, the company's profitability clocked in at Rs. 15.1 billion as compared to Rs. 5.7 billion last year.

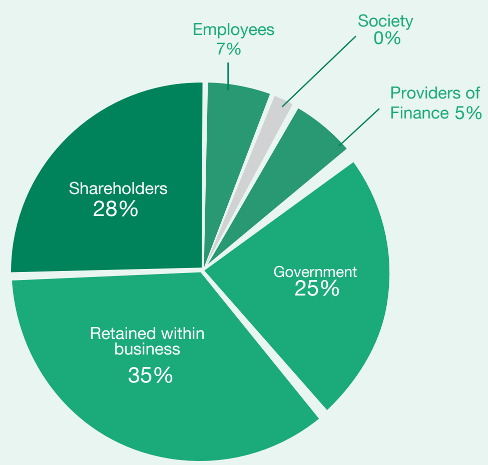
Oveer the last few years, EPCL has committed significant investment of ~USD 180 million in expansion, efficiency, and diversification projects. These projects include state-of-the-art technology and infrastructure which will help in bringing efficiency and sustainability to our growth. The projects successfully completed include PVC III expansion and VCM debottlenecking projects whereas the High Temperature Chlorination and Hydrogen Peroxide projects are underway.

Being cognizant of our position as key feedstock suppliers to major industries in Pakistan like construction and textile, the company remains committed to playing its part in driving national economic growth through serving the entire domestic PVC market and saving outflow of precious foreign exchange in the process through import substitution.

During the year ended December 31, 2021, the wealth generation and distribution were made as shown below

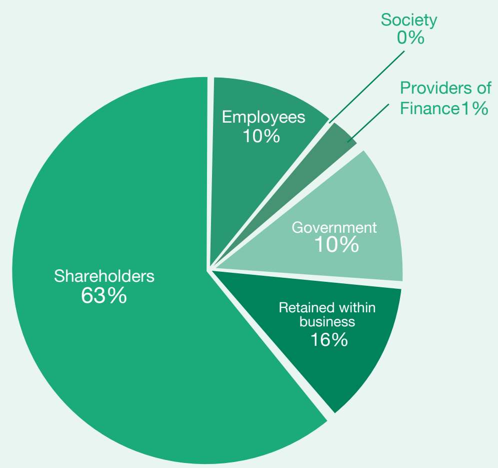
Distribution of Value Added - 2021

- Government
- Retained within business
- Shareholders
- Employees
- Society
- Provider of Finance



Distribution of Value Added - 2020

- Government
- Retained within business
- Shareholders
- Employees
- Society
- Provider of Finance



human capital

The Company is an equal opportunity employer which does not discriminate based on gender, race or ethnicity. Each employee has an objective setting session at the beginning of the year, charting out the performance targets of the year. These objectives and the employee's performance are reviewed at half-yearly appraisals. Any shortcomings identified in the performance are highlighted and guidance is given on how to correct it.

At the end of the annual cycle, all permanent employees go through a stringent appraisal cycle and are ranked based on their performance throughout the year.

EPCL believes in accelerating, not managing, performance. Creating the right experience for its employees allowing the workforce to feel valued and empowered to perform at their best.

Learning & development

As EPCL continues to transform in the current dynamic economic environment, employee development has been the key enabler for Learning & Organization Development (OD) department to lead the change and keep pace with the ever-evolving business environment. The core focus is to strengthen and develop human assets through upskilling, reskilling and by inculcating a learning culture across EPCL. Hence, it aims to increase productivity, efficiency and enhance adaptability of the employees, ultimately providing a greater competitive advantage to the organization.

Breaking the ice

Orientation serves to familiarize new employees with their surroundings and provides information which helps them to function comfortably at EPCL. An orientation is held for new employees every month where they are given a complete overview about the company and its policies and serves as an ice breaking session. The main objective of keeping such sessions is not only to create awareness about the company, its policies, procedures, and system amongst the new joiners but to help them adapt faster to their job and encourage employee confidence..

Becoming a Transformational Supervisor

Supervisors play a crucial role in keeping the Engro family organized and fully functional. In an era of unending change, it is vital for supervisors to possess the right interpersonal and leadership skills to complement their technical skills. Since the company considers it extremely important to fill the gap between leadership skills and current competencies, the Learning & OD team collaborated with Mr. Junaid Ahsan – an inspirational trainer and transformational coach with ability, skills and experience in transforming lives and helping people achieve their peak performance – to conduct a series of virtual group and individual training sessions with manufacturing supervisors on supervisory excellence with the goal to raise performance by transforming employees and encouraging supervisors to continuously strive for better results with collaboration and happiness.

Fostering Collaboration

A collaborative culture is the cornerstone of EPCL's CEO's vision. Hence, to achieve this aim, the Learning and OD team engaged Schuitema, a research based international consultancy, to assess and foster collaboration in EPCL's work culture.

To create a baseline for the research, a three-pronged approach was adopted which included:

- Organizational Network Analysis (ONA) using HR analytics tools.
- Sentiment Analysis using qualitative research tool.
- Focus groups and one-on-one zoom sessions

Some of the key findings from Phase 1 of Fostering Collaboration by Schuitema were centered around the need for improvement in personal relationships with employees in EPCL.

In view of the research findings from Phase 1, EPCL commenced Phase 2 of the study. The ONA findings from Phase 1 were shared with the Divisional Heads to examine the networks at their level and create a template for actions to be taken by each Division for improvement in the state of collaboration.

In the Phase 3, the action items agreed with the Divisional Heads will be followed up and another ONA will be conducted at the end of year 2021 to ascertain the progress in the state of collaboration.

Diversity & Equal Opportunity

5. Gender Equality

In line with EPCL's HR strategy, the company strives to be an equal opportunity employer, committed towards encouraging greater diversity and ensuring equal opportunities for individuals based on merit. This belief is driven by the core value to 'Nurture passion to serve country, community and company, with strong belief in the dignity and value of people'.

With a key focus on increasing and retaining the women in the workforce, an integrated Diversity, Equity & Inclusion (DEI) Framework, which has a set of explicit priorities and actions to propel the targeted behavioral, process and cultural changes, is in place with a focus on creating a gender diverse and inclusive leadership pipeline, workforce, and culture.

The structure at EPCL has a three-pronged approach:

Strategic:

1. Framing aspirations
2. Reviewing progress and process

Tactical:

1. Policies –gap analysis & rollout of relevant policies/ amendments
2. CxOs sponsored initiatives (walk the talk) on Top Priorities

Operational:

1. Implementing the framework & Policies
2. Communication of EPCL's Commitment to (Gender) Diversity
3. Accountability

EPCL Thrives

One of Engro World's key interventions for creating a collaborative framework is Thrive: a networking and capability development program which was launched on Women's Day 2020 and is being used by female employees ever since to gather for the purpose of networking and learning. The forum aims to host courageous conversations among women, and to help them in different leadership roles by offering support, recognizing each other's success, and becoming role models for one another.

Process Safety

12. Responsible Consumption and Production

The EPCL plant's process safety is influenced by a number of factors. Mechanical Integrity assures that all safety-critical systems and equipment are operational, and that corrective and preventative maintenance is carried out. Change Management controls the implementation of changes and adjustments at the plant site to ensure safety. Safety culture, which includes housekeeping and inherent safety audits, ensures the effectiveness of departmental committees. Operating and maintenance procedures inspect and ensure work-permit, lock tag out, and job cycle check plan compliance. Finally, Process Safety Training and Compliance quantifies the training compliances and skill certifications of the site's staff.

Lagging indications are represented by the Process Safety Incident Rate (PSTIR), which is a measure of the number of Process Safety Incidents at the site and is calculated using corporate targets that must be reached.

Long-Term Reliability Project

EPCL has begun an overarching Long-Term Reliability (LTR) initiative, aimed at proactively addressing numerous pain points and constructing a road towards dependable plant operations, with a strong conviction in continuous improvement and the adoption of best practices. One of the most serious difficulties that EPCL faces is the loss of process containment due to the intrinsically corrosive nature of the chemicals employed at the plant. To eliminate such issues by 75%, the LTR program employs a variety of measures, including but not limited to hardware improvements, technical solutions, enhanced processes, and a database.

This LTR project is also an important component of the Company's long-term strategy, with a focus on sustainable and reliable operations. The project is scheduled to begin in 2022, with a focus on improving the Plant's Service Factor through a reliability-driven agenda. The LTR project portfolio was created using a structured and rigorous methodology by a cross-functional team that dedicated a year for the development of a robust plan.

Personnel Safety

3. Good Health and well-being

Personnel Safety Standards at EPCL plant are measured through Behavioral Leading Indicators with its elements being:

- Management Safety Audit, its quality and its observations
- Incident Report reviews
- Housekeeping
- ERP drill scores, role statements and their compliances.

Personnel Safety can be quantified by Total Recordable Injury Rate (TRIR) which is estimated as the number of recordable injuries per 100 employees divided by the number of safe manhours (number of working manhours since the last Lost Workday Injury).

The focus on safety and environment originates from EPCL's core values. Thus, in order to equip Manufacturing Managers with the requisite knowledge and understanding to build a robust culture of safety across EPCL, an interactive three-day virtual training session was arranged on 'Total Safety Leadership' which was aimed at reducing workplace accidents, incidents, and unsafe practices. These sessions were led by two international coaches, Dr. Andrew Sharman and Mr. Rob Richardson.

OHIH

EPCL has adopted the DuPont OHIH methodology and quantifies its leading indicators using a number of key substructures. The OH and IH Leading Indicators are separately assessed. Occupational Health Indicators include the Health Surveillance Program, Epidemiology study and its implementation, and fitness, to work with employees annual medical check-up and their compliance to return to work.

Industrial Hygiene is checked through Toxic Chemical Monitoring where TLV concerns are raised, Drinking Water and its management, Catering and Hygiene with its audit compliance and recommendation closures, PPE compliance and their audits, and Health Risk Assessment Plan. IH is also gauged through Noise and Air Quality.

Environmental Conservation

13. Climate Action

The Company, over the years, has made multiple efforts to help conserve the environment, which include waste emission and effluent handling with proper classification of hazardous and non-hazardous waste, complying with their proper disposal. Other measures include using heavier hydrocarbons and hydrogen as fuel, utilizing waste as fertilizer, and daily monitoring of all Environment KPIs. EPCL is also in the process of implementing High Temperature Direct Chlorination (HTDC) and Transfer Line Exchanger (TLEx) projects which will bring further energy efficiencies and reduce carbon dioxide emissions.

EPCL's first carbon neutral ethylene voyage

In collaboration with Marubeni Corporation, EPCL's November Ethylene vessel, Gaschem Dollart, was the Company's first ever carbon-neutral voyage.

To accomplish this, EPCL purchased carbon credits proportionate to the tons of carbon emissions caused by the voyage. The money used to purchase these carbon credits is being used to fund the Rimba Raya Biodiversity Reserve, a REDD+ standard project in Indonesia. REDD+ is the highest standard of carbon credits and focuses on projects of reducing emissions from deforestation and forest degradation.

The purchasing of carbon credits in particular ties into the greater goal of all countries of net zero emissions by 2050, outlined in the Paris Agreement. It is a global process whereby countries assist each other in the goal of reducing the overall carbons emitted and offsetting emissions via carbon credits is a part of this process. This project is a particularly fruitful one on this front, as it is the first and so far, only REDD+ project which contributes to all 17 of the United Nations' Sustainability Goals. This ties into EPCL's own goal of sustainability, along with the company's core commitment of minimizing environmental impact.

Engro Forest Restoration and Carbon Offset Program with WWF-Pakistan

In line with Engro's sustainability agenda, the Engro Forest Restoration and Carbon Offset Program was launched at a signing ceremony in Islamabad on November 24th, 2021 which aims to plant and protect 50,000 acres of forests across Pakistan over a period of 10 years with a financial commitment of Rs. 600 Million. Of this, EPCL is expected to plant trees on 20,000 acres of land across 4 provinces.

In this regard, Engro signed a Tripartite MoU with the Ministry of Climate Change (MOCC) and World Wide Fund (WWF), with the goal of offsetting the entire group's carbon emissions. This project will plant trees native to Pakistan, such as Subtropical, Pine, Mangroves, Riverine etc. The Government's initiatives to prioritize the sustainability agenda are commendable and Engro stands committed to play its part to reduce greenhouse emissions and protect forest area. As we manage the transition to sustainability at Engro, we are working aggressively towards developing our net zero ambitions and promoting renewable energy across all business verticals.

Social Capital

EPCL's vision of providing a safe, healthy, and educated environment goes beyond its closed doors, it is deep seated into the will of making a difference and empowering communities that are largely ignored by the city, communities that go unheard, and communities that lack basic human rights. The belief of developing Ghaggar Pathak to an extent that it becomes a model village for even the government to take inspiration from and pursue, is not an easy goal, it is long-term and will come with its challenges. Nonetheless, it is a goal that EPCL is keen on achieving and will not back down till the entire community of Ghaggar Pathak is empowered and has access to a life that is not in constant danger of health, education, and safety deprivation. Hence, we have launched several programs to benefit the local community:

- Solar Lights Illumination Project at Ghaghar Phatak
- Community Park & Mosque
- Water Filtration Plants in Ghaggar Pathak
- Blood Donation Campaigns
- Winter Clothes Distribution
- 4 TCF Schools for Ghaggar Pathak residents
- SINA Clinic

Building a self-reliant community

EPCL's vision of providing a safe, healthy, and educated environment goes beyond its closed doors, it is deep seated into the will of making a difference and empowering communities that are largely ignored by the city. Located near EPCL's Port Qasim Plant, Ghaggar Pathak is a community that the company has invested in with the belief of developing it into a model village for the country.

Education

4. Quality Education

Making an impact through education in collaboration with TCF

EPCL built and funded its first primary school unit on a land of approximately 1 acre in Haji Jangi Khan Goth in 2015. The school caters to a total of 350 students through the morning and afternoon shift. But, the vision of providing quality education on part of EPCL did not end here, now EPCL caters to 4 schools in partnership with TCF at Hammer Goth and Ibrahim Goth, caters to around 950+ students. The company also financed the afternoon-shifts for three academic years 2018-2021 of the TCF Austin Campus situated in Haji Jangi Khan Gotth. These schools have been successful in providing quality education and developing a thirst for knowledge in the children of the community.

HealthCare

In order to provide for healthcare facilities, EPCL in partnership with SINA, constructed a hospital at the in the heart of Ghagghar Phattak area. The clinic provides multiple services free of cost such as consultation, OPD, ultra-sound, vaccination, lab testing, and even free medication. In addition to these services, there is a Community Engagement Team in place which goes door to door to nearby villages to educate people of the availability of free healthcare at the SINA Clinic and there exist on-going medical camps that aid people in getting regulatory checkups and encourages the residents to come forward with their concerns. The Sina hospital has a daily round of 125-150 patients and all those patients who have so far received medical assistance and treatment at the clinic are not only content but are more than thankful to EPCL for providing them with a fully equipped healthcare unit.

2000 patients are treated every month on average!

Water Purification plant in partnership with the water foundation

A major health hazard which EPCL addressed, was the absence of clean and safe drinking water for the residents of the Ghagghar Phattak community. Most of these communities received water through the public water supply system, which was not only irregular and scarce in supply, but also extremely contaminated with life threatening microbial bacteria including e-coli and fecal e-coli. The entire issue had become a major public health concern because such waterborne diseases are responsible for a significant amount of human and economic losses; these losses include loss of millions of working hours of productivity in total,
and of course, associated costs for health care. Hence, EPCL, on its mission to make Ghagghar Phattak a safe and healthy living space, has installed 5 water filtration plants at Ghagghar Phattak and Razzakabad in partnership with The Water Foundation, and is in the process of setting up three additional water filtration plants in different villages of Ghagghar Phattak. The daily consumption of water lies between 50000-55000 liters per day on average. The improvement in the quality of water from the water filtration plants compared to normal tap water have not gone unnoticed and most of the residents have switched to this alternative and have consequently experienced better health conditions. 3.6M liters of water is dispensed on average every year!

A sustainable dia-logue- EPCL hosted a panel discussion at the Dubai Expo 2020

EPCL hosted insightful panel discussions on 1st and 2nd November 2021 at the Dubai Expo 2020 to celebrate the Urban and Rural Development Week. These dialogue sessions highlighted climate change, sustainable construction materials and modern technologies, building inclusive communities, and circular economy.
With about US$ 10 trillion spent on construction-related goods and services every year, the construction sector contributes immensely to the world economy. At the same time, it accounts for around 38% of total global energy-related carbon emissions and excessive usage of various natural resources, such as water. As the world seeks to build back better in the post-COVID era, this is radically shaping conversations and actions by governments, conscientious builders, and other stakeholders to accelerate sustainable practices in construction.
The future of urban and rural development lies in sustainable construction. To build sustainable cities and communities by 2030, it is imperative for construction to be environmentally responsible, resource efficient and inclusive. Investments in sustainable construction, especially in rural areas of developing countries like Pakistan, can alleviate poverty, boost agricultural output, and enhance national well-being. Therefore, there is a dire need to embrace a holistic approach for urban and rural development, which would encompass leveraging digital technologies, sustainable building materials, improved regulatory standards, and collaboration between the construction industry and academia.

The event also marked the signing of a Memorandum of Understanding (MoU) between EPCL and Karachi School of Business and Leadership (KSBL) to establish a Circular Plastics Institute in Pakistan. The MoU was signed by Mr. Jahangir Piracha, CEO EPCL, and Mr. Mubashar Hameed, CEO KSBL. This institute will aim to collaborate with academic, public, and private stakeholders to develop data-driven roadmaps, advance action-oriented R&D, and engage in public policy advocacy, to move towards a sustainable zero-plastic waste future in Pakistan.

integrated reporting

EPCL holds timely and effective communication with shareholders in high regards. 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, measures adopted by EPCL to generate value and potential for future value generation. Furthering this resolve, EPCL is committed to adopt International Integrated reporting framework to benchmark our corporate reporting with best international practices. Therefore, we have mapped our information provided in this annual report in following content elements;

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of presentation

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.

moving **forward**

forward looking statement

COVID – 19 pandemic brought significant disruptions to Pakistan's economic and social landscape in 2020. Not only it forced layoffs and business closures but also brought many people in extreme poverty. Although economy started to recover post lifting of lockdown measures and development of vaccine in 2021, but it will take time before we recoup the progress that we lost during the COVID induced challenging times.

The overall demand is expected to show healthy growth as more and more economic activities restore to normal levels. However, the increase in aggregate demand will put inflation, policy rate and exchange rate under pressure, which will require timely and effective stabilizing measures by government.

Domestic PVC market is expected to perform well on the back of construction package and housing schemes announced by the government. As major application of PVC in Pakistan remains pipes and fittings. With our additional capacity now online, we believe EPCL is optimally positioned to capitalize on the upcoming opportunities in domestic market.

The PVC prices and core delta will continue to impact our revenues. 2021 saw exceptionally high PVC prices. Although PVC prices are expected to remain high, we expect prices to be lower than 2021. With our new capacity now online, we remain committed to supporting the domestic market. Any additional inventory will be exported in the year.

Caustic domestic market already demonstrated significant recovery towards the end of outgoing year owing to COVID situation in regional countries, the market is expected to gain further momentum and presents a bullish outlook for 2022 with the hopes of booster that will be effective towards new COVID variants.

While the company continues its efforts to maximize value generation for all stakeholders via governmental support, we have experienced external challenges that pose risks to your business. These issues, i.e. gas supply unavailability and continued dumping of PVC despite imposition of anti-dumping duty in 2018, can be addressed through government support. The company would like to take this opportunity to emphasize that the gas supply unavailability will not only have a detrimental impact on EPCL's overall business, but will also negatively impact the export-oriented sector. We urge the government to support this sector and its upstream industries to create an enabling business environment. Additionally, disruption in PVC segment will lead to higher imports and have a negative impact on the country.

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 to deliver 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. A Circular Plastics Institute (with Harvard University) at KSBL has also been created with an aim of contributing to offsetting the consumption of single use PVC by catalyzing a circular economy for plastics in Pakistan with a clear emphasis on plastic waste recycling.

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

Analysis of Last Year's Forward Looking Statement

The Company recorded healthy performance and achieved noticeable milestones in the outgoing year despite the unparalleled challenges presented by the pandemic. 2021 was the year of highest profitability of Rs. 15 billion in EPCL history. Driving factors behind the profitability were highest ever sales and production, historically high PVC prices, stringent cost control measure adopted by the company and our expansion capacity. The COVID–19 pandemic continued to test the agility and grit of the Company in 2021. The company, banking on strength of its people and able leadership, not only embraced all these challenges but also produced results that speak volumes about resilience, adaptability, and character of our team. The Company demonstrated highest level of commitment towards strict implementation of preventive measures and protocols at manufacturing facility to ensure smooth operations in other aspects of business and continuity of construction activities at our expansion site. In this regard, 150 COVID committee meetings were held in the year. More than 6,500 rapid tests were conducted in the year and the company managed to vaccinate 99% of its employees.

The company also managed to sign Temporary Economic Refinance Facility of Rs. 3.65 billion and signed a USD 15 million loan with IFC which will allow the company to enhance operational efficiency and expand its product range.

Status of the projects disclosed in previous year

Despite various challenges posed by the pandemic, EPCL continued to work towards execution of its previously announced projects while continuing its endeavors to identify new projects and markets. Timelines of the projects already under progress has inevitably been impacted, however, our commitment towards completion remain intact. The driving force behind these efforts emanate from our vision to Lead Pakistan in Polymers & Allied Chemicals with International Footprint.
The company had announced the following projects inprior years which were discussed in last years forward looking statements:

- PVC / VCM Expansion: The company successfully initiated commercial operations of the new PVC plant on 1st March 2021, increasing the capacity by 100,000 MT per annum and new VCM DBN on 25th June 2021, increasing capacity by 50,000 MT per annum.

- Oxygen based VCM Production: Operational efficiency is a core focus of the company owing to its positive impact on shareholder value. Resultantly, the Board of Directors approved this project with the objective of shifting VCM production form air based technology to oxygen based process. This will reduce the overall raw material consumption by ~2%. The project is underway and is expected to be completed in 2022.

- Hydrogen Per Oxide: The company generates hydrogen as a by-product of its caustic manufacturing process which is currently being used as fuel in our power plant. Post completion of the project, hydrogen will be diverted to this manufacturing process which will generate higher value as compared to its utilization as fuel. Hydrogen peroxide is mainly used as a bleaching agent in textile industry, a sector we already serve through our Caustic product line. The project is expected to come online in 2023.

- Linear Alkyl Benzene Sulphonic Acid (LABSA): EPCL decided to shelve the project in 2021.

- High Temperature Direct Chlorination (HTDC): EPCL is always in search of energy efficient solutions and also to optimize its energy consumption. HTDC is an outcome of the company's efforts towards the same objective. Post completion, this will reduce the company's water consumption requirements and also bring further energy efficiency. The project is expected to come online in 2023.

Source of Information and Assumptions Used for Projections / Forecasts

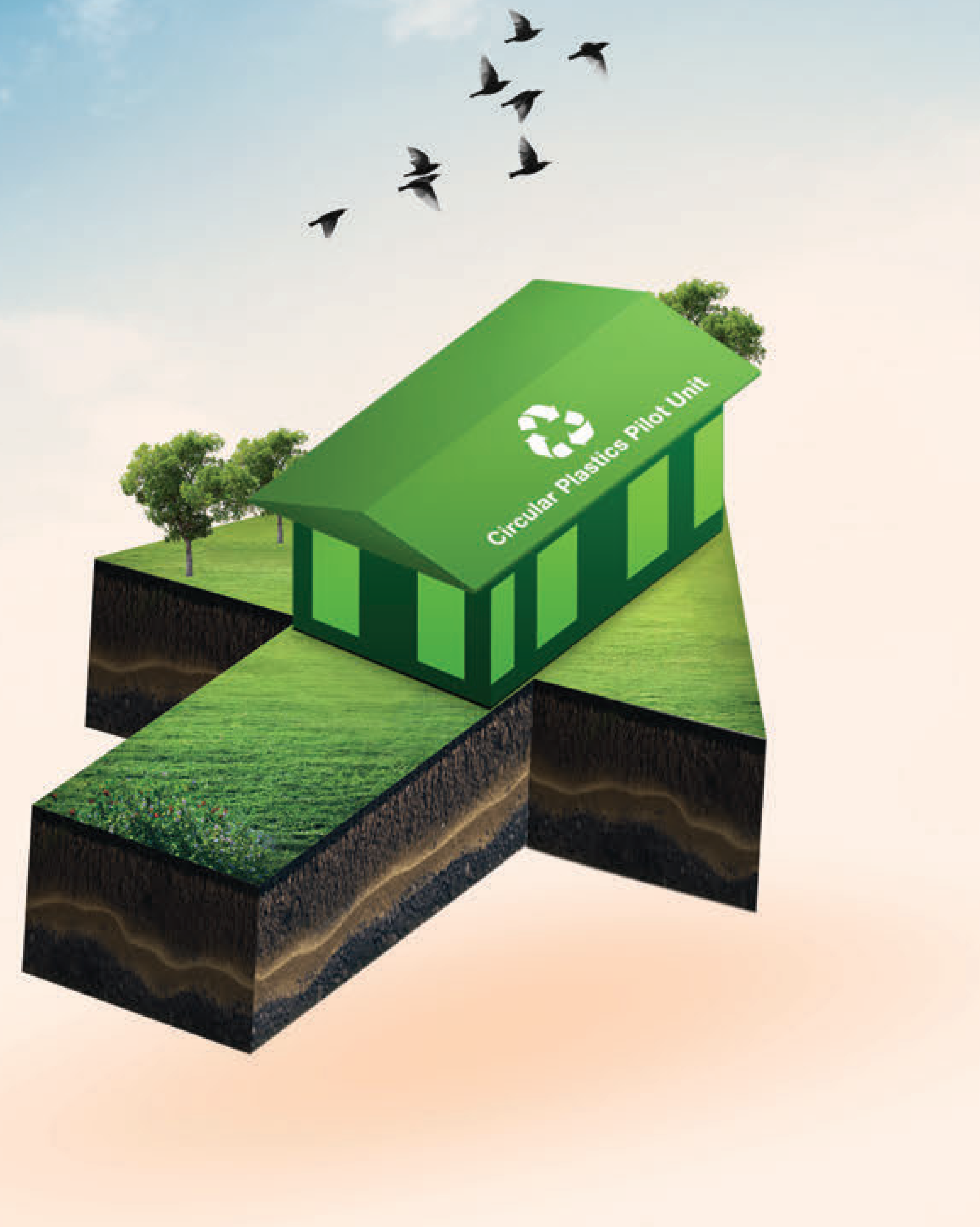
Engro Polymer utilizes a well-defined process to analyze and assess the assumptions that are being used for quantitative and qualitative analysis and forecasts. The company has an established network with international olefins analysts to have better insight of international market dynamics. Assumptions relating to macroeconomic factors are sourced from publications issued by State bank of Pakistan and 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 forecast 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 changing internal and external environment which may bring challenges to business. We have put in place a thorough enterprise risk management practices through which the Company identifies various risks and uncertainties and develops mitigating actions for those risk and uncertainties. The key identified risk along with their mitigating plans are presented and reviewed by the Board of directors. In addition, being mindful of our responsibilities to operate and ensure protection of business operations from any potential disruption. we initiated our Business Continuity Plan in 2013 and have upgraded it regularly since 2018. The plan was tested from the onset of lockdown imposed by the Government in response to COVID – 19 pandemic in 2020 and successfully implemented by the management to ensure smooth & safe continuity of operations.

financial **performance** & position



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

	2021			2020			2019			2018			2017			2016		
	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %
ASSETS																		
Property, plant and equipment	38,703	3	50	37,614	20	54	31,433	21	55	19,398	21	54	16,011	-	66	16,008	(1)	66
Right-of-use asset	2,037	(12)	3	2,306	(16)	3	2,748	-	5	-	-	-	-	-	-	-	-	-
Intangible assets	712	598	1	102	29	-	79	(26)	-	107	2	-	105	15	-	91	1	-
Financial assets at amortised cost	3,093	(34)	4	4,661	(14)	7	5,421	-	9	-	-	-	-	-	-	-	-	-
Long-term loans and advances	1	(98)	-	29	(60)	-	72	(14)	-	84	11	-	76	9	-	70	6	-
Deferred tax asset	-	-	-	-	(100)	-	116	-	-	-	(100)	-	11	(98)	-	549	(40)	2
Stores, spares and loose tools	2,042	14	3	1,785	6	3	1,678	7	3	1,563	(2)	4	1,602	4	7	1,546	-	6
Stock-in-trade	12,591	103	16	6,195	42	9	4,350	21	8	3,581	(3)	10	3,681	22	15	3,024	3	12
Trade debts - considered good	834	42	1	586	25	1	470	9	1	430	(15)	1	505	11	2	456	4	2
Loans, advances, deposits, prepayments and other receivables	1,567	397	2	315	(64)	1	879	(48)	2	1,700	149	5	683	56	3	437	10	2
Income tax payments less provision	-	(100)	-	159	87	-	85	-	-	-	(100)	-	767	(32)	3	1,124	1	5
Short term investments	14,143	(2)	17	14,396	100	21	9,396	49	16	7,798	3,149	22	240	(68)	1	740	147	3
Cash and bank balances	2,243	137	3	946	19	1	792	(42)	1	1,362	99	4	683	82	3	376	122	2
TOTAL ASSETS	**77,966**	**13**	**100**	**69,094**	**20**	**100**	**57,519**	**60**	**100**	**36,023**	**48**	**100**	**24,364**	**-**	**100**	**24,421**	**1**	**100**
EQUITY																		
Ordinary share capital	9,089	-	12	9,089	-	13	9,089	-	16	9,089	37	25	6,635	-	27	6,635	-	27
Preference shares	3,000	-	4	3,000	-	4	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	3,875	-	5	3,875	-	6	3,875	-	7	3,875	302	11	964	-	4	964	-	4
Hedging reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	(100)	-	(1)	(92)	-
Unappropriated profits	14,004	38	18	10,162	111	15	4,812	26	8	3,832	2,280	11	161	(110)	1	(1,593)	(29)	(7)
	29,968			**26,126**			**17,776**			**16,796**			**7,760**			**6,005**		
LIABILITIES																		
Long-term borrowings	17,177	(13)	22	19,790	2	30	19,389	159	34	7,500	(14)	21	8,750	-	36	8,750	66	36
Deferred income - Government grant	157	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	2,713	(25)	3	3,614	(20)	5	4,544	-	8	-	-	-	-	-	-	-	-	-
Provisions	1,809	(40)	2	2,991	-	4	-	-	-	-	-		-	-		-	-	-
Deferred tax liability	2,029	72	3	1,183	-	2	-	(100)	-	390	-	-	-	-	-	-	-	-
Current portion of long term borrowings	3,930	114	5	1,837	-	3	-	-	-	-	-	1	-	(100)	-	417	(86)	2
Current portion of lease liabilities	1,481	37	2	1,081	10	2	987	-	1	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	(100)	-	2	(92)	-
Provisions	4,074	66	5	2,456	(57)	4	5,658	22	10	4,639	49	-	3,112	46	-	2,130	85	9
Service benefit obligations	98	23	-	80	31	-	61	11	-	55	20	13	46	-	12	46	18	-
Short-term borrowings	474	-	1	-	(100)	-	2,159	-	4	-	-	-	-	(100)	-	329	(89)	1
Current portion of deferred income - Government grant	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	11,552	22	15	9,483	45	15	6,548	2	11	6,436	42	-	4,523	(33)	-	6,731	7	28
Unclaimed dividend	1,030	3,579	1	28	(10)	-	31	15	-	27	(29)	18	38	-	19	-	-	-
Unpaid dividend	-	-	-	-	-	-	-	(100)	-	26	-	-	-	-	-	-	-	-
Income tax payments less provision	1,016	-	1	-	-	-	-	(100)	-	89	-	-	-	-	-	-	-	-
Accrued interest / mark-up	431	2	1	425	16	1	366	463	1	65	(52)	-	135	1,127	-	11	(80)	-
	47,998			**42,968**			**39,743**			**19,227**		-	**16,604**		1	**18,416**		
TOTAL EQUITY AND LIABILITIES	**77,966**	**13**	**100**	**69,094**	**20**	**100**	**57,519**	**60**	**100**	**36,023**	**48**	**100**	**24,364**	**-**	**100**	**24,421**	**1**	**100**

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

	2021			2020		
	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %
Net revenue	70,022	98	100	35,331	(7)	100
Cost of sales	(45,986)	89	(66)	(24,382)	(18)	(69)
Gross profit	24,036	120	34	10,949	35	31
Distribution and marketing expenses	(406)	38	(1)	(294)	(26)	(1)
Administrative expenses	(684)	24	(1)	(550)	(3)	(2)
Other expenses	(2,383)	177	(3)	(860)	(31)	(2)
Other income	1,327	12	2	1,180	27	3
Operating profit	21,890	110	31	10,425	53	30
Finance costs	(1,902)	(13)	(3)	(2,191)	22	(6)
Profit before taxation	19,988	143	29	8,234	63	23
Taxation	(4,927)	97	(7)	(2,504)	86	(7)
Profit after taxation	**15,061**	**163**	**22**	**5,730**	**55**	**16**

	2019			2018		
	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %
Net revenue	37,837	7	100	35,272	27	100
Cost of sales	(29,731)	7	(79)	(27,663)	23	(78)
Gross profit	8,106	7	21	7,609	48	22
Distribution and marketing expenses	(396)	3	(1)	(385)	(6)	(1)
Administrative expenses	(566)	(2)	(1)	(577)	(1)	(2)
Other expenses	(1,241)	50	(3)	(828)	133	(2)
Other income	930	(26)	2	1,250	812	4
Operating profit	6,833	(3)	18	7,069	80	21
Finance costs	(1,794)	196	(5)	(606)	(26)	(2)
Profit before taxation	5,039	(22)	13	6,463	107	18
Taxation	(1,343)	(12)	(4)	(1,533)	44	(4)
Profit after taxation	**3,696**	**(25)**	**9**	**4,930**	**140**	**15**

	2017			2016		
	Amount In Mn.	Horizontal In %	Vertical In %	Amount In Mn.	Horizontal In %	Vertical In %
Net revenue	27,731	21	100	22,854	3	100
Cost of sales	(22,582)	14	(81)	(19,780)	(3)	(87)
Gross profit	5,149	68	19	3,074	64	13
Distribution and marketing expenses	(411)	29	(2)	(319)	2	(1)
Administrative expenses	(584)	13	(2)	(519)	1	(2)
Other expenses	(356)	137	(1)	(150)	(54)	(1)
Other income	137	552	-	21	(67)	-
Operating profit	3,935	87	14	2,107	169	9
Finance costs	(820)	(11)	(3)	(920)	(20)	(4)
Profit before taxation	3,115	162	11	1,187	(430)	5
Taxation	(1,062)	102	(4)	(527)	86	(2)
Profit after taxation	**2,053**	**211**	**7**	**660**	**(202)**	**3**

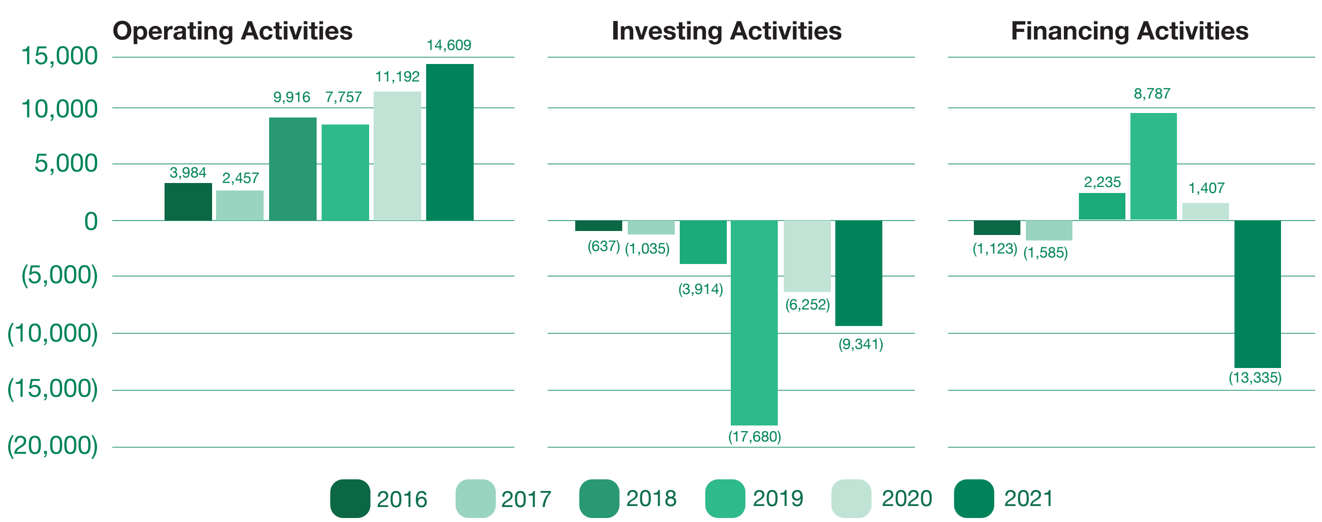
key quantitative information

	2021	2020
Sales revenue (Rs. in million)	70,022	35,331
Profit before tax (Rs. in million)	19,988	8,234
Profit after tax (Rs. in million)	15,061	5,730
Earnings per share - basic (in Rs.)	16.28	6.30
Earnings per share - diluted (in Rs.)	12.46	6.23
Capital expenditure (Rs. in million)	3,601	7,318
Total Assets (Rs. in million)	77,966	69,094
Total Equity (Rs. in million)	29,968	26,126
Market capitalization (Rs. in million)	49,273	43,183
Price per share (in Rs.)	54.21	47.51
Total number of employees	598	563
Total average number of employees	586	537
Total number of plant employees	508	480
Total average number of plant employees	527	456

cash flow statements - direct method

(Rs in million)

	2021	2020	2019	2018	2017	2016
Cash flows from customers	80,889	41,333	37,799	35,347	27,671	22,835
Cash payments to suppliers and others	(63,363)	(28,870)	(28,729)	(24,989)	(24,937)	(18,528)
Cash generated from operations	**17,527**	**12,463**	**9,070**	**10,358**	**2,734**	**4,307**
Long term loans and advances	29	43	12	(9)	(6)	(4)
Retirement benefits paid	(42)	(35)	(45)	(155)	(104)	(138)
Income tax paid	(2,905)	(1,279)	(1,280)	(278)	(167)	(181)
Net cash flow from operating activities*	**14,609**	**11,192**	**7,757**	**9,916**	**2,457**	**3,984**
Purchase of operating assets and intangibles	(3,601)	(7,318)	(13,114)	(4,260)	(1,093)	(645)
Proceeds from disposal of operating assets	3	-	3	-	9	7
Investment in Term Deposit Receipt	(23)	(6)	(5,421)	-	-	-
Income on investments and bank deposits	1,295	1,072	852	346	49	1
Investment in mutual funds	(10,950)	-	-	-	-	-
Proceeds from sale of mutual funds	3,000	-	-	-	-	-
Maturity of Term Deposit Receipts	935	-	-	-	-	-
Net cash flow from investing activities	**(9,341)**	**(6,252)**	**(17,680)**	**(3,914)**	**(1,035)**	**(637)**
Proceeds from long-term borrowings	1,061	2,019	19,367	-	3,000	6,600
Proceeds from short term borrowings	474	-	-	-	-	-
Repayments of long-term borrowings	(1,927)	-	(7,500)	(1,250)	(3,417)	(5,796)
Repayments of short-term borrowings	-	-	-	-	(300)	(1,050)
Shares issuance cost paid	(4)	(199)	-	-	-	-
Issuance of preference shares	-	3,000	-	-	-	-
Issue of share capital	-	-	-	5,365	-	-
Finance costs	(1,354)	(1,891)	(999)	(638)	(607)	(877)
Rentals paid	(1,372)	(1,337)	(1,241)	-	-	-
Dividend paid	(10,213)	(185)	(840)	(1,242)	(261)	-
Net cash flow from financing activities	**(13,335)**	**1,407**	**8,787**	**2,235**	**(1,585)**	**(1,123)**
Net change in cash & cash equivalents	**(8,067)**	**6,347**	**(1,136)**	**8,237**	**(163)**	**2,224**
Cash & cash equivalents at start of the year	**14,371**	**8,024**	**9,160**	**923**	**1,086**	**(1,138)**
Cash & cash equivalents at end of the year	**6,304**	**14,371**	**8,024**	**9,160**	**923**	**1,086**



*Adjusted for foreign exchange difference

summary of consolidated statement of cashflows - indirect method

(Rs in million)

	2021	2020	2019	2018	2017	2016
Net cash generated from operating activities	14,609	11,192	7,757	9,916	2,457	3,984
Net cash used in investing activities	(9,341)	(6,252)	(17,680)	(3,914)	(1,035)	(637)
Net cash generated from / (used in) financing activities	(13,335)	1,407	8,787	2,235	(1,585)	(1,123)
Net change in cash and cash equivalents	(8,041)	6,347	(1,136)	8,237	(163)	2,224
Cash and cash equivalents at end of the year	**6,304**	**14,371**	**8,024**	**9,160**	**923**	**1,086**

free cash flows

Free cash flows to 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.

(Rs in million)

	2021	2020	2019	2018	2017	2016
Net cash generated from operating activities	14,609	11,192	7,757	9,916	2,457	3,984
Capital expenditures - net	(3,598)	(7,318)	(13,111)	(4,260)	(1,084)	(638)
Rentals paid	(1,372)	(1,337)	(1,241)			
Free cash flows	9,639	2,537	(6,595)	5,656	1,373	3,346
Long term borrowings - net	(1,746)	128	10,868	(1,888)	(1,324)	(1,123)
Free cash flow available to equity shareholders	7,893	2,665	4,273	3,768	49	2,223

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

economic value added

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

(Rs in million)

	2021	2020
NOPAT	16,964	7,154
Less: cost of capital	(6,129)	(6,795)
Economic value added	10,365	359

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

quarterly analysis
(based on consolidated financial statements)

First Quarter

Profit and loss – Rs in Mn	Mar-21	Mar-20
Net revenue	15,672	7,058
Cost of sales	(9,436)	(5,777)
Gross profit	6,237	1,281
Operating profit	6,146	972
Profit before tax	5,743	205
Net profit	4,143	193

Balance sheet – Rs in Mn	Mar-21	Dec-20
Total assets	73,825	69,094
Total equity	29,123	26,126
Total liabilities	44,702	42,968

The company substantially improved its quarterly earnings in this quarter, on the back of increased volumetric sales owing to completion of PVC III, efficient operations and higher international prices. This is in a significant contrast to the corresponding period in the previous year which was characterized by production losses due to a prolonged plant turnaround and the suspension of operations due to the COVID-19 lockdown.

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

Second Quarter

Profit and loss – Rs in Mn	Jun-21	Jun-20
Net revenue	14,825	5,816
Cost of sales	(9,607)	(5,162)
Gross profit	5,218	654
Operating profit	4,690	620
Profit before tax	4,178	21
Net profit	3,122	30

Balance sheet – Rs in Mn	Jun-21	Dec-20
Total assets	77,125	69,094
Total equity	31,437	26,126
Total liabilities	45,688	42,968

The sales for the period decreased slightly compared to the previous quarter yet remained significantly higher than the same period last year – in which operations remained suspended to due to lockdown protocols and imbalance in the demand and supply chain that resulted in a substantial drop in the international commodity prices.

International prices witnessed a downward trend in this quarter as compared to Q1. This, however, was partially offset by higher sales volumes and higher exports, balancing the overall performance.

Towards the end of the quarter, the Company announced the commencement of VCM debottlenecking project. This increased the working capital of the Company on account of considerable addition in its production capacities.

Third Quarter

Profit and loss - Rs in Mn	Sep-21	Sep-20
Net revenue	18,827	10,057
Cost of sales	(13,585)	(6,840)
Gross profit	5,242	3,217
Operating profit	4,609	3,148
Profit before tax	4,122	2,694
Net profit	3,107	1,881

Balance sheet – Rs in Mn	Sep-21	Dec-20
Total assets	80,103	69,094
Total equity	28,100	26,126
Total liabilities	52,003	42,968

Selling prices remained on the higher side during this quarter on account of an upward trend in international prices. The PVC III and VCM debottlenecking projects became operational, adding an additional 100 KTA and 50 KTA to the existing PVC and VCM capacities respectively which resulted in increased production volumes.

The improvement in cash generation from operations and increased working capital have continued improving the Company's balance sheet. Due to increased profitability, the company witnessed an increase in its business-related liabilities including trade and other payables, income tax liability and outstanding dividends.

Fourth Quarter

Profit and loss - Rs in Mn	Dec-21	Dec-20
Net revenue	20,699	12,400
Cost of sales	(13,359)	(6,573)
Gross profit	7,340	5,826
Operating profit	6,445	5,684
Profit before tax	5,944	5,314
Net profit	4,689	3,627

Balance sheet – Rs in Mn	Dec-21	Dec-20
Total assets	77,966	69,094
Total equity	29,968	26,126
Total liabilities	47,998	42,968

During the last quarter, the Company witnessed a minor decline in sales volume as compared to Q3-21 but remained significantly higher than the corresponding period in the previous year. This was however outweighed by the increase in international PVC prices to an all-time high. Higher profit margins continued to boost the Company's performance that allowed the Company to post the highest gross and net profits for this year.

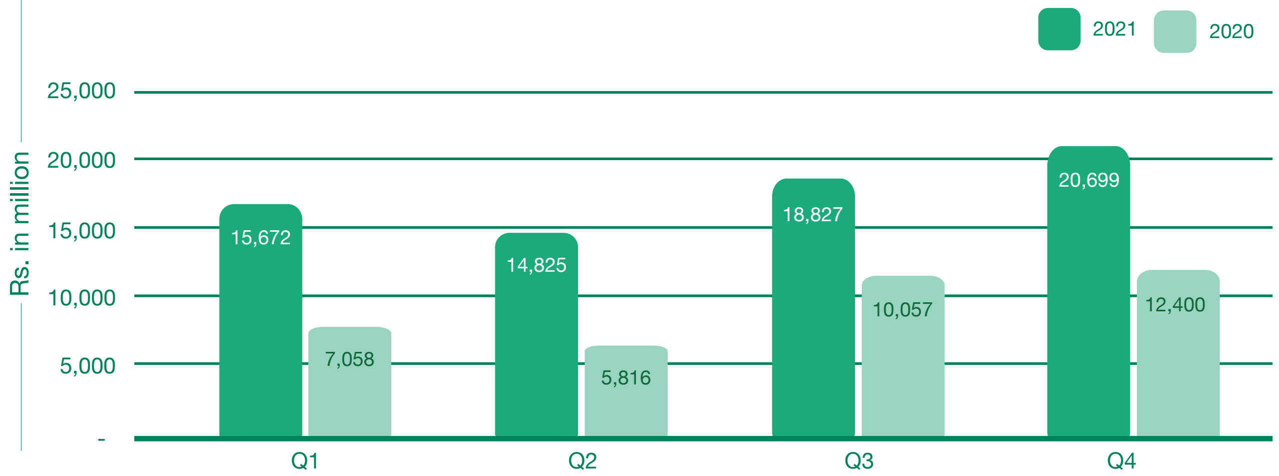
The financial position of the Company further improved by the end of the year due to the increase in its profit. The Company further managed to pay off and reduce its current liabilities by Rs 4,081Mn in this quarter.

analysis of variation in interim accounts with final accounts

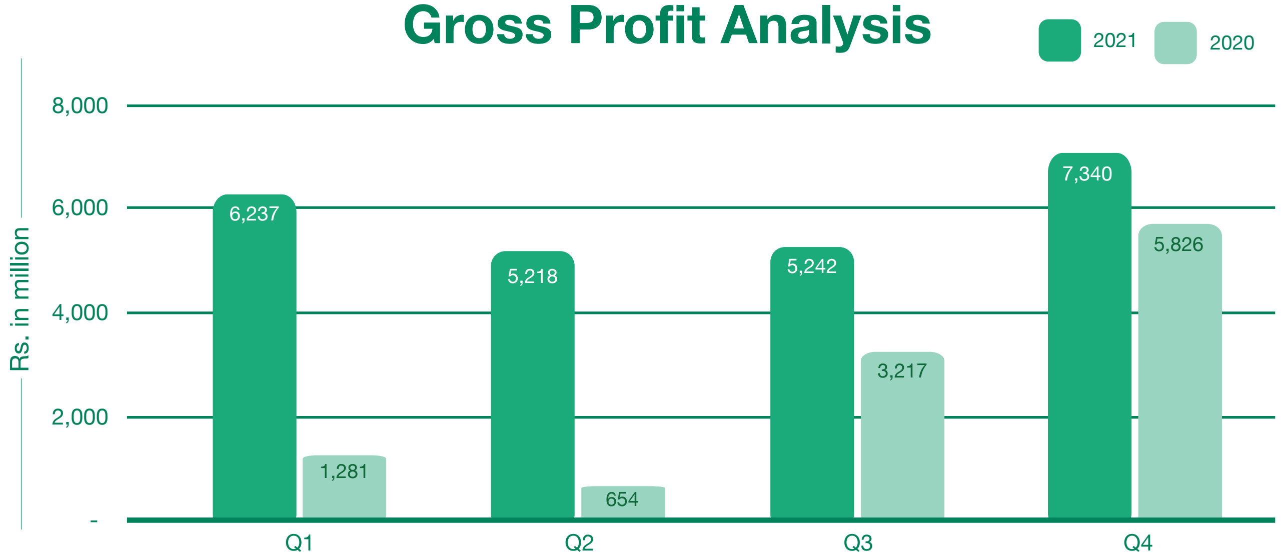
The Company more than doubled its net profit in 2021. This was primarily backed by an increase in international prices of PVC as well as expansion in the Company's production capacities as well as sales volume due to commencement of PVC III and VCM debottlenecking earlier in the year. Post completion of its projects, the Company witnessed a significant increase in working capital as well as its sales volume – which increased by approximately 50% year-on-year despite the challenges posed by evolving situation posed by COVID-19 restrictions.

Normalization of operations post relaxation of COVID-19 protocols and general resumption of economic activity resulted in an increase in selling and promotional expenses which subdued during the previous year. The substantially higher cash flows generated from operations were invested at better yields which, combined by repayment of loans during the year, allowed the Company to reduce it finance costs.

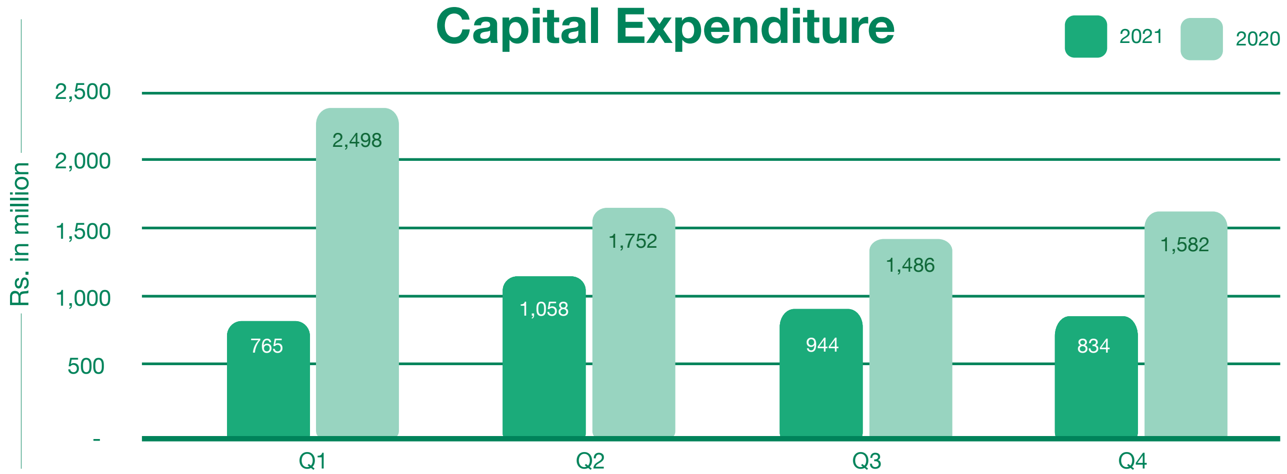
Revenue Analysis



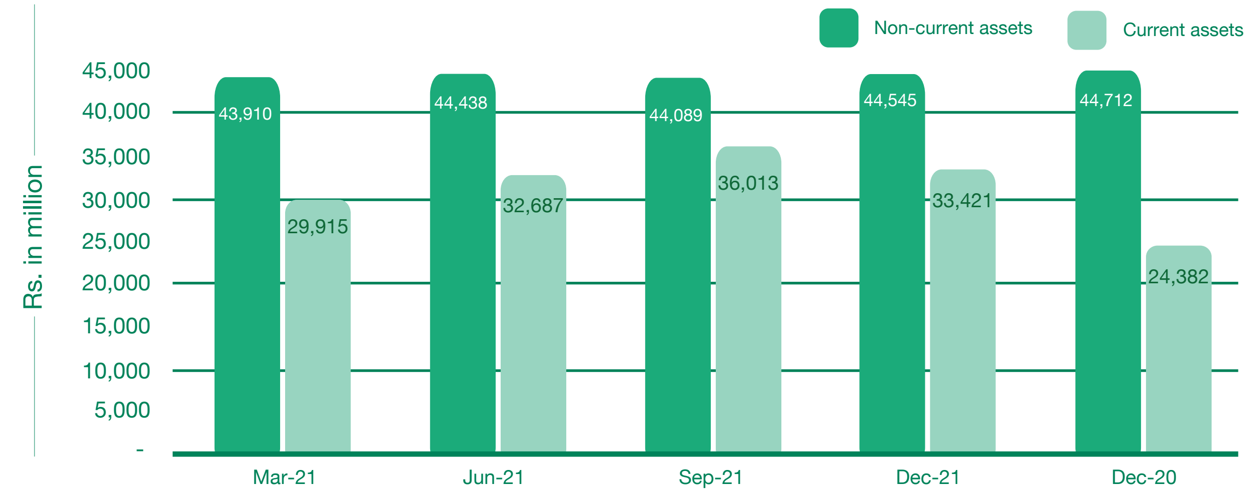
Gross Profit Analysis



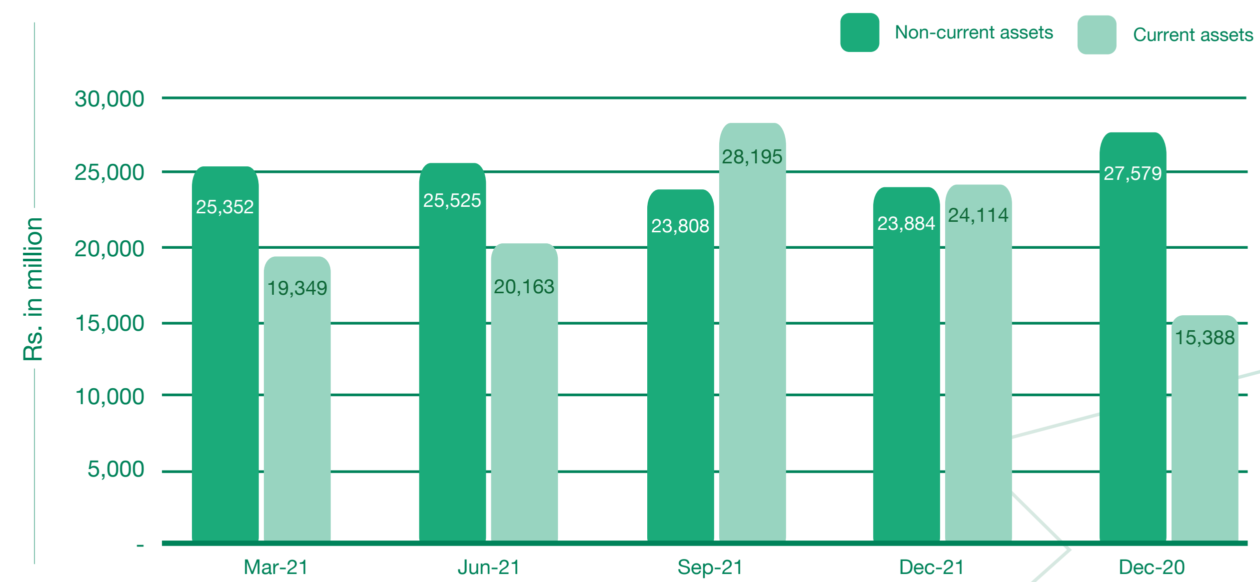
Capital Expenditure



Asset Analysis



Liabilities Analysis



segment analysis

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

poly vinyl chloride (PVC) and allied chemicals

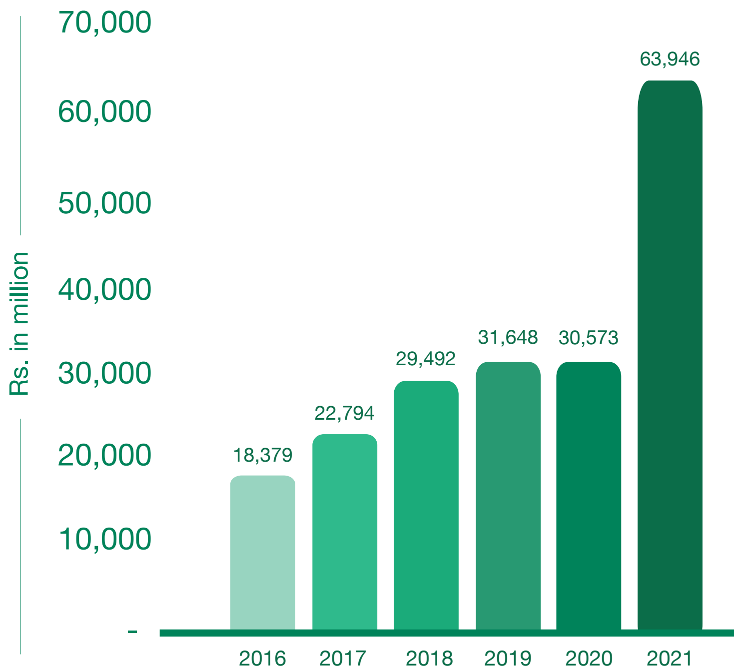
PVC and Allied Chemicals segment was formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, cable, shoe and packaging industry. The Company supplies PVC domestically as well as through exports.

By June 2021, the Company had completed the PVC III expansion and VCM debottlenecking project. Consequently, the Company witnessed significant increases in its production and sales volumes which represent the highest sales compared to prior years. International PVC prices also remained on the higher side which led to increased gross profit in comparison to earlier years. The six years production and sales trend are given below:

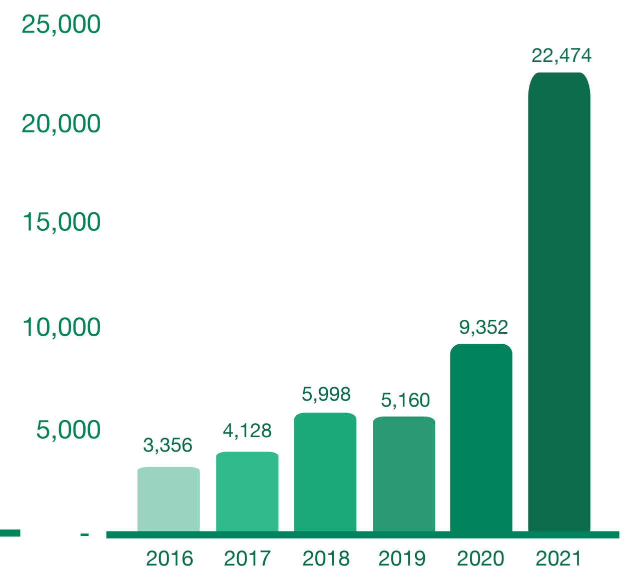
PVC in kilotons	2021	2020	2019	2018	2017	2016
Production	243	153	197	202	187	172
Sales	227	163	193	207	187	170

Further, the segment assets have constantly been increasing since 2018 when the Company kicked-off investment projects which have been capitalized during the year and commercial production has started.

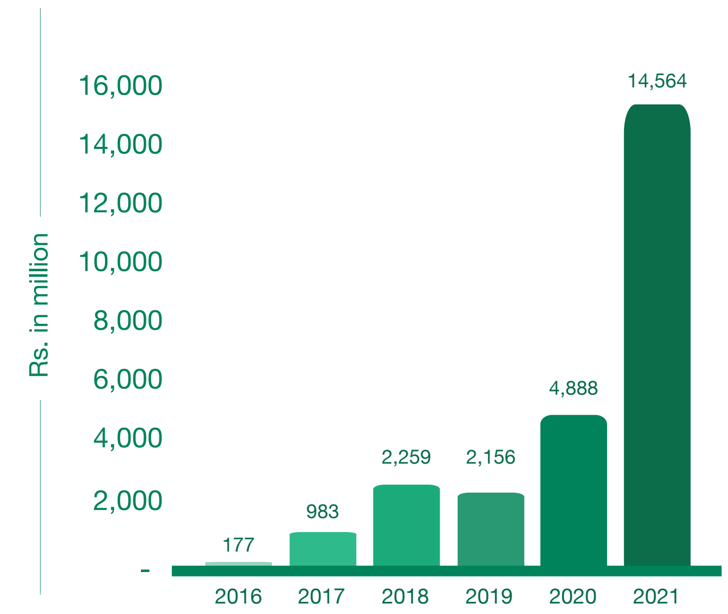
PVC Revenue



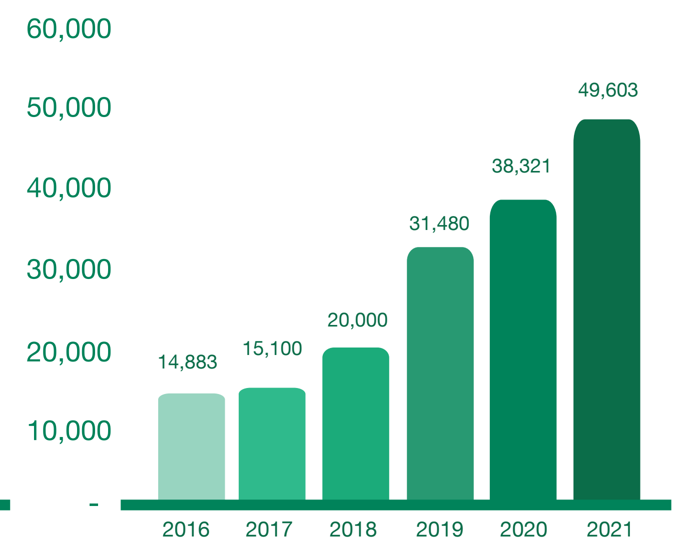
PVC - Gross profit



PVC - Net profit



PVC - Total Assets



caustic soda and allied chemicals

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

Last year, this segment witnessed a decline in its business primarily because of disruptions due to COVID-19 restrictions coupled with production issues. This year, despite several challenges, the Company has managed to run its operations smoothly, resulting an improved performance. Further, higher demand in the domestic market resulted in an increase in the production and consequent sales of caustic flakes. The six years production and sales trend are tabulated below:

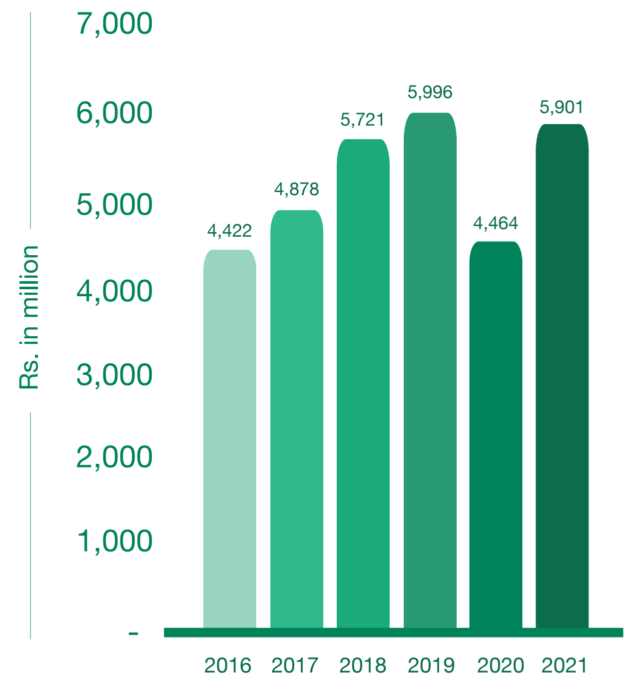
Caustic soda liquid – in kilotons	2021	2020	2019	2018	2017	2016
Production	92	77	105	105	105	103
Sales	72	61	83	86	84	83

Caustic Flakes – in kilotons	2021	2020	2019	2018	2017	2016
Production	8	2	4	-	-	-
Sales	8	2	1	-	-	-

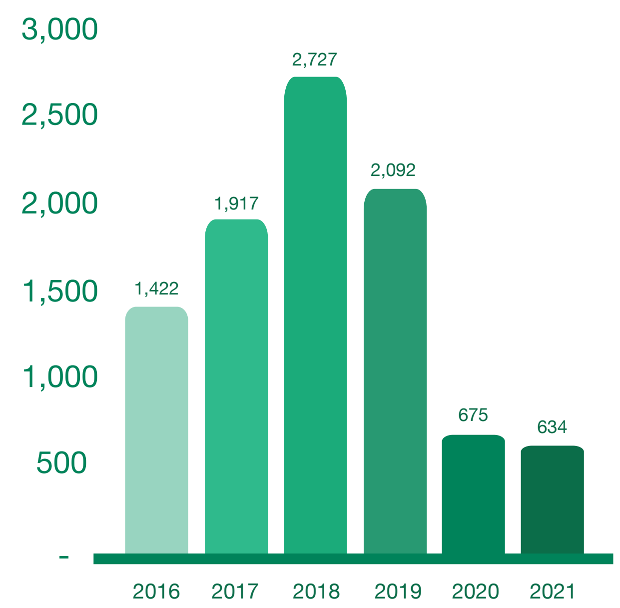
The asset base of this segment has been expanding because of the diversification and efficiency capital projects have been undertaken. Out of all the notable ones are:

- Caustic flakes;
- Hydrochloric acid plant debottlenecking
- Sodium hypochlorite acid plant debottlenecking
- Hydrogen Peroxide
- Caustic soda membrane replacement

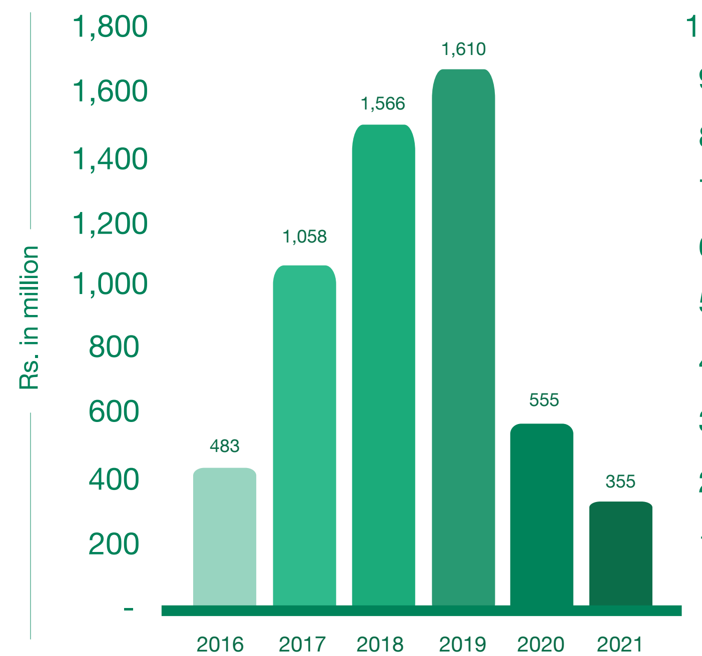
CA - Revenue



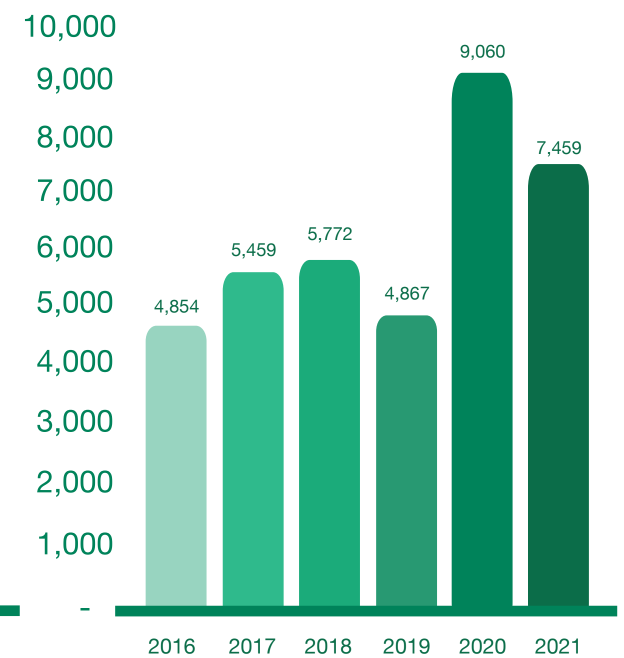
CA - Gross profit



CA - Net profit



CA - Total Assets



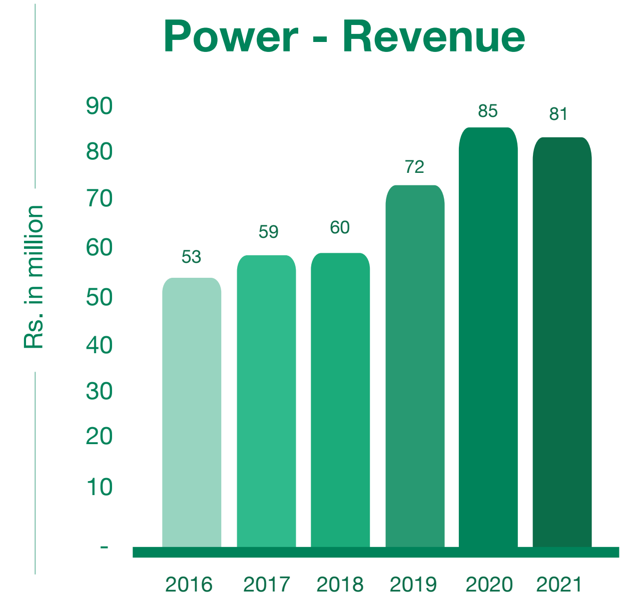
Power supply

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

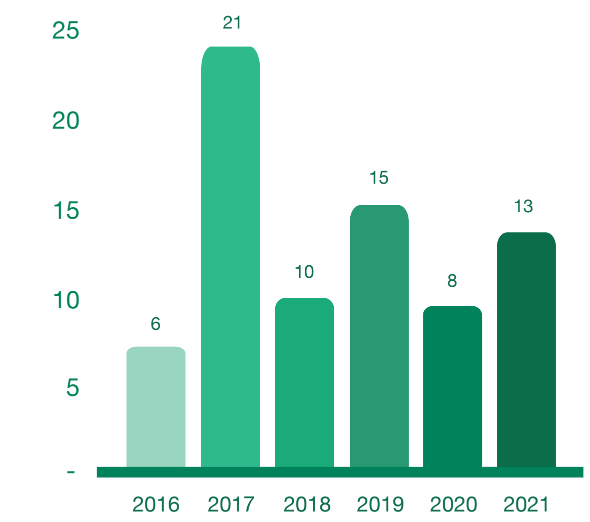
in mega watt	2021	2020	2019	2018	2017	2016
Power	55	48	48	48	48	48

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

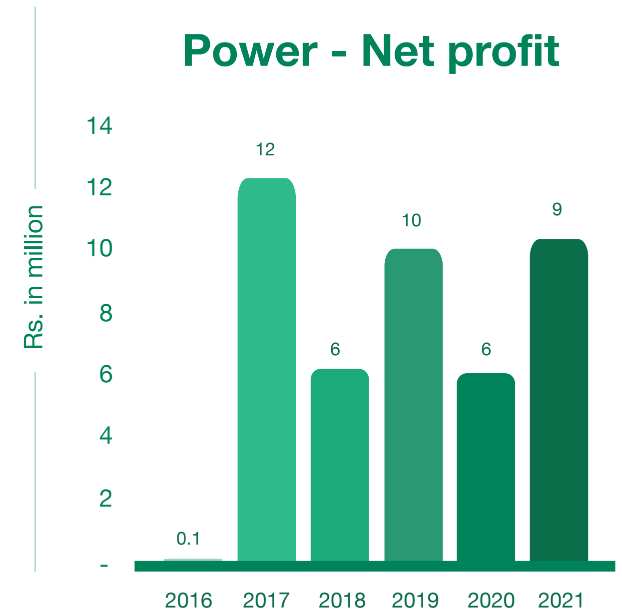
Power - Revenue



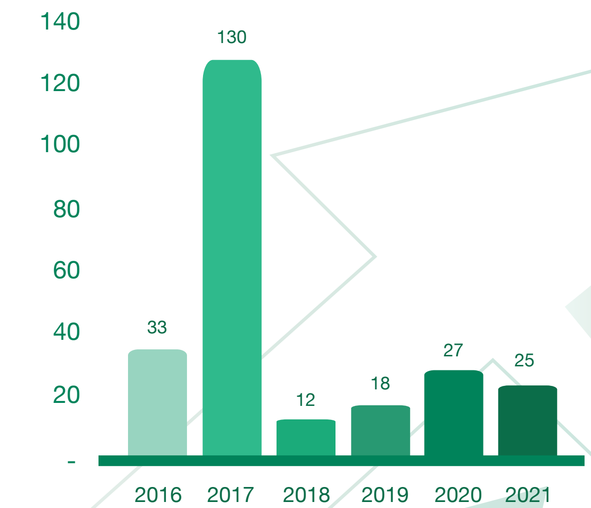
Power - Gross profit



Power - Net profit



Power - Total Assets



key financial ratios

(based on consolidated financial statements)

Profitability ratios	Unit	Formula	2021	2020	2019	2018	2017	2016
Gross Profit Ratio	%	Gross profit/ Total revenue	34.33	30.99	21.42	21.57	18.57	13.45
Net Profit to sales	%	PAT/ Total Revenue	21.51	16.22	9.77	13.98	7.40	2.89
EBITDA	Rs. in M	Operating - depreciation and amortization	24,175	12,190	8,352	8,044	4,879	2,985
EBITDA to Sales	%	EBITDA/Total revenue	34.52	34.50	22.07	22.81	17.59	13.06
Operating leverage ratio	No. of Times	% change in EBIT/ % change in sales	1.12	(7.94)	(0.46)	2.93	4.07	63.68
Return on Equity	%	Net income / Shareholder's equity	50.26	21.93	20.79	29.35	26.46	10.99
Return on Capital Employed	%	PAT / average debt liabilities + average shareholder' equity	43.71	23.73	21.34	34.48	24.47	13.09
Shareholders' funds	%	Total Shareholders equity / Total assets	38.44	37.81	30.90	46.63	31.85	24.59
Return on shareholders funds	%	PAT/Total Shareholders equity	50.26	21.93	20.79	29.35	26.46	10.99
Liquidity ratios								
Cash flow from operating activities	No. of Times	Cash flow from operations/ current liabilities	0.61	0.73	0.49	0.87	0.31	0.41
Cash to current liabilities	No. of Times	Cash + Cah equivalents / Current liabilities	0.26	0.93	0.50	0.81	0.12	0.11
Current Ratio	No. of Times	Current assets / Current liabilities	1.39	1.58	1.12	1.45	1.04	0.80
Quick Ratio	No. of Times	Current assets - Inventories / Current liabilities	0.78	1.07	0.74	1.00	0.37	0.32
Capital structure								
Interest Cover Ratio	No. of Times	EBIT/Finance cost	16.43	6.01	5.26	12.45	5.38	2.53
Long term Debt to Equity Ratio	%	Long-term debt / shareholders' equity	36:64	43:57	52:48	31:69	53:47	59:41
Long term debt to equity ratio at market value	%	Long-term debt / (Total number of shares*Market value per share)	26:74	31:69	39:61	18:82	28:72	42:58
Weighted average cost of debt	%	Interest on debt / weighted average loan balance	6.05	7.89	8.82	6.90	7.95	7.99
Financial leverage	%	Total debt / shareholders' equity	73.45	84.41	123.28	45.04	114.50	158.34
Employee productivity ratio								
Productive per employee	No. of Times	Total production / total number of employees	1.32	1.08	1.18	1.34	1.32	1.32
Revenue per employee	No. of Times	Total revenue / total number of employees	117	63	74	78	63	54
Staff turnover ratio	No. of Times	Employee who left/ average no. of employees	0.09	0.07	0.13	0.05	0.10	0.15
Others								
Spares inventory as of assets cost	%	Total spares inventory / Total assets	2.62	2.58	2.92	4.34	6.58	6.33
Maintenance cost as % of operating expense	%	Total maintenance cost / Total operating expense	5.95	6.28	5.76	5.13	7.34	8.22

Activity/turnover ratios	Unit	Formula	2021	2020	2019	2018	2017	2016
Fixed Assets Turnover	No. of Times	Revenue /Operating assets	2.23	1.83	2.07	2.13	1.85	1.50
Total Assets Turnover	No. of Times	Revenue/Total assets	0.90	0.51	0.66	0.98	1.14	0.94
Inventory Turnover	No. of Times	Cost of goods sold/ Average inventory	6.42	6.18	9.21	8.89	7.64	7.91
Inventory Turnover Days	No. of days	365/Inventory turnover	56.84	59.03	39.64	41.07	47.79	46.14
Debtor Turnover	No. of Times	Total sales/ Average accounts receivable	109.08	79.55	98.27	87.07	67.42	59.44
Debtor Turnover Days	No. of days	365/debtor turnover	3.35	4.59	3.71	4.19	5.41	6.14
Creditor Turnover	No. of Times	Raw and packing materials/ Average accounts payable	17.04	5.63	7.17	8.22	4.34	2.57
Creditor Turnover Days	No. of days	365/creditor turnover	21.42	64.88	50.90	44.40	84.19	142.20
Operating cycle	No. of days	Inventory turnover days + Debtor turnover days - Creditor turnover days	38.76	(1.26)	(7.55)	0.86	(30.98)	(89.92)
Investment/market ratios								
Earnings Per Share - Basic		PAT- dividend on preference shares/ weighted average no. of ordinary shares	16.28	6.30	4.07	6.22	2.93	0.99
Earnings Per Share - diluted		PAT- dividend on preference shares/ weighted average no. of ordinary shares	12.46	6.23	4.07	6.22	2.93	0.99
Price Earning Ratio		Market value of share/Basic EPS	3.33	7.54	8.16	5.97	9.75	18.65
Market value per share (highest during the year)			65.45	49.17	41.84	40.73	39.71	19.00
Market value per share (lowest during the year)			42.84	22.47	29.93	25.49	18.11	8.20
Price to book ratio		Market value of share/Total Assets - Intangible Assets	63.79	62.60	52.56	94.00	78.02	50.30
Break up value per share		Total shareholders' equity / total ordinary share outstanding	32.97	28.74	19.56	18.48	11.70	9.06
Break up value with investment at market value		Total shareholders' equity + increase in the value of investments in related parties / total ordinary share outstanding	32.97	28.74	19.56	18.48	11.70	9.06
Breakup Value per share with Surplus on Revaluation of property plant and equipment including the effect of all Investments."		Total Shareholders' Equity+Increase in value of investment in Related parties (if valued at MV or Fair value)// total ordinary share outstanding"	32.97	28.74	19.56	18.48	11.70	9.06 -
Cash dividend per ordinary shares		Cash dividend/ number of shares	16.3	1.247	0.80	1.10	1.25	-
Dividend payout ratio		Dividend per ordinary share / Basic EPS	100.12	19.79	19.66	17.68	42.66	-
Dividend cover ratio		Basic EPS / Annual total dividend per share	1.00	5.05	5.09	5.65	2.34	-
Dividend yield ratio		Annual dividend per share / market value per ordinary shares	30.00	3.00	2.00	3.00	4.00	-
Cash dividend per preference shares		Cash dividend/ number of preference shares	0.84	0.042	-	-	-	-
Dividend cover ratio		Basic EPS / Annual total preference dividend per share	-	-	-	-	-	-
Dividend yield ratio		Annual preference dividend per share / market value per preference shares	0.08	-	-	-	-	-

financial statements analysis with graphical presentation

Non-current Assets

Non-current assets of the Company have marginally decreased by Rs. 167 Mn against last year i.e. by 0.4%. A diversified range of CAPEX was undertaken by the Company which include PVC III, VCM debottlenecking, OVR, HTDC, H_2O_2, oneSAP, GT and other operational efficiency and reliability projects. This was however offset by consequent depreciation/amortization on the said assets and redemption of long-term TDRs.

Trend analysis

Over the period of six years, the non-current assets of the Company have been increasing due to expansion projects as well as CAPEX incurred to achieve enhanced reliability, greater efficiency and harness synergies. The marginal decline in the current year occurred mainly on account of depreciation and amortization recorded on projects completed during the year. In 2019, the company obtained TDR of USD 35 Mn, which started maturing in 2021 and will complete its tenure in 2024. Redemption of a portion of the TDR backed the decrease in non-current assets despite significant capital expenditure incurred during the year.

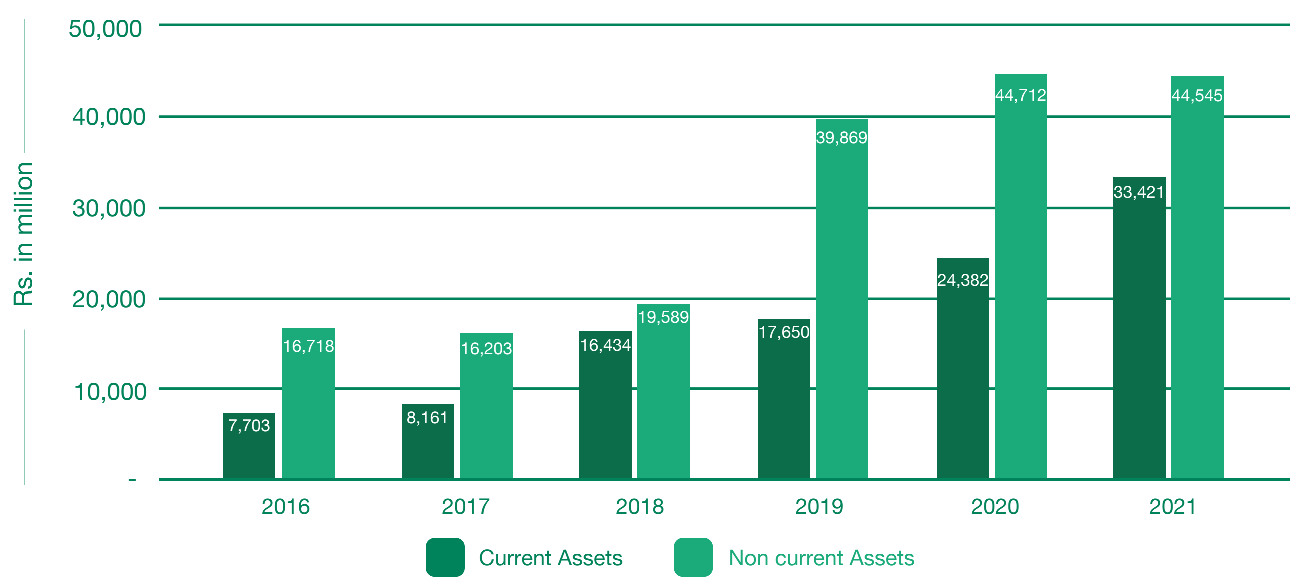
Current Assets

The net increase in current assets amounts to Rs. 9,039 Mn over the previous year is majorly due to sufficient cash generation from the operations. This is mainly attributable to an increase in the Company's working capital post commencement and completion of PVC III and VCM debottlenecking projects.

Trend analysis

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

Assets



Shareholders' equity

Share holders' equity increased notably during the year by Rs. 3,842 Mn. The variation is attributed to the following events:

1. Net profit reported for the year was Rs. 15,061 Mn. which is 163% higher than the profit made last year.

2. Profit appropriation made during the year was Rs. 11,214 Mn. against Rs. 182 Mn in the corresponding year

Trend analysis

Equity has been accumulating from Rs. 5,334 Mn. to Rs. 29,968 Mn. due to right shares issued in 2018 and preference shares issuance in 2020 of Rs. 5,365 Mn and Rs. 3,000 Mn respectively to finance PVC III expansion and VCM debottlenecking project. In the last 6 years, the Company has posted after tax profits of Rs 32,130 Mn which has significantly increased shareholders wealth. Additionally, since 2017, the Company has also made dividend disbursements of Rs. 13,771 Mn. In 2020, the application of IFRS 16 resulted in the recognition of a loss of Rs. 1,898 Mn through equity.

Non-current liabilities

Non-current liabilities have decreased by Rs. 3,694 Mn to Rs 23,885 Mn. This is primarily on account of current maturity of GIDC, IFRS 16 and repayment of long-term borrowings during the year.

Trend analysis

The increasing movement in non-current liabilities, were brought down in 2016 through reprofiling of the debt structure. However, these again increased in 2019 & 2020 owing to the following reasons:
1. capital expenditures being made in respect of expansion and efficiency projects financed by long term loans,
2. recognition of lease liability under IFRS-16; and
3. recognition of non-current portion of GIDC.

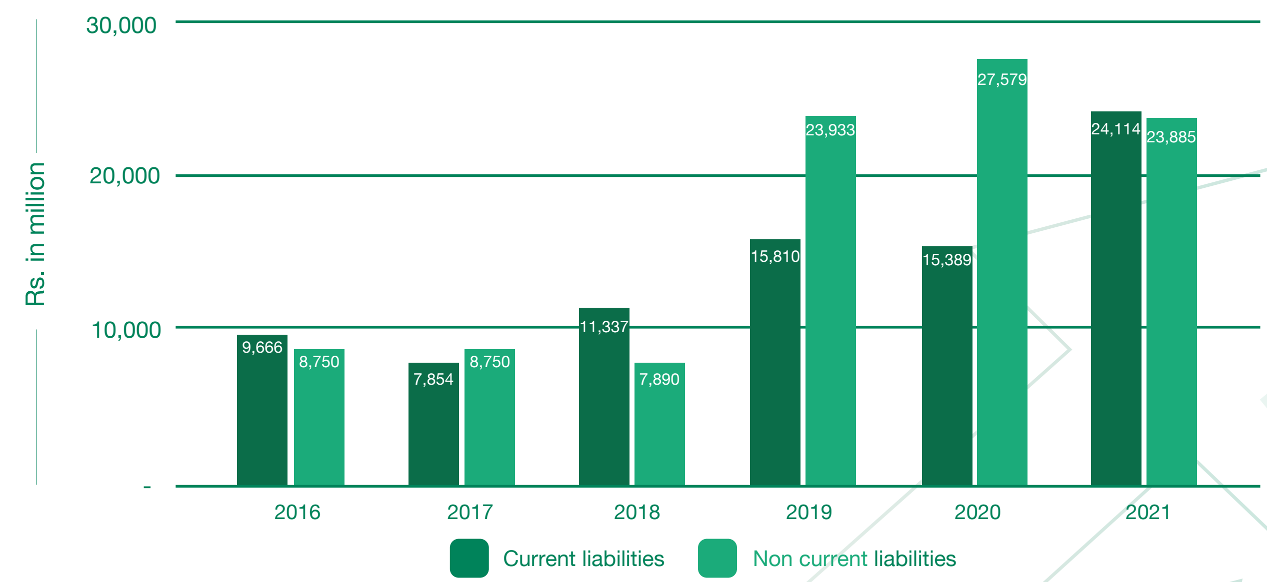
Current Liabilities

Current liabilities have increased significantly from Rs. 15,390 Mn to Rs. 24,114 Mn. The increase has been observed in current maturity of long-term borrowing and trade and other payables aggregating to Rs. 6,206 Mn. Further, due to increased profitability:
1. Income tax asset has now turned to liability of Rs 1,017 Mn
2. Dividend payable during the year raised to Rs 1,041 Mn from Rs.28 Mn last year.

Trend analysis

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

Liabilities



profitability analysis

Revenue
During the year, the top-line of the Company almost doubled to Rs 70,022 Mn from last year. This is on account of an increase in PVC prices and substantially higher sales volumes against an expansion in the Company's production capacities since commencement of PVC III and VCM debottlenecking project during the year. In the last year, the Company witnessed a volumetric loss due to various incidents including plant turnaround, chlorine leakage, gas curtailment and disruption imposed by the COVID-19 lockdown. This year, Company has managed to normalize operations and increase its volumetric sales significantly over the previous year

Trend analysis
The Company's revenue is moving in the upward direction year on year except for the year 2015 when the Company faced a decrease in sales owing to a sharp decline in PVC prices in the international market and then 2020 as a result of the aforementioned factors.

Cost of sales
Cost of sales have increased by Rs. 21,604 Mn mainly because of an increase in the cost of imported raw material and increased production of the Company. The increase in raw material price is mainly driven by devaluation of PKR against USD. Further, the Company continues to unwind GIDC and recorded an expense of Rs. 278 Mn to this effect.

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

Gross profit
The Company's gross profitability has increased by Rs. 13,086 Mn. This is mainly attributable to increased PVC prices, higher volumetric sales and expansion of operations.

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

Other income
The other income earned from financial assets have increased from Rs. 1,180 Mn in 2020 to Rs. 1,327 Mn in the current year. The increase is mainly attributed to increased inflow of cash generated from operations as well as higher average yield rates that increased substantially from 7.5% to 10.68% during the year.

Trend analysis
Interest income has been constantly increasing due to effective utilization of funds generated from operations along with favourable interest rates trend over a major part of the last six years.

Finance cost
Finance cost has reduced marginally by Rs. 288 Mn from the previous year which is mainly attributable to utilization of subsidized financing avenues such as ITERF, and repayment of long-term debt. This was somewhat compensated by default surcharge recorded on GIDC payments of Rs 157Mn during the year.

Trend analysis
Finance cost of the Company have kept on changing with the change in borrowing structure and fluctuation in prevailing interest rates.

Taxation
Tax charge is a function of profitability. Since the profitability of the Company has increased by 143% from the previous year, the consequential tax charge for the year has almost doubled as well.

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

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ratio analysis

Profitability ratios
The gross and net profitability for the year has improved significantly over last year. This was primarily backed by increase in international prices of PVC as well as expansion in the Company's production capacities due to commencement of PVC III and VCM debottlenecking early in the year against higher sales volumes.

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

Liquidity analysis
Liquidity ratios have shown consistent improvement since 2016, mainly because of the changes made in the credit cycle of primary raw material procurement. However, the ratios for 2021 have slightly declined from prior years owing to reclassification of current portion of long-term borrowings and increase in trade and other payables.

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

Capital structure ratios
During the year, the Company's balance sheet for the first time indicated a higher level of shareholders equity compared to long-term liabilities and borrowings outstanding at year end. This increase has been observed because of the increased profitability of the company as well as transfers to current maturity of long term borrowings.

Trend analysis
Since the year 2016, the management has implemented strong treasury controls leading to reprofiling of the structure. The Company's capital structure has been showing positive signs since 2016. Long term debt to equity was 59:41 in 2016 which has almost reversed to 36:64 in 2021.

Investment / Market Ratios
EPS-basic for the current year is Rs. 16.28 / share as compared to Rs. 6.30 / share in the previous year. Average market value per shares has traded in between Rs. 42.84 / share (2020: Rs. 22.47 / share) to Rs. 65.45 / share (2020: Rs 49.17 / share) whereas the closing price was Rs. 54.21 / share (2020: Rs. 47.51 / share). During the year, the Company raised payments of dividend to ordinary shareholders to Rs. 16.30 per share whereas in the preceding year, total disbursement of Rs. 1.247 / share was made. Further, the Company has also declared final dividend of approx. Rs. 5.50 / share leading to a dividend payout ratio of 100.12%.

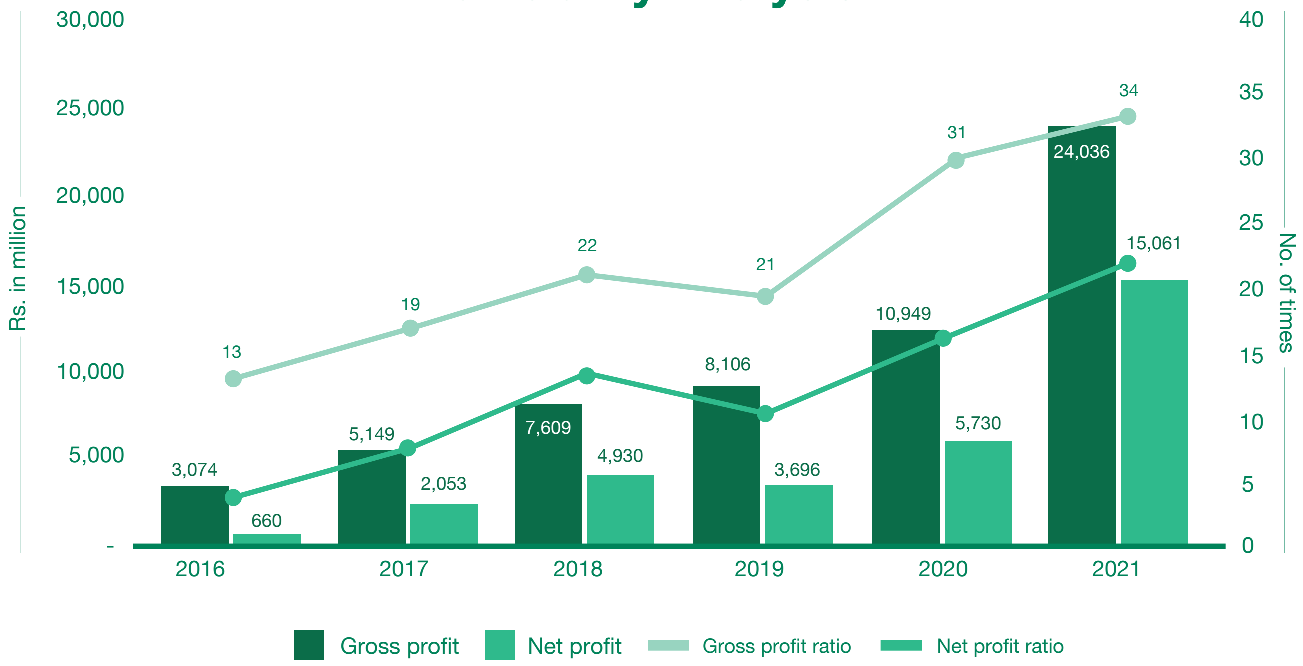
Trend analysis
These ratios depend on internal performance of the Company as well as external market dynamics. Since these factors have been fluctuating over the years because of foreseen and unforeseen circumstances, the ratios have changed accordingly.

Activity/Turnover Ratios
The cash operating cycle has changed:

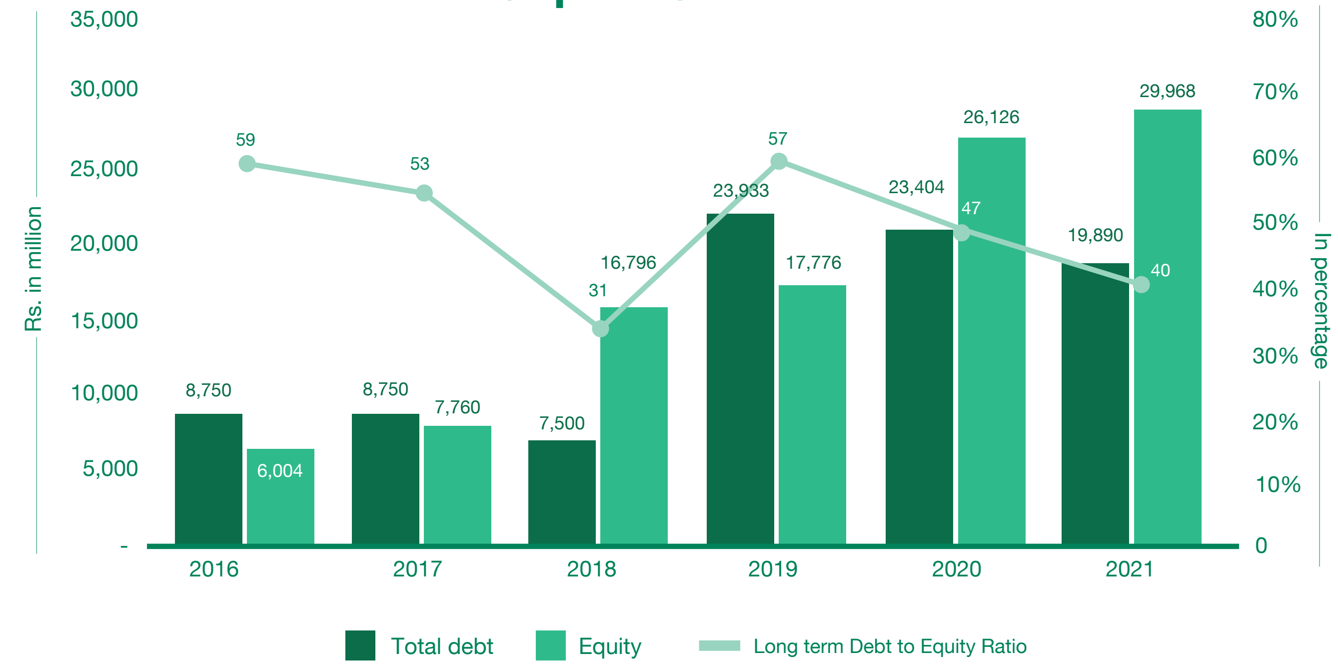
- Inventory turnover days have reduced from 59 to 57 because of increase in production capacity during the year since commencement of expansion projects.
- Rapid increase in sales and effective collections this year has consequently reduced debtor days to 3.4 as compared to 4.6 last year.

Trend analysis
- The inventory days have reduced from 59 to 57 days.
- The debtor turnover days have reduced from 6.1 to 3.4 days depicting strong products' demand and efficient debtors' management controls respectively.
- The creditor days was 142 in 2016 owing to liquidity issues faced in that year, however presently the creditor days have significantly decreased and are in line with operational circumstances of the Company.

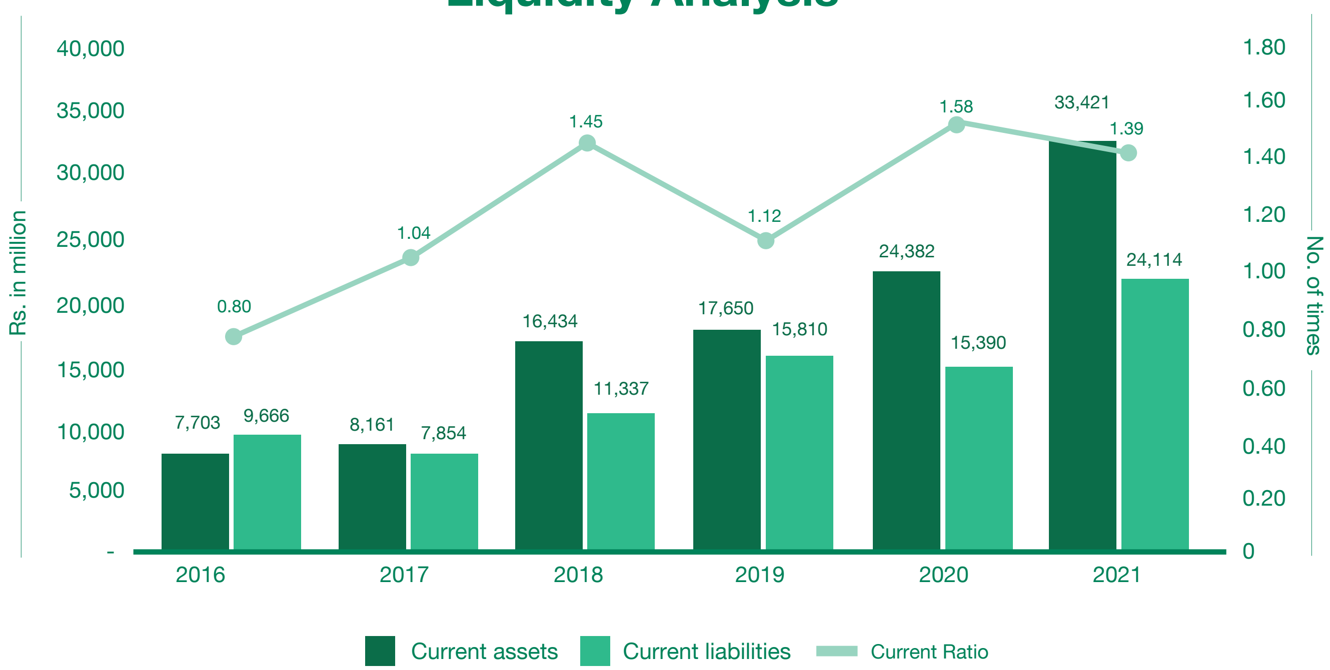
Profitability Analysis



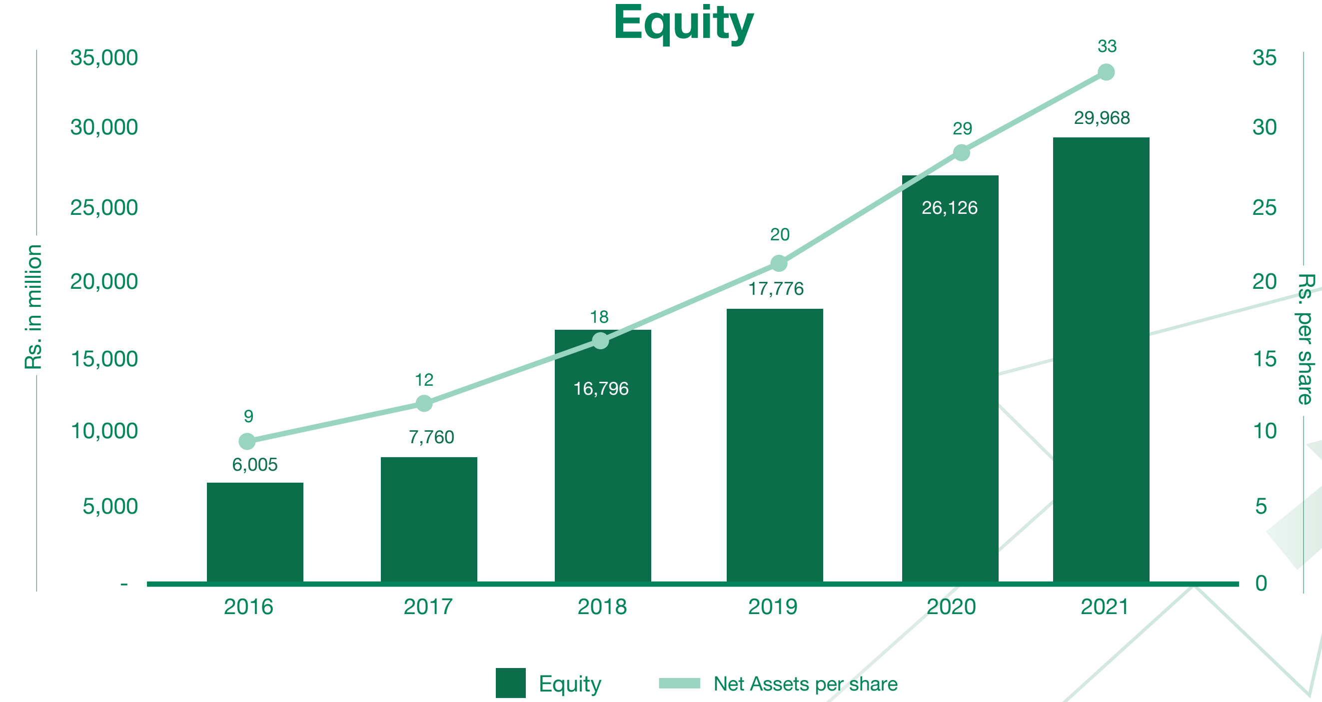
Capital Structure



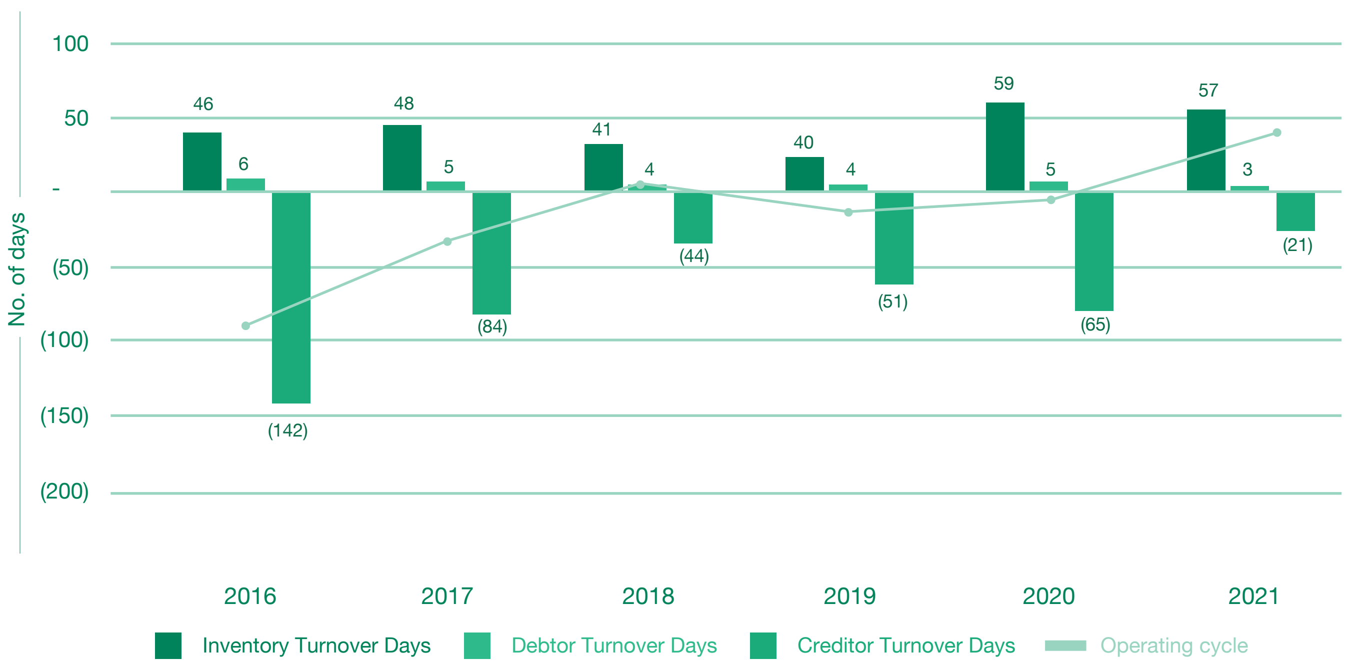
Liquidity Analysis



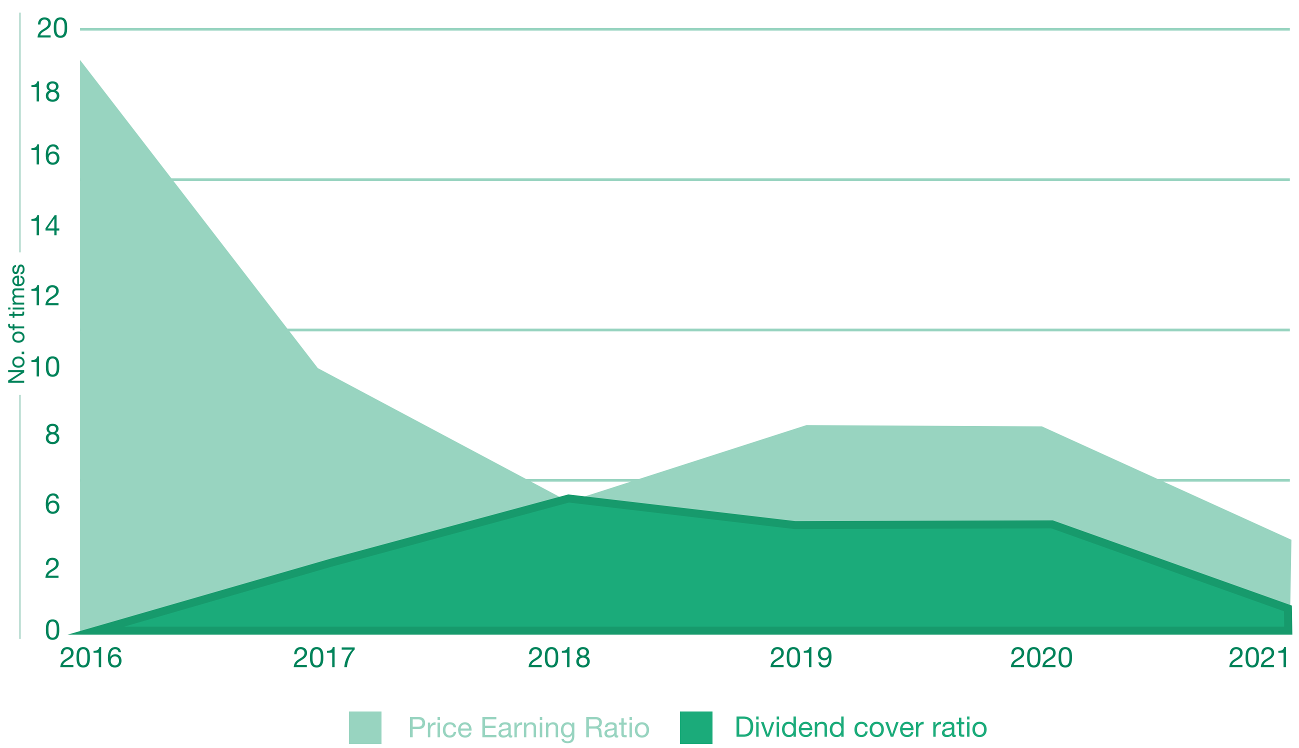
Equity



Operating Cycle



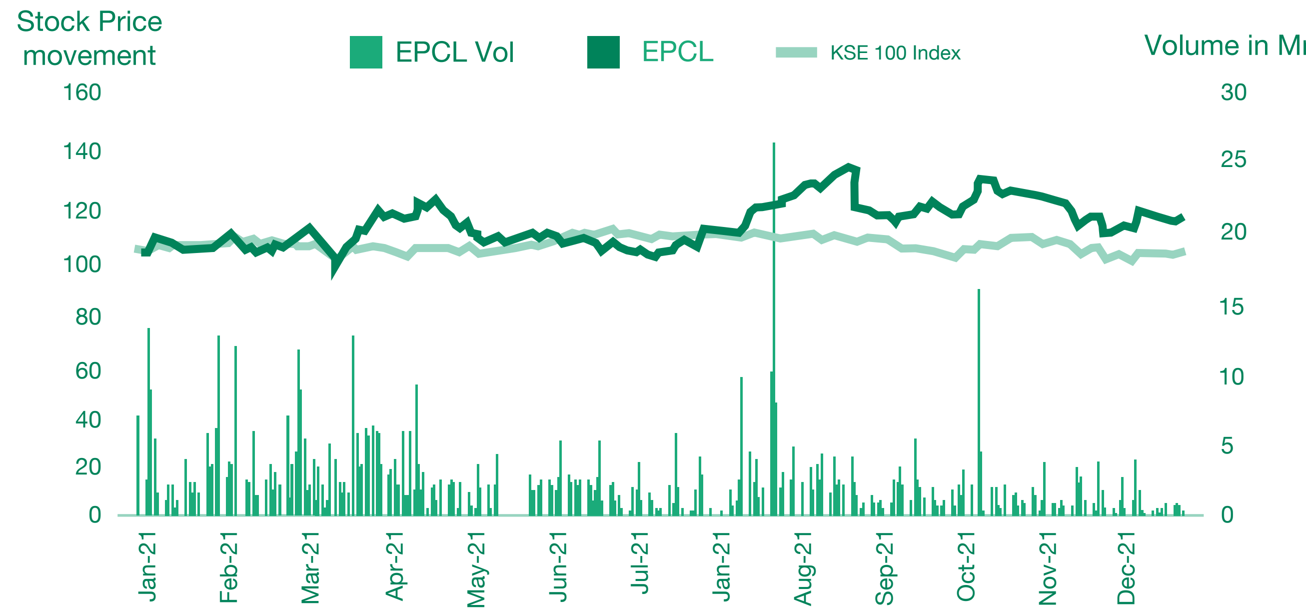
Market Ratios



share price sensitivity

During the year 677 Mn shares of the Company were traded on Pakistan Stock Exchange. The average price of the Company's share based on daily closing rates was Rs. 53.19. The 52-week low high during 2021 was Rs. 42.84 – 65.45 per share, respectively. The scrip outperformed the benchmark index returning 14% as compared to KSE100 Index performance of 0.4%.

EPCL share price and KSE index in 2021



Interest rates

The Company is funding its projects from external borrowing which carry financial cost which is benchmarked against prevailing interest rates. During the year 2021, the interest rates increased affecting Company's profitability and eventually impacting share price.

Exchange rate sensitivity

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. However, PVC revenue determination mechanism provides a natural hedge against foreign exchange fluctuation exposure on USD denominated liabilities.

Selling price

The Company's revenue for PVC business is determined by international PVC prices and core delta. Whereas, caustic liquid price dynamics is based on local dynamics. An increase in PVC prices and core delta results in high earnings and event

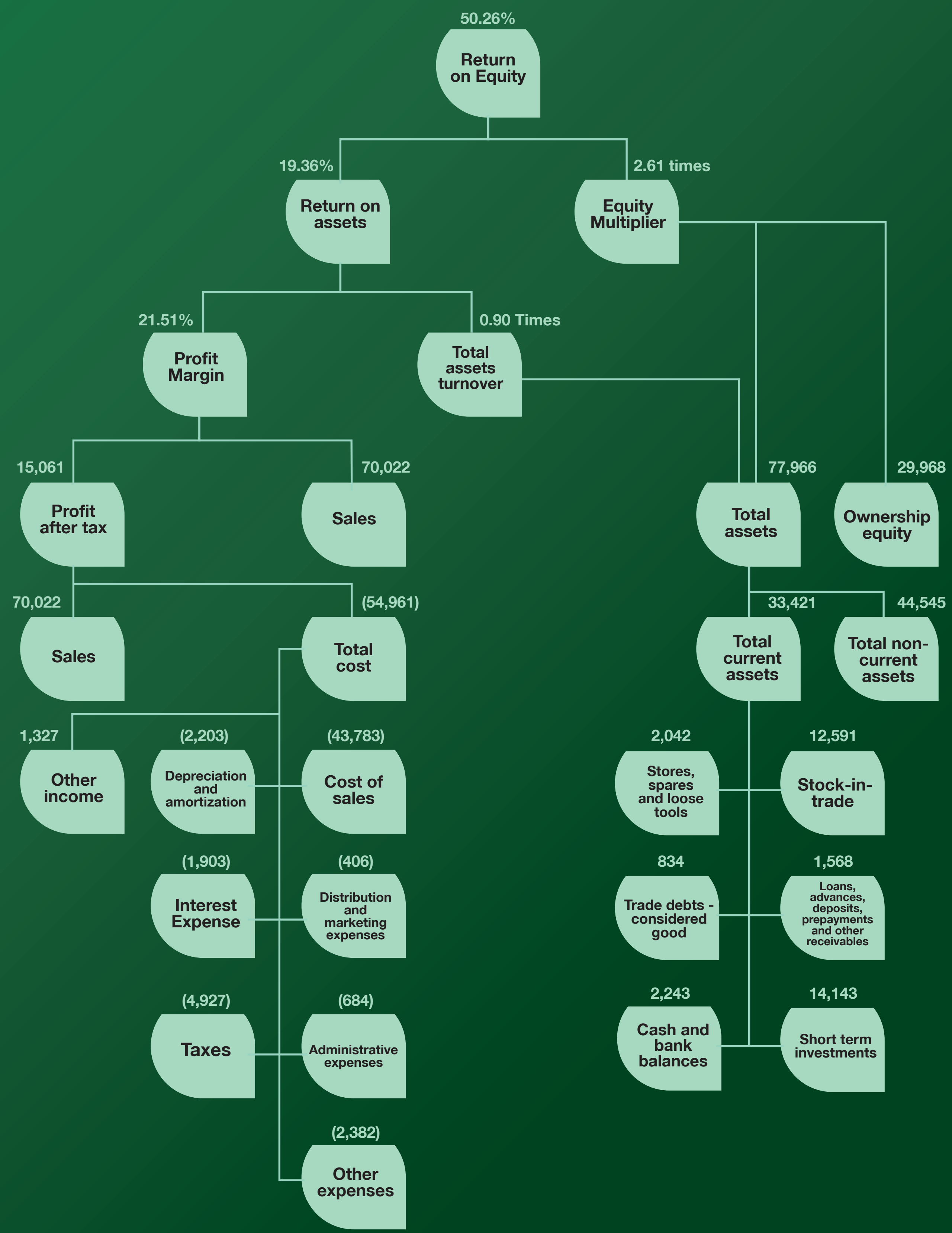
Raw Material cost

The Company's relies on imports for some of its key raw materials such Ethylene, portion of EDC and VCM. High raw material prices result in lower margins and lower profitability, with a negative impact on share prices.

Business rationale for major capital expenditure / projects during the year and for those planned for next year

During the year, the Company incurred a capital expenditure of Rs. 3,601 Mn, where a significant portion of it was spent on PVC III expansion / VCM debottlenecking and other projects. The Company continues to work towards other diversification and efficiency related projects including oxygen based VCM production, Hydrogen Per Oxide and High Temperature Direct Chlorination.

dupont analysis



	2021	2020	2019	2018	2017	2016
Profit margin - in %	21.51	16.22	9.77	13.94	7.39	2.87
Asset turnover - in times	0.90	0.51	0.66	0.98	1.14	0.93
Equity multiplier - in times	2.65	2.65	3.24	2.15	3.15	4.10
Return on equity - in %	50.26	21.93	20.79	29.37	26.54	10.98

Over the years, the Company's profitability has improved significantly and this year the highest ever profitability has been declared. The management's efforts in the form of cost efficient measures, rationalization of vendor sourcing, expansion and diversification coupled with external factors are the contributors towards the increased profitability.

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

The overall assets base has constantly been increasing from Rs. 24,421 Mn. in 2016 to Rs. 77,966 Mn. in 2021. The major composition of this year's footing includes inventories owing to increased production capacities and cash generated from the operations have been which have then been invested in short term instruments and till date the cash and investments have been expanded from Rs. 1,116 Mn. in 2016 to Rs. 16,386 Mn. in 2021.

Having the direct relation of the profitability with equity, the unappropriated profits of the Company has been progressively moving from negative Rs. 1,593 Mn in 2016 to positive Rs. 14,004 in 2021. Over the period, the Company has raised its capital through issuance of right shares in 2018 of Rs. 5,365 Mn and preference shares in 2020 of Rs. 3,000 Mn to finance the PVC expansion projects. However during the year, the Company has made profit appropriation to its shareholders amounted to Rs. 11,214 Mn.

Information about defaults in payment of any debts an reasons thereof period

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

Statement of compliance of International Financial Reporting Standards

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

Dividends

During the year, the Company has declared and paid dividends for Ordinary and preference shareholders at each interim closing and made cumulative appropriation of Rs. 11 Bn. Further the Board has proposed the final dividend of Rs. 5.50 and Rs. 0.27 per share for ordinary and preference shareholders respectively. During the year, the Company has duly paid taxes wherever applicable and intends to discharge its outstanding tax liabilities as and when due for the year.

Methods and assumptions used in compiling the indicators

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

engro polymer & chemicals

financial statements

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

year ended december 31, 2021

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

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

a. Male*: 8
b. Female: 1
* Including the Chief Executive Officer

2. The composition of the Board is as follows:

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

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

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

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

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

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

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

9. The Board has arranged Directors' Training Program for Mr. Rizwan Masood Raja, Non-Executive Director during the year 2021. Seven directors on the Board are certified as trained directors as of December 31, 2021.

10. During the year, the Board has approved the appointment of Chief Financial Officer including her remuneration and terms and conditions of employment and complied with relevant requirements of the regulations. There was no change in the position of the Company Secretary and Head of Internal Audit;

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

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

a) Board Audit Committee
Mr. Feroz Rizvi - Chairman
Mr. Eram Hasan
Mr. Nazoor Ali Baig
Mr. Hideki Adachi

b) The Board People Committee i.e., HR and Remuneration Committee
Ms. Ayesha Aziz - Chairman
Mr. Feroz Rizvi
Mr. Nadir Salar Qureshi
Mr. Rizwan Masood Raja

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

a) Board Audit Committee (6 meetings held during the year); and
b) The Board People Committee (3 meetings held during the year);

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Mr. Ghias Khan
Chairman

Mr. Jahangir Piracha
Chief Executive

Date: February 08, 2022

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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, 2021 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, 2021.

A.F. Ferguson & Co
Chartered Accountants

Karachi
Date: February 21, 2022
Engagement partner Farrukh Rehman.
UDIN: CR202110059KzcDFvpeq

statement of compliance with the sukuk

(privately placed) regulations, 2017

This Statement is being presented to comply with the requirements under Sukuk (Privately Placed) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance (the Statement) is for the year ended December 31, 2021.

Engro Polymer & Chemicals Limited (the Company) entered into an arrangement for issue of Sukuk amounting to Rs.8,750 Million on January 11, 2019 for a period of 7.5 years. We state that the Company is in compliance with the Sukuk features and Shariah requirements in accordance with the Sukuk (Privately Placed) Regulations, 2017.

We specifically confirm that:

- The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk features and Shariah requirements;
- The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk features and Shariah requirements, whether due to fraud or error;
- The Company has a process to ensure that the management and where appropriate those charged with governance, and personnel responsible to ensure the Company's compliance with the Sukuk related features and Shariah requirements are properly trained and systems are properly updated. The Sukuk features and Shariah requirements in accordance with Sukuk (Privately Placed) Regulations, 2017 comprises of the following:

a) Requirements of Shariah Structure and Transaction Documents as stated in the approval of Dubai Islamic Bank Limited's Shariah Advisor, with respect to Sukuk transactions:

- Sukuk Subscription & Issue Agency Agreement
- Trust Deed
- Asset Purchase Agreement
- Musharaka Agreement
- Purchase Undertaking
- Sale Undertaking
- DSRA Agreement
- Payment Agreement
- Letter of Hypothecation
- Letter of Lien and Right of Set-off

b) Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions (AAOIFI), as notified by the Securities and Exchange Commission of Pakistan (the SECP);

c) Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and

d) Other compliances specified in the Sukuk (Privately Placed) Regulations, 2017 issued by the SECP.

Jahangir Piracha
Chief Executive

Ghias Khan
Chairman

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF COMPLIANCE WITH SUKUK (PRIVATELY PLACED) REGULATIONS, 2017

Scope of our work

We have performed an independent assurance engagement of Engro Polymer and Chemicals Limited (the Company) to express an opinion on the annexed Statement of Compliance (the Statement) with the requirements of Sukuk (Privately Placed) Regulations, 2017 (the Regulations), as notified by the Securities and Exchange Commission of Pakistan (SECP) as of December 31, 2021.

Applicable Criteria

The criteria for the assurance engagement against which the underlying subject matter (Statement of Compliance for the year ended December 31, 2021) is assessed comprises of compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Regulations. Our engagement was carried out as required under Rule 12 of Chapter V of the Regulations as notified by the SECP.

Responsibility of Company's Management

The responsibility for the preparation and fair presentation of the Statement and for compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Regulations is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

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.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider and Summary of Work Performed

Our responsibility is to express our conclusion on the Statement for the year ended December 31, 2021 based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Regulations and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments; we have considered internal controls relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the

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Company was not materially non-compliant with the Criteria. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Our procedures applied to the selected data primarily comprised of:

- Inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;
- Verification of Sukuk related transactions on sample basis to ensure the Company's compliance with the Criteria during the year;
- Review of Shariah structure and transaction documents, term sheet and Shariah approval letter issued by the Shariah Advisor of the Sukuk; and
- Review of the annexed Statement based on our procedures performed and conclusion reached.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our independent assurance engagement, in our opinion, the annexed Statement for the year ended December 31, 2021 has been prepared, in all material respects, in compliance with the features and Shariah requirements of Sukuk in accordance with the Regulations.

Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Rule 12 of Chapter V of the Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachment.

The engagement partner on the assurance resulting in this independent assurance report is Farrukh Rehman.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Date: February 21, 2022

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, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2021 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:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Provision in respect of Gas Infrastructure and Development Cess** (Refer note 20 to the financial statements) As at December 31, 2021, the Company carries a provision of Rs. 5,364,818 thousand in respect of Gas Infrastructure Development Cess (GIDC), including a default surcharge of Rs. 174,631 thousand. The Company had obtained stay order from Sindh High Court (SHC) against the collection of GIDC till the finalisation of matter by SHC. Furthermore, in pursuant to the decision of Supreme Court of Pakistan (SCP) dated November 2, 2020, the Company has, without prejudice to the suit filed in SHC, re-measured its previously undiscounted GIDC provision at its present value in 48 monthly instalments that are due from August 2020 but has not been paid as of December 31, 2021 which resulted in recognition of remeasurement loss amounting to Rs. 277,972 thousand. Due to significance of the amounts involved in the aforementioned matter and the legal forum at which this matter is currently pending, the ultimate outcome and the resultant accounting in the financial statements is subject to the exercise of significant judgement which may change over time as new facts emerge and the legal case progresses. Therefore, we have considered this to be a key audit matter.	Our audit procedures included the following: - obtained an understanding of the background facts pertaining to provision recorded in respect of GIDC through meetings with the management and review of the minutes of the meetings of those charged with governance; - read the detailed judgement of the SCP and judgement on review petition by the SCP; - read details of suit filed in the SHC and stay order granted by the SHC; - obtained and read the "Guidance on Accounting of GIDC" issued by ICAP and understood the management's process for applying judgments in relation to change in accounting estimate and held discussions with the management regarding accounting treatment and the related impact thereof, subsequent to judgements of SCP; - checked the requirements of GIDC Act, 2015; - obtained confirmation from external legal counsel in respect of the current developments in the case including their assessment of the potential outcome of the matter; - checked the mathematical accuracy of the management's working of current / non - current classification of GIDC provision, its present value and assessed its accuracy and reasonableness of key estimates used; - checked the appropriateness of disclosures made in the financial statements in relation to the matter in accordance with the applicable accounting and reporting standards.

Information Other than the Unconsolidated 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 consolidated and unconsolidated 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.

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 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:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) 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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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 Farrukh Rehman.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: February 21, 2022
UDIN: AR202110059FxpzVmMgH

statement of **financial position**

as at december 31, 2021
(Amounts in thousand)

	Note	2021	2020
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	36,792,644	36,186,640
Right-of-use asset	5	2,036,649	2,305,604
Intangible assets - computer software and applications	6	711,832	101,971
Long-term investments	7	2,465,000	1,625,000
Financial assets at amortised cost	8	3,092,784	4,660,833
Long-term loans and advances	9	674	29,286
		45,099,583	44,909,334
Current Assets			
Stores, spares and loose tools	10	2,041,839	1,784,734
Stock-in-trade	11	12,590,666	6,194,509
Trade debts - considered good	12	834,355	586,212
Loans, advances, deposits, prepayments and other receivables	13	1,507,325	310,892
Income tax payments less provision	26	-	159,818
Short term investments	14	13,830,849	14,144,693
Cash and bank balances	15	1,916,986	940,920
		32,722,020	24,121,778
TOTAL ASSETS		77,821,603	69,031,112
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		13,994,903	10,106,711
		29,959,089	26,070,897
Non-Current Liabilities			
Long-term borrowings	18	17,081,828	19,790,152
Deferred income - Government grant	18.9	124,661	-
Lease liabilities	19	2,713,427	3,614,312
Provisions	20	1,808,405	2,991,392
Deferred tax liability	21	2,048,549	1,199,672
		23,776,870	27,595,528
Current Liabilities			
Trade and other payables	22	11,533,192	9,458,730
Service benefit obligations	23	98,298	79,539
Current portion of long-term borrowings	18	3,929,960	1,836,333
Current portion of lease liabilities	19	1,481,141	1,080,561
Short term borrowings	24	474,360	-
Current portion of deferred income - Government grant	18.9	21,566	-
Accrued interest / mark-up	25	429,944	425,112
Unclaimed dividend		1,029,514	28,149
Income tax payments less provision	26	1,013,864	-
Provisions	20	4,073,805	2,456,263
		24,085,644	15,364,687
		47,862,514	42,960,215
Contingencies and Commitments	27		
TOTAL EQUITY AND LIABILITIES		77,821,603	69,031,112

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

Jahangir Piracha
Chief Executive Officer

Rabia Wafah Khan
Chief Financial Officer

Feroz Rizvi
Director

statement of **profit or loss and other comprehensive income**

for the year ended december 31, 2021
(Amounts in thousand except for earnings per share)

	Note	2021	2020
		Rupees	
Revenue from contract with customers - net	28	70,019,594	35,331,398
Cost of sales	29	(45,984,328)	(24,382,129)
Gross profit		24,035,266	10,949,269
Distribution and marketing expenses	30	(376,338)	(243,269)
Administrative expenses	31	(682,921)	(549,854)
Other expenses	32	(2,354,195)	(835,788)
Other income	33	1,308,468	1,086,872
Operating profit		21,930,280	10,407,230
Finance costs	34	(1,901,939)	(2,191,097)
Profit for the year before taxation		20,028,341	8,216,133
Taxation	35	(4,925,730)	(2,503,888)
Profit for the year after taxation		15,102,611	5,712,245
Other comprehensive income for the year		-	-
Total comprehensive income for the year		15,102,611	5,712,245
Earnings per share - basic	36	16.32	6.28
Earnings per share - diluted	36	12.49	6.21

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

Jahangir Piracha
Chief Executive Officer

Rabia Wafah Khan
Chief Financial Officer

Feroz Rizvi
Director

statement of changes in equity

for the year ended december 31, 2021
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		
			CAPITAL	REVENUE	
	Ordinary share capital	Preference shares	Share premium	Unappropriated profit	Total
			Rupees		
Balance as at January 1, 2020	9,089,233	-	3,874,953	4,766,837	17,731,023
Total comprehensive income for the year					
Profit for the year	-	-	-	5,712,245	5,712,245
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	5,712,245	5,712,245
Transactions with owners					
Final dividend for the year ended December 31, 2019 - Re. 0.20 per share	-	-	-	(181,785)	(181,785)
Preference shares issuance - note 17	-	3,000,000	-	-	3,000,000
Shares issuance cost	-	-	-	(190,586)	(190,586)
	-	3,000,000	-	(372,371)	2,627,629
Balance as at December 31, 2020	9,089,233	3,000,000	3,874,953	10,106,711	26,070,897
Total comprehensive income for the year					
Profit for the year	-	-	-	15,102,611	15,102,611
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	15,102,611	15,102,611
Transactions with owners					
Final ordinary dividend for the year ended December 31, 2020 - Rs. 1.247 per share	-	-	-	(1,133,562)	(1,133,562)
Final preference dividend for the year ended December 31, 2020 - Rs. 0.042 per share	-	-	-	(12,485)	(12,485)
First interim ordinary dividend for the year ended December 31, 2021 - Rs. 0.80 per share	-	-	-	(727,139)	(727,139)
First interim preference dividend for the year ended December 31, 2021 - Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
Second interim ordinary dividend for the year ended December 31, 2021 - Rs. 7.00 per share	-	-	-	(6,362,463)	(6,362,463)
Second interim preference dividend for the year ended December 31, 2021 - Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
Third interim ordinary dividend for the year ended December 31, 2021 - Rs. 3.00 per share	-	-	-	(2,726,770)	(2,726,770)
Third interim preference dividend for the year ended December 31, 2021 - Rs. 0.30 per share	-	-	-	(90,000)	(90,000)
	-	-	-	(11,214,419)	(11,214,419)
Balance as at December 31, 2021	9,089,233	3,000,000	3,874,953	13,994,903	29,959,089

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

Jahangir Piracha	Rabia Wafah Khan	Feroz Rizvi
Chief Executive Officer	Chief Financial Officer	Director

statement of cash flows

for the year ended december 31, 2021
(Amounts in thousand)

	Note	2021	2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	17,606,714	12,575,886
Long-term loans and advances		28,612	42,792
Retirement benefits paid		(42,226)	(34,528)
Income tax paid		(2,903,171)	(1,260,635)
Net cash generated from operating activities		14,689,929	11,323,515
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(2,869,090)	(6,091,440)
- intangible assets		(248,406)	(167,922)
Proceeds from disposal of property, plant and equipment		2,601	-
Investments in subsidiary companies		(840,000)	-
Investment in Term Deposit Receipt		(22,500)	(6,000)
Investment in mutual funds		(10,950,000)	-
Proceeds from sale of mutual funds		3,000,000	-
Maturity of Term Deposit Receipts		934,667	-
Income on short-term investments and bank deposits		1,276,182	979,007
Net cash used in investing activities		(9,716,546)	(5,286,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		928,549	2,019,133
Repayments of long-term borrowings		(1,926,515)	-
Shares issuance cost paid		-	(190,586)
Issuance of preference shares		-	3,000,000
Proceeds from short term borrowings		474,360	-
Finance cost paid		(1,353,532)	(1,891,139)
Rentals paid during the year		(1,372,441)	(1,337,444)
Dividend payment		(10,213,054)	(184,969)
Net cash (utilized in) / generated from financing activities		(13,462,633)	1,414,995
Net (decrease) / increase in cash and cash equivalents		(8,489,250)	7,452,155
Net foreign exchange difference		39,600	6,834
Cash and cash equivalents at beginning of the year		14,115,493	6,656,504
Cash and cash equivalents at end of the year	40	5,665,843	14,115,493

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

Jahangir Piracha	Rabia Wafah Khan	Feroz Rizvi
Chief Executive Officer	Chief Financial Officer	Director

notes to and forming part of **the financial statements**

for the year ended december 31, 2021

(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.

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

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

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

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

1.5 These significant events have taken place during the year:

1.5.1 During the year ended December 31, 2021, the PVC-III expansion project was completed which has increased the capacity by 100,000 MT per annum i.e from 195,000 MT per annum to 295,000 MT per annum. The commercial operation of PVC-III plant commenced from March 01, 2021.

1.5.2 During the year ended December 31, 2021, the VCM Plant Debottlenecking project was completed which has increased the capacity by 50,000 MT per annum i.e from 204,000 MT per annum to 254,000 MT per annum. The commercial operation of this plant commenced from June 25, 2021.

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

- Provision of and directives issued under the Act.

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

2.3 Functional and presentation currency

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

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

2.4 Critical accounting estimates and judgements

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

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

The Company reviews appropriateness of the useful lives 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 on an annual basis.

2.4.2 Provision for slow-moving stores and spares

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

2.4.3 Provision for stock-in-trade

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

(Amounts in thousand)

2.4.4 Impairment of financial assets

The amount of Expected Credit Losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

2.4.5 Income taxes

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

2.4.6 Lease accounting

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

2.4.7 Contingencies and provisions

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

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

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

The following new standards and interpretation to the accounting and reporting standards as applicable in Pakistan are effective for the first time for the companies with the year end December 31, 2021 and relevant to the Company.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 interest rate benchmark reform - Phase 2

The IASB had issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of IBOR reform on an entity's financial instruments and risk management strategy. An entity needs to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The relevant information is disclosed in note 18.2.

There is an amendment to published standards that is effective for the first time for the year ended December 31, 2021, however is considered not to have significant impact on the Company's financial reporting and operations and therefore has not been presented here.

(Amounts in thousand)

2.5.2 Amendments to accounting and reporting standards that are not yet effective but have been early adopted by the Company

- Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use

'In 2020, the International Accounting Standard Board (IASB) made an amendment - Proceeds before the intended use in IAS 16 - "Property, Plant and Equipment". As a result, the net proceeds received from selling the inventory produced during the testing phase, shall be recognised in the statement of profit or loss. Previously, such proceeds were deducted from the cost of the asset. This amendment shall be applied

retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 2022 with an option of early adoption.

The Company has assessed its implication and decided to adopt the amendment early as permitted under the amendment and aligned with the accounting and reporting standards as applicable in Pakistan. The change in Accounting Policy has been made in accordance with the transitional provisions of the amendment. The net revenue is part of Gross profit in the statement of profit or loss and having post tax impact of Rs. 278,700.

- Amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

The amendments to the published standards are not yet effective for the period beginning on January 1, 2021 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except capital work-in-progress. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Capital work-in-progress is stated at historical cost less impairment, if any.

Depreciation on assets is charged to statement of 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 statement of profit or loss during the year in which these are incurred.

Assets' residual values 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 statement of profit or loss. The recoverable amount is the higher of fair value less expected selling expenses 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

(Amounts in thousand)

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. 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 related lease liability

The Company has entered into various rental arrangements, generally ranging in between 5 to 10 years. At inception of a contract, the Company assesses whether a contract is or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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 statement of 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.

3.4 Intangible assets - computer software and applications

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.

Computer software cost treated as intangible assets are amortised from the date the software is available for use on straight-line basis over a period of 5 to 10 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount and is charged in the statement of profit or loss. Reversal of impairment losses are also recognised in statement of profit or loss, however, is restricted to the original cost of the asset.

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, at initial recognition and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The management determines the classification of financial assets at initial recognition based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at **fair value through other comprehensive income** 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 **fair value through profit or loss** if it is not measured at amortised cost or at fair value through other comprehensive income.

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 an entity. 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 statement of profit or loss. 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 statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in the statement of profit or loss in the period in which they arise.

(Amounts in thousand)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of 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 permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of 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 the statement of profit or loss.

3.8 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost in relation to raw materials represents the weighted average cost 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.

(Amounts in thousand)

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 and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able collect all amounts due according to the original terms of receivable. The amount of provision is charged to statement of profit or loss. Trade debts and other receivable considered irrecoverable are written-off.

3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks and other short-term highly liquid investments with original maturities of three months or less and short-term finances. Short-term finances on the statement of financial position are shown as part of current liabilities.

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.

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. Annual contribution by the Company is charged to the statement of profit or loss

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 the statement of 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.

(Amounts in thousand)

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.

3.16 Taxation

3.16.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

3.16.2 Deferred

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in the statement of 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

The Company recognises revenue at a point in time when the control of product is transferred to customers. The assessment of transfer of control depends on the contractual terms, which is considered to be transferred either when the product is directly uplifted by customer from the Company's premises or when it is delivered by the Company at customer premises. The payment term varies depending on the credit worthiness of the customers.

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.

Income on bank deposits and other financial assets are 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

(Amounts in thousand)

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.

3.19 Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

3.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.22 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. It is recognised as income on a systematic basis over the periods in which the related costs, for which it is intended to compensate, are recorded.

	2021	2020
	Rupees	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value - note 4.1	31,388,709	19,285,257
Capital work-in-progress - note 4.6	5,185,100	16,837,591
Capital spares	218,835	63,792
	36,792,644	36,186,640

(Amounts in thousand)

4.1 Operating assets

	Leasehold land (note 4.2)	Building on leasehold land (note 4.2)	Plant and Machinery (note 4.3)	Pipelines					Furniture, fixtures and equipment	Vehicles	Total
				Water	VCM	Ethylene	EDC	Gas			
						Rupees					
As at January 1, 2020											
Cost	1,133,655	551,560	28,025,363	398,968	26,122	50,315	98,288	33,849	391,517	96,315	30,805,952
Accumulated depreciation	(85,617)	(198,464)	(11,599,581)	(258,471)	(25,029)	(24,056)	(253)	(19,714)	(244,804)	(45,482)	(12,501,471)
Net book value	**1,048,038**	**353,096**	**16,425,782**	**140,497**	**1,093**	**26,259**	**98,035**	**14,135**	**146,713**	**50,833**	**18,304,481**
Year ended December 31, 2020											
Opening net book value	1,048,038	353,096	16,425,782	140,497	1,093	26,259	98,035	14,135	146,713	50,833	18,304,481
Additions - note 4.6	18,524	56,538	2,050,956	-	-	-	1,999	-	145,239	4,989	2,278,245
Disposal											
Cost	-	-	-	-	-	-	-	-	(107,291)	(136)	(107,427)
Accumulated depreciation	-	-	-	-	-	-	-	-	101,532	133	101,665
	-	-	-	-	-	-		-	(5,759)	(3)	(5,762)
Depreciation charge - note 4.3	(38,972)	(23,725)	(1,133,030)	(12,866)	(345)	(1,767)	(3,047)	(1,471)	(66,541)	(9,943)	(1,291,707)
Net book value	**1,027,590**	**385,909**	**17,343,708**	**127,631**	**748**	**24,492**	**96,987**	**12,664**	**219,652**	**45,876**	**19,285,257**
As at January 1, 2021											
Cost	1,152,179	608,098	30,076,319	398,968	26,122	50,315	100,287	33,849	429,465	101,168	32,976,770
Accumulated depreciation	(124,589)	(222,189)	(12,732,611)	(271,337)	(25,374)	(25,823)	(3,300)	(21,185)	(209,813)	(55,292)	(13,691,513)
Net book value	**1,027,590**	**385,909**	**17,343,708**	**127,631**	**748**	**24,492**	**96,987**	**12,664**	**219,652**	**45,876**	**19,285,257**
Year ended December 31, 2021											
Opening net book value	1,027,590	385,909	17,343,708	127,631	748	24,492	96,987	12,664	219,652	45,876	19,285,257
Additions - note 4.6	-	644,929	13,000,848	-	-	-	-	-	98,451	247,145	13,991,373
Transfer from Right-of-use Asset - note 5	-	-	-	-	-	-	-	-	-	5,596	5,596
Disposals / write-offs											
Cost	-	-	(200,054)	(993)	-	(292)	-	-	(30,169)	(2,755)	(234,263)
Accumulated depreciation	-	-	127,089	802	-	157	-	-	26,904	234	155,186
	-	-	(72,965)	(191)	-	(135)	-	-	(3,265)	(2,521)	(79,077)
Depreciation charge - notes 4.3	(39,458)	(44,082)	(1,598,782)	(12,885)	(345)	(4,112)	(1,167)	(1,471)	(69,372)	(42,766)	(1,814,440)
Net book value	**988,132**	**986,756**	**28,672,809**	**114,555**	**403**	**20,245**	**95,820**	**11,193**	**245,466**	**253,330**	**31,388,709**
As at December 31, 2021											
Cost	1,152,179	1,253,027	42,877,113	397,975	26,122	50,023	100,287	33,849	497,747	351,154	46,739,476
Accumulated depreciation	(164,047)	(266,271)	(14,204,304)	(283,420)	(25,719)	(29,778)	(4,467)	(22,656)	(252,281)	(97,824)	(15,350,767)
Net book value	**988,132**	**986,756**	**28,672,809**	**114,555**	**403**	**20,245**	**95,820**	**11,193**	**245,466**	**253,330**	**31,388,709**
Annual rate of depreciation (%)	**2 to 2.14**	**2.5 to 10**	**2.5 to 25**	**5**	**5**	**5**	**3**	**5**	**5 to 33**	**5 to 25**	

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

Description of assets	Address	Total area of land (square yards)
- Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	590,114
- Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	15,794
- Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	10,705
- Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2,908

(Amounts in thousand)

4.3 Includes the capitalization of PVC-III of Rs 8,675,474 and VCM debottlenecking projects of Rs. 3,107,585 respectively.

4.4 Depreciation charge has been allocated as follows:

	2021	2020
	Rupees	
Cost of sales - note 29	1,783,250	1,262,101
Distribution and marketing expenses - note 30	8,166	7,054
Administrative expenses - note 31	23,024	22,552
	1,814,440	1,291,707

4.5 During the year, the Company has revised the estimates for useful lives of certain classes of assets and changed the depreciation method from the month following the month in which the asset is made available for use in order to align with practice of the Holding Company.

These changes in accounting estimates have been accounted for prospectively. Due to these changes in estimates, depreciation charge for the year has decreased by Rs. 66,608.

Correspondingly the tax liability has increased by Rs. 19,316. The resultant impact on profit after tax for the year would have been Rs. 47,292.

Assuming there will be no additions to the property, plant and equipment, the impact of such change on future period is immaterial.

4.6 Capital work-in-progress

	Leasehold land	Building on leasehold land	Plant and machinery and pipelines	Furniture, fixtures and equipments	Software	Advances for vehicles	Total
				Rupees			
Year ended December 31, 2020							
Balance as at January 1, 2020	32,000	20,494	12,299,108	31,161	313,230	-	12,695,993
Additions during the year	-	82,005	5,730,779	169,734	167,922	108,922	6,259,362
Borrowing costs capitalized during the year			214,679				214,679
- Write-off during the year			(6,000)				(6,000)
Transferred to:							
- Operating assets - note 4.1	-	(75,062)	(2,052,955)	(145,239)	-	(4,989)	(2,278,245)
- Intangible assets - note 6	-	-	-	-	(48,198)	-	(48,198)
Balance as at December 31, 2020	**32,000**	**27,437**	**16,185,611**	**55,656**	**432,954**	**103,933**	**16,837,591**
Year ended December 31, 2021							
Balance as at January 1, 2021	32,000	27,437	16,185,611	55,656	432,954	103,933	16,837,591
Additions during the year		704,426	1,964,245	56,445	248,406	143,974	3,117,496
Borrowing costs capitalized during the year	-	-	27,645	-	-	-	27,645
Transferred to:							
- Operating assets - note 4.1	-	(644,929)	(13,000,848)	(98,451)	-	(247,145)	(13,991,373)
- Intangible assets - note 6	-	-	-	-	(651,216)	-	(651,216)
- Capital spares	-	-	(155,043)	-	-	-	(155,043)
Balance as at December 31, 2021	**32,000**	**86,934**	**5,021,610**	**13,650**	**30,144**	**762**	**5,185,100**

(Amounts in thousand)

5. RIGHT-OF-USE ASSET

	Storage tanks at Engro Vopak Terminal Limited	Building	Vehicles	Total
	Rupees			
Year ended December 31, 2020				
Balance as at January 1, 2020	2,697,868	49,933	-	2,747,801
Addition during the year	-	-	5,849	5,849
Depreciation charge during the year - note 5.2	(431,022)	(16,771)	(253)	(448,046)
Balance as at December 31, 2020	2,266,846	33,162	5,596	2,305,604
Year ended December 31, 2021				
Balance as at January 1, 2021	2,266,846	33,162	5,596	2,305,604
Addition during the year - note 5.1	172,777	-	-	172,777
Transfer to operating assets - note 4.1	-	-	(5,596)	(5,596)
Depreciation charge during the year - note 5.2	(419,364)	(16,772)	-	(436,136)
Balance as at December 31, 2021	2,020,259	16,390	-	2,036,649

5.1 During the year, the Company entered in an arrangment with Engro Vopak Terminal Limited (EVTL), a related party, for an additional Ethylene Di Chloride storage tank.

(Amounts in thousand)

	2021	2020
	Rupees	
5.2 Depreciation charge has been allocated as follows:		
Cost of sales - note 29	419,364	431,022
Administrative expenses - note 31	16,772	17,024
	436,136	448,046

6. INTANGIBLE ASSETS - computer software and applications

	2021	2020
	Rupees	
Net carrying value		
Balance as at beginning of the year	101,971	78,966
Add: Additions at cost - note 4.6	651,216	48,198
Less: Amortisation charge for the year - note 31	(33,740)	(25,193)
Less: Write-off of software - note 31	(7,615)	-
Balance as at the end of the year	711,832	101,971
Gross carrying value		
Cost at the beginning of the year	788,671	316,240
Less: Accumulated amortisation	(76,839)	(214,269)
Net book value	711,832	101,971

6.1 The cost is being amortised over a period of 5 to 10 years.

6.2 Includes capitalization of ONE SAP i.e SAP S/4 Hana project initiated by the Holding Company at Rs. 635,425.

7. LONG-TERM INVESTMENTS

	2021	2020
	Rupees	
Subsidiary companies, at cost - notes 7.1 and 7.2	2,465,000	1,625,000

7.1 Subsidiary companies:

	2021	2020
- Think PVC (Private) Limited 5,000,000 (2020: 5,000,000) ordinary shares of Rs. 10 each - note 7.1.1	50,000	50,000
- Engro Peroxide (Private) Limited 241,000,000 (2020: 157,000,000) ordinary shares of Rs. 10 each paid in cash - note 7.1.2	2,410,000	1,570,000
- Engro Plasticizer (Private) Limited 500,000 (2020: 500,000) ordinary shares of Rs. 10 each paid in cash - note 7.1.3	5,000	5,000
	2,465,000	1,625,000

(Amounts in thousand)

7.1.1 Think PVC (Private) Limited was incorporated in Pakistan in November 6, 1999, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a wholly owned subsidiary of the Company. The principal activity of Think PVC (Private) Limited is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals and to develop market for PVC downstream products.

7.1.2 Engro Peroxide (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Act 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, Engro Peroxide (Private) Limited has issued right shares of Rs. 10 each.

7.1.3 Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Act as a wholly owned subsidiary of the Company. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals.

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, 2021, the Company continues to hold 100% (2020: 100%) of the share capital of these companies.

	2021	2020
	Rupees	
8. FINANCIAL ASSETS AT AMORTISED COST		
Investment in Term Deposit Receipts - note 8.1	5,179,495	5,624,953
Less: current maturity shown under current assets	(2,086,711)	(964,120)
	3,092,784	4,660,833

8.1 These denote term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

	2021	2020
	Rupees	
9. LONG-TERM LOANS AND ADVANCES - Considered good		
Executives - notes 9.1 to 9.4	32,321	60,518
Less: Current portion shown under current assets - note 13	(31,647)	(31,232)
	674	29,286

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

	2021	2020
Balance at beginning of the year	60,518	107,522
Add: Disbursements	11,768	7,723
Less: Repayments / amortisations	(39,965)	(54,727)
Balance at end of the year	32,321	60,518

9.2 These include interest free loans and advances to executives for house rent, vehicles, home appliances and investments given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments and investment are repayable in lump sum amount after 36 months. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to statement of profit or loss over a period of 4 years.

These include interest free loans to employees for home appliances and investments, given in accordance with the terms of employment.

9.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 33,377 (2020: Rs. 111,585). This includes maximum aggregate amount key management personnel at any time during the year with respect to month end balance was Rs. 2,994 (2020: Rs. 3,059).

9.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no material defaults in recent history.

9.5 The Company does not have any loans or advances placed under any arrangements not permissible under Shariah.

	2021	2020
	Rupees	
10. STORES, SPARES AND LOOSE TOOLS		
Consumable stores and spares - notes 10.1 and 10.2	2,388,631	2,160,378
Less: Provision for slow moving stores and spares - note 10.3	(346,792)	(375,644)
	2,041,839	1,784,734

10.1 This includes goods in transit amounting to Rs. 20,122 (2020: Rs. 48,897).

10.2 During the year, the Company has written off stores and spares amounting to Rs. 20,594 (2020: Rs. 57,302).

	2021	2020
	Rupees	
10.3 The movement in the provision for slow moving stores and spares is as follows:		
Balance at beginning of the year	375,644	363,774
Add: (Reversal) of provision/ provision recognised during the year - note 29	(21,911)	20,571
Less: Write-off during the year	(6,941)	(8,701)
Balance at end of the year	346,792	375,644

(Amounts in thousand)

11. STOCK-IN-TRADE

	2021	2020
	Rupees	
Raw and packing materials - notes 11.1 to 11.3	8,510,105	5,402,730
Work-in-process	56,008	28,354
Finished goods - own manufactured product and trading products- note 11.2	4,024,553	763,425
	12,590,666	6,194,509

11.1 This includes stocks held at storage locations of the following parties

	2021	2020
	Rupees	
- Engro Vopak Terminal Limited, a related party	2,072,238	659,703
- Al-Noor Petroleum (Private) Limited	13,406	13,262
- Al-Rahim Trading Company (Private) Limited	751,226	578,437
- Al-Hamd Traders	13,307	192
- Pakistan House International Limited	21,971	17,327
	2,872,148	1,268,921

11.2 This includes goods in transit amounting to Rs. 2,484,420 (2020: Rs. 1,979,023).

11.3 During the year, the Company has written off stock-in-trade amounting to Rs. 1,665 (December 31, 2020: Rs. 99,704).

	2021	2020
	Rupees	

12. TRADE DEBTS - Considered good

Related parties (unsecured) - note 12.1	10,583	15,273
Others		
Secured - notes 12.2 and 12.3	732,903	443,188
Unsecured - note 12.4	90,869	127,751
	823,772	570,939
	834,355	586,212

(Amounts in thousand)

12.1 Due from related parties comprise of:

	Upto 1 month		2 to 6 months		More than 6 months		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees							
Engro Energy Services Limited	787	-	-	-	-	-	787	-
Engro Fertilizers Limited	9,636	15,217	160	-	-	56	9,796	15,273
	10,423	15,217	160	-	-	56	10,583	15,273

12.1.1 The maximum aggregate amount due from the related parties at the end of any month during the year was:

	2021	2020
	Rupees	
- Engro Fertilizers Limited	20,141	16,156
- Engro Powergen Thar (Private) Limited	-	1,494
- Engro Energy Services Limited	787	-
	20,928	17,650

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

12.3 Includes outstanding trade debts against export sales amounting to Rs. 256,552 (2020: 52,326).

12.4 During the year, the Company has written off trade debt balance of Rs. 56 (2020: 331).

(Amounts in thousand)

	2021	2020
	Rupees	

13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
Considered good		
Current portion of long term-loans and advances to executives- note 9	31,647	31,232
Advances to employees - note 13.1	328	-
Advances to suppliers and others	58,295	59,021
Deposits	270,387	111,370
Prepayments - note 13.2	378,791	42,015
Workers' Profits Participation Fund - note 13.5	8,364	-
Receivable from Government of Pakistan		
- Sales tax and Federal excise duty refundable	750,943	55,015
- Octroi / duty claims	-	152
	750,943	55,167
Due from related parties (unsecured) - notes 13.3 and 13.4		
Think PVC (Private) Limited	-	374
Engro Plasticizer (Private) Limited	116	65
Engro Energy Limited	-	505
Engro Peroxide (Private) Limited	8,454	10,995
	8,570	11,939
Other receivables	-	148
	1,507,325	310,892
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)
	-	-
	1,507,325	310,892

13.1 The advances given to the parties are in accordance with the terms of employment. Maximum aggregate amount due from related parties at any time during the year with respect to month end balance was Nil (2020: Rs. 3,018).

13.2 These mainly include prepaid insurance of Rs. 220,610 (2020: Rs. 8,727).

(Amounts in thousand)

13.3 Age analysis of other receivables from related parties

	Upto 1 month		2 to 6 months		More than 6 months		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees							
Think PVC (Private) Limited	-	374	-	-	-	-	-	374
Engro Plasticizer (Private) Limited	116	65	-	-	-	-	116	65
Engro Energy Limited	-	-	-	505	-	-	-	505
Engro Peroxide (Private) Limited	8,454	10,995	-	-	-	-	8,454	10,995
	8,570	11,434	-	505	-	-	8,570	11,939

13.4 Maximum aggregate amount due from related parties at any time during the year with respect to month end balance is as follows:

	2021	2020
	Rupees	
Think PVC (Private) Limited	5,105	17,009
Engro Plasticizer (Private) Limited	189	3,299
Engro Energy Limited	505	1,531
Engro Peroxide (Private) Limited	324,980	335,179
Sindh Engro Coal Mining Company Limited	-	53
FrieslandCampina Engro Pakistan Limited	-	5
Engro Corporation Limited	-	25,450
Engro Fertilizers Limited	-	2,150
Engro Powergen Qadirpur Limited	-	9
	330,779	384,685

13.5 The movement in WPPF payable is as follows:

	2021	2020
Balance at the beginning of the year	126,944	35,133
Allocation for the year - note 32	1,073,039	439,389
Interest charged during the period	1,603	-
	1,201,586	474,522
Less: Payments during the year	(1,209,950)	(347,578)
Balance at the end of the year	(8,364)	126,944

(Amounts in thousand)

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. 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. Subsequently, the remaining amount of Rs. 36,687 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. Therefore, the Company has fully provided the said amount. However, the Company is pursuing recovery of the remaining amount from the tax authorities based on the view that the SED can be recovered as it was paid prior to the change in the Sales Tax Act.

13.8 As at December 31, 2021, receivables aggregating to Rs. 54,730 (2020: Rs. 54,730) were deemed to be impaired and have been provided for in full. The remaining balances of loans, deposits, due from related parties and other receivables are neither past due nor impaired.

14. SHORT TERM INVESTMENTS

	2021	2020
	Rupees	
At fair value through profit and loss		
- Treasury bill - note 14.1	-	1,978,636
- Pakistan investment bond - note 14.3	-	11,201,937
- Mutual funds - note 14.4	7,972,732	-
	7,972,732	13,180,573
At amortized cost		
- Treasury bill - note 14.1	3,748,857	-
- Term deposit - note 14.2	22,549	-
- Current maturity of investment in term deposit receipt - note 8	2,086,711	964,120
	5,858,117	964,120
	13,830,849	14,144,693

14.1 It carries mark-up at rate 10.835% per annum (2020: 6.9% to 7.2% per annum) and have been encashed till January 4, 2022.

14.2 It carries mark-up at rate 10% per annum (2020: Nil) and have maturity on June 24, 2022.

14.3 These carry mark-up at the rate ranging in between Nil (2020: 7.132% to 7.22%).

(Amounts in thousand)

14.4 The details of investment in mutual funds are as follows:

	Number in units	Amount
	Rupees	
ABL Cash Fund	73,651,442	752,622
Alfalah Cash Fund Class B - Growth Units	1,438,691	752,938
Alfalah Money Market Fund B Growth Units	3,051,888	300,203
JS Cash Fund	7,048,872	750,705
First Habib Cash Fund	7,361,082	752,408
UBL Liquidity Plus Fund - Class 'C'	7,422,605	752,494
UBL Cash Fund - Class 'A'	1,917,737	200,000
Faysal Money Market Fund	4,905,206	500,885
Meezan Rozana Amdani Fund	10,020,910	501,046
NIT Money Market Fund	72,801,294	703,617
NBP Money Market Fund	50,551,345	501,035
HBL Cash Fund	7,378,005	752,497
MCB Arif Habib Pakistan Cash Management Fund	14,906,183	752,282
	262,455,260	7,972,732

15. CASH AND BANK BALANCES

	2021	2020
	Rupees	
Cash in hand	568	817
Cash at bank - note 15.1		
- in current accounts	642,309	306,671
- in savings accounts - note 15.2	1,274,109	633,432
	1,916,418	940,103
	1,916,986	940,920

15.1 These include Rs. 481,443 (2020: Rs. 231,469) held in foreign currency bank accounts.

15.2 These carry mark-up at rates ranging between 2.14% to 9.35% per annum (2020: 2.32% to 11.25% per annum).

16. ORDINARY SHARE CAPITAL

	2021	2020
	Rupees	
Authorised capital		
1,250,000,000 (2020: 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 (2020: 908,923,333) ordinary shares of Rs. 10 each, fully paid in cash - notes 16.1 and 16.2	9,089,233	9,089,233

(Amounts in thousand)

16.1 As at December 31, 2021, Engro Corporation Limited (the Holding Company) and Mitsubishi Corporation (an associated company) held 510,733,450 and 100,053,562 (2020: 510,733,450 and 100,053,562) ordinary shares of Rs.10 each denoting 56.19% (2020: 56.19%) and 11.01% (2020: 11.01%) of the share capital of the Company.

16.2 There is a shareholders' agreement between Engro Corporation Limited (ECL) and Mitsubishi Corporation (MC) which includes provisions in respect of board selection, voting rights, rights of first refusal, etc.

17. PREFERENCE SHARES

	2021	2020
	Rupees	
Authorised capital		
400,000,000 (2020: 400,000,000) preference shares of Rs. 10 each	4,000,000	4,000,000
Issued, subscribed and paid-up capital		
300,000,000 (2020: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1	3,000,000	3,000,000

17.1 In 2020, the Company has issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offering at a price of Rs. 10 per share in cash, carrying markup of 6 months KIBOR + 3.5% and the payment of the same shall be at the discretion of Board of Directors. The objective of the preference share issuance is to finance PVC-III expansion and VCM debottlenecking projects. The Company will have an option to call and redeem 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 1:1 ratio. No shares were converted during the year.

18. LONG-TERM BORROWINGS

Title	Mark-up rate per annum	Installments Number	Installments Commencing	December 31, 2021	December 31, 2020
				Rupees	
Sukuks - note 18.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	8,667,709	8,645,597
Loan from International Finance Corporation (IFC) - note 18.2	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	5,114,204	5,539,605
Bilateral Loan - note 18.3	6 months KIBOR + 0%	6 half yearly	July 15, 2021	4,517,917	5,421,500
Islamic Long Term Financing Facility (ILTFF) - note 18.4	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,927,386	1,925,517
Loan under diminishing musharka agreement	6 months KIBOR + 0.8%	Monthly	February 1, 2021	-	94,266
Islamic Temporary Economic Refinance Facility (ITERF) - notes 18.5 and 18.9	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	530,799	-
Loan under diminishing musharka agreement - note 18.6	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	-
				21,158,015	21,626,485
Less: Current portion shown under current liabilities					
- Loan from International Finance Corporation				(2,061,856)	(932,750)
- Bilateral Loan				(1,807,166)	(903,583)
- Islamic Long Term Financing Facility (ILTFF)				(60,938)	-
				(3,929,960)	(1,836,333)
Less: Deferred income - Government grant - note 18.9				(146,227)	-
				17,081,828	19,790,152

(Amounts in thousand)

18.1 In 2019, the Company issued sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement. These are repayable over a period of 7.5 years in five equal annual installments of Rs. 1,750,000 each with the first repayment commencing in July 2024. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of Rs. 10,937,500 which shall rank pari passu with the charges created in favour of the existing creditors.

18.2 In 2018, the Company had entered into a financing agreement with IFC for a total of US Dollars 35,000 the draw down of which was been made in December 2019. The principal is repayable in six equal semi-annual installments commencing from July 2021 and carries markup at the rate of six months LIBOR plus 3.25% payable semi annually.

The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Company and lenders will commence in due course and transition will be completed by the mid of 2023.

The borrowing is 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.

18.3 In 2019, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The principal is repayable in six equal semi-annual installments commencing from July 2021 and carries a markup at a rate of six months KIBOR plus 0%, payable semi annually.

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 Receipt maintained with DIBPL as referred to in note 8.

18.4 In 2020, the Company obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. The amount is repayable over 10 years in equal quarterly installments of Rs. 60,938 each with the first payment commencing from December 2022. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs, 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

18.5 On March 12, 2021, the Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP through Musharaka agreement entered with financial institutions amounting to Rs. 1,000,000 to finance its capital expenditure.

The amount is repayable over 10 years including 2 years grace period, in 32 quarterly installments of Rs. 11,519 each with the first payment commencing from June 2023 and carries markup at SBP Refinance Rate plus 0.75% to 1% per annum, payable quarterly. 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.

18.6 On December 28, 2021, the Company made a draw down of Rs. 400,000 under Dimishing Musharka agreement entered with Bank of Khyber to finance its long term expenditure. The principal is repayable in eight equal semi-annual installments commencing from June 2023 and carries markup at the rate of three months KIBOR plus 0.40% payable quarterly. 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.

(Amounts in thousand)

18.7 Following are the changes in the long term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2021	2020
	Rupees	
Balance at the beginning of the year	21,626,485	19,388,880
Add: Loan received during the year - net of transaction cost	928,549	2,019,133
Add: Amortisation of transaction cost during the year	42,691	43,822
Add: Exchange loss for the year	486,806	174,650
Less: Loan / installment repaid during the year	(1,926,515)	-
Balance at the end of the year	21,158,016	21,626,485

18.8 The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost amounting to Rs. 145,341 (2020: Rs. 160,648)

18.9 The value of benefit of below-market interest rate on the loans disclosed in note 18.5 has been accounted for as government grant under IAS - 20 "Government Grants. The movement of carrying amount of deferred grant in respect of these loans is as under:

	2021	2020
	Rupees	
Balance at the beginning of the year	-	-
Add: Deferred Government grant recognised during the year	159,926	-
	159,926	-
Less: amortization of deferred Government grant during the year	(13,699)	-
Balance at the end of the year	146,227	-

19.1 These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party amounted to Rs. 4,172,121 (2020: Rs. 4,644,821).

20. PROVISIONS

	2021	2020
	Rupees	
Provision for gas development infrastructure cess - note 20.1	5,364,818	4,930,263
Provision for gas price revision - note 20.2	517,392	517,392
	5,882,210	5,447,655
Less: current portion of provision of GIDC and gas price revision	(4,073,805)	(2,456,263)
	1,808,405	2,991,392

(Amounts in thousand)

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. Subsequently, the 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. 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 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 Company has obtained ad-interim stay order dated October 5, 2020 against the GIDC Act, 2015 from the High Court of Sindh (the Court). This stay order 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 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. During the year, the amount has been unwinded and resulted in remeasurement loss of Rs. 277,972.

20.2 In 2017, the Company had filed suits in the Court, 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.

(Amounts in thousand)

21. DEFERRED TAX LIABILITY

	2021	2020
	Rupees	
Credit balances arising due to:		
- accumulated depreciation	4,436,093	3,508,219
Debit balances arising due to:		
- unpaid liabilities	166,970	145,728
- leases recognised	622,505	685,820
- provision for Gas Infrastructure Development Cess and Special Excise Duty	1,540,239	1,419,169
- shares issuance cost, net to equity	57,830	57,830
	2,387,544	2,308,547
	2,048,549	1,199,672

22. TRADE AND OTHER PAYABLES

	2021	2020
Trade and other creditors - note 22.1	4,342,257	3,257,735
Accrued liabilities - notes 22.1 and 22.2	4,792,866	3,963,070
Advances from customers	1,994,373	1,916,550
Retention money	500	1,240
Security deposits - note 22.3	4,900	5,200
Payable to provident funds	19,127	14,520
Payable to gratuity funds	7,133	7,442
Payable to pension funds	2,056	-
Workers' Welfare Fund - note 22.4	325,222	149,825
Withholding tax payable	27,195	8,841
Workers' Profits Participation Fund - note 13.5	-	126,944
Others	17,563	7,363
	11,533,192	9,458,730

22.1 Includes due to the following related parties:

	2021	2020
- Engro Corporation Limited	132,834	42,733
- Engro Fertilizers Limited	66,798	32,151
- Engro Energy Limited	65	-
- Engro Foundation	150,000	-
- Engro Powergen Qadirpur Limited	613	613
- Think PVC (Private) Limited	390	-
- Engro Vopak Terminal Limited	164,591	139,179
	515,291	214,676

(Amounts in thousand)

22.2 On June 4, 2021, the Sindh High Court (SHC) through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. The Company filed a petition against the judgment before the Honorable Supreme Court of Pakistan challenging the SHC judgement. In September 2021, Supreme Court suspended the Judgement of SHC along with the recovery of Cess. For all future consignments, the Company is required to furnish fresh bank guarantees equivalent to the full amount of levy. Management is confident that ultimate outcome of the case will come in its favor, however, on prudence basis, has recognized a provision of Rs. 1,139,748 (2020: Rs. 854,698) in respect of the Cess in these financial statements.

22.3 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.

	2021	2020
	Rupees	
22.4 The movement in WWF payable is as follows:		
Balance at the beginning of the year	149,825	73,199
Allocation for the year - note 32	329,748	132,255
	479,573	205,454
Less: Payments during the year	(154,351)	(55,629)
Balance at the end of the year	325,222	149,825

23. SERVICE BENEFIT OBLIGATIONS

Service incentive plan - note 23.1	98,298	79,539

23.1 This 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

	2021	2020
	Rupees	
Running finance utilised under mark-up arrangements - note 24.1	-	-
Export refinance facility - note 24.2	474,360	-
	474,360	-

24.1 The aggregate facilities for running finance available from various banks as at December 31, 2021, representing the sales price of all mark-up arrangements, amounted to Rs. 3,700,000 (2020: Rs. 3,700,000) of which Rs. 3,225,289 (2020: 3,700,000) unutilised as at year end.

24.2 This represents export refinancing facility carrying mark-up at the rate of 3% (2020: Nil) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

(Amounts in thousand)

	2021	2020
	Rupees	
25. ACCRUED INTEREST / MARK-UP		
Mark-up accrued on:		
- long-term borrowings	427,798	425,112
- short-term borrowings	2,146	-
	429,944	425,112

26. INCOME TAX PAYMENTS LESS PROVISION

26.1 Tax year 2008

The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009, raised a tax demand of Rs. 213,172 for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of Rs. 5,899 addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 134,414 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)] but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and payment of the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs.19,692 and Rs. 7,300 respectively, which were maintained.

In 2013, the Company filed a reference with the High Court of Sindh (the Court) against the additions maintained by ATIR. Likewise, the tax department also filed reference with the Court against the order passed by the ATIR in favor of the Company. In 2018, the Court disposed of Company's appeal on the ground that the issues raised by the Company requires factual verification whereas the petition of the tax department is still pending before the Court. The Company based on the advice of its tax consultants, decided to accept the decision of the Court and accordingly, has recognised the provision of Rs. 108,882 in respect of additions maintained by ATIR in these financial statements.

26.2 Tax year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on

(Amounts in thousand)

loans to employees and executives to the extent of Rs. 17,430, which were maintained. The Company filed a reference with the Court against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the Court against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognised the effects for the same in these financial statements.

26.3 Super Tax under section 4B of Income Tax Ordinance, 2001

Through Finance Act 2015, section 4B of Income Tax Ordinance, 2001 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 uptil tax year 2020 vide subsequent Finance Acts. Through Finance Supplementary Act, 2019, the levy of super tax has amended the rate of super tax to 0% from tax year 2020 and onwards for companies other than banking companies. On August 1, 2018, the Company filed petition against the levy of super tax in the Court and based on the opinion of its legal advisor, the Company has made a provision for full amount of Super tax of Rs. 328,000. In 2020, super tax was declared intra vires by the Court and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, Company received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. The Company filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. The Company has filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, Company also filed petition in Supreme Court against the order of the Court, which is pending adjudication. In November 2020, the Supreme Court conditionally granted stay subject to deposit of 50% of super tax demand. The Company accordingly discharged 50% of the said liability.

27. CONTINGENCIES AND COMMITMENTS

27.1 Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required the Company to pay Rs. 552,331 being the amount short paid with the return. The Company filed a Constitutional Petition in the Court challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the Court in respect of another company. However, the Court directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Company to approach the Supreme Court (SC). The Company has filed Civil Petition for Leave to Appeal against Court order in Supreme Court, 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.

27.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2021 amounts to Rs. 4,648,000 (2020: Rs. 3,248,000). The amount utilised there against as at December 31, 2021 is Rs. 3,057,000 (2020: Rs. 3,017,021).

27.3 The facility for opening letters of credit as at December 31, 2021 aggregates to Rs. 18,100,000 (2020: Rs. 23,943,186). The amount utilised thereagainst as at December 31, 2021 was Rs. 5,197,717 (2020: Rs. 3,247,361).

(Amounts in thousand)

27.4 The Company has entered into operating lease arrangments with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	2021	2020
	Rupees	
Not later than one year	2,500	3,805

27.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 22,680 valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 6,144 valid till 31 December 2028 and Vinyl Chloride Monomer (VCM) aggregate to USD 585 valid till 31 December 2023.

	2021	2020
	Rupees	
27.6 Commitments in respect of capital and other operational items - note 27.6.1	1,941,718	888,048

27.6.1 This includes Rs. Nil (2020: Rs. 16,388) in respect of commitments against intangible assets to Engro Corporation Limited.

28. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	2021	2020
	Rupees	
Gross local sales - note 28.1	77,442,765	42,002,709
Less:		
- Sales tax	11,115,481	6,118,942
- Discounts	1,194,308	795,459
	12,309,789	6,914,401
	65,132,976	35,088,308
Export sales - note 28.2	4,805,957	158,059
Supply of electricity - note 28.3	80,661	85,031
	70,019,594	35,331,398

28.1 Include sales of trading goods Rs. 95,546 (2020: Rs. 209,212).

28.2 The Company has made exports in the European, USA, Middle East and Afghanistan markets.

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

(Amounts in thousand)

29. COST OF SALES

	2021	2020
	Rupees	
Opening stock of work-in-process	28,354	25,120
Raw and packing materials consumed	31,987,105	11,425,736
Salaries, wages and staff welfare - note 29.1	2,199,965	1,622,575
Fuel, power and gas	7,159,270	5,033,762
Repairs and maintenance	661,914	480,553
Depreciation - note 4.4	1,783,250	1,262,101
Depreciation on Right-of-use asset - note 5.2	419,364	431,022
Write-off of operating assets	76,460	-
Write-off of capital work-in-progress - note 4.6	-	6,000
Consumable stores	505,705	414,650
Purchased services	1,271,407	613,150
Storage and handling - note 29.2	738,785	542,584
Training, conveyance and travelling	252,703	160,708
Communication, stationery and other office expenses	27,853	8,895
Rent, rates and taxes	67,882	47,320
Product transportation	1,515,290	806,427
Insurance, fees and subscription	519,224	284,649
(Reversal of provision) / provision for slow moving stores	-	-
and spares - note 10.3	(21,911)	20,571
Write-off of stores and spares - note 10.2	20,594	57,302
Write-off of stock in trade - note 11.3	1,665	91,763
Other expenses	21,026	6,026
	49,207,551	23,315,794
Closing stock of work-in-process	(56,008)	(28,354)
Cost of goods manufactured	49,179,897	23,312,560
Opening stock of finished goods	736,768	1,622,853
Closing stock of finished goods	(4,001,606)	(736,768)
	(3,264,838)	886,085
Cost of sales - purchased product - note 29.3	69,269	183,484
	45,984,328	24,382,129

29.1 These include Rs. 122,751 (2020: Rs. 92,858) in respect of staff retirement and other service benefits.

29.2 This includes expense relating to variable lease payments not included in lease liabilities amounting to Rs. 282,520 (2020: Rs. 136,637).

(Amounts in thousand)

	2021	2020
	Rupees	
29.3 Movement of trading goods		
Opening trading stock at the beginning of the year	26,657	93,314
Purchases made during the year	65,559	116,827
Closing trading stock at the end of the year	(22,947)	(26,657)
Consumption made during the year	69,269	183,484

30. DISTRIBUTION AND MARKETING EXPENSES

	2021	2020
	Rupees	
Salaries, wages and staff welfare - note 30.1	131,697	123,814
Dealer commission	156,829	95,990
Sales promotion expense	7,654	-
Write-off of trade debts - note 12.4	56	331
Rent, rates and taxes	6,805	5,653
Purchased services	5,225	3,027
Depreciation - note 4.4	8,166	7,054
Training, conveyance and travelling	54,978	4,046
Communication, stationery and other office expenses	1,303	1,667
Others	3,625	1,687
	376,338	243,269

30.1 These include Rs. 11,901 (2020: Rs. 10,695) in respect of staff retirement and other service benefits.

31. ADMINISTRATIVE EXPENSES

	2021	2020
	Rupees	
Salaries, wages and staff welfare - note 31.1	370,774	316,490
Rent, rates and taxes	35,668	34,228
Purchased services	122,582	106,340
Depreciation - note 4.4	23,024	22,552
Amortisation - note 6	33,740	25,193
Write-off of intangible assets - note 6	7,615	-
Depreciation on right-of-use asset - note 5.2	16,772	17,024
Training, conveyance and travelling	43,450	6,579
Communication, stationery and other office expenses	13,030	8,035
Others	16,266	13,413
	682,921	549,854

(Amounts in thousand)

31.1 These include Rs. 29,001 (2020: Rs. 35,546) in respect of staff retirement and other service benefits.

32. OTHER EXPENSES

	2021	2020
	Rupees	
Legal and professional charges	41,386	66,867
Auditors' remuneration - note 32.1	5,284	4,408
Donations - note 32.2	277,486	11,910
Loss on disposal of operating assets	16	5,762
Foreign exchange loss (net) - note 32.3	626,696	175,197
Workers' Welfare Fund - note 22.4	329,748	132,255
Workers' profits participation fund - note 13.5	1,073,039	439,389
	2,354,195	835,788

32.1 Auditors' remuneration

	2021	2020
	Rupees	
Fee for:		
- Annual statutory audit	1,280	1,055
- Review of half yearly financials	290	210
- Review of compliance with the Code of Corporate Governance	55	55
Taxation and other advisory services	3,189	2,640
Reimbursement of expenses	470	448
	5,284	4,408

32.2 This includes donations made:

- Engro Foundation - note 32.2.1	260,000	5,000
- Sahil Welfare Association	1,000	-
- The Citizen Foundation	7,921	2,465
- Sina Health Education & Welfare	2,949	-
- Behbud Foundation	1,600	-
- The Water Foundation	2,016	3,578
- Al-Khidmat Foundation Pakistan	1,000	-
	276,486	11,043

(Amounts in thousand)

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

32.3 This includes Rs. 441,236 (2020: Rs. 192,020) arising on translation of foreign currency denominated lease liabilities.

33. OTHER INCOME

	2021	2020
	Rupees	
On financial assets		
Income on bank deposits	54,242	45,251
Income from short term investments at fair value	1,164,022	842,816
Income from financial assets at amortised cost	57,918	118,336
	1,276,182	1,006,403
On non-financial assets		
Scrap sales	30,455	43,593
Others	1,831	36,876
	1,308,468	1,086,872

34. FINANCE COSTS

	2021	2020
	Rupees	
Interest / mark-up on		
- long-term borrowings	1,338,676	1,632,887
- short-term borrowings and other facilities	5,742	102,413
Less: Amortization of deferred income		
- Government grant	(13,699)	-
	1,330,719	1,735,300
Interest expense on lease liabilities	258,123	302,368
Foreign exchange loss on financial asset and liability	-	2,800
Guarantee commission	28,569	19,797
Amortization of transaction cost	42,691	43,822
Interest on WPPF - note 13.5	1,603	-
Default surcharge on GIDC	156,583	18,048
Cash management charges	10,117	1,014
Letter of credit charges	17,975	46,539
Bank and others charges	55,559	21,409
	1,901,939	2,191,097

(Amounts in thousand)

35. TAXATION

	2021	2020
	Rupees	
Current		
- for the year	4,084,111	1,094,177
- for prior year	(7,258)	95,526
	4,076,853	1,189,703
Deferred		
- for the year	854,968	1,192,622
- for prior year	(6,091)	121,563
	4,925,730	2,503,888

35.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before taxation	20,028,341	8,216,133
Tax calculated at applicable rate of 29% (2020: 29%)	5,808,219	2,382,679
Tax effect of presumptive tax regime, credit and income subject to lower tax rates	(931,083)	(119,947)
Prior year tax charge - net	(13,349)	217,089
Effect of inadmissible expenses / permanent differences	61,072	22,237
Others	871	1,830
	4,925,730	2,503,888

36. EARNINGS PER SHARE - basic and diluted

36.1 Basic earnings per share has been calculated by dividing the profit attributable to equity 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.

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

	2021	2020
	Rupees	
Profit for the year	15,102,611	5,712,245
Less: Dividends on convertible preference shares	(264,485)	-
	14,838,126	5,712,245
	Number in thousands	
Weighted average number of shares outstanding at year end for determination of basic EPS	908,923	908,923

(Amounts in thousand)

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

	2021	2020
	Rupees	
Profit for the year	15,102,611	5,712,245
	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	10,656
Weighted average number of potential ordinary shares outstanding at year end for determination of diluted EPS	1,208,923	919,579

37. RETIREMENT AND OTHER SERVICE BENEFITS

37.1 In 2013, the Company replaced its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company.

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

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts for remuneration, including all benefits, to chief executive, directors and executives of the Company are given below:

	2021			2020		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	Rupees					
Managerial remuneration - note 38.1	31,260	-	820,217	135,072	-	677,318
Retirement benefit funds	6,295	-	132,286	5,808	-	109,901
Bonus	30,347	-	197,394	30,066	-	164,301
Other benefits	849	-	222,655	3,797	-	218,801
Directors fee	-	8,885	-	-	1,617	-
Total	68,751	8,885	1,372,552	174,743	1,617	1,170,321
Number of persons including those who worked part of the year	1	5	235	2	5	206

(Amounts in thousand)

38.1 This includes payment of ex-gratia of Nil (2020: 102,830) to the outgoing Chief Executive Officer in 2020.

38.2 The Company also provides vehicles for the use of the Chief Executive Officer and certain executives.

39. CASH GENERATED FROM OPERATIONS

	2021	2020
	Rupees	
Profit before taxation	20,028,341	8,216,133
Adjustments for non cash-charges and other items:		
Provision for staff retirement and other service benefits	60,985	53,018
Depreciation - note 4.4	1,814,440	1,291,707
Depreciation on right-of-use asset - note 5.2	436,136	448,046
Amortisation - note 6	33,740	25,193
Write-off of capital work-in-progress - note 4.6	-	6,000
Write-off of operating assets - note 29	76,460	-
Write-off of intangible assets - note 6	7,615	-
Write-off of trade debts - note 30	56	331
Write-off of stores and spares - note 29	20,594	57,302
(Reversal of) / provision for slow moving stores and spares - note 10.3	(21,911)	20,571
Write-off stock-in-trade net of proceeds - note 29	1,665	91,763
Unrealised foreign exchange loss under financial assets and liabilities	405,183	187,986
Gain on of derviative financial asset	-	(154)
Income on bank deposits and short-term investments - note 33	(1,276,182)	(1,006,403)
Unrealised gain on mutual funds	(22,732)	-
Interest expense on lease liabilities - note 34	258,123	302,368
Amortisation of transaction cost - note 34	42,691	43,822
Finance costs - note 34	1,330,719	1,735,300
Loss on disposal of operating assets - note 32	16	5,762
Provision against GIDC - note 20.1	-	452,838
Remeasurement loss / (gain) on provision against GIDC - note 20.1	277,972	(680,996)
Default surcharge on GIDC - note 34	156,583	18,048
Working capital changes - note 39.1	(6,023,780)	1,307,251
	17,606,714	12,575,886

(Amounts in thousand)

39.1 WORKING CAPITAL CHANGES

	2021	2020
	Rupees	
Increase in current assets		
Stores, spares and loose tools	(255,788)	(175,893)
Stock-in-trade	(6,397,822)	(1,944,154)
Trade debts	(248,199)	(116,930)
Loans, advances, deposits, prepayments and other receivables - net	(1,196,433)	625,315
	(8,098,242)	(1,611,662)
Increase in current liabilities		
Trade and other payables	2,074,462	2,918,913
	(6,023,780)	1,307,251

40. CASH AND CASH EQUIVALENTS

	2021	2020
	Rupees	
Short term investments	3,748,857	13,174,573
Cash and bank balances - note 15	1,916,986	940,920
	5,665,843	14,115,493

41. FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets as per statement of financial position

	2021	2020
At amortised cost		
Long-term loans	674	29,286
Financial assets at amortised cost	8,950,901	5,624,953
Trade debts - considered good	834,355	586,212
Loans, deposits and other receivable	310,604	154,689
Cash and bank balances	1,916,986	940,920
	12,013,520	7,336,060
At fair value through profit or loss		
Short term investments	7,972,732	13,180,573
	19,986,252	20,516,633

(Amounts in thousand)

41.2 Financial liabilities as per statement of financial position

	2021	2020
At amortised cost		
Long-term borrowings	17,556,188	19,790,152
Lease liabilities	4,194,568	4,694,873
Service benefit obligation	98,298	79,539
Trade and other payables	9,186,402	7,256,570
Accrued interest / mark-up	429,944	425,112
	31,465,400	32,246,246

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 derivative 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:

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 through forward exchange contracts.

At December 31, 2021, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 5,943,047 (2020: Rs. 5,593,000) and Rs. 13,544,431 (2020: Rs. 13,113,858) respectively.

At December 31, 2021, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit / loss for the year would have been lower / higher by Rs. 269,849 (2020: Rs. 266,990), mainly as a result of foreign exchange losses / gains on translation of uncovered US Dollar-denominated liabilities. However, this change in profits or losses would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

ii) Yield / interest rate risk

Yield / interest rate risk represents the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from investments in government securities, bank balances maintained in saving accounts, borrowings and running finance facilities and term deposits, utilised under mark-up arrangements. Variable rate financial

(Amounts in thousand)

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, 2021, 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 approximately Rs. 52,333 (2020: Rs. 32,675) mainly as a result of higher / lower interest charged on variable rate borrowings.

iii) Other price risk

Price risk represents the risk that the fair vale 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 financials instruments or its issuers or factors affecting all similar investments in financial instruments traded in the market. The Company is exposed to price risk on its mutual funds.

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:

	2021	2020
	Rupees	
Long-term loans	674	29,286
Trade debts - considered good	834,355	586,212
Loans, deposits and other receivables	310,604	154,689
Short term investments	13,830,849	13,180,573
Financial assets at amortised cost	3,092,784	5,624,953
Bank balances	1,916,418	940,103
	19,985,684	20,515,816

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2021 the credit quality of the Company's bank balances can be assessed with reference to external credit ratings assigned to the respective banks as follows:

(Amounts in thousand)

Bank	Rating agency	2021 Ratings		2020 Ratings	
		Short-term	Long-term	Short-term	Long-term
Allied Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	PACRA	A-1	A	A-1	A
Bank Alfalah Limited	PACRA	A-1+	AA+	A-1+	AA+
Bank Al Habib Limited	PACRA	A-1+	AAA	A-1+	AA+
Bank of China	R&I	A-1	A	A-1	A
Bank Islami Pakistan Limited	PACRA	A-1	A+	A-1	A+
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA
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	A1	P-1	A1
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AA+
National Bank of Pakistan	JCR-VIS	A-1+	AAA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	A-1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-	A-3	BBB-
SAMBA Bank Limited	JCR-VIS	A-1	AA	A-1	AA
Bank of Khyber	PACRA	A-1	A	-	-
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's liquidity management involves maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and the 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:

(Amounts in thousand)

	2021				2020			
	Maturity upto one year	Maturity more than one year but less than five years	Maturity after five years	Total	Maturity upto one year	Maturity more than one year but less than five years	Maturity after five years	Total
	Rupees							
Financial liabilities								
Long term borrowings	3,929,960	16,173,528	1,199,868	21,303,356	3,953,611	21,201,305	4,892,231	30,047,147
Lease liabilities	1,481,141	3,038,418	117,069	4,636,628	1,323,477	3,735,906	262,774	5,322,157
Service benefit obligations	98,298	-	-	98,298	79,539	-	-	79,539
Trade and other payables	9,186,402	-	-	9,186,402	6,405,462	-	-	6,405,462
Accrued interest / mark-up	429,944	-	-	429,944	425,112	-	-	425,112
	15,125,745	19,211,946	1,316,937	35,654,628	12,187,201	24,937,211	5,155,005	42,279,417

43. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at December 31, 2021, the carrying value of all financial assets and liabilities approximate to their fair value.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following assets measured at fair values:`

(Amounts in thousand)

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Short term investments at fair value through profit and loss				
Units of Mutual funds	-	7,972,732	-	7,972,732

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Short term investments at fair value through profit and loss				
Treasury bills	-	1,978,636	-	1,978,636
Pakistan investment bonds	-	11,201,937	-	11,201,937
	-	13,180,573	-	13,180,573

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.

	2021	2020
	Rupees	
The gearing ratio of the Company is as follows:		
Long-term borrowings - note 18	21,011,788	21,626,485
Lease liabilities	4,194,568	4,694,873
	25,206,356	26,321,358
Total equity	29,959,089	26,070,897
Total capital	55,165,445	52,392,255
Gearing ratio	0.457	0.502

(Amounts in thousand)

45. SEGMENT INFORMATION

45.1 Based on the internal management reporting structure, the Company is organised into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Company supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.

- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.

- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.

- Unallocated: includes trading business and management of short-term investments of the Company. All the unallocated are reported to the Board of Directors at entity level.

Management monitors the operating results of above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit / (loss) after tax for that segment, which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

	Poly Vinyl Chloride (PVC) and allied chemicals (Note 45.3)		Caustic soda and and allied chemicals		Power supply		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees									
Segment profit and loss										
Revenue from contract with customers - net	63,943,910	30,573,350	5,900,499	4,463,507	80,661	85,031	94,524	209,510	70,019,594	35,331,398
Less:										
Cost of sales	(41,470,639)	(21,221,205)	(5,266,676)	(3,788,302)	(67,429)	(77,486)	820,416	704,864	(45,984,328)	(24,382,129)
Distribution and marketing expenses	(293,055)	(152,054)	(81,996)	(89,041)	(56)	-	(1,231)	(2,174)	(376,338)	(243,269)
Administrative expenses	(627,782)	(511,396)	(65,431)	(47,102)	-	-	10,292	8,644	(682,921)	(549,854)
Other expenses	(1,842,185)	(559,447)	(29,357)	(54,048)	(839)	(842)	(481,814)	(221,451)	(2,354,195)	(835,788)
Other income	1,279,614	1,008,801	27,688	76,929	729	1,142	437	-	1,308,468	1,086,872
Finance costs	(1,553,457)	(1,872,427)	(88,620)	(16,200)	(1,739)	(102)	(258,123)	(302,368)	(1,901,939)	(2,191,097)
Profit before tax	19,436,406	7,265,622	396,107	545,743	11,327	7,743	184,501	397,025	20,028,341	8,216,133
Taxation	(4,826,480)	(2,348,235)	(44,864)	(38,534)	(2,721)	(1,962)	(51,665)	(115,157)	(4,925,730)	(2,503,888)
Profit for the year	14,609,926	4,917,387	351,243	507,209	8,606	5,781	132,836	281,868	15,102,611	5,712,245
Segment assets and liabilities										
Total segment assets - note 45.2	49,658,524	38,375,683	7,606,366	9,202,307	25,185	26,766	20,531,528	21,426,356	77,821,603	69,031,112
Total segment liabilities - note 45.2	22,002,192	19,939,452	2,666,840	3,212,462	59,661	9,209	23,133,821	19,799,092	47,862,514	42,960,215

45.2 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts. Unallocated assets include long term investment, long term loans and advances, loans, advances, prepayments and other receivables, taxes recoverable, and cash and bank balances.

(Amounts in thousand)

45.3 Revenue from one customer of the company's PVC segment represent approximately Rs.7,054,745 (2020: Rs. 4,317,856) of the company's total revenue.

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 Perxoide (Private) Limited	100.00%	Subsidiary company
Engro Plasticizer (Private) Limited	100.00%	Subsidiary company
Mitsubishi Corporation	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship
Sindh Engro Coal Minning Company Limited	N/A	Common directorship
Engro Energy Limited	N/A	Common directorship
Thar Power Company Limited	N/A	Common directorship
Engro Digital Limited	N/A	Common directorship
Engro Eximp Agri Products (Private) Limited	N/A	Common directorship
FrieslandCampina Engro Pakistan Limited	N/A	Common directorship
Engro Infinity (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Karachi School of Business Leadership (KSBL)	N/A	Common directorship
Engro Elengy Terminal Private Limited	N/A	Common directorship
Engro Eximp FZE	N/A	Common directorship
Engro Powergen Qadirpur Limited	N/A	Common directorship
EFERT Agri Trade (Private) Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Pakistan Oxygen Ltd	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
Pakistan Institute of Corporate Governance	N/A	Common directorship
Retirement funds		
- Provident fund	N/A	Post employment benefits
- Gratuity fund	N/A	Post employment benefits
- Pension fund	N/A	Post employment benefits
Mr. Nadir Salar Qureshi	N/A	Non-executive Director
Mr. Feroz Rizvi	N/A	Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Baig	N/A	Independent Director

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
Mr. Noriyuki Koga	N/A	Non-executive Director
Mr. Hideki Adachi	N/A	Non-executive Director
Mr. Ghias Uddin Khan	N/A	Non-executive Director
Mr. Rizwan Masood Raja	N/A	Non-executive Director
Mr. Eram Hasan	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Aneeq Ahmed	N/A	Key management personnel
Mr. Syed Ali Akbar	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Mr. Asghar Ali Khan	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Salman Hafeez	N/A	Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Fahd Khawaja	N/A	Key management personnel
Mr. Syed Abbas Raza	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	2021	2020
		Rupees	
Holding Company			
- Engro Corporation Limited	Reimbursement made	675,066	374,579
	Reimbursement received	35,658	25,173
	Advance for intangible asset	179,245	233,700
Subsidiary Company			
- Think PVC (Private) Limited	Expenses paid	20,076	37,706
	Reimbursement received	20,840	39,543
- Engro Peroxide (Private) Limited	Expenses paid	92,202	295,157
	Reimbursement made	94,742	354,198
	Subordinate loan proceeds	300,000	-
	Subordinate loan repaid with mark-up	309,964	-
- Engro Plasticizer (Private) Limited	Expenses paid	305	190
	Reimbursement received	254	3,299
Associated Company			
- Mitsubishi Corporation	Purchase of goods	-	93,190
Member of the Group			
- Engro Fertilizers Limited	Sale of goods	30,029	7,737
	Sales of utilities	128,609	132,787
	Purchase of services	73,519	89,807
	Reimbursement received	16,880	2,323
	Reimbursement made	50,538	22,915
- Engro Vopak Terminal Limited	Purchase of services	1,719,445	1,644,170
	Reimbursement made	30,774	12,598
	Reimbursement received	8,443	-
- Engro Digital Limited	Reimbursement received	-	6,428
- Engro Energy Limited	Reimbursement made	313	-
- Engro Energy Services Limited	Reimbursements received	571	1,596
	Reimbursement made	336	-
	Sale of goods	3,066	
- Engro Powergen Thar (Private) Limited	Sale of goods	243	1,277
- Engro Powergen Qadirpur Limited	Reimbursement received	7,973	-
- Engro Foundation	Donations	260,018	5,000
- Engro Eximp FZE	Reimbursement received	597	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	12	-
	Reimbursement received	478	-
Directors	Fee	8,885	1,617
Contribution to staff retirement benefits	**Managed and operated by the Holding Company**		
	- Provident fund	154,655	70,719
	- Gratuity fund	120,563	65,339
	- Pension fund	5,768	3,042
Key management personnel	Managerial remuneration	144,436	241,041
	Retirement benefit funds	20,715	18,696
	Bonus	55,018	50,398
	Other benefits	24,740	26,500

(Amounts in thousand)

46.3 The related party status of outstanding balances as at December 31, 2021 is disclosed in the respective notes.

47. GENERAL

47.1 Number of employees

	2021	2020
	Rupees	
- Total number of employees	598	563
- Average number of employees	586	537

Included herein are 508 (2020: 480) employees working at the plant of the Company as at December 31, 2021 and average number of these employees during the year was 527 (2020: 456).

47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2021	2020	2021	2020	
	Kilo tons				
PVC - note 47.2.1	295	195	243	153	Production planned as per market demand and in-house consumption needs
EDC	127	127	94	79	
Caustic soda	106	106	92	77	
Caustic flakes	20	20	8	2	
VCM - note 47.2.1	254	204	203	148	
	Mega Watts				
Power	66	66	55	48	

47.2.1 The aforementioned represents the enhanced capacity after the commercial operations of PVC-III expansion project and the VCM debottlenecking project as referred in notes 1.5.1 and 1.5.2, respectively.

48. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on February 8, 2022 has proposed a final cash dividend of Rs.4,999,078 (2020: Rs.1,133,562) which is approximately Rs. 5.50 (2020: Rs. 1.247) per share. This appropriation will be approved by the members at the Annual General Meeting to be held on March 16, 2022.

Further, the Board of Directors in the meeting has proposed a final cash dividend for preference shareholders of Rs. 81,000 (2020: for the period from December 18, 2020 to December 31, 2020 of Rs. 12,485) which is approximately Rs. 0.27 per share (2020: Rs 0.042 per share. This appropriation will be approved in the Annual General Meeting to be held on March 16, 2022. This is in addition to an interim cash dividends of Rs. 10.8 per ordinary share and Rs. 0.84 per preference share for the year ended December 31, 2021.

(Amounts in thousand)

49. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 8, 2022 by the Board of Directors of the Company.

Jahangir Piracha	Rabia Wafah Khan	Feroz Rizvi
Chief Executive Officer	Chief Financial Officer	Director

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 Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

Following are the key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Provision in respect of Gas Infrastructure and Development Cess** (Refer note 20 to the consolidated financial statements) As at December 31, 2021, the Company carries a provision of Rs. 5,365,818 thousand in respect of Gas Infrastructure Development Cess (GIDC), including a default surcharge of Rs. 174,631 thousand. The Company had obtained stay order from Sindh High Court (SHC) against the collection of GIDC till the finalisation of matter by SHC. Furthermore, in pursuant to the decision of Supreme Court of Pakistan (SCP) dated November 2, 2020, the Company has, without prejudice to the suit filed in SHC, re-measured its previously undiscounted GIDC provision at its present value in 48 monthly instalments that are due from August 2020 but has not been paid as of December 31, 2021 which resulted in recognition of remeasurement loss amounting to Rs. 277,972 thousand. Due to significance of the amounts involved in the aforementioned matter and the legal forum at which this matter is currently pending, the ultimate outcome and the resultant accounting in the financial statements is subject to the exercise of significant judgement which may change over time as new facts emerge and the legal case progresses. Therefore, we have considered this to be a key audit matter.	Our audit procedures included the following: - obtained an understanding of the background facts pertaining to provision recorded in respect of GIDC through meetings with the management and review of the minutes of the meetings of those charged with governance; - read the detailed judgement of the SCP and judgement on review petition by the SCP; - read details of suit filed in the SHC and stay order granted by the SHC; - obtained and read the "Guidance on Accounting of GIDC" issued by ICAP and understood the management's process for applying judgments in relation to change in accounting estimate and held discussions with the management regarding accounting treatment and the related impact thereof, subsequent to judgements of SCP; - checked the requirements of GIDC Act, 2015; - obtained confirmation from external legal counsel in respect of the current developments in the case including their assessment of the potential outcome of the matter; - checked the mathematical accuracy of the management's working of current / non - current classification of GIDC provision, its present value and assessed its accuracy and reasonableness of key estimates used; - checked the appropriateness of disclosures made in the financial statements in relation to the matter in accordance with the applicable accounting and reporting standards.

Information Other than the Unconsolidated 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 consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 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 is 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 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 Farrukh Rehman.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Date: February 21, 2022
UDIN: AR202110059njRa07Ffp

consolidated statement of **financial position**

as at december 31, 2021
(Amounts in thousand)

	Note	2021	2020
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	38,703,005	37,614,314
Right-of-use asset	6	2,036,649	2,305,604
Intangible assets - computer software and applications	7	711,832	101,971
Financial assets at amortised cost	8	3,092,784	4,660,833
Long-term loans and advances	9	674	29,286
		44,544,944	44,712,008
Current Assets			
Stores, spares and loose tools	10	2,041,839	1,784,734
Stock-in-trade	11	12,590,666	6,194,509
Trade debts - considered good	12	834,355	586,212
Loans, advances, deposits, prepayments and other receivables	13	1,568,236	315,244
Income tax payments less provision	26	-	159,583
Short term investments	14	14,143,236	14,395,643
Cash and bank balances	15	2,242,764	945,728
		33,421,096	24,381,653
TOTAL ASSETS		77,966,040	69,093,661
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		14,003,724	10,161,945
		29,967,910	26,126,131
Non-Current Liabilities			
Long term borrowings	18	17,176,747	19,790,152
Deferred income - Government grant	18.10	156,700	-
Lease liabilities	19	2,713,427	3,614,312
Provisions	20	1,808,405	2,991,392
Deferred tax liability	21	2,029,290	1,183,219
		23,884,569	27,579,075
Current Liabilities			
Trade and other payables	22	11,551,643	9,482,498
Service benefit obligations	23	98,298	79,539
Current portion of long term borrowings	18	3,929,960	1,836,333
Current portion of lease liabilities	19	1,481,141	1,080,561
Short term borrowings	24	474,360	-
Current portion of deferred income - Government grant	18.10	26,924	-
Accrued interest / mark-up	25	431,440	425,112
Unclaimed dividend		1,029,514	28,149
Income tax payments less provision	26	1,016,476	-
Provisions	20	4,073,805	2,456,263
		24,113,561	15,388,455
		47,998,130	42,967,530
Contingencies and Commitments	27		
TOTAL EQUITY AND LIABILITIES		77,966,040	69,093,661

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

Jahangir Piracha	**Rabia Wafah Khan**	**Feroz Rizvi**
Chief Executive Officer	Chief Financial Officer	Director

consolidated statement of **profit or loss and other comprehensive income**

for the year ended december 31, 2021
(Amounts in thousand except for earnings per share)

	Note	2021	2020
		Rupees	
Revenue from contract with customers - net	28	70,021,678	35,331,398
Cost of sales	29	(45,986,053)	(24,382,129)
Gross profit		24,035,625	10,949,269
Distribution and marketing expenses	30	(406,018)	(294,393)
Administrative expenses	31	(683,777)	(550,307)
Other expenses	32	(2,382,043)	(859,300)
Other income	33	1,326,889	1,179,635
Operating profit		21,890,676	10,424,904
Finance costs	34	(1,903,508)	(2,191,135)
Profit for the year before taxation		19,987,168	8,233,769
Taxation	35	(4,926,657)	(2,503,533)
Profit for the year after taxation		15,060,511	5,730,236
Other comprehensive income for the year		-	-
Total comprehensive income for the year		15,060,511	5,730,236
Earnings per share - basic	36	16.28	6.30
Earnings per share - diluted	36	12.46	6.23

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

Jahangir Piracha	**Rabia Wafah Khan**	**Feroz Rizvi**
Chief Executive Officer	Chief Financial Officer	Director

consolidated statement of **changes in equity**

for the year ended december 31, 2021
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES - CAPITAL	RESERVES - REVENUE	
	Ordinary share capital	Preference shares	Share premium	Unappropriated profit	Total
	Rupees				
Balance as at January 1, 2020	9,089,233	-	3,874,953	4,811,970	17,776,156
Total comprehensive income for the year					
Profit for the year	-	-	-	5,730,236	5,730,236
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	5,730,236	5,730,236
Transactions with owners					
Final dividend for the year ended December 31, 2019 - Re. 0.20 per share	-	-	-	(181,785)	(181,785)
Preference shares issuance - note 17	-	3,000,000	-	-	3,000,000
Shares issuance cost	-	-	-	(198,476)	(198,476)
	-	3,000,000	-	(380,261)	2,619,739
Balance as at December 31, 2020	9,089,233	3,000,000	3,874,953	10,161,945	26,126,131
Total comprehensive income for the year					
Profit for the year	-	-	-	15,060,511	15,060,511
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	15,060,511	15,060,511
Transactions with owners					
Final ordinary dividend for the year ended December 31, 2020 - Rs. 1.247 per share	-	-	-	(1,133,562)	(1,133,562)
Final preference dividend for the year ended December 31, 2020 - Rs. 0.042 per share	-	-	-	(12,485)	(12,485)
First interim ordinary dividend for the year ended December 31, 2021 - Rs. 0.80 per share	-	-	-	(727,139)	(727,139)
First interim preference dividend for the year ended December 31, 2021 - Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
Second interim ordinary dividend for the year ended December 31, 2021 - Rs. 7.00 per share	-	-	-	(6,362,463)	(6,362,463)
Second interim preference dividend for the year ended December 31, 2021 - Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
Third interim ordinary dividend for the year ended December 31, 2021 - Rs. 3.00 per share	-	-	-	(2,726,770)	(2,726,770)
Third interim preference dividend for the year ended December 31, 2021 - Rs. 0.30 per share	-	-	-	(90,000)	(90,000)
Shares issuance cost	-	-	-	(4,313)	(4,313)
	-	-	-	(11,218,732)	(11,218,732)
Balance as at December 31, 2021	9,089,233	3,000,000	3,874,953	14,003,724	29,967,910

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

Jahangir Piracha
Chief Executive Officer

Rabia Wafah Khan
Chief Financial Officer

Feroz Rizvi
Director

consolidated statement of **cash flows**

for the year ended december 31, 2021
(Amounts in thousand)

	Note	2021	2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	17,487,228	12,455,863
Long-term loans and advances		28,612	42,792
Retirement benefits paid		(42,226)	(34,528)
Income tax paid		(2,904,527)	(1,278,549)
Net cash generated from operating activities		14,569,087	11,185,578
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(3,352,264)	(7,150,392)
- intangible assets		(248,406)	(167,922)
Proceeds from disposal of property, plant and equipment		2,601	-
Investment in Term Deposit Receipt		(22,500)	(6,000)
Investment in mutual funds		(10,950,000)	-
Proceeds from sale of mutual funds		3,000,000	-
Maturity of Term Deposit Receipts		934,667	-
Income on short-term investments and bank deposits		1,294,603	1,071,770
Net cash used in investing activities		(9,341,299)	(6,252,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		1,060,864	2,019,133
Repayments of long-term borrowings		(1,926,515)	-
Shares issuance cost paid		(4,314)	(198,476)
Issuance of preference shares		-	3,000,000
Proceeds from short term borrowings		474,360	-
Finance cost paid		(1,353,532)	(1,891,139)
Rentals paid during the year		(1,372,441)	(1,337,444)
Dividend payment		(10,213,053)	(184,969)
Net cash (utilized in) / generated from financing activities		(13,334,631)	1,407,105
Net (decrease) / increase in cash and cash equivalents		(8,106,843)	6,340,139
Net foreign exchange difference		39,600	6,834
Cash and cash equivalents at beginning of the year		14,371,251	8,024,278
Cash and cash equivalents at end of the year	40	6,304,008	14,371,251

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

Jahangir Piracha
Chief Executive Officer

Rabia Wafah Khan
Chief Financial Officer

Feroz Rizvi
Director

notes to and forming part of **the consolidated financial statements**

for the year ended december 31, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 "The "Group" consists of Engro Polymer and Chemicals Limited and its wholly owned subsidiary companies, Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited.

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."

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

1.3 These financial statements denote the consolidated financial statements of the Company.
The standalone financial statements of the Company and its subsidiaries have been presented separately.

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

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

1.5 These significant events have taken place during the year:

1.5.1 During the year ended December 31, 2021, the PVC-III expansion project was completed which has increased the capacity by 100,000 MT per annum i.e from 195,000 MT per annum to 295,000 MT per annum. The commercial operation of PVC-III plant commenced from March 01, 2021.

1.5.2 During the year ended December 31, 2021, the VCM Plant Debottlenecking project was completed which has increased the capacity by 50,000 MT per annum i.e from 204,000 MT per annum to 254,000 MT per annum. The commercial operation of this plant commenced from June 25, 2021.

(Amounts in thousand)

2. DETAILS OF INVESTMENTS

Details of investments held by the Company in its subsidiaries are as follows:

	Percentage of shareholding	
	2021	2020
- Think PVC (Private) Limited - note 2.1	100%	100%
- Engro Peroxide (Private) Limited - note 2.2	100%	100%
- Engro Plasticizer (Private) Limited - note 2.3	100%	100%

2.1 Think PVC (Private) Limited was incorporated in Pakistan in November 6, 1999, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a wholly owned subsidiary of the Company. The principal activity of Think PVC (Private) Limited is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals and to develop market for PVC downstream products. During the year ended December 31, 2021, the PVC Products Showroom (i.e. the Branded Outlet) has commenced its operations.

2.2 Engro Peroxide (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Act 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 entered into the contracts for design, procurement and engineering services for Hydrogen Peroxide Plant.

2.3 Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of the Company. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals.

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
- Provision of and directives issued under the Act.

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

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 the consolidated statement of profit or loss and other comprehensive income.

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 judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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

The Group's reviews appropriateness of the useful lives 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 on an annual basis.

3.4.2 Provision for slow-moving stores and spares

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

3.4.3 Provision for stock-in-trade

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

3.4.4 Impairment of financial assets

The amount of Expected Credit Losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

3.4.5 Income taxes

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

3.4.6 Lease accounting

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under

(Amounts in thousand)

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.

3.4.7 Contingencies and provisions

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

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

3.5.1 Amendments and interpretations to accounting and reporting standards that became effective during the year

The following new standards and interpretation to the accounting and reporting standards as applicable in Pakistan are effective for the first time for the companies with the year end December 31, 2021 and relevant to the Group.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 interest rate benchmark reform - Phase 2

"The IASB had issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of IBOR reform on an entity's financial instruments and risk management strategy. An entity needs to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The relevant information is dislcosed in note 18.2."

There is an amendment to published standards that is effective for the first time for the year ended December 31, 2021, however is considered not to have significant impact on the Group's financial reporting and operations and therefore has not been presented here.

3.5.2 Amendments to accounting and reporting standards that are not yet effective but have been early adopted by the Group

- Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use

In 2020, the International Accounting Standard Board (IASB) made an amendment - Proceeds before the intended use in IAS 16 - "Property, Plant and Equipment". As a result, the net proceeds received from selling the inventory produced during the testing phase, shall be recognized in the statement of profit or loss. Previously, such proceeds were deducted from the cost of the asset. This amendment shall be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 2022 with an option of early adoption.

The Group has assessed its implication and decided to adopt the amendment early as permitted under the amendment and aligned with the accounting and reporting standards as applicable in Pakistan. The change in Accounting Policy has been made in accordance with the transitional provisions of the amendment. The

(Amounts in thousand)

net revenue is part of Gross profit in the consolidated statement of profit or loss and having post tax impact of Rs. 278,700.

- Amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group

The amendments to the published standards are not yet effective for the period beginning on January 1, 2021 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except capital work-in-progress. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Capital work-in-progress is stated at historical cost less impairment, if any.

Depreciation on assets is charged to statement of 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. 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 and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of profit or loss during the year in which these are incurred.

Assets' residual values 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 statement of profit or loss. The recoverable amount is the higher of fair value less expected selling expenses and value in use. An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the period of disposal or retirement.

4.2 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Upon utilisation, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

(Amounts in thousand)

4.3 Right-of-use asset and related lease liability

The Group has entered into various rental arrangements, generally ranging in between 5 to 10 years. At inception of a contract, the Group assesses whether a contract is or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company'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 statement of 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.

4.4 Intangible assets - computer software and applications

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.

Computer software cost treated as intangible assets are amortised from the date the software is available for use on straight-line basis over a period of 5 to 10 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount and is charged in the statement of profit or loss. Reversal of impairment losses are also recognised in statement of profit or loss, however, is restricted to the original cost of the asset.

4.5 Financial instruments

4.5.1 Financial assets

Classification, initial recognition and measurement

Financial assets are classified, 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 fair value through other comprehensive income** 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 fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

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 an entity. 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 statement of profit or loss. 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 statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVPL are included in the consolidated statement of 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 statement of 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 permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4.5.2 Financial liabilities

The Group 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 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.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the consolidated statement of 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 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 management assess store items which have no movement for at least three years and the quantity available is in excess to the minimum stock level. Provision is recognised for such items in the consolidated statement of profit or loss.

4.7 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost in relation to raw materials represents the weighted average cost and in relation to finished goods and work-in-process represents weighted average cost comprising direct materials, labour and related manufacturing overheads.

Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving stocks, where considered necessary.

4.8 Trade and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any.
A provision for impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. The amount of provision is charged to consolidated statement of profit or loss. Trade debts and other receivable considered irrecoverable are written-off.

(Amounts in thousand)

4.9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks and other short-term highly liquid investments with original maturities of three months or less and short-term finances. Short-term finances on the consolidated statement of financial position are shown as part of current liabilities.

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.

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.

4.12 Retirement and other service benefits

4.12.1 Gratuity fund

The employees of the Group participate in a defined contributory gratuity fund (the Gratuity Fund) operated and managed by Engro Corporation Limited - the Holding Company. As per the terms of the defined contribution plan, the Group contributes to the Gratuity Fund at the rate of 8.33% of basic salary. Annual contribution by the Group is charged to the consolidated statement of profit or loss.

4.12.2 Provident fund

The employees of the Company participate in defined contributory provident fund (the Provident Fund) operated and managed by Engro Corporation Limited - the Holding Company. Equal monthly contributions at the rate of 10% of the basic salary are made both by the Company and the employees to the Provident Fund. Annual contribution by the Group is charged to the consolidated statement of 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 income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in the consolidated statement of 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

The Group recognises revenue at a point in time when the control of product is transferred to customers. The assessment of transfer of control depends on the contractual terms, which is considered to be transferred either when the product is directly uplifted by customer from the Group's premises or when it is delivered by the Group at customer premises. The payment term varries depending on the credit worthiness of the customers.

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.

Income on bank deposits and other financial assets are 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.

4.18 Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(Amounts in thousand)

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes strategic decisions.

4.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in these consolidated financial statements in the period in which these are approved.

4.21 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. It is recognised as income on a systematic basis over the periods in which the related costs, for which it is intended to compensate, are recorded.

5. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	Rupees	
Operating assets, at net book value - note 5.1	31,389,283	19,286,318
Capital work-in-progress - note 5.6	7,094,887	18,264,204
Capital spares	218,835	63,792
	38,703,005	37,614,314

(Amounts in thousand)

5.1 Operating assets

	Leasehold land (note 5.2)	Building on leasehold land (note 5.2)	Plant and Machinery (note 5.3)	Pipelines: Water	Pipelines: VCM	Pipelines: Ethylene	Pipelines: EDC	Pipelines: Gas	Furniture, fixtures and equipment	Vehicles	Total
						Rupees					
As at January 1, 2020											
Cost	1,133,655	551,560	28,025,363	398,968	26,122	50,315	98,288	33,849	392,409	96,315	30,806,844
Accumulated depreciation	(85,617)	(198,464)	(11,599,581)	(258,471)	(25,029)	(24,056)	(253)	(19,714)	(244,828)	(45,482)	(12,501,495)
Net book value	**1,048,038**	**353,096**	**16,425,782**	**140,497**	**1,093**	**26,259**	**98,035**	**14,135**	**147,581**	**50,833**	**18,305,349**
Year ended December 31, 2020											
Opening net book value	1,048,038	353,096	16,425,782	140,497	1,093	26,259	98,035	14,135	147,581	50,833	18,305,349
Additions - note 5.6	18,524	56,538	2,050,956	-	-	-	1,999	-	145,885	4,989	2,278,891
Disposal											
Cost	-	-	-	-	-	-	-	-	(107,291)	(136)	(107,427)
Accumulated depreciation	-	-	-	-	-	-	-	-	101,532	133	101,665
	-	-	-	-	-	-		-	(5,759)	(3)	(5,762)
Depreciation charge - notes 5.4 and 5.5	(38,972)	(23,725)	(1,133,030)	(12,866)	(345)	(1,767)	(3,047)	(1,471)	(66,994)	(9,943)	(1,292,160)
Net book value	**1,027,590**	**385,909**	**17,343,708**	**127,631**	**748**	**24,492**	**96,987**	**12,664**	**220,713**	**45,876**	**19,286,318**
As at January 1, 2021											
Cost	1,152,179	608,098	30,076,319	398,968	26,122	50,315	100,287	33,849	431,003	101,168	32,978,308
Accumulated depreciation	(124,589)	(222,189)	(12,732,611)	(271,337)	(25,374)	(25,823)	(3,300)	(21,185)	(210,290)	(55,292)	(13,691,990)
Net book value	**1,027,590**	**385,909**	**17,343,708**	**127,631**	**748**	**24,492**	**96,987**	**12,664**	**220,713**	**45,876**	**19,286,318**
Year ended December 31, 2021											
Opening net book value	1,027,590	385,909	17,343,708	127,631	748	24,492	96,987	12,664	220,713	45,876	19,286,318
Additions - note 5.6	-	644,929	13,000,848	-	-	-	-	-	98,451	247,145	13,991,373
Transfer from Right-of-use Asset - note 6	-	-	-	-	-	-	-	-	-	5,596	5,596
Disposals / write-off											
Cost	-	-	(200,054)	(993)	-	(292)	-	-	(30,169)	(2,755)	(234,263)
Accumulated depreciation	-	-	127,089	802	-	157	-	-	26,904	234	155,186
	-	-	(72,965)	(191)	-	(135)	-	-	(3,265)	(2,521)	(79,077)
Depreciation charge - notes 5.4 and 5.5	(39,458)	(44,082)	(1,598,782)	(12,885)	(345)	(4,112)	(1,167)	(1,471)	(69,859)	(42,766)	(1,814,927)
Net book value	**988,132**	**986,756**	**28,672,809**	**114,555**	**403**	**20,245**	**95,820**	**11,193**	**246,040**	**253,330**	**31,389,283**
As at December 31, 2021											
Cost	1,152,179	1,253,027	42,877,113	397,975	26,122	50,023	100,287	33,849	499,285	351,154	46,741,014
Accumulated depreciation	(164,047)	(266,271)	(14,204,304)	(283,420)	(25,719)	(29,778)	(4,467)	(22,656)	(253,245)	(97,824)	(15,351,731)
Net book value	**988,132**	**986,756**	**28,672,809**	**114,555**	**403**	**20,245**	**95,820**	**11,193**	**246,040**	**253,330**	**31,389,283**
Annual rate of depreciation (%)	**2 to 2.14**	**2.5 to 10**	**2.5 to 25**	**5**	**5**	**5**	**3**	**5**	**5 to 33**	**5 to 25**	

(Amounts in thousand)

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

Description of assets	Address	Total area of land (square yards)
- Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	590,114
- Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	15,794
- Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	10,705
- Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2,908

5.3 Includes the capitalization of PVC-III of Rs 8,675,474 and VCM debottlenecking projects of Rs. 3,107,585.

5.4 Depreciation charge has been allocated as follows:

	2021	2020
	Rupees	
Cost of sales - note 29	1,783,250	1,262,101
Distribution and marketing expenses - note 30	8,166	7,054
Administrative expenses - note 31	23,511	23,005
	1,814,927	1,292,160

5.5 During the year, the Group has revised the estimates for useful lives of certain classes of assets and changed the depreciation method from the month following the month in which the asset is made available for use in order to align with practice of the Holding Company.

These changes in accounting estimates have been accounted for prospectively. Due to these changes in estimates, depreciation charge for the year has decreased by Rs. 66,608.

Correspondingly the tax liability has increased by Rs. 19,316. The resultant impact on profit after tax for the year would have been Rs. 47,292.

Assuming there will be no additions to the property, plant and equipment, the impact of such change on future period is immaterial.

(Amounts in thousand)

5.6 Capital work-in-progress

	Leasehold land	Building on leasehold land	Plant and machinery and pipelines	Furniture, fixtures and equipments	Software	Advances for vehicles	Total
				Rupees			
Year ended December 31, 2020							
Balance as at January 1, 2020	32,000	20,494	12,667,415	31,161	313,230	-	13,064,300
Additions during the year	-	82,005	6,789,085	170,380	167,922	108,922	7,318,314
Borrowing costs capitalized during the year			214,679				214,679
- Write off during the year			(6,000)				(6,000)
Transferred to:							
- Operating assets - note 5.1	-	(75,062)	(2,052,955)	(145,885)	-	(4,989)	(2,278,891)
- Intangible assets - note 7	-	-	-	-	(48,198)	-	(48,198)
Balance as at December 31, 2020	**32,000**	**27,437**	**17,612,224**	**55,656**	**432,954**	**103,933**	**18,264,204**
Year ended December 31, 2021							
Balance as at January 1, 2021	32,000	27,437	17,612,224	55,656	432,954	103,933	18,264,204
Additions during the year		704,426	2,447,419	56,445	248,406	143,974	3,600,670
Borrowing costs capitalized during the year	-	-	27,645	-	-	-	27,645
Transferred to:							
- Operating assets - note 5.1	-	(644,929)	(13,000,848)	(98,451)	-	(247,145)	(13,991,373)
- Intangible assets - note 7	-	-	-	-	(651,216)	-	(651,216)
- Capital spares	-	-	(155,043)	-	-	-	(155,043)
Balance as at December 31, 2021	**32,000**	**86,934**	**6,931,397**	**13,650**	**30,144**	**762**	**7,094,887**

6. RIGHT-OF-USE ASSET

	Storage tanks at Engro Vopak Terminal Limited	Building	Vehicles	Total
		Rupees		
Year ended December 31, 2020				
Balance as at January 1, 2020	2,697,868	49,933	-	2,747,801
Addition during the year	-	-	5,849	5,849
Depreciation charge				
during the year - note 6.2	(431,022)	(16,771)	(253)	(448,046)
Balance as at December 31, 2020	**2,266,846**	**33,162**	**5,596**	**2,305,604**
Year ended December 31, 2021				
Balance as at January 1, 2021	2,266,846	33,162	5,596	2,305,604
Addition during the year - note 6.1	172,777	-	-	172,777
Transfer to operating assets - note 5.1	-	-	(5,596)	(5,596)
Depreciation charge				
during the year - note 6.2	(419,364)	(16,772)	-	(436,136)
Balance as at December 31, 2021	**2,020,259**	**16,390**	**-**	**2,036,649**

(Amounts in thousand)

6.1 During the year, the Company entered in an arrangment with Engro Vopak Terminal Limited (EVTL), a related party, for an additional Ethylene Di Chloride storage tank.

6.2 Depreciation charge has been allocated as follows:

	2021	2020
	Rupees	
Cost of sales - note 29	419,364	431,022
Administrative expenses - note 31	16,772	17,024
	436,136	448,046

7. INTANGIBLE ASSETS - computer software and applications

	2021	2020
	Rupees	
Net carrying value		
Balance as at beginning of the year	101,971	78,966
Add: Additions at cost - note 5.6	651,216	48,198
Less: Amortisation charge for the year - note 31	(33,740)	(25,193)
Less: Writeoff of software	(7,615)	-
Balance as at the end of the year	711,832	101,971
Gross carrying value		
Cost at the beginning of the year	788,671	316,240
Less: Accumulated amortisation	(76,839)	(214,269)
Net book value	711,832	101,971

7.1 The cost is being amortised over a period of 5 to 10 years.

7.2 Includes capitalization of ONE SAP i.e SAP S/4 Hana project initiated by the Holding Company at Rs. 635,425.

8. FINANCIAL ASSETS AT AMORTISED COST

	2021	2020
	Rupees	
Investment in Term Deposit Receipts - note 8.1	5,179,495	5,624,953
Less: current maturity shown under current assets	(2,086,711)	(964,120)
	3,092,784	4,660,833

8.1 These denote term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

(Amounts in thousand)

9. LONG-TERM LOANS AND ADVANCES

	2021	2020
- Considered good	Rupees	
Executives - notes 9.1 to 9.4	32,321	60,518
Less: Current portion shown under current assets - note 13	(31,647)	(31,232)
	674	29,286

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

	2021	2020
	Rupees	
Balance at beginning of the year	60,518	107,522
Add: Disbursements	11,768	7,723
Less: Repayments / amortisations	(39,965)	(54,727)
Balance at end of the year	32,321	60,518

9.2 These include interest free loans and advances to executives for house rent, vehicles, home appliances and investments given in accordance with the terms of employment. Loans for house rent are repayable in 12 to 18 equal monthly installments and investment are repayable in lump sum amount after 36 months. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to statement of profit or loss over a period of 4 years.

These include interest free loans to employees for home appliances and investments, given in accordance with the terms of employment.

9.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 33,377 (2020: Rs. 111,585). This includes maximum aggregate amount key management personnel at any time during the year with respect to month end balance was Rs. 2,994 (2020: Rs. 3,059).

9.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no material defaults in recent history.

9.5 The Company does not have any loans or advances placed under any arrangements not permissible under Shariah.

10. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	Rupees	
Consumable stores and spares - notes 10.1 and 10.2	2,388,631	2,160,378
Less: Provision for slow moving stores and spares - note 10.3	(346,792)	(375,644)
	2,041,839	1,784,734

10.1 This includes goods in transit amounting to Rs. 20,122 (2020: Rs. 48,897).

(Amounts in thousand)

10.2 During the year, the Company has written off stores and spares amounting to Rs. 20,594 (2020: Rs. 57,302).

	2021	2020
	Rupees	
10.3 The movement in the provision for slow moving stores and spares is as follows:		
Balance at beginning of the year	375,644	363,774
Add: (Reversal) of provision/ provision recognised during the year - note 29	(21,911)	20,571
Less: Write-off during the year	(6,941)	(8,701)
Balance at end of the year	346,792	375,644

11. STOCK-IN-TRADE

	2021	2020
	Rupees	
Raw and packing materials - notes 11.1 to 11.3	8,510,105	5,402,730
Work-in-process	56,008	28,354
Finished goods - own manufactured product and trading products- note 11.2	4,024,553	763,425
	12,590,666	6,194,509

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

	2021	2020
	Rupees	
- Engro Vopak Terminal Limited, a related party	2,072,238	659,703
- Al-Noor Petroleum (Private) Limited	13,406	13,262
- Al-Rahim Trading Company (Private) Limited	751,226	578,437
- Al-Hamd Traders	13,307	192
- Pakistan House International Limited	21,971	17,327
	2,872,148	1,268,921

11.2 This includes goods in transit amounting to Rs. 2,484,420 (2020: Rs. 1,979,023).

11.3 During the year, the Company has written off stock-in-trade amounting to Rs. 1,665 (December 31, 2020: Rs. 99,704).

(Amounts in thousand)

	2021	2020
	Rupees	
12. TRADE DEBTS - Considered good		
Related parties (unsecured) - note 12.1	10,583	15,273
Others		
Secured - notes 12.2 and 12.3	732,903	443,188
Unsecured - note 12.4	90,869	127,751
	823,772	570,939
	834,355	586,212

12.1 Due from related parties comprise of:

	Upto 1 month		2 to 6 months		More than 6 months		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
				Rupees				
Engro Energy Services Limited	787	-	-	-	-	-	787	-
Engro Fertilizers Limited	9,636	15,217	160	-	-	56	9,796	15,273
	10,423	15,217	160	-	-	56	10,583	15,273

12.1.1 The maximum aggregate amount due from the related parties at the end of any month during the year was:

	2021	2020
	Rupees	
- Engro Fertilizers Limited	20,141	16,156
- Engro Powergen Thar (Private) Limited	-	1,494
- Engro Energy Services Limited	787	-
	20,928	17,650

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

12.3 Includes outstanding trade debts against export sales amounting to Rs. 256,552 (2020: 52,326).

12.4 During the year, the Company has written off trade debt balance of Rs. 56 (2020: 331).

(Amounts in thousand)

13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	Rupees	
Considered good		
Current portion of long term-loans and		
advances to executives- note 9	31,647	31,232
Advances to employees - note 13.1	328	-
Advances to suppliers and others	58,315	59,021
Deposits	270,387	114,870
Prepayments - note 13.2	414,824	49,268
Workers' Profits Participation Fund - note 13.5	8,364	-
Receivable from Government of Pakistan		
- Sales tax and Federal excise duty refundable	780,381	60,048
- Octroi / duty claims	-	152
	780,381	60,200
Due from related parties (unsecured) - notes 13.3 and 13.4		
Engro Energy Limited	-	505
Other receivables	3,990	148
	1,568,236	315,244
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)
	-	-
	1,568,236	315,244

13.1 The advances given to the parties are in accordance with the terms of employment. Maximum aggregate amount due from related parties at any time during the year with respect to month end balance was Nil (2020: Rs. 3,018).

13.2 These mainly include prepaid insurance of Rs. 220,610 (2020: Rs. 8,727).

13.3 Age analysis of other receivables from related parties

	Upto 1 month		2 to 6 months		More than 6 months		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees							
Engro Energy Limited	-	-	-	505	-	-	-	505

(Amounts in thousand)

13.4 Maximum aggregate amount due from related parties at any time during the year with respect to month end balance is as follows:

	2021	2020
	Rupees	
Engro Energy Limited	505	1,531
Sindh Engro Coal Mining Company Limited	-	53
FrieslandCampina Engro Pakistan Limited	-	5
Engro Corporation Limited	-	25,450
Engro Fertilizers Limited	-	2,150
Engro Powergen Qadirpur Limited	-	9
	505	29,198

13.5 The movement in WPPF payable is as follows:

	2021	2020
Balance at the beginning of the year	126,944	35,133
Allocation for the year - note 32	1,073,039	439,389
Interest charges during the year	1,603	-
	1,201,586	474,522
Less: Payments during the year	(1,209,950)	(347,578)
Balance at the end of the year	(8,364)	126,944

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. 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. Subsequently, the remaining amount of Rs. 36,687 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. Therefore, the Company has fully provided the said amount. However, the Company is pursuing recovery of the remaining amount from the tax authorities based on the view that the SED can be recovered as it was paid prior to the change in the Sales Tax Act.

13.8 As at December 31, 2021, receivables aggregating to Rs. 54,730 (2020: Rs. 54,730) were deemed to be impaired and have been provided for in full. The remaining balances of loans, deposits, due from related parties and other receivables are neither past due nor impaired.

(Amounts in thousand)

14. SHORT TERM INVESTMENTS

	2021	2020
	Rupees	
At fair value through profit and loss		
- Pakistan investment bond - note 14.1	-	11,400,762
- Mutual funds - note 14.2	7,972,732	-
- Treasury bill	-	2,030,761
	7,972,732	13,431,523
At amortized cost		
- Treasury bills - note 14.3	4,061,244	-
- Term deposit - note 14.4	22,549	-
- Current maturity of investment in term deposit receipt - note 8	2,086,711	964,120
	6,170,504	964,120
	14,143,236	14,395,643

14.1 These carry mark-up at the rate ranging in between Nil (2020: 7.132% to 7.22%).

14.2 The details of investment in mutual funds are as follows:

	Number in units	Amount
		Rupees
ABL Cash Fund	73,651,442	752,622
Alfalah Cash Fund Class B - Growth Units	1,438,691	752,938
Alfalah Money Market Fund B Growth Units	3,051,888	300,203
JS Cash Fund	7,048,872	750,705
First Habib Cash Fund	7,361,082	752,408
UBL Liquidity Plus Fund - Class 'C'	7,422,605	752,494
UBL Cash Fund - Class 'A'	1,917,737	200,000
Faysal Money Market Fund	4,905,206	500,885
Meezan Rozana Amdani Fund	10,020,910	501,046
NIT Money Market Fund	72,801,294	703,617
NBP Money Market Fund	50,551,345	501,035
HBL Cash Fund	7,378,005	752,497
MCB Arif Habib Pakistan Cash Management Fund	14,906,183	752,282
	262,455,260	7,972,732

14.3 It carries mark-up at rate 10.835% per annum (2020: 6.9% to 7.2% per annum) and have been encashed till January 4, 2022.

(Amounts in thousand)

14.4 It carries mark-up at rate 10% per annum (2020: Nil) and have maturity on June 24, 2022.

15. CASH AND BANK BALANCES

	2021	2020
	Rupees	
Cash in hand	611	817
Cash at bank - note 15.1		
- in current accounts	646,229	309,073
- in savings accounts - note 15.2	1,286,741	635,838
Cash at bank - note 15.3	309,183	-
	2,242,153	944,911
	2,242,764	945,728

15.1 These include Rs. 481,443 (2020: Rs. 231,469) held in foreign currency bank accounts.

15.2 These carry mark-up at rates ranging between 2.14% to 9.35% per annum (2020: 2.32% to 11.25% per annum).

15.3 This represents deposit under lien with a bank regarding bank guarantees to the Collector of Customs and Excise and Taxation in respect of Sindh Infrastructure Development Cess in Engro Peroxide (Private) Limited.

16. ORDINARY SHARE CAPITAL

	2021	2020
	Rupees	
Authorised capital		
1,250,000,000 (2020: 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 (2020: 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

16.1 As at December 31, 2021, Engro Corporation Limited (the Holding Company) and Mitsubishi Corporation (an associated company) held 510,733,450 and 100,053,562 (2020: 510,733,450 and 100,053,562) ordinary shares of Rs.10 each denoting 56.19% (2020: 56.19%) and 11.01% (2020: 11.01%) of the share capital of the Company.

16.2 There is a shareholders' agreement between Engro Corporation Limited (ECL) and Mitsubishi Corporation (MC) which includes provisions in respect of board selection, voting rights, rights of first refusal, etc.

(Amounts in thousand)

17. PREFERENCE SHARES

	2021	2020
	Rupees	
Authorised capital		
400,000,000 (2020: 400,000,000) preference shares of Rs. 10 each	4,000,000	4,000,000
Issued, subscribed and paid-up capital		
300,000,000 (2020: 300,000,000) preference shares of Rs. 10 each, fully paid in cash - note 17.1	3,000,000	3,000,000

17.1 In 2020, the Company has issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offering at a price of Rs. 10 per share in cash, carrying markup of 6 months KIBOR + 3.5% and the payment of the same shall be at the discretion of Board of Directors. The objective of the preference share issuance is to finance PVC-III expansion and VCM debottlenecking projects. The Company will have an option to call and redeem 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 1:1 ratio. No shares were converted during the year.

18. LONG TERM BORROWINGS

Title	Mark-up rate per annum	Installments Number	Installments Commencing	December 31, 2021	December 31, 2020
				Rupees	
Sukuks - note 18.1	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	8,667,709	8,645,597
Loan from International Finance Corporation (IFC) - note 18.2	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	5,114,204	5,539,605
Bilateral Loan - note 18.3	6 months KIBOR + 0%	6 half yearly	July 15, 2021	4,517,917	5,421,500
Islamic Long Term Financing Facility (ILTFF) - note 18.4	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,927,386	1,925,517
Loan under diminishing musharka agreement	6 months KIBOR + 0.8%	Monthly	February 1, 2021	-	94,266
"Islamic Temporary Economic Refinance Facility (ITERF) - notes 18.5, 18.6 and 18.10"	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	663,115	-
Loan under diminishing musharka agreement - note 18.7	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	-
				21,290,331	21,626,485
Less: Current portion shown under current liabilities					
- Loan from International Finance Corporation				(2,061,856)	(932,750)
- Bilateral Loan				(1,807,166)	(903,583)
- Islamic Long Term Financing Facility (ILTFF)				(60,938)	-
				(3,929,960)	(1,836,333)
Less: Deferred income - Government grant - note 18.10				(183,624)	-
				17,176,747	19,790,152

(Amounts in thousand)

18.1 In 2019, the Company issued sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement. These are repayable over a period of 7.5 years in five equal annual installments of Rs. 1,750,000 each with the first repayment commencing in July 2024. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of Rs. 10,937,500 which shall rank pari passu with the charges created in favour of the existing creditors

18.2 In 2018, the Company had entered into a financing agreement with IFC for a total of US Dollars 35,000 the draw down of which was been made in December 2019. The principal is repayable in six equal semi-annual installments commencing from July 2021 and carries markup at the rate of six months LIBOR plus 3.25% payable semi annually.

The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Company and lenders will commence in due course and transition will be completed by the mid of 2023.

The borrowing is 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.

18.3 In 2019, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The principal is repayable in six equal semi-annual installments commencing from July 2021 and carries a markup at a rate of six months KIBOR plus 0%, payable semi annually.

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 Receipt maintained with DIBPL as referred to in note 8.

18.4 In 2020, the Company obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. The amount is repayable over 10 years in equal quarterly installments of Rs. 60,938 each with the first payment commencing from December 2022. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs, 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

18.5 On March 12, 2021, the Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP through Musharaka agreement entered with financial institutions amounting to Rs. 1,000,000 to finance its capital expenditure.

The amount is repayable over 10 years including 2 years grace period, in 32 quarterly installments of Rs. 11,519 each with the first payment commencing from June 2023 and carries markup at SBP Refinance Rate plus 0.75% to 1% per annum, payable quarterly. 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.

18.6 During the year, Engro Peroxide (Private) Limited has entered into a musharaka agreement with MCB and MCB Islamic Bank Limited (MIBL) for Rs. 550,000 and Rs. 100,000 respectively under the Islamic Temporary Economic Refinance Facility (ITERF) of State Bank of Pakistan (SBP) and made drawdown of Rs. 123,105 and Rs. 14,560 in June 14, 2021 and November 15, 2021 respectively.

The principal is repayable over 10 years in 32 equal quarterly installments commencing from June 2023 and carries markup at SBP Refinance Rate plus 1.25% payable quarterly. The borrowing is secured by the way of hypothecation charge of present and future movable fixed assets of the Company (except land and building) which shall rank pari passu with the charges created in favor of existing creditors.

(Amounts in thousand)

18.7 On December 28, 2021, the Company made a draw down of Rs. 400,000 under Dimishing Musharka agreement entered with Bank of Khyber to finance its long term expenditure. The principal is repayable in eight equal semi-annual installments commencing from June 2023 and carries markup at the rate of three months KIBOR plus 0.40% payable quarterly. 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.

18.8 Following are the changes in the long term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2021	2020
	Rupees	
Balance at the beginning of the year	21,626,485	19,388,880
Add: Loan received during the year - net of transaction cost	1,060,864	2,019,133
Add: Amortisation of transaction cost during the year	42,691	43,822
Add: Exchange loss for the year	486,806	174,650
Less: Loan / installment repaid during the year	(1,926,515)	-
Balance at the end of the year	21,290,331	21,626,485

18.9 The proceeds from the aforementioned loans are carried net of unamortised balance of transaction cost amounting to Rs. 145,341 (2020: Rs. 160,648)

18.10 The value of benefit of below-market interest rate on the loans disclosed in note 18.5 has been accounted for as government grant under IAS - 20 "Government Grants. The movement of carrying amount of deferred grant in respect of these loans is as under:

	2021	2020
	Rupees	
Balance at the beginning of the year	-	-
Add: Deferred Government grant recognised during the year	199,990	-
	199,990	-
Less: amortization of deferred Government grant during the year	(16,366)	-
Balance at the end of the year	183,624	-

19. LEASE LIABILITIES

19.1 These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party amounted to Rs. 4,172,121 (2020: Rs. 4,644,821).

(Amounts in thousand)

20. PROVISIONS

	2021	2020
	Rupees	
Provision for gas development infrastructure cess - note 20.1	5,364,818	4,930,263
Provision for gas price revision - note 20.2	517,392	517,392
	5,882,210	5,447,655
Less: current portion of provision of GIDC and gas price revision	(4,073,805)	(2,456,263)
	1,808,405	2,991,392

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. Subsequently, the 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. 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 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 Company has obtained ad-interim stay order dated October 5, 2020 against the GIDC Act, 2015 from the High Court of Sindh (the Court). This stay order 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 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

(Amounts in thousand)

amounting to Rs. 680,996 in 2020. During the year, the amount has been unwinded and resulted in remeasurement loss of Rs. 277,972.

20.2 In 2017, the Company had filed suits in the Court, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity 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

	2021	2020
	Rupees	
Credit balances arising due to:		
- accumulated depreciation	4,436,079	3,508,219
Debit balances arising due to:		
- unpaid liabilities	166,970	145,728
- recoupable business losses	19,245	16,453
- leases recognised	622,505	685,820
- provision for Gas Infrastructure Development Cess and Special Excise Duty	1,540,239	1,419,169
- shares issuance cost, net to equity	57,830	57,830
	2,406,789	2,325,000
	2,029,290	1,183,219

22. TRADE AND OTHER PAYABLES

	2021	2020
	Rupees	
Trade and other creditors - note 22.1	4,341,867	3,258,868
Accrued liabilities - notes 22.1 and 22.2	4,809,453	3,985,705
Advances from customers	1,994,620	1,916,550
Retention money	500	1,240
Security deposits - note 22.3	4,900	5,200
Payable to provident funds	19,127	14,520
Payable to gratuity funds	7,133	7,442
Payable to pension funds	2,056	-
Workers' Welfare Fund - note 22.4	325,222	149,825
Withholding tax payable	29,202	8,841
Workers' Profits Participation Fund - note 13.5	-	126,944
Others	17,563	7,363
	11,551,643	9,482,498

(Amounts in thousand)

	2021	2020
	Rupees	
22.1 Includes due to the following related parties:		
- Engro Corporation Limited	132,834	43,866
- Engro Fertilizers Limited	66,798	32,151
- Engro Energy Limited	65	-
- Engro Foundation	150,000	-
- Engro Powergen Qadirpur Limited	613	613
- Engro Vopak Terminal Limited	164,591	139,179
	514,901	215,809

22.2 On June 4, 2021, the Sindh High Court (SHC) through its judgment upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Cess) promulgated retrospectively with effect from July 1, 1994 as valid and declaring it within the competence of provincial legislature. The Company filed a petition against the judgment before the Honorable Supreme Court of Pakistan challenging the SHC judgement.
In September 2021, Supreme Court suspended the Judgement of SHC along with the recovery of Cess. For all future consignments, the Company is required to furnish fresh bank guarantees equivalent to the full amount of levy. Management is confident that ultimate outcome of the case will come in its favor, however, on prudence basis, has recognized a provision of Rs. 1,141,663 (2020: Rs. 855,861) in respect of the Cess in these consolidated financial statements.

22.3 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.

	2021	2020
	Rupees	
22.4 The movement in WWF payable is as follows:		
Balance at the beginning of the year	149,825	73,199
Allocation for the year - note 32	329,748	132,255
	479,573	205,454
Less: Payments during the year	(154,351)	(55,629)
Balance at the end of the year	325,222	149,825

23. SERVICE BENEFIT OBLIGATIONS

Service incentive plan - note 23.1	98,298	79,539

23.1 This represents provision for annual employment benefits payable to eligible employees who have successfully completed 3 years of vesting period with the Company.

(Amounts in thousand)

	2021	2020
	Rupees	
24. SHORT TERM BORROWINGS		
Running finance utilised under mark-up arrangements - note 24.1	-	-
Export refinance facility - note 24.2	474,360	-
	474,360	-

24.1 The aggregate facilities for running finance available from various banks as at December 31, 2021, representing the sales price of all mark-up arrangements, amounted to Rs. 3,700,000 (2020: Rs. 3,700,000) of which Rs. 3,225,289 (2020: 3,700,000) unutilised as at year end.

24.2 This represents export refinancing facility carrying mark-up at the rate of 3% (2020: Nil) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

	2021	2020
	Rupees	
25. ACCRUED INTEREST / MARK-UP		
Mark-up accrued on:		
- long-term borrowings	429,294	425,112
- short-term borrowings	2,146	-
	431,440	425,112

(Amounts in thousand)

26. INCOME TAX PAYMENTS LESS PROVISION

26.1 Tax year 2008

The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009, raised a tax demand of Rs. 213,172 for tax year 2008. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under Section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of Rs. 5,899 addition of imputed interest on loans to employees and executives of Rs. 16,069 to income, disallowance of finance cost of Rs. 134,414 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)] but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and payment of the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period from tax years 2004 to 2007. An appeal against the said appellate order was filed by the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position on all the disallowances made earlier except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs.19,692 and Rs. 7,300 respectively, which were maintained.

In 2013, the Company filed a reference with the High Court of Sindh (the Court) against the additions maintained by ATIR. Likewise, the tax department also filed reference with the Court against the order passed by the ATIR in favor of the Company. In 2018, the Court disposed of Company's appeal on the ground that the issues raised by the Company requires factual verification whereas the petition of the tax department is still pending before the Court. The Company based on the advice of its tax consultants, decided to accept the decision of the Court and accordingly, has recognised the provision of Rs. 108,882 in respect of additions maintained by ATIR in these consolidated financial statements.

26.2 Tax year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282, additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of Rs. 14,239, disallowance of provision against Special Excise Duty refundable of Rs. 36,687, addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting Company's position except for additions on account of SED provision of Rs. 36,687 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained. The Company filed a reference with the Court against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the Court against the order passed by the ATIR in favour of the Company. The management of the Company, based on the advice of its tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognised the effects for the same in these consolidated financial statements.

26.3 Super Tax under section 4B of Income Tax Ordinance, 2001

Through Finance Act 2015, section 4B of Income Tax Ordinance, 2001 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 uptil tax year 2020 vide subsequent Finance Acts. Through Finance

(Amounts in thousand)

Supplementary Act, 2019, the levy of super tax has amended the rate of super tax to 0% from tax year 2020 and onwards for companies other than banking companies. On August 1, 2018, the Company filed petition against the levy of super tax in the Court and based on the opinion of its legal advisor, the Company has made a provision for full amount of Super tax of Rs. 328,000. In 2020, super tax was declared intra virus by the Court and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, Company received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. The Company filed appeal against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 to 2019. The Company has filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, Company also filed petition in Supreme Court against the order of the Court, which is pending adjudication. In November 2020, the Supreme Court conditionally granted stay subject to deposit of 50% of super tax demand. The Company accordingly discharged 50% of the said liability.

27. CONTINGENCIES AND COMMITMENTS

27.1 Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required the Company to pay Rs. 552,331 being the amount short paid with the return. The Company filed a Constitutional Petition in the Court challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the Court in respect of another company. However, the Court directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Company to approach the Supreme Court (SC). The Company has filed Civil Petition for Leave to Appeal against Court order in Supreme Court, 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.

27.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2021 amounts to Rs. 4,698,000 (2020: Rs. 3,298,000). The amount utilised there against as at December 31, 2021 is Rs. 3,366,166 (2020: Rs. 3,272,874).

27.3 The facility for opening letters of credit as at December 31, 2021 aggregates to Rs. 21,982,934 (2020: Rs. 28,463,787). The amount utilised thereagainst as at December 31, 2021 was Rs. 8,252,481 (2020: Rs. 3,547,197).

27.4 In 2019, Engro Peroxide (Private) Limited entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6,993. As at December 31, 2021 commitment for civil works and equipment procurement amounts to EUR 367 (2020: EUR 1,090).

27.5 During the year, Engro Peroxide (Private) Limited 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, 2021, outstanding commitment for civil works and equipment procurement amounts to CNY 104,400 (December 31, 2020: Nil).

27.6 During the year, Engro Peroxide (Private) Limited 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, 2021, outstanding commitment amounts to Rs. 741,600 (December 31, 2020: Nil).

(Amounts in thousand)

27.7 The Company has entered into operating lease arrangments with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	2021	2020
	Rupees	
Not later than one year	2,500	3,805

27.8 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 22,680 valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 6,144 valid till 31 December 2028 and Vinyl Chloride Monomer (VCM) aggregate to USD 585 valid till 31 December 2023.

	2021	2020
	Rupees	
27.9 Commitments in respect of capital and other operational items - note 27.9.1	1,941,718	888,048

27.9.1 This includes Nil (2020: Rs. 16,388) in respect of commitments against intangible assets to Engro Corporation Limited.

28. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	2021	2020
	Rupees	
Gross local sales - note 28.1	77,445,222	42,002,709
Less:		
- Sales tax	11,115,849	6,118,942
- Discounts	1,194,313	795,459
	12,310,162	6,914,401
	65,135,060	35,088,308
Export sales - note 28.2	4,805,957	158,059
Supply of electricity - note 28.3	80,661	85,031
	70,021,678	35,331,398

28.1 Include sales of trading goods Rs. 95,546 (2020: Rs. 209,212).

28.2 The Company has made exports in the European, USA, Middle East and Afghanistan markets.

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

(Amounts in thousand)

	2021	2020
	Rupees	
29. COST OF SALES		
Opening stock of work-in-process	28,354	25,120
Raw and packing materials consumed	31,987,105	11,425,736
Salaries, wages and staff welfare - note 29.1	2,199,965	1,622,575
Fuel, power and gas	7,159,270	5,033,762
Repairs and maintenance	661,914	480,553
Depreciation - notes 5.4	1,783,250	1,262,101
Depreciation on Right-of-use asset - note 6.2	419,364	431,022
Write-off of operating assets	76,460	-
Write-off of capital work-in-progress - note 5.6	-	6,000
Consumable stores	505,705	414,650
Purchased services	1,271,407	613,150
Storage and handling - note 29.2	738,785	542,584
Training, conveyance and travelling	252,703	160,708
Communication, stationery and other office expenses	27,853	8,895
Rent, rates and taxes	67,882	47,320
Product transportation	1,515,290	806,427
Insurance, fees and subscription	519,224	284,649
(Reversal of provision) / provision for slow moving stores	-	-
and spares - note 10.3	(21,911)	20,571
Write-off of stores and spares - note 10.2	20,594	57,302
Write-off of stock in trade - note 11.3	1,665	91,763
Other expenses	21,026	6,026
	49,207,551	23,315,794
Closing stock of work-in-process	(56,008)	(28,354)
Cost of goods manufactured	49,179,897	23,312,560
Opening stock of finished goods	736,768	1,622,853
Closing stock of finished goods	(4,001,606)	(736,768)
	(3,264,838)	886,085
Cost of sales - purchased product - note 29.3	70,994	183,484
	45,986,053	24,382,129

29.1 These include Rs. 122,751 (2020: Rs. 92,858) in respect of staff retirement and other service benefits.

29.2 This includes expense relating to variable lease payments not included in lease liabilities amounting to Rs. 282,520 (2020: Rs. 136,637).

(Amounts in thousand)

	2021	2020
	Rupees	
29.3 Movement of trading goods		
Opening trading stock at the beginning of the year	26,657	93,314
Purchases made during the year	67,284	116,827
Closing trading stock at the end of the year	(22,947)	(26,657)
Consumption made during the year	70,994	183,484

30. DISTRIBUTION AND MARKETING EXPENSES

	2021	2020
Salaries, wages and staff welfare - note 30.1	131,697	123,814
Dealer commission	156,829	95,990
Sales promotion expense	8,652	-
Write-off of trade debts - note 12.4	56	331
Rent, rates and taxes	14,034	18,691
Interior designing and fixtures	15,476	31,846
Purchased services	10,874	9,267
Depreciation - note 5.4	8,166	7,054
Training, conveyance and travelling	54,978	4,046
Communication, stationery and other office expenses	1,303	1,667
Others	3,953	1,687
	406,018	294,393

30.1 These include Rs. 11,901 (2020: Rs. 10,695) in respect of staff retirement and other service benefits.

	2021	2020
	Rupees	
31. ADMINISTRATIVE EXPENSES		
Salaries, wages and staff welfare - note 31.1	370,774	316,490
Rent, rates and taxes	35,668	34,228
Purchased services	122,582	106,340
Depreciation - note 5.4	23,511	23,005
Amortisation - note 7	33,740	25,193
Write-off of intangible assets - note 7	7,615	-
Depreciation on right-of-use asset - note 6.2	16,772	17,024
Training, conveyance and travelling	43,450	6,579
Communication, stationery and other office expenses	13,030	8,035
Others	16,635	13,413
	683,777	550,307

(Amounts in thousand)

31.1 These include Rs. 29,001 (2020: Rs. 35,546) in respect of staff retirement and other service benefits.

	2021	2020
	Rupees	
32. OTHER EXPENSES		
Demurrage and penalty	22,539	9,671
Legal and professional charges	45,461	77,328
Auditors' remuneration - note 32.1	7,058	6,188
Donations - note 32.2	277,486	11,910
Loss on disposal of operating assets	16	5,762
Foreign exchange loss (net) - note 32.3	626,696	176,797
Workers' Welfare Fund - note 22.4	329,748	132,255
Workers' profits participation fund - note 13.5	1,073,039	439,389
	2,382,043	859,300

32.1 Auditors' remuneration

	2021	2020
Fee for:		
- Annual statutory audit	2,108	1,825
- Review of half yearly financials	565	465
- Review of compliance with the Code of Corporate Governance	55	55
Taxation and other advisory services	3,739	3,271
Reimbursement of expenses	591	572
	7,058	6,188

32.2 This includes donations made:

	2021	2020
- Engro Foundation - note 32.2.1	260,000	5,000
- Sahil Welfare Association	1,000	-
- The Citizen Foundation	7,921	2,465
- Sina Health Education & Welfare	2,949	-
- Behbud Foundation	1,600	-
- The Water Foundation	2,016	3,578
- Al-Khidmat Foundation Pakistan	1,000	-
	276,486	11,043

(Amounts in thousand)

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

32.3 This includes Rs. 441,236 (2020: Rs. 192,020) arising on translation of foreign currency denominated lease liabilities.

	2021	2020
	Rupees	
33. OTHER INCOME		
On financial assets		
Income on bank deposits	54,454	45,432
Income from short term investments at fair value	1,182,231	935,398
Income from financial assets at amortised cost	57,918	118,336
	1,294,603	1,099,166
On non-financial assets		
Scrap sales	30,455	43,593
Others	1,831	36,876
	1,326,889	1,179,635

34. FINANCE COSTS

	2021	2020
Interest / mark-up on		
- long-term borrowings	1,342,839	1,632,887
- short-term borrowings and other facilities	5,742	102,413
Less: Amortization of deferred income		
- Government grant	(16,366)	-
	1,332,215	1,735,300
Interest expense on lease liabilities	258,123	302,368
Foreign exchange loss on financial asset and liability	-	2,800
Guarantee commission	28,569	19,797
Amortization of transaction cost	42,691	43,822
Interest on WPPF - note 13.5	1,603	-
Default surcharge on GIDC	156,583	18,048
Cash management charges	10,117	1,014
Letter of credit charges	17,975	46,539
Bank and others charges	55,632	21,447
	1,903,508	2,191,135

(Amounts in thousand)

35. TAXATION

	2021	2020
	Rupees	
Current		
- for the year	4,087,634	1,108,962
- for prior year	(7,048)	95,526
	4,080,586	1,204,488
Deferred		
- for the year	852,162	1,177,482
- for prior year	(6,091)	121,563
	4,926,657	2,503,533

35.1 Relationship between tax expense and accounting profit

	2021	2020
	Rupees	
Profit before taxation	19,987,168	8,233,769
Tax calculated at applicable rate of 29% (2020: 29%)	5,796,279	2,387,793
Tax effect of presumptive tax regime, credit and income subject to lower tax rates	(935,107)	(125,416)
Prior year tax charge - net	(21,703)	217,089
Effect of inadmissible expenses / permanent differences	86,351	22,237
Others	837	1,830
	4,926,657	2,503,533

36. EARNINGS PER SHARE - basic and diluted

36.1 Basic earnings per share has been calculated by dividing the profit attributable to equity 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 and diltuted earnings per share is as follows:

	2021	2020
	Rupees	
Profit for the year	15,060,511	5,730,236
Less: Dividends on convertible preference shares	(264,485)	-
	14,796,026	5,730,236
	Number in thousands	
Weighted average number of shares outstanding at year end for determination of basic EPS	908,923	908,923

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

	2021	2020
	Rupees	
Profit for the year	15,060,511	5,730,236
	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	10,656
Weighted average number of potential ordinary shares outstanding at year end for determination of diluted EPS	1,208,923	919,579

37. RETIREMENT AND OTHER SERVICE BENEFITS

37.1 In 2013, the Company replaced its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company.

37.2 The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the 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 chief executive, directors and executives of the Company are given below:

	2021			2020		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
			Rupees			
Managerial remuneration - note 38.1	31,260	-	820,217	135,072	-	677,318
Retirement benefit funds	6,295	-	132,286	5,808	-	109,901
Bonus	30,347	-	197,394	30,066	-	164,301
Other benefits	849	-	222,655	3,797	-	218,801
Directors fee	-	8,885	-	-	1,617	-
Total	68,751	8,885	1,372,552	174,743	1,617	1,170,321
Number of persons including those who worked part of the year	1	5	235	2	5	206

38.1 This includes payment of ex-gratia of Nil (2020: 102,830) to the outgoing Chief Executive Officer in 2020.

38.2 The Company also provides vehicles for the use of the Chief Executive Officer and certain executives.

(Amounts in thousand)

39. CASH GENERATED FROM OPERATIONS

	2021	2020
	Rupees	
Profit before taxation	19,987,168	8,233,769
Adjustments for non cash-charges and other items:		
Provision for staff retirement and other service benefits	60,985	53,018
Depreciation - note 5.4	1,814,927	1,292,160
Depreciation on right-of-use asset - note 6.2	436,136	448,046
Amortisation - note 7	33,740	25,193
Write-off of capital work-in-progress - note 5.6	-	6,000
Write-off of operating assets - note 29	76,460	-
Write-off of intangible assets - note 7	7,615	-
Write-off of trade debts - note 30	56	331
Write-off of stores and spares - note 29	20,594	57,302
(Reversal of) / provision for slow moving stores and spares - note 10.3	(21,911)	20,571
Write-off stock-in-trade net of proceeds - note 29	1,665	91,763
Unrealised foreign exchange loss under financial assets and liabilities	405,184	187,986
Gain on of derviative financial asset	-	(154)
Income on bank deposits and short-term investments - note 33	(1,294,603)	(1,099,166)
Unrealised gain on mutual funds	(22,732)	-
Interest expense on lease liabilities - note 34	258,123	302,368
Amortisation of transaction cost - note 34	42,691	43,822
Finance costs - note 34	1,332,215	1,735,300
Loss on disposal of operating assets - note 32	16	5,762
Provision against GIDC - note 20.1	-	452,838
Remeasurement gain on provision against GIDC - note 20.1	277,972	(680,996)
Default surcharge on GIDC - note 34	156,583	18,048
Working capital changes - note 39.1	(6,085,656)	1,261,902
	17,487,228	12,455,863

(Amounts in thousand)

39.1 WORKING CAPITAL CHANGES

	2021	2020
	Rupees	
Increase in current assets		
Stores, spares and loose tools	(255,788)	(175,893)
Stock-in-trade	(6,397,822)	(1,944,154)
Trade debts	(248,199)	(116,930)
Loans, advances, deposits, prepayments and other receivables - net	(1,252,992)	563,836
	(8,154,801)	(1,673,141)
Increase in current liabilities		
Trade and other payables	2,069,145	2,935,043
	(6,085,656)	1,261,902

40. CASH AND CASH EQUIVALENTS

	2021	2020
	Rupees	
Short term investments	4,061,244	13,425,523
Cash and bank balances - note 15	2,242,764	945,728
	6,304,008	14,371,251

41. FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets as per statement of financial position

	2021	2020
	Rupees	
At amortised cost		
Long-term loans	674	29,286
Financial assets at amortised cost	9,263,288	5,624,953
Trade debts - considered good	834,355	586,212
Loans, deposits and other receivable	306,024	146,755
Cash and bank balances	2,242,764	945,728
	12,647,105	7,332,934
At fair value through profit or loss		
Short term investments	7,972,732	13,431,523
	20,619,837	20,764,457

(Amounts in thousand)

41.2 Financial liabilities as per statement of financial position

	2021	2020
	Rupees	
At amortised cost		
Long term borrowings	17,651,107	21,626,485
Lease liabilities	4,194,568	4,694,873
Service benefit obligation	98,298	79,539
Trade and other payables	9,202,599	7,280,338
Accrued interest / mark-up	431,440	425,112
	31,578,012	34,106,347

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 derivative 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:

i) Currency risk

Currency risk represents the risk that the fair values of future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollar. The risk arises from outstanding payments for imports, assets and liabilities denominated in foreign currencies and future commercial transactions. In the current economic environment, the Group is significantly exposed to currency risk because of the expected volatility in exchange rates. The Group, at its discretion, manages the currency risk through forward exchange contracts.

At December 31, 2021, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 5,943,047 (2020: Rs. 5,593,000) and Rs. 13,544,431 (2020: Rs. 13,113,858) respectively.

At December 31, 2021, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit / loss for the year would have been lower / higher by Rs. 269,849 (2020: Rs. 266,990), mainly as a result of foreign exchange losses / gains on translation of uncovered US Dollar-denominated liabilities. However, this change in profits or losses would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

ii) Yield / interest rate risk

Yield / interest rate risk represents the risk that the fair value of future cash flows of financial instru

(Amounts in thousand)

ments 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, 2021, 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 approxi mately Rs. 52,333 (2020: Rs. 32,730) mainly as a result of higher / lower interest charged on variable rate borrowings.

iii) Other price risk

Price risk represents the risk that the fair vale 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 financials instruments or its issuers or factors affecting all similar investments in financial instruments traded in the market. The Group is exposed to price risk on its mutual funds.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations. Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits, other receivables financial assets at amortised cost and financial assets at fair value through profit or loss. The maximum exposure to credit risk is equal to the carrying amount of these financial assets.

The Group is not materially exposed to credit risk as unsecured credit is provided to selected parties with no history of default. The Group considers that the financial asset is in default when contractual payments are 90 days past due. Moreover, major part of trade debts are secured by bank guarantees and letters of credit from customers. Furthermore, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings, or investments are made in government securities.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk, which are neither past due nor impaired, are as follows:

	2021	2020
	Rupees	
Long-term loans	674	29,286
Trade debts - considered good	834,355	586,212
Loans, deposits and other receivables	306,024	146,755
Short term investments	14,143,236	13,431,523
Financial assets at amortised cost	3,092,784	5,624,953
Bank balances	2,242,153	944,911
	20,619,226	20,763,640

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2021 the credit quality of the Group's bank balances can be assessed with reference to external credit ratings assigned to the respective banks as follows:

(Amounts in thousand)

Bank	Rating agency	2021 Ratings		2020 Ratings	
		Short-term	Long-term	Short-term	Long-term
Allied Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+	A-1+	AA+
Al Baraka Bank (Pakistan) Limited	PACRA	A-1	A	A-1	A
Bank Alfalah Limited	PACRA	A-1+	AA+	A-1+	AA+
Bank Al Habib Limited	PACRA	A-1+	AA+	A-1+	AA+
Bank of China	R&I	A-1	A	A-1	A
Bank Islami Pakistan Limited	PACRA	A-1	A+	A-1	A+
Citibank N.A.	Moody	P1	Aa3	P1	Aa3
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA	A-1+	AA
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	A1	P-1	A1
JS Bank Limited	PACRA	A-1+	AA-	A-1+	AA-
MCB Bank Limited	PACRA	A-1+	AAA	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A	A-1	A
Meezan Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AA+
National Bank of Pakistan	JCR-VIS	A-1+	AAA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	A-1+	AAA
Summit Bank Limited	JCR-VIS	A-3	BBB-	A-3	BBB-
SAMBA Bank Limited	JCR-VIS	A-1	AA	A-1	AA
Bank of Khyber	PACRA	A-1	A	-	-
The Bank of Punjab	PACRA	A-1+	AA+	A-1+	AA
United Bank Limited	JCR-VIS	A-1+	AAA	A-1+	AAA

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group's liquidity management involves maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and through its ability to close out market positions. Due to the dynamic nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The general nature of credit facilities available to the Group under any contract and not availed as at the date of consolidated statement of financial position has been disclosed in notes 18 and 24.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

(Amounts in thousand)

	2021				2020			
	Maturity upto one year	Maturity more than one year but less than five years	Maturity after five years	Total	Maturity upto one year	Maturity more than one year but less than five years	Maturity after five years	Total
	Rupees							
Financial liabilities								
Long term borrowings	3,929,960	16,234,432	1,276,629	21,441,021	3,953,611	21,201,305	4,892,231	30,047,147
Lease liabilities	1,481,141	3,038,418	117,069	4,636,628	1,323,477	3,735,906	262,774	5,322,157
Service benefit obligations	98,298	-	-	98,298	79,539	-	-	79,539
Short-term borrowings				-				-
Trade and other payables	9,202,599	-	-	9,202,599	6,405,462	-	-	6,405,462
Accrued interest / mark-up	431,440	-	-	431,440	425,112	-	-	425,112
	15,143,438	19,272,850	1,393,698	35,809,986	12,187,201	24,937,211	5,155,005	42,279,417

43. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at December 31, 2021, the carrying value of all financial assets and liabilities approximate to their fair value.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

(Amounts in thousand)

The Group held the following assets measured at fair values:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Short term investments at fair value through profit and loss				
Units of Mutual funds	-	7,972,732	-	7,972,732

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Short term investments at fair value through profit and loss				
Treasury bills	-	2,030,761	-	2,030,761
Pakistan investment bonds	-	11,400,762	-	11,400,762
	-	13,431,523	-	13,431,523

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.

	2021	2020
	Rupees	
The gearing ratio of the Company is as follows:		
Long-term borrowings - note 18	21,290,331	21,626,485
Lease liabilities	4,194,568	4,694,873
	25,484,899	26,321,358
Total equity	29,967,910	26,126,131
Total capital	55,452,809	52,447,489
Gearing ratio	0.460	0.502

(Amounts in thousand)

45. SEGMENT INFORMATION

45.1 Based on the internal management reporting structure, the Company is organised into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Company supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.

- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.

- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.

- Unallocated: includes trading business and management of short-term investments of the Company. All the unallocated are reported to the Board of Directors at entity level.

Management monitors the operating results of above-mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit / (loss) after tax for that segment, which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

	Poly Vinyl Chloride (PVC) and allied chemicals (Note 45.3)		Caustic soda and and allied chemicals		Power supply		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees									
Segment profit and loss										
Revenue from contract with customers - net	63,945,994	30,573,350	5,900,499	4,463,507	80,661	85,031	94,524	209,510	70,021,678	35,331,398
Less:										
Cost of sales	(41,472,364)	(21,221,205)	(5,266,676)	(3,788,302)	(67,429)	(77,486)	820,416	704,864	(45,986,053)	(24,382,129)
Distribution and marketing expenses	(322,735)	(203,178)	(81,996)	(89,041)	(56)	-	(1,231)	(2,174)	(406,018)	(294,393)
Administrative expenses	(627,782)	(511,396)	(66,287)	(47,555)	-	-	10,292	8,644	(683,777)	(550,307)
Other expenses	(1,844,227)	(561,033)	(55,163)	(75,975)	(839)	(842)	(481,814)	(221,451)	(2,382,043)	(859,301)
Other income	1,281,926	1,018,257	43,797	160,236	729	1,142	437	-	1,326,889	1,179,635
Finance costs	(1,553,464)	(1,872,428)	(90,182)	(16,236)	(1,739)	(102)	(258,123)	(302,368)	(1,903,508)	(2,191,134)
Profit before tax	19,407,348	7,222,367	383,992	606,634	11,327	7,743	184,501	397,025	19,987,168	8,233,769
Taxation	(4,843,214)	(2,334,486)	(29,057)	(51,928)	(2,721)	(1,962)	(51,665)	(115,157)	(4,926,657)	(2,503,533)
Profit for the year	14,564,134	4,887,881	354,935	554,706	8,606	5,781	132,836	281,868	15,060,511	5,730,236
Segment assets and liabilities										
Total segment assets - note 45.2	49,603,408	38,320,683	7,459,191	9,059,981	25,185	26,766	20,878,256	21,686,231	77,966,040	69,093,661
Total segment liabilities - note 45.2	22,001,802	19,939,452	2,800,652	3,212,463	59,661	9,209	23,136,015	19,806,406	47,998,130	42,967,530

45.2 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts. Unallocated assets include long term investment, long term loans and advances, loans, advances, prepayments and other receivables, taxes recoverable, and cash and bank balances.

45.3 Revenue from one customer of the company's PVC segment represent approximately Rs.7,054,745 (2020: Rs. 4,317,856) of the company's total revenue.

(Amounts in thousand)

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 Perxoide (Private) Limited	100.00%	Subsidiary company
Engro Plasticizer (Private) Limited	100.00%	Subsidiary company
Mitsubishi Corporation	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship
Sindh Engro Coal Minning Company Limited	N/A	Common directorship
Engro Energy Limited	N/A	Common directorship
Thar Power Company Limited	N/A	Common directorship
Engro Digital Limited	N/A	Common directorship
Engro Eximp Agri Products (Private) Limited	N/A	Common directorship
FrieslandCampina Engro Pakistan Limited	N/A	Common directorship
Engro Infinity (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Karachi School of Business Leadership (KSBL)	N/A	Common directorship
Engro Elengy Terminal Private Limited	N/A	Common directorship
Engro Eximp FZE	N/A	Common directorship
Engro Powergen Qadirpur Limited	N/A	Common directorship
EFERT Agri Trade (Private) Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Pakistan Oxygen Ltd	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
Pakistan Institute of Corporate Governance	N/A	Common directorship
Retirement funds		
- Provident fund	N/A	Post employment benefits
- Gratuity fund	N/A	Post employment benefits
- Pension fund	N/A	Post employment benefits
Mr. Nadir Salar Qureshi	N/A	Non-executive Director
Mr. Feroz Rizvi	N/A	Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Baig	N/A	Independent Director
Mr. Noriyuki Koga	N/A	Non-executive Director
Mr. Hideki Adachi	N/A	Non-executive Director
Mr. Ghias Uddin Khan	N/A	Non-executive Director
Mr. Rizwan Masood Raja	N/A	Non-executive Director
Mr. Eram Hasan	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Chief Executive Officer
Mr. Aneeq Ahmed	N/A	Key management personnel
Mr. Syed Ali Akbar	N/A	Key management personnel

(Amounts in thousand)

Name of related parties	Direct shareholding	Relationship
Mr. Mahmood Siddiqui	N/A	Key management personnel
Mr. Asghar Ali Khan	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Salman Hafeez	N/A	Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Fahd Khawaja	N/A	Key management personnel
Mr. Syed Abbas Raza	N/A	Key management personnel

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	2021	2020
		Rupees	
Holding Company			
- Engro Corporation Limited	Reimbursement made	679,196	375,712
	Reimbursement received	35,658	25,173
	Advance for intangible asset	179,245	233,700
Associated Company			
- Mitsubishi Corporation	Purchase of goods	-	93,190
Member of the Group			
- Engro Fertilizers Limited	Sale of goods	30,029	7,737
	Sales of utilities	128,609	132,787
	Purchase of services	73,519	89,807
	Reimbursement received	16,880	2,323
	Reimbursement made	50,538	22,915
- Engro Vopak Terminal Limited	Purchase of services	1,719,445	1,644,170
	Reimbursement made	30,774	12,598
	Reimbursement received	8,443	-
- Engro Digital Limited	Reimbursement received	-	6,428
- Engro Energy Limited	Reimbursement made	313	-
- Engro Energy Services Limited	Reimbursements received	571	1,596
	Reimbursement made	336	-
	Sale of goods	3,066	-
- Engro Powergen Thar (Private) Limited	Sale of goods	243	1,277
- Engro Powergen Qadirpur Limited	Reimbursement received	7,973	-
- Engro Foundation	Donations	260,018	5,000
- Engro Eximp FZE	Reimbursement received	597	-
- Sindh Engro Coal Mining Company Limited	Reimbursements made	12	-
	Reimbursement received	478	-
Directors	Fee	8,885	1,617
Contribution to staff retirement benefits	**Managed and operated by the Holding Company**		
	- Provident fund	154,655	70,719
	- Gratuity fund	120,563	65,339
	- Pension fund	5,768	3,042
Key management personnel	Managerial remuneration	144,436	241,041
	Retirement benefit funds	20,715	18,696
	Bonus	55,018	50,398
	Other benefits	24,740	26,500

(Amounts in thousand)

46.3 The related party status of outstanding balances as at December 31, 2021 is disclosed in the respective notes.

47. GENERAL

47.1 Number of employees

	2021	2020
- Total number of employees	598	563
- Average number of employees	586	537

Included herein are 508 (2020: 480) employees working at the plant of the Company as at December 31, 2021 and average number of these employees during the year was 527 (2020: 456).

47.2 Production capacity

	Designed annual capacity		Actual production		Remarks
	2021	2020	2021	2020	
	Kilo tons				
PVC - note 47.2.1	295	195	243	153	Production planned as per market demand and in-house consumption needs
EDC	127	127	94	79	
Caustic soda	106	106	92	77	
Caustic flakes	20	20	8	2	
VCM - note 47.2.1	254	204	203	148	
	Mega Watts				
Power	66	66	55	48	

47.2.1 The aforementioned represents the enhanced capacity after the commercial operations of PVC-III expansion project and the VCM debottlenecking project as referred in notes 1.5.1 and 1.5.2, respectively.

48. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on February 8, 2022 has proposed a final cash dividend of Rs.4,999,078 (2020: Rs.1,133,562) which is approximately Rs. 5.50 (2020: Rs. 1.247) per share. This appropriation will be approved by the members at the Annual General Meeting to be held on March 16, 2022.

Further, the Board of Directors in the meeting has proposed a final cash dividend for preference shareholders of Rs. 81,000 (2020: for the period from December 18, 2020 to December 31, 2020 of Rs. 12,485) which is approximately Rs. 0.27 per share (2020: Rs 0.042 per share). This appropriation will be approved in the Annual General Meeting to be held on March 16, 2022. This is in addition to an interim cash dividends of Rs. 10.8 per ordinary share and Rs. 0.84 per preference share for the year ended December 31, 2021.

(Amounts in thousand)

49. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 8, 2022 by the Board of Directors of the Company.

Jahangir Piracha	**Rabia Wafah Khan**	**Feroz Rizvi**
Chief Executive Officer	Chief Financial Officer	Director

shareholder's
information

notice of annual general meeting

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of Engro Polymer & Chemicals Limited (the "Company") will be held at Karachi School of Business and Leadership (KSBL), National Stadium Road, Opp. Liaquat National Hospital, Karachi – 74800 on March 16th, 2022, at 10:00 A.M. to transact the following business:

Please note that due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance will be limited, and shareholders are encouraged to attend the meeting through 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, 2021, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

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

2. To declare, as recommended by the Directors, the payment of a final cash dividend at the rate of PKR 5,080,078,331.50 for the year ended December 31, 2021 which shall be distributed as follows:

Final cash dividend for ordinary shareholders for the year ended December 31, 2021 Rs. 5.50 per share i.e. 55%. This is in an addition to interim cash dividend already paid at Rs. 10.80 per share i.e. 108%

Final cash dividend for preference shareholders for the year ended December 31, 2021 Rs. 0.27 per share i.e. 2.70%. This is in an addition to interim cash dividend already paid at Rs. 0.84 per share i.e. 8.4%.

3. To appoint Auditors for the year 2022 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 by way of Special Resolution with or without modification the following resolutions with respect to the related party transactions in which majority of Directors of the Company are interested in terms of Sections 207 and 208 (to the extent applicable) of the Companies Act, 2017:

RESOLVED THAT Engro Polymer & Chemicals Limited (the "Company") be and is hereby authorized to enter into the Service Level Agreement (the "SLA") with Engro EXIMP FZE (the "Transaction").
FURTHER RESOLVED THAT for the purposes aforesaid, the Chief Executive Officer, Chief Financial Officer of the Company or their delegates be and are hereby authorized and empowered to do the following on behalf of the Company:

(i) finalize the terms of the SLA on an arm's length basis along with all other documents intended to be entered into for the purposes of the above resolutions, as well as to execute the same;
(ii) terminate, amend, or renew the SLA on an arm's length basis, and to execute all relevant documentation in relation thereto; and
(iii) generally do all acts, deeds and things as may be required with respect to the aforementioned resolutions along with all incidental actions and matters in respect of the same.

Attached to this notice is the Statement of Material Facts covering the above-mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017

By Order of the Board

Karachi,
Dated: February 17, 2022

Khawaja Haider Abbas, ACA
Company Secretary

notes

1.Participation in the AGM proceeding via physical presence or through video conferencing facility:

Due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance at the AGM will be limited to 50% of the venue capacity, or 50 members present. Hence, 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/Svc5bvK4XM**. Members wishing to attend in person must also provide a copy of their vaccination certificates at the above link. 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.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card on them. These measures are necessary to ensure the safety and health of all present.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address **agm.epcl@engro.com**

2. Electronic transmission of Annual Report 2021
In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2021 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited, printed notice of AGM along with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request.

Further, shareholders are requested to kindly provide the valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

3. The Share Transfer Books of the Company will be closed from Wednesday, March 9, 2022, to Wednesday, March 16, 2022 (both days inclusive). The transfers received in order at the office of the Company's share registrar, M/s. FAMCO Associates (Private) Limited, 8-F, near hotel Faran, Block 6, PECHS, Shahra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m.) on Tuesday, March 8, 2022 will be treated to have been in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.

4. A member entitled to attend and vote at this Meeting 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 Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

5. Requirements for appointing Proxies

(a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
(b) The proxy form shall be witnessed by two 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 Annual General Meeting.
(e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.

6. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item, subject to the requirements of sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

7. Electronic dividend mandate
Under the Section 242 of the 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 Associates (Private) Limited, in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

9. Submission of valid CNIC (Mandatory)
As per SECP directives the dividend of shareholders who's valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, M/s. FAMCO Associates (Private) Limited without any further delay.

10. 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 Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years was sent to shareholders.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Company in the given time, the Company shall after give 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.

11. Conversion of Physical Shares into CDC Account
The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (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, and readily available for sale and purchase in open market at better rates. The shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Associates (Private) Limited at the following address for the conversion of physical shares into book-entry form.

notice of 24th annual general meeting

statement under section 134 (3) of the companies act, 2017 pertaining to special business

This Statement sets out the material facts pertaining to the Special Resolution described in the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 24th AGM of Engro Polymer & Chemicals Limited (the "Company") that is scheduled to be held on Wednesday, March 16, 2022.

The Company carries out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulations. Following related party transaction require Shareholders' approval under Sections 207 and 208 (to the extent applicable) of the Companies Act, 2017 as majority of Directors on the Company's Board are interested in the transaction.

The Independent Directors has recommended the transaction, details are as follows:

Name of related party	Engro EXIMP FZE
Names of interested persons or directors	Mr. Ghias Khan, Mr. Nadir Salar Qureshi, Mr. Eram Hasan, Mr. Rizwan Masood Raja, Mr. Hideki Adachi and Mr. Jahangir Piracha
Nature of relationship	100% owned subsidiary of Engro Corporation Limited which is a majority shareholder of the Company . Additionally, the common director between the Company and Engro E XIMP FZE is Mr. Eram Hasan.
T&Cs of transactions	Export finished goods to Engro EXIMP FZE and procure raw material and other trading products from Engro EXIMP FZE on market competitive rates. All transactions to be on arm's length basis
Amount of transactions	At market competitive rates and on arm's len gth basis
Timeframe	1 year – extendable by mutual consent of both parties
Pricing policy	At market competitive rates and on arm's length basis

Standard request form

Circulation of Annual Audited Accounts

The Share Registrar
Engro Polymer & Chemicals Ltd.

FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal
KARACHI.
E-mail: info.shares@famco.com.pk
Telephone No. (9221) 3438 0101-5, 3438 4621-3
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 Ltd. 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 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 / NICCP / Passport No.
Land Line Telephone Np. (if any)
Cell No. (if any)

Yours truly,

____
Shareholder's Signature

Proxy form

I/We ____
of ____ being a member of ENGRO POLYMER AND CHEMICALS LIMITED and holder of
____ Ordinary shares as per share
(Number of Shares)
Register Folio No. _________________ and/or CDC Participant I.D. No. _______________ and Sub Account No._______________, hereby appoint_______________ of _______________or failing him/her _______________________of _______________________ as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on the 16th day of March, 2022, and at any adjournment thereof.

Signed this ______________________________day of ___________________2022.

WITNESSES:

1. Signature : ______________________
   Name : ______________________
   Address : ______________________
   : ______________________
   CNIC or : ______________________
   Passport No. : ______________________

2. Signature : ______________________
   Name : ______________________
   Address : ______________________
   : ______________________
   CNIC or : ______________________
   Passport No. : ______________________

Signature

(Signature should agree with the specimen registered with the company)

Notes:

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/ہم ______________________________

کے ______________________________ بطور اینگرو پولیمر اینڈ کیمیکلز کا رکن اور

حامل ______________________________ (حصص کی تعداد) عام حصص جیسا کے رجسٹر فولیو نمبر ______________ اور/یا سی ڈی سی شراکت دار شناخت

نمبر ______________ اور سب اکاؤنٹ نمبر ______________ اس طرح مقرر/ منتخب ______________

کیا جاتا ہے یا انکی ناکامی کی صورت میں ______________ کے ______________

کو مورخہ 16 مارچ 2022 کو منعقد ہونے والی کمپنی کی بیسویں سالانہ جنرل میٹنگ میں بحیثیت میرے/ہمارے قائم مقام/نمائندہ اور میرے/ہماری جانب سے ووٹ دینا اور اس کے اختتام/التواء تک۔

مورخہ ______________

گواہان

دستخط ______________

نام ______________

پتہ ______________

شناختی کارڈ نمبر ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

یا پاسپورٹ نمبر: ______________

دستخط کمپنی کے رجسٹر سے متفق ہونا چاہیے

دستخط ______________

نام ______________

پتہ ______________

____

شناختی کارڈ نمبر ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

یا پاسپورٹ نمبر: ______________

نوٹ:

نمائندہ/ قائم مقام کو مئوثر کرنے کے لیے کمپنی کو میٹنگ شروع ہونے سے 48 گھنٹے قبل لازم موصول ہوجانی چاہیے۔نمائندہ/ قائم مقام کو کمپنی کا رکن ہونا ضروری نہیں ہے۔

اس فارم کو کمپنی میں کرانے سے پہلے حاصل سی ڈی سی حصص اور انکے نمائندہ/ قائم مقام دونوں کے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس فارم کے ساتھ منسلک کرنا ہوگی۔

Best Corporate Report Awards

2021 Evaluation Criteria

1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT What does the organization do and circumstances under which it operates	
S.No.		Pg no.
1.01	Principal business activities and markets local and international including key brands, products and services.	7 & 11-14
1.02	Geographical location and address of all business units including sales units and plants.	15-16
1.03	Mission, vision, code of conduct, culture, ethics and values.	3-6,22 77-78,99
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. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	20
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	19
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	11-14 & 121
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	170
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	123-124
1.09	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	126-127
1.10	Significant changes from prior years (regarding the information disclosed in this section).	132
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	132
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).	128

Best Corporate Report Awards

2021 Evaluation Criteria

2	STRATEGY AND RESOURCE ALLOCATION Where does the organization want to go and how does it intend to get there	
S.No.		Pg no.
2.01	Short, medium and long term strategic objectives.	23-24
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives.	23-24
2.03	Resource allocation plans to implement the strategy and financial capital structure.	30
2.04	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	25
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	30
2.06	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.	25-29
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	31
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	31
2.09	Significant changes in objectives and strategies from prior years.	32

Best Corporate Report Awards

2021 Evaluation Criteria

3	RISKS AND OPPORTUNITIES Specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them	
S.No.		Pg no.
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	129-131
3.02	Description of the Risk Management Framework including risk management methodology.	131-132
3.03	Sources of risks and opportunities (internal and external).	129-131
3.04	The initiatives taken by the company in promoting and enabling innovation.	31-32
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	129-131
3.06	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.	129-131
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	131
3.08	A statement from the board of directors that they have carried out a robust assessment of the principal risks facing the company.	132
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	132

Best Corporate Report Awards

2021 Evaluation Criteria

4	GOVERNANCE How does the organization's governance structure support its ability to create value in the short, medium and long term	
S.No.		Pg no.
4.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc."	41-48
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	57-58
4.03	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.	96-97
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members' of the Shariah Board.	110-111
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	101-102
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	101-102
4.07	Details of formal orientation courses for directors.	102
4.08	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.	102
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	N/A
4.10	a) Policy for remuneration to non-executive directors including independent directors. b) Policy of retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	104-105
4.11	Policy for security clearance of foreign directors.	105
4.12	How the organization's implemented governance practices exceeding legal requirements.	100
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	108

Best Corporate Report Awards

2021 Evaluation Criteria

4	GOVERNANCE How does the organization's governance structure support its ability to create value in the short, medium and long term	
S.No.		Pg no.
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	103
4.15	a) Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding. b) 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. c) Approved policy for related party transactions including policy for disclosure of interest by directors in this regard.	105 & 321
4.16	Details of board meetings held outside Pakistan during the year.	104
4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	105
4.18	Investors' grievance policy.	106
4.19	Policy for safety records of the company.	106-107
4.20	Disclosure of IT Governance Policy.	107
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	107
4.22	Human resource management policies including preparation of a succession plan.	107
4.23	Social and environmental responsibility policy.	109
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	117-118
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	104
4.26	Compliance with the Best Practices of Code of Corporate Governance	195-196
4.27	A brief description about role of the Chairman and the CEO.	102-103

Best Corporate Report Awards

2021 Evaluation Criteria

4	GOVERNANCE How does the organization's governance structure support its ability to create value in the short, medium and long term	
S.No.		Pg no.
4.28	Shares held by Sponsors / Directors / Executives.	89
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	103-104
4.30	Timely Communication Date of authorization of financial statements by the board of directors: "within 40 days ---6 marks within 60 days ---3 marks"	8 Feb 22
4.31	Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. 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 information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	113-115

Best Corporate Report Awards

2021 Evaluation Criteria

4	GOVERNANCE How does the organization's governance structure support its ability to create value in the short, medium and long term	
S.No.		Pg no.
	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	113-115
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.	103
4.33	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	103
4.34	Chairman's significant commitments and any changes thereto.	103
4.35	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.	85
4.36	Pandemic Recovery Plan by the management and policy statement.	118

Best Corporate Report Awards

2021 Evaluation Criteria

5	PERFORMANCE AND POSITION To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	
S.No.		Pg no.
5.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: (a) Past and current performance; and (b) Performance against targets /budget (c) Objectives to assess stewardship of management. The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	167-192
5.02	Analysis of financial statements:	
	a) Financial Ratios	181-182
	b) DuPont Analysis	191-192
	c) Free Cash Flow	172
	d) Economic Value Added (EVA)	172
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years.	167-169
5.04	Summary of Cash Flow Statement for last 6 years.	171-172
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	171,175-180, 183-184, 187-189
5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	183-184 173-176
5.07	Information about defaults in payment of any debts and reasons thereof period.	192
5.08	Methods and assumptions used in compiling the indicators.	192
5.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	171
5.10	Segmental review of business performance.	177-180

Best Corporate Report Awards

2021 Evaluation Criteria

5	PERFORMANCE AND POSITION To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	
S.No.		Pg no.
5.11	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	190
5.12	History of major events during the year.	9-10
5.13	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	190
5.14	Brief description and reasons; a) For not declaring dividend despite earning profits and future prospects of dividend. b) Where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	192
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	16

6	OUTLOOK Challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance	
S.No.		Pg no.
6.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations in the short, medium and long term. Also explaining 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 how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	161-162
6.02	Explanation as to how the performance of the entity meets the forward looking disclosures made in the previous year.	162
6.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	162-163
6.04	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	163
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	164

Best Corporate Report Awards

2021 Evaluation Criteria

7	STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT State of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	
S.No.		Pg no.
7.01	How the company has identified its stakeholders.	35-36
7.02	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 entity, and how those relationships are managed.	35-36
7.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	37
7.04	Investors' Relations section on the corporate website.	37
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	37
7.06	Statement of value added and its distribution with graphical presentation:	38
7.07	Stakeholders engagement policy and 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.	35-36
7.08	Highlights about redressal of investors' complaints.	38

Best Corporate Report Awards

2021 Evaluation Criteria

8	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	
S.No.		Pg no.
1	Fair value of Property, Plant and Equipment.	N/A
2	Segment analysis of segment revenue, segment results and profit before tax.	253 & 315
3	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	244 & 306
4	Particulars of significant/ material assets and immovable property including location and area of land.	219 & 281
5	Disclosure of product wise data mentioning, product revenue, profit etc.	253 & 315
6	Disclosure of discounts on revenue.	239 & 300
7	Sector wise analysis of deposits and advances.	N/A
8	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
9	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	N/A
10	Summary of significant transactions and events that have affected the company's financial position and performance during the year.	209 & 269
11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
12	Distribution of shareholders (Number of shares as well as category wise, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.).	230-231, 290-291 & 86-93
13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding.	230 & 290
14	Particulars where company has given loans or advances or has made investments in foreign companies or undertakings.	N/A
15	Accounts Receivable in respect of Export Sales - Name of company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	226 & 286
16	Treasury shares in respect of issued share capital of a company.	N/A
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include name of the court, agency or authority in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and the relief sought.	234,294, 237-238, 298-299

Best Corporate Report Awards
2021 Evaluation Criteria

8	SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS	
S.No.		Pg no.
18	Management assessment of sufficiency of tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last three years.	237-238, 298-299
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	244 & 305
20	In respect of loans and advances, other than those to the suppliers of goods or services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees one million, together with the collateral security, if any.	227 & 287
21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	296,236, 301-303, 240-241
22	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	231 & 291
23	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
24	Standards, amendments and interpretations adopted during the current year along with their impact on the company's financial statements.	211, 212 & 272
25	Standards, amendments and interpretations, not yet effective and not adopted along with their impact on the company's financial statements.	211, 212 & 272

9	SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY	
S.No.		Pg no.
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	135 - 158
9.02	Certifications acquired and international standards adopted for best sustainability and CSR practices.	17-18

Best Corporate Report Awards
2021 Evaluation Criteria

10	BUSINESS MODEL Business model is a system of transforming inputs, through business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term	
S.No.		Pg no.
10.01	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 <IR>.	121

11	STRIVING FOR EXCELLENCE IN CORPORATE REPORTING	
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	192
11.02	Adoption of International Integrated Reporting Framework <IR> by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of <IR> into their corporate reporting in addition to the 'Content Elements' (disclosures) of <IR>, as covered in this criteria.	157
11.03	Disclosures beyond BCR criteria	344

12	ASSESSMENT BASED ON QUALITATIVE FACTORS	
12.01	Qualitative Assessment of Annual report	N/A

13	OTHERS	
13.01	BCR criteria cross referred with page numbers of the annual report.	N/A
13.02	Brief about contents, scope and boundaries of the annual report.	Please refer" about the theme" &" Table of content"
13.03	SWOT analysis.	125-127

11.03 Disclosures beyond BCR criteria		
1	Functional objectives and strategies	25-32
2	Management and functional committees	55-56
3	Governance framework	100
4	Key highlights and major achievement	17-18

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے حتمی کیش منافع منقسمہ 5.50 روپے،فی عمومی شیئر ، اور 0.27روپے فی ترجیحی شیئر کا اعلان کیاہے ، جسے شیئر ہولڈرز کی طرف سے سالانہ اجلاس عام کے موقع پر منظور کیا جانا ہے

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی کی مدت پوری ہو رہی ہے،اور انہوں نے دوبارہ تقرر کے لیے خود کو پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے دوبارہ تقرر کی تجویز پیش کی اور بورڈ آف ڈائریکٹر نے اس تجویز کی توثیق کی۔

جہانگیر پراچہ

فیروز رضوی

صنفی تنوع پر **بورڈ کی پالیسی**

بورڈ آرگنائزیشن میں تمام مرحلوں پر صنفی تنوع کی حوصلہ افزائی کرتا ہے۔ اس حوالے سے محترمہ عائشہ عزیز کا 2020میں EPCLکے بورڈ میں کمپنی کا انڈیپنڈنٹ ڈائریکٹر منتخب کے طور پر تقرر کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس پر **عمل درآمد**

بورڈ آف ڈائریکٹر ز کمپنی کے تمام اہم معاملات کا جائزہ لیتا ہے۔ اس میں شامل ہیں مگر اسی تک محدود نہیں، کمپنی کی حکمت عملی کی سمت، سالانہ کاروباری منصوبے اور اہداف، طویل مدتی سرمایہ کاری اور قرضوں کے حوالے سے فیصلے۔بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلی معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز یہ رپورٹ کرنے میں خوشی محسوس کرتا ہے کہ مینجمنٹ کی طرف سے تیار کیے گئے مالیاتی گوشوارے منصفانہ اندازمیں معاملات کی صورتحال، آپریشنز کے نتائج اور ایکوئٹی میں آنے والی تبدیلیوں پیش کرتے ہیں

مالیاتی گوشواروں کی تیاری ا میں باقاعدہ بکس آف اکاؤنٹ برقرار رکھی گئی ہیں
مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو رکھی گئی ہیں اور اکاؤنٹنگ تخمینے مناسب اور محتاط فیصلوں کی بنیاد پر ہیں
مالیاتی گوشواروں کی تیار میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات پر عمل کیا گیا ہے اور اس سے کسی بھی انحراف کو واضح طور پر عیاں کیا گیا ہے
اندرونی کنٹرول کا نظام اپنی ساخت میں مستحکم ہے اور موئثر طورپر اس کا نفاذ اور نگرانی کی جارہی ہے
ایک جاری رہنے والے ادارے کے طور پر کمپنی کی صلاحیت پر کوئی بھی اہم نوعیت کے شبہات نہیں ہیں
لسٹنگ قواعد میں تفصیل سے بیان کردہ کارپوریٹ گورننس کے طریقوں سے کوئی بھی انحراف نہیں کیا گیا ہے۔

بنیادی خدشات کے حوالے سے **بورڈ کا تجزیہ**

بورڈ نے کمپنی کو درپیش خطرات کا جائزہ لیا ہے، بشمول مگر اس تک محدود نہیں، جو کاروباری ماڈل، مستقبل کی کارکردگی، حل پذیری، اور لکوئیڈٹی

ڈائریکٹرز کے لیے **تربیتی پروگرام**

ایس ای سی پی سے منظور شدہ پاکستان کے تسلیم شدہ اداروں سے گذشتہ سال جناب غیاث خان ، جناب فیروز رضوی، جناب نادر سالار قریشی، جناب ارام حسن، محترمہ عائشہ عزیز،جناب جہانگیر پراچہ، جناب رضوان مسعود کی طرف سے ڈائریکٹرز کے لیے تربیتی پروگرام مکمل کیا گیا ہے۔

ڈائریکٹر اورینٹیشن **(واقفیت پر مبنی پروگرام/نشست)**

کمپنی کے ڈائریکٹرز مختلف پس منظر سے آتے ہیں اور وسیع تجربہ اپنے ساتھ لاتے ہیں۔ ایک نئے ڈائریکٹر کی شمولیت کے بعد ، انہیں

کمپنی پر اثر انداز ہونے والی مار کیٹ کی حرکیات ، اس کے آپریشنز، اور طویل مدتی حکمت عملی کے حوالے سے آگاہ کیا جاتا ہے
انہیں ان کی تمام اسٹیک ہولڈرز کی وفاداری کی ذمہ داری سے بھی آگاہ کیا جاتا ہے

غیر ملکی ڈائریکٹر کی **سیکیورٹی کلیئرنس**

کمپنی کسی بھی غیر ملکی ڈائریکٹر کا تقرر کرتے ہوئے ایس ای سی پی کی رہنما ہدایات پر عمل کرتی ہے، اور غیر ملکی ڈائریکٹرز کا تقرروزارت داخلہ کی طرف سے سیکیورٹی کلیئرنس سے مشروط ہوتا ہے۔

قانونی تقاضوں سے زیادہ **گورننس کے طریقوں کا نفاذ**

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے، کمپنی ہمیشہ سے اپنے آپ کو ذمہ دار اور صاف رکھتی ہے۔

شفافیت کے فروغ کے لیے کمپنی ICAP, ICMAPاور SAFAکی تجویز کردہ رہنما ہدایات کے خلاف رپورٹنگ کی ضروریات بینچ مارک رکھتی ہے
کڑی اندرونی تجارتی پالیسی کو اپنایا گیا ہے، جو قانونی تقاضوں سے آگے رہتی ہے
تجزیہ کاروں کی سہ ماہی بریفنگز کا اہتمام کر تی ہے اور باقاعدگی سے تمام اسٹیک ہولڈرز سے رابطے میں رہتی ہے
صحت ، حفاظت اور ماحول سے متعلقہ پالیسی کا اطلاق کیا گیا ہے جو اپنے لوگوں، کمیونٹی اور ماحول کے تحفظ کے عزم کا منہ بولتا ثبوت ہے
ارد گرد کی کمیونٹیز کے معیار زندگی کو بہتر بنانے کے لیے صحت اور تعلیم کے کئی منصوبوں کا آغاز کیا گیا ہے۔
گروپ کمپنیز کے ملازمین پر کلوز پیریڈ ضروریات کو جاننے کی ذمہ داری سونپی گئی ہے۔
یقینی بناتی ہے کہ کمپنی کی نجی طورپر ملکیتی ماتحت ادارے ، بینچ مارک گورننس کے طریقوں پر عمل درآمد کرے۔

بورڈ اور مینجمنٹ کے **فیصلوں کا میٹرکس**

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی کی حکمت عملی کی سمت کا طے کرتے ہیں اور اس کے منصوبوں پر عمل درآمد اور کارکردگی کی نگرانی کرتے ہیں۔ جبکہ مینجمنٹ کی اصل ذمہ داری، بورڈ کی طرف سے منظورکردہ حکمت عملی پر عمل درآمد ہے۔مینجمنٹ بورڈ کی طرف سے خودمختار ہے کہ آپریشنز کے انتظام اور حکمت عملی کی تکمیل کے لیے ضروری فیصلے کرے

ٹریڈ کیے گئے شیئرز اور **ان کی اوسط قیمتیں**

سال کے دوران کمپنی کے677ملین شیئرزکی پاکستان اسٹاک ایکسچینج میں ٹریڈنگ کی گئی ۔ روزانہ بند ہونے والی قیمتوں کے حوالے سے کمپنی کے شیئر کی اوسط قیمت 53.19روپے رہی۔2021کے 52 ہفتوں کے دوران low high بالترتیب 42.84اور 65.45رہی۔

ڈائریکٹرز کا مشاہرہ

کمپنیز ایکٹ 2017 اور لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق کمپنی ڈائریکٹرز کے مشاہرے کے لیے شفاف طریقہ ء کار ڈاپر مبنی رسمی پالیسی رکھتی ہے۔پالیسی کے تحت نان ایگزیکٹو ڈائریکٹرز کو کاروبار سے متعلق سفر کے لیے سفری اور روزانہ الاؤنس کی ادائیگی کے حقدار ہیں۔
معاوضہ ، بشمول بورڈ یا بورڈ کمیٹی کے اجلاس میں شرکت کے لیے ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادا کی گئی ڈائریکٹر فیس صفحہ نمبر ۔۔۔ پر افشا کی گئی ہے
(غیر مربوط مالیاتی گوشواروں کا نوٹ۔۔۔۔)

فیصلوں سے متعلق اہم شعبے

انکم ٹیکس ، پروپژنز، ہنگامی حالات/وعدے، موئخر ٹیکس اثاثہ جات سے متعلق اہم شعبے ، اور دیگر شعبے جن میں ذاتی فیصلے اور اور ان کے مالیاتی گوشواروں پر مادی اثرات کی تفصیلات اکاؤنٹس کے نوٹ میں دی گئی ہیں۔

اکاؤنٹنگ کے معیارات

یہ مالیاتی گوشوارے پاکستان میں نافذ اکاؤنٹمگ اور رپورٹنگ کے معیارات کے مطابق تیار کیے گئے ہیں۔ پاکستان میں نافذ اکاؤنٹنگ اینڈ رپورٹنگ معیارات درج ذیل پر مشتمل ہیں

بین الاقوامی بورڈ اکاوئنٹنگ اسٹینڈرڈز بورڈ کی طرف سے جاری کردہ انٹرنیشنل فائنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ کمپنیز ایکٹ میں نشاندہی کی گئی ہے اور کمپنیز ایکٹ کے تحت ہدایات جاری کی گئی ہیں

جہاں کمپنیز ایکٹ2017کے تحت جاری کردہ ہدایات IFRSsسے مختلف ہیں وہاں کمپنیز ایکٹ2017کے تحت جاری کردہ ہدایات اور پروپژنز پر عمل کیا گیا ہے

پراویڈنٹ فنڈ

2013میں کمپنی نے اپنے پراویڈنٹ فنڈ کو اینگرو کارپوریشن لمیٹڈ ، ہولڈنگ کمپنی کے زریعے آپریٹ اور مینج کیے جانے والے پراویڈنٹ فنڈ سے تبدیل کر دیا۔ اس طرح ، درج ذیل معلومات ہولڈنگ کمپنی کی طرف سے برقرار رکھے گئے فنڈ کے 30جون 2021 کے تازہ ترین آڈٹ شدہ مالیاتی گوشواروں اور 31دسمبر2021کے غیر آڈٹ شدہ مالیوتی گوشواروں کی ہ بنیاد پرے
فنڈ کی تفصیلات درج ذیل ہیں

(in PKR)	30-Jun-21	31-Dec-21
مجموعی اثاثے	5,591598,187	5,069,048,481
سرمایہ کاری کی لاگت	4,625,926,494	4,592,437,896
سرمایہ کاری کی شرح فیصد	82.73%	90.59%
سرمایہ کاری کی منصفانہ قیمت	4,963,976,119	4,813,622,210

بورڈ کے اجلاس اور حاضری

2021 میں بورڈ آف ڈائریکٹرز نے اپنی سرگرمیوں کے مکمل دورانیہ کا احاطہ کرنے کے لیے 6 اجلاس کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے

ڈائریکٹر کا نام	حاضر شدہ اجلاس
غیاث خان	5
ارم حسن	6
نادر سالار قریشی	5
نوریوکی کوگا*	1
رضوان مسعود راجہ	6
عائشہ عزیز	6
فیروز رضوی	6
نظور علی بیگ	6
جہانگیر پراچہ	6
ہدیکی اداچی**	5

*31 مارچ 2021 سے بورڈ سے استعفیٰ دے دیا۔
**1 اپریل 2021 کو مسٹر نوریوکی کوگا کی جگہ بطور ڈائریکٹر منتخب ہوئے

بورڈ کی ساخت

مرد	8
خاتون	1

نام	اقسام
غیاث خان نادر سالار قریشی رضوان مسعود راجہ ہدیکی اداچی ارم حسن	نان ایگزیکٹو ڈائریکٹر
جہانگیر پراچہ	ایگزیکٹو ڈائریکٹر - سی ای او
فیروز رضوی نظور علی بیگ	آزاد ڈائریکٹر
عائشہ عزیز	آزاد ڈائریکٹر - خاتون

نام	بورڈ آڈٹ کمیٹی
فیروز رضوی	چیئرمین
ارم حسن	رکن
ہدیکی اداچی	رکن
ننظور علی بیگ	رکن

نام	بورڈ معاوضہ کمیٹی
عائشہ عزیز	چیئرمین
نادر سالار قریشی	رکن
رضوان مسعود راجہ	رکن
فیروز رضوی	رکن

No of Shareholders	Size of Holding		Total Shares
	From	To	
1	7,300,001	7,305,000	7,300,345
1	7,630,001	7,635,000	7,630,196
1	8,035,001	8,040,000	8,039,500
1	9,355,001	9,360,000	9,359,474
1	15,570,001	15,575,000	15,573,221
1	22,470,001	22,475,000	22,473,000
1	24,535,001	24,540,000	24,538,000
1	100,050,001	100,055,000	100,053,562
1	510,725,001	510,735,000	510,733,451
			908,923,333

No of Shareholders	Size of Holding		Total Shares
	From	To	
1	700,001	705,000	701,000
1	720,001	725,000	725,000
1	740,001	745,000	740,778
1	750,001	755,000	750,248
2	790,001	795,000	1,584,216
1	795,001	800,000	800,000
1	845,001	850,000	846,905
1	895,001	900,000	900,000
1	900,001	905,000	905,000
1	910,001	915,000	914,462
1	965,001	970,000	965,500
3	995,001	1,000,000	3,000,000
1	1,010,001	1,015,000	1,011,271
1	1,040,001	1,045,000	1,040,840
1	1,100,001	1,105,000	1,104,954
1	1,145,001	1,150,000	1,148,516
1	1,165,001	1,170,000	1,168,000
1	1,170,001	1,175,000	1,175,000
1	1,235,001	1,240,000	1,237,354
1	1,365,001	1,370,000	1,369,956
1	1,400,001	1,405,000	1,404,290
1	1,415,001	1,420,000	1,417,000
2	1,445,001	1,450,000	2,896,973
1	1,495,001	1,500,000	1,500,000
1	1,650,001	1,655,000	1,655,000
1	1,745,001	1,750,000	1,750,000
1	1,870,001	1,875,000	1,875,000
1	2,010,001	2,015,000	2,013,500
1	2,055,001	2,060,000	2,060,000
1	2,060,001	2,065,000	2,064,370
1	2,170,001	2,175,000	2,170,500
1	2,260,001	2,265,000	2,263,016
1	2,345,001	2,350,000	2,350,000
1	2,500,001	2,505,000	2,503,500
1	2,510,001	2,515,000	2,514,000
1	2,625,001	2,630,000	2,628,041
1	2,665,001	2,670,000	2,665,209
1	2,695,001	2,700,000	2,700,000
1	2,745,001	2,750,000	2,746,500
1	2,925,001	2,930,000	2,927,096
1	3,225,001	3,230,000	3,227,699
1	3,260,001	3,265,000	3,262,000
1	3,325,001	3,330,000	3,330,000
1	3,430,001	3,435,000	3,430,480
1	4,635,001	4,640,000	4,637,000
1	4,760,001	4,765,000	4,763,582
1	6,520,001	6,525,000	6,525,000

No of Shareholders	Size of Holding		Total Shares
	From	To	
2	230,001	235,000	464,308
1	240,001	245,000	245,000
6	245,001	250,000	1,495,500
2	250,001	255,000	504,146
1	255,001	260,000	255,500
2	260,001	265,000	524,500
3	270,001	275,000	821,872
3	280,001	285,000	847,942
6	285,001	290,000	1,733,298
3	295,001	300,000	900,000
1	300,001	305,000	305,000
1	305,001	310,000	309,000
2	320,001	325,000	649,324
3	325,001	330,000	986,000
2	330,001	335,000	666,121
1	335,001	340,000	336,995
1	365,001	370,000	366,849
1	375,001	380,000	376,000
1	380,001	385,000	384,000
1	385,001	390,000	386,623
2	395,001	400,000	795,871
1	400,001	405,000	404,000
2	405,001	410,000	818,000
1	410,001	415,000	410,986
1	415,001	420,000	417,752
1	420,001	425,000	424,644
1	425,001	430,000	425,493
1	435,001	440,000	438,500
1	440,001	445,000	441,098
2	445,001	450,000	896,000
2	455,001	460,000	914,138
1	465,001	470,000	465,500
1	485,001	490,000	487,990
4	495,001	500,000	2,000,000
1	500,001	505,000	500,534
1	515,001	520,000	518,500
1	530,001	535,000	530,173
1	540,001	545,000	544,786
3	565,001	570,000	1,704,349
1	580,001	585,000	581,995
1	595,001	600,000	600,000
1	640,001	645,000	640,357
1	665,001	670,000	666,849
2	680,001	685,000	1,369,956
2	685,001	690,000	1,376,588
1	690,001	695,000	694,761
1	695,001	700,000	699,000

9. Pattern of Shareholding – As at December 31, 2021

No of Shareholders	Size of Holding		Total Shares
	From	To	
618	1	100	19,557
17,768	101	500	8,403,552
5,660	501	1,000	4,255,498
2,873	1,001	5,000	7,474,741
753	5,001	10,000	5,894,251
301	10,001	15,000	3,866,958
203	15,001	20,000	3,743,628
127	20,001	25,000	2,895,696
68	25,001	30,000	1,896,121
72	30,001	35,000	2,388,119
45	35,001	40,000	1,735,547
27	40,001	45,000	1,154,311
76	45,001	50,000	3,748,630
22	50,001	55,000	1,180,730
25	55,001	60,000	1,465,432
22	60,001	65,000	1,385,089
17	65,001	70,000	1,167,185
19	70,001	75,000	1,407,788
11	75,001	80,000	865,654
7	80,001	85,000	580,910
11	85,001	90,000	963,232
4	90,001	95,000	376,247
17	95,001	100,000	1,697,500
2	100,001	105,000	206,800
10	105,001	110,000	1,078,813
4	110,001	115,000	448,823
5	115,001	120,000	591,192
6	120,001	125,000	746,296
5	125,001	130,000	642,062
3	130,001	135,000	399,000
9	135,001	140,000	1,247,990
2	140,001	145,000	287,500
4	145,001	150,000	598,000
4	150,001	155,000	607,219
3	155,001	160,000	475,683
6	160,001	165,000	983,456
1	165,001	170,000	165,214
5	170,001	175,000	862,978
5	175,001	180,000	894,040
7	180,001	185,000	1,275,407
3	185,001	190,000	562,042
3	190,001	195,000	582,500
15	195,001	200,000	3,000,000
1	205,001	210,000	208,050
2	210,001	215,000	423,500
2	220,001	225,000	445,089
1	225,001	230,000	230,000

نام	ملکیت
ایچ بی ایل اسلامک ایکویٹی فنڈ	50,000
فنڈ MTS فیصل - MT	50,000
HBL PF ایکویٹی سب فنڈ	35,000
ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ	34,000
فرسٹ حبیب اثاثہ مختص فنڈ	25,000
جے ایس اسلامک ڈیڈیکیٹڈ ایکویٹی فنڈ	20,102
ٹرسٹ مواداربہ	20,000
یو بی ایل ڈیڈیکیٹڈ ایکویٹی فنڈ	11,113
B.R.R. گارڈین مواداربہ	1,000
NITانکم فنڈ- MT	1,000
پاکستان انکم فنڈ - MT	1,000
کل	**73,829,646**

3. ڈائریکٹرز اور ان کی شریک حیات اور چھوٹے بچے

حصص یافتگان کی قسم	حصص کی ملکیت
غیاث خان	1
ارم حسن	1
نادر سالار قریشی	1
ہدیکی اداچی	1
رضوان مسعود راجہ	1
عائشہ عزیز	501
فیروز رضوی	1
نظور علی بیگ	1
کلثوم اشفاق زوجہ ارم حسن	13,699
کل	14,207

4. ایگزیکٹوز

حصص یافتگان کی قسم	حصص کی ملکیت
ایگزیکٹوز	283,937

5. پبلک سیکٹر کمپنیاں اور کارپوریشنز

حصص یافتگان کی قسم	حصص کی ملکیت
پبلک سیکٹر کمپنیاں اور کارپوریشنز	27,766,613

6. بینک، ترقیاتی مالیاتی ادارے، غیر بینکنگ مالیاتی کمپنیاں، انشورنس، تکافل اور پنشن فنڈز

حصص یافتگان کی قسم	حصص کی ملکیت
بینک، ترقیاتی مالیاتی ادارے، نان بینکنگ فنانس، کمپنیاں، انشورنس، تکافل اور پنشن فنڈز	48,593,879

7. کمپنی میں پانچ فیصد یا اس سے زیادہ ووٹنگ کی دلچسپی شیئر ہولڈنگ

حصص یافتگان کے نام	حصص کی تعداد	حصص کی ملکیت کا فیصد
اینگرو کارپوریشن لمیٹڈ مٹسوبشی کارپوریشن	510,733,451 100,053,563	56.19 11.01

8. ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات/ چھوٹے بچوں کے حصص کی خرید و فروخت کی تفصیلات

نام	فروخت	خرید	شرح	خریداری کی تاریخ / فروخت
محمد وقاص	-	16,500	51.57	28-Apr-2021
محمد وقاص	-	3,000	51.59	30-Jul-2021
محمد وقاص	-	500	64.33	01-Sep-2021
شاہد حسین	-	3,000	50.90	03-Dec-2021

2. موداربہ اور میوچل فنڈز

نام	ملکیت
میزان اسلامک فنڈ	15,573,221
NBP اسٹاک فنڈ	9,359,474
فیصل اسلامک ڈیڈیکیٹڈ ایکویٹی فنڈ	6,525,000
NBP اسلامک اسٹاک فنڈ	3,430,480
فیصل اسٹاک فنڈ	3,330,000
اٹلس اسٹاک مارکیٹ فنڈ	3,262,000
میزان تحفف پنشن فنڈ - ایکویٹی سب فنڈ	2,665,209
المیزان میوچل فنڈ	2,628,041
NBP اسلامی سرمیہ اضافہ فنڈ	2,503,500
الامین شریعہ اسٹاک فنڈ	2,263,016
ABL اسٹاک فنڈ	2,064,370
اٹلس اسلامک اسٹاک فنڈ	1,875,000
ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ	1,655,000
جے ایس گروتھ فنڈ	1,417,000
یو بی ایل اسٹاک ایڈوانٹیج فنڈ	1,237,354
فیصل اسلامک اسٹاک فنڈ	1,168,000
میزان بیلنسڈ فنڈ	1,104,954
کے ایس ای میزان انڈیکس فنڈ	1,011,271
الحمرا اسلامک اسٹاک فنڈ	1,000,000
ABL اسلامک اسٹاک فنڈ	792,175
الحمرا اسلامک ایسٹ ایلوکیشن فنڈ	750,248
الفلاح جی ایچ پی اسلامک اسٹاک فنڈ	699,000
میزان اثاثہ مختص فنڈ	694,761
این بی پی سرمایا اضافہ فنڈ	640,357
فیصل اثاثہ مختص فنڈ	569,000
الامین اسلامک ریٹائرمنٹ سیونگز فنڈ - ایکویٹی ذیلی فنڈ	487,990
میزان ڈیڈیکیٹڈ ایکویٹی فنڈ	424,644
الفلاح جی ایچ پی اسٹاک فنڈ	408,000
یو بی ایل ریٹائرمنٹ سیونگز فنڈ - ایکویٹی سب فنڈ	397,872
NBP بیلنسڈ فنڈ	386,623
جے ایس اسلامک فنڈ	376,000
الامین اسلامک ایسٹ ایلوکیشن فنڈ	273,890
جے ایس فنڈ	245,500
APIF - ایکویٹی سب فنڈ	245,000
NBP اسلامک ایکٹو ایلوکیشن ایکویٹی فنڈ	231,416
یونٹ ٹرسٹ آف پاکستان	210,500
فرسٹ حبیب اسلامک اسٹاک فنڈ	200,000
اٹلس اسلامک ڈیڈیکیٹڈ اسٹاک فنڈ	194,500
ABL اسلامک ڈیڈیکیٹڈ اسٹاک فنڈ	165,000
اے پی ایف ایکویٹی سب فنڈ	150,000
الفلاح جی ایچ پی الفا فنڈ	145,000
فرسٹ حبیب اسٹاک فنڈ	138,500
جے ایس پنشن سیونگ فنڈ - ایکویٹی اکاؤنٹ	125,000
الفلاح جی ایچ پی ویلیو فنڈ	106,000
اے کے ڈی انڈیکس ٹریکر فنڈ	79,197
جے ایس اسلامک پنشن سیونگ فنڈ - ایکویٹی اکاؤنٹ	76,000
الفلاح جی ایچ پی اسلامک ڈیڈیکیٹڈ ایکویٹی فنڈ	74,000
یو بی ایل اثاثہ مختص فنڈ	61,868
NBP اسلامی ریگولر انکم فنڈ	59,000
HBL انکم فنڈ - MT	51,500
HBL IPF ایکویٹی سب فنڈ	50,000

کارپوریٹ تجزیہ

دسمبر2021کو کمپنی میں شیئر ہولڈنگ درج ذیل ہے:

سیریل نمبر	حصص یافتگان کی قسم	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور ان کی شریک حیات اور چھوٹے بچے	9	14,207	0.00%
2	وابستہ کمپنیاں، ادارے اور متعلقہ فریق	3	611,827,854	67.31%
3	این آئی ٹی اور آئی سی پی	-	-	-
4	بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	10	16,475,696	1.81%
5	بیمہ (Insurance) کمپنیاں	10	32,118,183	3.53%
6	میوچل فنڈز	62	73,829,646	8.12%
7	10% شیئر ہولڈرز	2	610,787,014	67.20%
8	عام عوام :	28,655	146,607,197	16.13%
	a. مقامی			
9	دیگر (Others)	217	27,766,613	3.05%
10	ایگزیکٹوز	29	283,937	0.03%
	کل (10% شیئر ہولڈرز کو چھوڑ کر)	28,995	908,923,333	100%

رپورٹنگ فریم ورک کے تحت مطلوبہ شیئر ہولڈنگ کی معلومات درج ذیل ہیں :

1. وابستہ کمپنیاں، انڈرٹیکنگ اور متعلقہ فریق

حصص یافتگان کی قسم	حصص کی تعداد
اینگرو کارپوریشن لمیٹڈ	510,733,451
مٹسوبشی کارپوریشن	100,053,563
ای پی سی ایل ایمپلائز ٹرسٹ	1,040,840
کل	611,827,854

اسٹیک ہولڈرز سے روابط اور تعلقات

EPCL تمام سطحوں پراپنے اسٹیک ہولڈرز سے روابط پر یقین رکھتا ہے ۔ گذشتہ سال کے دوران ، ہم نے بہت سے پلیٹ فارموں کا استعمال کیا بشمول سہ ماہی سیکیورٹیز کی تجزیاتی بریفنگز،پریس ریلیز، پلانٹ کے دورے، حکمت عملی سے متعلق معاملات پر اسٹاک ایکسچینج کو disclosure، اور اس حوالے سے غیر رسمی بات چیت۔

تمام تر قانونی تقاضوں کو پورا کرنے کے لیے، کمپنی متعلقہ اداروں سے قریبی رابطے میں رہتی ہے بشمول ٹیکس ایجنسیاں، پاکستان اسٹاک ایکسچینج، اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان۔ ہم رسمی اور غیر رسمی ذرائع جیسے اجلاس اورکانفرنسوں کا انعقاد کرتے ہیں تاکہ اپنے صارفین اوروینڈرز سے رابطے میں رہا جائے۔ صارفین سے ہمارے رابطے اکثر انڈسٹری کی بہتری کے لیے کنیکی معاونت اوران کے کاروبار کی ترقی سے متعلق ہماری کوششوں پر مشتمل ہوتے ہیں۔

کمپنی کی ترقی کے پیچھے ملازمین ہماری بنیادی قوت ہیں، اور اسی لیے ، EPCL باقاعدگی سے ملازمین کے جذبے کو نظر میں رکھتاہے، انڈسٹری کے بہترین معیارات کے خلاف کسی قسم کی معلومات کے حوالے سے متعلقہ مینجرز اور ہیومن ریسورس کو کو آگاہ کرتا ہے تاکہ مناسب حکمت عملی ترتیب دی جاسکے۔

حکومت سے درکار معاونت

کمپنی حکومت سے درج ذیل معاملات میں معاونت چاہتی ہے

گیس کی قیمتوں میں اضافہ: 2018سیگھریلو صنعت پہلے ہی گیس کی قیمتوں میں اضافے کے کئی ادوار سے گزر رہی ہے، جس سے شیئر ہولڈر ویلیو متاثر ہوئی ہے۔ بین الاقوامی اداروں کے مقابلے اور گھریلو صنعت کی نشوونما اور علاقائی صنعت کی مسابقت کو یقینی بنانے کے لیے ضروری ہے کہ حکومت توانائی کی قیمتوں میں مسلسل اضافے کو روکے۔

گیس کی دستیابی: گیس کی دستیابی کے حوالے سے غیر یقینی صورتحال بالخصوص موسم سرما کے دوران ، نے کمپنی اور صنعت کو بڑے آپریشنل خدشات سے دوچار کر دیا ہے۔ فیڈ اسٹاک کی کمی کے باعث ،اس کے برے اثرات ملک کی برآمدات پر بھی مرتب ہوئے ہیں۔لہذا ضروری ہے کہ حکومت اس معاملے کے طویل مدتی حل پر زور دے تاکہ علاقائی صنعت کے آپریشنز کے تسلسل کو یقینی بنایا جاسکے۔

GIDC Case: معزز سپریم کورٹ نے 2020میں GIDC کے معاملے میں حکم جاری کیا، جس کے نتیجے میں کمپنی GIDC کی ادائیگی 48 ماہ میں کرنے کی پابند ہے۔ اس حوالے سے ایک ریویو پٹیشن بھی معزز سپریم کورٹ کی طرف سے مسترد کی جاچکی ہے۔ ہم یہ بات واضح کرنا چاہتے ہیں کہ EPCL نے GIDC کے اثرات کو صارفین تک منتقل نہیں ہونے دیے جیسا کہ پی وی سی کی قیمتوں کے تعین کا معیار بین الاقوامی قیمتوں کے لحاظ سے کیا گیا ہے جبکہ کاسٹک سوڈا کی قیمتیں طلب اور رسد کے محرکات پر مبنی ہیں۔ فی الحال، پاس نہ ہونے کی بنیاد پر GIDC کی ریکوری کے لیے سندھ ہائی کورٹ سے حکم امتناعی حاصل کر لیا گیا ہے، لہذا حکومت سے درخواست کی جاتی ہے کہ اس معاملے میں مداخلت کرے اور معاملے کے باہم فائدہ مند حل کے لیے تمام اسٹیک ہولڈرز سے موئثر مذاکرات کرے۔

پی وی سی کی ڈمپنگ: چائنا ، تائیوان، جنوبی کوریا اور تھائی لینڈ سے آنے والی پراڈکٹ پر اینٹی ڈمپنگ ڈیوٹی کے نفاذ کے باوجود پاکستان پی وی سی ڈمپنگ کا سامنا کر رہا ہے۔ اس کی وجہ یہ ہے کہ درآمد کنندگان نے دیگر ممالک جیسے یو ایس اے اور انڈونیشیا میں وینچرز کا آغاز کر دیا ہے۔ اس شعبے میں حکومت کی معاونت درآمد ی متبادل کے لحاظ سے کمپنی کو قوم کی خدمت کا موقع فراہم کرے گی۔

پی وی سی کی درآمدات پر ڈیوٹی: پی وی سی پر درآمدی ڈیوٹی کی موجودہ سطح کو برقرار رکھنا علاقائی پی وی سی انڈسٹری کے لیے بہت ضروری ہے۔ ہم اس بات کو نمایاں کرنا چاہیں گے کہ، EPCL نے حال ہی میں پی وی سی کی پیداواری صلاحیت میں 100,000 MTاضافے (195,000 MTسے 295,000MTتک) اور دیگر نشوونما اور کارکردگی کے حامل منصوبوں پر 150ملین یو ایس ڈالر کی سرمایہ کاری کی ہے جو علاقائی مارکیٹ کی طلب سے زیادہ ہے ۔ موجودہ ٹیرف کا اسٹرکچر مکمل پی وی سی چین میں کافی نیچے ہے۔ ہمیں یقین ہے کہ کوئی بھی ٹیرف rationalizationہماری سرمایہ کاری کو بری طرح متاثر کرے گی جسے عالمی سطح تک پہنچنا ہے تاکہ ہم عالمی طور پر مسابقانہ رہیں۔ کسی کو بھی اس بات پر زور دینا چاہیے کہ درآمدی متبادل ملک کا گراں قدر زر مبادلہ بچاتے ہیں۔

مستقبل کا منظر نامہ

وبا کی وجہ سے بے شمار چیلنجز کے سامنے کے باوجود،جن میں سائٹ پر افراد کی کمی شامل ہے، EPCL کی طرف سے نئے منصوبوں اور مارکیٹوں کی شناخت کے ساتھ، اپنے پہلے سے اعلان کردہ منصوبوں کی کامیاب تکمیل کے لیے کام جاری ہے۔ ان کاوشوں پیچھے کار فرما قوت بین الاقوامی محاذ پر پولیمرز اور متعلقہ کمیکلز کے شعبے میں پاکستان کی قیادت کاعزم ہے۔
منصوبوں کے حوالے سے اپ ڈیٹ درج ذیل ہے

آکسیجن بیسڈ VCM کی پیداوار: شیئر ہولڈر ویلیو پر اثرات کی بناء پر سے آپریشنل کارکردگی کمپنی کی توجہ کا اصل مرکز ہے ۔ یہی وجہ ہے کہ،، بورڈ آف ڈائریکٹرز نے VCM کی ائیر بیسڈ ٹیکنالوجی سے آکسیجن بیسڈ ٹیکنالوجی پرمنتقلی کے مقصد کے لیے اس منصوبے کی منظوری دی ہے یہ بحیثیت مجموعی خام مال کی کھپت میں 2 فیصد کمی کا باعث ہو گا۔ یہ منصوبہ تکمیل کے مراحل میں ہے اور توقع ہے کہ 2022 میں مکمل ہو جائے گا۔

ہائیڈروجن پر آکسائیڈ: کمپنی کاسٹک سوڈا کی تیاری کے عمل کے ذیلی پراڈکٹ کے طورپر ہائیڈروجن پیدا کرتی ہے، جو کہ فی الحال ہمارے پاور پلانٹ میں ایندھن کے طور پر استعمال ہوتی ہے۔ اس منصوبے کی تکمیل کے بعد، ہائیڈروجن کو ہائیڈروجن پر آکسائیڈ کی تیاری کے لیے استمال کیا جائے گا جو اس کے ایندھن کے طور پر موجودہ استعمال کے مقابلے میں زیادہ قدر فراہم کرے گا۔ ہائیڈروجن پر آکسائیڈ بنیادی طور پر ٹیکسٹائل انڈسٹری میں ایک بلیچنگ ایجنٹ کے طور پر استعمال ہوتا ہے ، جو ایک ایسا شعبہ ہے جسیہم پہلے ہی اپنی کاسٹک سوڈا لائن کے ذریعے خدمات فراہم کر رہے ہیں ۔ منصوبہ 2023میں آن لائن آنے کی توقع ہے۔

ہائی ٹمپریچر ڈائریکٹ کلورینیشن: EPCLہمیشہ توانائی کے لحاظ سے موئثر حل کی تلاش اور اپنی توانائی کی کھپت کو بہتر بنانے کے لیے کوشاں رہتا ہے۔ HTDC اس مقصد کے لیے کی گئی کمپنی کی انہی کاوشوں کا نتیجہ ہے۔ تکمیل کے بعد، یہ کمپنی کے کاربن فٹ پرنٹ کو کم کرے گا اور توانائی کی کارکردگی مزید بہتر کرے گا۔ یہ منصوبہ 2023میں آن لائن آنے کی توقع ہے۔

لینئیر اکلائل بینزین سلفونک ایسڈ: بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 10 اگست 2021میں LABSAمنصوبے کو آگے نہ بڑھانے کا فیصلہ کیا۔

آگے کی طرف دیکھتے ہوئے، مذکورہ منصوبے کی تکمیل EPCLکی توجہ کا اہم مرکز رہے گی۔ یہ کمپنی کو اپنی مضبوط آپریشنل اور مالیاتی کارکردگی کو جاری رکھنے میں مدد فراہم کرے گا۔

کلچر (ثقافت)

پاکستان کے دباؤ پر مبنی مسائل کا حل اور ملازمین کی قیادت کی صلاحیتوں کو نکھارنے کا اینگرو کا مرکزی خیال، آرگنائزیشن کے کلچر کا بنیادی خاصہ ہے۔ 2021میں ، ہم نے کام کے طریقہ کار کی رفتار اور کارکردگی بڑھانے کے لیے اپنے کلچر پر توجہ مرکوز رکھی۔ ہیومن ریسورسز باقاعدگی سے بورڈ آف ڈائریکٹرز کو کمپنی کے اپنے کلچر کے فروغ میں کامیابی کے حوالے سے آگاہ رکھتا ہے۔سال بھر، کلچر کے حوالے سے اشتراک توجہ کا ایک اہم مرکز رہا۔یہ جاننے کے لیے کہ مختلف ٹیمیں کس طرح کام کرتی ہیں، کس طرح اشتراک، نیٹ ورک اور ایک دوسرے انضام کرتی ہیں ، ایک سروے کیا گیا ۔اشتراک ، ڈویژن کے لحاظ سے مخصوص ایکشن پلاننگ کی گئی۔ اپنے کلچر کو مزید فروغ دینے کے لیے، بوڈ اور اس کے ساتھ ساتھ ٹاپ مینجمنٹ درست لوگوں کے انتخاب اور انہیں آگے بڑھانے کے لیے کوشاں رہتے ہیں۔

2020 کی طرح ، COVID-19 کی وجہ سے جنم لینے والے چیلنجز برقرار رہے۔ وبا کے تناظر میں، ایک باہم روابط پر مبنی کلچر جو کمپنی کی نشوونما کے اقدامات کی معاونت کرے، کو برقرار رکھتے ہوئے، بورڈ کے تبادلہ ء خیال کا مرکز ملازمین کا تجربہ اور آرگنائزیشن کا کام کرنے کا طریقہ رہا۔ کمپنی کی قیادت "walking the talk" پر یقین رکھتی ہے اور اپنے آپ کو مثال کے طور پر پیش کرتی ہے جس نے COVID-19کے دوران درپیش چیلنجنگ دور میں ملازمین کی حوصلہ افزائی میں اہم کردار ادا کیا۔

آرگنائزیشن کے کلچر کا ایک اور اہم ستون ضابطہء اخلاق ہے، جو ان رویوں کا آئنہ دار ہے جن کی ہماری آرگنائزیشن قدر کرتی ہے اور فروغ دیتی ہے۔ ضابطہ اخلاق کا وقتاً فوقتاًجائزہ لیا جاتا ہے اور اس کے بارے میں ملازمین کو آگاہ کیا جاتا ہے۔

باہم رابطے (Engagement)

کمپنی نے اپنے ملازمین کے ساتھ مضبوط تعلق کا میکنزم وضع کیا ہے جو یقنی بناتا ہے کہ وہ باہم رابطے میں رہیں، اور آرگنائزیشن کے ساتھ طویل عرصے تک رہنے کو ترجیح دیں۔ اس مقصد کے حصول کے لیے، ہیومن ریسورس نے وبا کے دوران ، بار بار اور بامعنی ابلاغ کے لیے ملازمین کے ساتھ روابط کو بڑھانے میں اہم کردار ادا کیا۔ ملازمین سے ربط بڑھانے کے لیے اس سال اٹھائے گے دیگر اقدامات درج ذیل ہیں ۔

اس بات پر توجہ کہ ہمارے مینجرز کس انداز سے ملازمین کو فیڈ بیک دیتے ہیں
اس طرح کی مداخلت پر توجہ جو ملازمین کی فلاح میں معاون ہو اور ملازمین کو پوری دلجمعی سے کام پر آنے پر مائل کرے
صنفی تنوع کو بہتر بنانے کے حوصلہ مند اہداف مقرر کرتے ہوئے تنوع اور شمولیت کے حوالے سے ہمارے عزم کے بارے میں کھل کر اظہار کرنا

باہم ربط پر مبنی اہم اقدامات درج ذیل تھے

ڈویژنل ہیڈز اور سی ای او کی طرف سے ٹاؤن ہال
ہیومن ریسورس کی طرف سےPolicy Talks
مخصوص فورمز کے ذریعے سی ای او سے اشتراک اور مذاکرات کا فروغ
ملازمین کے لیے فورمز اور فوکس گروپس
ملازمین کے تجربے پر مبنی سروے

ہمارا engagement سروے ملازمین کے خیالات بورڈ تک پہنچانے کا ایک اہم ذریعہ ہے۔ جیسا کہ اوپر بیان کیا گیا ہے کہ ملازم کے رابطے کا اسکور تجربے کے لحاظ سے کارکردگی کے اشاروں میں سے ایک اہم اشارہ ہے۔ 2021میں، چوتھی سہ ماہی میں ایک سروے کیا گیا اور اسکور میں گذشتہ سال کے مقابلے میں 4 فیصد اضافہ دیکھا گیا۔ یہ ظاہر کرتاہے کہ ملازمین نہ صرف گھلا ملا اور بہتر نتائج کا حامل تصور کرتے ہیں ، بلکہ مرکزی خیال سے ایک گہرا رابطہ بھی محسوس کرتے ہیں اور پاکستان کے قومی مسائل کو حل کرنا چاہتے ہیں

ہماری ثقافت کا ایک اور اہم پہلو جو سال بھر توجہ کا مرکز رہا ، وہ تنوع اور شمولیت ہے ۔ ہمارے وژن 2030 کے اہم حصے کے طور پر، EPCL D&Iکی مینجمنٹ کمیٹی کے اجلاسوں اور بورڈ آف ڈائریکٹرز کے اجلاسوں کے لیے ایجنڈے کا ایک اہم جزو رہے گا۔ D&Iکے فروغ کے لیے ہیومن ریسورس کی طرف سے اٹھائے گئے چند اہم اقدامات درج ذیل ہیں

خواتین پر مشتمل ایک سال بھر کا کوچنگ پروگرام متعارف کروایا گیا۔ ہر طرح کی رکاوٹوں کو عبور کرتے ہوئے،خواتین ٹیلنٹ کو سیکھنے اورکوچنگ کا پلیٹ فارم فراہم کیا گیاجومختلف اداروں سے اشتراک سے انہیں اپنا کیرئیر آگے بڑھانے اور برقرار رکھنے میں مدد دے گا تاکہ STEMایجوکیشن میں خواتین کی تعداد میں اضافہ کیا جائے۔
اینگرو کی طرف سے شروع کیے گئے ایک اور اقدام بریک کے بعد کا آغاز کیا گیا ، جو EPCL میں پائلٹ کیا گیا تاکہ خواتین کو افرادی قوت میں بآسانی واپسی کا اہل بنایا جائے
آپریشنز ڈپارٹمنٹ میں پہلی خاتون TAE کی بطور اسسٹنٹ آپریشنز انجینئر کو کنفرم کیا گیا۔
تمام پانچ شعبے جن میں کمپنی نے اپلائی کیا ، میں ایوارڈ حاصل کرتے ہوئے، عالمی ادارے کی طرف سے D&Iکے دائرے میں کمپنی کی کوششوں کو تسلیم کیا اور سراہا گیا۔

صلاحیت اور صلاحیت کا ارتقا

جیسا کہ کمپنی وسعت اور اپنے قابل بھروسہ پروجیکٹس پر سرمایہ کاری جاری رکھتی ہے، بورڈ بالخصوص پروجیکٹس کی کامیاب تکمیل کے لیے درکار صلاحیتوں اور درست صلاحیتوں کے حامل ٹیلنٹ کی دستیابی اور ارتقا پر توجہ مرکوز رکھتا ہے۔اس طرف، ہیومن ریسورس نے اپنی توجہ گریجوئٹ ٹرینیز اور ٹریڈ اپرنٹسز کی طرف مبذول کی ہے اور آنے والے بے شمار پراجیکٹس کے لیے ٹیموں کی شناخت کی ہے تاکہ ان میں درست افراد کی شمولیت کو یقینی بنایا جائے

ہیڈکاؤنٹ سسٹم

صحت، حفاظت اور ماحول کے پراجیکٹس کے ذیل میں، ہیڈ کاؤنٹ سسٹم اس وقت زیر تکمیل ہے جو حادثات کے دوران پلانٹ میں افراد کو ٹریک اور ان کی نگرانی کرے گا، اور انتظامیہ اور پلانٹ پر HSE کو ہیڈ کاؤنٹ کا مجموعی منظر نامہ پیش کرے گا

انفو پلس21

فی الحال، EPCLمیں حقیقی وقت میں ڈیٹا لاگنگ اور آن لائن رسائی کے ذریعے محفوظ کرنے کا میکنزم موجود نہیں ہے۔ اس کی بناء پر ڈیٹا کے حصول، اسے محفوظ کرنے اور مختلف تجزیات کے لیے کمپیوٹر میں لاگنگ کرنے میں تاخیر کا سامنا کرنا پڑتا ہے۔ ڈیٹا ذرائع کا موجودہ طریقہ کار حادثات کی صورت میں لازمی طور پر دستیاب ہونا چاہیے ، جب ڈیٹا کے حصول اور اس کے تجزیے کی ضرورت سب سے زیادہ ہوتی ہے۔ یہ پراسس ٹیم کے لیے آپریشنز کی معاونت کے لیے درکار ڈیٹا کے حصول میں مشکلات پیدا کرتا ہے حادثات سے نمٹنے کے آپریشنز کے لیے درکار اثاثہ بھی مصروف رکھتا ہے۔

اس کے تدارک کے لیے، EPCLانفو پلس متعارف کروانے کے مرحلے میں ہے، جو ایک حقیقی وقت میں ڈیٹا کو مورخ ہے جو EPCLپلانٹ نیٹ ورک پر ڈیٹا حاصل کرتا اور اس کی منظر کشی کرتا ہے۔

انفو پلس21کی صلاحیتوں میں درج ذیل شامل ہیں

حقیقی وقت میں ڈیٹا کا حصول اور اسے محفوظ کرنا

پراسس ایکسپلورر استعمال کرتے ہوئے EPCLنیٹ ورک پر ڈیٹا کی منظر کشی

رپورٹنگ اور تجزیے کے لیے تاریخی ڈیٹا کو براہ راست ایکسل شیٹ پر درآمد کرنا

پلانٹ کی صحت کے فوری تجزیے کے لیے حقیقی وقت میں KPIsپیش کرنا

پیرا میٹرز پہلے سے طے کردہ حدود سے تجاوز کرنے کی صورت میں الرٹ جاری کرنا

فوری رسائی کے لیے سمجھنے میں آسان انداز میں پلانٹ کے ڈیٹا کو یکجا کرنا

ہیومن ریسورسز

مسلسل عمدہ کاروباری کارکردگی کا عزم لیے، EPCL اپنے کاروبار اور لوگوں پر کسی بھی قسم کا سمجھوتہ کیے بغیر گھر سے کام ، پر فوری طور پر عمل پیرا ہونے میں کاماب رہا۔ ہم نے virtually سیکھنے اور ترقی کے کئی کاروباری اقدامات اور پراجیکٹس متعارف کروائے

ہنر اور قیادت

کراس گروپ نقل و حرکت، ترقی کے لیے رسمی اقدامات ، اور ملازمین کی ذہنی و جسمانی بہتری کے لیے بڑھتی ہوئی کوششوں کے ذریعے کمپنی قیادت کے معیار پر توجہ مرکوز رکھتی ہے، جس کی بدولت ملازمین کے تجربے کے سروے کے اسکور میں 80سے84 فیصد تک اضافہ ہوا ہے۔ کمپنی کے اہم عہدوں کی شناخت اور ان عہدوں کے لیے جانشینی کی منصوبہ بندی کے زریعے ٹیلنٹ کی گہرائی میں مزید اضافہ ہوا ہے ۔ ترقی کے لیے ان اقدامات میں مینجر اور سینئر مینجر کے ساتھ ساتھ ہمارے پیشہ ور ملازمین کی سطح پر ملازمین کے لیے کلاس روم کی فنکنشل تربیت شامل ہے۔ اس کے علاوہ ، کمپنی کی تمام سینئر لیڈر شپ ٹیم نے مختلف تربیتی پروگرامز کا انعقاد بھی کیا ہے

ورک سیف تجزیات

(WorkSafe Analytics)

EPCL اپنے ملازمین کی حفاظت کو ہمیشہ اولین ترجیح رکھتا ہے۔ گو کہ تمام تر کوششیں کی جاتی ہیں کہ پلانٹ پر حاضری کو حد میں رکھا جائے، EPCL اس بات کو یقینی بناتا ہے کہ ٹیکنالوجی کے استعمال کو بروئے کار لاتے ہوئے پلانٹ پر موجود افراد کی حفاظت کی نگرانی کی جائے۔

اس بات کو سامنے رکھتے ہوئے کہ EPCL اپنے ملازمین کے تحفظ کو اپنی اولین ترجیح رکھتا ہے،COVID-19کے دوران سائٹ پر ایک کمپیوٹر وژن پر مبنی حل، ورک سیف Analytics نافذ کیا گیا تاکہ ماسک اور سماجی فاصلے کی خلاف ورزیوں کی نگرانی بذریعہ سی سی ٹی وی فوٹیج کی جائے اور خلاف ورزیوں پر مبنی تجزیہ جاری کیا جائے۔

اس کے نفاذ سے لے کر ، نگرانی اور ڈیٹا کی بنیاد پر کی جانے والی فیصلہ سازی کی بدولت ماسک اور سماجی فاصلے کی خلاف ورزیوں میں تقریباً 80 فیصد کمی واقع ہوئی، جو نتیجتاً سائٹ پر کرونا وائرس کے پھیلاؤ کو روکنے میں معاون ثابت ہوا۔

EPCL ورک سیف تجزیات کا اقدام ، ڈاکومینٹری
"Business: go woke or go broke? | The Economist"
کا بھی حصہ بنا۔

ہیڈکاؤنٹ سسٹم

صحت، حفاظت اور ماحول کے پراجیکٹس کے ذیل میں، ہیڈ کاؤنٹ سسٹم اس وقت زیر تکمیل ہے جو حادثات کے دوران پلانٹ میں افراد کو ٹریک اور ان کی نگرانی کرے گا، اور انتظامیہ اور پلانٹ پر HSE کو ہیڈ کاؤنٹ کا مجموعی منظر نامہ پیش کرے گا

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انفو پلس21کی صلاحیتوں میں درج ذیل شامل ہیں

حقیقی وقت میں ڈیٹا کا حصول اور اسے محفوظ کرنا
پراسس ایکسپلورر استعمال کرتے ہوئے EPCLنیٹ ورک پر ڈیٹا کی منظر کشی
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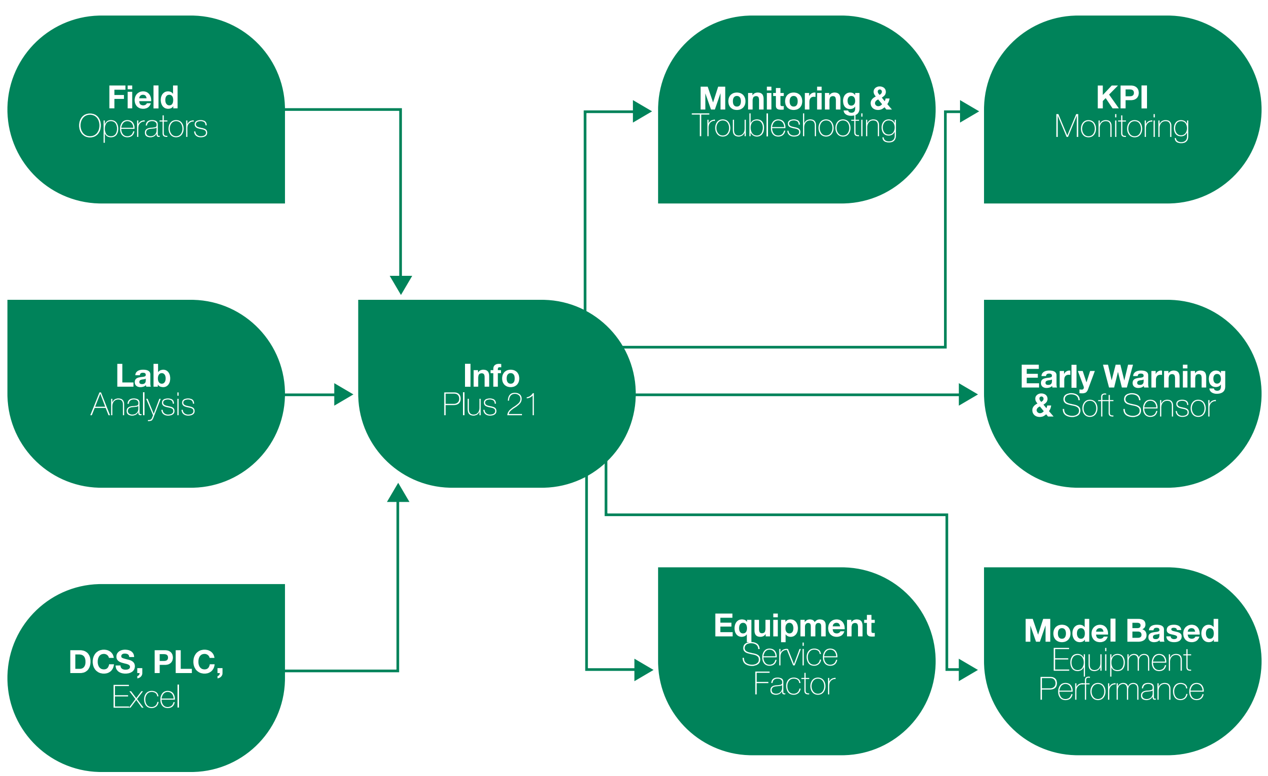
فوری رسائی کے لیے سمجھنے میں آسان انداز میں پلانٹ کے ڈیٹا کو یکجا کرنا



رسک analytics کی اہم خصوصیات درج ذیل ہیں

اہمیت اور اثرات کے لحاظ سے تجاویز کی اصلاح
EPCL کے پلانٹ کا دنیا بھر میں اس طرح کی دیگر سہولیات سے موازنہ تاکہ خدشات، ان کی وجوہات اور تجاویز کی جانچ کی جا سکے جو ابھی موجود نہ ہوں
سائٹ پر سب سے اہم خدشات کی کی نشاندہی اور اس کی بڑی وجوہات۔ PHA کے ہر اپ ڈیٹ کے ساتھ، تجزیہ اپ ڈیٹ ہوتا ہے تاکہ پلانٹ کی بہتر منظر کشی کی جا سکے
کم اثرات کے حامل حفاظتی اقدامات کو دور کرتے ہوئے فاضل پرزہ جات اور مرمت سے متعلق انونٹریز میں کمی

ڈیجیٹل لاگنگ

EPCL نے کاغذ کے زیاں میں کمی اور کام کی جگہ کو سرسبز کرنے کا عزم لیے، ڈیجیٹل لاگنگ کو متعارف کروایا تاکہ کاغذ کی چیک لسٹس کو ٹیبلٹس سے تبدیل کیا جائے جو چیک لسٹ کو فوری طور پر ڈیٹا بیس میں اپ لوڈ کرنے کو ممکن بناتا ہے، جس کی بدولت نہ صرف کاغذکی بچت ہوتی ہے، بلکہ دستی ڈیٹا اینٹری کی ضرورت کے خاتمے سے کام کی معیاد میں بھی کمی واقع ہوتی ہے۔
اطلاق سے لے کر اب تک ہر ماہ کاغذ کی ہزاروں شیٹس کی بچت کے سلسلے کو برقرار رکھتے ہوئے ، 415چیک لسٹس کو ڈیجیٹائز کیا گیا ہے اور 84836لاگ شیٹس جمع کروائی گئی ہیں

بناء کاغذ کے ماحول کے فروغ کے لیے ، ڈیجیٹل ٹرانسفارمیشن نے EPCL پلانٹ میں دستاویزات کی ڈیجیٹائزیشن کا سلسلہ شروع کیا ۔ اس مشق کے دوران، کل 150,000سے زائد دستاویزات کو 600dpi پر اسکین کیا گیا ، جو 150GBڈیٹا بنتا ہے۔ یہ اسکین شدہ دستاویزات ایک بار دستاویزات کی مینجمنٹ کا نظام نافذ ہونے کے بعد، 2022سے مختلف شعبوں کے لیے قابل رسائی ہوں گے

سیلز فورس

ایک ڈیجیٹل پلیٹ فارم ، سیلزفورس نافذ کرتے ہوئے انسانی عمل دخل کو کم کرنے اورسیلز کے عمل کی کارکردگی بڑھانے کے لیے سیلز ڈپارٹمنٹ کو بھی خودکار کر دیا گیا تاکہ صارفین کے لیے حقیقی وقت میں آرڈرزجنریٹ کرنے اور ہمارے اندرونی استعمال کنندگان کے لیے اس کی منظوری، ترسیل، راہ چلتے آرڈرز کلوز کرنے کو ممکن بنایا جائے

محدود بلیک آؤٹ دورانیہ اور کمرشل آپریشنز کے زیرو ریمپ ڈاؤن کے دوران سیلز فورس 21 retrofitting انضمام کے مقامات پر مشتمل ہے ۔ یہ ٹاسک ڈیجیٹل ٹرانسفارمیشن، ICT، OneSAP، اور SaIبزنس فنکشنز کے اشتراک سے کامیابی کے ساتھ مکمل کیا گیا۔

کسٹمر گیج

EPCLکی تاریخ میں پہلی بار، ایک سسٹم پر مبنی NPSسروے'کسٹمر گیج' صارفین کے لیے متعارف کروایا گیا۔ ڈیجیٹل ٹرانسفارمیشن نے کمرشل ڈویژن کی معاونت کی تاکہ پراجیکٹ کو احسن انداز سے سیلز فورس کے ساتھ غلطی سے پاک، انضمام کے ذریعے پایہ تکمیل تک پہنچایا جائے

کاروباری اخلاقیات اور انسداد بد عنوانی کے حوالے سے ہماری کوشش کا اندازہ ، موثر انداز سے تیار کیے گئے ہمارے آڈٹ کے منصوبوں کی تکمیل اور یقین دہانی کے طریقہ کار سے ہوتا ہے جو ہر قسم کے غیر اخلاقی رویوں کا تدارک کرتے ہیں اور ایسے معاملات کو نمایاں کرتے ہیں ، جو کاروبار کے ضابطے کے لیے تشویش کا باعث ہو۔ مزید یہ کہ غلط طرز عمل یا نا قابل قبول رویے جو ہماری بنیادی اقدار کے خلاف ہو ں، کے حوالے سے رپورٹ کرنے کے لیے، ہمارے رسمی اور غیر رسمی، اسپیک اپ چینلز موجود ہیں ۔عدم تکمیل کے الزامات کا اینگرو کارپوریشن کی تفتیشی ٹیم جائزہ لیتی ہے اور جہاں ضروری ہو ، مناسب کارروائی کی جاتی ہے۔

بہتر کارپوریٹ گورننس ہمارے کمپنی چلانے کے اندازہمارے اپنے اسٹیک ہولڈرز سے تعلقات پر اثر انداز ہوتی ہے۔ بورڈ کی طرف سے اہم قرار دیے جانے کو مد نظر رکھتے ہوئے، ہماری انتظامیہ شفافیت اور اخلاقی طرز عمل پر انتہائی زور دیتی ہے کیونکہ یہ ہمارے ملازمین اور وہ افراد جو ہم سے وینڈرز یا صارفین کی حیثیت سے معاملات طے کر رہے ہوں، کو ایک ذمہ دار پیشہ ور اور اچھے کارپوریٹ شہری بنانے میں اہم کردار ادا کرتے ہیں۔

صحت، حفاظت اور ماحول

کمپنی نے COVID 19 کا ایک بڑے چیلنج کے طورپر سامنا کیا۔ بہرحال، کمپنی نے کنٹرول کے لیے مزید موثر ضروری اقدامات کیے اور وبا کے دوران اپنے لوگوں کو محفوظ رکھنے میں کامیابی حاسل کی۔ ان اقدامات کی کچھ تفصیلات درج ذیل ہیں۔

EPCLکی کل آبادی کی 99.5 فیصد کی ویکسینیشن
AI پر مبنی سافٹ وئیر ، ورک سیف اینالیٹکس، انسٹال کرتے ہوئے کووڈ 19 پروٹوکولز پر عمل درآمد کو یقینی بنانا
سائٹ پر 6500 سے زائد ٹیسٹس کرنا
بین الاقوامی گائیڈ لائنزکی روشنی میں بار بار کووڈ 19آڈٹس، جس کے نتیجے میں سال بھر کے عرصے میں کوئی اہم کیس رپورٹ نہیں ہوا

خطرے کی حامل ساءٹ جیسا کہ پیٹرو کیمیکل پلانٹ کے لیے، بڑے حادثاتی خطرات کا انتظا م ہمیشہ سے سب سے بڑا چیلنج ہے۔ 2021 میں ،EPCLنے اپنے پراسس سیفٹی کی پرفارمنس انڈیکیٹرز اور پراسس سیفٹی انسڈینٹس چلاسیفکیشن کو بین الاقوامی طور پر تسلیم شدہ امریکن پیٹرولیم انسٹیٹیوٹ کے تجویز کردہ طریقہ کارAPI-754 سے ہم آہنگ کیا تاکہ سائٹ پر عمل کے حفاظتی خدشات کے حوالے سے انتظام کیا جائے اور کسی بڑے حادثے کے خطرے سے محفوظ رہا جائے، جو لوگوں، ماحول اور اثاثوں پر اثر انداز ہو سکتا ہو۔

پراسس سیفٹی سسٹم کے کام کے معیار کو عالمی طور پر تسلیم کروانے کے لیے، EPCLنے IChemEعالمیء سیفٹی ایوارڈز 2021میں شرکت کی ۔ EPCLکو فائنل ایوارڈ کے لیے انتہائی اہل قرار دیا گیا۔ مزیہ یہ کہ ، اپنی عالمی کامیابیوں کے سلسلے کو بڑھاتے ہوئے، EPCLٹیم اپنا پہلا ٹیکنکیل پراسس سیفٹی پیپر IChemE Hazard-31 جرنلز میں "بڑے خطرات کی پراسس سیفٹی مانیٹرنگ میں بہتری کی سہولت بذریعہء موثر کارکردگی کے انڈیکیٹرز کا نفاذ"کے عنوان سے شائع کروایا۔

سائٹ رسک پر مبنی حفاظتی جائزہ DuPonT Sustainable Solution ٹیم کی طرف سے 2021 میں لیا گیااور DuPontکی طرف سے شروع کیے گئے خدشات پر مبنی نکتہ نظر کے حوالے سے، EPCLکو دیگر اینگرو سے ملحق اداروں کے ساتھ متعارف کروایا ، جو عالمی طور پر نافذ کیا جا چکا ہے۔اسی طرح ،HSEنے ایک بیرونی کنسلٹنٹ کو شامل کرتے ہوئے پلانٹ سائٹ پر Rish Alive متعارف کروایا تاکہ سائٹ کے خطرات کا جائزہ AIپر مبنی تجزیوں کے ذریعے کیا جائے۔ یہ تجزیے خدشات کے مطالعے کے دوران شناخت کی گئی اہم وجوہات، خطرات میں ان کا حصہ، اور سائٹ پر صحت مند اور کم از کم حفاظتی سطح کو یقینی بنانے کے لیے ہمہ وقت دستیاب اہم حفاظتی اقدامات حوالے سے گہری معلومات(بصیرت) فراہم کرتے ہیں

ایمرجنسی ریسپانس پلاننگ کی دوبارہ تشکیل کے دائرہ کار کے تحت ، بہت سے پراجیکٹس انجام دئیے گئے بشمول پناہ گاہوں کی تعمیر اور پلانٹ کی سائٹ پر محفوظ مقامات، مختلف حادثات کے حوالے سے آگاہ کرنے کے لیے نئے سائر ن متعارف کروائے گئے، فائر اسکواڈ کے ساتھ کئی تربیتی نشستوں کے ساتھ فائر فائٹنگ کے ماہرین کو تعینات کیا گیا، NFPAکی ہدایات کا اطلاق اور بیک اپ کلینک کا افتتاح کیا گیا۔

2021میں EPCL اپنے تاریخ کے سب سے بڑے ، ٹرن اراؤنڈ (محدود وقت میں کام کو پایہ تکمیل تک پہنچانے کے چیلنج) ، کو بغیر کسی زخمی ہونے کے قابل ذکر واقعے کے بغیر مکمل کرنے میں کامیاب رہا۔ سب سے بڑا چیلنج منصوبہ بندی کے تحت طے کیے گئے کاموں کی کامیاب تکمیل کے لیے ٹرن اراؤنڈ کے دائرہ کار کو پورا کرنے کے لیے 2000سے زائد ورکرز کو محفوظ انداز میں استعمال کرنا تھا۔

حفاظت کے لیے اپنی ثابت قدمی کا مظاہرہ کرتے ہوئے، EPCL نے سائٹ پر کام کی محفوظ طریقے سے انجام دہی کو مزید بہتر بنانے کے لیے سا ل کے دوران کئی اہم حفاظتی اقدامات کیے ۔ یہ اقدامات درج ذیل ہیں

سائٹ پر حفاظت سے متعلق آگہی کے حوالے سے معیارات کی دوبارہ تشکیل
تجویز کردہ 3-tags scaffold سرٹیفکیشن کے نظام کا نفاذ
باہم رابطے میں رہنے والے یونٹ کی علیحدگی کے معیارات کا نفاذ
گروپ LOTO کی طرف سے متعارف کروائی گئی LOTO ہدایات کی دوبارہ تشکیل
EPCL کا پہلا ہفتہء حفاظت منایا گیا
سڑک پر حادثات کو کم سے کم کرنے کے لیے تھرڈ پارٹی OSBL سے راستے کے خطرات کا تجزیہ کروایا گیا

ماحول کے حوالے سے کارکردگی کے اہم اشاروں پر نظر ثانی کی گئی اور بین الاقوامی بہترین طرز عمل سے ہم آہنگ کرنے کے بعد کامیابی سے انہیں نافذ کر دیا گیا۔ ماحولیات کے شعبے کی طرف سے سائٹ پر بور کے سوراخ کی نگرانی کے خلاف مسائل کی نشاندہی اور پانی کی آلودگی کے ممکنہ ذرایع کی نشاندہی کرتے ہوئے زیر زمین پانی کی آلودگی سے متعلق تفصیلی سہ ماہی تجزیہ جاری کیا گیا

عالمی ایام ماحولیات کے منائے جانے نے بھی اہم کر دار ادا کیا ، جیسا کہ اس سے ماحول کے تحفظ کے لیے ہماری سنجیدگی اور عزم کا اظہار ہوا۔

بے شمار اقدامات اور کارکردگی کو مدنظر رکھتے ہوئے، **EPCL کو 18 ویں انوائرمنٹ ایکسیلنس ایوارڈ 2021 (AEEA)** سے نوازا گیا۔

انفارمیشن سسٹم (معلومات کا نظام)

EPCL کی شہرت ہمیشہ ایک ایسے ادارے کے طور پر رہی ہے جو اپنے اپ کو جدید ترین ٹیکنالوجی سے ہم آہنگ رکھتا ہے اور کبھی بھی تخلیقی اور جدت پر مبنی آپریشنز کو نافذ کرنے میں پیچھے نہیں رہا۔ جیسے جیسے دنیا آگے بڑ ھ رہی ہے، EPCLاس محاذ پر بھی سب سے آگے رہنے کی منصوبہ بندی کرتا ہے۔

ڈیجٹل ٹرانسفارمیشن ڈپارٹمنٹ اپنی کارکردی کو بہتر بنانے، اپنے طریقہ ہائے کار کی حفاظت بہتر بنانے، پیداوار میں اجافے، انسانی عمل دخل کو کم کرنے، اور ہر عمل کو بغیر کاغذ کے استعمال کے انجام دینے کے لیے ہر شعبہ کو خودکار اور ڈیجٹل خطوط پر استوار کرنے کے لیے پرعزم ہے، تاکہ ہر عمل اور آپریشن اس کے ملازمین کے لیے کسی بھی آلے پر کبھی بھی ، کہیں سے بھی قابل رسائی رہے

EPCLکے وژن سے ہم آہنگ رکھتے ہوئے، ڈیجیٹل ٹرانسفارمیشن ٹیم تکنیکی اور غیر تکنیکی جگہوں پر بھی بہترین معیار کے حامل ڈیجیٹل سلوشنز کا اطلاق کرنے میں کامیاب رہی۔ان سلوشنز میں درج ذیل شامل ہیں

Risk Alive تجزیات

Risk Alive تجزیات خدشات کی مینجمنٹ کے لیے معلومات پر مبنی نقطہ نظر فراہم کرنے کے لیے کام انجام دیتے ہیں۔ یہ ویب پر مبنی ایک PHA تجزیہ کی سروس ہے جو کلاؤڈ پر مبنی صارفین کے پلیت فارم پر آن لائن فراہم کی جاتی ہے۔ یہ EPCLکےPHAفیسلیٹیشن پراجیکٹ اور پہلے سے موجود رپورٹس پر لاگو ہوتی ہے اور انڈسٹری کے معیار کے خلاف کی جانچ کرتے ہوئے، انتہائی اہم حفاظتی اقدامات اور تجاویز کے اطلاق کے عمل کو بہترین بنانے کے لیے متعلقہ افراد کی معاونت کے لیے معلومات بہم پہنچاتی ہے۔

بے شمار سرگرمیوں میں شامل رکھتے ہیں۔ تعلیمی دوروں سے لے کر لائبریریز کے قیام اور جشن منانے کے ایونٹس کے انعقاد تک طالبعلموں کو اپنی معلومات میں اضافے اور اپنی صلاحیتوں کے مظاہرے کے بے شمار مواقع فراہم کیے جاتے ہیں۔

ہیلتھ کیئر

SINA ویلفیئر ٹرسٹ کے اشتراک سے، EPCL نے گھگڑ پھاٹک کے دیہاتوں کے رہائشیوں کو صحت کی بنیادی سہولیات کی فراہمی کا عزم لیے ایک بنیادی ہیلتھ کیئر کلینک قائم کیا ہے۔ اب تک، تقریباً22ملین روپے اس منصوبے پر خرچ ہو چکے ہیں۔ یہ کلینک تشخیص، ڈاکٹر سے مشاورت، ایمیونائزیشن، لیب کلیکشن پوائنٹ ، اور لیب ٹیسٹنگ کی سہولیات فراہم کرتا ہے۔ یہاں الٹراساؤنڈ ، تجویز کردہ ادویات کی فراہمی کے لیے 150 ادویات پر مشتمل فارمیسی، ذیابیطس اور ہائپر ٹینشن کے لیے حفاظتی ہیلتھ کیئر، اور شراکت داروں کے ساتھ آنکھ اور ٹی بی سے متعلق پروگرامز کی سہولت بھی فراہم کی جا رہی ہے۔ کلینک کا آغاز جولائی 2019میں ہوا، اور یہ ہفتے کے چھ دن کام کرتا ہے، اور کمیونٹی کے افراد کو بلا معاوضہ خدمات فراہم کرتا ہے۔ کلینک میں روزانہ 100مریضوں کا علاج کیا جاتا ہے۔2021میں کلینک میں 20000سے زائد مریضوں کا علاج کیا گیا اور تقریباً2500 لیب ٹیسٹس کیے گئے۔

EPCLگھگڑ پھاٹک کمیونٹی کے لیے پینے کے صاف پانی تک رسائی کو ممکن بنانے کے لیے دی واٹر فاؤنڈیشن کے اشتراک سے کام کر رہی ہے۔ ماضی میں، زیادہ تر رہائشی ، پبلک واٹر سپلائی کے نظام سے پانی حاصل کرتے تھے، جس سے پانی کی سپلائی نہ صرف بے قاعدہ تھی بلکہ جان لیوا بیکٹیریا کی موجودگی کے ساتھ انتہائی آلودہ پانی میسر تھا۔ آج کمیونٹی کے مختلف مقامات پر پانچ واٹر فلٹریشن پلانٹس علاقے میں کامیابی سے ہفتے کے چھ دن پانی فراہم کررہے ہیں۔ تمام واٹر فلٹریشن پلانٹس شمسی توانائی پر چلتے ہیں۔ 2021میں پانچ ملین لیٹر سے زیادہ پینے کا صاف پانی کمیونٹی کے 25000سے زائد رہائشیوں کو فراہم کیا گیا۔ عام نل کے پانی سے واٹر فلٹریشن پلانٹس کے ذریعے فراہم کردہ پانی سے، پانی کے معیار میں آنے والی بہتری رائیگاں نہیں گئی، اور بہت سے رہائشی اس پر منتقل ہوئیجس کے نتیجے میں صحت کی صورتحال میں بہتری دیکھنے میں آئی ہے۔ تین اضافی واٹر فلٹریشن پلانٹس کی تعمیر کے لیے EPCLکی طرف سے منظوری دے دی گئی ہے اور 2022 کے اوائل میں ان کی تعمیر کا آغاز ہو جائے گا۔

کاروباری اخلاقیات اور انسداد بدعنوانی

کمپنی کے بورڈ آف ڈائریکٹرز نے یک زبان ہو کر ضابطہ ء اخلاق میں قابل قبول کاروباری طریقہ کار اور رویوں کو طے کیا ہے تاکہ ہمارے تمام کاروباری معاملات کو اخلاقی اقدار کے اعلی ترین معیار کے ساتھ انجام دیا جائے۔ یہ ضابطہ ء اخلاق ہماری اقدار اور توقعات کا آئنہ دار ہے، اور اس کا باقاعدگی سے جائزہ لیا جاتا ہے۔ لہذا ہمارے تمام تر اندرونی اور بیرونی معاملات کی بنیاد ہمارا ضابطہ ء اخلاق اور توقعات ، اور رشوت ، کرپشن اور دیگر کسی بھی قسم کی غیر اخلاقی سرگرمی کے خلاف مکمل عدم برداشت ہے۔ قابل قبول رویوں کے حوالے سے اینگرو پولیمر کی واضح توقعات کو تقویت دینے کے لیے، ہم باقاعدہ اپنے ملازمین سے گفت و شنید کا سلسلہ استوار رکھتے ہیں۔ ہمارے ضابطہ ء اخلاق کے حوالے سے لازمی تربیتی نشستیں ہمارلے ملازمین کے لیے وقتاً فوقتا منعقد کی جاتی ہیں۔

کاروباری تسلسل کی **منصوبہ بندی**

ہم کسی بھی ممکنہ خطرے کی صورت میں مناسب اقدامات کے ذریعے تحفظ کو یقینی بناتے ہوئے متواتر آپریشنز کے لیے اپنی ذمہ داری کو پہچانتے ہیں۔اس مقصد اور ارادے کے ساتھ ، ہم نے اپنے کاروباری تسلسل کے منصوبے کا آغاز 2013 میں کیا اور 2018سے اسے باقاعدگی سے اپ ڈیٹ کرتے ہیں۔
یہ منصوبہ کسی بھی غیر متوقع ناگہانی صورتحال کی صور ت میں اہم کاروباری عمل کے بلا رکاوٹ جاری رہنے کو یقینی بناتا ہے اور اس کے درج ذیل مقاصد ہیں۔

موئثر انداز سے ثابت قدمی پیدا کرنے کے لیے فریم ورک اور ایک موئثر رد عمل کے لیے صلاحیت فراہم کرنا جو کمپنی کی ساکھ ، برانڈ امیج، ویلیو پیدا کرنے والی سرگرمیوں ، اور اہم اسٹیک ہولڈرز کے مفادات کا تحفظ کرے۔

کاروباری ترجیحات اور آرگنائزیشن میں باہمی انحصار کو سامنے رکھتے ہوئے، اپنے آپریشنز کے حوالے سے خدشات کا جائزہ لینا اور ان کے وقوع پزیر ہونے کی صورت میں ممکنہ اثرات کو سمجھنا۔

کسی بھی ممکنہ خطرے کے نتائج کے رد عمل کا موئثر اور مناسب انداز سے انتظام کرنا تاکہ کاروبار پر اس کے اثرات کم سے کم ہوں

کسی واقعے کے نتیجے میں ہمارے اہم ترین کاروباری آپریشنز یا معاونت کی خدمات کے معطل ہونے کی صورت میں، پہلے سے طے شدہ وقت کے دائرے میں کاروباری آپریشنز کو ایک قابل قبول سطح تک جس قدر جلد ممکن ہو بحال کرنا

کاروباری تسلسل کی معاونت کرنے والے منصوبوں، کا وقتاً فوقتاًجائزہ لینا اور انہیں پرکھنا، اور جہاں ضرورت ہو ان پر نظر ثانی کرنا۔

بلا رکاوٹ اور محفوظ آپریشنز کے تسلسل کے لیے منصوبہ کامیابی کے ساتھ نافذ اور مینجمنٹ کی طرف سے جانچ لیا گیا ہے۔ یہ منصوبہ حکومت کی طرف سے 2020میں COVID 19 ردعمل کے طور پر لگائے گئے لاک ڈاؤن کے عروج 2021 میں one SAP کی طرف منتقلی کے دوران پرکھا گیا۔
یہ منصوبہ ہماری جوابی حکمت عملی، کم از کم آپریٹنگ ضروریات، BCPٹیم آرگنائزیشن، نقصان کی تشخیص، اور بنیادی سائٹ کی بحالی کی سرگرمیوں کا احاطہ کرتا ہے۔ تباہی سے بحالی کے عمل کے اہم عوامل کی نقشہ بندی کرتے ہوئے ، یہ منصوبہ اہم معلومات کی حفاظت کو یقینی بناتا ہے۔ ہماری انتظامیہ باقاعدگی سے کاروبار اور انفرا اسٹرکچر کے لیے خطرات کا جائزہ لیتی ہے اور کسی ناگہانی چیلنج کی صورتحال سے بہتر طور پر نمٹنے کے لیے حکمت عملی وضع کی گئی ہے۔

ذمہ دار شہریت اور **CSR سرگرمیاں**

EPCL بہترین انداز سے وضع کردہ CSR حکمت عملی کے ساتھ، سماجی طور پر ذمہ دار ادار ہ ہے۔ EPCL نے اپنے کاوشوں کی بھرپور توجہ گھگڑ پھاٹک کا معیار زندگی بہتر کرنے کی طرف مرتکز رکھی ہے ، جو پورٹ قاسم کے قریب واقع ایک کمیونٹی ہے۔ اس کی تفصیل درج ذیل ہے۔

تعلیم

ECPLگھگڑ پھاٹک کے علاقے میں معیاری پرائمری اسکول تعلیم کی فراہمی میں اہم کردار ادا کرتا ہے، جہاں طالبعلموں کی انرولمنٹ پرائمری اسکول یونٹس میں 500سے زائد ہے۔ ECPLملازمین بڑی مستعدی سے TCFاینگرو کے طلباء کو کلاس روم کے علاوہ سیکھنے کے حوالے سے

Commerical/Operational Risk

International commodity prices

Strategy
Strengthen internal business intelligence and established network with international olefins analysts to have better insight of international price trend and fundamentals defining market dynamics

Result
The management regularly evaluates pricing trends of final products and primary raw materials. Based on these analyses, pricing / procurement strategies are developed to capitalize on market dynamics

Risk of lower capacity utilization

Strategy
Management has started working aggressively on market development activities including but not limited to thinkPVC outlet and push strategy in new downstream applications

Result
thinkPVC is generating good outreach and awareness. On the other hand, surplus inventory is being exported to ensure presence in the international market

Financial Risk

Over Leveraging Company to meet high capex requirements

Strategy
To safeguard Company from potential overleveraging, comprehensive forecasting, scenario & sensitivity analysis are used to source debt thereby ensuring company can withstand commodity shocks

Result
The Company has ensured that the capital structure is within the acceptable debt:equity threshold of 75:25 as prescribed by the lenders. The Company also ensures the maintenance of comfortable Debt Service Coverage and Interest Coverage ratios.

Risk of lower capacity utilization

Strategy
Closely follow key macro-economic indicators to identify potential risks and work with banks to hedge foreign exchange exposure

Result
Reduced impact by efficiently managed intl. supplier credit.

خدشات کی مینجمنٹ کا عمل چیف فائنانشل آفیسر کی زیر نگرانی انجام دیا جاتا ہے اور اس کی توثیق بورڈ آڈٹ کمیٹی کرتی ہے۔
اہم خدشات جن کی شناخت کی گئی ہے، درج ذیل ہیں۔

Strategic & Regulatory Risk

Emergency due to operational / environmental upset

Strategy

The company has deployed top-of-the-line technology, undergoes regular maintenance, and annual turnaround to ensure smooth function of the facility

Result

Plant operated smoothly during the year

Removal of duty protection on PVC

Strategy

The company has approached the government for the need for a Petrochemical investment policy which will encourage further investments to increase the size of plants to achieve world scale size and be globally competitive.

Result

Ministry of Industries, GoP is working on a petrochemical investment policy which will give clear direction to industries on future investment and incentives package.

Gas availability

Strategy

As an important raw material supplier to textile export industry we sought GoP's support for availability of gas so that exports don't suffer due to our shutdown.

Result

We were able to provide caustic soda to textile export sector even with curtailed gas availability during peak winter months.

قومی ایکس چیکر میں حصہ

2021 کے دوران EPCL نے گورنمنٹ ٹریژری میں ٹیکس، ایکسائز ڈیوٹی، کسٹم ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی مد میں 10 بلین روپے ادا کیے ہیں

لیکوئیڈٹی اور کیش فلو

سال کے دوران ، کمپنی نے آپریٹنگ سرگرمیوں سے 14.5بلین روپے کا کیش فلو پیدا کیا۔ مضبوط لیکوئیڈٹی نے کمپنی کو منافع منقسمہ کی ادائیگی کے قابل بنایا۔ ضرورت سے زیادہ شارٹ ٹرم کیش کو مؤثر کیش مینجمنٹ کے لیے ڈیٹ مارکیٹ انسٹرومنٹس ، میوچوئل فنڈز اور TDRs میں انویسٹ کر دیا گیا

فائنانسنگ

سال کے دوران کمپنی نے اپنے پیکس، توسیعی اور کارکردگی کے پراجیکٹس کے لیے 3650ملین روپے کے مختلف عارضی ری فائنانس فیسلٹی قرضے حاصل کیے ۔ تمام قرضوں کی واپسی کی مدت 10سال ہے جبکہ رعایتی مدت 2 سال ہے۔ TERF پر رعایتی شرح سے فائنانس لاگت میں کمی کی بناء پر خاطر خواہ بچت حاصل ہوگی۔ کمپنی نے بین الاقوامی فائنانس کارپوریشن سے15ملین ڈالر کا مزید ایک طویل مدتی قرضہ کا معاہدہ کیا ۔ اس سہولت کی مدت پانچ سال اور رعایتی مدت دو سال ہے۔

کریڈٹ ریٹنگ

2021 میں پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ نے EPCL کو طویل مدتی اور قلیل مدتی ریٹنگ بالترتیب AA اور A1+ سے نوازا۔ ریٹنگ کے آؤٹ لک کو بھی مستحکم سے مثبت کرتے ہوئے بہتر کیا گیا ہے جو کمپنی کی پہلے سے بہتر کریڈٹ کی اہلیت کی نشاندہی کرتا ہے۔ ریٹنگز کا دارومدار کمپنی کی اپنے کاروبار، فائنانشل پروفائل اور جاری آپریشنز کو مضبوط کرنے کی صلاحیت پر ہوتا ہے۔

سرمایہ کی ساخت

کمپنی کے اثاثے 2020 میں قرضے اور ایکوئٹی میں 47:53 کے تناسب کے مقابلے میں 2021 میں 42:58 کے تناسب سے فائنانس کیے گئے تھے۔ سرمایہ کی ساخت ایکوئٹی کی طرف منتقل ہوئی کیونکہ سال کے دوران قرض کی واپسی کا حجم ، حاصل کیے گئے نئے قرضوں سے زیادہ رہا جس سے کمپنی کا لیوریج میں کمی واقع ہوئی۔

رسک مینجمنٹ فریم ورک اور طریقہ کار

EPCLاپنے لین اینٹرپرائز رسک مینجمنٹ فریم ورک کا آغاز 2011 میں کیا۔ یہ کمپنی کی پالیسی ہے کہ غیر یقینی صورتحال اور خدشات سے نمٹنے کا انتظام کرتے ہوئے ،جو ممکنہ طورپر ہمارے کارپوریٹ مقاصد اور اہداف کے حصول پر اثر انداز ہو سکتے ہوں ،شیئر ہولڈرز کی قدر کی تخلیق ، تحفظ اور بڑھانے کے لیے رسک مینجمنٹ کو لازمی طور پر نظر میں رکھا جائے۔ ہم تسلیم کرتے ہیں کہ کمپنی ایک پیچیدہ کاروباری ماحول میں کام کر رہی ہے جو کمپنی کی حکمت عملی اور خدشات کی سطح جو اینٹٹی مناسب طور پر پوری آرگنائزیشن میں مہ داریاں تفویض کرتے ہوئے قبول کرنے کا ارادہ رکھتی ہے، کے جائزے کی اجازت دیتا ہے۔ EPCL ہر سطح پر احتساب کا نظام لاگو کرتی ہے اورمستقل بنیادوں پر جانچے گئے خدشات سے نمٹنے کے لیے اٹھائے گئے اقدامات کی افادیت اور خدشات کے ماحول میں تبدیلیوں کے حوالے سے نگرانی، گفت و شنید اور رپورٹ کرنا ضروری قرار دیتی ہے

پوری آرگنائزیشن میں خدشات کی جانچ اور ان کے ممکنہ اثرات کی بنیاد پر ان کی درجہ بندی کی جاتی ہے۔ کسی خدشے کی شناخت کی صورت میں، اس کے اثرات کو کم سے کم کرنے کے لیے حکمت عملی وضع کی جاتی ہے جس کی نگرانی مینجمنٹ کمیٹی باقاعدگی سے کرتی ہے۔

آپریشنل کارکردگی

وسائل کی بقا اور آپریشنل کارکردگی EPCL میں خاص اہمیت کی حامل ہیں، تاکہ یہ اپنے اسٹیک ہولڈرز کو زیادہ سے زیادہ قدر فراہم کر سکیں اور پائیداری کے ایجنڈے کے لیے مثبت انداز میں اپنا کردار ادا کریں۔ اس حوالے سے، کمپنی نے حال ہی میں ٹرانسفر لائن ایکس چینجرز کی تنصیب کا کام مکمل کیا ہے جبکہ آکسی وینٹ ریسائیکل پراجیکٹ تکمیل کے قریب ہے۔ توقع ہے کہ یہ پراجیکٹس کمپنی کی توانائی کی ضروریات کو کم کریں گے جس کی بدولت ملک کے ختم ہوتے ہوئے گیس ذخائر کے استعمال میں کمی ہو گی اور خام مال کی کھپت میں کمی ہوگی جو درآمدات میں کمی کا باعث ہو گا۔ یہ کمپنی کو گیس کی بڑھتی ہوئی قیمتوں اور مستقبل میں پاکستانی کرنسی کی قدر میں کمی کے خلاف بھی تحفظ فراہم کریں گے۔ EPCL نے پہلے سے اعلان کردہ ہائی ٹمپریچر ڈائریکٹ کلورینیشن پراجیکٹ میں بھی پیش رفت کی ہے جو توانائی کے استعمال میں مزید بہتری اور کاربن ڈائی آکسائڈ کے اخراج میں کمی کا باعث ہوگا۔

مالیاتی جائزہ اور مینجمنٹ

سیلز کا جائزہ

2021میں EPCLکے منافع میں پی وی سی اور کاسٹک سوڈا کے حجم میں بالترتیب 28فیصداور12 فیصد کی بناء پر 2020کے مقابلے میں 98فیصد منافع ہوا۔ حجم میں اضافے کے بعد پی وی سی کی قیمتوں میں اضافہ ہوا (52فیصد)جو 2021میں عالمی طور پر سپلائی میں رکاوٹ کی بناء پر کم تھا۔

Domestic Sales (kT)	2021	2020	YoY
PVC	208	163	28%
Caustic Soda	68	61	12%
Caustic Flakes	7	2	250%

منافع

پی وی سی کی بلند قیمتوں اور حجم کے باعث کمپنی نے تاریخ کا ریکارڈ منافع یعنی 15,061ملین روپے حاصل کیا۔ اس حوالے سے، کمپنی نے اب تک کا سب سے زیادہ سیلز حجم بھی حاصل کیا۔

ایک دفعہ وقوع پذیر ہونے والے ایونٹ

2021میں کوئی بھی ایک دفعہ کا آئٹم رپورٹ نہیں کیا گیا

منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 5.50 روپے فی عمومی شیئر اور 0.27روپے فی ترجیحی شیئر حتمی کیش منافع منقسمہ منظور کیا ہے

منظر نامہ

آپریشنل مسائل، متوقع سے زیادہ تبدیلیاں، سمندری طوفان سے آنے والی تباہی، اور باربرداری کی زیادہ لاگت نے 2021میں زیادہ تر پی وی سی کی قیمتوں میں اضافے کا رحجان رہا۔ آگے بڑھتے ہوئے، ہم توقع رکھتے ہیں کہ پی وی سی کی قیمتوں میں نرمی ہوگی، کیونکہ صلاحیتیں دوبارہ آن لائن آ رہی ہیں۔ ایتھائلین کے محاز پر، قیمتیں ، کروڈ آئل اور بحیثیت مجموعی ایتھائلین کی رسد کی بناء پر متاثر رہیں گی۔ڈاؤن اسٹریم ایتھائلین کی وسعت میں تاخیر اور ایتھائلین کی گنجائش میں اضافے کے نتیجے میں ہم توقع رکھتے ہیں کہ ایتھائلین کی قیمتیں ، کروڈ آئل کی بلند قیمتوں کے باوجود پی وی سی کی قیمتوں کی پیروی کریں گی۔

کلور الکلی مارکیٹ

کلور الکلی کی عالمی طلب معاشی سرگرمی کا حصہ ہے کیونکہ کاسٹک سوڈا بنیادی طور پر الومینا کی تیاری میں استعمال ہوتا ہے جو کہ تعمیراتی اور ہوابازی کی صنعت میں استعمال ہوتا ہے۔ جیسا کہ لاک ڈاؤن ختم ہوئے اور وبا سے متعلق پابندیوں میں نرمی ہوئی تو 2021میں کاسٹک سوڈا کی بین االاقوامی قیمتوں کا ، دیگر اشیاء کی طرح، اوپر کی طرف سفر جاری رہا۔ گھریلو ٹیکسٹائل سیکٹر 2021کی دوسری ششماہی میں بڑھنا شروع ہوا کیونکہ یو ایس اور یورپ میں لاک ڈاؤن کا خاتمہ ہوا اور ان کی معاشی سرگرمیاں بحال ہوئیں۔ کاسٹک سوڈا کی قیتموں میں، چائنا سے سپلائی کی کمی کی بناء پر ، اضافہ ہوا، جہاں بڑھتی ہوئی بجلی کی لاگت اور ریکارڈ ہائی کوئلے کی قیمتوں کی وجہ سے، پلانٹس نے آپریشن بند کر دیا یا انتہائی کم شرح سے آپریٹ کرنے لگے۔

2021کی پہلی ششماہی کے دوران ، یورپ اور یو ایس میں کووڈ 19کے بڑھتے ہوئے کیسز ، جس کی بدولت اہم ایکسپورٹرز کے مابین کم آپریٹنگ ریٹ کی بناء پر، کاٹن کی بلند قیمت اور ٹیکسٹائل کی برآمدات میں کمی کے باعث پاکسان کی گھریلو کلور الکلی مارکیٹ میں کمی واقع ہوئی ۔مزید یہ کہ، علاقائی مارکیٹ میں سوتی دھاگے کی کمیابی نے برآمد کنندگان کے منافع اور علاقائی سطح پر کاسٹک کی کھپت کو متاثر کیا۔ ٹیکسٹائل سیکٹر میں جون کے بعد طلب میں تیزی سے اضافہ دیکھنے میں آیا، اور کووڈ 19 کی پابندیوں میں نرمی کے بعد ریٹیل چینلز بھی بحال ہوئے۔ قیمتوں کے تعین کے محاذ پر، علاقائی کاسٹ سوڈا کی قیمتوں پر بڑھتی ہوئی توانائی کی قیمتیں اثر انداز ہوئیں، بہرحال بین الاقوامی قیمتوں کے لحاظ سے بڑی حد تک رعایتی رہیں۔

سوڈیم ہائپو کلورائیڈ اور ہائیڈرو کلورک ایسڈ کمپنی کے کلور الکلی پورٹ فولیو کا حصہ بنے۔ اول الذکر بنیادی طور پر ٹیکسٹائل انڈسٹری میں بلیچنگ ایجنٹ کے طور پر استعمال ہوتا ہے جبکہ اس کے دیگر استعمالات میں پانی کی ٹریٹمنٹ کے لیے جراثیم کش کے طور پر استعمال ہوتا ہے۔ پاکستان میں، HCL اسٹیل گیلوینائزنگ انڈسٹری ، واٹر ویسٹ ٹریٹمنٹ ، پاور پلانٹس اور جیلاٹن کے شعبے، میں بھی استعمال ہوتا ہے۔ آگے بڑھتے ہوئے، ہم ان کیمیکلز کے ڈاؤن اسٹریم استعمالات کو سمجھتے ہیں کہ اس میں اضافہ پانی کی صفائی کے شعبے سے اور مزید وسعت پاورسیکٹرمیں بالترتیب سوڈیم ہائپو کلورائت اور ہائڈرو کلورک ایسڈ کے استعمال سے آسکتی ہے۔

منظر نامہ

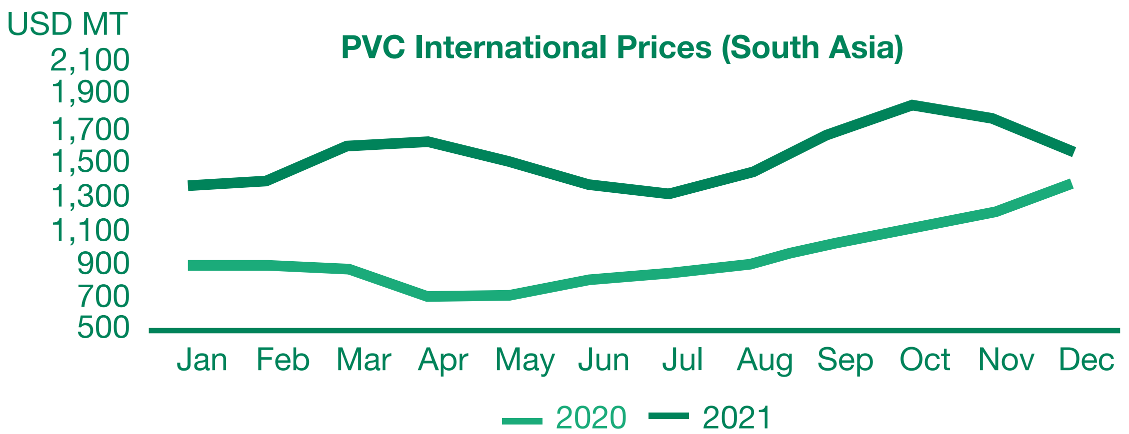
علاقائی کلور الکلی کی قیمتوں کا دارومدار بڑی حد تک توانائی کی لاگت پر ہے۔ طلب کے محاذ پر، علاقائی مارکیٹ حکومت کی طرف سے ٹیکسٹائل کی برآمدات پر زور اورLSMسیکٹر کی بحالی کی بناء پر تیزی کا منظر نامہ پیش کر رہی ہے۔ بہرحال گیس کی قابل بھروسہ سپلائی بحیثیت مجموعی کلور الکلی کے کاروبار کے لیے ایک بڑا چیلنج رہے گا۔

بین الاقوامی وینائل چین کی قیمتیں

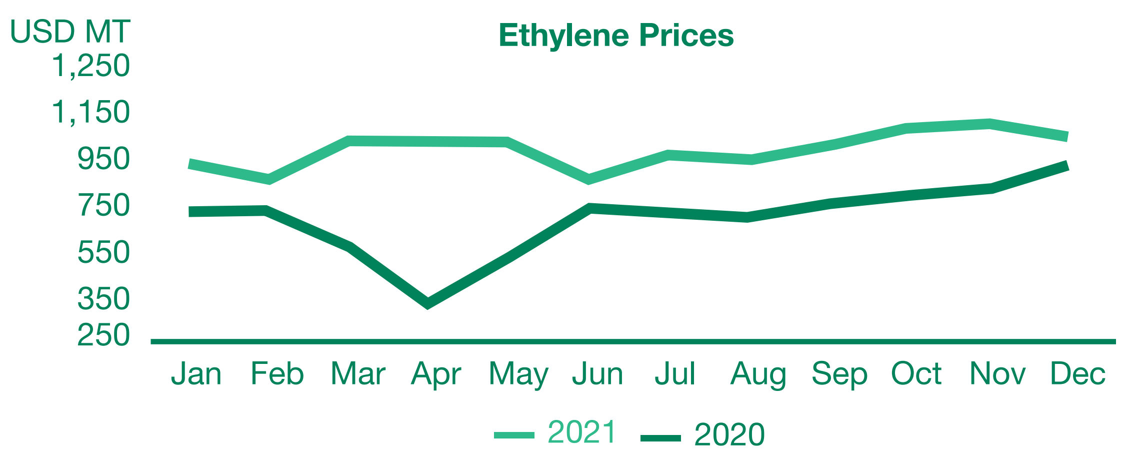
عالمی سطح پر تجارتی شئے ہونے کے باوجود، پی وی سی کی قیمتیں علاقوں کے اعتبار سے مختلف ہیں۔ پاکستان میں متعلقہ قیمتوں کے تعین کا معیار جنوبی ایشائی قیمتیں ہیں (بھارت ، پاکستان، بنگلہ دیش اور سری لنکا میں نافذ ہیں۔ 2021 کی پہلی سہ ماہی کے دوران پی وی سی کی قیمتوں نے اوپر کی طرف سفر جاری رکھا۔ اس کی بڑی وجہ فروری میں مو سم سرما کے طوفان کی بناء پر بڑے پیمانے پر ، منصوبہ بندی کے بغیر یو ایس میں کیے گئے لاک ڈاؤنز تھےء جنھوں نے ملک کی پی وی سی کی صلاحیت کو 87فیصد کر دیا۔ قیمتوں کو باربرداری کی لاگت کی وجہ سے بھی سپورٹ ملی جو متذکرہ بالا طوفان کے بعد یو ایس کے دو ٹرمینلز کی force majeure اور نہر سوئز، جو یورپ اور ایشیا کے مابین مختصر ترین شپنگ روٹ ہے ، کی چھ روزہ بندش کی بناء پر زیادہ رہیں۔

پی وی سی کی قیمتوں میں 2021 کی دوسری سہ ماہی میں رجحان گرنے کی طرف شروع ہوا، کیونکہ COVID-19 سے متعلق ہنگامہ خیزی نے، بالخصوص بھارت میں، عالمی مارکیٹ کو متاثر کیا۔ اس کم ہوتے ہوئے خریداری کے جذبے کے ساتھ قیمتوں میں تیزی سے کمی واقع ہوئی۔ بہرحال نے 2021کی تیسری سہ ماہی میں تیزی سے بحالی کی طرف سفر کا آغاز کیااور ایک بار پھر سمندری طوفان idaنے یو ایس کی 60 فیصد گلف کوسٹ پی وی سی صلاحیت، کو متاثر کیا۔ جس کے نتیجے میں چائنا کی حکومت نے پاور کنٹرول پالیسی کا اطلاق کیا جس سے چائنا میں پیداوار میں بڑی کمی واقع ہوئی۔ ایسے میں 2021کی چوتھی سہ ماہی کے دوران پی وی سی کی قیمتیں اپنی ریکارڈ بلندی کو پہنچ گئیں۔

force majeure کے بعد پلانٹس دوبارہ بحال ہونا شروع ہوئے اور سپلائی میں اضافے کی بناء قیمتوں میں ایک بار پھر کمی واقع ہونا شروع ہوئی۔ مزید یہ کہ اس عرصے کے دوران سیزن کے اعتبار سے تعمیراتی سرگرمیوں میں سست روی کی بنا ء پر طلب میں بھی کمی رہی



پی وی سی کا بنیادی خام مال ، ایتھائلین ، دیگر پولیمرز بشمول پولی ایتھائلین کی پیداوار میں بھی استعمال ہوتا ہے۔ ختم ہوتے ہوئے سال میں، ایتھائلین کی قیمتیں یو ایس میں طوفان کے باعث سپلائی میں کمی کی بناء پر بلند سطح پر رہیں جس سے یو ایس کی ایتھائلین کی گنجائش میں 60.فیصد کمی ہوئی، اور جاپان میں 7.3 شدت کے زلزلے کی وجہ سے ایتھائلین کی سپلائی متاثر ہوئی۔ محرک پیکجز اور ویکسی نیشن مہم کی بناء پر ترقی پذیر ممالک نے COVID 19کے اثرات سے باہر نکلنا شروع کیا ، اور وہاں معاشی سرگرمیوں میں اضافے کی بناء پر کروڈ اور نیفتھا کی قیمتوں میں ہونے والے اضافے کے بھی، قیمتوں پراثرات مرتب ہوئے۔



برانڈڈ آؤٹ لیٹ

2021 وہ سال تھا جب ہم نے اپنی پی وی سی ڈاؤن اسٹریم پراڈکٹس کے لیے اپنا پہلا برانڈڈ آؤٹ لیٹ thinkPVC کامیابی سے لانچ کیا۔ اپریل 2021میں اس کے افتتاح سے، یہ آؤٹ لیٹ اہم تعمیراتی صنعت کے اہم اسٹیک ہولڈرز بشمول بلڈرز، ڈویلپرز، ارکیٹیکٹس، انٹیرئیر ڈیزائنر کے ساتھ صارفین سے بھی رابطے کاپلیٹ فارم ثابت ہوا۔ thinkPVCنہ صرف پی وی سی کی استعداد اور طبعی خصوصیات کے حوالے سے آگہی دے رہا ہے بلکہ پاکستان کے تعمیراتی سیکٹر کے تناظر کو بھی بدل رہا ہے

پاکستان

2021میں پاکستان کی علاقائی پی وی سی مارکیٹ میں زیادہ بین الاقوامی قیمتوں کی بناء پر کمی ہوئی۔ گو کہ 2020میں فراہم کیا گیا تعمیراتی محرک پیکج 2021میں بھی کافی عرصے تک موثر رہا، مگر پی وی سی کی زیادہ قیمتوں سعت زیادہ باربرداری کی لاگت کی بناء پر طلب میں بڑی کمی واقع ہوئی۔ جب پاکستان کی علاقائی مارکیٹ زوال پذیر ہوئی تو ای پی سی ایل نے اپنی پراڈکٹ کی مسابقانہ قیمت پر دستیابی اور بے شمار مراعات کے ساتھ مارکیٹ کواعتماد فراہم کرتے ہوئے اپنی تاریخ کا سب سے زیادہ مارکیٹ شیئر حاصل کیا۔ جس کے نتیجے میں کمپنی اپنی سیلز میں 28 فیصد اضافے میں کامیاب ہوئی۔

ہم آپ کو آگاہ کرتے ہوئے خوشی محسوس کر رہے ہیں کہ2021میں ہماری پی وی سی کی 100kT وسعت کی گنجائش آن لائن ہوگئی اور ہم اس عزم کا اعادہ کرتے ہیں کہ کمپنی اہم خام مال کی علاقائی طلب کو پورا کرتے ہوئے ، پاکستان کی معاشی ترقی کو اپنی سپورٹ جاری رکھے گی، تاکہ ملک کا قابل قدر زر مبادلہ برقرار رہے۔

آگے بڑھتے ہوئے، باکفایت ہاؤسنگ پر حکومت کی توجہ، معاشی ترقی میں متوقع بہتری اور مزید استعمالات کے یے کمپنی کی مستقل کاوشوں کی بناء پر ،ہمپر امید ہیں کہ ملک کی فی کس پی وی سی کھپت میں آنے والے سالوں میں بہتری آئے گی اور وہ بین الاقوامی سطح کی طرف مرتکز ہوں گے۔

مارکیٹ کی **ترقی کے لیے سرگرمیاں**

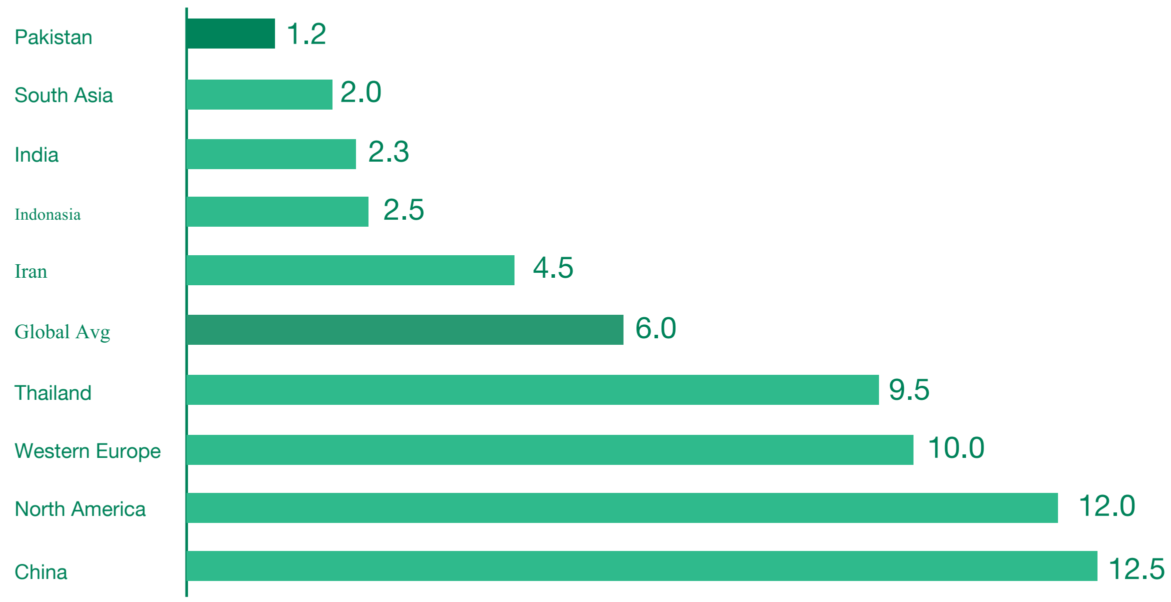
COVID-19کی پابندیوں کے باعث سامنے آنے والے چیلنجز کے باوجود مختلف سیکٹرز کے ساتھ ، بنیادی طور پر تعمیراتی صنعت میں پی وی سی کو انتخاب کے لیے بہترین میٹریل کے طور پر فروغ دینے میں اہم کامیابیاں حاصل ہوئیں۔

یہ سال پبلک سیکٹر سے روابط کے لحاظ سے مفید ثابت ہوا ،پنجاب کے محکمہ آبپاشی کے وفد نے پاکستان میں پی وی سی کے سب سے بڑے جیو ممبرین انسٹالیشن پراجیکٹ، تھر میں مکھی فرش کینال لائننگ پراجیکٹ کا دورا کیا اور اور پنجاب بھر میں کینال لائننگ پراجیکٹس میں پی وی سی جیو ممبرین کے استعمال کے حوالے سے گھری دلچسپی کا اظہار کیا، مارکیٹ ڈویلپمنٹ ٹیم پبلک سیکٹر اداروں کے ساتھ منسلک رہی ، جس میں باکفایت ہاؤسنگ سے پانی کی سپلائی اور صفائی تک کے پراجیکٹس شامل ہیں۔

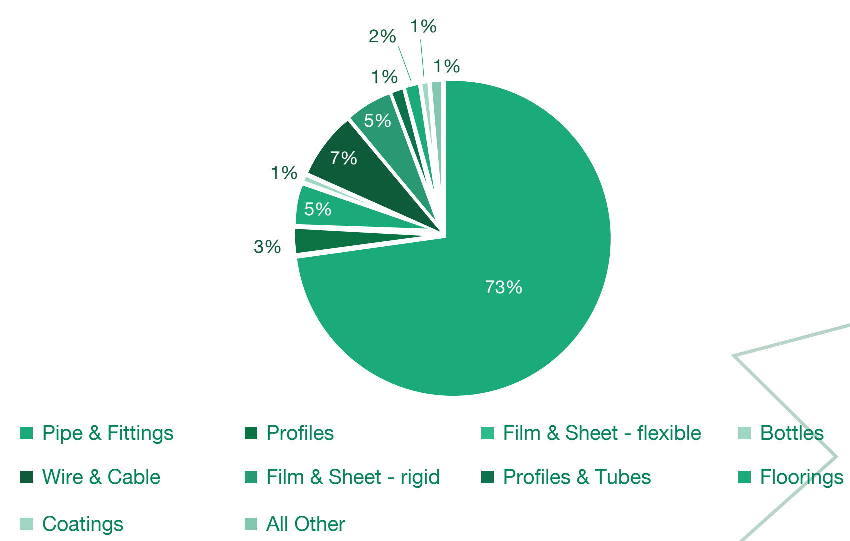
2021 کی ایک اور کامیابی دبئی ایکسپو 2020میں ـ"شہری اور دیہی ترقی" کے حوالے سے منائے جانے والے ہفتے میں پائیدار تعمیرات پر ایک انٹرایکٹو پینل گفتگو کی میزبانی تھی جہاں نمایاں آرکیٹکٹس، ڈویلپرز اورپاکستان کی فرنیچر انڈسٹری کے تیار کنندگان نے عالمی طور پر تعمیرات کے شعبے میں اہم پائیدراقدامات کے حوالے سے حاضرین کو آگاہ کیا۔

ٹیکنیکل سروسز ٹیم نے بھی پی وی سی مارکیٹ میں ترقی صارفین سے رابطوں کے لیے اہم کردار ادا کیا اور ٹیکنیکل بلیٹنز کی ترویج، نئے طریقہ کار پر مبنی تکنیک کے حوالے سے PCLکے صارفین کی ورک فورس کی تربیت اور نئے ممکنہ سرمایہ کاروں کو تکنیکی معاونت کرتے ہوئے پاکستان کی ڈاؤن اسٹریم پی وی س مارکیٹ میں جگہ بنائی۔

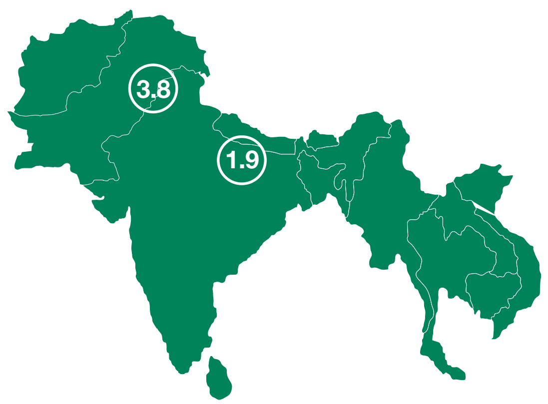
Per capita consumption

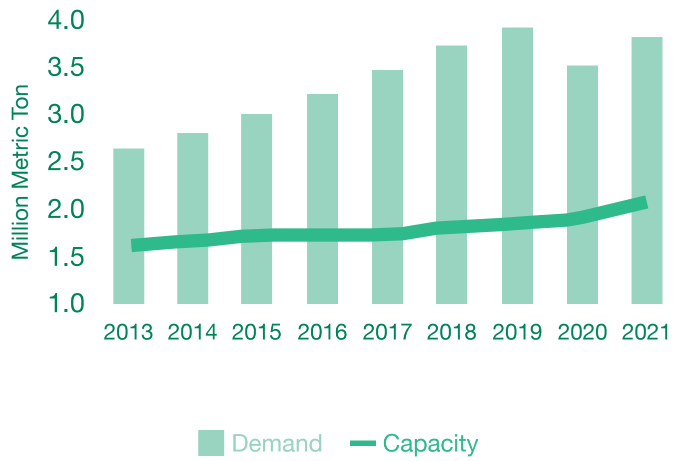


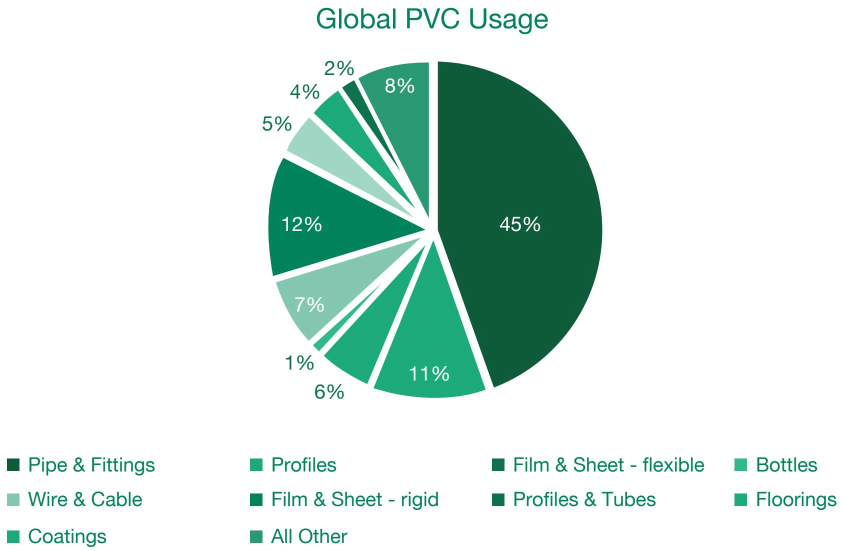
South Asia PVC Usage



جنوبی ایشیا میں پی وی سی طلب اور گنجائش

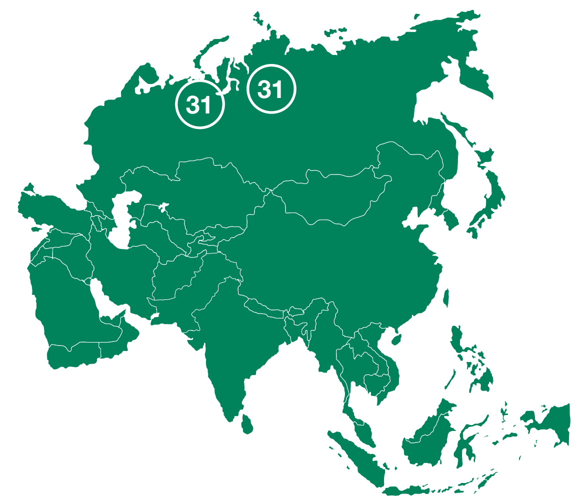


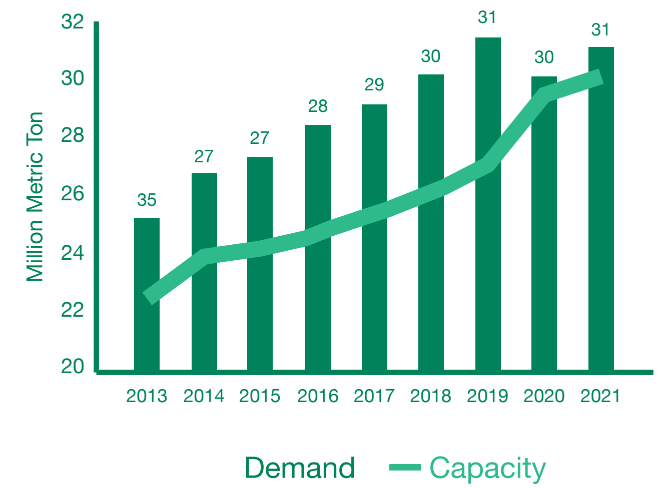




ہوئی گوکہ اس سال بھی مزید کیسز سامنے آتے رہے۔ اس کے نتیجے میں ایشیائی PVC کی قیمتوں میں تیزی سے اضافہ دیکھنے میں آیا کیونکہ عالمی سپلائی میں سختیوں کی وجہ سے علاقائی مارکیٹ پر پریشر برقرار رہا۔ بندرگاہوں پر رش اور کنٹینرز کی کمی کی وجہ سے باربرداری کی زیادہ لاگت نے بھی قیمتوں میں اضافے میں اپنا کردار ادا کیا۔ آگے بڑھتے ہوئے، عالمی سپلائی کی سختی کے کم ہونے کی بناء پر علاقائی مارکیٹ میں نرمی کی توقع ہے۔

ایشیا میں PVC کی طلب اور گنجائش





جنوبی ایشیا

2020میں طلب میں کمی کے بعد، جنوبی ایشا میں PVCمارکیٹ میں 2021میں 4فیصد اضافہ ہوا۔ توقع ہے کہ زیادہ طلب کا سلسلہ برقرار رہے گا کیونکہ خطے کے بہت سے ممالک نے تعمیراتی صنعت کے فروغ کے لیے پیکجز کا اعلان کیا ہے تاکہ معیشت کو تقویت دی جاسکے۔ علاقائی طلب کے اہم محرکات میں انفرااسٹرکچر اور جدت آمیز پراجیکٹس شامل ہیں، جیسا کہ نئی بلڈنگز، ہاؤسنگ، نکاسی کے نظام، اور پانی کے پائپس کی ڈسٹری بیوشن کا نظام۔ اس کے علاوہ علاقے کا معیار زندگی، تیزی سے بڑھتی آبادی، رہائشی اور کمرشل رئیل اسٹیٹ کی ترقی، PVCکی طلب میں اضافے کا باعث بنتے رہیں گے۔علاقے میں صنعتی اور سروس سیکٹر میں ترقی کی بناء پر بھی اس رحجان کو مدد ملتی رہے گی۔

پی وی سی کے ساتھ ساتھ فیڈ اسٹاکس کے لیے بھی سپلائی کے بڑے خسارے کی بناء پر جنوبی ایشیا عالمی ونائل انڈسٹری میں ایک اہم مارکیٹ ہے، اور ونائل کی عالمی طلب اور رسد کے توازن میں اہم کردار ادا کرتی ہے۔عالمی طور پر 6کلو گرام فی کس کی اوسط کے مقابلے میں 2 بلین سے زائد کی آبادی اور 2کلوگرام تک کم فی کس کھپت کی بناء پر کم از کم آئندہ ایک دہائی تک علاقے میں ترقی کے امکانات بہت زیادہ ہیں۔ PVCکی طلب کے لحاظ سے علاقے میں زراعت کی اہمیت پر بہت زیادہ زور نہیں دیا جا سکتا۔ پائپس اور فٹنگز PVCکی کل علاقائی طلب کا 73فیصد ہیں جو کہ عالمی تناسب یعنی45فیصد سے کہیں زیادہ ہے۔ دیگر استعمالات جیسے کلورینیٹڈ PVCپائپس، وائر اور کیبل، اور پی وی سی پروفائلز بھی اپنی حریف پراڈکٹس کے مقابلے میں بہتر قدر کی بناء پر وسیع پیمانے پر مقبول ہو رہے ہیں۔ پاکستان میں بھی پی وی سی انڈسٹری میں تبدیلی دیکھنے میں آرہی ہے اور فنشڈ پراڈکٹس کی بڑی رینج تیار کی جا رہی ہے جیسا کہ پی وی سی فلورنگ، گارڈن ہوز، گارڈن فرنیچر، پی وی سی روفنگ، وال پینلز، اور سیلنگ۔ لہذا بڑھتی ہوئی فی کس کھپت، اور بڑھتی ہوئی تعمیراتی سرگرمیوں اور نئے استعمالات کی بناء پر علاقے میں طلب میں اضافے کی توقع امید افزا ہے۔

ہمارے چند قابل ذکر کام درج ذیل ہیں

99.5فیصد ملازمین کی ویکسنیشن کو یقینی بنانا
سخت اسکریننگ پراسس۔ 6500سے زائد ریپڈ ٹیسٹ کیے گئے
COVIDکمیٹی کی 150سے زائد کا انعقاد
درج بالا اور دیگر اقدامات کی بدولت کمپنی EPCLکی تاریخ میں سب سے زیادہ منافع حاسل کرنے میں کامیاب رہی

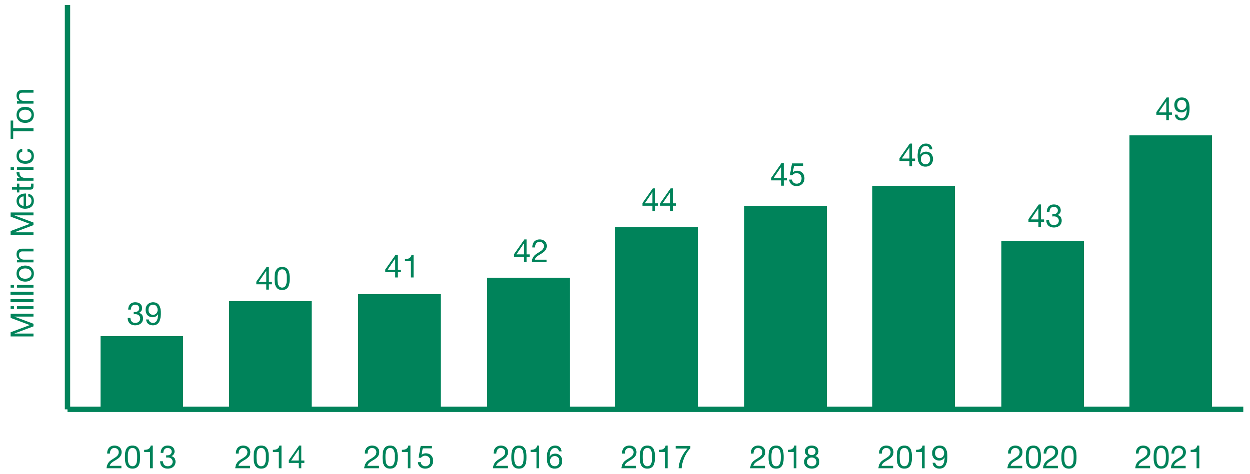
پینڈمک مینجمنٹ پلان

جیسے جیسے ہماری معیشت وبا کے بعد بحال ہوئی، کمپنی کی قیادت نے EPCLکے سفر کو وبا کے دوران ہموار رکھنے کے لیے پلان ترتیب دیا۔ اس پلان کی چیدہ چیدہ خصوصیات درج ذیل ہیں

SOPsپر سختی سے عمل درآمد اور مانیٹرنگ کے ساتھ ، سائٹ پر Rota سسٹم
صارفین سے رابطے میں رہنے کی سرگرمیاں تاکہ تعلقات SOP کے لحاظ سے ایک بار پھر استوار کیا جائے
معاہدوں کی مینجمنٹ کے ذریعے خام مال کی بروقت فراہمی کو یقینی بنانا
صورتحال پر مستقل طور پر نظر رکھنے کے لیے ڈپارٹمنٹ کی سطح پر ٹاسک فورس کا قیام
COVID-19کمیٹی کے باقاعدگی سے اجلاسوں کا انعقاد
تاکہ،جیسے ہی اس میں اضافہ ہو، صورتحال پر نظر رکھی جائے
سماجی فاصلے کو یقینی بنانے کے لیے vehicle occupancy کو حد میں رکھنا

وینائل مارکیٹ کا جائزہ

PVCکی طلب میں ااضافہ عالمی طورپر GDPمیں اضافے کی بناء پر ہے کیونکہ وسعت پذیر اہم معاشی سرگرمیوں،بالخصوص تعمیراتی صنعت سے متعلق،کی بناء پر PVC resinکی طلب میں اضافہ ہو اہے۔2020 میںCOVID-19نے معاشی سرگرمیوں تقریباً ختم کرتے ہوءئے تباہ کن صورتحال سے دوچار کیا۔ بہر حال، 2021 میں عالمی معیشت میں 5فیصد تک بحالی ہوئی ، جیسا کہ انفرا اسٹرکچر اور تعمیرات میں مستقل سرمایہ کاری نے معیشتوں کو بہتر کرناشروع کیا، بالخصوص ترقی پذیر ممالک میں، جس کی بدولت عالمی طور پر وینائل کی طلب میں اضافہ ہوا جو ٹرینڈ لائن لیول تک پہنچ گئی۔ یو ایس میں ، صدر بائیڈن نے امریکن ریسکیو پلان ایکٹ 2021 پر دستخظ کیے، اور 1.9ٹریلین ڈالر کا محرک پیکج اور ریلیف پروپوزل دیا۔ یورپین یونین بلاک نے بھی زبردست فیصلہ کیا کہ معیشت کی بحالی کے لیے مشترکہ طورپر 917بلین ڈالر صرف کیے جائیں۔یہ محرک ، وبا کے دور میں، انفرادی طور پر حکومتوں کے اقدامات کے مقابلے میں بہت بہتر رہا۔ دنیا کی بڑی معیشتوں کی طرف سے اس انداز کے مالی خرچ نے عالمی معیشت کی بحالی میں اہم کردار ادا کیا۔



شمالی امریکہ

COVID 19نے شمالی امریکہ میں PVCکی طلب کو اس حد تک متاثر کیا جس کی ماضی میں کوئی مثال نہیں ملتی، اور 2020 میں اس کی کل مارکیٹ میں 4 فیصد کمی واقع ہوئی۔ بہر حال، 2021میں لاک ڈاؤنز کے مکمل طورپر ختم کیے جانے کے بعد، معاشی سرگرمیاں بحال ہونا شروع ہوئیں مگر ابھی تک اس سطح تک نہیں پہنچیں جنہیں نارمل کہا جا سکے۔ 2021میں حقیقی US GDP نمو 5.5فیصد سے بڑھ کر 5.7فیصد ہوگئی،جبکہ2022کے لیے متوقع نمو 4.3 فیصد پر برقرار رہی۔ یو ایس میں موسم سرما کے طوفان اور سمندری طوفان idaکی وجہ سے PVC کی سپلائی بری طرح متاثر ہوئی۔اس کے نتیجے میں بے شمار پلانٹس بشمول فورموسا پلاسٹکس، آکسی کیم، ویسٹالک کی بندش کی بناء پر PVCکی قیمتیں تاریخ کی بلند ترین سطح پر پہنچ گئیں ۔ سمندری طوفان idaکی وجہ سے یو ایس میں PVC گنجائش میں تقریباً60فیصد کمی واقع ہوئی۔صورتھال میں مزید خرابی ، مال برداری کی لاگت میں اضافے سے ہوئی کیونکہ یو ایس کے دو ٹرمینلز کو موسم سرماکے طوفان کے دوران ماورائے تدبیر / force majeure) قر دے دیا گیا اور عالمی تجارت کا عدم توازن COVID 19 کے دوران سپلائی چین کو متاثر کرتا رہا۔

2021میں شمالی امریکہ میں مارکیٹ کم وبیش یکساں رہی، جبکہ غیر روایتی شعبوں جیسا کہ فلورنگ، وینائل سائیڈنگ ، فینسنگ اور ڈیکنگ کی بناء پر نمو کے لیے امکانات مثبت ہیں۔اسی طرح تعمیرات کے لیے مرمت اور ری ماڈل کی مارکیٹ حتی کہ وبا کے دوران بھی مثبت رحجان ظاہر کر رہی ہے کیونکہ لوگ زیادہ وقت گھر پر صرف کر رہے ہیں اور اور ایسے میں اکثر افراد اپنے گھروں پر چھٹیوں کی طرح وقت گزارنے کے بجائے گھروں کو ری ماڈل کرنے کا انتخاب کیا ہے۔ PVCکی گھریلو طلب آئندہ5سال کے دوران سالانہ2.5فیصد اور آئندہ10سال کے دوران2فیصد، نمو کی پیش گوئی کی گئی ہے کیونکہ تعمیراتی مارکیٹ ایک نئے توازن کی طرف گامزن ہے۔

ایشیا

مجموعی طور پر طلب میں اضافے میں اپنے تاریخی حصے کی بنا پر ایشیا PVCکے لیے ایک اہم مارکیٹ ہے جہاں چائنا اور انڈیا جیسی ترقی پذیر معیشتوں نے ترقی کے لیے حوصلہ افزا کردار ادا کیا ہے۔

علاقائی طلب بھی عالمی رحجان کی پیروی کرتے ہوئے 2021میں لاک ڈاؤنز کے خاتمے کے بعد بحال ہوئی ، اور بہت سے ممالک کی طرف سے طلب میں اضافے کے لیے پالیسیوں اور محرک پیکجز کی بناء پر تیزی سے بحالی کا سفر شروع ہوا۔ چائنا میں بھی مارکیٹ کی بحالی شروع

ڈائریکٹرز رپورٹ

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈکے ڈائریکٹرز سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 31دسمبر2021 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ گذشتہ سال کے35,334 ملین روپے منافع، 5,730روپے بعد از ٹیکس منافع کے مقابلے میں ، اس سال کے دوران کمپنی کا منافع70,021ملین روپے اور بعد از ٹیکس منافع 15,061ملین روپے رہا۔ جس کے نتیجے میں فی شیئر آمدنی گذشتہ سال کے 6.30روپے فی شیئر کے مقابلے میں 2021 میں 16.28روپے فی شیئر رہی۔ بورڈ آف ڈائریکٹر نے 5.50 روپے فی عمومی شیئر منافع منقسمہ اور 0.27 روپے فی ترجیحی شیئر کا اعلان کیا ہے۔

بنیادی سرگرمیاں

اینگرو پولیمر اینڈ کیمیکلز کمپنی (EPCL یا کمپنی) اینگرو کارپوریشن لمیٹڈ(ECL یا ECLکی ہولڈنگ کمپنی) کی ذیلی کمپنی ہے، جو کہ داؤد ہرکولیس کارپوریشن لمیٹڈ(ECLکی ہولڈنگ کمپنی یا DG Corp) کی ذیلی کمپنی ہے. ۔EPCLکا قیام 1997میں ریپیلڈ کمپنیز آرڈیننس 1984کے تحت پبلک لمیٹڈ کمپنی کے طور پر عمل آیا، اور کمرشل آپریشنز کا آغاز 1997میں ہوا۔کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ کمپنی کی بنیادی سرگرمی کلور وینائل پراڈکٹس جن میں پولی وینائل کلورائیڈ (PVC)، وینائل کلورائیڈ مونومر (VCM)، کاسٹک سوڈا لیکوئیڈ، کاسٹک سوڈا فلیکس، ہائیڈرو کلورک ایسڈ، اور سوڈیم ہائپو کلورائیٹ شامل ہیں، کی تیاری اور اسے مارکیٹ کرنا ہیں۔ کمپنی کا فلیگ شپ برانڈ SABZہے جو ملک بھر میں PVCکے معیار کا دوسرا نام ہے ۔ EPCL اپنے ٹرپل باٹم لائن فلسفہ عوام، سیارہ اور منافع کی توثیق کرتی ہے۔

کاروبار کی نوعیت اور کاروباری ماڈل

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ کلورووینائل شعبے میں کام کرتی ہے اور اس کا منافع اس کاروباری انداز کا عکاس ہے جس کے ساتھ یہ اپنی سرگرمیاں انجام دیتی ہے۔

میکرو اقتصادی ماحول

COVID 19 وبا کے 2021میں جاری رہنے کے ساتھ، حکومت پاکستان کو کئی طرح کے چیلنجز کا سامنا کرنا پڑاکیونکہ معاشی بحالی کا سلسلہ جاری تھا۔ حکومت پاکستان کی طرف سے قابل ستائش اقدامات نے معاشی ماحول کو بہتر بنانے میں مدد فراہم کی ، جس کی بدولت 2020-2021میں شرح نمو 4 فیصد ریکارڈ کی گئی جبکہ اس کے ساتھ بڑے پیمانے پر مینوفیکچرنگ کے سیکٹر نے 15فیصد نمو کے ساتھ قابل ذکر کارکردگی کا مظاہرہ کیا۔

بنیادی طور پر کم درآمدی قیمتوں کی بناء پر ادائیگیوں کے توازن میں کرنٹ اکاؤنٹ خسارہ غیر معمولی حد یعنی GDPکے 0.6فیصد تک کم ہوگیا۔ بجٹ خسارہجزوی طور پر ایف بی آر ریونیو کی وجہ سےGDP کے 7فیصد کے ہدف کے قریب رہا ، جس میں 19فیصد شرح نمو دیکھنے میں آئی۔

2021دو نصف حصوں کی کہانی ہے۔ پہلے حصے میں خوشحالی اور معاشی ترقی دیکھی گئی، مگر 2021کے دوسرے حصے میں یہ مومنٹم برقرار نہ رہا ، کونکہ اس حصے میں کرنٹ اکاؤنٹ خسارہ میں بے پناہ اضافہ ہوا، جس کی وجہ عالمی معیشت میں بہتری کے آغاز کی وجہ سے بین الاقوامی طور پر ا جناس کی قیمتوں میں 60فیصد تک اضافہ تھا ۔

گذشتہ سال اسی عرصے کے دوران 1.25بلین ڈالر سرپلس کے مقابلے میں جولائی .۔ دسمبر2021کے دوران کرنٹ اکاؤنٹ خسارہ 9.09بلین ڈالر رہا ۔ اس کی وجہ سے یوایس ڈالرسے پاکستانی کرنسی میں ایکسچینج پر کافی دباؤ آیا، جس سے سال بھر میں قدر میں مئی 2021میں 152سے دسمبر 2021میں 178تک تقریباٍ 18فیصد کمی واقع ہوئی،

معاملات مزید خراب ہونے کی وجہ افراط زر رہا ،جس میں مستقل اضافہ دیکھا گیا، جو جنو ری 2021میں فیصد سے شروع ہو کر دسمبر2021میں 12.3فیصد تک پہنچ گیا۔ افراط زر کی بلند شرح کی بدولت مالیاتی اور مالی پالیسیوں میں وسعت ، سپلائی کی کمی، مارکیٹ کی زبوں حالی، درآمدی افراط زر، اور بین الاقوامی طور پر اجناس کی قیمت میں اضافہ ہوا۔

اس خراب ہوتی ہوئی صورتحال کے تناظر میں، اسٹیٹ بینک آف پاکستان نے سخت مالیاتی فیصلے کیے اور پالیسی ریٹ میں 2.75 فیصد پوائنٹس کا اضافہ کرتے ہوئے، 7.00% سے بڑھا کر9.75%کر دیا۔ 30دسمبر کو 350بلین روپے اضافی ٹیکس ریونیو کے ہدف کے ساتھ ایک منی بجٹ پیش کیا گیا،جس میں سیلز ٹیکس میں بالخصوص درآمد شدہ اشیاء پر اضافہ کیا گیا۔

آگے بڑھتے ہوئے، اگر اسٹیٹ بینک آف پاکستان کے تخمینہ کے مطابق 4 فیصد نمو حاصل کیا جاناہے تو جنوری سے جون 2022تک ماہانہ خسارے میں بڑی کمی لانے کی ضرورت ہو گی۔

حکومت کو COVID 19کے بڑھتے ہوئے کیسز کی بناء پر بھی چیلنجز کا سامنا رہے گا جیسا کہ اومیکرون ویرینٹ دنیا بھر میں تیزی سے بڑھ رہا ہے۔ دوسری جانب، گیس کی لوڈ شیڈنگ اور شرح سود میں اضافہ بھی صنعتی پروڈکشن اور نجی سرمایہ کاری پر اثر انداز ہوگا۔ آنے والا سال علاقائی اور بین الاقوامی دونوں محاذوں پر انتہائی اہم (واقعات سے بھرپور) دکھائی دے رہا ہے۔

COVID-19 اور EPCL- چیلنج کے برقرار رہتے ہوئے تحفظ/بقاء

جیسا کہ COVID-19 سال 2021میں بھی جاری ہے، جس کی وجہ سے ملک کو صحت، سماجی اور معاشی طور پر بے شمار چیلنجز کا سامنا ہے۔ ہمیں سب سے زیادہ جس سطح پر دباؤ کا سامناہے،ان میں درج ذیل شامل ہیں

سائٹ پر 1000 سے زائد افراد کی تعداد کا انتظام

عالمی طور پر سپلائی چین میں تعطل کے بعد انتہائی اہم خام مال کی فراہمی

inboundاور outboundلاجسٹکس کی بروقت فراہمی کو یقینی بناتے ہوئے صارفین کو تواتر کے ساتھ سپلائی کو یقینی بنانا

بے مثال لچک،مضبوط لیڈر شپ، پر عزم ورک فورس اور COVID-19 کے SOPsپر سختی سے عمل درآمد کی بدولت، EPCL نے اپنے لوگوں کی صحت اور حفاظت یقینی بنانے کے ساتھ اپنے بزنس آپریشنز کے تسلسل کو برقرار رکھا۔