



PAKISTAN STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000

UAN: 111-001-122

PSX/N-1160

NOTICE

October 20, 2020

Public Comments on the Draft Prospectus of Engro Polymer & Chemicals Limited's Preference Shares' Issuance

It is hereby informed to all concerned that **Engro Polymer & Chemicals Limited (the Issuer)** has applied for the listing of 300 Million Preference Shares of face value of PKR 10/- each on the Exchange. In this regard, please find attached the Draft Prospectus for the issuance of 37.5 Million Preference Shares of face value of PKR 10/- each (12.5% of the Total Issue) to the General Public at an Issue Price of PKR 10/- per share. The Issue is proposed to be made through the Fixed Price Method.

The Draft Prospectus of the Issuer is hereby placed on the Website of the Exchange for seeking public comments as required under PSX Regulation No. 5.2.1(e) and Regulation 3 (11) of the Public Offering Regulations, 2017.

All concerned are requested to provide their written comments on the Draft Prospectus, if any, to the Listing Department by emailing at comments.draftprospectus@psx.com.pk latest by **October 29, 2020**.

Asmaa Saleem Malik

Asmaa Saleem Malik

General Manager – Listing Department

Copy to:

Additional Director / HOD, PMADD, SMD - SECP

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS GIVEN AT SECTION 5 BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.

Investment in equity securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision, investors must rely on the examination of the issuer and the offer including the risks involved as disclosed in section 5 of this prospectus



engro polymer & chemicals

ENGRO POLYMER & CHEMICALS LIMITED

PROSPECTUS

Date and place of Incorporation: Karachi, October 20, 1997 | **Incorporation number:** K-07013 | **Registered office:** 12th Floor, Ocean Tower, G-3, Scheme No. 5, Block 9, Clifton, Karachi | **Website:** <https://www.engropolymer.com/> | **Contact Number:** +92 21 111 411 411 | **Contact person:** Syed Faraz Abbas Jaffri; E-mail: sfajafri@engro.com | **Contact person:** Muhammad Bilal Ahmed; E-mail: mbahmed@engro.com

Issue Size: This Issue consists of 300,000,000 Preference Shares of face value of PKR 10/- each out of which 262,500,000 Preference Shares of face value of PKR 10/- each (87.5%) have been offered to Pre-IPO investors and 37,500,000 Preference Shares of face value of PKR 10/- each are being offered to the General Public at an **Issue Price of PKR 10.00/- per share.**

Method of offering: The Issue is being made through the Fixed Price Method at an Issue Price of PKR 10.00/- per share

Public Comments: The Draft Prospectus was placed on PSX's website for seeking public comments starting from [.] , 2020 to [.] , 2020, however, no public comments were received

DATE OF PUBLIC SUBSCRIPTION: From [.] /2020 to [.] /2020 (both days inclusive) **From: 9:00 am to 5:00 pm**

CONSULTANT TO THE ISSUE



BANKERS TO THE ISSUE

Askari Bank Limited	Bank Al Habib Limited	Faysal Bank Limited	Habib Bank Limited	Habib Metropolitan Bank Limited
Soneri Bank Limited	United Bank Limited	Allied Bank Limited	JS Bank Limited	MCB Bank Limited

UNDERWRITERS TO THE ISSUE

[.]

Online applications can be submitted through Centralized e-IPO system (CES) of Central Depository Company of Pakistan Limited (CDC) and UBL e-IPO system. CES and UBL e-IPO system can be accessed via weblink www.cdceipo.com and <http://www.ubldirect.com/corporate/ebank> respectively. For details please refer to Section 12.5 of the Prospectus.

Date of Publication of this Prospectus: [.] 2020

Prospectus and General Public Subscription Form can be downloaded from the following websites: <https://www.engropolymer.com/>, <http://www.arifhabibltd.com>, www.psx.com.pk & www.cdceipo.com

For further queries you may contact

Engro Polymer & Chemicals Limited: Syed Faraz Abbas Jaffri; Phone: 021 111-411-411 (Ext: 340), E-mail: sfajafri@engro.com and Muhammad Bilal Ahmed; Phone: +92 321 3691409; E-mail: mbahmed@engro.com, **Arif Habib Limited:** Mr. Syed Ali Ahmed; Phone: +92 21 3246 5891; E-mail: ali.ahmed@arifhabibltd.com and Ms. Fatima Diwan; Phone: +92 21 388 99223; Email: fatima.diwan@arifhabibltd.com

Underwriter(s): [.]

The Issue is proposed to be listed at the Pakistan Stock Exchange ("PSX")

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

[.]

WE, Mr. JAHANGIR PIRACHA, THE CHIEF EXECUTIVE OFFICER AND SYED ABBAS RAZA, THE CHIEF FINANCIAL OFFICER OF ENGRO POLYMER & CHEMICALS LIMITED CERTIFY THAT:

1. THE PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
2. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF;
3. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
4. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THIS PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED
6. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THE PROSPECTUS.

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

-Sd-

JAHANGIR PIRACHA

Chief Executive Officer

-Sd-

SYED ABBAS RAZA

Chief Financial Officer

Glossary of Technical Terms

ACT	Securities Act, 2015
AHL	Arif Habib Limited
BVPS	Book Value Per Share
CAGR	Compound Annualized Growth Rate
CDA	Central Depository Act, 1997
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDC Regulations	Central Depository Company of Pakistan Limited Regulations
CDS	Central Depository System
CES	Centralized e-IPO System
COI	Certificate of Incorporation
Companies Act	Companies Act, 2017
Commission / SECP	Securities and Exchange Commission of Pakistan
CRO	Company Registration Office
CUIN	Computerized Unique Identification Number
CVT	Capital Value Tax
DCS	Distributed Control System
DMT	Dry Metric Ton
DSQ	De-superheating Quench column
EDC	Ethylene Dichloride
ENGRO	Engro Corporation Limited
EPCL	Engro Polymer & Chemicals Limited
EPS	Earnings Per Share
ESD	Emergency Shutdown
EU	European Union
EVTL	Engro Vopak Terminal Limited
FBR	Federal Board of Revenue
FED	Federal Excise Duty
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GOP	Government of Pakistan
HCL	Hydrochloric Acid
HW	Honey Well
IDC	Interest During Construction
IFC	International Finance Corporation
ITO	Income Tax Ordinance, 2001
KT	Kilo Ton
LABSA	Linear Alkyl Benzene Sulphonic Acid
Mn	Million

MT	Metric Ton
MW	Megawatt
NICOP	National Identity Card for Overseas Pakistani
NOC	No Objection Certificate
PKR or Rs.	Pakistan Rupee(s)
PMT	Project Management Team
PSX / Exchange	Pakistan Stock Exchange Limited
PVC	Poly-Vinyl-Chloride
SCRA	Special Convertible Rupee Account
SST	Sindh Sales Tax
TCC	China Tianchen Engineering Corporation
TDR	Term Deposit Receipt
TDS	Total Dissolved Solids
UAE	United Arab Emirates
UIN	Unique Identification Number
USA	United States of America
USD	United States Dollar
VCM	Vinyl Chloride Monomer
WHT	Withholding Tax

DEFINITIONS

Application Money	The amount of money paid along with application for subscription of shares which is equivalent to the product of the Issue Price per share and the number of shares applied for
Centralized E-IPO System	<p>In order to facilitate investors, the Central Depository Company of Pakistan (“CDC”) has developed a Centralized e-IPO System (“CES”) through which applications for subscription of securities offered to the general public can be made electronically. CES has been made available in this Issue and can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK’s member banks available for CES, list of which is available on above mentioned website.</p> <p>For making application through CES, investors must be registered with CES. Registration with CES is one time, free of cost and can be done under a self-registration process by filling the CES registration form, which is available on the above mentioned web link 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial banks, email address, mobile phone number and CDS account (investor account or sub account) may register themselves with CES.</p> <p>Investors who do not have CDS account may visit www.cdcpakistan.com for information and details.</p> <p>For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com</p>
Company	Engro Polymer & Chemicals Limited
Company’s Legal Advisor	Mohammed Yakoob Kapadia
Commission	Securities & Exchange Commission of Pakistan (“SECP”).
Consultant to the Issue	<p>Any person licensed by the Commission to act as a Consultant to the Issue.</p> <p>Arif Habib Limited has been appointed as Consultant to the Issue.</p>
Demin Water Train	It is the unit to produce demineralized water which essentially means reduction of TDS (No dissolved solids) and is achieved through the principle of ion-exchange method
Direct Issuance	Other than right share issuance under Chapter IV of the Companies (Further Issue of Shares) Regulations, 2020
e-IPO facility	e-IPO is submission of application for subscription of securities electronically through internet, Automated Teller Machines (ATM) and mobile phones. In

order to facilitate the public during IPOs, SECP has introduced the concept of e-IPO. The following two systems are available for e-IPOs:

(i) Centralized e-IPO System (CES):

In order to facilitate investors, the Central Depository Company of Pakistan (“CDC”) has developed a Centralized e-IPO System (“CES”) through which applications for subscription of securities offered to the general public can be made electronically. CES has been made available in this Issue and can be accessed through the web link (www.cdceipo.com). Payment of subscription money can be made through 1LINK’s member banks available for CES, list of which is available on above website.

For making application through CES, investors must be registered with CES. Registration with CES is free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial bank, email address, mobile phone number and CDS Account (Investor account or sub account) may register themselves with CES.

In addition to the above, CDC has also introduced a new facility in CES through which sub-account holder(s) will request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants will electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings (IPOs) and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors’ sub-account. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC’s IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account.

Investors who do not have CDS account may visit www.cdcpakistan.com for information and details.

For further guidance and queries regarding CES and opening of CDS account, **investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or Mr. Farooq Ahmed Butt at Phone 021-34326030 and email: farooq_butt@cdcpak.com.**

Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on [.].

(ii) e-IPO facilities by Bankers to the Issue:

Currently, UBL is providing e-IPO facilities to its account holders.

	<p>UBL account holders can use UBL Net Banking to submit their application via link http://www.ubldirect.com/corporate/ebank</p> <p>Account holders of UBL can submit their applications through the above mentioned link 24 hours a day during the subscription period which will close at midnight on [..].</p>
General Public	All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.
Initial Public Offer (IPO)	Initial Public Offering or IPO means first time offer of securities to the general public.
Institutional Investors	<p>Any of the following entities:</p> <ul style="list-style-type: none"> ▪ A financial institution; ▪ A company as defined in the Companies Act, 2017; ▪ An insurance company established under the Insurance Ordinance, 2000; ▪ A securities broker; ▪ A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; ▪ A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005; ▪ A private fund established under Private Fund Regulations, 2015; ▪ Any employee's fund established for beneficial of employees; ▪ Any other fund established under any special enactment; ▪ A foreign company or any other foreign legal person; and ▪ Any other entity as specified by the Commission.
Issue	Total Issue of 300,000,000 Preference Shares of face value of PKR 10.00/- each out of which 262,500,000 Preference Shares of face value of PKR 10.00/- each (87.5% of the total Issue) are offered to Pre-IPO investors and 37,500,000 Preference Shares of face value of PKR 10.00/- each (12.5% of the total Issue) are being offered to General Public at par value of PKR 10.00/- per share.
Issue Price	The Fixed Price per share i.e. par value of the shares, set by the Issuer in consultation with Consultant to the Issue. For this Issue, Issue Price is the par value of PKR 10.00/- per share.
Issuer	Engro Polymer & Chemicals Limited (the "Company" or "EPCL").
Key Employees	Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary of the Company.
Listing Regulations	Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled 'Listing of Companies and Securities Regulations'.

Ordinary Shares	Ordinary Shares of Engro Polymer & Chemicals Limited having face value of PKR 10.00/- each. The Ordinary Shares of the Company are already listed on the Pakistan Stock Exchange.
Oxygen Based VCM technology	A technology to produce VCM using Oxygen, instead of air, which is currently being used. Oxygen based VCM technology is more efficient in consumption of raw materials (i.e. Ethylene and EDC).
Preference Shares	Preference Shares of Engro Polymer & Chemicals Limited having face value of PKR 10.00/- each issued as other than right ("Direct Issuance").
Prospectus	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a company.
PO Regulations	The Public Offering Regulations, 2017.
PVC-III	Expansion of PVC plant for capacity expansion by 100,000 M.T.
Sponsor	<p>A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;</p> <p>A person who replaces the person referred to above; and</p> <p>A person or group of persons who has control of the issuing company whether directly or indirectly.</p>
Transaction Legal Counsel	Mohsin Tayebaly & Co.

Interpretation:

ANY CAPITALIZED TERM CONTAINED IN THIS PROSPECTUS, WHICH IS IDENTICAL TO A CAPITALIZED TERM DEFINED HEREIN, SHALL, UNLESS THE CONTEXT EXPRESSLY INDICATES OR REQUIRES OTHERWISE AND TO THE EXTENT AS MAY BE APPLICABLE GIVEN THE CONTEXT, HAVE THE SAME MEANING AS THE CAPITALIZED / DEFINED TERM PROVIDED HEREIN.

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1 APPROVALS, CONSENTS AND LISTING ON THE SECURITIES EXCHANGE

1.1. APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (the "**Commission**" or the "**SECP**") under Section 87(2) of the Securities Act, 2015 read with Section 88(1) thereof, has been obtained vide letter No. [...] dated [...] by Engro Polymer & Chemicals Limited for the Issue, circulation and publication of this Prospectus.

DISCLAIMER:

IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, SECP DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY AND ANY OF ITS SCHEMES STATED HEREIN OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARDS TO THEM BY THE COMPANY IN THIS PROSPECTUS.

SECP HAS NOT EVALUATED QUALITY OF THE ISSUE AND ITS APPROVAL FOR ISSUE, CIRCULATION AND PUBLICATION OF THE PROSPECTUS SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC / INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT DUE DILIGENCE AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.

1.2. APPROVAL OF THE SECURITIES EXCHANGE

The Prospectus of the Company has been approved by PSX vide letter No. [...] dated [...] in accordance with the requirements of the Listing Regulations.

DISCLAIMER:

PSX HAS NOT EVALUATED THE QUALITY OF THE ISSUE AND ITS APPROVAL SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC / INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.

THE PUBLICATION OF THIS DOCUMENT DOES NOT REPRESENT SOLICITATION BY PSX.

THE CONTENTS OF THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION TO INVEST IN SHARES OR SUBSCRIBE FOR ANY SECURITIES OR OTHER FINANCIAL INSTRUMENT BY PSX, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN ANY CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER OF PSX.

IT IS CLARIFIED THAT INFORMATION IN THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ADVICE ON ANY PARTICULAR MATTER BY PSX AND MUST NOT BE TREATED AS A SUBSTITUTE FOR SPECIFIC ADVICE.

PSX DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE UPON THIS DOCUMENT TO ANYONE, ARISING FROM ANY REASON, INCLUDING, BUT NOT LIMITED TO, INACCURACIES, INCOMPLETENESS AND / OR MISTAKES, FOR DECISIONS AND /OR ACTIONS TAKEN, BASED ON THIS DOCUMENT.

PSX NEITHER TAKES RESPONSIBILITY FOR THE CORRECTNESS OF CONTENTS OF THIS DOCUMENT NOR THE ABILITY OF THE COMPANY TO FULFILL ITS OBLIGATIONS THEREUNDER.

ADVICE FROM A SUITABLY QUALIFIED PROFESSIONAL SHOULD ALWAYS BE SOUGHT BY INVESTORS IN RELATION TO ANY PARTICULAR INVESTMENT.

1.3. STATEMENT OF FILING OF PROSPECTUS & OTHER DOCUMENTS

This Prospectus and other documents are being filed to the Registrar of Companies for the listing of Preference Shares of Engro Polymer & Chemicals Limited. The total Issue size is 300,000,000 Preference Shares out of which 262,500,000 Preference Shares are offered to Pre-IPO investors and 37,500,000 Preference Shares are being offered to General Public at a Fixed Price of PKR 10.00 per share.

1.4. LISTING AT PSX

Application has been made to PSX for permission to deal in and for quotation of the Preference Shares of the Company.

If for any reason, the application for formal listing is not accepted by PSX or approval for formal listing is not granted by PSX before the expiration of twenty-one days from the date of closing of the subscription period / list or such longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicants for permission by the PSX, the Issuer undertakes that a notice to that effect will immediately be published in the press and will refund Application Money to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act.

If any such money is not repaid within eight (08) days after the Company becomes liable to repay it, the Directors of the Company shall be jointly and severally liable to repay that money from the expiration of the eight day together with surcharge at the rate of two percent (2.0%) for every month or part thereof from the expiration of the eight day and, in addition, shall be liable to a penalty of level 3 on the standard scale in accordance with the provisions of sub-section (2) of Section 69 of the Companies Act.

2 SUMMARY OF THE PROSPECTUS

2.1 PRIMARY BUSINESS OF THE ISSUER

EPCL operates in the Chemical Industry and is engaged in the production and marketing of Chlor-Vinyl products which include Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic Soda and other related chemicals.

2.2 NAME OF THE SPONSORS

EPCL is a subsidiary of Engro Corporation Limited (the Holding Company).

2.3 SALIENT FEATURES OF THE ISSUE

Issue Size: This Issue consists of 300,000,000 Preference Shares of face value of PKR 10/- each out of which 262,500,000 Preference Shares of face value of PKR 10/- each (87.5%) have been offered to Pre-IPO investors and 37,500,000 Preference Shares of face value of PKR 10/- each are being offered to the General Public at an **Issue Price of PKR 10.00/- per share**.

Method of Offering: The Issue is being made through the Fixed Price Method at an Issue Price of PKR 10.00/- per share

Underwriters to the Issue: [.]

The Preference Shares shall be listed, perpetual, cumulative, callable, convertible and non-voting.

The terms and conditions of the Preference Shares are mentioned below:

Amount	Up to PKR 3.0 billion (Pak Rupees Three Billion Only)
Price	PKR 10/Share (Par Value)
Purpose	Expansion of the Issuer's Poly-Vinyl-Chloride (PVC) capacity and Vinyl Chloride Monomer (VCM) project i.e. through equity instrument in order to obtain certain tax credits under applicable laws ¹
Issue Date	The date of closing of the subscription list for the public offering, being the last date for subscription of the Preference Shares by potential subscribers
Transaction Legal Counsel	Mohsin Tayebaly & Co.
Eligible Investors	Individuals, companies, body corporates, commercial banks, DFIs, financial institutions, mutual funds, provident / pension / gratuity funds / trusts etc. via pre-IPO placements and public offering other than by way of right
Tenor	Perpetual
Dividend Payout	<p>Dividend on the Issue will be cumulative and will be payable half-yearly at the rate of 6 Months KIBOR + 3.5%, and the payment of the same shall be at the discretion of Board of Directors and shall be in priority to ordinary shareholders</p> <p>For the purposes of determining KIBOR, the rate prevailing on the Issue Date shall initially be considered and thereafter, the rate prevailing on June 30 and December 31 of each year shall be considered</p>

¹ Through the issuance of Preference Shares, the Company can avail tax credits applicable under Section 65E of Income Tax Ordinance, 2001 ("ITO"). Under section 65E of the ITO, a tax credit may be allowed to those companies who invest any amount with at least 70% new equity raised through issuance of new shares

Cumulation	The entitlement of Dividend shall not lapse if no Dividend is paid within that period and shall be carried forward to subsequent period(s)
Call Option	<p>The Company, after the expiry of 12 (twelve) months from the Issue date, shall have a Call Option to purchase the entire Issue or part thereof pro-rata from each Investor through a thirty (30) days prior notice.</p> <p>The price of each Preference Share to be redeemed, as part of the Call Option, shall be equal to its par value plus any undistributed/accumulated dividend</p>
Conversion Option	<p>The Conversion Option can be exercised upon the expiry of 80 (eighty) months from the Issue Date, at option of the Investors. The Conversion ratio shall be one Ordinary Shares for One Preference Shares (1:1)</p> <p>The Conversion Option will be available after 80 months of the Issue on 1st January, 1st April or 1st July or 1st October of that year (herein after referred to as “Conversion Dates”). Investors can request, through a thirty (30) days prior written notice (prior to the Conversion Date) (“Conversion Notice”), to convert 100% (or part thereof) of their holding into ordinary shares</p>
Alteration/Change in Terms & Conditions	The Company shall not carry out any change in the terms and conditions of the Issue without the approval of Preference Shareholders, with a (3/4th) majority

2.4 PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

2.4.1 Ordinary Shares

Sr. No.	Sponsors	Pre-Issue Shareholding	Post-Issue Shareholding
1	Engro Corporation Limited	56.19%	56.19%

2.4.2 Preference Shares

Sr. No.	Sponsors	Pre-Issue Shareholding	Post-Issue Shareholding
1	Engro Corporation Limited	0.00%	0.00%

2.5 PRINCIPAL PURPOSE OF THE ISSUE AND UTILIZATION OF PROCEEDS

The funds received by the Company from the Preference Share issuance shall be utilized to finance the expansion of the Company's PVC resin capacity and debottlenecking of VCM plant. In December 2017, the Company announced expansion of the PVC resin plant to cater for an additional 100,000 MT and VCM plant debottlenecking of 50,000 M.T. per annum.

The total cost of the expansion project was approximately PKR 7.6 billion which was intended to be partially funded via fresh equity through issuance of ordinary shares, on rights basis, of approximately PKR 5.4 billion while the remaining cost was funded via debt.

Due to the depreciation of PKR against the USD post announcement of the project, the project cost has experienced an increase which now stands at approximately PKR 11.95 billion.

The Company is issuing Preference Shares as Direct Issuance to cater for the incremental cost of the expansion plan, such that the project is funded minimum by 70% freshly issued equity. Through the issuance of Preference Shares, Company can avail tax credits applicable under Section 65E of Income Tax Ordinance, 2001 (“ITO”). Under section 65E of the ITO, a

tax credit will be allowed to those companies who invest any amount with at least 70% new equity raised through issuance of new shares.

Capacity	At Inception – M.T. / annum	Pre Expansion – M.T. / annum	Post Expansion – M.T. / annum
PVC resin	100,000	195,000	295,000
VCM	-	195,000	245,000

In the year ended 2019, EPCL produced 197,000 M.T. of PVC resin at a capacity utilization of 101% (higher rate of utilization due to process efficiencies and better capacity/service factors) and 184,000 M.T. of VCM at a capacity utilization of 94%

2.5.1 Source of Funding

Break up of fund requirement	Fund raised	Contribution of mode of financing
	PKR	
Pre-IPO proceeds	2,625,000,000	
IPO Proceeds	375,000,000	
Sub Total	3,000,000,000	25.10%
Right Issue	5,399,999,990	45.19%
Total Equity	8,399,999,990	70.29%
Long Term Finance Facility (LTFF)	1,950,000,000	16.32%
Debt from IFC	1,600,000,010	13.39%
Total Debt	3,550,000,010	29.71%
Grand Total	11,950,000,000	100.00%

2.5.2 Utilization of Proceeds

Expenditure Heads		
Particular	PKR	%
Equipment Cost - PVC-3	5,000,000,000	41.84%
Licensing/Engineering – PVC -3	1,000,000,000	8.37%
Construction Cost - PVC-3	1,000,000,000	8.37%
Equipment Cost - VCM debottlenecking	1,100,000,000	9.21%
Construction Cost - VCM debottlenecking	900,000,000	7.53%
Storage tanks & associated piping	350,000,000	2.93%
Duties/taxes on equipment	800,000,000	6.69%
Other expenses (IDC, Manpower, etc.)	1,800,000,000	15.06%
Total	11,950,000,000	100%

2.6 VALUATION

Please refer to section 4(A) titled, Valuation Section.

2.7 QUALIFIED OPINION GIVEN BY THE AUDITOR DURING LAST THREE FINANCIAL YEARS

The auditors have not given any qualified opinion during the last three financing years.

2.8 FINANCIAL SUMMARY

		Consolidated			
	Units	CY 17	CY 18	CY 19	1H CY20
Share capital	PKR mn	6,635	9,089	9,089	9,089

Consolidated					
	Units	CY 17	CY 18	CY 19	1H CY20
Net worth	PKR mn	7,760	16,796	17,776	17,817
Revenue	PKR mn	27,731	35,272	37,837	12,874
Gross margin	%	22%	22%	21%	15%
Operating margin	%	14%	20%	18%	12%
Profit after tax	PKR mn	2,053	4,930	3,696	223
Profit after tax margin	%	7%	14%	10%	2%
Cashflow from operations	PKR mn	1,849	9,916	7,679	4,241
Earnings per share	PKR/Share	3.09	5.42	4.07	0.24
Breakup value per share	PKR/Share	11.70	18.48	19.56	19.60
Total borrowings	PKR mn	8,885	7,565	27,445	29,162
Total debt to equity ratio ¹	%	53%	31%	61%	62%

Unconsolidated					
	Units	CY 17	CY 18	CY 19	1H CY20
Share capital	PKR mn	6,635	9,089	9,089	9,089
Net worth	PKR mn	7,720	16,744	17,731	17,729
Revenue	PKR mn	27,731	35,272	37,837	12,874
Gross margin	%	22%	22%	21%	15%
Operating margin	%	14%	20%	18%	12%
Profit after tax	PKR mn	2,049	4,917	3,704	178
Profit after tax margin	%	7%	14%	10%	1%
Cashflow from operations	PKR mn	1,850	9,918	7,651	3,999
Earnings per share	PKR/Share	3.09	5.41	4.07	0.20
Breakup value per share	PKR/Share	11.64	18.42	19.51	19.51
Total borrowings	PKR mn	8,885	7,565	27,445	29,162
Total debt to equity ratio ¹	%	54%	31%	61%	62%

¹ Calculated as (total debt / total debt + equity)

For detailed financials, please refer to Section 6.5 of this Prospectus, titled Financial Information.

2.9 OUTSTANDING LEGAL PROCEEDINGS OTHER THAN THE NORMAL COURSE OF BUSINESS LEGAL PROCEEDINGS

There are a few legal proceedings which the Company is engaged in, the key ones, of which are listed as under:

Particulars	Date	Details
Refund of Custom Duty	April 11, 2008	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 amounting to PKR 18,043,000 paid during the period June 16, 2006 to July 24, 2006 on imports of Vinyl Chloride Monomer (VCM). The Company has filed an appeal with the Sindh High Court against the afore-mentioned order of the Tribunal.
Recovery of Special Excise Duty (SED)	2007	During 2007, Special Excise Duty (SED) amounting to PKR 91,616,000 was paid on import of certain fixed assets. Out of the total SED paid, an amount of PKR 54,299,000 was adjusted

Particulars	Date	Details
		through input claim in sales tax returns. Subsequently, the remaining amount of PKR 36,687,000 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. The Company is pursuing the recovery from the tax authorities.
Deputy Commissioner Inland Revenue (DCIR) – Tax Demand OF PKR 213,172,000	November 26, 2009	The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009 raised a tax demand of PKR 213,172,000. The demand arose as a result of additions on account of trading liabilities of PKR 47,582,000 under section 34(5) of the ITO, disallowance of provision for retirement benefits of PKR 5,899,000 addition of imputed interest on loans to employees and executives of PKR 16,069,000 to income, disallowance of finance cost of PKR 134,414,000 and disallowance of adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.
DCIR – Tax Demand of PKR 213,172,000	November 30, 2010	The DCIR through his order dated November 30, 2010 raised a tax demand of PKR 163,206,000. The demand arose as a result of disallowance of finance cost of PKR 457,282,000 additions to income of trading liabilities of PKR 21,859,000 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of PKR 14,239,000 disallowance of provision against Special Excise Duty refundable of PKR 36,687,000 addition of imputed interest on loans to employees and executives of PKR 20,599,000 and not considering net loss.
Gas Infrastructure Development Cess (GIDC)	2011	Under the GIDC Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess on all industrial gas consumers. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014, GIDC Ordinance 2014 and GIDC Act 2015 against which the Company had obtained ad-interim stay orders from the High Court of Sindh. Subsequently, the case was decided in favour of the Company. However, on prudent basis the Company recognized a provision of PKR 5,505,500,000 till June 30, 2020. On August 13, 2020, the Supreme Court of Pakistan announced the decision rendering the GIDC Act 2015 intra virus to the constitution and directs the Gas supply companies to recover the dues in 24 monthly installments. The company, aggrieved of the decision, is evaluating options with the legal counsel and will take necessary course of action accordingly..
DCIR – Sales Tax Demand of PKR 524,589,000	January 8, 2016	DCIR through order dated January 8, 2016, raised a sales tax demand of PKR 524,589,000 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The Company filed an appeal before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability.
Additional Commissioner Inland Revenue (ACIR) – Carried forward Minimum Taxes	January 20, 2020	Through the notice dated January 20, 2020 the ACIR raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019

Particulars	Date	Details
		and required the Company to pay PKR 552,331,000 being the amount short paid with the return. The Company filed a Constitutional Petition in the High Court of Sindh (SHC) challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. 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 favorable decision

Please refer to section 8 of this Prospectus, titled “Legal Proceedings and Overdue Loans” for further details.

2.10 RISK FACTORS

Please refer to Section 5 of this Prospectus, titled Risk Factors, for details on risks associated with the Company.

2.11 SUMMARY OF RELATED PARTY TRANSACTIONS

Related party transactions are mentioned in detail under section 3.15, titled Related Party Transactions.

Nature of Relationship	Nature of Transaction	CY 17	CY 18	CY 19
Holding Company		Amounts in PKR mn		
Engro Corporation Limited	Mark-up on subordinated loan	285	-	-
	Reimbursement made	16	59	25
	Reimbursement received	4	7	2
	Intangible asset	-	45	277
	Purchase of services	87	203	262
	Life insurance contribution	1	1	1
	Medical insurance contribution	0.2	0.2	0.2
	Sub-ordinated long-term loan repaid	3,000	-	-
Associated Company				
Mitsubishi Corporation	Purchase of goods	-	3,113	702
Member of the Group				
Engro Fertilizers Limited	Sale of goods	19	14	11
	Sale of Utilities	99	92	113
	Purchase of services	1	12	13
	Use of operating assets	8	-	-
	Reimbursement received	-	2	4
	Purchase of land	-	139	722
	Reimbursement made	13	4	13
Engro Vopak Terminal Limited	Purchase of services	1,139	1,211	1,477
	Reimbursement made	2	17	20
	Sale of goods	-	-	-
	Reimbursement received	2	4	1
Engro PowerGen Qadirpur Limited	Reimbursement received	3	-	-
	Reimbursement made	6	0.1	-
Engro Digital Limited	Reimbursement received	0.0	-	0.0
Engro Energy Limited	Reimbursement received	-	4	4
	Sales of office	83	-	-
Engro Powergen Thar (Private) Limited	Sale of goods	-	-	4
FrieslandCampina Engro Pakistan	Sale of goods	6	-	-
	Reimbursement received	-	-	-
	Reimbursement made	2	-	-

Nature of Relationship	Nature of Transaction	CY 17	CY 18	CY 19
	Use of operating assets	-	-	-
Engro Elengy Terminal Limited	Reimbursement received	-	0.1	-
Engro Foundation	Donation	-	5	14
Sindh Engro Coal Mining Company Limited	Reimbursement received	-	-	-
	Reimbursement made	0.0	-	-
Other Related Party				
Overseas Investors Chamber of Commerce & Industries	Annual subscription	1	-	-
Arabian Sea Country Club	Purchase of services	0.1	-	-
Directors' Fee				
Directors	Fee	1	1	1
	Repayment of advance	-	-	-
Contribution to staff retirement benefits				
	Managed and operated by holding company			
	Provident fund	60	65	70
	Gratuity fund	45	52	49
	Pension fund	3	3	5
Key management personnel				
	Managerial remuneration	86	106	117
	Retirement benefit funds	13	16	21
	Bonus	67	81	37
	Other benefits	19	23	27

3 OVERVIEW, HISTORY AND PROSPECTS

3.1 COMPANY HISTORY AND OVERVIEW

Registration number	K-0038426
Date of incorporation	October 20, 1997
Date of commencement of business	n/a ¹
Date of conversion into public limited company	January 11, 1999
Date of change of name	October 26, 2007

¹EPCL does not have a commencement of business certificate as it was incorporated as private limited company.

Engro Asahi Polymer & Chemicals Limited. [now Engro Polymer & Chemicals Limited (“EPCL” or the “Company”)] was incorporated in 1997 under the repealed Companies Ordinance 1984. It was a joint venture between Engro Chemical (50%), Asahi Glass Company (30%) and Mitsubishi Corporation (20%) to set up a 100,000 M.T. capacity PVC resin plant at Port Qasim, Karachi. The plant came into commercial operation in 1999.

The Company is engaged in the production and marketing of Chlor-Vinyl products which include Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic Soda and other related chemicals and is the only integrated Chlor-Alkali and Vinyl manufacturer in Pakistan. The two major business units of the Company are:

- Chlor-Alkali: consisting of products namely Caustic Soda, HCL, Sodium Hypochlorite and Hydrogen
- Vinyls: consisting of Ethylene Di Chloride (EDC), Vinyl Chloride Monomer (VCM) and Poly-Vinyl-Chloride (PVC)

In 2006, Asahi Glass divested from the business and Engro Chemical acquired its shareholding. Subsequently the name of the Company was changed to Engro Polymer & Chemicals Limited in 2007.

In 2007, the Company embarked upon an expansion and backward integration project to enhance the PVC resin capacity to 150,000 M.T. and set up an EDC-VCM and Chlor-alkali plants. Currently, EPCL has PVC resin and VCM production capacity of 195,000 M.T. and Caustic Soda capacity of 106,000 M.T. The site is powered by a natural gas based captive power plant.

Capacity enhancements since the Company’s inception:

Capacities (000 M.T.)	PVC	VCM	EDC	Caustic ¹	Flakes
At inception	100	-	-	-	-
2008	150				
2009			127	106	
2010		195			
2014	174	-	-	-	-
2017	195	-	-	-	-
2019					20
Total Existing Capacity	195	195	127	106	20
Post-IPO Capacity	295	245	127	106	20

¹Capacity of Caustic is in ‘000 D.M.T.

²PVC resin capacity was increased in 2008 whereas capacity of Caustic and EDC were increased in 2009 and VCM in 2010

Production capacity and utilization of the Company’s existing product portfolio during the last three years is illustrated below:

Products ¹	CY 17			CY 18			CY 19		
	Capacity	Produced	%	Capacity	Produced	%	Capacity	Produced	%
EDC	127	107	84%	127	107	84%	127	110	87%
VCM	195	180	92%	195	195	100%	195	184	94%

Products ¹	CY 17			CY 18			CY 19		
	Capacity	Produced	%	Capacity	Produced	%	Capacity	Produced	%
PVC resin	195	187	96%	195	202	104% ²	195	197	101% ²
Caustic Soda	106	105	99%	106	105	99%	106	105	99%
Caustic Soda Flakes	-	-	-	-	-	-	20	4	20%

¹ In the Chlor Alkali segment, Chlorine, Sodium Hypochlorite, Hydrochloric Acid and Hydrogen Gas are by products

² Higher capacity utilization rates of PVC resin in 2018 and 2019 are due to process efficiencies and better capacity/service factors

3.2 PATTERN OF SHAREHOLDING

Sr. No.	Shareholders	No. of Shares ¹	% of Shareholding
1	Engro Corporation Limited	510,733,450	56.19%
2	Mitsubishi Corporation	100,053,562	11.01%
3	Others (including Public)	298,136,321	32.80%
Total		908,923,333	100.00%

¹Represents Ordinary Shares of the Company

3.3 KEY PERFORMANCE DRIVERS

3.3.1 Key Revenue Drivers

Increasing Production Capacity

Driven by strong growth of local PVC resin demand over the past few years, the current production capacity is being almost fully utilized. The Company is now in a process of increasing its PVC resin production capacity by a little more than 50%, from existing 195,000 M.T. p.a. to 295,000 M.T. p.a., with the additional capacity expected to come online in early 2021.

The domestic PVC resin market comprises of only one player that is EPCL with an installed capacity of 195,000 M.T. Rest of the demand is catered through imports.

PVC Market Demand ('000 M.T.)	CY 12	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	5 year CAGR
EPCL Sales	132	139	124	149	168	187	202	191	9%
Resin Import	7	6	16	24	37	46	52	47	24%
Total Virgin Resin Market	139	145	140	173	205	233	254	238	11%
Scrap Import	27	25	20	9	13	47	54	44	17%
Total Market	166	170	160	182	218	280	308	282	12%

Source: EPCL management

Diversified Product Base

EPCL is also in the process of introducing new products to its product offering, namely Hydrogen per oxide and LABSA (Linear Alkyl Benzene Sulphonic Acid). This will not only help increase revenues but also offer product diversification for the Company. Caustic Soda flakes plant was commissioned in 2019 and has also started commercial production.

3.3.2 Key Cost Drivers

Cost of Raw Material

The key raw materials for Chlor-Vinyls production process are Salt, Ethylene and EDC. EPCL procures salt locally, while Ethylene and a certain part of EDC are imported. On a design basis, EPCL is self-sufficient in its VCM requirement, however, post expansion of PVC resin production capacity, VCM will also be partly imported to meet production requirements.

Overall, cost of raw material is the largest contributor of overall costs for EPCL. Ethylene and EDC are imported from the following vendors:

S.#	Suppliers
1	Mitsubishi corporation
2	Marubeni
3	Sabir
4	Sipchem
5	Apex International
6	Mitsui & Co.
7	Kolmar
8	Muntajat
9	Petkim

EPCL procures salt locally from Al Ameen Salt Works and Hub Salt.

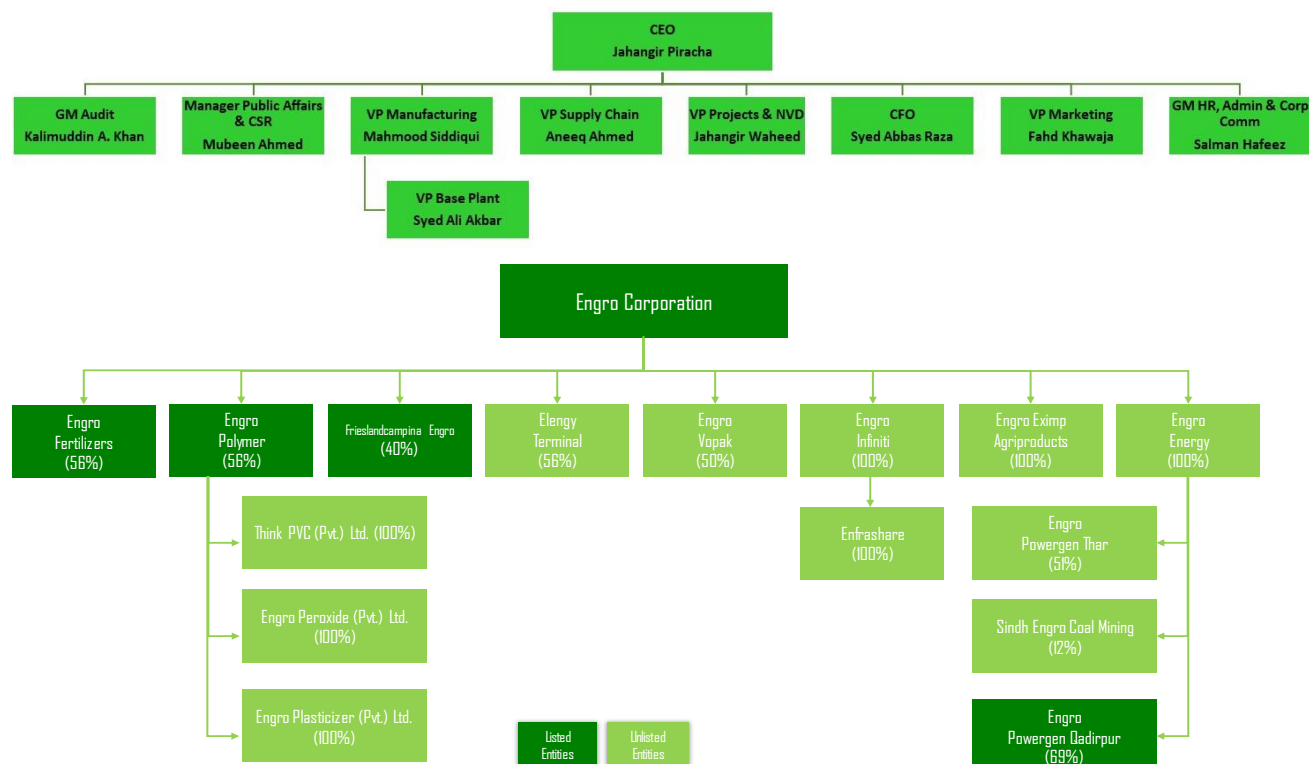
Cost of Natural Gas

Chlor-Vinyls process, being an energy-intensive one, requires significant amount of energy. Currently, natural gas is used to meet all energy requirements at the plant site. As such, natural gas price is a major cost determinant for the Company.

Cost of Manpower

Running one of its kind plant in Pakistan, the Company has to maintain a trained and motivated workforce to meet the plant operational requirements. The Company regularly conducts training programs for its employees to ensure that they are equipped with the best available knowledge to run the plant efficiently and reliably.

3.4 COMPANY ORGANOGRAM & GROUP INFORMATION



3.5 MAJOR EVENTS IN THE HISTORY OF ISSUER

Year	Milestone
1997	Engro Asahi Polymer & Chemicals (Pvt.) Limited (now Engro Polymer & Chemicals Limited) established
1999	<ul style="list-style-type: none"> - Conversion into public limited company - PVC I Plant commissioned with 100,000 M.T. capacity
2006	<ul style="list-style-type: none"> - Expansion/ back integration Project of the Company launched, for setting up a new PVC plant of 50,000 M.T., a EDC/VCM plant and a Caustic Soda plant - Asahi Glass divested its shareholding
2007	- Name of the Company changed to Engro Polymer & Chemicals Limited
2008	<ul style="list-style-type: none"> - PVC II plant (50,000 M.T.) started up in quarter 4 of 2008 - Listed on the Karachi Stock Exchange (Now Pakistan Stock Exchange) in 2008
2009	- Launch of Caustic Soda, EDC, Sodium Hypochlorite and PVC
2010	<ul style="list-style-type: none"> - Back-integration completed - Commercial Production of VCM declared in 2010
2013	Start of debottlenecking of PVC
2014	Completed debottlenecking of PVC - capacity to 174,000 M.T.
2017	<p>Further debottlenecking increases plant capacity to 195,000 M.T.</p> <ul style="list-style-type: none"> - Announcement of an extensive expansion plan including increase of PVC capacity by 100,000 M.T. and debottleneck VCM capacity by 50,000 M.T., along with a few more diversification, efficiency and reliability projects¹
2018	<ul style="list-style-type: none"> - Completion of Ordinary Shares (via Rights) issuance of PKR 5.4 bn - Decided to enter Hydrogen Per Oxide (H2O2) business through a greenfield manufacturing facility. Commissioning expected towards the end of 2022. - Announced investment to shift to Oxygen based VCM technology (OVR). Commissioning expected in 2Q 2021
2019	<ul style="list-style-type: none"> - Caustic flaker plant of 20,000 M.T. p.a. commissioned - Announced investment in High Temperature Direct Chlorination (HTDC) project to improve power efficiency and reduce carbon footprint and addition of production facility of Linear Alkyl Benzene Sulphonic Acid (LABSA) with an annual production capacity of 24,000 M.T.²

¹Due to the exchange rate depreciation of PKR against USD, the expansion plan has experienced an increase in cost.

²Commissioning of HTDC is expected in 2Q 2022. However, due to the Covid-19 situation, the timeline of LABSA project will be delayed. The management will inform the PSX as soon as there is further clarity on it. The timelines of remaining projects are on track as per initial estimates.

Production capacity and utilization of the Company's existing product portfolio is illustrated below:

Products ¹	CY 17			CY 18			CY 19		
	Capacity	Produced	%	Capacity	Produced	%	Capacity	Produced	%
EDC	127	107	84%	127	107	84%	127	110	87%
VCM	195	180	92%	195	195	100%	195	184	94%
PVC resin	195	187	96%	195	202	104% ²	195	197	101% ²
Caustic Soda	106	105	99%	106	105	99%	106	105	99%
Caustic Soda Flakes	-	-	-	-	-	-	20	4	20%

¹ In the Chlor Alkali segment, Chlorine, Sodium Hypochlorite, Hydrochloric Acid and Hydrogen Gas are by products

² Higher capacity utilization rates of PVC resin in 2018 and 2019 are due to process efficiencies and better capacity/service factors

3.6 NATURE AND LOCATION OF COMPANY'S PROJECTS

All of Company's projects are located at its plant site at Port Qasim, Karachi.

As part of PVC resin expansion and VCM debottlenecking project, the following activities are being performed:

1. Setup of a new PVC resin plant with a capacity of 100,000 M.T. with dedicated control room
2. Product Movement and Storage for enhanced PVC resin capacity with a storage area of 4,500 sq. meters
3. Expansion of Utilities setup with package boiler, demin water train, air compressor unit with nitrogen generator and cooling tower
4. Debottlenecking of VCM plant
5. Additional VCM sphere with storage capacity of 3,000 M.T.
6. Additional EDC storage tank of 6,500 M.T., along with a 7km pipeline connecting to storage location at EVTL

3.7 INFRASTRUCTURE FACILITIES

EPCL has been in operation since the late 1990s. It started off with a single PVC resin plant, running on imported VCM. The current site is spread over a total area of 128 acres in the Eastern Zone of Port Qasim area in Karachi.

Currently the EPCL site has the following major units:

Power Plant & Utilities

EPCL site is powered by a combined cycle natural gas based captive power plant, with a capacity of 66MW at its production site at Port Qasim. As part of the power plant, there are two gas turbines and one steam turbine. The main consumer of power at site is the Chlor-Alkali plant, which consumes almost 65% of the power produced.

EPCL also has in-house arrangement for utilities like steam, instrument air, plant air, demin water, cooling water, nitrogen generation, etc.

Chlor-Alkali Plant

This is where the entire production process at EPCL starts from. At the Chlor-Alkali plant, Caustic Soda is produced via the electrolysis process whereby power is passed through brine (a mixture of water and salt). Two primary products are produced out of this process, namely chlorine and Caustic Soda. The Caustic produced is in liquid form. EPCL also has a Caustic Flaker plant, which converts liquid Caustic Soda to Caustic Soda flakes.

As part of the process, EPCL retrieves chlorine and hydrogen. A small quantity of chlorine is combined with Caustic Soda to produce Sodium Hypochlorite. Chlorine is also used to produce Hydrochloric Acid when combined with Hydrogen. Some quantity of Hydrogen is sold in domestic market and rest of the quantity is used as substitute of natural gas in VCM Furnace thereby introducing energy efficiencies to the production process.

Caustic Soda (D.M.T.)	CY 17	CY 18	CY 19
Capacity	106,000	106,000	106,000

Caustic Soda (D.M.T.)	CY 17	CY 18	CY 19
Production	105,000	105,000	105,000
utilization	99%	99%	99%

Caustic Soda Flakes (M.T.)	CY 17	CY 18	CY 19
Capacity	-	-	20,000
Production	-	-	4,000
utilization	-	-	20%

In the Chlor Alkali segment, Chlorine, Sodium Hypochlorite, Hydrochloric Acid and Hydrogen Gas are by products

EDC/VCM Plant

The excess chlorine from the Chlor-Alkali plant is then utilized to produce EDC. EDC is produced when chlorine reacts with Ethylene. The EDC is then further reacted with Ethylene yet again to produce Vinyl Chloride Monomer.

Capacity (M.T.)	CY 17	CY 18	CY 19
EDC	127,000	127,000	127,000
VCM	195,000	195,000	195,000

Production (M.T.)	CY 17	CY 18	CY 19
EDC	107,000	107,000	110,000
VCM	180,000	195,000	184,000

Utilization (M.T..)	CY 17	CY 18	CY 19
EDC	84%	84%	87%
VCM	92%	100%	94%

PVC resin Plants

EPCL currently has two PVC resin plants, with a combine production capacity of 195,000 M.T. PVC resin is produced via a process of polymerization of Vinyl Chloride Monomer into Poly Vinyl Chloride.

PVC resin (M.T.)	CY 17	CY 18	CY 19
Capacity	195,000	195,000	195,000
Production	187,000	202,000	197,000
Utilization	96%	104%	101%

Storage and Loading facilities

EPCL maintains an extensive storage for all the final and intermediary products at its plant site. The following are the storage capacities for various chemicals on site:

1. Caustic Soda: 3,200 DMT
2. Sodium Hypochlorite: 700 M.T.
3. Hydrochloric Acid: 550 M.T.
4. EDC: 10,000 M.T.
5. VCM: 3,000 M.T.
6. PVC resin: 5,000 M.T.

A dedicated loading area for both PVC resin and other liquid chemicals is reserved at the plant site.

Description	City	Address
Plant Site	Karachi	EZ/1/P-ii-1, Eastern Zone, Bin Qasim, Karachi

3.8 PRODUCT PORTFOLIO

The product portfolio of the Company consists of Chlor-Vinyl products which include Poly Vinyl Chloride, Vinyl Chloride Monomer, Ethylene Di-Chloride (EDC), Caustic Soda, Hydrochloric Acid, Sodium Hypochlorite and Hydrogen gas

i. VinyIs:

1. Ethylene Di Chloride (EDC),
2. Vinyl Chloride Monomer (VCM) and

The Company is involved in production of EDC and VCM at its plant located at Port Qasim, Karachi.

EDC is a chlorinated hydrocarbon, mainly used to produce VCM, the major input for PVC resin production. Bulk of EDC production worldwide is converted to VCM for PVC resin production, additionally it is also used as a solvent, fumigant, and in chemical synthesis of various products. EDC is produced by EPCL via a combination of Ethylene (entirely imported) and Chlorine (produced in-house), and is used in production of VCM. Approximately 35% of EDC requirement is imported by EPCL to meet its total demand for VCM production.

VCM, a colorless compound that is stored in liquid form, is an important industrial chemical primarily used to produce PVC resin. VCM is produced in house by EPCL as a combination of EDC and Ethylene. Currently, EPCL is entirely consuming the entire production of VCM for PVC resin production.

3. Poly-Vinyl-Chloride (PVC)

PVC suspension resin is the primary product of EPCL. Produced in a range of chemical configurations such as AU 58, AU 60, AU 72, AU 67R and AU 67S, it is used in the manufacture of varied PVC based products. The different grades of resin offer a diverse range of properties that can be used in various processing methods.

It is produced by simple polymerization of VCM. PVC resin is the oldest and the most versatile of all polymers, is resistant to corrosion, weathering, impact and scratches, and acts as an electrical insulator. Generally cheaper than other plastics, it offers value at affordable cost, and is therefore one of the most widely used plastic materials in the world.

In the domestic market of PVC, resin is mainly used to manufacture PVC pipes. Approximately 55% of the resin consumption is in this sector alone. Other sectors include artificial leather, shoes, rigid and soft sheets, garden hose, windows and doors etc. PVC domestic sales volume has steadily been increasing at a 5 year (2014-2019) CAGR of 9% per annum.

The Company markets PVC resin products under the brand name 'SABZ'.

ii. Chlor Alkali:

1. Caustic Soda

Caustic Soda is the primary product of the Chlor-Alkali production process. It is produced from the electrolysis process i.e. when power is passed through a solution of water and salt. Caustic Soda is largely used in the textile industry for processing, soap industry, as well as several other industries for water treatment. EPCL launched Caustic Soda in 2009 and maintains a sizeable share of the domestic market.

Since the launch of the product in 2009, EPCL has been producing Caustic Soda in liquid form. However, from 2019, the Company has also introduced Caustic Soda Flakes which is added to its product portfolio.

2. Sodium Hypochlorite

Sodium Hypochlorite is from a mixture of Caustic Soda and Chlorine. It is used extensively as bleaching agent, disinfectant and for water treatment.

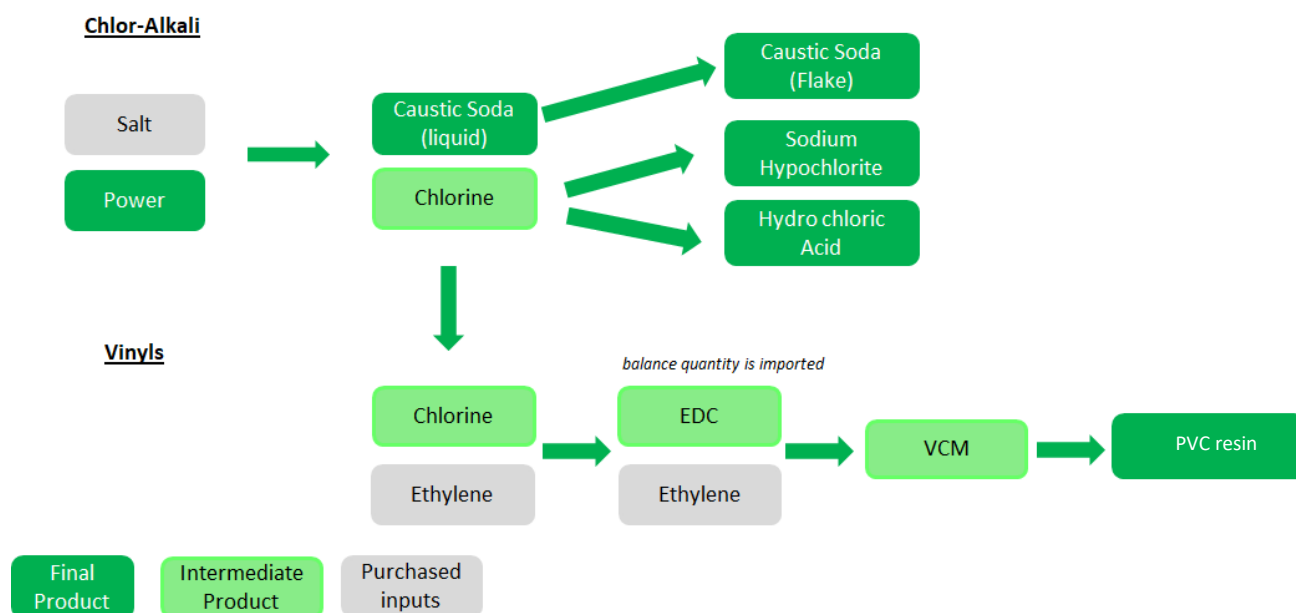
3. Hydrochloric Acid

Hydrochloric acid is a Chlorine-based acid system containing water. The chlorine produced from the Chlor-Alkali process is also used to produce Hydrochloric Acid (HCL). HCL is used for a number of industrial applications like steel pickling, water treatment, cleaning, etc.

4. Hydrogen

Hydrogen gas is produced as part of the electrolysis process whereby Caustic Soda is produced. Some part of this gas is vented for safety reasons, and some is sold to a nearby gas processor via pipeline. A significant portion is used as fuel in the furnaces. In order to use this gas more efficiently, the Company has planned to setup a Hydrogen peroxide facility at the plant site.

3.9 PRODUCTION PROCESS



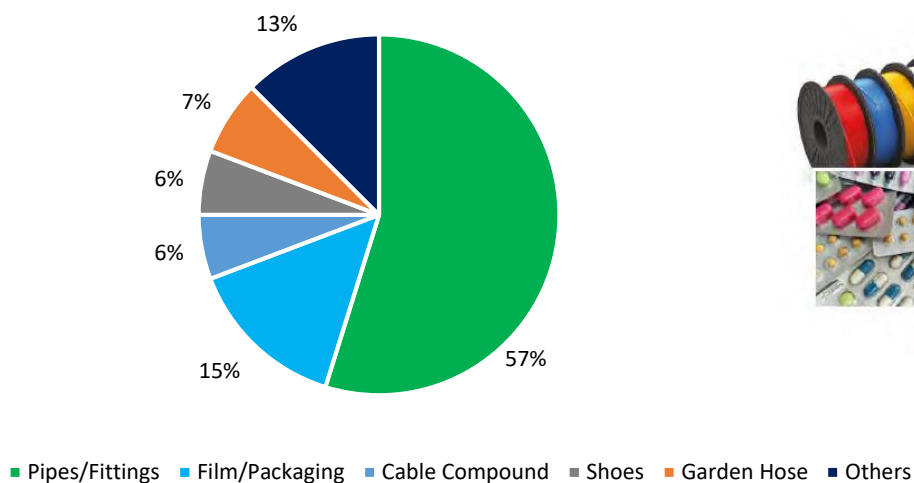
Hydrogen gas is a byproduct and is produced as part of the electrolysis process

3.10 END USERS, DEMAND FOR PRODUCTS AND NAMES OF THE COMPETITORS

3.10.1 Major Customers and demand for products

The customer base of the Company comprises of all categories of PVC application manufacturers. The largest domestic consumer is the Pipe Sector. This sector is showing strong growth as the PVC Pipes are now increasingly used in housing and construction, water supply and sewerage, telecommunications and agriculture.

Application wise PVC consumption



A number of new PVC applications have also been introduced in Pakistan in the last few years such as:

1. Foam Board
2. Spiro Pipe
3. Blister Packaging
4. Interlock Indoor tiles
5. Onduline Roofing

Caustic Soda is a key product of the Chlor-Alkali industry. This chemical is an essential raw material in variety of industries, ranging from textiles, soaps and detergents, paper and board, to vegetable oil refining, thermal power units, and food processing. The biggest consumer of Caustic Soda in Pakistan is the textile sector.



Major customers of the Company are:

1. ATS Synthetic (Private) Limited
2. Waheed Shahzad Plastic Works (Pvt.) Ltd.
3. Steelex (Pvt.) Limited
4. Adamjee Plastic Industries (Pvt.) Ltd.
5. Al-Qaim PVC Pipe Factory
6. Pakistan Cables Limited
7. Kohinoor Soap & Detergents PVT Ltd.
8. Unilever Pakistan Limited
9. Colgate-Palmolive (Pakistan) Ltd.
10. Lotte Chemicals Pakistan Limited

3.10.2 Names of Competitors

In the Vinyl segment, EPCL has no local competitor for its PVC resin product. The next best option available with the local customers is to import the product. As per market sources, PVC resin is imported mainly from USA, Indonesia and EU

However, in the Chlor Alkali segment, the Company has competitors such as Sitara Chemicals Industries Limited and Ittehad Chemicals Limited. Both of these competitors are based in the northern region of Pakistan. EPCL is the only player in south having freight synergies, better supply reliability and close access to export markets.

3.11 INTELLECTUAL PROPERTY RIGHTS

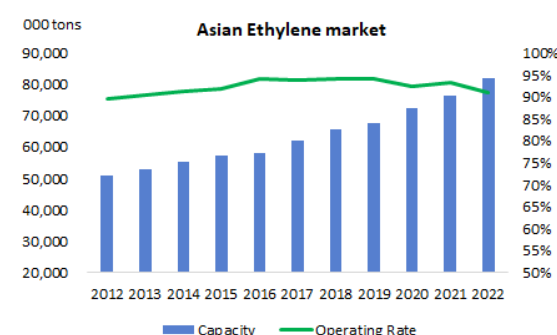
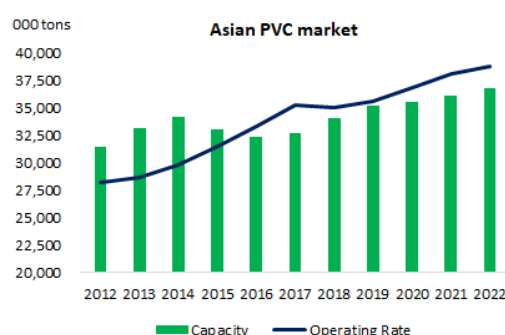
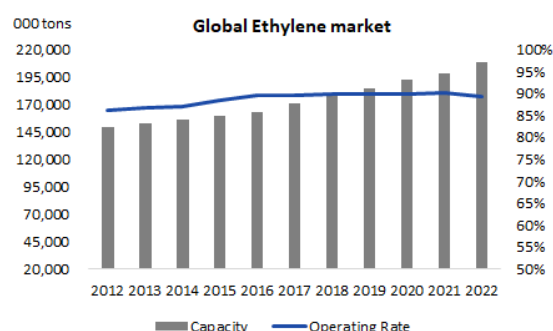
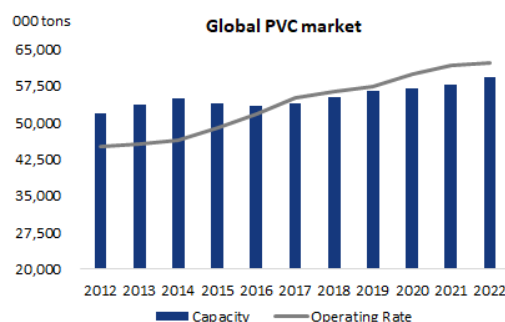
The Company does not have any Intellectual Property Rights.

3.12 MATERIAL PROPERTY

The Company owns 128 acres of land at the current plant site located in the Eastern Zone of Port Qasim, Karachi.

3.13 FUTURE PROSPECTS AND DEMAND OUTLOOK

The international PVC market has experienced increasing Ethylene supply resulting in strong support to EPCL's contribution margins.



2021 and 2022 are forecasts - Source: IHS Markit

On the local front, as per the Company's management, the demand for PVC has grown at approximately 5 year CAGR (2014-2019) of 11%. EPCL's PVC sales has grown at 5 year CAGR (2014-2019) of 9%. With the existing production capacity being fully utilized, an expansion is necessitated to meet the local PVC demand. Realizing the rising demand and growth potential, the Company announced an extensive capital expenditure plan in 2017 consisting of the following:

PVC/VCM Expansion:

Addition of PVC plant with capacity of 100,000 M.T. (taking total Capacity to 295,000 MT) and VCM Plant De-bottlenecking for additional capacity of 50,000 M.T. The increasing production of PVC will add to the overall profitability of the Company.

Caustic Flakers Plant:

Flakers is the new product line in Chlor-Alkali segment which is a 20,000 M.T. plan. The project will enable the Company to capitalize on the inherent proximity advantage for southern domestic market and exports through sea. This project has been completed.

Oxygen based VCM Production:

Under this project, the Company plans to shift from air based traditional process to technologically advanced oxygen-based process for VCM production. This project is expected to reduce raw material consumption by approximately 2% and is expected to come online by 2Q 2021.

Hydrogen Per Oxide:

The Company derives hydrogen as part of its caustic manufacturing process. Currently hydrogen is largely being used as a fuel which is not the best value creation for available hydrogen. Entering this business is expected to allow the Company to capitalize on geographical location, being the only player in south as Hydrogen Per Oxide has a similar customer base as Caustic Soda.

3.14 KEY VENDORS



S.#	Suppliers	Product Supplied
1	Mitsubishi corporation	Ethylene
2	Marubeni	Ethylene
3	Sabic	EDC
4	Sipchem	EDC
5	Apex International	Ethylene
6	Mitsui & Co.	EDC
7	Kolmar	Ethylene
8	Muntajat	EDC
9	Petkim	Ethylene

3.15 APPROVALS

The Company has obtained the following key approvals for carrying on the business

#	Key Approvals	Date of Approval
1	Generation License by NEPRA	11 Nov 2004
2	Approval by SEPA for Expansion of PVC and VCM plant	28 Dec 2018
3	Environmental approval for safe handling and storage of hazardous substances	30 Jun 2020
4	License to import dangerous petroleum and to store petroleum in installation	24 Dec 2019
5	Approval for manufacture/consumption/distribution of Hydrochloric Acid	12 Dec 2019
6	Approval for local purchase/consumption of Sulfuric Acid	12 Dec 2019
7	Approval for import/consumption of Toluene	22 Jan 2020

3.16 GROUP STRUCTURE OF THE ISSUER



3.17 ASSOCIATED COMPANIES

Name	Nature of business	Nature of relation	Shareholding of the Issuer
Engro Peroxide (Private) Limited	Manufacture and market Hydrogen Peroxide and other related chemicals.	Subsidiary Company	100%
Think PVC (Private) Limited	Purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals	Subsidiary Company	100%
Engro Plasticizer (Private) Limited	Manufacture and market Chlorinated Paraffin Wax and other related chemicals	Subsidiary Company	100%
Elengy Terminal Pakistan Ltd.	Establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading, of LNG, RLNG, LPG, NGL and all other related liquids, gases and chemical and petroleum products.	Member of Group Company	None

Name	Nature of business	Nature of relation	Shareholding of the Issuer
Sindh Engro Coal Mining Company Ltd.	Coal mining	Member of Group Company	None
Engro Energy Ltd.	Analyze potential opportunities in the power sector and undertake supply & service related contracts & independent power projects (IPPs) based on feasibilities of new ventures	Member of Group Company	None
Engro Foundation	Platform for social investments	Member of Group Company	None
Engro Elengy Terminal (Pvt.) Ltd.	Establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading, of LNG, RLNG, LPG, NGL and all other related liquids, gases and chemical and petroleum products.	Member of Group Company	None
Engro Vopak Terminal Ltd.	Exclusive concession, right and license to design , finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm on Build, Operate and Transfer (BOT) basis.	Member of Group Company	None
Reon Energy Limited	Trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers	Under Common Directorship	None
Greengo (Private) Limited	Asset Management services	Under Common Directorship	None

Name	Nature of business	Nature of relation	Shareholding of the Issuer
Karachi School of Business Leadership	Education	Under Common Directorship	None
Overseas Investor Chamber of Commerce and Industry	Service organization	Under Common Directorship	None
Arabian Sea Country Club	Recreational center	Under Common Directorship	None
Pakistan Energy Gateway	Establish and operate a terminal for handling, re-gasification, storage, treatment and processing of LNG	Under Common Directorship	None
Kashima Chemical Co.,Ltd.	Manufacturing and sales of Epichlorohydrin(ECH), Allyl Chloride(ALC), and various propylene derivatives	Under Common Directorship	None
Exportadora De Sal S.A. DE C.V	Manufacturing of salt	Under Common Directorship	None
Baja Bulk Carriers S.A.	Logistics company	Under Common Directorship	None
Philippine Resins Industries, Inc	PVC resins manufacturer	Under Common Directorship	None
PT. Asahimas Chemical	Manufacture PVC and Chlor Alkali derivatives and Caustic soda and its related products	Under Common Directorship	None
AGC Chemicals Vietnam Company Limited	Manufacture Chlor and Alkali products and its derivatives	Under Common Directorship	None
Mitsukojima Transshipment Co, Ltd	Logistics company	Under Common Directorship	None
Engro Eximp Agriproducts Pvt. Ltd.	Produce, manufacture and trade all kinds of raw, processed and prepared food products including	Member of Group Company	None

Name	Nature of business	Nature of relation	Shareholding of the Issuer
	agriculture, dairy and farming products		
Engro Fertilizers Ltd.	Fertilizer manufacturing and trading	Member of Group Company	None
Engro Powergen Thar (Pvt.) Ltd.	Power generation	Member of Group Company	None
Engro Corporation Ltd.	Manage investments in subsidiaries, associates & joint ventures	Holding company	Engro Corp hold 510,733,450 Ordinary Shares of the Issuer
Efert Agritrade (Pvt.) Ltd.	Trading & distribution of imported fertilizers	Member of Group Company	None
Engro Digital Limited	Analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan	Member of Group Company	None
Engro Infinity (Private) Limited	Analyze potential opportunities inside and outside Pakistan and to make available digital assets and ventures related to intellectual capital, data collection and analytics of every kind and any activities relating to ancillary thereto.	Member of Group Company	None
Engro Enfrashare (Private) Limited	Buying, building, maintaining and operating telecommunication infrastructure and any products and by products and any activities relating to or ancillary thereto	Member of Group Company	None
Thar Power Company Limited	Power generation	Member of Group Company	None
Mitsubishi Corporation	Investment & Trading Company	Associated Company	100,053,562 Ordinary Shares
Dawood Hercules Corporation limited	Investment company	Ultimate Parent Company	None

Name	Nature of business	Nature of relation	Shareholding of the Issuer
FrieslandCampina Engro Pakistan Limited	Manufacture, process and sell dairy products, beverages, ice cream and frozen desserts.	Under Common Directorship	None

3.18 RELATED PARTY TRANSACTIONS

Nature of Relationship	Nature of Transaction	CY 17	CY 18	CY 19
Holding Company		Amounts in PKR mn		
Engro Corporation Limited	Mark-up on subordinated loan	285	-	-
	Reimbursement made	16	59	25
	Reimbursement received	4	7	2
	Intangible asset	-	45	277
	Purchase of services	87	203	262
	Life insurance contribution	1	1	1
	Medical insurance contribution	0.2	0.2	0.2
	Sub-ordinated long-term loan repaid	3,000	-	-
Associated Company				
Mitsubishi Corporation	Purchase of goods	-	3,113	702
Member of the Group				
Engro Fertilizers Limited	Sale of goods	19	14	11
	Sale of Utilities	99	92	113
	Purchase of services	1	12	13
	Use of operating assets	8	-	-
	Reimbursement received	-	2	4
	Purchase of land	-	139	722
	Reimbursement made	13	4	13
Engro Vopak Terminal Limited	Purchase of services	1,139	1,211	1,477
	Reimbursement made	2	17	20
	Sale of goods	-	-	-
	Reimbursement received	2	4	1
Engro PowerGen Qadirpur Limited	Reimbursement received	3	-	-
	Reimbursement made	6	0.1	-
Engro Digital Limited	Reimbursement received	0.0	-	0.0
Engro Energy Limited	Reimbursement received	-	4	4
	Sales of office	83	-	-
Engro Powergen Thar (Private) Limited	Sale of goods	-	-	4
FrieslandCampina Engro Pakistan	Sale of goods	6	-	-
	Reimbursement received	-	-	-
	Reimbursement made	2	-	-
	Use of operating assets	-	-	-
Engro Elengy Terminal Limited	Reimbursement received	-	0.1	-
Engro Foundation	Donation	-	5	14
Sindh Engro Coal Mining Company Limited	Reimbursement received	-	-	-
	Reimbursement made	0.0	-	-
Other Related Party				

Nature of Relationship	Nature of Transaction	CY 17	CY 18	CY 19
Overseas Investors Chamber of Commerce & Industries	Annual subscription	1	-	-
Arabian Sea Country Club	Purchase of services	0.1	-	-
Directors' Fee				
Directors	Fee	1	1	1
	Repayment of advance	-	-	-
Contribution to staff retirement benefits				
	Managed and operated by holding company			
	Provident fund	60	65	70
	Gratuity fund	45	52	49
	Pension fund	3	3	5
Key management personnel				
	Managerial remuneration	86	106	117
	Retirement benefit funds	13	16	21
	Bonus	67	81	37
	Other benefits	19	23	27

3.19 INVESTMENT IN ASSOCIATE/SUBSIDIARY COMPANIES

EPCL has made the following investments in its subsidiary company

Subsidiaries	Investment at Cost (PKR)	Stake Held (%)
Think PVC (formerly Engro Polymer Trading (Private) Limited ¹)	50,000,000	100.00%
Engro Peroxide (Private) Limited ²	1,570,000,000	100.00%
Engro Plasticizer (Private) Limited ³	5,000,000	100.00%

¹ Engro Polymer Trading (Private) Limited (EPTL) is a private limited company incorporated in Pakistan under the (now repealed) Companies Ordinance, 1984 as a wholly owned subsidiary of the Company. The registered office of EPTL is situated at 12th Floor, Plot G-3, Block 9, Khayaban-e-Iqbal, Clifton, Karachi. The name of the Company was changed in Jan 2020.

² Engro Peroxide (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of the Company.

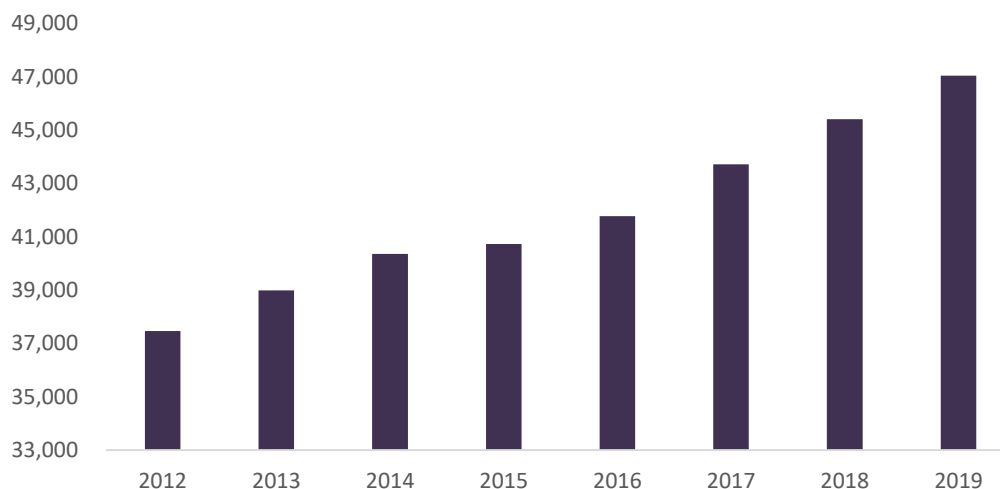
³ Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of the Company.

3.20 INDUSTRY OVERVIEW

Global PVC Market

Polyvinyl Chloride is the third-most commonly produced polymer, after polyethylene and polypropylene. PVC is one the most widely used plastics and is produced by polymerization of the vinyl chloride monomer. During 2019, the global PVC demand stood at an estimated 47 million tons.

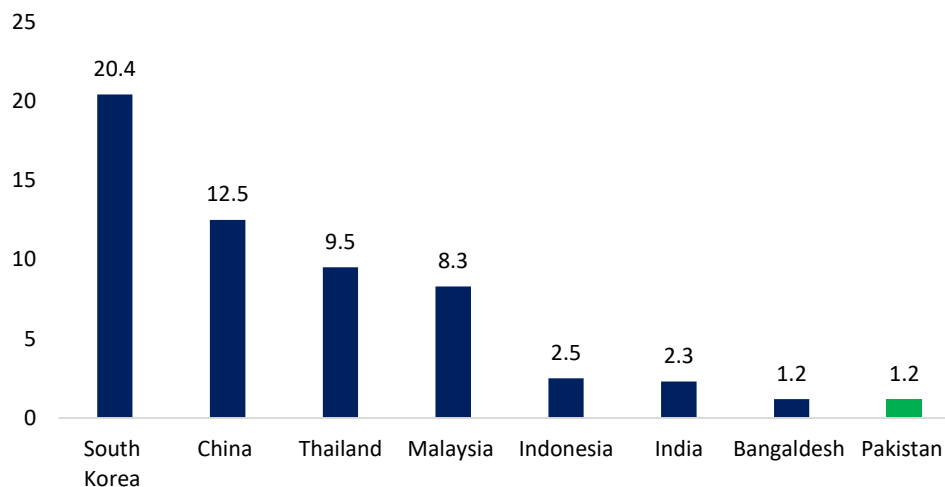
Global PVC demand ('000 M.T.)



Source: IHS Markit

Asia is the most important market for PVC with China and India contributing most to the growth of PVC on a global scale as per IHS Markit. PVC demand in the South Asian market is approximately 4 million tons with a production capability of only 2 million tons. The demand in the South Asian region exceeds the supply by more than 100% which makes it a major PVC importer. With a population base of approximately 1.8 billion people and a significantly low consumption of PVC, rapid growth is forecasted for the region as per IHS Markit

Per Capita PVC consumption (kg)



Source: EPCL Annual Report

Domestic PVC Market

PVC is a material of choice when it comes to plastics in Pakistan, initially PVC market in Pakistan was restricted to Pipes & Fittings, however, in recent years several new applications have demonstrated promising potential and this phenomenon has enabled EPCL to diversify its sales mix.

The domestic PVC resin market comprises of only one player that is EPCL with an installed capacity of 195,000 M.T. Rest of the demand is catered through imports.

PVC resin Market Demand ('000 M.T.)	CY 12	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	5 year CAGR
EPCL Sales	132	139	124	149	168	187	202	191	9%
Resin Import	7	6	16	24	37	46	52	47	24%
Total Virgin Resin Market	139	145	140	173	205	233	254	238	11%
Scrap Import	27	25	20	9	13	47	54	44	17%
Total Market	166	170	160	182	218	280	308	282	12%

Source: EPCL management estimates

Domestic Caustic Soda Market

The domestic Caustic Soda market is largely dominated by three players:

Companies ('000' M.T.)	Capacity	Production	Operating Rate
Sitara Chemicals Limited	208	116	56%
Ittehad Chemicals Limited	170	82	48%
Engro Polymer & Chemicals Limited	106	105	99%
Total Market	484	303	63%

¹As per June 2020 annual accounts of Sitara Chemicals Ltd. and Ittehad Chemicals Ltd.

²As per December 2019 annual accounts of EPCL

EPCL is the best placed Company in the Caustic Soda market, consistently operating near full capacity. It is also the only major supplier in the southern region of Pakistan.

Prevalent Duty Structure

Currently, the import of PVC attracts the following duties:

Duty Structure	PVC			Ethylene/EDC/VCM
	Custom Duty	Additional Custom Duty	Regulatory Duty	
	11%	2%	-	0%

To protect the local industry from dumping, the National Tariff Commission (NTC) in 2018 imposed anti-dumping duties on import of PVC resin in Pakistan for next the five years. These duties are applicable on import from China, Taiwan, Thailand and Korea.

Country	Exporter Name	Anti Dumping Duty (%)
China	Xinjiang Tianye (Group) Foreign Trade Co. Ltd.	3.44%
	Inner Mongolia Wuhai Chemical Industry Co. Ltd.	6.65%
	Tianjin LG Bohai Chemical Co. Ltd.	20.47%
	Tianjin Dagou Chemical Co. Ltd.	14.34%
	All other exporters	20.47%
Taiwan	All exporters	16.68%
Thailand	All exporters	13.98%
Korea	LG Corporation, Korea	4.00%
	All other exporters	14.97%

3A SHARE CAPITAL AND RELATED MATTERS**3A (I) SHARE CAPITAL**

No. of shares	Shareholders	Face Value (PKR)	Premium (PKR)	Total (PKR)
AUTHORIZED CAPITAL				
1,250,000,000	Ordinary shares of PKR 10/- each	10.00	0.00	12,500,000,000
400,000,000	Preference shares of PKR 10/- each	10.00	0.00	4,000,000,000
1,650,000,000	Total	10.00	0.00	16,500,000,000
ISSUED, SUBSCRIBED, & PAID UP CAPITAL				
908,923,333	Issued for Cash: 'Ordinary Shares of PKR. 10/- each	10.00	0.00	9,089,233,330
0	Preference Shares	0.00	0.00	
908,923,333	Total	10.00	-	9,089,233,330

ISSUED, SUBSCRIBED & PAID-UP CAPITAL OF EPCL IS HELD AS FOLLOWS (ORDINARY SHARES):

No. of shares	Ordinary Shares held by Directors	Face Value (PKR)	Premium (PKR)	Total (PKR)
1	Ghias Uddin Khan	10.00	0.00	10
1	Feroz Rizvi	10.00	0.00	10
1	Nadir Salar	10.00	0.00	10
1	Eram Hasan	10.00	0.00	10
1	Noriyuki Koga	10.00	0.00	10
1	Nazoor Ali Baig	10.00	0.00	10
1	Rizwan Masood Raja	10.00	0.00	10
Ordinary Shares held by Companies & General Public				
510,733,450	Engro Corporation Limited	10.00	0.00	5,107,334,500
100,053,562	Mitsubishi Corporation	10.00	0.00	1,000,535,620
298,136,321	General Public (Free Float)	10.00	0.00	2,981,363,210
908,923,333	Total Paid up Capital			9,089,233,330

PRESENT ISSUE OF PREFERENCE SHARES

No. of shares	Allocation	Face Value (PKR)	Premium (PKR)	Total Value (PKR)
Pre-IPO Investors				
87,500,000	National Bank of Pakistan	10.00	0.00	875,000,000
70,000,000	Habib Bank Limited	10.00	0.00	700,000,000
30,000,000	Saudi Pak Industrial and Agricultural Investment Company Limited	10.00	0.00	300,000,000
31,500,000	Pak China Investment Company Limited	10.00	0.00	315,000,000
27,000,000	The Bank of Punjab	10.00	0.00	270,000,000
12,500,000	MCB Bank Limited	10.00	0.00	125,000,000
2,000,000	Amin Tai (Pvt.) Ltd	10.00	0.00	20,000,000

No. of shares	Shareholders	Face Value (PKR)	Premium (PKR)	Total (PKR)
2,000,000	MCB Pakistan Asset Allocation Fund	10.00	0.00	20,000,000
262,500,000	Total Pre-IPO placement	10.00	0.00	2,625,000,000
37,500,000	IPO (General Public)	10.00	0.00	375,000,000
300,000,000	Total Issue size	10.00	0.00	3,000,000,000
300,000,000	Grand Total (Post-IPO Preference Share) Paid-up Capital	10.00	0.00	3,000,000,000
908,923,333	Grand Total (Post-IPO Ordinary Share) Paid-up Capital	10.00	0.00	9,089,233,330

3A (II) PATTERN OF SHAREHOLDING

Sr. No.	Shareholders	No. of Shares ¹	% of Shareholding
1	Engro Corporation Limited	510,733,450	56.19%
2	Mitsubishi Corporation	100,053,562	11.01%
3	Others (including Public)	298,136,321	32.80%
	Total	908,923,333	100.00%

¹Represents Ordinary Shares of the Company**3A (III) SPONSORS SHARES TO BE KEPT IN BLOCKED FORM**

EPCL's Ordinary Shares are listed on the PSX and the Company is issuing Preference shares through an initial public offer. Therefore, Regulation 5 (1) and (2) of Public Offering Regulations, 2017 is not applicable on EPCL.

3A (IV) SHARES ISSUED IN PRECEDING YEARS

Ordinary Voting Shares Issued by the Company ¹				
#	No. of Shares Issued	Consideration	Total Value (PKR)	Date of Issuance / Allotment
1	245,454,545	Right Issue	5,399,999,990	7/9/2018
2	143,101,111	Rights Issue	1,431,011,110	2010
3	76,767,677	Offer for Sale	1,381,818,186	2008

¹The above show all the share issuances by the Company since listing on the Pakistan Stock Exchange.

3B PREFERENCE SHARE

The Board of Directors of the Company in the meeting held on January 13, 2020 announced the issue for Preference Shares subject to necessary corporate and regulatory approvals. The Notice of EOGM was given on January 17, 2020 to obtain shareholder approval and pass special resolution authorizing the Company to issue Preference Shares via other than by way of right in favor individuals, companies, body corporates, commercial banks, DFIs, financial institutions, mutual funds, provident/pension/gratuity funds/ trusts etc. by way of pre-IPO placement and public offering at a price of PKR 10/- per Preference Share (i.e. par value), in cash, aggregating up to PKR 3,000 million. Subsequently, EOGM was held on February 14, 2020 and a special resolution was passed in favor of the Preference Share Issuance.

On June 15, 2020, SECP granted approval to the Company for issuance of Preference Shares by way of other than right.

UNDERTAKING FROM SPONSORS

We, Ghias Uddin Khan son of Ghazanfar Uddin Khan, being CEO of Engro Corporation Limited holding CNIC No.42301-6599699-9, resident of House # C-45, New Housing Scheme, Clifton, Block-9, Saadat Street 21, Karachi and Hasnain Moochhala son of Abdul Qadir Moochhala, being CFO of Engro Corporation Limited holding CNIC No. 70258-6100522-1, resident of F/22, Flat # B-2, Mehdi Homes, Clifton, Block 4, Karachi, do hereby state on solemn affirmation as under:

- (1) That Engro Corporation Limited is the Sponsor and 56.19% shareholder/owner of the Ordinary Shares of Engro Polymer & Chemicals Limited (the “Issuer”);
- (2) That the IPO Proceeds of Preference Shares of Engro Polymer & Chemicals Limited shall be utilized as per the purpose disclosed in the Prospectus.

-Sd-

Ghias Khan
Chief Executive Officer
Engro Corporation Limited

-Sd-

Hasnain Moochhala
Chief Financial Officer
Engro Corporation Limited

4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS

4.1 PRINCIPAL PURPOSE OF THE ISSUE

The funds received by the Company from the Preference Share issuance shall be utilized to expand the Company's PVC capacity and debottlenecking of VCM plant. In 2017, the Company announced expansion of the PVC plant to cater for an additional 100,000 MT and VCM plant debottlenecking of 50,000 MT per annum.

The estimated overall cost of the expansion was approximately PKR 7.6 billion which was intended to be partially funded through issuance of right shares of approximately PKR 5.4 billion while the remaining cost was funded via a mix of debt and in a debt to equity ratio of 30:70.

Due to the recent exchange rate depreciation of PKR against USD, the expansion plan has experienced an increase in cost. The overall cost of expansion has increased to around PKR 11.95 billion.

4.2 SOURCE OF FUNDING

Break up of fund requirement	Fund raised (PKR) ¹	Contribution of mode of financing
Pre-IPO proceeds ²	2,625,000,000	
IPO Proceeds	375,000,000	
Sub Total	3,000,000,000	25.10%
Right Issue ³	5,399,999,990	45.19%
Total Equity	8,399,999,990	70.29%
Long Term Finance Facility (LTFF) ⁴	1,950,000,000	16.32%
Debt from IFC ⁵	1,600,000,010	13.39%
Total Debt	3,550,000,010	29.71%
Grand Total	11,950,000,000	100.00%

¹ Uptil June 30, 2020, an approx. amount of PKR 11 billion has been deployed. The Company has deployed the Rights issue to fund the cost deployment.

² Pre-IPO proceeds of PKR 2,625 million were received on July 29, 2020

³ Company has already issued 245,454,545 ordinary right shares in May 2018 and proceeds from the right issue have been utilized in the expansion of Company's PVC and VCM capacities.

⁴ The Company has drawn down PKR 1.95 billion on September 14, 2020 under the State Bank of Pakistan's scheme for promotion of exports namely Long Term Finance Facility (LTFF). The facility has a total tenor of 10 years inclusive of 2 year grace period. The profit rate on the facility is 3.2% which is SBP base rate of 2% plus a spread of 1.2%.

⁵ The Company has entered into a financing agreement with IFC to fund the extensive capex plan announced at the end of 2017, including PVC-3/VCM expansion, Caustic flake plant, and other investments, etc. The loan agreement was finalized in October 2018, at a profit rate of 6M LIBOR + 3.25%. The loan carried a grace period of 2 years, with repayment in 3 years on a bi-annual basis. USD 35 mn debt from IFC was drawn down on December 18, 2019.

In order to manage the FX risk generated by the foreign currency loan, the Company has entered into an arrangement with Dubai Islamic Bank, whereby the loan amount has been deposited as foreign currency deposit with the bank. The Company borrowed an equivalent PKR amount, with the deposit marked as the primary security. With this structure, the FX risk has been almost entirely neutralized.

4.3 UTILIZATION OF PROCEEDS

The Issue is expected to generate PKR 3,000,000,000 at Issue Price of PKR 10.00/- per share. As per the fund requirement given above, the proceeds from Preference Shares IPO, Right Issue of Ordinary shares and debt shall be utilized as hereunder:

Expenditure Heads		
Particular	PKR	%
Equipment Cost - PVC-3	5,000,000,000	41.84%

Expenditure Heads

Particular	PKR	%
Licensing/Engineering – PVC -3 ¹	1,000,000,000	8.37%
Construction Cost - PVC-3	1,000,000,000	8.37%
Equipment Cost - VCM debottlenecking	1,100,000,000	9.21%
Construction Cost - VCM debottlenecking	900,000,000	7.53%
Storage tanks & associated piping	350,000,000	2.93%
Duties/taxes on equipment ¹	800,000,000	6.69%
Other expenses (IDC, Manpower, etc.) ¹	1,800,000,000	15.06%
Total	11,950,000,000	100%

¹These expenses will be capitalized as per relevant accounting standards

The utilization of proceeds from aforementioned sources (refer to Section 4.2) is towards a very diverse range of expenditure heads that include import of equipment and construction cost for both PVC resin plant and VCM debottlenecking, procurement of storage tanks & associated pipings as well as duties/ taxes on equipment and other miscellaneous expenses (such as Interest During Construction and Manpower). As a result, utilization of IPO proceeds of PKR 375 million which represents approximately 3% of the total project cost has not been allocated under specific heads.

4.4 ADDITIONAL DISCLOSURES RELATING TO PURPOSE OF THE ISSUE

4.4.1 Details regarding financing a project

I. Location of the Project

No additional land is acquired for the expansion project. The location of the project is EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi

II. Details of Plant and Machinery

▪ PVC-III / UTY-III

Description	Make/Supplier	Country of Supplier	Date of Placement of Order	Expected date of Delivery	Cost (USD mn)	Cost (PKR mn)
Reactor & Dryer	Sichuan Yibin Jiangyuan Chemical Industry Machine Manufacturing Co.	China	Nov-18	Delivered	2.5	375
Stat Equipment (exchanger, columns, filters, piping etc.)	Misc. Chinese Vendors	China	Jan-19	Delivered	4.2	630
Rotary (pumps, blowers, compressors, centrifuge)	Shanghai Dongfang Pump Industry (Group) Co., Ltd./ Xi'an / Jiangsu, Zibo, Tsrumi	China/ Japan	Jan-19	Delivered	3.5	525
DCS/ESD	HW	China	Dec-18	Delivered	0.8	120

Description	Make/Supplier	Country of Supplier	Date of Placement of Order	Expected date of Delivery	Cost (USD mn)	Cost (PKR mn)
MCC Equipment	ABB	China	Dec-18	Delivered	3.7	555
Field instrumentation & Bulk	Misc. vendors	China	Feb-19	Delivered	3.5	530
Electrical Bulk	Misc. vendors	China	Feb-19	Delivered	1.6	240
UTY-III Equipment (IA compressor, cooling tower, boiler and demin train)	Atlast Copco, Shandong, Sitong, Jiangsu Jinyi	China	Jan-19	Delivered	3.5	525
Process piping, fire fighting etc.	Misc. vendors	China	Jan-19	Delivered	5.5	825
Structure	Misc. vendors	China	Dec-18	Delivered	1.0	150
Misc.	Misc. vendors	China	Feb-18	Delivered	3.0	525
Total						5,000

▪ **VCM Debottlenecking**

Description	Make/Supplier	Country of Supplier	Date of Placement of Order	Expected Date of Delivery	Cost (USD mn)	Cost (PKR mn)
Furnace/DSQ equipment (relocation from Mexico)	Selas, Flowserve etc.	USA	18-Dec	Delivered	2.3	347
Exchangers, vessels & piping	Sunchem + misc. vendors	China	Jun-19 – 2Q 2020	90 % delivered, remaining by end of Oct-2020	1.9	287
Pumps	Xi'an, Sulzer, KSB etc.	China	2Q-2019 – 1Q 2020	90% delivered, remaining in end of Oct-2020	1	151
DCS/ESD	Honeywell / Triconex	China	20-Jan	Delivered	0.5	76
MCC Equipment + Electrical Bulk	ABB	China	Nov-19/Dec-19	Delivered	0.9	136
Control valves + instrument bulk	Fisher & misc. vendors	China	Dec-2019 – Mar-20	90% delivered. Remaining by Nov-20	0.8	103
Total					7.4	1,100

III. The Percentage and Value Terms of Plant and Machinery for which orders are yet to be placed:

All major plant and machinery required for the project has been ordered.

IV. Details of Second Hand Machinery

Two major second hand items being used are in the VCM debottlenecking process: i) Furnace, ii) De-superheating Quench column (DSQ). At order placement, Furnace has been used for around 1 year, while DSQ was approximately 13 years old.

Both these equipment have a remaining life of at least 10 years.

V. Information about Technical Agreements

As mentioned in Section 11.1.4, the Company has a licensing contract with Oxy Vinyls LP, covering use of technical know-how, methods, systems, etc. for the VCM manufacturing.

Oxy Vinyls LP is a subsidiary of Occidental Petroleum, which has a range of interests in Oil & Gas, Power Generation, Energy Marketing, Chemical production and licensing of technologies.

As an industry leader, OxyVinyls develops and licenses its EDC and VCM technologies to qualified manufacturers around the world. OxyVinyls has granted more than 75 EDC/VCM plant licenses. Since the early 1960s, OxyVinyls professionals have been providing services required to select, design, construct, start up, and operate the most efficient EDC, VCM, and PVC facilities. OxyVinyls' licensing program now focuses solely on EDC and VCM technologies and provides highly trained technical specialists with expertise in process design and development, training, start-up assistance, and an effective, ongoing technical assistance and support program. Further details about the company are available on: <https://www.oxy.com/>

China Tianchen Engineering Corporation ("TCC" or the "EPC Contractor") was founded in 1953 and gradually shifted to EPC contractor from the only engineering design company. TCC can undertake project planning, feasibility study, engineering design, equipment & materials procurement, construction management and project supervision in the fields of petrochemical, fine chemical, organic & inorganic chemical, coal chemical, pharmaceutical and light & textile industries. Moreover, TCC is also engaged in storage & handling systems, industrial & civil building and municipal engineering (Further details about TCC are available on: <http://www.cccme.org.cn/shop/cccme4805/index.aspx>). As part of the Off-shore Licensing, Engineering, Procurement and Supply Agreement with TCC for PVC-3 and associated Utilities plant, the EPC contractor will also procure technology license for operation of PVC plant from JNC Corporation ("JNC"), Japan. JNC has interests in a variety of product categories namely, Chemicals, Consumer-oriented goods and Performance products. The Company was founded in 1906 and has a paid up capital of JPY 31.15bn. Further details about the company are available on: <https://www.jnc-corp.co.jp/english/>

4.5 IMPLEMENTATION SCHEDULE

Serial #	Particulars	Start Date	Completion Date	Status
1	PVC Expansion of 100,000 MT per annum	Jan 2018	1Q 2021	Engineering works, Major Civil works and Bulk equipment installation for both the PVC and New Utilities plant have been completed. Overall, on PVC expansion project, mechanical completion work is approximately 90% done. Further progress on PVC expansion project was affected due to the CoVID-19 Pandemic, however the project work has now resumed as the Government enforced lockdown has been lifted.

Serial #	Particulars	Start Date	Completion Date	Status
2	VCM Debottlenecking of 50,000 MT per annum	Jan 2018	1Q 2021	On the VCM plant debottlenecking, detailed engineering works are more than 90 % complete. Civil foundations for most of the major equipment have been completed. Equipment installation and other construction work will be completed next. Disruptions caused by CoVID-19 has affected procurement activities where considerable equipment was on order from China and in some cases from Italy and France. Lock downs in these countries have affected delivery dates. Construction work has resumed in June.

4.6 DETAILS REGARDING THE COMPLETION OF THE PROJECT

The Company has funded most part of the project from the Rights issue of Ordinary Shares, loan from IFC, pre-IPO proceeds of Preference Share Issue, and Running Finance facility. Bulk of the project payments have been made via these sources (approximately PKR 11 billion out of a total cost of PKR 11.95 billion). It is expected to utilize the remaining part of funds from Preference Share IPO and Long Term Finance Facility (LTFF), which is expected to be drawn down very shortly towards the remaining project cost. Most Letter of Credits (LCs) pertaining to import of plant and machinery have been closed, please refer to Section 11.1.3 for detailed disclosure on Letter of Credits.

4.7 INCREASE IN CAPACITY POST EXPANSION

Description	Pre Expansion – M.T. / annum	Post Expansion – M.T. / annum
PVC resin	195,000	295,000
VCM	195,000	245,000

As per clause (i) and (ii) of regulation 16 of the PO Regulations, the Company shall:

- report detailed break-up of the utilization of the proceeds, of the issue in its post issue quarterly / half-yearly and annual accounts till the fulfillment of the commitments mentioned in the prospectus; and
- submit;
 - half yearly progress report and;
 - annual progress report reviewed by the auditor providing the status of the commitments mentioned in the prospectus to PSX.
 - A final report reviewed by auditor after the fulfillment of the commitments written in the Prospectus.

4A VALUATION SECTION

The Preference Shares of EPCL are being issued at an Issue Price of PKR 10.00/- per share which is the face value of Preference Shares.

The Preference Shares are to be issued at par value in light of their distinctive features. The terms / characteristics of the Preference Shares are unique and fundamentally differ from those of Ordinary Shares of the Company and hence a comparison with the market price of the listed Ordinary Shares would not be appropriate or reflective of the value of Preference Shares.

4A (I) POST IPO FREE FLOAT DISCLOSURE

Post IPO, the existing Ordinary Share Capital of the Company i.e. 908,923,333 Ordinary Shares will not change. There are currently no issued Preference Shares of the Company and hence, Post IPO, the Preference Share Capital will increase to 300,000,000 shares. The free float status post IPO is presented in the below table:

Description	Number of shares	% Shareholding status
Ordinary Shares		
Held by Engro Corporation Limited (Sponsor)	510,733,450	56.19%
Held by Mitsubishi Corporation	100,053,562	11.01%
Held by Others/General Public	298,136,321	32.80%
Total Ordinary Shares	908,923,333	100.00%
Preference Shares		
Shares issued in Pre-IPO	262,500,000	87.50%
Shares issued in IPO	37,500,000	12.50%
Held by General Public – Free Float / Total Preference Share¹	300,000,000	100.00%

¹Includes the Preference Shares issued to Pre-IPO investors. Please refer to section 3A (I) for the list of Pre-IPO investors

4A (II) PEER GROUP COMPARISON

In the Vinyl segment, EPCL has no local competitor for its PVC resin product. The next best option available with the local customers is to import the product. As per market sources, PVC resin is imported from USA, Indonesia and EU.

However, in the Chlor Alkali segment, the Company has competitors such as Sitara Chemicals Industries Limited (“SITC”) and Ittehad Chemicals Limited (“ICL”). Both of these competitors are based in the northern region of Pakistan. EPCL is the only player in south having freight synergies, better supply reliability and close access to export markets.

It is worthwhile to note that the Company operates in both Chlor Alkali and Vinyl segment whereas SITC and ICL operate only in Chlor Alkali segment. For the Company, Chlor Alkali business is only 16% of its total revenue (as per 2019 annual accounts). Due to the aforementioned reason and the fact that SITC/ICL do not have preference shares listed on the PSX, a comparison between them would be misleading.

4A (III) JUSTIFICATION

Based on its review, the Consultant to the Issue is of the opinion that the historical performance of the Company, the Sponsor’s profile, quality of management and the demand for their quality products indicate sustainability of business performance in the future

5 RISK FACTORS

5.1 INTERNAL RISK FACTORS

5.1.1 Delay in commissioning of PVC plant or VCM Debottlenecking

The commissioning of the PVC-III plant or VCM Debottlenecking could be delayed due to any potential unforeseen event that may defer generation of profits from the facility. However, with a short duration left for the commissioning, the probability of such delays is contained.

5.1.2 Volatility in Plant Operations

Disruption in plant operations due to any unforeseen event can hamper production.

EPCL is continuously investing in plant infrastructure and maintenance and benchmarking with acclaimed global players to ensure best practices are followed not only within the ambit of plant operations but also in the areas of Health, Safety and Environment. In addition, Company also has a Property Damage and Business Interruption Insurance policy to neutralize the adverse impacts of unanticipated disruptions.

5.1.3 Risk of High Leverage

Company has witnessed a sharp increase in Debt to Total Capital ratio to 62% in the period ended June 30, 2020 from 31% in 2018. Total long term loans as at June 30, 2020 are PKR 19.8 billion that includes a USD 35 million loan from IFC.

In order to manage the FX risk generated by the foreign currency loan, the Company has entered into an arrangement with Dubai Islamic Bank (DIB), whereby the IFC loan amount has been deposited as foreign currency deposit (TDR) with DIB (please refer to balance sheet of 1H 2020 of the Company showing PKR 5.8 billion as part of Investments under non-current assets). The Company borrowed an equivalent PKR amount, with the deposit marked as the primary security. With this structure, the FX risk has been effectively neutralized and has also led to increase in gross loans. Since the TDR is created and exclusively reserved for loan from IFC, the net long term loan of the Company is PKR 14 billion against total equity of PKR 17.7bn, implying a debt equity ratio of 44%.

5.1.4 Debt Covenants Restricting Payment of Dividends

Company's debt agreements with IFC, terms under the Sukuk issuance and LTFF facility stipulate certain covenants and conditions that are disclosed under Section 6.11. These are standard conditions applicable in such debt agreements and the Company is confident that these conditions shall be met. In addition, the payment of dividends shall be at the discretion of Board of Directors.

5.2 EXTERNAL RISK FACTORS

5.2.1 Risk of Covid-19

Any deterioration in Covid-19 situation in the country leading to widespread lockdowns may hamper economic activity and in turn, the sales of the Company. Currently, the Company expects the PVC/VCM project to be completed by 1Q2021

5.2.2 Dumping of PVC Resin by International Market

The continued flow of dumped products may curtail EPCL's ability to operate at a level playing field and impairs value creation.

EPCL successfully pitched its case to National Tariff Commission, after which final Anti-Dumping Duty has been imposed on China, Taiwan, South Korea and Thailand during 2018 for PVC resin. This has significantly reduced the threat of dumping of PVC resin.

Country	Exporter Name	Anti Dumping Duty (%)
China	Xinjiang Tianye (Group) Foreign Trade Co. Ltd.	3.44%
	Inner Mongolia Wuhai Chemical Industry Co. Ltd.	6.65%
	Tianjin LG Bohai Chemical Co. Ltd.	20.47%
	Tianjin Dagu Chemical Co. Ltd.	14.34%
	All other exporters	20.47%
Taiwan	All exporters	16.68%
Thailand	All exporters	13.98%
Korea	LG Corporation, Korea	4.00%
	All other exporters	14.97%

5.2.3 Revision of import duty on Ethylene

The duty structures in Pakistan follow a cascading structure, whereby raw materials are at a lower duty than intermediate products, which in turn are at lower duty than the finished products. Ethylene is currently at 0% duty slab while the next available slab is 11% for PVC. End products attract 20% duty.

5.2.4 Increase in Natural gas prices and Shortage of Supply

Natural Gas is essential to EPCL plant operations. Increase in gas prices can have substantial adverse impact to the Company.

The Company maintains strong focus on conducting efficiency projects, which is expected to reduce its gas consumption in future years. Some projects, namely High Temperature Direct Chlorination (HTDC) and Transfer Line Exchanger (TLEx), have also been approved by the Board of Directors, which are currently ongoing and will assist in reducing gas consumption at the plant site. The Company is constantly evaluating various projects for further improvement in gas consumption and newer energy sources to optimize the overall energy mix and reduce the risk of natural gas shortage.

5.2.5 Adverse judgement in Gas Infrastructure Development Cess (GIDC) case

On August 13, 2020, the Supreme Court of Pakistan announced the decision rendering the GIDC Act 2015 intra virus to the constitution and directs the Gas supply companies to recover the dues in 24 monthly installments. The Company, aggrieved of the decision, is evaluating options with the legal counsel and will take necessary course of action accordingly. The Company has created full provision for the same and as such, there will be no loss impact expected out of the said decision.

5.2.6 Regulatory Risk

The Government plays a major regulatory role and is responsible for enforcing laws including those related to the chemical sector. Chemical sector is exposed to Government regulations, tax schemes, policies, incentive schemes and duty structures. Below is the prevalent duty structure:

Duty Structure	PVC			Ethylene/EDC/VCM
	Custom Duty	Additional Custom Duty	Regulatory Duty	
	11%	2%	-	0%

5.2.7 Foreign Exchange Risk

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 exposed to currency risk because of potential volatility in exchange rates. The Company, at its discretion, manages the currency risk through available hedging instruments.

The Company has entered into a financing agreement with IFC and in order to manage the FX risk generated by the foreign currency loan, the Company has entered into an arrangement with Dubai Islamic Bank, whereby the loan amount has been deposited as foreign currency deposit with the bank. The Company borrowed an equivalent PKR amount, with the deposit marked as the primary security. With this structure, the FX risk has been effectively neutralized.

5.2.8 Shortfall in Raw Material Supply

Ethylene/EDC are primary raw materials for PVC and any shortfall in their supply due to unexpected plant shutdowns globally or any other issue in the supply chain can affect the production of PVC.

EPCL has developed relationships with almost all major ethylene traders in the world and has successfully sourced Ethylene from North America to far East Asia. With further ethylene production capacities expected to come online globally, the availability of Ethylene is expected to be ample.

5.2.9 Increase in Cost of Raw Materials

Any increase in raw material costs, due to changes in market demand or supply situation, without corresponding increase in the price of end product, may lead to contraction of margins.

5.2.10 Contraction in PVC market

Considering recent situation driven by COVID-19 in Pakistan, there may be some contraction witnessed in the local market. However, there is a sizeable export market for PVC in the region (UAE, Turkey, Bangladesh, etc.) where PVC can be exported. Moreover, the Company is working with local players to introduce new applications of PVC, which will create additional PVC demand.

5.2.11 Economic Slowdown

Slow down and/or deterioration of macroeconomic conditions as a whole could trigger reduction in disposable incomes and affect consumer discretionary spending. This could result in decreased demand for the Company's products. Growth of any sector is affected by the economic conditions prevailing in the country.

5.2.12 Interest Rate Risk

The Company has entered into various financing agreements to fund its working capital requirements and growth plans. Any increase in interest rates will increase the cost of borrowing and may adversely affect its profitability, as existing debts are based on floating rates.

The Company has entered into a financing agreement with IFC and in order to manage the FX risk generated by the foreign currency loan, the Company has entered into an arrangement with Dubai Islamic Bank, whereby the loan amount has been deposited as foreign currency deposit with the bank. The Company borrowed an equivalent PKR amount, with the deposit marked as the primary security. LIBOR risk is hedged by converting into KIBOR

5.2.13 Threat of New Entrant

The Chlor Alkali and Vinyls business is a significantly capital intensive business requiring significant investment, the Company has invested significantly in developing the business to the current level and the required ancillary infrastructure over a period of more than two decades. Moreover, both the domestic Chlor Alkali and PVC markets are adequately supplied by the Company and other local players.

5.2.14 Under Subscription Risk

This is the risk that the Public Issue may get under-subscribed on account of lack of investors' interest.

The Issue is being offered at the par value of Preference Shares i.e. PKR 10/- per share. The public issue is fully underwritten as required under the Fixed Price mechanism.

5.2.15 Risk of non-compliance with regulation of SECP and PSX

In the event of non-compliance with any regulatory requirements of SECP or PSX, the Company may be placed on Defaulter Segment of PSX which may potentially hamper trading in the Company's shares leading up to potential suspension in trading as well.

Note: IT IS STATED THAT ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE ISSUER

[.],

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

We, being the Chief Executive Officer and Chief Financial Officer of the Issuer accept absolute responsibility for the disclosures made in this Prospectus. We hereby certify that we have reviewed this Prospectus and that it contains all the necessary information with regard to the Issue and constitutes full, true and plain disclosures of all material facts relating to the shares being offered through this Prospectus and that nothing has been concealed.

The information contained in this Prospectus is true and correct to the best of our knowledge and the opinions and intendeds expressed herein are honestly held.

There are no other facts, the omission of which makes this Prospectus as a whole or any part thereof misleading.

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

-Sd-

Jahangir Piracha
Chief Executive Officer

-Sd-

Syed Abbas Raza
Chief Financial Officer

STATEMENT BY THE ISSUER

[.]

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

On behalf of Engro Polymer & Chemicals Limited (“EPCL” or the “Company”), we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

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

-Sd-

Jahangir Piracha

Chief Executive Officer

STATEMENT BY CONSULTANT TO THE ISSUE

[.],

The Chief Executive

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Being mandated as the Consultant to this Initial Public Offering of Preference Shares of Engro Polymer & Chemicals Limited through the fixed price process, we hereby confirm that all material information as required under the Securities Act, 2015, the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in this Prospectus and that whatever is stated in Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and behalf of **Arif Habib Limited**

Sd

[.]

6 FINANCIAL INFORMATION

6.1 AUDITORS REPORT UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS OF ENGRO POLYMER & CHEMICALS LIMITED



A.F. FERGUSON & CO.

The Chief Executive Officer
Engro Polymer and Chemicals Limited
12th Floor, Ocean Tower, G-3
Block 9, Clifton
Karachi

June 26, 2020
ASR 3029

Dear Sir

AUDITOR'S CERTIFICATE ON INFORMATION REQUIRED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate on the annexed 'Statement of Financial Information' (the Statement) of Engro Polymer and Chemicals Limited (the Company) as required under clause 1 of section 2 of the First Schedule to the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan.

Scope of Certificate

We understand that the management intends to issue a prospectus for the proposed issue of preference shares to be made by the Company amounting to Rs 3,000 million at an issue price of Rs 10 each ("the proposed preference share issue") in accordance with the aforementioned Regulations.

In connection with the above, clause 1 of section 2 'Reports to be set out in the prospectus' of the First Schedule to the Regulations requires the management to include within the prospectus a report made by the auditors for each of the two financial years immediately preceding the issue of the prospectus with respect to the following:

- Profits and losses and assets and liabilities of the company as a whole with combined profits and losses of its subsidiaries, and individually with profit and losses of each subsidiary concern; and
- The details of dividend (date, rate, class of shares) paid by company during last two financial years immediately preceding the issue of prospectus of the company. If no accounts have been made up in respect of any part of the period of two years ending on a date three months before the issue of the prospectus, containing a statement of that fact.

Accordingly, we have been requested by the management to provide them with a certificate on the annexed Statement prepared by them which contains the aforementioned information required to be included in the prospectus for the proposed preference share issue. The Statement has been initiated by us for identification purposes.

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

■ KARACHI ■ LAHORE ■ ISLAMABAD



June 26, 2020
ASR 3029

A·F·FERGUSON & Co.

Management Responsibility

It is the responsibility of the Company's management to prepare the Statement setting out the information required under clause 1 of section 2 of the First Schedule to the Regulations and ensure its accuracy and completeness. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

Auditor's Responsibilities

Our responsibility is to provide the auditor's certificate on the accuracy of the information, as appearing in the annexed Statement, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the following procedures:

- (i) traced the consolidated and unconsolidated net profits of the Company for the years ended December 31, 2019 and December 31, 2018 and the consolidated and unconsolidated assets and liabilities of the Company as at those dates as appearing in the Statement from the audited standalone and consolidated financial statements of the Company for the year ended December 31, 2019;
- (ii) traced the details of dividend (date, rate, class of shares) paid by the Company during the years ended December 31, 2019 and December 31, 2018 from the audited financial statements of the Company for the year ended December 31, 2019 or from the announcements made by the Company on the Pakistan Stock Exchange Limited during the period;
- (iii) traced the net profits of ThinkPVC (Private) Limited (TPL, a subsidiary) for the years ended December 31, 2019 and December 31, 2018 from the audited financial statements of TPL for the year ended December 31, 2019; and
- (iv) traced the net losses of Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited (subsidiary companies) for the period from July 22, 2019 (date of incorporation) to December 31, 2019 from the audited financial statements of the respective companies for the period then ended.

Certificate

Based on the procedures mentioned above, we certify that the following as appearing in the Statements are accurate:

- i. the consolidated and unconsolidated net profits of the Company for the year ended December 31, 2019 and December 31, 2018 and the consolidated and unconsolidated assets and liabilities of the Company as at that date;
- ii. the details of dividend (date, rate, class of shares) paid by the Company during the years ended December 31, 2019 and December 31, 2018;
- iii. the net profits of TPL for the years ended December 31, 2019 and December 31, 2018; and
- iv. the net losses of Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited (subsidiary companies) for the period from July 22, 2019 (date of incorporation) to December 31, 2019.



June 26, 2020
ASR 3029

A.F. FERGUSON & Co.

Restriction on use and distribution

This certificate is being issued by us upon the request of the Company's management as required under Clause 1 of Section 2 of the First Schedule to the Regulations for the purpose of inclusion in the prospectus and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the Statement.

Yours faithfully


A. F. Ferguson & Co.
Chartered Accountants
Karachi

encls



engro polymer & chemicals

STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING
REGULATIONS, 2009

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 AND DECEMBER 31, 2018

	2019	2018
	(Amounts in thousand)	
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,433,441	16,397,761
Right-of-use asset	2,747,801	-
Intangible assets	78,666	105,723
Financial assets at amortised cost	5,431,180	-
Long-term loans and advances	72,276	84,465
Deferred tax asset	135,802	-
	<u>39,869,165</u>	<u>16,588,950</u>
Current Assets		
Stores, spares and loose tools	1,258,328	1,256,767
Stock-in-trade	4,202,841	3,281,387
Trade debts - considered good	419,613	429,409
Loans, advances, deposits, prepayments and other receivables	1,125,827	1,090,898
Income tax payments less provision	85,523	-
Financial assets at fair value through profit and loss	9,317,069	6,098,304
Financial assets at amortised cost	-	1,493,608
Cash and bank balances	752,557	1,322,242
	<u>17,649,028</u>	<u>13,472,208</u>
TOTAL ASSETS	<u>57,518,193</u>	<u>30,061,158</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	9,094,033	9,094,033
Share premium	3,874,653	3,874,653
Unappropriated profits	<u>4,830,020</u>	<u>3,893,092</u>
	<u>17,798,706</u>	<u>16,861,780</u>
Non-Current Liabilities		
Long-term borrowings	32,288,880	7,099,000
Lease liabilities	4,640,839	-
Deferred tax liability	-	560,185
	<u>36,929,719</u>	<u>7,659,185</u>
Current Liabilities		
Current portion of lease liabilities	983,487	-
Service benefits obligations	61,649	28,254
Short-term borrowings	2,158,836	-
Trade and other payables	6,543,458	4,435,906
Undivided dividend	28,323	27,498
Derivative financial instruments	124	-
Unpaid dividend	-	20,682
Accrued interest / mark-up	366,178	64,041
Income tax provision less payments	-	88,078
Provisions	<u>5,853,756</u>	<u>4,698,597</u>
	<u>15,836,331</u>	<u>11,335,057</u>
Contingencies and Commitments	38,743,051	39,237,872
TOTAL EQUITY AND LIABILITIES	<u>57,518,193</u>	<u>30,061,158</u>

Chief Financial Officer
Dated: 28 June 2020

Engro Polymer & Chemicals Limited
12th Floor, Ocean Tower, G-3, Block-8, Clifton, Islamabad-45100, Pakistan.
UAN: 92 (21) 11 4111 411 Fax: 92 (21) 35188865
www.engropolymer.com



engro polymer & chemicals

STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 2 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC
OFFERING REGULATIONS, 2017

ENGRO POLYMER AND CHEMICALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

	2019	2018
	(Amounts in thousand)	
Net revenue	37,836,632	35,271,635
Cost of sales	(29,730,617)	(27,669,022)
Gross profit	8,106,015	7,602,613
Distribution and marketing expenses	(391,624)	(384,790)
Administrative expenses	(579,363)	(576,327)
Other expenses	(1,241,226)	(827,830)
Other income	930,269	1,249,393
Operating profit	6,823,071	7,068,859
Finance costs	(1,263,778)	(609,556)
Profit for the year before taxation	5,559,293	6,459,303
Taxation	(1,343,259)	(1,533,132)
Profit for the year after taxation	3,696,037	4,930,171
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Deferred tax charge relating to revaluation of equity related items - share issuance cost	-	(1,651)
Total comprehensive income for the year	3,696,037	4,928,520
Earnings per share - basic and diluted	4.07	6.02

Chief Financial Officer
Dated: 20 June 2020

Engro Polymer & Chemicals Limited
1211 Floor, Ocean Tower, G-3, Block-E, Clifton, Khayaban-e-Ahmad, Karachi 75003, Pakistan
SAK: 02 (27) 111-411-411 Fax: 32 (21) 3514466
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC
OFFERING REGULATIONS, 2017

ENGRO POLYMER AND CHEMICALS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 AND DECEMBER 31, 2018

	2019	2018
	(Amounts in thousands)	
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,664,266	30,307,753
Right-of-use asset	9,747,806	-
Intangible assets	78,966	806,773
Long-term investments	1,625,690	50,000
Financial assets at amortised cost	5,435,150	-
Long-term loans and advances	72,078	86,463
Deferred tax asset	136,516	-
	48,123,771	31,656,989
Current Assets		
Stores, spares and lease tools	1,008,404	1,000,797
Trade receivables	4,304,284	3,291,297
Trade debtors - considered good	(66,611)	410,490
Loans, advances, deposits, prepayments and other receivables	1,178,183	1,694,485
Income tax payable less provision	88,855	-
Financial assets at fair value through profit and loss	7,584,400	6,205,131
Financial assets at amortised cost	-	4,449,998
Cash and bank balances	777,822	1,380,208
	16,342,655	26,332,314
TOTAL ASSETS	64,466,426	57,989,303
EQUITY AND LIABILITIES		
Equity		
Share capital	6,689,850	6,689,233
Share premium	3,874,920	3,874,920
Unappropriated profits	4,166,837	3,778,400
	14,731,607	14,342,553
Non-Current Liabilities		
Long-term borrowings	10,388,886	7,594,000
Lease liabilities	4,545,810	-
Deferred tax liability	-	726,140
	14,934,696	8,320,140
Current Liabilities		
Current portion of lease liabilities	587,497	-
Service benefit obligations	61,040	25,154
Short-term borrowings	2,028,836	-
Trade and other payables	6,539,887	5,435,073
Undivided dividend	51,535	17,468
Derivative financial instruments	254	-
Unpaid dividend	-	23,683
Accrued interest / mark-up	358,272	64,913
Income tax provision less payments	-	80,222
Provisions	3,507,756	2,638,812
	13,803,713	11,226,573
Contingent and Commitments	39,735,433	39,338,519
TOTAL EQUITY AND LIABILITIES	64,466,426	57,989,303

Chief Financial Officer
Dated: 16 June 2020

Engro Polymer & Chemicals Limited
13th Floor, Office Tower, G-3, Block-9, Clifton, Islamabad-45100, Pakistan.
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 4 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC
OFFERING REGULATIONS, 2017

ENGRO POLYMER AND CHEMICALS LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

	2019	2018
	(Amounts in thousand)	
Net revenue	37,836,632	35,271,635
Cost of sales	(29,730,593)	(27,663,022)
Gross profit	8,106,039	7,608,613
Distribution and marketing expenses	(591,524)	(384,790)
Administrative expenses	(565,842)	(576,527)
Other expenses	(1,214,338)	(827,417)
Other income	894,262	1,234,411
Operating profit	6,528,277	7,054,290
Finance costs	(1,785,583)	(665,555)
Profit for the year before taxation	5,042,694	6,448,735
Taxation	(1,339,190)	(1,531,438)
Profit for the year after taxation	3,703,502	4,917,297
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Deferred tax charge relating to revaluation of equity related items - share issuance cost	-	(1,651)
Total comprehensive income for the year	3,703,502	4,915,646
Earnings per share - basic and diluted	4.07	5.23

Chief Financial Officer
Dated: 26 June 2020

Engro Polymer & Chemicals Limited
121 Floor, Ocean Tower C-1, Block-B, Clifton, Khayekhwa Industrial Area, Karachi 75600, Pakistan
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC
OFFERING REGULATIONS, 2017

THINK PVC (PRIVATE) LIMITED [FORMERLY ENGRO POLYMER TRADING (PRIVATE)
LIMITED]

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

	2019	2018
	(Amounts in thousand)	
Set-up cost	(4,521)	-
Other expenses	(303)	(413)
Other income	11,890	14,982
Operating profit	7,066	14,569
Bank charges	(2)	(1)
Profit for the year before taxation	7,064	14,568
Taxation	(448)	(1,894)
Profit for the year after taxation	6,616	12,674
Other comprehensive income for the year	-	-
Total comprehensive income for the year	6,616	12,674
Earnings per share - basic and diluted	1.32	2.57

Chief Financial Officer
Dated: 26 June 2020

Engro Polymer & Chemicals Limited
12th Floor, Ocean Tower G-3, Block-5, C-Block, Wahyabpore-4-Johar, Karachi 75000, Pakistan
TAN: 92 (21) 111-411-411 Fax: 92 (21) 251-66962
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO
THE PUBLIC OFFERING REGULATIONS, 2017

ENGRO PEROXIDE (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 22, 2019 TO DECEMBER 31, 2019

	(Amounts in thousand)
Depreciation expense	(24)
Preliminary expenses	(21,374)
Auditor's remuneration	(375)
Financial charges	(7,540)
Income from financial assets	24,117
Loss before taxation	(5,166)
Taxation - current	(3,618)
Loss for the period	(8,784)
Other comprehensive income for the period	-
Total comprehensive loss for the period	(8,784)
Loss per share - basic and diluted	(0.18)

Note: Engro Peroxide (Private) Limited was incorporated on July 22, 2019.

Chief Financial Officer
Dated: 26 June 2020

Engro Polymer & Chemicals Limited
12th Floor, Ocean Tower, C-3, Block-8, Office, Hayat-e-Sagor, Karachi 75000, Pakistan
UAN: 92 (21) 111-411-411 Fax: 92 (21) 3114 6999
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO
THE PUBLIC OFFERING REGULATIONS, 2017

ENGRO PLASTICIZER (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 28, 2019 TO DECEMBER 31, 2019

	(Amounts in thousand)
Preliminary expenses	(4,371)
Financial charges	(680)
Auditor's remuneration	(248)
Loss before taxation	(5,296)
Taxation	-
Loss for the period	(5,296)
Other comprehensive income for the period	-
Total comprehensive loss for the period	(5,296)
Loss per share - basic and diluted	(10.59)

Note: Engro Plasticizer (Private) Limited was incorporated on July 28, 2019.

Chief Financial Officer
Dated: 26 June 2020

Engro Polymer & Chemicals Limited
1215 Floor, Ocean Tower, G-3, Block-9, Office, Khaspore-e-Iqbal, Karachi 75600, Pakistan.
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STATEMENT OF FINANCIAL INFORMATION
PREPARED UNDER CLAUSE 4 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING
REGULATIONS, 2017

DETAILS OF DIVIDEND PAID BY ENGRO POLYMER AND CHEMICALS LIMITED

Details of dividend paid by the Company during the year ended December 31, 2019 and 2018 are as follows:

Dividends paid on ordinary shares during the year ended December 31, 2018


- final dividend for the year ended December 31, 2017 declared on January 31, 2018 @ Re 0.80 per share	539,773
- first interim dividend declared on August 2, 2018 @ Re 0.80 per share	757,139
	<u>1,296,912</u>

Dividends paid on ordinary shares during the year ended December 31, 2019

- final dividend for the year ended December 31, 2018 declared on January 31, 2019 @ Re 0.50 per share	372,677
- first interim dividend declared on October 15, 2019 @ Re 0.50 per share	745,354
	<u>1,118,031</u>

Dividends paid on ordinary shares during the year ending December 31, 2020

- final dividend for the year ended December 31, 2019 declared on February 4, 2020 @ Re 0.20 per share	181,786
--	---------



Chief Financial Officer
Dated: 26 June 2020

Engro Polymer & Chemicals Limited
123 Floor, Ocean Tower G-1, Block-8, Office, H-9/2006-e-3/201, Karachi 75600, Pakistan
t: +92-21-111-4111 ext: 102 (2/1) 32155865
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6.2 AUDITOR CERTIFICATE ON ISSUED, SUBSCRIBED, AND PAID-UP-CAPITAL OF THE COMPANY



A.F. FERGUSON & CO.

The Chief Executive Officer
Engro Polymer and Chemicals Limited
12th Floor, Ocean Tower, G-3
Block 9, Clifton
Karachi

June 26, 2020
ASR 3027

Dear Sir

AUDITORS' CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID UP CAPITAL AS AT DECEMBER 31, 2019 AS REQUIRED UNDER CLAUSE 14(i) OF SECTION 1 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate on the annexed 'Statement of Issued, Subscribed and Paid-up Capital' (the Statement) of Engro Polymer and Chemicals Limited (the Company) as at December 31, 2019 as required under clause 14(i) of Section 1 of the First Schedule to the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan.

Scope of Certificate

We understand that the management intends to issue a prospectus for the proposed issue of preference shares to be made by the Company amounting to Rs 3,000 million at an issue price of Rs 10 each ("the proposed preference share issue") in accordance with the aforementioned Regulations.

In connection with the above, clause 14(i) of Section 1 of the First Schedule to the Regulations prescribes the format of the prospectus for public offering of securities to be made by a company under which the management is required to include a certificate from the company's auditor on the issued, subscribed and paid-up capital thereof to be included within the prospectus.

Accordingly, we have been requested by the management to provide them with a certificate on the annexed Statement as at December 31, 2019 prepared by the management to be included in the prospectus for the proposed preference share issue which we have initialed for identification purposes.

Management Responsibility

It is the management's responsibility to prepare the Statement containing details about the issued, subscribed and paid-up capital of the Company as at December 31, 2019. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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June 26, 2020
ASR 3027

A.F. FERGUSON & CO.

Auditor's Responsibility

Our responsibility is to provide the auditor's certificate on the accuracy of the issued, subscribed and paid-up capital of the Company as at December 31, 2019, as appearing in the annexed Statement, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to tracing the issued, subscribed and paid-up capital of the Company as at December 31, 2019 from the audited financial statements thereof for the year ended December 31, 2019.

Certificate

Based on the procedure mentioned above, we certify the accuracy of the issued, subscribed and paid-up capital of the Company as at December 31, 2019 as shown in the annexed Statement.

Restriction on use and distribution

This certificate is being issued by us upon the request of the Company's management as required under Clause 14(i) of Section 1 of the First Schedule to the Regulations for the purpose of inclusion in the prospectus and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein.

Yours faithfully

A. F. Ferguson & Co.
Chartered Accountants
Karachi

encls



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ENGRO POLYMER AND CHEMICALS LIMITED
STATEMENT OF ISSUED, SUBSCRIBED AND PAID-UP CAPITAL
AS AT DECEMBER 31, 2019

	Number of shares*	Amount* (Rupees in '000')
Ordinary shares of Rs 10 each, fully paid in cash	908,923,333	9,089,233

**Figures have been traced from the audited financial statements of the Company for the year ended December 31, 2019*

FOR AND ON BEHALF OF
ENGRO POLYMER AND CHEMICALS LIMITED

CHIEF FINANCIAL OFFICER
DATE: 26th June 2020

Engro Polymer & Chemicals Limited
 12th Floor, Golan Tower G-3, Block-6, Clifton, Khayaban-e-Akbar, Karachi 75000, Pakistan
 T: +92 (21) 111-411411 Fax: +92 (21) 35168865
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6.3 SHARE BREAK-UP VALUE CERTIFICATE



A·F·FERGUSON & CO.

The Chief Executive Officer
Engro Polymer and Chemicals Limited
12th Floor, Ocean Tower, G-3
Block 9, Clifton
Karachi

June 26, 2020
ASR 3028

Dear Sir

AUDITORS' CERTIFICATE ON BREAK-UP VALUE PER SHARE AS AT DECEMBER 31, 2019 AS REQUIRED UNDER CLAUSE 14(ii) OF SECTION 1 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017

We have been requested to provide you with a certificate on the annexed 'Statement of Break-up value per share' (the Statement) of Engro Polymer and Chemicals Limited (the Company) as at December 31, 2019 as required under clause 14(ii) of Section 1 of the First Schedule to the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan.

Scope of Certificate

We understand that the management intends to issue a prospectus for the proposed issue of preference shares to be made by the Company amounting to Rs 3,000 million at an issue price of Rs 10 each ("the proposed preference share issue") in accordance with the aforementioned Regulations.

In connection with the above, clause 14(ii) of Section 1 of the First Schedule to the Regulations prescribes the format of the prospectus for public offering of securities to be made by a company under which the management is required to include a certificate from the company's auditor on the break-up value per share thereof to be included within the prospectus.

Accordingly, we have been requested by the management to provide them with a certificate on the annexed Statement as at December 31, 2019 prepared by the management to be included in the prospectus for the proposed preference share issue which we have initialed for identification purposes.

Management Responsibility

It is the management responsibility to compute the break-up value per share of the Company as at December 31, 2019 in accordance with the provisions contained in Technical Release (TR) - 22 issued by the Institute of Chartered Accountants of Pakistan (ICAP) and to prepare the aforementioned Statement. It is also the responsibility of the management to provide all the details and information to the external auditors for the purposes of this certificate.

Axx

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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June 26, 2020
ASR 3028

A.F. FERGUSON & CO.

Auditor's Responsibility

Our responsibility is to provide the auditor's certificate on the accuracy of the break-up value per share of the Company as at December 31, 2019, as appearing in the annexed Statement, in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the ICAP. Our verification was limited to the procedures as mentioned below:

1. traced the following as appearing in the Statement from the audited financial statements of the Company for the year ended December 31, 2019:
 - i. Number of shares is issue as at that date
 - ii. Issued, subscribed and paid-up capital
 - iii. Unappropriated profit
 - iv. Share premium
2. checked the mathematical accuracy of the break-up value per share of the Company as at December 31, 2019; and
3. reviewed the guidance provided in the TR-22 issued by the ICAP and ensured that the computations were in accordance therewith.

Certificate

Based on the procedures mentioned above, we certify the accuracy of the break-up value per share of the Company as at December 31, 2019, computed in accordance with the TR-22 issued by the ICAP as appearing in the annexed Statement.

Restriction on use and distribution

This certificate is being issued by us upon the request of the Company's management as required under Clause 14(ii) of Section 1 of the First Schedule to the Regulations for the purpose of inclusion in the prospectus and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the annexed Statement.

Yours faithfully

A. F. Ferguson & Co.
Chartered Accountants
Karachi

encls

Page 2 of 2



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ENGRO POLYMER AND CHEMICALS LIMITED
STATEMENT OF BREAK-UP VALUE PER SHARE
AS AT DECEMBER 31, 2019

Particulars		Amount (Rupees in '000')
Issued, subscribed and paid-up capital	A	9,089,233
Revenue reserve - Unappropriated profit	B	4,811,970
Capital reserve - Share premium	C	3,874,953
Total shareholders' equity	D = A+B+C	17,776,156
		Number of shares
Number of shares issued	E	908,923,333
		(Rupees)
Break-up value per share*	F=D/E*1000	19.56

* The break-up value per share of the Company as at December 31, 2019 has been computed in accordance with Technical Release (TR) - 22 issued by the Institute of Chartered Accountants of Pakistan (ICAP). The figures forming the basis of this computation have been taken from the audited consolidated financial statements of the Company for the year ended December 31, 2019.

FOR AND ON BEHALF OF
ENGRO POLYMER AND CHEMICALS LIMITED

CHIEF FINANCIAL OFFICER
DATE: 26th June 2020

Engro Polymer & Chemicals Limited
 13th Floor, Ocean Tower, C-3, Block 8, Clifton, Khaykhan-e-Khalid, Karachi 75600, Pakistan.
 UAN: 92 (21) 111-4111-411 Fax: 92 (21) 35183362
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6.4 LATEST REVIEWED ACCOUNTS OF ENGRO POLYMER & CHEMICALS LIMITED FOR THE PERIOD ENDED JUNE 30, 2020

ENGRO POLYMER AND CHEMICALS LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2020

(Amounts in thousand)

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
Rupees			
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	35,120,165	31,433,441
Right-of-use asset		2,539,819	2,747,801
Intangible assets		97,673	78,966
Financial assets at amortized cost	7	5,881,750	5,421,150
Long-term loans and advances		36,624	72,078
Deferred tax asset	8	382,598	115,822
		44,058,629	39,869,258
Current Assets			
Stores, spares and loose tools		1,538,287	1,568,929
Stock-in-trade	9	4,198,228	4,302,841
Trade debts - considered good	10	391,242	469,613
Loans, advances, deposits, prepayments and other receivables	11	1,499,718	1,035,144
Income tax payments less provision		269,089	85,522
Financial assets at fair value through profit and loss		9,478,913	9,395,853
Cash and bank balances		554,286	792,057
		17,929,763	17,649,959
TOTAL ASSETS		61,988,392	57,519,217
EQUITY AND LIABILITIES			
Equity			
Share capital		9,089,233	9,089,233
Share premium		3,874,953	3,874,953
Unappropriated profits		4,852,798	4,811,970
		17,816,984	17,776,156
Non-Current Liabilities			
Long-term borrowings	12	19,873,278	19,388,880
Lease liabilities		4,368,657	4,543,830
		24,241,935	23,932,710
Current Liabilities			
Current portion of lease liabilities		1,101,752	987,487
Service benefit obligations		48,255	61,049
Short-term borrowings		3,063,782	2,158,836
Trade and other payables	13	8,908,931	6,547,455
Unclaimed dividend		29,297	31,333
Derivative financial instruments		-	154
Accrued interest / mark-up		754,564	366,272
Provisions	14	6,022,892	5,657,765
		19,929,473	15,810,351
		44,171,408	39,743,061
Contingencies and Commitments			
	15		
TOTAL EQUITY AND LIABILITIES		61,988,392	57,519,217

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Chief Executive
Jahanvir Piracha



Chief Financial Officer
Syed Abbas Raza



Director
Feroz Rizvi

ENGRO POLYMER AND CHEMICALS LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2020

(Amounts in thousand except for earnings per share)

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees			
Net revenue	5,816,352	9,256,687	12,874,294	18,600,321
Cost of sales	(5,245,380)	(7,286,786)	(10,968,700)	(14,715,359)
Gross profit	570,972	1,969,901	1,905,594	3,884,962
Distribution and marketing expenses	(40,878)	(56,800)	(113,203)	(150,289)
Administrative expenses	(133,058)	(163,295)	(246,983)	(282,670)
Other expenses	(101,905)	(963,974)	(640,188)	(1,088,639)
Other income	325,357	227,157	687,506	437,613
Operating profit	620,488	1,012,989	1,592,726	2,800,977
Finance costs	(599,221)	(459,224)	(1,366,881)	(727,588)
Profit for the period before taxation	21,267	553,765	225,845	2,073,389
Taxation	8,515	(101,829)	(3,224)	(528,995)
Profit for the period after taxation	29,782	451,936	222,621	1,544,394
Earnings per share - basic and diluted	0.03	0.50	0.24	1.70

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Chief Executive
Jahangir Piracha



Chief Financial Officer
Syed Abbas Raza



Director
Feroz Rizvi

ENGRO POLYMER AND CHEMICALS LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2020

(Amounts in thousand)

		Half year ended	
		June 30, 2020	June 30, 2019
Note		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	4,698,621	5,271,713
Long-term loans and advances		35,454	(9,055)
Retirement benefits paid		(39,086)	(36,382)
Income tax paid		(453,567)	(128,269)
Net cash generated from operating activities		4,241,422	5,100,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,249,653)	(6,756,329)
Purchases of intangible assets		-	(75,551)
Proceeds from disposal of property, plant and equipment		-	204
Income on short-term investment and bank deposits		627,328	408,194
Net cash utilized in investing activities		(3,622,325)	(6,423,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings		-	(7,500,000)
Proceed from issuance of Sukuk bonds - net of transaction cost		-	8,601,540
Finance costs paid		(830,902)	(388,752)
Lease rentals paid		(664,023)	(576,499)
Dividend payment		(183,829)	(299,344)
Net cash utilized in financing activities		(1,678,754)	(163,055)
Net decrease in cash and cash equivalents		(1,059,657)	(1,486,530)
Cash and cash equivalents at the beginning of the period		8,029,074	9,160,054
Cash and cash equivalents at the end of the period	17	6,969,417	7,673,524

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



Chief Executive
Jahangir Piracha



Chief Financial Officer
Syed Abbas Raza



Director
Feroz Rizvi

6.5 SUMMARY OF FINANCIAL HIGHLIGHTS OF ENGRO POLYMER & CHEMICALS LIMITED**6.5.1 Consolidated**

PKR millions	Audited Numbers For the Year ended December 31 st			Reviewed
	2017	2018	2019	1H 2020
Income Statement				
Revenue	27,731	35,272	37,837	12,874
Cost of Goods Sold	21,665	27,663	29,731	10,969
Gross Profit	6,065	7,609	8,106	1,906
Operating Expenses	2,268	1,789	2,203	1,000
Other Income/(Expense)	137	1,249	930	688
Operating Profit	3,935	7,069	6,833	1,593
Financial Charges	820	606	1,794	1,367
Profit/(Loss) before Taxation	3,115	6,463	5,039	226
Taxation	1,062	1,533	1,343	3
Profit/(Loss) after Taxation	2,053	4,930	3,696	223
EBITDA	4,879	8,044	8,352	2,411
Depreciation and Amortization	944	975	1,519	819
Balance Sheet				
Non-Current Assets	16,203	19,589	39,869	44,059
Current Assets	8,162	16,434	17,650	17,930
Total Assets	24,364	36,023	57,519	61,988
Equity	7,760	16,796	17,776	17,817
Long-Term Borrowings	8,750	7,500	19,389	19,873
Accrued Markup	135	65	366	755
Short-Term Borrowings	-	-	2,159	3,064
Non-Current Liabilities	8,750	7,890	23,933	24,242
Current Liabilities	7,854	11,337	15,810	19,929
Net Debt	7,962	(1,595)	17,335	19,129
Stock-in-Trade	3,681	3,581	4,303	4,198
Trade Debts	505	430	470	391
Trade and other Payables	4,523	6,436	6,547	8,909
Cash Flow Statement				
Operating Activities	1,849	9,916	7,679	4,241
Investing Activities	(1,034)	(3,914)	(17,675)	(3,622)
Capital Expenditure	(1,093)	(4,260)	(13,114)	(4,250)
Financing Activities	(978)	2,235	8,787	(1,679)
Cash at year end	923	9,160	7,951	6,969
Growth				
Sales Growth (%)	21%	27%	7%	-31%
EBITDA Growth (%)	63%	65%	4%	-33%
Profit after Taxation Growth (%)	211%	140%	(25%)	-86%

Margins

PKR millions	Audited Numbers For the Year ended December 31 st			Reviewed
	2017	2018	2019	1H 2020
Gross Margin (%)	22%	22%	21%	15%
Operating Profit Margin (%)	14%	20%	18%	12%
EBITDA Margin (%)	18%	23%	22%	19%
Profit before Taxation Margin (%)	11%	18%	13%	2%
Profit after Taxation Margin (%)	7%	14%	10%	2%

Earnings Ratios

Earnings per Share ¹	3.09	5.42	4.07	0.24
Break-up value per share ²	11.70	18.48	19.56	19.60
Return on Equity ³	30%	40%	21%	n/m
Return on Assets ⁴	8%	16%	8%	n/m

Balance Sheet Ratios

Fixed Asset Turnover ⁵	1.73	1.99	1.49	n/m
Asset Turnover ⁶	1.14	1.17	0.81	n/m
Current Ratio ⁷	1.04	1.45	1.12	0.90
Inventory Turnover (Days)	56.48	47.91	48.40	n/m
Receivables Turnover (Days)	6.33	4.84	4.34	n/m
Payables Turnover (Days)	94.80	72.30	79.70	n/m

Leverage Ratios

Debt Service Coverage Ratio ⁸	1.15	4.33	0.90	1.76
Interest Coverage Ratio ⁹	4.80	11.66	3.81	1.17
Debt to Total Capital ¹⁰	53%	31%	61%	62%

Outstanding Ordinary Shares (in millions) ¹¹	664	909	909	909
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¹ Earning per share is based on total profit after tax divided by outstanding ordinary shares of the Company at the corresponding year end

² Break-up Value per share is calculated by dividing average equity of the Company by outstanding ordinary shares of the Company at the corresponding year end

³ Return on Equity is based on profit after tax divided by average equity

⁴ Return on Assets is based on profit after tax divided by average assets

⁵ Fixed Asset Turnover is calculated by dividing revenue with average fixed assets

⁶ Asset Turnover is calculated by dividing revenue with average total assets

⁷ Current ratio is calculated by dividing current assets over current liabilities

⁸ Debt Service Coverage Ratio is calculated by dividing EBITDA by Debt Repayment and Finance Cost

⁹ Interest Coverage Ratio is calculated by dividing EBIT by Finance Cost

¹⁰ Debt to Total Capital is calculated by dividing Debt by Total Capital

¹¹ Actual outstanding ordinary shares at each corresponding year end

6.5.2 Unconsolidated

PKR millions	Audited Numbers For the Year ended December 31 st			Reviewed
	2017	2018	2019	1H 2020
Income Statement				
Revenue	27,731	35,272	37,837	12,874

PKR millions	Audited Numbers For the Year ended December 31 st			Reviewed
	2017	2018	2019	1H 2020
Cost of Goods Sold	21,665	27,663	29,731	10,969
Gross Profit	6,065	7,609	8,106	1,906
Operating Expenses	2,268	1,789	2,172	977
Other Income/(Expense)	133	1,234	894	617
Operating Profit	3,930	7,054	6,828	1,546
Financial Charges	821	606	1,786	1,367
Profit/(Loss) before Taxation	3,109	6,449	5,043	179
Taxation	1,060	1,531	1,339	1
Profit/(Loss) after Taxation	2,049	4,917	3,704	178
EBITDA	4,874	8,029	8,347	2,364
Depreciation and Amortization	944	975	1,518	818

Balance Sheet

Non-Current Assets	16,253	19,639	41,124	44,859
Current Assets	8,062	16,331	16,343	17,035
Total Assets	24,315	35,970	57,466	61,895
Equity	7,720	16,744	17,731	17,729
Long-Term Borrowings	8,750	7,500	19,389	19,873
Accrued Markup	135	65	366	755
Short-Term Borrowings	-	-	2,159	8,254
Non-Current Liabilities	8,750	7,890	23,933	24,242
Current Liabilities	7,845	11,337	15,803	19,924
Net Debt	8,055	(1,497)	18,703	20,362
Stock-in-Trade	3,681	3,581	4,303	4,198
Trade Debts	505	430	470	391
Trade and other Payables				

Cash Flow Statement

Operating Activities	1,850	9,918	7,651	3,999
Investing Activities	(1,039)	(3,920)	(18,917)	(3,245)
Capex	(1,093)	(4,260)	(12,745)	(3,802)
Financing Activities	(1,063)	2,235	8,787	(1,679)
Cash at end	830	9,062	6,583	5,736

Growth

Sales Growth (%)	21%	27%	7%	-31%
EBITDA Growth (%)	24%	65%	4%	-34%
Profit after Taxation Growth (%)	-48%	140%	-25%	-88%

Margins

Gross Margin (%)	22%	22%	21%	15%
Operating Profit Margin (%)	14%	20%	18%	12%
EBITDA Margin (%)	18%	23%	22%	18%
Profit before Taxation Margin (%)	11%	18%	13%	1%

PKR millions	Audited Numbers For the Year ended December 31 st			Reviewed
	2017	2018	2019	1H 2020
Profit after Taxation Margin (%)	7%	14%	10%	1%
Earnings Ratios				
Earnings per Share ¹	3.09	5.41	4.07	0.20
Break-up value per share ²	11.64	18.42	19.51	19.51
Return on Equity ³	53%	40%	21%	n/m
Return on Assets ⁴	17%	16%	8%	n/m
Balance Sheet Ratios				
Fixed Asset Turnover ⁵	1.73	1.99	1.50	n/m
Asset Turnover ⁶	1.14	1.17	0.81	n/m
Current Ratio ⁷	1.03	1.44	1.03	0.86
Inventory Turnover (Days)	56.48	47.91	48.40	n/m
Receivables Turnover (Days)	6.33	4.84	4.34	n/m
Payables Turnover (Days)	94.64	72.23	79.65	n/m
Leverage Ratios				
Debt Service Coverage Ratio ⁸	1.15	4.33	0.90	1.73
Interest Coverage Ratio ⁹	4.79	11.65	3.82	1.13
Debt to Total Capital ¹⁰	54%	31%	61%	62%
Outstanding Ordinary Shares (in millions) ¹¹	664	909	909	909

1 Earning per share is based on total profit after tax divided by outstanding ordinary shares of the Company at the corresponding year end

2 Break-up Value per share is calculated by dividing average equity of the Company by outstanding ordinary shares of the Company at the corresponding year end

3 Return on Equity is based on profit after tax divided by average equity

4 Return on Assets is based on profit after tax divided by average assets

5 Fixed Asset Turnover is calculated by dividing revenue with average fixed assets

6 Asset Turnover is calculated by dividing revenue with average total assets

7 Current ratio is calculated by dividing current assets over current liabilities

8 Debt Service Coverage Ratio is calculated by dividing EBITDA by Debt Repayment and Finance Cost

9 Interest Coverage Ratio is calculated by dividing EBIT by Finance Cost

10 Debt to Total Capital is calculated by dividing Debt by Total Capital

11 Actual outstanding ordinary shares at each corresponding year end

Commentary on Select Ratios

i. Debt to Total Capital

Company has witnessed a sharp increase in Debt to Total Capital ratio to 62% in the period ended June 30, 2020 from 31% in 2018. Total long term loans as at June 30, 2020 are PKR 19.8 billion that includes a USD 35 million loan from IFC. In order to manage the FX risk generated by the foreign currency loan, the Company has entered into an arrangement with Dubai Islamic Bank (DIB), whereby the IFC loan amount has been deposited as foreign currency deposit (TDR) with DIB (please refer to balance sheet of 1HCY 2020 accounts of the Company showing PKR 5.8 billion as part of Investments under non-current assets). The Company borrowed an equivalent PKR amount, with the deposit marked as the primary security. With this structure, the FX risk has been effectively neutralized and has also led to increase in gross loans. Since the TDR is created and exclusively reserved for loan

from IFC, the net long term loan of the Company is PKR 14 billion against total equity of PKR 17.7bn, implying a debt equity ratio of 44%.

ii. Sales Growth

Sales have declined 33% in the period ended June 30, 2020 due to the decline in volumes sold as plants were shut down due to Government mandated pandemic related shutdown, planned maintenance related turnaround and an isolated incident of gas leakage

iii. Profitability Ratios

During 1H CY20, profitability margins (such as gross margins, net margins etc.) of the Company have significantly declined due to Government mandated pandemic related shutdown, planned maintenance related turnaround and an isolated incident of gas leakage

6.6 SUMMARY OF MAJOR ITEMS OF REVENUE AND EXPENDITURE FOR THE LAST 3 YEARS¹

Revenue items		CY 17	CY 18	CY 19
PVC and Allied Chemicals	PKR mn	22,794	29,492	31,648
Caustic Soda and Allied Chemicals	PKR mn	4,878	5,721	5,996

Expense items		CY 17	CY 18	CY19
Raw and packing material consumed	PKR mn	12,764	16,956	17,274
Fuel, power and gas	PKR mn	4,434	4,818	6,300
Salaries and wages	PKR mn	1,393	1,590	1,972

¹Revenue and expense figures for both consolidated and unconsolidated accounts are same

6.7 BIFURCATION OF REVENUE WITH RESPECT TO LOCAL AND EXPORT SALES

Particular ¹		CY 17	CY 18	CY 19
Net Local Sales	PKR mn	27,252	34,440	37,296
Export Sales	PKR mn	419	772	469
Total Sales	PKR mn	27,731	35,272	37,837
Composition of Sales				
Net Local Sales	%	98%	98%	99%
Export Sales	%	2%	2%	1%

¹Revenue figures for both consolidated and unconsolidated accounts are same

6.8 SUMMARY OF REVENUE ON ACCOUNT OF MAJOR PRODUCT/MAJOR ACTIVITIES

Revenue Breakup	CY17	% of revenue	CY18	% of revenue	CY19	% of revenue
PVC and allied chemicals	22,794	82%	29,492	84%	31,648	84%
Caustic Soda and allied chemicals	4,878	18%	5,721	16%	5,996	16%

¹Revenue figures for both consolidated and unconsolidated accounts are same

6.9 REVALUATION OF ASSETS

No revaluation of the fixed assets has been carried out. Company's operating property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

6.10 DIVIDEND POLICY

THE COMPANY INTENDS TO FOLLOW A CONSISTENT PROFIT DISTRIBUTION POLICY FOR ITS MEMBERS, SUBJECT TO PROFITABILITY, AVAILABILITY OF ADEQUATE CASH FLOWS, GROWTH PLANS, THE BOARD'S RECOMMENDATION AND SHAREHOLDERS' APPROVAL, WHERE REQUIRED.

The rights in respect of bonus issue and dividends attached to each ordinary share are and will be the same. The Company in its general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the provisions of the Companies Act.

The Board of Directors may from time to time declare interim dividends as appear to it to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits.

The Company intends to issue Preference Shares that will carry dividend at the rate of 6 month KIBOR + 3.5% per annum on a cumulative basis and the payment of the same shall be at the discretion of the Board and shall be in priority to Ordinary Shareholders.

No unpaid dividend shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Companies Act.

Under Section 242 of the Companies Act, any dividend payable in cash by a listed company, shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

Therefore, the applicants must provide the details of the bank account in the relevant part of the Shares Subscription Form.

Details of dividends on ordinary shares and/or bonus shares issued over the past three years is as follows:

Description	CY 17	CY 18	CY 19
Dividends (PKR/share)	1.25	1.1	0.8
Dividend (%)	13%	11%	8%

6.11 COVENANTS / RESTRICTION ON PAYMENT OF DIVIDENDS:

The Company's debt agreement with IFC stipulates the following dividend covenant.

The Company, or its subsidiaries, shall not issue dividends unless:

- i. Prior to the project's Physical completion, total dividend payments may not exceed 20% of the annual Net income
- ii. After achievement of the project's Physical completion, but before Financial Completion, the dividends should not exceed 80% of the annual net income
- iii. If there are no Project delays exceeding two months, and the projected project cost does not exceed 20% (in USD terms) of the original Project cost
- iv. They are paid out of the retained earnings for the year
- v. After making the dividend payment:
 - a. no Event of Default or a potential Event of Default has occurred
 - b. before the project's Financial completion, the Peak DSCR should be at least 1.2 after the project's Financial completion, the Prospective DSCR should be at least 1.2
 - c. the Current Ratio is at least 1.0
 - d. the Liabilities to Tangible Net Worth Ratio is not more than 2.0

The Company has also raised debt via issuance of Sukuks worth PKR 8,750mn, which stipulates the following conditions on payment of dividend.

The Company can only pay dividends if after such payment, the following ratios are met:

- DSCR is at least 1.20x
- Current Ratio is at least 1.0x
- Total Debt to Equity ratio does not exceed 75:25

The same covenants that apply on the Sukuk of PKR 8,750 million shall also apply for the LTFF facility that the Company has drawn down on September 14, 2020.

* Provision of GIDC is not counted as part of the current liabilities while computing the Current Ratio

** For IFC loan, all changes associated with implementation of IFRS 16 (e.g. additional LT liability coming in the balance sheet) not to be counted for ratio computation

6.12 DIVIDEND PAYOUT BY LISTED ASSOCIATED COMPANIES

The Company has no listed associate company over which it has control.

7 BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY**7.1 BOARD OF DIRECTORS OF THE COMPANY**

Name ¹	Address	Designation	CNIC/Passport No.	Directorships in Other Companies
1 Ghias Uddin Khan	H.NO C-45 Block 9, South St. Navy Housing Scheme, Clifton, Karachi	Non-Executive Director	42301-6599699-9	Engro Corporation Limited (CEO) Engro Fertilizers Limited Engro Energy Limited Sindh Engro Coal Mining Company Limited Thar Power Company Limited Engro Eximp Agriproducts (Private) Limited Engro Foundation (Trustee) Engro Digital Limited Engro Infinity (Pvt) Limited Engro Enfrashare (Pvt.) Limited Karachi School of Business Leadership (KSBL) OICCI - Member Managing Committee
2 Feroz Rizvi	96/2, 23rd Street Off Khayaban-E- Rahat D.H.A, Karachi.	Independent Director	42301-0813675-7	Honda Atlas Cars (Pakistan) Limited Pakistan Oxygen Limited POL Pension Fund (Trustee)
3 Nadir Salar	126/2 34th Street Off Khayaban e Muhafiz Phase VI DHA	Non-Executive Director	E5572076J	Engro Fertilizers Limited - CEO/Director Efert Agritrade (Pvt.) Limited - Director Engro Vopak Terminal Limited – Chairman/Director Engro Energy Limited - Director Pakistan Energy Gateway Limited - Director OICCI - Member of the Agriculture Sub Committee on 16-03- 2020

Name ¹	Address	Designation	CNIC/Passport No.	Directorships in Other Companies
4 Eram Hasan	Flat No. 6, Plot G-25/9, Bath View Apartment, Khayaban-e-Jami, Clifton, Karachi.	Non-Executive Director	42301-8066910-1	Engro Enfrashare (Pvt.) Limited
5 Noriyuki Koga	Basic Chemicals Div. Marunouchi Park Bldg., 6-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8086, Japan	Non-Executive Director	TR3295042	Mitsukojima Transshipment Co, Ltd Kashima Chemical Co Ltd Exportadora De Sal S.A. DE C.V Baja Bulk Carriers S.A. Philippine Resins Industries, Inc PT. Asahimas Chemical AGC Chemicals Vietnam Company Limited
6 Nazoor Ali Baig	H.NO B-106, Block 18, Gulshan-e-Iqbal, Karachi	Independent Director	42201-0507221-9	Hub Power Services Limited (HPSL)
7 Rizwan Masood Raja	House No. 7, New Lalazar, Rizwan Street, Rawalpindi	Non-Executive Director	37405-0447418-5	Engro Enfrashare (Pvt.) Limited Karachi School of Business Leadership (KSBL)
8 Jahangir Piracha	House. No. 12, Street F-8/1, Block-44, Islamabad	CEO	61101-6079108-7	Engro Foundation Arabian Sea Country Club Reon Energy Green Go Pakistan Energy Gateway Engro Peroxide (Pvt.) Limited Engro Plasticizer (Pvt.) Limited Think PVC (Pvt.) Limited

¹All the Directors have been appointed on April 23, 2020

7.2 PROFILE OF DIRECTORS

7.2.1 Mr. Ghias Uddin Khan – Chairman, Non-Executive Director

Mr. Ghias Uddin Khan is the President and Chief Executive Officer of Engro Corporation Limited. Before being appointed President and CEO on December 1st 2016, he has held several executive and board roles across Dawood Hercules Group companies.

Joining Dawood Group via acquisition in 2005, Mr. Ghias was the CEO of Inbox Business Technologies one of Pakistan's largest technology companies. During his 15 years at Inbox Mr. Ghias grew the employees to over 1,900, and pivoted the company from a computer manufacturer to a systems integrator, and then again to a technology enabled digital services company.

Most recently Mr. Ghias was the Executive Director & Head of the Chairman's Corporate Office at Dawood Hercules. He was the principal aide of the Chairman of the Group on a range of matters of institutional importance including but not limited to board governance, communications, external relationships and special projects. Mr. Ghias also served as Chairman of Elixir Securities from 2011-2014. Ghias is a strong believer in the social enterprise and the responsibility of businesses to environmental and human wellbeing. Mr. Ghias holds an MBA from the Institute of Business Administration in Karachi.

7.2.2 Mr. Jahangir Piracha – Executive Director, Chief Executive Officer

Mr. Jahangir Piracha was appointed as the Chief Executive Officer of Engro Polymer & Chemicals Limited in April 2020. He was previously the Chief Executive Officer of Engro Vopak Terminal Ltd. (along with Elengy Terminal Pakistan Ltd. and Engro Elengy Terminal (Pvt.) Ltd.). He was also the Chief Executive Officer of Engro Powergen Qadirpur Limited. Prior to this he was Vice President Manufacturing at Engro Polymer & Chemicals Limited. He has previously worked as General Manager Human Resource & Corporate Services, also with the same company. His previous assignments with Engro were as the Production Manager and HSE Manager at Engro Fertilizers Ltd. Prior to joining Engro in September 1994, he worked for ICI Pakistan Ltd.

Mr. Piracha holds a Bachelor's degree in Chemical Engineering from the University of Engineering and Technology, Lahore, Pakistan.

7.2.3 Mr. Feroz Rizvi – Independent Director

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

7.2.4 Mr. Noriyuki Koga – Non-Executive Director

Mr. Noriyuki Koga joined Mitsubishi Corporation in 1992 and has held several positions during this time. He is currently the General Manager of Mitsubishi Corporation's Chlor-Alkali Department and has a degree in Law from Keio University in Japan. He joined the EPCL Board in 2017.

7.2.5 Mr. Nadir Salar – Non-Executive Director

Mr. Nadir joined Engro Corporation in March 2017 as Chief Strategy Officer. He is responsible for leading the deployment of the PKR 60 billion in cash on Engro's balance sheet and devising optimal strategies for Engro's existing USD 1.3 billion portfolio of diverse businesses. In December of 2018 he assumed the additional responsibility of Chief Executive Officer of Engro Fertilizers Ltd, the groups largest and also separately listed entity.

He brings with him expertise in multiple sectors across the GCC, Turkey, Australia, ASEAN and the EU. He has extensive experience in consulting, private equity and finance. Nadir began his career with Engro Chemical Pakistan Ltd as a Business Analyst and then moved on to organizations such as Hub Power Company, Bain & Company (Singapore), Carrier Corporation (Singapore and Australia) and Abraaj Capital (Dubai), leading up to his most recent role for the last half decade as Chief Investment Officer at Makara Capital in Singapore. Nadir is currently a director on the boards of Engro Fertilizers Limited, Engro Powergen Limited, Engro Polymer Limited and Engro Vopak Terminal Limited.

He completed his MBA from Harvard Business School, and his Bachelors & Masters degrees in Nuclear Engineering from MIT.

7.2.6 Mr. Eram Hasan – Non-Executive Director

Mr. Eram Hasan joined Engro as the Chief Information and Transformation Officer (CITO) in November 2019. Mr. Eram is responsible for managing and developing the following operating functions in line with Engro’s central idea – IT, ECTD, Admin, Procurement, and Engro Foundation – in addition to the special transformation projects such as OneSAP and Catalyst. Eram joins with 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 a MBA degree from Harvard Business School and a Masters and Bachelors in Materials Science & Engineering from MIT.

7.2.7 Rizwan Masood Raja - Non-Executive Director

Mr. Rizwan Masood Raja joined Engro Corporation as SVP & Chief People Officer in February 2019. Mr. 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, Mr. Rizwan was serving as the Managing Director and Head of HR for Retail Banking and Wealth Management, Greater China and North Asia, at SCB. Always driven by new challenges, Mr. Rizwan was instrumental in developing and delivering projects on strategic workforce planning, leading multiple Transformation projects related to client-centricity & digitalization for Retail Bank, and being part of the Global HR transformation’s design team. One of the key achievements was the successful buildup of the Virtual Bank in Hong Kong; a first for SCB globally.

As the Chief People Officer at Engro, Rizwan is responsible for providing strategic direction and overall leadership on People function and enabling its transition to a more holistic “People” orientation, with “Culture” informing behaviors. His primary focus is to implement integrated People-First framework to enable transformation across Engro Corp and Subsidiaries; Talent Development with Strong Governance, robust operations and dynamic People policies & guidelines. Rizwan speaks regularly at various forums on topics close to his heart, such as future of work & evolution of HR function in the digital age. He is passionate about community development and is an avid cricketer.

7.2.8 Nazoor Ali Baig – Independent Director

Mr. Baig is a retiree from Detroit Edison Company a subsidiary of DTE Energy Company and currently associated with The Hub power Company Limited (HUBCO) since 2014. He is an Electrical Engineer by profession and has worked in the utility industry for over 30 years. His experience includes working in Operations, Maintenance, Engineering, Project Management, Outage Management, Coal handling facility with state-of-the-art Blending systems, Business Management, Large Systems Change Management, etc.

7.3 PROFILES OF SENIOR MANAGEMENT

7.3.1 Mr. Jahangir Piracha – Chief Executive Officer

Mr. Jahangir Piracha was appointed as the Chief Executive Officer of Engro Polymer & Chemicals Limited in April 2020. He was previously the Chief Executive Officer of Engro Vopak Terminal Ltd. (along with Elengy Terminal Pakistan Ltd. and Engro Elengy Terminal (Pvt.) Ltd.). He was also the Chief Executive Officer of Engro Powergen Qadirpur Limited. Prior to this he was Vice President Manufacturing at Engro Polymer & Chemicals Limited. He has previously worked as General Manager Human Resource & Corporate Services, also with the same company. His previous assignments with Engro were as the Production Manager and HSE Manager at Engro Fertilizers Ltd. Prior to joining Engro in September 1994, he worked for ICI Pakistan Ltd.

Mr. Piracha holds a Bachelor's degree in Chemical Engineering from the University of Engineering and Technology, Lahore, Pakistan.

7.3.2 Mr. Syed Abbas Raza – Chief Financial Officer

Mr. Abbas is an experienced professional with degrees in Management Accounting, Business Administration and Electrical Engineering. Prior to joining EPCL, he was working for General Mills, a US multinational, as Finance Director for their South East Asia business, based out of Singapore. Before General Mills, he had a distinguished career with Procter & Gamble spanning almost 2 decades during which he worked in various senior positions in Pakistan, Middle East, Europe and Africa. His last position was CFO, Procter & Gamble, Pakistan.

7.3.3 Mr. Khawaja Haider Abbas – Company Secretary

Mr. Khawaja Haider is a qualified Chartered Accountant serving as a Company Secretary for Engro Polymer and other Engro subsidiaries. Prior to appointment as Company Secretary, he was working as an internal auditor for 3 years at EPCL.

7.3.4 Mr. 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. 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, Engro Model School and Gardening committee. Mahmood is a Chemical Engineer from University of the Punjab.

7.3.5 Mr. Jahangir Waheed – Vice President, Projects & NVD

Mr. Jahangir is Vice President Projects and NVD at Engro Polymer & Chemicals Limited. He brings with him almost 30 years of manufacturing experience, and has held key positions at Engro Fertilizer, Engro Powergen and SAFCO KSA. Mr. Jahangir completed his Masters in Chemical Engineering with specialization in Research in Industrial Computerized Control from King Fahad University KSA in 1987.

7.3.6 Mr. Syed Ali Akbar – Vice President, Base Plant Operations

Mr. Ali has been associated with EPCL since 1998, he has held several positions in the Company including Services and Training Manager, Operations Manager and Commissioning and Startup Manager. He has a Bachelors in Chemical Engineering from Dawood College of Engineering and Technology.

7.3.7 Mr. Salman Hafeez – General Manager, Human Resources, Admin & Corporate Communications

Mr. Salman has over 15 years of experience in Human Resources, Organization Development and HR Business Partner. He has been associated with top MNCs in his career in different roles in FMCG, Banking as well as Telecommunication Industry. Prior to joining EPCL, he was associated with Jazz (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 an HR Business Partner, Management & Organization Development Manager as well as National Training Manager. He holds a Master's degree from Iqra University.

7.3.8 Mr. Fahd Khawaja – Vice President, Marketing

Mr. Fahd joined Engro Fertilizers in 2001 and has extensive experience of working in various leadership roles in Business Management, Marketing & Sales, Supply Chain, Global Sourcing and Trading. During his recent role as VP Global Sourcing & Commercial Head Phosphates Business, 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.

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 have worked on various projects which has resulted in significant savings for the organization. Fahd holds a Masters degree in Business Administration with concentration in Marketing and Finance.

7.3.9 Mr. Aneeq Ahmed – Vice President, Supply Chain

Mr. Aneeq Ahmed started his career at Engro Polymer & Chemicals as a 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. Aneeq has a bachelor's degree in Mechanical Engineering from NED University of Engineering and Technology and a Master's degree in Business Administration from the Institute of Business Administration.

7.3.10 Mr. Kalimuddin A. Khan

Mr. Kalim joined Engro in Sept-19 and brings with him a diverse experience of 24 years, mainly in internal audit, risk management, and compliance. Prior to Engro, he worked for Majid Al-Futtaim (MAF) group, operating in 17 countries, where he held positions of VP & Head of Internal Audit (Carrefour), GM - Group Internal Audit, and VP - Development. Prior to that, he held Assurance & Advisory roles at KPMG UAE, TQM / Business Analyst roles at Philips Pakistan, and Technology QA role at Citibank Pakistan. Mr. Kalim holds an MBA degree from IBA-Karachi and an engineering degree from NED University, in addition to professional certifications in Auditing, GRC, IT & Behavioral Sciences.

7.4 NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall not have less than seven (7) Directors. At present, the Board consists of 8 Directors, excluding the Chief Executive Officer. After resignation of Ms. Rahat Kaunain, there is a casual vacancy which shall be filled in due course.

7.5 QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Companies Act or any other law for the time being in force

7.6 REMUNERATION OF THE DIRECTORS

The remuneration of Directors shall from time to time be determined by the Company in general meeting subject to the provisions of the Act

7.7 BENEFITS TO PROMOTERS AND OFFICERS

No benefit has been given or is intended to be given by the Company to the promoters and officers of the Company other than remuneration for services rendered by them as full time executives of the Company.

7.8 INTEREST OF DIRECTORS

The Directors may be deemed to be interested to the extent of fees payable to them for attending the Board meetings. The Directors performing whole time services in the Company may also be deemed interested in the remuneration payable to them by the Company. The nominee Directors have interest in the Company to the extent of representing the sponsors in the capital of the Company.

Following Directors are holding ordinary shares of the Company:

Name of Director	Designation	Numbers of Shares held	Value of Shares held (PKR)
Ghias Uddin Khan	Non-Executive Director	1	10
Feroz Rizvi	Independent Director	1	10
Nadir Salar	Non-Executive Director	1	10
Eram Hasan	Non-Executive Director	1	10
Noriyuki Koga	Non-Executive Director	1	10
Nazoor Ali Baig	Independent Director	1	10
Rizwan Masood Raja	Non-Executive Director	1	10
Jahangir Piracha	Executive Director/CEO	-	-

7.9 INTEREST OF DIRECTOR AND PROMOTER IN PROPERTY/ASSETS OF THE COMPANY

Nil.

7.10 APPOINTMENT AND ELECTION OF DIRECTORS

The Directors of the Company are elected for a term of three years in accordance with the procedure laid down in section 159 of the Companies Act and Article 57.

As per Article 56 to 60 the Directors shall comply with the provisions of Sections 154 to 159 and Sections 161 and 167 relating to the election of Directors and matters ancillary thereto.

Section 159 of the Act authorizes the current Board to fix the number of Directors. The number of Director shall not be less than 7 as prescribed under section 154 of Article 56,

Any casual vacancy occurring on the Board of Directors may be filled up by the directors, but the person so appointed shall be subject to retirement at the same time as if he / she had become a Director on the day on which the Director in whose place he / she is chosen was last elected as Director.

As per Article 64, the Company may by resolution in general meeting, remove a director in accordance with the provisions of the Companies Act.

The current Board of Directors were appointed on 23rd April, 2020 for a period of three years. Post-election, one of the Director has resigned from the Board thereby creating a casual vacancy which shall be duly filled in the given regulatory timelines.

The composition of Board of Directors of the Company is in line with Listed Companies (Code of Corporate Governance) Regulations, 2019.

7.11 VOTING RIGHTS

According to Article 45 subject to any rights or restrictions for the time being attached to any class of shares, on a show of hands every member present in person shall have one vote except for election of Directors in which case the provisions of Section 159 shall apply. On a poll every member shall have voting rights as laid down in Section 134 of the Companies Act.

As per Article 45, in case of joint-holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

As per Article 46, a member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

7.12 BOARD AUDIT COMMITTEE

The Board of Directors has set up an effective audit function managed by suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

The Audit Committee comprises of the following members:

1. Mr. Feroz Rizvi – Chairman
2. Mr. Eram Hasan – Member
3. Mr. Noriyuki Koga – Member
4. Mr. Nazroor Ali Baig – Member
5. Mr. Kalimuddin A. Khan - Secretary

7.13 BOARD PEOPLE COMMITTEE

The Board People 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 organizational structure of the Company.

The Board People committee comprises of the following members:

1. Casual Vacancy – Chairperson
2. Mr. Feroz Rizvi – Member
3. Mr. Rizwan Masood Raja – Member
4. Mr. Nadir Salar – Member
5. Mr. Salman Hafeez - Secretary

7.14 POWERS OF DIRECTORS

The control of the Company shall be vested in the Board of Directors and the business of the Company shall be managed by the Board of Directors who may exercise all such powers of the Company and do all such acts and things as may be exercised or done by the Company as by the Companies Act or by Articles of the Company or by a special resolution expressly directed or required to be exercised or done by the Company.

7.15 CORPORATE GOVERNANCE

The Company shall comply with all the rules and regulations applicable to the Company with regards to the Listed Companies (Code of Corporate Governance) Regulation, 2019.

7.16 INDEMNITY AVAILABLE TO THE BOARD OF DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

The Directors of the Company are covered via a Directors and Officers liability policy taken by the Company.

The policy provides coverage including, but not limited to, management liability, losses arising out of securities claim, prosecution costs, bail bond/civil bond premiums, defence costs for claims in respect of bodily injury/property damage, losses driven by proceedings of accidental homicide, costs for lawyer employed arising out of claims of wrongful acts, extradition costs, investigation costs, public relations expenses, etc.

8 LEGAL PROCEEDINGS AND OVERDUE LOANS

LEGAL PROCEEDINGS

There are a few legal proceedings which the Company is engaged in, the key ones, of which are listed as under:

1. 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 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.

2. During 2007, Special Excise Duty (SED) amounting to PKR 91,616,000 was paid on import of certain fixed assets. Out of the total SED paid, an amount of PKR 54,299,000 was adjusted through input claim in sales tax returns. Subsequently, the remaining amount of PKR 36,687,000 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.
3. The Deputy Commissioner Inland Revenue (DCIR) through an order dated November 26, 2009 raised a tax demand of PKR 213,172,000. The demand arose as a result of additions on account of trading liabilities of PKR 47,582,000 under section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance), disallowance of provision for retirement benefits of PKR 5,899,000 addition of imputed interest on loans to employees and executives of PKR 16,069,000 to income, disallowance of finance cost of PKR 134,414,000 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 PKR 180,768,000 and payment of the balance of PKR 32,404,000 'under protest'. Through his appellate order, the CIR(A) maintained certain additions aggregating PKR 189,810,000 including finance cost amounting to PKR 134,414,000 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 except for additions on account of trading liabilities to the extent of PKR 20,280,000 and minimum turnover tax for tax years 2004 and 2007 to the extent of PKR 19,692,000 and PKR 7,300,000 respectively, which were maintained.

The Company filed a reference with the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the High Court of Sindh against the order passed by the ATIR in favor 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 favorable and, accordingly, has not recognized the effects for the same in the financial statements

4. The DCIR through his order dated November 30, 2010 raised a tax demand of PKR 163,206,000. The demand arose as a result of disallowance of finance cost of PKR 457,282,000 additions to income of trading liabilities of PKR 21,859,000 under section 34(5) of the Ordinance, disallowance of provision for retirement benefits of PKR 14,239,000 disallowance of provision against Special Excise Duty refundable of PKR 36,687,000 addition of imputed interest on loans to employees and executives of PKR 20,599,000 and not considering net loss.

The entire demand of PKR 163,206,000 was adjusted against assessed tax refunds and an appeal was filed by the Company before the CIR(A). Through his appellate order, the CIR(A) maintained certain additions aggregating to PKR 493,971,000 (including disallowance of finance cost amounting to PKR 457,282,000 and remanded back the issue of imputed interest on loans to employees and executives. An appeal against the said appellate order was filed before the ATIR. The department also filed an appeal against the said appellate order challenging the action of CIR(A), regarding deletion of addition on account of provision for the retirement benefits.

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 PKR 36,687,000 and imputed interest on loans to employees and executives to the extent of PKR 17,430,000 which were maintained.

The Company filed a reference with the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the High Court of Sindh 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 recognized the effects for the same in the financial statements.

5. 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 PKR 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 recognized a provision of Rs. 1,345,789,000 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 PKR 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 PKR 753,664,000 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to PKR 592,125,000 in respect of captive power.

Further, the Company has also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. However, based on prudence, the Company has recognized a further provision of PKR 1,018,938,000 (2018: PKR 1,008,816,000) for the year.

On August 13, 2020, the Supreme Court of Pakistan announced the decision rendering the GIDC Act 2015 intra virus to the constitution and directs the Gas supply companies to recover the dues in 24 monthly installments. The company, aggrieved of the decision, is evaluating options with the legal counsel and will take necessary course of action accordingly.

6. The Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016, raised a sales tax demand of PKR 524,589,000 on account of alleged short payment of sales tax due on the finished products that would have been

produced and sold from the excess wastage of raw material. The Company filed an appeal before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favour of the Company. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). The management of the Company, based on the advice of its tax consultants, is confident of a favourable outcome of this matter, accordingly, no provision has been made in this respect.

7. 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 PKR 552,331,000 being the amount short paid with the return. The Company filed a Constitutional Petition in the High Court of Sindh (SHC) challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the SHC in respect of another company. However, the SHC directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable the Company to approach the Supreme Court (SC). The Company has filed Civil Petition for Leave to Appeal I against SHC 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.

OVERDUE LOANS

There are no overdue loans (local or foreign currency) on the Company, its directors, and its Sponsors. The Company, its CEO, its directors and its Sponsors, under the oath, undertake that they have no overdue payment to any financial institution in Pakistan.

9 EXPENSES TO THE ISSUE (COMMISSIONS, BROKERAGE AND OTHER EXPENSES)

9.1 UNDERWRITING

The present public offer of 37,500,000 Preference shares of face value of PKR 10 each offered at an Issue Price of PKR 10 per share has been fully underwritten as under:
[.]

9.2 OPINION OF DIRECTORS REGARDING RESOURCES OF THE UNDERWRITERS

In the opinion of the Directors of the Company, the resources of the Underwriters are sufficient to discharge their underwriting commitments.

9.3 NO BUY BACK / REPURCHASE AGREEMENT

The Underwriters nor any of their associates have entered into any buyback or repurchase agreement with the sponsors, the Company or any other person in respect of this Issue.

Also, neither the Company nor any of its associates have entered into any buy back / re-purchase agreement with the underwriters or their associates.

The Company and its associates shall not buy back / re-purchase shares from the underwriters and their associates.

9.4 UNDERWRITING EXPENSE

The Underwriters have been paid an underwriting commission at [.]% on the amount of the Issue underwritten by them

9.5 COMMISSION OF THE BANKERS TO THE ISSUE

Commission at the rate of 0.25% (inclusive of all taxes) of the amount collected on allotment in respect of successful applicants will be paid by the Company to the Bankers to the Issue for services to be rendered by them in connection with this Issue.

9.6 FEES AND EXPENSES FOR CENTRALIZED E-IPO SYSTEM ("CES")

Commission on application received through CES will be paid to CDC which shall not be more than 0.8% of the amount of the successful applications. CDC will share the fee with other participants of CES at a ratio agreed amongst them.

9.7 BROKERAGE

For this Issue, brokerage shall be paid to the TRE Certificate Holders of PSX at the rate of 1.00% of the value of shares on successful applications for the Issue. No brokerage shall be payable in respect of shares taken up by the Underwriters by virtue of their underwriting commitment.

9.8 ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed PKR _____/-. The break-up of these preliminary expenses is given below:

Expenses to the Issue	Rate	Amount (PKR)
Consultant to the Issue Fee		10,000,000
Commission to the Bankers for General Public	0.25%	843,750
E-IPO Services of Banks		300,000
Bankers to the Issue out of Pocket Expense		500,000
CDC E-IPO ¹	0.80%	300,000
TREC Holders' Commission ²	1.00%	3,750,000
Underwriting Commission - General Public	[.]	[.]
Take up Commission	[.]	[.]
Transaction Legal Counsel		4,250,000
CDC Annual Fee for Eligible Security		680,000
CDC Fresh Issue Fee	0.16%	4,800,000
PSX Initial Listing Fee		1,500,000
PSX Annual Listing Fee		0
PSX Non Refundable Service Charges		50,000
SECP Processing Fee		200,000
SECP Supervisory Fee		150,000
Stamp Duty	0.15%	4,500,000
Printing, Publication of Prospectus / Application Forms		3,000,000
Balloter & Share Registrar Fee etc.		650,000
Miscellaneous Costs		1,000,000
Total		[.]

Note: The above figures are indicative and may change at the time of IPO.

¹CDC E-IPO fee is 0.8% of the general public portion. The actual cost is dependent on the subscriptions received through E-IPO.

²This amount represent maximum the maximum possible cost under this head.

10 MISCELLANEOUS INFORMATION**10.1 REGISTERED OFFICE OF EPCL**

12th Floor, Ocean Tower, G-3, Scheme No. 5, Main Clifton Road

Block 9, Clifton, Karachi

Phone: (+92)-21-35166863-64

UAN: (+92)-21-111-411-411

FAX: (+92)-21- 5293886-87

Email: epclcorpcomms@engro.com

Website: www.engropolymer.com

10.2 CORPORATE OFFICE OF EPCL

12th Floor, Ocean Tower, G-3, Scheme No. 5, Main Clifton Road

Block 9, Clifton, Karachi

10.3 BANKERS AND FINANCIAL INSTITUTIONS TO THE COMPANY

S.#	Name	Address	Telephone number	E-mail address
1	Allied Bank Ltd.	Bath Island Branch, Clifton, KHI	021-35301041	Danish Muhammad Saleem Danish.Muhammad@abl.com
2	Askari Bank Ltd.	Clifton Branch, Karachi	021-35360707	Asfandiyar Humayun Zephyr asfandiyar.humayun@askaribank.com.pk
3	Al-Baraka Bank Pakistan Ltd.	Trade Center, I.I Chudrigar Road, Karachi	021-34307070	Kamran Abdy kamran.abdy@albaraka.com.pk
4	Bank Al Falah Ltd.	Main Branch, I.I Chundrigar Road, Karachi	021-33122375	Rumail Nazir rumail.nazir@bankalfalah.com
5	Bank Al Habib Ltd.	Clifton Branch, Karachi	021-3247 2336	Syed Adeel Hassan adeel.hassan@bankalhabib.com
6	BankIslami Pakistan Ltd.	Main Branch, Clifton, Karachi	021-35839906	Muhammad Ebad UI Haq ebad.haq@bankislami.com.pk
7	Citibank N.A.	A.W.T Plaza, I.I.Chundrigar Road, Karachi	021-111 999 999	Rehmat Salman salman.rehmat@citi.com
8	Deutsche Bank AG	Avari Towers	021-35207241	Rizwan Rafique rizwan.rafique@db.com
9	Dubai Islamic Bank Ltd.	Clifton Branch, Hassan Chambers 2nd Floor, DC-7, Block-7, Kehkashan Clifton Karachi	021-35368527	Muhammad Usman Zahoor muhammad.zahoor@dibpak.com

10	Faysal Bank Ltd.	Main Branch, Faysal House, St- 02, Main Shahra-e-Faisal, Karachi	021-3279533	Mohammad Jawad Raza MohammadJawad@faysalbank.com
11	Habib Bank Ltd.	1st Floor, HBL Tower, KDA Scheme # 5, Block 7, Near Teen Talwar, Clifton, Karachi	021-33117833	Syed Saif Javed Akhtar Saif.akhtar@hbl.com
12	Industrial and Commercial Bank of China Ltd.	Karachi Branch, Ocean Tower, Khayaban-e-Iqbal, Block 9, Clifton, Karachi	021-35208981	Ambreen Haider ambreen.haider@pk.icbc.com.cn
13	JS Bank Limited	23rd Floor, Ocean Tower, Block 9, Clifton, Karachi	021-35166601	Syed Atif Humayun Atif.Humayun@jsbl.com
14	MCB Bank Ltd.	Corporate Branch, MCB Tower, I.I Chundrigar Road, Karachi	021-32641930	Yalmaz Hassan Bokhari yalmaz.bokhari@mcb.com.pk
15	Meezan Bank Ltd.	PNSC Building, M.T. Khan Road, Karachi	021-38103500	Muhammad Usman Kamran Usman.Kamran@meezanbank.com
16	National Bank of Pakistan	PNSC Branch, Karachi	021-99062243	Salman Zahid salman.zahid@nbp.com.pk
17	Standard Chartered Bank (Pakistan) Ltd.	Main Branch, I.I Chundrigar Road, Karachi	021-32450831	Ahmed, Shahab Rafiq Shahab-Rafiq.Ahmed@sc.com
18	Summit Bank Ltd.	Dolmen City Branch, Karachi	021-35297611-16	Kubsha Ameen kubshaameen@summitbank.com.pk
19	The Bank of Punjab	DHA Branch, Karachi	021-35351181	Muazzam Khan muazzam.khan@bop.com.pk
20	United Bank Ltd.	Corporate Branch, I.I Chundrigar Road, Karachi	021-99033-2339	Safdar Sowleheen safdar.sowleheen@ubl.com.pk
21	Bank of China	Dolmen Executive Tower, HC-3, Marine Drive, Block 4, Clifton, Karachi	021-33110688	Anis Kajani klqywfbak@mail.notes.bank-of-china.com

22	Habib Metropolitan Bank Limited	Main Branch, HBZ Plaza, I.I Chundrigar Road, Karachi	021-32644253	Syed Waseem Hassan wasim.hassan@habibmetro.com
23	MCB Islamic Bank	Shahrah-E- Faisal Branch, Karachi	021-34323051	Rafay Subhani rafay.subhani@mcbislamicbank.com
24	Samba Bank Limited	Bahria Complex 1 Branch, M.T Khan Road, Karachi	021-38247276	Umar Haroon umar.haroon@samba.com.pk

10.4 AUDITORS OF THE COMPANY

A.F. Ferguson & Company Chartered Accountants

State Life Building No. 1-C
I.I. Chundrigar Road Karachi, Pakistan
Tel: +92(21) 32426682-6 / 32426711-5
Email: Farrukh.rehman@pwc.com
Website: www.pwc.com.pk

10.5 TRANSACTION LEGAL COUNSEL

Mohsin Tayebaly & Co.

1st Floor, Dime Centre, BC-4,
Block – 9, Kehkashan, Clifton
Karachi, Pakistan
Tel: +92 (021) 111 682 529
Email: contact@mtclaw.com.pk
Website: <https://mtclaw.com.pk/index.html>

10.6 COMPANY'S LEGAL ADVISOR

Mr. Yakub Kapadia

Office No. 601, Sixth Floor,
Landmark Plaza,
Muhammad Bin Qasim (Burns) Road,
Off II Chundrigar Road, Karachi – 74200.
Tel: 021-32629023, 021-32629711

10.7 CONSULTANT TO THE ISSUE

Arif Habib Limited

Arif Habib Center
23, MT Khan Road, Karachi
Tel: 021-3246 5891
Fax: 021-3242 9653
Email: ali.ahmed@arifhabibltd.com
Website: www.arifhabibltd.com

10.8 COMPUTER BALLOTTER & SHARES REGISTRAR

FAMCO Associates (Pvt.) Ltd

8-F, Near Hotel Faran Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi
Tel: +92 (021) 3438 0101-5, 3438 4621-3
Website: www.famco.com.pk
Email: info.shares@famco.com.pk

11 MATERIAL CONTRACTS

11.1.1 Details of Short-Term Financing Facilities

Bank	Facility	Limit (PKR million)	Mark-up Commission	Date Sanctioned	Expiry / Review Date*
Askari Bank Limited	Facility 1- Running Musharakah	300	3MK + 0.50%	30-Sep-19	30-Sep-20
	Facility 1a - Running Finance	300	3MK + 0.50%	30-Sep-19	30-Sep-20
	Facility 1b - Money Market	300	KIBOR + spread	30-Sep-19	30-Sep-20
	Facility 1c - ERF	300	SBP Rate + 1%	30-Sep-19	30-Sep-20
	Facility 1d - FE-25	300	to be quoted by treasury	30-Sep-19	30-Sep-20
	Facility 1e- FATR	300	3MK + 0.50%	30-Sep-19	30-Sep-20
	Facility 1f - BG	100	0.40% p.a.	30-Sep-19	30-Sep-20
	Facility 2 - Letter of Credit	700	0.05% Flat	30-Sep-19	30-Sep-20
	Facility 2a- Shipping Guarantee	700	Nil	30-Sep-19	30-Sep-20
	Facility 1 - Letter of Credit (Project)	3,589	0.05% Flat	31-May-19	28-Oct-20
Bank Alfalah Limited	Facility 1 - Letter of Credit	1,000	0.05% Flat	31-May-19	28-Oct-20
	Facility 2 - BG	410	0.10% p.q.	31-May-19	28-Oct-20
	Facility 3- LER	450	Treasury Rate	-	-
Dubai Islamic Bank Limited	Facility 1 - Letter of Credit	1,500	0.05% Flat	31-May-20	31-May-21
	Facility 1a - Running Musharakah	500	KIBOR + 1%	31-May-20	31-May-21
	Facility 1b- Shipping Guarantee	1,000	As per SOC	31-May-20	31-May-21
	Facility 2- BG	500	0.25% p.q.	31-May-20	31-May-21
Faysal Bank Limited	Facility 1 - BG	700	0.10% p.q.	31-Jul-20	31-Jul-21
	Facility 2 - Letter of Credit	1,000	0.05% flat	31-Jul-20	31-Jul-21
	Facility 3 - Running Musharakah	425	1MK + 1%	31-Jul-20	31-Jul-21
Habib Bank Limited	Facility 1 - FATR	500	1MK + 1%	30-Jun-19	28-Sep-20
	Facility 1a - Running Finance	500	1MK + 1%	30-Jun-19	28-Sep-20
	Facility 1b - FCIF	300	case-to-case basis	30-Jun-19	28-Sep-20
	Facility 1c - Cheque Discounting	300	1MK + 1%	30-Jun-19	28-Sep-20
	Facility 2 - Letter of Credit	3,000	0.05% flat	30-Jun-19	28-Sep-20

Bank	Facility	Limit (PKR million)	Mark-up Commission	Date Sanctioned	Expiry / Review Date*
	Facility 3- Letter of Credit (Project)	4,800	0.05% flat	30-Jun-19	28-Sep-20
Meezan Bank Limited	Facility 1 - Running Musharakah	300	KIBOR + 1%	30-Jun-19	30-Sep-20
	Facility 1a - Istisna/IERF	300	Istisna: KIBOR + 1% IERF: SBP Rate + 1%	30-Jun-19	30-Sep-20
	Facility 2 - Letter of Credit	1,000	0.05% Flat	30-Jun-19	30-Sep-20
	Facility 3 - BG	338	0.10% p.q.	30-Jun-19	30-Sep-20
MCB Bank Limited	Facility 1- Running Finance	1,500	1MK + 0.50%	31-Mar-20	31-Mar-21
	Facility 1a - FCIF/FCEF	1,500	LIBOR + Spread	31-Mar-20	31-Mar-21
	Facility 1b - STF/IBP	1,500	KIBOR + Spread	31-Mar-20	31-Mar-21
	Facility 1c - ERF I & II	1,500	SBP Rate + 1%	31-Mar-20	31-Mar-21
	Facility 2- BG	500	0.15%	31-Mar-20	31-Mar-21
	Facility 3 - Letter of Credit	2,500	R/R	31-Mar-20	31-Mar-21
MCB Islamic	Facility 1 - BG	300	0.10% p.q.	31-Aug-19	30-Sep-20
Standard Chartered Bank	Facility 1 - BG	150	0.60% p.a.	23-Sep-19	23-Sep-20
	Facility 2 - Letter of Credit	3,200	0.13% p.q.	23-Sep-19	23-Sep-20
	Facility 2a - Shipping Guarantee	3,200	Standard Rate	23-Sep-19	23-Sep-20
United Bank Limited	Facility 1 - Running Finance/MM	225	1MK + 0.50%	30-Jun-19	30-Sep-20
	Facility 2 - Letter of Credit	2,000	0.05% Flat	30-Jun-19	30-Sep-20
	Facility 2a - Shipping Guarantee	600	-	30-Jun-19	30-Sep-20
	Facility 3 - BG	50	0.10% p.q.	30-Jun-19	30-Sep-20
Habib Metro	Facility 1 - Letter of Credit	1,000	0.05% Flat	31-Dec-19	31-Dec-20
	Facility 2 - BG	300	0.10% p.q.	31-Dec-19	31-Dec-20
Bank of Punjab	Facility 1 - BG	600	0.10% p.q.	31-Mar-20	31-Mar-21

*All the lines post their expiry dates are under the usual renewal process at the respective banks. This process is expected to be closed soon.

11.1.2 Details of Long-Term Financing Facilities

Bank	Facility	Limit (PKR mn)	Mark-up Commission	Date Sanctioned	Expiry / Review Date
International Finance Corporation (IFC)	LT Ijarah Finance Facility	USD 35mn	6M LIBOR + 3.25%	18 Dec 2019	15 Jan 2024
Dubai Islamic Bank*	LT Diminishing Musharakh Facility	5,421	6M KIBOR	18 Dec 2019	15 Jan 2024
Syndicate of Banks (MCB, HBL, DIB)	Long Term Finance Facility	1,950	SBP Base Rate (2%) + 1.2%	14 Sep 2020	14 Sep 2030

* EPCL entered into this loan as part of a shariah-compliant FX hedging solution for the LT facility from IFC, under which the proceeds from IFC facility was invested in a USD TDR and an equivalent PKR loan was borrowed

Particulars of Sukuk Certificates	Issue Size (PKR mn)	Coupon Rate	Issue Date	Maturity Date
Sukuk Issue	8,750	3M KIBOR + 0.90%	11 Jan 2019	11 Jul 2026

EPCL raised PKR 8,750 million by way of Sukuk Issue under the Diminishing Musharaka structure. The Sukuk Issue was AA rated, secured, privately placed and listed (under Chapter 5C - Privately Placed Debt Securities Listing Regulations of the PSX) with a tenor of 7 years and 6 months. Primary purpose of the Sukuk Issue was consolidation and prepayment of existing long term debt of EPCL into a single instrument and term out scheduled loan. Pak Brunei Investment Company Limited was appointed as the Trustee to the Sukuk Issue

11.1.3 Details of Letter of Credit

S. #	Particular	Beneficiary	Country	LC #	Amount	LC Issuance Date	Status
1	MV Switchgear - Material	ABB Xiamen Switchgear Co., Ltd.	China	19INSU000509218	USD 157,180.00	24-Dec-19	Open
2	Transformers-Material	ABB Hefei Transformer Co., Ltd.	China	19INSU000509216	USD 113,110.00	24-Dec-19	Open
3	Valves (GGC) + Butterfly Valves + Ball Valves	ANNENG VALVE CO., LTD.	China	20INSU000500758	USD 311,000.00	27-Jan-20	Open
4	ESD Material OEM EPCL Provided Quote - Umer Shafaat	Avanceon FZE	UAE	19INSU000509320	USD 169,622.00	27-Dec-19	Open
5	DCS - Honeywell EPCL Provided Quote - Umer Shafaat	Honeywell Middle East Limited	UAE	20INSU000501536	USD 235,000.00	26-Feb-20	Open
6	LV Switchgear (FCC)	Hang Yue Tong Company Limited	China	20INSU000500759	USD 397,012.00	27-Jan-20	Open

S. #	Particular	Beneficiary	Country	LC #	Amount	LC Issuance Date	Status
7	UPS & DC Supply System Material. Battery & UPS	Socomec Asia Pacific Pte Ltd	Italy	20INSU000502613	USD 100,000.00	06-May-20	Open
8	Cables (Instrument)	2M KABLO	Turkey	20INSU000501236	USD 67,781.98	14-Feb-20	Open
9	Fittings & Flanges - 03	Wenzhou Elite Flow Control Co., Ltd	China	20INSU000502291	USD 90,540.86	07-Apr-20	Open
10	Instrument Bulk	Hy-lok Corporation	Korea	20INSU000502369	USD 62,806.57	13-Apr-20	Open
11	PTFE / PFA Pipes & fittings	Diflon Technologies Srl	Italy	20INSU000502948	EUR 128,242.70	21-May-20	Open
12	Catalyst and Used Equipment from Mexican VCM Plant	Industrial Asset Managment LLC	USA	0054LCS180919	USD 1,500,000.00	15-Nov-18	Closed
13	Lot of unused catalyst (OXYCHLOR 8C, 8H and Catoxide 5) and second hand equipment from Maxican.	Industrial Asset Managment LLC	USA	0054LCS180971	USD 1,000,000.00	04-Dec-18	Closed
14	Lot of unused catalyst (OXYCHLOR 8C, 8H and Catoxide 5) and second hand equipment from Maxican.	Industrial Asset Managment LLC	USA	19INSU000500479	USD 5,885,547.00	18-Jan-19	Closed
15	Columns Trays (upgraded design)	KOCH-GLITSCH ITALIA S.r.l.	Germany	0054LCS181038	EUR 395,800.00	24-Dec-18	Closed
16	PVC III Contract with 40% advance	China Tianchen Engineering Corp	China	0054LCS181003	CNY 202,456,742.00	12-Dec-18	Closed
17	PVC III Contract - UTY III Amendment without advance	China Tianchen Engineering Corp	China	19INSU000502088	CNY 62,809,860	20-Mar-19	Closed
18	Complete Refregeration Chiller Unit # GR-3	JOHSON CONTROLS AIR CONDITIONING AND REF	UAE	19INSU000500826	USD 574,676.00	29-Jan-19	Closed
19	Fire Water Pumps - Material Requisition - RFQ # 1700032019	Patterson Pump Ireland Ltd	Ireland	19INSU000503010	USD 241,946.00	22-Apr-19	Closed

S. #	Particular	Beneficiary	Country	LC #	Amount	LC Issuance Date	Status
20	VCM Sphere for PVC-III Plant	China Tianchen Engineering Corp	China	19INSU000507243	CNY 12,376,408	23-Oct-19	Open
21	Brick Lined Vessel (AS-201A) AS201 Additional structure	Koch Knight LLC	USA	19INSU000502700	USD 948,600.00	11-Apr-19	Closed
22	Purification Train Pumps - Scope of Supply: Overhung Centrifugal Pumps - RFQ # 16000302019	KSB SE & Co. KGaA	Germany	19INSU000504423	EUR 95,454.85	20-Jun-19	Closed
23	Centrifugal Compressor PC-113 Foreign Bid Waiver	Sundyne International S.A.	France	19INSU000503770	EUR 1,002,500.00	20-May-19	Open
24	Furnace feed Pumps (PP-407 AB CD) RFQ # F2FP602019	Ruhrpumpen China Co. Ltd	China	ILC07860726919P K	USD 809,902.00	17-Oct-19	Open
25	TLE - Urgent ITB # 14TLE62019 for Transfer Line Exchanger	Sunchem Machinery (Nanjing) Ltd.	China	19INSU000505654	USD 750,000.00	09-Aug-19	Closed
26	PP590CD Overhung Centrifugal Pumps RFQ # 239PP590CD19	Sulzer Pumps Middle East FZCO	UAE	20INSU000501483	EUR 61,017.00	25-Feb-20	Closed
27	VGS for Tank Upgradation Material RFQ # 7VGSTU1019	Sunchem Machinery (Nanjing) Ltd.	China	19INSU000507781	USD 96,000.00	11-Nov-19	Closed
28	Control Valve FV-4283B Control Valve FV-318 PR - Bid Waiver	Techno Controls (Private) Limited	Singapore	20INSU000501478	USD 507,157.00	25-Feb-20	Closed
29	DSQ Transmitter	Emerson Asia Pacific Private Ltd	Singapore	20INSU000500908	USD 78,081.57	03-Feb-20	Open
30	RFQ # 16019310HEX for TT-310	TCC iTrading Co. Ltd	China	20INSU000500313	USD 92,800	10-Jan-20	Closed

S. #	Particular	Beneficiary	Country	LC #	Amount	LC Issuance Date	Status
31	Two Years Operational Spares - PVC-III	China Tianchen Engineering Corp	China	20INSU000502620	CNY 5,103,625	07-May-20	Open

11.1.4 Other Business Contracts

In addition to the above, the Company has the following material contracts in place as part of its current business;

- a. Gas Supply contract with SSGC
 - for captive & industrial supply of gas for consumption at plant site. These contracts do not carry any specific expiry dates.
- b. Contract for storage of Ethylene, EDC and VCM
 - The Company has a contract with Engro Vopak Limited for storage and handling of Ethylene, EDC and VCM. The Ethylene storage contract was negotiated in 2007, and is set to expire in 2026, while that of EDC and VCM shall expire in 2029 and 2021 respectively. These contracts are usually negotiated for renewal around their expiry dates.
- c. Procurement contracts for Ethylene and EDC
 - The Company has a contract with Marubeni for the purchase of Ethylene and with SABIC for procurement of EDC.
- d. Shared services contract with Engro Corporation Limited
 - This is an agreement for expense sharing and cost allocation to minimize duplicate expenses and carry out the overall tasks in an economical and efficient manner, including sharing of skills and knowledge of their employees, benefiting both companies, and sharing of those expenses.
- e. Technology License and Confidentiality Agreement
 - This contract is between the Company and Oxy Vinyls LP for use of technical know-how, methods, systems, etc. for the VCM manufacturing.

Likewise, the Company has entered into a few contracts for the completion of the PVC-3/VCM project. A few key ones are as follows:

- a. Onshore Procurement and Construction Agreement with China Tianchen Engineering Corporation for PVC-3 and Utilities.
 - covers procurement of local machinery and construction for the PVC-3 and associated Utilities plant.
- b. Off-shore Licensing, Engineering, Procurement and Supply Agreement with China Tianchen Engineering Corporation for PVC-3 and associated Utilities plant.
 - covers licensing of technology, engineering designs, procurement and supply of machinery and construction for the PVC-3 and associated Utilities plant from outside Pakistan.
- c. Engineering, procurement Services and Construction agreement with Descon Engineering Limited.
 - covers engineering of VCM debottlenecking, procurement of relevant machinery and construction of plant.

11.2 INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the Audited Financial Statements, the Auditor's Certificates and copies of the agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this Prospectus until the closing of the subscription list.

11.3 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement.

11.4 FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences on January 1 and ends on December 31.

12 APPLICATION AND ALLOTMENT INSTRUCTIONS

12.1 ELIGIBLE INVESTORS INCLUDE:

1. Pakistani citizens resident in or outside Pakistan or Persons holding dual nationalities including a Pakistani nationality;
2. Foreign Nationals whether living in or outside Pakistan;
3. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident / Pension / Gratuity Funds / Trusts, (subject to the terms of the Trust Deed and existing regulations); and
5. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

12.1.1 APPLICATION MUST BE MADE ON SECP'S APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING AT LEAST 62 GM

12.1.2 Copies of Prospectus

Copies of this Prospectus and Applications Forms can be obtained from TREC Holders, the Bankers to the Issue and their branches, the Consultant to the Issue and registered office of the Company. The Prospectus and the Application Form can also be downloaded from the following websites:

<http://www.arifhabibltd.com>, <https://engropolymer.com/> & www.cdceipo.com;

Shares against the successful and accepted applications shall be issued in the Book Entry Form only and will be credited into the Applicants CDS Account mentioned in the Application. The applicants, therefore, must provide detail of their CDS Account (investors Account or Sub-Account) in the Shares Subscription Form. Investors who do not have CDS account may visit www.cdcpakistan.com for information and details. For further guidance and queries regarding opening of CDS account, investors may contact CDC at phone Number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com.

12.2 NAMES(S) AND ADDRESS (ES) MUST BE WRITTEN IN FULL BLOCK LETTERS, IN ENGLISH AND SHOULD NOT BE ABBREVIATED

12.3 ALL APPLICATIONS MUST BEAR THE NAME AND SIGNATURE CORRESPONDING WITH THE ONE RECORDED WITH THE APPLICANT'S BANKER. IN CASE OF DIFFERENCE OF SIGNATURE WITH THE BANK AND COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR THE NATIONAL IDENTITY CARD FOR OVERSEAS PAKISTANI (NICOP) OR PASSPORT, BOTH THE SIGNATURES SHOULD BE AFFIXED ON THE APPLICATION FORM.

12.4 OPENING AND CLOSING OF SUBSCRIPTION LIST:

The subscription list will open at the commencement of banking hours on [.]2020 and will close on [.]2020 at the close of banking hours. **Please note that online applications can be submitted 24 hours during the subscription period which will close at 12:00 midnight on [.]2020.**

12.5 e-IPO SYSTEM

e-IPO is submission of application for subscription of securities electronically through internet, Automated Teller Machines (ATM) and mobile phones. In order to facilitate the public during IPOs / SPOs / OFS, SECP has introduced the concept of e-IPO. The following two systems are available for e-IPOs:

I. Centralized e-IPO Systems

In order to facilitate investors, the Central Depository Company of Pakistan ("CDC") in collaboration with 1Link (G) Limited (1Link) has developed a Centralized e-IPO System ("CES") through which applications for subscription of securities offered to the general public can be made electronically/online. CES has been made available in this Initial Public Offering (IPO) and can be accessed through the web link www.cdceipo.com. Payment of subscription money can be made through 1LINK's member banks available for CES, list of which is available on above-mentioned website.

For making application through CES, investors must be registered with CES. Registration with CES is one time activity, free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), International Bank

Account Number (IBAN) with any of the commercial bank, email address, mobile phone number and CDS Account (Investor account or sub account) can registered themselves with CES.

In addition to the above, CDC has also introduced a new facility in CES through which sub-account holder(s) will request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants will electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings (IPOs) and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal. The securities will be credited directly in Investors' sub-account. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of shares in its respective account

Investors who do not have CDS account can visit www.cdcpakistan.com for information regarding opening CDS account.

For further guidance and queries regarding CES and opening of CDS account, **investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or Mr. Farooq Ahmed Butt at Phone 021-34326030 and email: farooq_butt@cdcpak.com**

Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on [.]2020.

II. e-IPO Facilities by Bankers to the Issue

Currently, UBL is providing e-IPO facilities to its accountholders.

UBL account holders can use UBL Net Banking to submit their application via link <http://www.ubldirect.com/corporate/ebank>

Account holders of UBL can submit their applications through the above mentioned link 24 hours a day during the subscription period which will close at midnight on [.]

12.5.1 Benefits of e-IPO

e-IPO has the following benefits:

1. It enables the investors to make application for subscription of shares through the internet without going to the bank, and waiting in long queues.
2. It is efficient and simultaneously facilitative for both the Issuer and the investors.
3. It is available for use 24 hours during the subscription period.
4. If you are registered with CES or accountholder of a bank providing e-IPO facility, you may get SMS for new IPOs.
5. By applying through CES you can also track your application status.

12.6 PROCEDURE FOR OPENING CDS ACCOUNT

CDS is the Participant (TREC Holders) driven system where sub-accounts are opened by the Participants. All new Sub-Accounts shall only be opened in CDS based on the complete and correct information obtained from the investor as per the Standardized Account Opening Form (SAOF). The SAOF is part of CDC Regulations and is also placed on CDC's website www.cdcpakistan.com. Terms & Conditions contained in the SAOF shall govern the opening and maintenance of the Sub-Accounts.

The Participant before opening a sub-account into CDS should obtain duly filled and signed SAOF from their clients / investors along with all necessary documents. Participants to obtain signatures of concerned Sub-Account Holders / Authorized Signatories as acknowledgement on the Posted Registration Detail Report generated from CDS after establishing Sub-Accounts in their names. Participant must ensure that:

1. The sub-account holder is not a minor and fulfils the requirements of the Companies Act, Central Depositories Act, 1997 and Central Depository Company of Pakistan Limited Regulations in respect of a shareholder of a company. However, minor through a guardian can open a sub-account.
2. Sub-Account is not in the name of "Trust. The sub-account title for a trust can only be in the name of the "Trustee". Example: (Name of Trustee) (Name of Fund / Trustee etc.).
3. A sole proprietorship or a partnership firm cannot open and maintain a sub-account in CDS, however they can open and maintain a sub-account in the name of sole proprietor or partner(s).
4. A Participant who is a registered securities broker shall not open and/or maintain subaccount in the CDS in its own name either under its own Participant ID or with any other Participant". Non-broker Participants may have sub-accounts with other Participant on a need basis.
5. Participant is not required to enter Account Title and Joint Account Holder(s) name manually at the time opening of new sub account. When the Participant enters UIN in the designated field of CDS for the purpose of account opening, title will be automatically populated in the designated field as mentioned in the UIN database maintained with NCCPL.
6. Account Title and Joint holder(s) name are not allowed to be amended once inserted in the posted account. However, a new provision has now been introduced in the CDS for existing accounts where the account title in the CDS is required to be matched with account title available in UIN database. For matching the account title of existing sub accounts, Participants no longer have to request CDC for updating rights. Participants will now press the newly added "synchronize" button and the system will update the title (account holder and joint) as per title(s) mentioned in the UIN database. However, Participants shall not use "Synchronize Account Title" button for Trustee, Minor and Manager to offer accounts.
7. At the time of account opening in case where the account title is different from the UIN database (for e.g. Trustee accounts, account of the Minors, Manager to the offer etc. needs to be added in account title, a request letter for by-pass will be required from the Participant, signed by their authorized signatories along with the certified true copies of the relevant supporting documents, enabling them to have the authority to insert the title other than the title mentioned in the UIN database.
8. Any updation in CNIC / Passport no. / NICOP / Registration no. is not allowed. In case of any change due to issuance of a new document, written request to be provided to CDC along with submission of certified true copy of relevant documents. Updation in CDS will be made after necessary changes in NCCPL database.
9. Input of Local mobile number and / or email address is mandatory for opening of SubAccounts in the CDS.
10. Residential status of the account will be linked with the residential status of the Title Holder of the account. Hence, residential status of joint holders can be different. In case where Residential Status is Repatriable, such as, Non-Resident Pakistani (Repatriable) / Foreigner (Repatriable), the Title Holder and all Joint Account Holders must possess the same Residential Status. Further, updation of residential status, as applicable, will be allowed based on written request of the Participant.
11. Zakat status is linked with the Residential Status such that where the user selects the status of Resident Pakistani, Non-Resident Pakistani (Repatriable) or Non-Resident Pakistani (Non-Repatriable), the Zakat status needs to be entered. For all other selections it will be automatically marked as 'Not Applicable'.
12. Zakat Status of all account holders in an account should be identical.
13. Subsequent to the opening of sub-account, addition / deletion of joint holder(s) is not allowed.
14. In light of section 79 subsection (3) of the Companies Act, 2017, the person to be nominated shall not be a person other than the relatives of the sub-account holder, namely, a spouse, father, mother, brother, sister and son or daughter, including a step or adopted child.
15. In case of Joint Holders, input of nominee detail will not be allowed.
16. Additional Account Title field will be disabled for Updation of account. In case any change is required in Additional Account Title field, written request to be provided to CDC along with the relevant documents.

17. In The Dividend mandate, Account number, Account title, Name of the Bank & Branch and City name should be properly mentioned.
18. Permanent Address field is available in addition to the mailing address field in CDS with the selection of city, province and country (as applicable). While the Residential Status is associated with the city, province and country fields such that the fields will be enabled or disabled as per the selected Residential Status.
19. In case of individual account, Business / Participant address is not allowed in the permanent address field.
20. In case of corporate account, Registered/Head office address should be entered in permanent address field.
21. Mailing address should be correct and complete i.e. (House #, Street #, Sector / Block / phase/ number, nearest land mark, area, city, province & country name). In case the permanent address is same as the mailing address, the Participant will be able to copy the same address. The Residential Status is also associated such that the fields will be enabled or disabled as per the selected Residential Status.
22. Person maintaining sub-accounts, either singly or jointly, must select "INDIVIDUAL" as Shareholder category.
23. Contact person can only be the sub-account holder him / herself (or any of the joint holder(s)). Moreover, a person in whose name the Power of attorney is issued by the account holder(s) can also be the contact person.
24. Participant may add or update details pertaining to Special Convertible Rupee Account (SCRA) of Sub Account Holder in case of resident status selected as "Repatriable".
25. Attorney Details must be recorded in the attorney fields (if applicable).
26. In case of any change in the registration details of the sub-account holders, the respective Participant himself can make necessary changes in the registration details based on their SAOF & internal procedures which must be framed in light of the Central Depository Company of Pakistan Limited Regulations.

12.7 APPLICATIONS MADE BY INDIVIDUAL INVESTORS

1. In case of individual investors, an attested photocopy of CNIC (in case of Resident Pakistanis) / NICOP or Passport (in case of Non-Resident Pakistanis) as the case may be, should be enclosed and the number of CNIC / NICOP / Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal / Provincial Government Gazette Officer, Councilor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.
2. Original CNIC / NICOP / Passport, along with one attested photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

12.8 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

1. Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds / trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument / document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal / Provincial Government Gazette Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or Bank Manager in the country of applicant's residence can attest copies of such documents.
2. Attested photocopies of the documents mentioned in 8.7 (i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.

12.9 ADDITIONAL INSTRUCTIONS FOR INVESTORS

1. Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.
2. Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNICs / NICOP / Passport. The share certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was

submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of shares.

3. Subscription money must be paid by check drawn on applicant's own bank account or pay order / bank draft payable to one of the Bankers to the Issue **"EPCL - General Subscription"** and crossed **"A/C PAYEE ONLY"**.
4. For the applications made through pay order / bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
5. The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of shares.
6. Applications are not to be made by minors and / or persons of unsound mind.
7. Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the Application Form.
8. Applicants should retain the bottom portion of their Application Forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of shares for which the application has been made.
9. Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
10. Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the Issue.
11. It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
12. Submission of false and fictitious applications is prohibited and such applications' money may be forfeited under section 87(8) of the Securities Act, 2015.

12.10 ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS

1. In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.
2. Foreign / Non- resident investors should follow payment instructions given in Section 2.2.17 of this Prospectus.

12.10.1 Facilities available to Non-Resident Pakistani and Foreign Investors

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the State Bank of Pakistan's ("SBP") Foreign Exchange Manual (the "Manual") to issue shares on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e. (I) A Pakistani national resident outside Pakistan, (II) A person who holds dual nationality including Pakistani nationality, whether living in or outside Pakistan, (III) A foreign national, whether living in or outside Pakistan and (IV) A firm (including a partnership) or trust or mutual fund registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government, provided the issue price, is paid in foreign exchange through normal banking channel by remittance from abroad or out of foreign currency account maintained by the subscriber/purchaser in Pakistan.

Non-residents who wish to subscribe shares out of the Issue may contact any of the bankers to the Issue for taking instructions regarding payment of subscription money against shares offered to general public. List of bankers to the issue for retail portion is available on page 1 and Section 12.7.1 of this Prospectus.

The shares issued/transferred to non-resident shareholders shall be intimated by the Company to the designated Authorized Dealer, along with the documents prescribed in the Manual within 30 days of issue/transfer.

Non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual do not require SBP's approval to invest in the shares being issued in terms of this Prospectus. Furthermore, under paragraph 7 (vii) of Chapter 20 of the Manual the Authorized Dealer shall allow repatriation of dividends, net of applicable taxes and proceeds on sale of listed shares (i.e. divestment proceeds) not exceeding the market value less brokerage/commission on provision of prescribed documents.

Payments made by non-residents shall be supported by proof of receipt of foreign currency through normal banking channels. Such proof shall be submitted along with the application by the non-residents.

12.11 CODE OF OCCUPATION OF INVESTORS / APPLICANTS

Code	Occupation
01	Business
02	Business Executive
03	Service
04	Housewife
05	Household
06	Professional
07	Student
08	Agriculturist
09	Industrialist
10	Other

12.12 NATIONALITY CODE

Code	Name of Country
001	U.S.A
002	U.K
003	U.A.E
004	K.S.A
005	Oman
006	Bangladesh
007	China
008	Bahrain
009	Other

12.12.1 Minimum amount of Application and Basis for Allotment of Shares of the Issue

The basis and conditions for allotment of shares out of the Issue shall be as follows:

1. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
2. The minimum amount of application for subscription of 500 shares is the Issue Price x 500 shares.
3. Application for shares below the minimum amount shall not be entertained.
4. **SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.**
5. If the shares offered to the general public are sufficient to accommodate all applications, all applications shall be accommodated.
6. If the shares applied for by the general public are in excess of the shares allocated to them, the distribution shall be made by computer balloting, in the presence of the representative(s) of PSX in the following manner:

- If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated, then balloting will be conducted among applications for 500 shares only.
 - If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated, then balloting will be conducted among applications for 1,000 shares only.
 - If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
 - If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
 - After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
 - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shall be allotted on pro-rata basis.
 - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to each successful applicant.
7. If the Issue is over-subscribed in terms of amount only, then allotment of shares shall be made in the following manner:
- First preference will be given to the applicants who applied for 500 shares;
 - Next preference will be given to the applicants who applied for 1,000 shares;
 - Next preference will be given to the applicants who applied for 1,500 shares;
 - Next preference will be given to the applicants who applied for 2,000 shares; and then
 - After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
8. Allotment of shares will be subject to scrutiny of applications for subscription of shares.
9. Applications, which do not meet the above requirements, or application which are incomplete, will be rejected.

12.12.2 Refund/Unblocking of Subscription Money to Unsuccessful Applicants

As per the regulation 6(10) of the PO Regulations, within ten (10) working days of the close of public subscription period the Shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.

As per sub-section (2) of Section 68 of the Companies Act, if refund as required under sub-section (1) of Section 68 of the Companies Act is not made within the time specified hereinabove, the directors of the company shall be jointly and severally liable to repay that money with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the fifteenth day and, in addition, shall be liable to a penalty of level 3 on the standard scale as defined in Section 479 of the Companies Act. Provided that the directors of the Company shall not be liable if it proves that the default in making the refund was not on their own account and was not due to any misconduct or negligence on their part.

12.13 BASIS OF ALLOTMENT

The basis and conditions of transfer of Preference Shares to the General Public shall be as follows:

1. The minimum value of application will be calculated as Issue Price x 500 preference shares. Application for amount below the minimum value shall not be entertained
2. Application for preference shares must be made for 500 preference shares or in multiple of 500 preference shares only. Applications which are neither for 500 preference shares nor for multiples of 500 preference shares shall be rejected
3. Allotment / Transfer of preference shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the Prospectus
4. Allotment of preference shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / or the instructions by the Securities & Exchange Commission of Pakistan.
5. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
6. The Company will credit preference shares in the CDS Accounts of the successful applicants.

12.13.1 Issue and Credit of Preference Shares

Within ten (10) working days of the closing of public subscription period, the preference shares shall be allotted, issued and credited against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded, as required under regulation 11(4) of the PO Regulations. **Preference Shares will be issued only in the book-entry form and will be credited into the respective CDS Accounts of the successful applicants. Therefore, the applicants must provide their CDS Account Number in the Shares Subscription Applicant.**

If the Company defaults in complying with the above requirements, it shall pay PSX a penalty of PKR 5,000 per day for every day during which the default continues. PSX may also notify the fact of such default and name of the Company by notice and also by publication in its ready-board quotation of the Stock Exchange.

Name of the Company will also be notified to the TRE Certificate Holders of the PSX and placed on the web site of the PSX.

12.13.2 Transfer of Shares

The shares shall be transferred in accordance with the provisions of Section 74 of the Companies Act read with Section 75 thereof and the Central Depositories Act, 1997 and the CDCPL Regulations.

12.14 LIST OF BANKERS TO THE ISSUE

S.#	Name	Address	Contact Person	Telephone number	E-mail address
1	Askari Bank Limited	4th Floor, Plot No. BC-1, Block-9, KDA Scheme 5, Kehkashan, Clifton, Karachi	Qasim Ali	021-35360693	qasim.11304@askaribank.com.pk
2	Bank Al Habib Limited	2 nd Floor, Mackinnons building, I.I.Chundrigarh Road, Karachi	Syed Muhammad Akbar	021-32277231 – 9	muhammad.akbar@bankalhabib.com
3	Faysal Bank Limited	Faysal House, ST-02, Shahr-e-Faisal, Karachi	Nasir Hussain	+92 21 32795683	NasirHussain@faysalbank.com
4	Habib Bank Limited	22 nd Floor, HBL Tower, Plot No. G-4 Block 7, KDA Scheme No. 05 Clifton Karachi	Muhammad Bilal Nasib	+92 21 3241 8000	muhammad.nasib@hbl.com
5	Habib Metropolitan Bank Limited	02-HBZ Plaza Corporate & Transaction Banking Group I.I.	Yaseen Bilal Ahmed	+92-21-326-44-498	yaseen.bilal@habibmetro.com

S.#	Name	Address	Contact Person	Telephone number	E-mail address
		Chundrigarh Road Karachi			
6	Soneri Bank Limited	9 th & 10 th Floor, PNSC Building, M.T. Khan Road, Karachi	Nazir Ahmed Kazi	021 32444401-05	nazirahmed.kazi@soneribank.com
7	United Bank Limited*	UBL Head office, I.I. Chundrigarh Road, Karachi	Nadeem Hami	021-990332315	nadeem.hami@ubl.com.pk
8	Allied Bank Limited	Allied Bank Limited, 2nd Floor, Bath Island Building, Main Clifton Road Karachi	Muhammad Haroon	021 35301058	Muhammad.Haroon@abl.com
9	JS Bank Limited	1st Floor, Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi	Irfan Farooq Torab	021 38907492	Irfan.Torab@jsbl.com
10	MCB Bank Limited	MCB Bank Limited, 19th Floor, MCB Tower, II Chundrigar, Karachi	Talha Ameer Khan	021 32641026	talha.ameer@mcb.com.pk

12.14.1 CODE OF BANKERS TO THE ISSUE

S.#	Name
01	Askari Bank Limited
02	Bank Al Habib Limited
03	Faysal Bank Limited
04	Habib Bank Limited
05	Habib Metropolitan Bank Limited
06	Soneri Bank Limited
07	United Bank Limited*
08	Allied Bank Limited
09	JS Bank Limited
10	MCB Bank Limited

*UBL is providing eIPO facility

12.15 INTEREST OF SHAREHOLDERS

None of the holders of the Issued shares of the Company have any special or other interest in the property or profits of the Company other than their capacity as holder of Preference Shares except from the shareholders who are also the Director of the company. Directors of the Company have interest in receiving remuneration for their role as Directors.

12.16 ELIGIBILITY FOR DIVIDEND

The preference shares issued shall rank in priority to the existing Ordinary shares for eligibility of dividend as may be declared by the Company subsequent to the date of issue of such shares.

12.17 DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980) as may be applicable from time to time except where the Ordinance does not apply to any shareholder or where such shareholder is otherwise exempt or has claimed exemption from payment / deduction of Zakat in terms of and as provided in that Ordinance.

12.18 CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of Income Tax Ordinance, 2001:

Serial #	Capital Gain Tax for FY 19	Filer	Non-Filer
1	Applicable Capital Gain Tax Rate	15%	30%

12.19 WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax under section 150 of the Income Tax Ordinance, 2001 as specified in Part III Division I of the First Schedule of the said ordinance or any time to time amendments therein. In terms of the provision of Section 8 of the said ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits in case of persons only. Applicable withholding tax rate on dividend is 15% for filers of income tax returns and 30% for non-filers of income tax returns.

12.20 TAX ON BONUS SHARES

As per section 236M of the Income Tax Ordinance 2001, amended vide Finance Act 2018-19, tax on issue of bonus shares has been omitted and will not be applicable from 1st July 2018 and onwards.

12.21 INCOME TAX

The income of the Company is subject to Income Tax under the Income Tax Ordinance, 2001.

12.22 DEFERRED TAXATION

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry-forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31st, 2019, Company has reported deferred tax asset of PKR 115,822,000.

12.22.1 Sales Tax

General Sales Tax is applicable as per Sales Tax Act, 1990 on supplies and services. Sales tax is applicable on services as per Punjab Sales Tax on Services Act, 2012 by Punjab Revenue Authority. Sales tax is applicable on services as per Sindh Sales Tax on Services Act, 2011 by Sindh Revenue Board.

12.22.2 Sales Tax on Sale / Purchase of Shares

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award, the Government of Sindh, Government of Punjab, Government of Khyber Pakhtunkhwa and Government of Baluchistan have promulgated the Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012, Khyber Pakhtunkhwa Sales Tax on services through Khyber Pakhtunkhwa Finance Act, 2013 and the Baluchistan Sales Tax on services Act, 2015 respectively. The Sindh Revenue Board, the Punjab Revenue Authority, the Khyber Pakhtunkhwa Revenue Authority and the Baluchistan Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax ("SST"), Punjab Sales Tax ("PST"), Khyber Pakhtunkhwa Sales Tax ("KST") and Baluchistan Sales Tax ("BST") respectively on the taxable services provided or rendered in Sindh, Punjab or Khyber Pakhtunkhwa provinces respectively.

The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The above mentioned Acts levy a sales tax on Brokerage at the rate of 13% in Sindh, 16% in Punjab and in Baluchistan and Khyber Pakhtunkhwa the rate is 15%. Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

12.22.3 Capital Value Tax ("CVT") on Purchase of Shares

Pursuant to amendments made in the Finance Act, 1989 through Finance (Amendments) Ordinance, 2012 promulgated on April 24, 2012, 0.01% Capital Value Tax will be applicable on the purchase value of shares.

12.22.4 Tax Credit for Investment in IPO

Under Section 62 of the Income tax Ordinance, 2001, a resident person other than a Company, shall be entitled to a tax credit, as mentioned in the said section, for a tax year in respect of the cost of acquiring in the year, new shares offered to the public by a public company listed on a stock exchange in Pakistan, provided the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan.

As per section 62(3)(b) of the Income Tax Ordinance, 2001, the time limit for holding shares has been designated as 24 months to avail tax credit.

13 SIGNATORIES TO THE PROSPECTUS

-sd-

Ghias Uddin Khan

Chairman/Non-Executive Director

-sd-

Jahangir Piracha

Chief Executive Officer/ Executive Director

-sd-

Feroz Rizvi

Independent Director

-sd-

Noriyuki Koga

Non-Executive Director

-sd-

Nadir Salar

Non-Executive Director

-sd-

Eram Hasan

Non-Executive Director

-sd-

Nazoor Ali Baig

Non-Executive Director

-sd-

Rizwan Masood Raja

Non-Executive Director

Signed by the above in presence of witness:

Witness:

-sd-

Khawaja Haider Abbas

Company Secretary
Engro Polymer & Chemicals Limited

Date:[.],

14 MEMORANDUM OF ASSOCIATION

- Memorandum of Association
OF
ENGRO POLYMER & CHEMICALS LIMITED
- i. The name of the Company is Engro Polymer & Chemicals Limited.
 - ii. Registered Office of the Company will be situated in the Province of Sindh.
 - iii. The Objects for which the Company is established are:
 1. To manufacture, market and sell Polyvinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), PVC compounds and other related Chemicals and any activities relating or ancillary thereto and/or in furtherance thereof, and to achieve the said objects to design, construct, own, operate, maintain and manage plants and facilities to manufacture such chemicals compounds and any other chemicals or kind of products.
 2. To buy, manufacture, sell deal with, repair, service, overhaul, alter any machinery, component parts, accessories, equipment and fittings of all kinds for the things and purposes mentioned above or used in or capable of being used in or with the same or howsoever.
 3. To manufacture and produce and either as principals, agents or contractors and to import or locally purchase any plant, machinery, equipment, goods and articles belonging to or any raw materials required for any such business and all apparatus, appliances, accessories and things used or capable of being used in connection therewith or acquire any patents, inventions or privileges.
 4. To carry on the business of mechanical engineers, electrical engineers, sanitary and water engineers and plumbers, brass-founders, metal workers, boiler-makers, millwrights, machinists, smiths, and tool-makers and to buy, sell, transfer, manufacture, repair, convert, alter and deal in machinery implements, rolling stocks and hardware of all kinds.
 5. To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research, experiments and tests of all kinds and to promote studies and research, both scientific and technical, investigations and inventions by providing subsidizing, endowing or assisting laboratories, workshops, libraries, research centres, lecturers, meetings and conferences and by providing remuneration and other benefits to scientific or technical professors or teachers and by providing for exhibitions, scholarships, prizes, awards and grants to students and others and generally to encourage, promote and test inventions of any kind that may be considered likely to assist any of the business and objects which Company is authorized to carry on.
 6. To buy, sell, manufacture, store, repair, alter, improve, exchange, import, export, and deal in all factories, work, plants, machinery, tools, utensils, appliances, apparatus, products, materials, substances, articles and things capable of being used in any business which this Company is competent to carry on or required by any customers of or persons dealing with the company or commonly dealt with by persons engaged in any such business or which may seem capable of being profitably dealt with in connection therewith and to manufacture, experiment with render marketable and deal in all products incidental to or obtained in any of the business carried on by the Company.
 7. To advertise all or any of the businesses or manufactures and goods of the Company in any way that may be thought advisable, including the posting of bills in relation thereto, and the issue of books, pamphlets, brochures and price lists.
 8. To acquire and undertake the whole or any part of the business, properties and liabilities of and enter into working arrangements of all kinds with other companies, corporations, firms or persons, and also to make and carry into effect schemes and arrangements with respect to union of interests or amalgamation, either in whole or in part, or any other arrangements with any other companies corporations, firms or persons, including the acquisition of all or any portion of the shares of any company but not to act as an investment company.
 9. To construct, erect and build structures and buildings, including, without prejudice to the generality of the foregoing offices, dwellings, storage, tanks, pipelines, factories, warehouses, shed stores, car parks, carboens, roads, ways, bridges and any other works or conveniences which may seem directly or indirectly conducive to any of the objects of the Company.
 10. To own, acquire by lease or license purchase or otherwise acquire, maintain, work, gather, get-in, and develop farm for the cultivation of any agricultural produce, and to deal in all such products, but not act as a leasing company.

11. To construct, own, purchase, acquire by lease, build, erect, install, establish, operate, manage and maintain plants, laboratories, equipment, apparatus and other facilities for the manufacture, processing, storage, sale and distribution of all or any products whatsoever.
12. Subject to the provisions of Section 196 (2) (e) of the Companies Ordinance 1984, to purchase or otherwise acquire, become interested in to hold, sell, mortgage, pledge or otherwise dispose of, turn to account or realise upon, all forms of securities, including shares, stocks, bonds, debentures, notes, evidence of indebtedness, securities of any nature or form and convertible into or exchangeable for other securities of any nature or form and certificates of interest.
13. To manufacture, store, repair, alter, improve, exchange, hire, all factories, works, plants, machinery, tools, utensils, appliances, apparatus, products, materials, substances, articles and things capable of being used in the business of the Company.
14. To purchase, take on lease or tenancy or in exchange, take option over or otherwise acquire any estate or interest whatsoever and to hold, develop, work, cultivate, deal with, dispose of and turn to account concessions, grants, decrees, licences, privileges, claims, options, property, moveable or immovable or interest therein or rights or power of any kind which may appear to be necessary or convenient for any business of the Company or for purpose of investment or reinvestment and to purchase, charter, hire, build or otherwise acquire vehicles of any or every sort or description and to use the same for carriage of goods, merchandise of the Company.
15. To enter into working arrangements of all kinds with other companies, corporations, firms or persons, and also to make and carry into effect arrangements with respect to union of interests or amalgamation, either in whole or in part, or any other arrangements, with any other companies, corporations, firms or persons.
16. To promote and form other companies for all or any of the objects mentioned in this Memorandum or any extension thereof and to transfer to any such company all or any of the property of this Company, and to take or otherwise acquire and hold shares, debentures or other securities of any such company, and to otherwise assist any such Company, but not to act as an investment company.
17. To apply for and obtain any provisional orders of any Government department or Ministry or other authority for any of the purposes within the objects of the Company.
18. To support and subscribe to any charitable or public object including donations to charitable and benevolent foundations and any institutions, society, or club or for any purpose which may be for the benefit of the Company or its employees, or may be connected with or for the benefit and welfare of any town or place where the Company carries on business, to give pensions, gratuities or charitable aid to any persons who may have been directors of or may have served the Company or the wives, children or other relatives or dependants of such persons, to make payments towards insurance, and to form and contribute to provident and benefit funds for the benefit of any such persons, or their wives, children or other relatives or dependants.
19. To enter into any arrangement and to take all necessary or proper steps with the Government of Pakistan and, with the approval of the Government of Pakistan where required, with any provincial or foreign government or public authority, local, municipal or otherwise or with any corporation or private persons or all or any of these for the purpose of directly or indirectly carrying out the objects of the Company or effecting any modification in the constitution of the Company or furthering the interests of the Company and to oppose any such steps taken by any other authority, firm or person which the Company considers likely, directly or indirectly to prejudice its interests, and to obtain and endeavour to obtain from any such government or other public authority any charters, contracts, decrees, rights, grants, loans, subsidies, privileges, concessions, indemnities, sanctions or consents that the Company may think proper.
20. For the purposes of the Company only to draw, make, accept, discount, endorse, execute and issue promissory notes, bills of exchange, hundies, bills of lading and other negotiable or transferable securities and to deposit with or advance money, securities or property to such persons, firms or Company and on such terms with or without security as the Company deem fit, but in any event not to act as a banking, investment, leasing or a finance Company.
21. To open and operate accounts, overdraft accounts and cash credit, with or without security, to keep fixed and other deposits with banks, firms, corporations and institutions, local offices and other concerns.
22. Subject to the provisions of Section 196 (2) (c) of the Companies Ordinance 1984, to invest any moneys of the company not for the time being required for any of the purposes of the Company in such investments (other than shares in the Company) as may be thought proper, and to hold, sell such investment, but not to act as an investment Company.

23. To borrow, raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property both present and future, and to purchase, redeem and pay off any such securities.
24. To apply for, purchase or otherwise acquire and protect, prolong and renew whether in Pakistan or elsewhere any patents, patent right, brevets d'invention, trade marks, licenses, protection conclusions and the like conferring any exclusive or non-exclusive or limited right to use the same or any secret or other information as to any invention, process or privilege which may seem capable of being used for any of the purpose of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop, manufacture under grant licenses or privileges in respect of, or otherwise turn to account the property, rights and information so acquired and to carry on any business in any way connected therewith.
25. To expend money in experimenting on and testing and improving or seeking to improve any patents, rights, invention, discoveries, processes in information of the Company or which the Company may acquire or propose to acquire.
26. To form, incorporate or promote any company or companies whether in Pakistan or in any foreign country, having any objects or object which in the opinion of the Company could or might directly or indirectly assist the Company or otherwise prove advantageous to the Company and to pay all or any of the costs and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or company in any manner it shall think fit for services rendered or to be rendered in obtaining subscriptions for or placing or assisting to place or to obtain subscription for or for guaranteeing the subscription of or the placing of any shares in the capital of the Company or any bonds, debentures, obligations or securities of the Company or any stock, shares, bonds, debentures of any other company held or owned by the Company or in which the Company may have an interest, but not to act as an investment company.
27. To take or otherwise acquire and hold shares, stocks, debentures, debenture-stock in any other company having objects altogether or in part similar to those of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company, but not to act as an investment company.
28. To enter into partnership or into any arrangement for sharing profits or into any union of interests, joint-venture, reciprocal concession or cooperation with any person or persons or company or companies carrying on or engaged in, or about to carry on or engage in or being authorized to carry on or be engaged in any business or transaction which this Company is authorized to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company, but not to act as a managing agent.
29. To grant pensions, allowances and business to employees (including directors) or ex-employees of the Company including payment of premiums on life policies of employees or their dependents to establish and support or aid any schools, and any educational, scientific, literary, religious or charitable institution or trade society, whether such societies be solely connected with the trade carried on by the Company or not, and any club or other establishment calculated to advance the interests of the company or its employees.
30. To pay premiums or salaries and to pay for any property, rights, or privileges acquired by the Company or for services rendered in connection with the promotion of objects or the business of the Company or in connection with the acquisition of any property rights or privileges of the Company or otherwise howsoever, either wholly or partially in cash or in shares, bonds, debentures or other securities as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and to charge any such bonds, debentures or other securities upon all or any part of the property of the Company, but not to act as an investment company.
31. To distribute all or any of the property, of the company amongst the members, in specie or kind, but so that no such distribution shall amount to an unlawful reduction of capital.
32. To subscribe or guarantee money for any notional, charitable, benevolent, public, general or useful object or for any exhibition.
33. To establish and maintain agencies or branches or depots and to carry on business in any part of Pakistan or in any part of the world, and to take such steps as may be necessary to give the Company such rights or privileges in any part of the world as are possessed by local corporation or partnership firms as may be thought best.
34. To pay all costs, charges and expenses of and incidental to the formation and registration of the Company.

35. To guarantee the performance of any contract of obligation and the payment of money by any persons or companies and generally to give guarantees and indemnities, but not to act as an investment, finance, leasing or banking Company.
36. To generate electric power for its own use and to sell, transfer and/or deliver electric power to other companies and entities and to build and maintain generation and distribution facilities together with ancillary works, cables, wires, lines, accumulators and other equipment required for all or any of the above purposes.
37. To do all or any of the above things in any part of the world either as principals, agents, contractors or otherwise and either alone or in conjunction with others, but not to act as a managing agent.
38. To do all and everything necessary, suitable or proper for the accomplishment of any of the purposes or attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth either alone or in association with other corporate bodies, firms or individuals and to do every other act or thing incidental or appertenant to or arising out of or connected with the business or powers of the Company or any part thereof, provided the same is lawful.

It is hereby undertaken that the Company shall not engage in the banking business, business of a finance or an investment or a leasing company the business of managing agent or that of developers and sale and purchase of plots of land premises or any unlawful business and that nothing in Object Clause shall be construed to entitle it to engage in any such business.

It is expressly declared that the several sub-clause of this clause and all the powers expressed therein are to be cumulative and in no case unless the context expressly so requires is the generality of any sub-clause to be narrowed or restricted by the name of the Company or by the particularity of expression in the same sub-clause or by the application of any rule of construction such as the ejusdem generis rule, and accordingly none of such sub-clauses or the objects therein specified or the power thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clauses of this clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world and notwithstanding that business undertaking, property or acts proposed to be transacted acquired, dealt with or performed do not fall within the objects of the first sub-clauses of this clause.

IV. The liability of members is limited

- V. The Authorized share capital of the Company is RS 16,500,000,000 DIVIDED INTO 1,250,000,000 ordinary shares of Rs 10 and 400,000,000 preference Shares having a par value of Rs. 10 each with the rights, privileges and conditions attached thereto as are provided for the time being, with power to increase and reduce the capital of the Company, and to further divide the shares in the capital for the time being into several classes.

We, the several persons, whose names and addresses are subscribed below are desirous of being formed into a company in pursuance of the Memorandum of Association and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Sl. No.	Name and Surname (Presented in Full) (in Block Letters)	Paternal Surname (in Full)	Nationality (in Block Letters)	Occupation	Residential Address (in Full)	Number of Shares taken by each subscriber	Signature
1.	SHAUQAT R. MECA	MECA ZAKIAT HUSSAIN	PAKISTANI	SENIOR EMPLOYEE NATIONAL CHEMICAL INDUSTRIES PUNJAB, PAKISTAN	25A BLOCK 1 RD CLIFTON KARACHI	ONE	So
2.	ZAFAR AHMED KHAN	COL. MUZAFFAR KHAN	PAKISTANI	EMPLOYED WITH NATIONAL CHEMICAL INDUSTRIES LTD.	200-3, 6TH ST. EGRESS HOUSE AUTHORITY PHASE V, KARACHI	ONE	So
3.	ASIF SAIED	MAJID SAIED AHMED	PAKISTANI	EMPLOYED WITH NATIONAL CHEMICAL INDUSTRIES LTD.	548 BOAT VIEW APARTMENT, APT # 101, 7TH FLOOR EGRESS CLIFTON APARTMENT KARACHI	ONE	So
4.	S.M. PARVEZ Q-145	MOHD HABIBULLAH GHANIS	PAKISTANI	EMPLOYED WITH NATIONAL CHEMICAL INDUSTRIES LTD.	602 NEW BAN GARDEN HOUSE AUTHORITY PHASE V, KARACHI	ONE	So
5.	ASAD UMAR	SH-ULAM UMAR	PAKISTANI	EMPLOYED WITH NATIONAL CHEMICAL INDUSTRIES LTD.	M/A 3RD STREET OFF KHAJAN-E-SADIK PHASE V, KARACHI	ONE	So

Sr. No.	Name and Surname (Present and Former) (in Block Letters)	Place of Residence (in Block Letters)	Nationality (with any former nationality)	Occupation	Residential Address (P.L.)	Number of Shares Held by Shareholder	Signature
6.	MORIO MATSUMOTO	HIGASHI MATSUMOTO	JAPANESE	EMPLOYED WITH SHIMIZU CO. LTD. JAPAN	2-1-3, SHIMIZU-CHO, SHIMIZU-KU, YOKOHAMA CITY, JAPAN	ONE	Se-
7.	KYOSHI MATSUYAMA	YOKAMATSU MATSUYAMA	JAPANESE	EMPLOYED WITH ASAHIOIL CO. LTD. JAPAN	6-4-13, MATSUYAMA-CHO, YOKOHAMA CITY, JAPAN	ONE	Se-
8.	SHIGEMORI ISHIOGI	TOKUMEI ISHIOGI	JAPANESE	EMPLOYED WITH SHIMIZU CO. LTD. JAPAN	1-4-3, TSUCHIYAMA, MATSUMOTO-KU, YOKOHAMA CITY, JAPAN	ONE	Se-
9.	AKIRA YAMAMURA	MITOCHI YAMAMURA	JAPANESE	EMPLOYED WITH SHIMIZU CO. LTD. JAPAN	1-4-3, TSUCHIYAMA, MATSUMOTO-KU, YOKOHAMA CITY, JAPAN	ONE	Se-
10.	NAKANE KOICHI	YOKOCHI KOICHI	JAPANESE	EMPLOYED WITH SHIMIZU CO. LTD. JAPAN	2-4-3, FUKUJIMA, YOKOHAMA CITY, JAPAN	ONE	Se-
TOTAL NUMBER OF SHARES TAKEN						TEN	

Dated this 2th day of October 1987

Witness of above Signatures

S.M. QURESHI
20 CHANDANABAI QURESHI
(Full Name, Present and Former)
(in Block Letters)

Signature Se-

Occupation: Private Service

Full Address: 20-4, Ben Chandra Street, Phase-II
Feroze Housing Colony,
Karachi



15 GENERAL PUBLIC SUBSCRIPTION FORM

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS AN OFFENCE UNDER SECTION 87(7) OF THE SECURITIES ACT, 2015 AND SUCH APPLICATIONS' MONEY MAY BE FOREFIETED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015

عوام اس کو مطلع کیا جاتا ہے کہ سیکورٹیز ریگولیشن ایکٹ 2015 کی سیکشن 87(7) کے تحت جھوٹی یا جعلی درخواستیں دینا قانوناً ناجائز ہے۔ شائبہ دہری کر سنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکورٹیز ریگولیشن ایکٹ 2015 کی سیکشن 87(8) کے تحت ضبط کی جاسکتی ہے۔



INVESTMENT IN SECURITIES IS A HIGHLY RISKY BUSINESS. INVESTORS ARE, THEREFORE, ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS ESPECIALLY THE RISK FACTORS BEFORE MAKING ANY INVESTMENT DECISION.

ENGRO POLYMER & CHEMICALS LTD.

APPLICATION FOR SUBSCRIPTION OF PREFERENCE SHARES

As per the Section 72 of Companies Act, 2017, the securities shall be issued in book-entry form only. Therefore, Preference Shares of Engro Polymer & Chemicals Limited shall only be issued in scrip-less form in the CDS of CDCPL (Refer to instruction No.4 on the reverse hereof)



The Directors,
12th Floor, Ocean Tower, G-3, Scheme
No. 5, Block 9, Clifton, Karachi
<https://www.engropolymer.com/>

CDC PARTICIPANT / ACCOUNT HOLDER ID	SUB ACCOUNT NUMBER	HOUSE A/C NO.
OR		
CDC INVESTOR ACCOUNT SERVICES ID	CDC INVESTOR ACCOUNT NO.	Do you want to avail CDC's facility of IPO FACILITATION ACCOUNT
		Yes No

1) I/We apply for the following number of Preference Shares at Issue Price for the value indicated below:

No. of Preference Shares Applied For	Amount Payable in PKR	Cheque/ Demand Draft/Pay Order No.

2) I/We agree to accept the same or any smaller number of Preference Shares that may be allotted to me/us upon the terms as stated in the Prospectus. I/We authorize you to credit the Preference Shares to me/us pursuant to this application and if no Preference Shares or a smaller number of Preference Shares are allotted to me/us you are hereby authorized to return to me/us by cheque or other means my/our application money for the amount of Preference Shares not credited to me/us.

For Pakistanis	
Resident	01
Non-resident	02

3) DECLARATION

I/We declare that: i) I am/We are national(s) of _____; ii) I am/We are not minor(s); iii) I/We have not made nor have I/we instructed any other person substitution(s) to make any other application(s) in my/our name(s) or in the name of any other person on my/our behalf or in any fictitious name; iv) I/We agree to abide by the instructions provided with this application and in case of any information given herein being incorrect I/we shall not be entitled to the allotment of Preference Shares if successful rather the application money shall be liable to confiscation if this declaration proves to be incorrect at any time.

Yours faithfully,

Signature(s)

a)

b)

4) ALL DETAILS MUST BE WRITTEN IN

B L O C K - L E T T E R S IN THE SPACES PROVIDED, LEGIBLY IN BLACK PEN

a) Name in Full (as per CNIC)

Mr. Mrs. Miss. Co. Please Tick

Father's/Husband's Name (as per CNIC)

Identity Number

(CNIC/ Passport/ Registration No.)

Identity Number

(NTN)

*INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE ENGRO POLYMER & CHEMICALS LIMITED TO CHECK STATUS OF THE PREFERENCE SHARE HOLDERS AS TAX RETURN FILER OR NON FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR. PLEASE NOTE THAT REDUCED TAX RATE OF 15.0% APPLIES TO FILERS AND OF 30.0% FOR NON FILERS ON PAYMENT OF CASH DIVIDEND DECLARED, IF ANY, BY THE COMPANIES

Full Address (Including Email Address)

Phone No. (Including Mobile Number)

International Bank Account Number

(IBAN)

Bank Name

Branch Name & Address

Additional Information - For Non-Resident Pakistanies and Foreign Investors Only

Date of Issue of Passport

Corporate Business Letter enclosed

Yes No

Nationality Code

Date of Issue of Passport

(DD-MM-YYYY)

Country of Residence

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Bankers to the Issue's Provisional acknowledgement of application for Preference Shares of Engro Polymer & Chemicals Limited Received from Mr/Ms/Mrs. _____ Shares. _____ application for _____

Name of Bank

Branch Code

Application Serial No.

Date of Receipt

IMPORTANT: (i) This slip must be retained by the Applicant (ii) Please read instructions provided with this application

Signature of Authorized Representative & Rubber Stamp of Receiving Bank

APPLICATION AND ALLOTMENT INSTRUCTIONS

1. **Eligible investors include:**
 - a) Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
 - b) Foreign Nationals whether living in or outside Pakistan;
 - c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
 - d) Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and
 - e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.
2. **Copies of the Prospectus and Application Forms can be obtained from the Trading Rights Entitlement Certificate (TREC) holders of Pakistan Stock Exchange Limited, the Bankers to the Issue and their branches, the Consultant to the Issue and the registered office of the Company. The Prospectus and the Application Forms can also be downloaded from the website: <https://www.engropolymer.com/>, www.arifhabilttd.com & <https://eipo.cdcaccess.com.pk/public/index.shtml>**
The Applicants are required to complete the relevant sections of the application to get the Preference Shares in scrip-less form. In accordance with provisions of the Central Depositories Act, 1997 and the CDCPL Regulations credit of such Preference Shares are allowed ONLY in the applicant's own CDC Account OR in CDC's IPO Facilitation Account. (IPO Facilitation Account is an Investor Account opened by CDC under its Regulations for the purpose of crediting and holding of Securities on behalf of individual Pakistani investors who have subscribed to such Securities offered by an Issuer/Offeror).
3. **NAME(S) AND ADDRESS(ES) MUST BE WRITTEN IN FULL BLOCK LETTERS, IN ENGLISH, AND SHOULD NOT BE ABBREVIATED.**
4. **ALL APPLICATIONS MUST BEAR THE NAME AND SIGNATURE CORRESPONDING WITH THAT RECORDED WITH THE APPLICANT'S BANKER. IN CASE OF DIFFERENCE OF SIGNATURE WITH THE BANK AND COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR NATIONAL IDENTITY CARD FOR OVERSEAS PAKISTANIS (NICOP) OR PASSPORT BOTH THE SIGNATURES SHOULD BE AFFIXED ON THE APPLICATION FORM.**
5. **APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
 - a) In case of individual investors, a photocopy of the CNIC (in case of resident Pakistanis) / NICOP or Passport (in case of non-resident Pakistanis) as the case may be, should be enclosed and the number of CNIC / NICOP / Passport should be written against the name of the applicant.
 - b) Original CNIC / NICOP / Passport, along with a photocopy, must be produced for verification to the Banker to the issue and the applicant's banker (if different from the Banker to the issue) at the time of presenting an application. The photocopy will, after verification, be retained by the branch along with the application.
6. **APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**
 - a) Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds / trusts and other legal entities must be accompanied by a photocopy of their memorandum and articles of association or equivalent instrument / document. Where applications are made by virtue of power of attorney, the same should also be submitted along with the application.
 - b) Photocopies of the documents mentioned in paragraph 6(a) above must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the banker to the issue) at the time of presenting the application. The copies, will after verification, be retained by the bank branch along with the application.
7. **ADDITIONAL INSTRUCTIONS FOR INVESTORS**
 - a) Only one application will be accepted against each account, however, in case of joint accounts, one application may be submitted in the name of each joint account holder.
 - b) Joint application in name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit copies of their CNICs / NICOP / Passports. The securities will be credited to the CDS account mentioned on the face of the form [OR in CDC's IPO Facilitation Account] and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post or through the bank where the application was submitted, to the person named first on the application form, without interest, profit, or return. Please note that application will be considered as a single application for the purpose of allotment of securities.
 - c) Subscription money must be paid by cheque drawn on applicants own bank account or pay order / bank draft payable to one of the Bankers to the Issue in favor of "EPCL – General Subscription" and crossed "A/C PAYEE ONLY".
 - d) For the application made through pay order / bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
 - e) The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of shares
 - f) Applications are not to be made by minors and / or persons of unsound mind.
 - g) Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form
 - h) Applicants should retain the bottom portion of their application forms as provisional acknowledgment of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of securities for which the application has been made.
 - i) Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
 - j) Banker to the issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the issue.
 - k) It would be permissible for a Banker to the issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
 - l) Submission of false and fictitious applications is prohibited and such Application Money may be forfeited under section 87(8) of Securities Act, 2015
 - m)

عوام الناس کو مطلع کیا جاتا ہے کہ سکیورٹیز ایکٹ 2015 کی شق نمبر (7) 87 کے تحت جھوٹی یا جعلی درخواستیں دینا قانوناً ناجرم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سکیورٹیز ایکٹ 2015 کی شق نمبر (8) 87 کے تحت ضبط کی جاسکتی ہے۔

8. **ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS**
 - a) In case of Foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the applications. Copies of these documents can be attested by the Bank Manager in the country of applicant's residence.
 - b) Foreign / Non-resident investors should follow the payment instructions given in Para 12.10 of the Prospectus.
9. **BASIS OF ALLOTMENT**
 - a) The minimum amount of application for subscription of 500 Preference Shares (Issue Price x 500 Preference Shares) Application for amount below the minimum value shall not be considered.
 - b) Application for Preference Shares must be made for 500 Preference Shares or in multiple thereof only. Applications, which are neither for 500 Preference Shares nor for multiple thereof, shall be rejected.
 - c) Allotment/Transfer of Preference Shares to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in the Prospectus.
 - d) The allotment of Preference Shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
 - e) Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
 - f) The Company will credit the respective CDS accounts of the successful applicants.

10. BANKERS TO THE ISSUE

Code	Name of Banks	Code	Name of Banks
01	Askari Bank Limited	06	Soneri Bank Limited
02	Bank Al Habib Limited	07	United Bank Limited*
03	Faysal Bank Limited	08	Allied Bank Limited
04	Habib Bank Limited	09	JS Bank Limited
05	Habib Metropolitan Bank Limited	10	MCB Bank Limited

11. OCCUPATION CODE OF OCCUPATIONS

Code	Occupation	Code	Occupation
01	Business	06	Professional
02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

12. PUBLIC SUBSCRIPTION THROUGH e-IPO:

e-IPO is submission of application for subscription of securities electronically through internet, Automated Teller Machines (ATM) and mobile phones. In order to facilitate the public during IPOs, SECP has introduced the concept of e-IPO. The following systems are available for e-IPOs:

- i. **Centralized e-IPO System (CES):**
 The Central Depository Company of Pakistan Limited (CDC) has developed a Centralized e-IPO System (CES) through which applications for subscription of securities offered to the general public can be made electronically. CES has been made available in this IPO and can be accessed through the web link (www.cdcpak.com). Payment of subscription money can be made through ILINK's member banks available for CES, list of which is available on above website.
 For making application through CES, investors must be registered with CES. Registration with CES is free of cost and a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial bank, email address, mobile phone number and CDS Account (Investor Account or sub Account) OR CDC's IPO Facilitation Account may register themselves with CES. Investors who do not have CDS account may visit www.cdcpak.com for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone Number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com. For further detail on CES, please refer to para 12.9.2 of the Prospectus
- ii. **e-IPO Facilities by Bankers to the Issue**
 Currently, UBL is providing e-IPO facilities to its account holders.
 UBL account holders can use UBL Net Banking to submit their application via link <http://www.ubldirect.com/corporate/ebank>
 Account holders of UBL can submit their applications through the above mentioned link 24 hours a day during the subscription period which will close at midnight on [].

13. NATIONALITY CODE

Code	Name of Country	Code	Name of Country
001	U.S.A	006	Bangladesh
002	U.K	007	China
003	U.A.E	008	Bahrain
004	K.S.A	009	Other
005	Oman		

For further queries you may contact

Engro Polymer & Chemicals Limited: Muhammad Bilal Ahmed; Phone: []; E-mail: mbahmed@engro.com and; Syed Faraz Abbas Jaffri; Phone: []; E-mail: sfajaffri@engro.com
 Arif Habib Limited: Mr. Syed Ali Ahmed; Phone: +92 21 3246 5891; E-mail: ali.ahmed@arifhabilttd.com and Mr. Faaz Ahmed Siddiqui; Phone: +92 21 3243 3542; Email: faaz.ahmed@arifhabilttd.com