

پر ذریعے پوشیدہ قوت کے جو اشراف

quarterly report 2024



engro polymer & chemicals

enhancing Pakistan

company information

Chief Executive Officer

Mr. Jahangir Piracha*

Company Secretary

Mr. Saqib Rafique

Chief Financial Officer

Ms. Rabia Wafah Khan

board of directors

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

bankers

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

shares registrar

M/s. FAMCO Share Registration Services (Pvt) Limited
8-F, Next to Hotel Faran, Block-6,
PECHS, Shahr-e-Faisal Karachi Pakistan.
Tel: +92(21) 34380104-5, 34384621-3
Fax: +92(21) 34380106

registered office

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

plant

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

lahore office

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

auditors

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

*Replaced by Mr. Abdul Qayoom Shaikh on April 1, 2024

**ENGRO POLYMER & CHEMICALS LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31st, 2024**

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited (the "Company"), we would like to present the unaudited Financial Information of the Company for the period ended March 31st, 2024.

Business Review

Weak market fundamentals, especially demand, continued to weigh on PVC pricing for the first quarter of 2024. Increased monomer prices coupled with higher energy and shipping costs kept producer margins under stress. The prolonged winter season further dampened demand especially in mainland China, where construction activity remained lackluster and downstream demand remained weak during Lunar New Year holidays. Export volumes from China remain above three-year average, with India being the major market for Chinese PVC. During the quarter, logistics and raw material costs were two major factors impacting the market.

PVC domestic downstream demand remained subdued marred by political uncertainty, non-conducive business environment, high inflation, rising energy and fuel costs, and prolonged winter. Construction activity remained slow with cement sales declining by 13% YoY. Rising steel prices, coupled with high financing costs and availability of new housing inventory further dampened downstream demand.

Bullish sentiment prevailed since mid-January with Ethylene prices rising from \$ 875 / MT to \$1,050 / MT on back of supply tightness. In Asia, spot supply from regional producers remained tight and deep-sea cargoes from the United States and the Middle East were limited given the ongoing logistical issues in the Panama Canal and the Red Sea. Ethylene Dichloride (EDC) market price remained muted amid slower demand and slight improvement in supply balance. VCM demand also tracked the slowdown in downstream PVC market.

International caustic soda prices remained low in the first half of the quarter before seeing a surge in prices in February, on the back of limited supply as plants went offline due to Lunar New Year and firm freight rates. The caustic soda export market remained quiet as traders followed the demand cycle after the holidays. While the domestic textile sector has been struggling due to high energy prices and inflation dampening local caustic demand. Demand for caustic in export-oriented industry saw an increase in the latter half of the quarter.

The Company recorded a revenue of Rs. 16,572 million in Q1 2024, a decrease of ~7.8% compared to the same period last year on the back of lower volumetric sales and global PVC prices. During Q1 2024, the Company recorded an After-Tax Loss of Rs. 901 million primarily due to lower core delta and volumetric sales, translating into a basic Loss Per Share of Rs. 1.21, compared to a Profit After Tax of Rs. 1,183 million, translating into basic Earnings Per Share of Rs. 1.30 for the same period last year.

Work on our Hydrogen Peroxide and other efficiency projects is underway, despite the challenges posed by domestic macroeconomic uncertainty.

Outlook

We expect PVC prices to remain stable to slightly bearish, while oversupply and weak global demand might suggest price declines, narrow producer margins may limit further price cuts if monomer prices remain at higher levels.

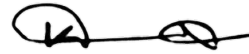
On the other hand, Ethylene prices are expected to remain elevated as supply and logistical constraints remain a concern. EDC prices will be driven by PVC demand and Caustic Soda dynamics, hence expected stable to bearish. There is a possibility of domestic PVC demand to pick up as political stability leads to new development programs being announced, given the positivity around the outcome of IMF review.

Our key focus areas for the coming quarter will be to ensure safe and sustainable operations at our Plant, completing on-going projects safely within communicated timelines, and navigating through the turbulent economic situation.

On behalf of the Board



Chief Executive Officer



Director



**standalone financial
statements**

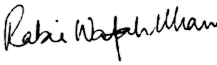
ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2024

(Amounts in thousand)

	Note	Unaudited March 31, 2024	Audited December 31, 2023
Rupees			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	47,091,470	44,794,643
Right-of-use asset		1,041,324	1,156,505
Intangible assets		593,797	620,205
Long-term investments		6,837,000	6,837,000
Long-term loans and advances		16,315	21,837
		<u>55,579,906</u>	<u>53,430,190</u>
Current Assets			
Stores, spares and loose tools		3,613,711	3,311,772
Stock-in-trade	6	15,324,859	16,620,634
Trade debts	7	1,342,462	1,612,111
Loans, advances, deposits, prepayments and other receivables	8	6,505,462	5,817,368
Taxes recoverable		530,656	-
Short-term investments		1,482,532	3,345,457
Cash and bank balances		2,881,743	3,985,495
		<u>31,681,425</u>	<u>34,692,837</u>
TOTAL ASSETS		<u><u>87,261,331</u></u>	<u><u>88,123,027</u></u>
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		9,089,233	9,089,233
Preference shares	9	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		11,043,984	12,938,222
		<u>27,008,170</u>	<u>28,902,408</u>
Non-Current Liabilities			
Long-term borrowings	10	22,810,942	20,927,785
Government grant		176,243	195,232
Lease liabilities	11	1,110,536	1,331,168
Provisions	12	-	-
Deferred tax liability	13	2,476,855	3,048,430
		<u>26,574,576</u>	<u>25,502,615</u>
Current Liabilities			
Trade and other payables	14	13,189,793	14,390,425
Service benefit obligations		39,032	85,166
Current portion of long-term borrowings	10	454,091	3,002,001
Current portion of Government grant		48,587	49,053
Current portion of lease liabilities	11	794,327	1,155,904
Short-term borrowings		10,450,354	7,526,086
Accrued interest / mark-up		776,325	456,994
Unclaimed dividend		705,550	705,550
Dividend payable		1,109,923	-
Taxes payable		-	236,222
Provisions		6,110,603	6,110,603
		<u>33,678,585</u>	<u>33,718,004</u>
Contingencies and Commitments	15	<u>60,253,161</u>	<u>59,220,619</u>
TOTAL EQUITY AND LIABILITIES		<u><u>87,261,331</u></u>	<u><u>88,123,027</u></u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.


 Chief Executive


 Chief Financial Officer


 Director

**ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024**

(Amounts in thousand except for earnings / (loss) per share)

	Quarter ended	
	March 31, 2024	March 31, 2023
	<u>Rupees</u>	
Revenue from contracts with customers - net	16,564,613	17,977,599
Cost of sales	(15,500,373)	(14,387,023)
Gross profit	1,064,240	3,590,576
Distribution and marketing expenses	(142,351)	(142,435)
Administrative expenses	(677,491)	(273,738)
Other expenses	(20,974)	(764,026)
Other income	285,111	437,843
Operating profit	508,535	2,848,220
Finance costs	(1,664,226)	(1,169,756)
(Loss) / profit before taxation	(1,155,691)	1,678,464
Taxation	371,376	(488,988)
(Loss) / profit for the period	(784,315)	1,189,476
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	<u>(784,315)</u>	<u>1,189,476</u>
(Loss) / earnings per share - basic	<u>(1.08)</u>	<u>1.31</u>
(Loss) / earnings per share - diluted	<u>(0.65)</u>	<u>0.98</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive


Rabi M. Khan
Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

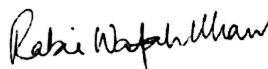
(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	1,702,371	2,536,333
Long-term loans and advances, net		5,522	-
Retirement benefits paid		(66,309)	(95,626)
Income tax paid		(967,077)	(1,039,554)
Net cash generated from operating activities		674,507	1,401,154
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(3,094,967)	(1,517,459)
Proceeds from disposal of property, plant and equipment		12,265	7,188
Disbursement of subordinated loan to subsidiary companies		(1,184,000)	(1,495,500)
Purchase of short-term investments		(216,512)	(16,639,489)
Proceeds on sale / maturity of short-term investments		2,038,893	23,585,977
Income on short-term investments, subordinated loan, intercompany balances and bank deposits		173,531	168,315
Net cash (utilised) in / generated from investing activities		(2,270,790)	4,109,033
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		2,000,000	144,522
Repayments of long-term borrowings		(2,630,167)	(2,347,765)
Finance costs paid		(1,300,649)	(965,897)
Lease rentals paid		(583,416)	(565,305)
Net cash utilised in financing activities		(2,514,232)	(3,734,445)
Net decrease in cash and cash equivalents		(4,110,515)	1,775,742
Net foreign exchange differences		(4,022)	-
Cash and cash equivalents at beginning of the period		(2,810,868)	3,013,774
Cash and cash equivalents at end of the period	17	(6,925,405)	4,789,516


The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

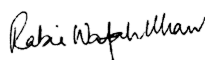
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary share capital	Preference shares	Share premium	Unappropriated profits	
	Rupees				
Balance as at January 01, 2023	9,089,233	3,000,000	3,874,953	11,169,486	27,133,672
Total comprehensive income for the period ended March 31, 2023	-	-	-	1,189,476	1,189,476
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	-	-
- Rs. 0.5 per preference share	-	-	-	-	-
Balance as at March 31, 2023	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>12,358,962</u>	<u>28,323,148</u>
Total comprehensive income for the nine months ended December 31, 2023	-	-	-	8,041,184	8,041,184
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.5 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.5 per preference share	-	-	-	(150,000)	(150,000)
Second interim dividend for the year ended December 31, 2023					
- Rs. 1.5 per ordinary share	-	-	-	(1,363,385)	(1,363,385)
- Rs. 0.5 per preference share	-	-	-	(150,000)	(150,000)
Third interim dividend for the year ended December 31, 2023					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.65 per preference share	-	-	-	(195,000)	(195,000)
				(7,461,924)	(7,461,924)
Balance as at December 31, 2023 (Audited)	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>12,938,222</u>	<u>28,902,408</u>
Total comprehensive income for the period ended March 31, 2024	-	-	-	(784,315)	(784,315)
Transactions with owners					
Final dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.67 per preference share	-	-	-	(201,000)	(201,000)
	-	-	-	(1,109,923)	(1,109,923)
Balance as at March 31, 2024	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>11,043,984</u>	<u>27,008,170</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

**ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2024**

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX).
- 1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).
- 1.3 The registered office of the Company is situated at 12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi. The plant is located at EZ/II/P-II-I Eastern Zone, Bin Qasim, Karachi, Pakistan, whereas, the Chlor-Vinyl facility is at Port Bin Qasim Industrial Area. The regional sales office of the Company is on the 9th Floor, 301-R Hally Tower Office, Lalik Chowk, Phase II, DHA, Lahore.
- 1.4 These condensed interim financial statements denote the standalone condensed interim financial statements of the Company. The condensed interim consolidated financial statements of the Company and its subsidiaries have been presented separately.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
 - Provisions of and directives issued under the Act.

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

- 2.2 These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and, therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2023.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES AND CHANGES THEREIN

- 3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023.
- 3.2 The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited consolidated financial statements of the Group for the year ended December 31, 2023.

(Amounts in thousand)

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates, judgments and assumptions made by the management in the preparation of the condensed interim financial statements are the same as those that were applied in the annual audited financial statements of the Company as at and for the year ended December 31, 2023.

	Unaudited March 31, 2024	Audited December 31, 2023
	<u>Rupees</u>	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	33,912,636	34,567,240
Capital work-in-progress - note 5.2	12,979,457	9,981,976
Capital spares	199,377	245,427
	<u>47,091,470</u>	<u>44,794,643</u>
5.1 Additions to operating assets during the period were as follows		
Leasehold land	-	23,000
Building on leasehold land	-	86,169
Plant and machinery	51,116	2,960,220
Furniture, fixtures and equipment	29,883	96,493
Vehicles	62,536	20,856
	<u>143,535</u>	<u>3,186,738</u>
5.2 The movement in capital work in progress is as follows:		
Balance at beginning of the period	9,981,976	6,416,479
Additions during the period including borrowing costs	3,141,016	6,790,387
Transferred to:		
- operating assets	(143,535)	(3,186,738)
- intangible assets	-	(38,152)
	<u>(143,535)</u>	<u>(3,224,890)</u>
Balance at end of the period	<u>12,979,457</u>	<u>9,981,976</u>
6. STOCK-IN-TRADE		
Raw and packing materials - notes 6.1	10,341,699	10,388,122
Less: Provision against stock-in-trade	(105,811)	(105,811)
	<u>10,235,888</u>	<u>10,282,311</u>
Work-in-process	126,765	431,254
Finished goods - manufactured products and trading Products	4,962,206	5,907,069
	<u>15,324,859</u>	<u>16,620,634</u>

(Amounts in thousand)

6.1 This includes stocks held at storage locations of following parties:

	Unaudited March 31, 2024	Audited December 31, 2023
	<u>Rupees</u>	
- Engro Vopak Terminal Limited, a related party	1,545,319	2,788,703
- Al-Noor Petroleum (Private) Limited	25,308	34,959
- Al-Rahim Trading Company (Private) Limited	2,229,112	1,966,882
	<u>3,799,739</u>	<u>4,790,544</u>

7. TRADE DEBTS - Considered good

Includes amounts due from the following related parties:

Engro Fertilizer Limited	35,676	-
Engro Energy Services Limited	-	34,915
Engro Eximp FZE	258,996	468,441
	<u>294,672</u>	<u>503,356</u>

8. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

8.1 These include advances to and receivables from the following related parties:

Engro Corporation Limited	2,646	864
Think PVC (Private) Limited	8,102	5,502
Engro Energy Limited	36	524
Engro Energy Services Limited	205	205
Engro Plasticizer (Private) Limited	480	440
Engro Fertilizers Limited	3,583	3,583
Engro Peroxide (Private) Limited	339,615	246,260
Engro Powergen Qadirpur Limited	85	422
Engro Powergen Thar (Private) Limited	59	50
Engro Foundation	48	10,749
Engro Vopak Terminal Limited	1,653	2,819
Engro Elengy (Private) Limited	34	-
Engro Elengy Terminal (Private) Limited	456	456
Engro Enfrashare (Private) Limited	3	-
Sindh Engro Coal Mining Company Limited	399	9
	<u>357,403</u>	<u>271,883</u>

8.2 This includes loan and accrued interest thereon due from subsidiary companies aggregating to Rs. 2,718,309 (December 31, 2023: Rs. 1,457,207). During the period, a further loan amounting to Rs. 1,179,000 and Rs. 5,000 was disbursed to Engro Peroxide (Private) Limited and Think PVC (Private) Limited, respectively.

(Amounts in thousand)**9. PREFERENCE SHARES**

- 9.1 In 2020, the Company issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offer at a price of Rs. 10 per share in cash, carrying markup at the rate of 6 months KIBOR + 3.5% per annum. The payment of the same shall be at the discretion of the Board of Directors of the Company. The objective of the preference shares issuance was to finance PVC-III expansion and VCM debottlenecking projects. The Company has an option to call and redeem preference shares in full or in part after the expiry of twelve months from the issue date. The preference shares may be converted into ordinary shares of the Company at the option of the preference shares holder after the expiry of eighty months from December 31, 2020 based on the ratio of 1:1. No shares were converted during the period.

10. LONG-TERM BORROWINGS

Title	Mark-up rate per annum	Installments		Unaudited	Audited
		Number	Commencing	March 31, 2024	December 31, 2023
				----- Rupees -----	
Loan from International Finance Corporation (IFC) - note 10.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	-	1,645,647
Bilateral Loan - note 10.2	6 months KIBOR + 0%	6 half yearly	July 15, 2021	-	903,584
Islamic Long Term Financing Facility (ILTF) - note 10.3	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,573,252	1,633,332
Islamic Temporary Economic Refinance Facility (ITERF) - notes 10.4	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	818,758	845,353
Loan under diminishing musharka agreement I - note 10.5	3 months KIBOR + 0.4%	8 half yearly	June 28, 2023	300,000	300,000
Syndicated Long Term Islamic Financing Facility - note 10.6	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,734,429	8,733,733
Loan under diminishing musharka agreement II - note 10.7	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Ijarah facility from International Finance Corporation (IFC) - note 10.8	SOFR + 3.68%	7 half yearly	July 15, 2025	4,063,424	4,112,422
Bilateral Loan II - note 10.9	3 months KIBOR + 0.4%	20 quarterly	April 19, 2026	2,000,000	-
				23,489,863	24,174,071
Less: Current portion shown under current liabilities					
- Loans from International Finance Corporation				-	(1,645,647)
- Bilateral Loan				-	(903,584)
- Islamic Long Term Financing Facility (ILTF)				(243,750)	(243,750)
- Islamic Temporary Economic Refinance Facility (ITERF)				(110,341)	(109,020)
- Loan under diminishing musharka agreement I				(100,000)	(100,000)
				(454,091)	(3,002,001)
Less: Deferred income - Government grant				(224,830)	(244,285)
				22,810,942	20,927,785

- 10.1 In 2018, the Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. During the period, the outstanding loan was repaid in entirety.
- 10.2 In 2019, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipts maintained with DIBPL. During the period, the outstanding loan was repaid in entirety.
- 10.3 In 2020, the Company obtained Islamic Long Term Financing Facility (ILTF) of the State Bank of Pakistan for a period of 10 years through musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.

(Amounts in thousand)

- 10.4 In 2021, the Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During 2023, the Company received additional Rs. 144,522 on account of ITERF loan facility.
- 10.5 In 2021, the Company made a draw down of Rs. 400,000 under diminishing musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.6 On December 28, 2022, the Company made a draw down of Rs. 8,750,000 under syndicate long term islamic financing facility to finance buyback of its sukuk bonds. The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.7 On December 12, 2022, the Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). These are secured by the way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.8 In 2021, the Company had entered into a ijarah agreement with IFC for a total of USD 15,000, the draw down of which was made in 2023. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of USD 18,750 which shall rank pari passu with the charges created in favour of the existing creditors.
- 10.9 During the year, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (except land and building) to the extent of Rs. 2,500,000, ranking subordinate and subservient to the charges created in favour of the existing creditors.

11. LEASE LIABILITIES

This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 1,855,761 (December 31, 2023: Rs. 2,435,722).

(Amounts in thousand)

	Unaudited March 31, 2024	Audited December 31, 2023
	Rupees	
12. PROVISIONS		
Provision for:		
- Gas Infrastructure Development Cess	5,593,211	5,593,211
- Gas price revision	517,392	517,392
	<u>6,110,603</u>	<u>6,110,603</u>
Less: Current portion of provisions	<u>(6,110,603)</u>	<u>(6,110,603)</u>
	<u>-</u>	<u>-</u>
13. DEFERRED TAX LIABILITY - net		
Credit balances arising due to:		
- accumulated depreciation	5,943,172	6,007,202
Debit balances arising due to:		
- unpaid liabilities	457,870	451,480
- leases	287,288	440,128
- provisions	1,989,393	1,989,393
- shares issuance cost	77,771	77,771
- accumulated business losses	449,674	-
- minimum tax carried forward	204,321	-
	<u>(3,466,317)</u>	<u>(2,958,772)</u>
	<u>2,476,855</u>	<u>3,048,430</u>
14. TRADE AND OTHER PAYABLES		
Includes amounts due to following related parties:		
- Engro Corporation Limited	406,208	291,307
- Engro Fertilizers Limited	106,593	150,569
- Engro Energy Limited	282	250
- Engro Foundation	-	125,000
- Engro Vopak Terminal Limited	133,000	289,925
- Engro Eximp FZE	1,137,420	1,739,751
- Engro Peroxide (Private) Limited	1,306	-
- Nimir Industrial Chemicals Limited	-	46,292
	<u>1,784,808</u>	<u>2,643,094</u>

(Amounts in thousand)**15. CONTINGENCIES AND COMMITMENTS**

15.1 There is no change in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023.

15.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at March 31, 2024 amounts to Rs. 6,621,500 (December 31, 2023: Rs. 6,621,500). The amount utilised there against as at March 31, 2024 is Rs. 5,902,139 (December 31, 2023: Rs. 5,902,139).

15.3 The facility for opening letter of credits as at March 31, 2024 aggregates to Rs. 30,248,000 (December 31, 2023: Rs. 32,037,214) out of which Rs. 4,828,680 (December 31, 2023: Rs. 5,902,139) have been utilised.

15.4 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) and Caustic Soda in respect of which future lease commitments aggregate to:

Unaudited March 31, 2024	Audited December 31, 2023
Rupees	
<hr/>	
22,360	16,770
<hr/>	

Not later than one year

15.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 8,514 (December 31, 2023: USD 10,584) valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 7,914 (December 31, 2023: USD 8,270) valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 518 (December 31, 2023: USD 667) valid till December 31, 2024.

Unaudited March 31, 2024	Audited December 31, 2023
Rupees	
<hr/>	
4,508,535	4,587,857
<hr/>	

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

(Amounts in thousand)

	Unaudited March 31, 2024	Unaudited March 31, 2023
	Rupees	
16. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(1,155,691)	1,678,464
Adjustments for non cash-charges and other items:		
Staff retirement and other service benefits	20,175	52,815
Depreciation:		
- operating assets	787,342	690,870
- right-of-use asset	115,181	114,444
Amortisation of intangible assets	26,408	26,146
Provision against:		
- slow moving stores and spares	13,068	-
Unrealised foreign exchange (gain) / loss on financial assets and liabilities	(93,059)	600,041
Income on financial assets	(219,503)	(437,843)
Finance costs	1,619,978	1,109,238
Finance costs on lease liabilities	31,802	60,518
Amortisation of transaction cost	12,446	16,495
Gain on disposal of operating assets	(1,467)	-
Unwinding of GIDC	-	71,256
Default surcharge on GIDC	-	189,354
Working capital changes	545,691	(1,635,465)
	<u>1,702,371</u>	<u>2,536,333</u>
16.1 WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(315,007)	(246,191)
Stock-in-trade	1,295,775	(44,714)
Trade debts	269,649	(1,356,116)
Loans, advances, deposits and other receivables - net	495,906	1,058,756
	<u>1,746,323</u>	<u>(588,265)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(1,200,632)	(1,047,200)
	<u>545,691</u>	<u>(1,635,465)</u>
17. CASH AND CASH EQUIVALENTS		
Short-term investments	318,846	2,393,692
Cash and bank balances	2,881,743	2,395,824
Running finances	(10,125,994)	-
	<u>(6,925,405)</u>	<u>4,789,516</u>

(Amounts in thousand)

18. SEGMENT INFORMATION

18.1 The basis of segmentation and reportable segments presented in this condensed interim financial information are same as disclosed in the annual financial statements of the Company for the year ended December, 2023.

	March 31, 2024 (Unaudited)				March 31, 2023 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	Rupees							
Revenue								
- At a point	13,218,740	3,295,713	-	16,514,453	15,776,827	2,170,085	-	17,946,912
- Over time	-	-	50,160	50,160	-	-	30,687	30,687
	<u>13,218,740</u>	<u>3,295,713</u>	<u>50,160</u>	<u>16,564,613</u>	<u>15,776,827</u>	<u>2,170,085</u>	<u>30,687</u>	<u>17,977,599</u>
Less:								
Cost of sales	(13,071,336)	(2,384,835)	(44,202)	(15,500,373)	(12,682,659)	(1,687,958)	(16,406)	(14,387,023)
Distribution and marketing expenses	(77,205)	(65,016)	(130)	(142,351)	(103,217)	(39,218)	-	(142,435)
Administrative expenses	(540,635)	(134,805)	(2,051)	(677,491)	(241,631)	(32,107)	-	(273,738)
Other expenses	(16,737)	(4,173)	(64)	(20,974)	(670,496)	(92,226)	(1,304)	(764,026)
Other income	227,522	56,726	863	285,111	384,244	52,852	747	437,843
Finance costs	(1,328,071)	(331,116)	(5,039)	(1,664,226)	(1,033,966)	(133,897)	(1,893)	(1,169,756)
Taxation	296,362	73,889	1,125	371,376	(429,127)	(59,026)	(835)	(488,988)
(Loss) / profit after tax	<u>(1,291,360)</u>	<u>506,383</u>	<u>662</u>	<u>(784,315)</u>	<u>999,975</u>	<u>178,505</u>	<u>10,996</u>	<u>1,189,476</u>

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	Rupees							
Segment assets and liabilities								
Total segment assets	52,927,580	9,498,475	35,910	62,461,965	55,142,561	9,800,154	34,591	64,977,306
Unallocated assets				24,799,366				23,145,721
				<u>87,261,331</u>				<u>88,123,027</u>
Total segment Liabilities	44,899,525	7,563,867	14,690	52,478,082	44,777,796	6,901,802	15,263	51,694,861
Unallocated assets				7,775,079				7,525,758
				<u>60,253,161</u>				<u>59,220,619</u>

18.2 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts.

(Amounts in thousand)**19. TRANSACTIONS WITH RELATED PARTIES**

19.1 Following are the name of associated companies and related parties with whom the Company had entered into transactions or had arrangements or agreements in place during the period:

Name of related parties	Direct shareholding	Relationship
Engro Corporation Limited	56.19%	Parent company
Think PVC (Private) Limited	100.00%	Subsidiary company
Engro Peroxide (Private) Limited	100.00%	Subsidiary company
Engro Plasticizer (Private) Limited	100.00%	Subsidiary company
Mitsubishi Corporation (Incorporated in Japan)	11.01%	Associated company
Engro Fertilizers Limited	N/A	Common directorship
Sindh Engro Coal Mining Company Limited	N/A	Common directorship
Engro Energy Limited	N/A	Common directorship
Engro Eximp Agriproducts (Private) Limited	N/A	Common directorship
Engro Foundation	N/A	Common directorship
Engro Elengy Terminal (Private) Limited	N/A	Common directorship
Engro Eximp FZE (Incorporated in United Arab Emirates)	N/A	Common directorship
Engro Powergen Qadirpur Limited	N/A	Common directorship
Engro Vopak Terminal Limited	N/A	Common directorship
Engro Energy Services Limited	N/A	Common directorship
Engro Powergen Thar (Private) Limited	N/A	Common directorship
Pakistan Oxygen Limited	N/A	Common directorship
Overseas Investors Chamber of Commerce & Industry	N/A	Common directorship
KSB Pumps Company Limited	N/A	Common directorship
Nimir Industrial Chemicals Limited	N/A	Common directorship
ATS Synthetic (Private) Limited	N/A	Common directorship
Retirement funds		
- Provident fund	N/A	Post employment benefits
- Gratuity fund	N/A	Post employment benefits
- Pension fund	N/A	Post employment benefits
Mr. Nadir Salar Qureshi	N/A	Ex - Non-executive Director
Mr. Kamran Nishat	N/A	Independent Director
Mr. Feroz Rizvi	N/A	Ex - Independent Director
Mr. Shabbir Hashmi	N/A	Ex - Independent Director
Ms. Ayesha Aziz	N/A	Independent Director
Mr. Nazoor Ali Baig	N/A	Independent Director
Mr. Hideki Adachi	N/A	Ex - Non-executive Director
Mr. Ghias Uddin Khan	N/A	Chairman
Mr. Rizwan Masood Raja	N/A	Ex - Non-executive Director
Mr. Eram Hasan	N/A	Ex - Non-executive Director
Mr. Tomoya Kondo	N/A	Non-executive Director
Mr. Syed Shahzad Nabi	N/A	Non-executive Director
Mr. Tariq Nisar	N/A	Non-executive Director
Mr. Jahangir Piracha	N/A	Ex - Chief Executive Officer
Mr. Abdul Qayoom Shaikh	N/A	Chief Executive Officer
Mr. Adeel Qamar	N/A	Key management personnel
Mr. Arif Jalil	N/A	Key management personnel
Mr. Mahmood Siddiqui	N/A	Key management personnel
Ms. Rabia Wafah Khan	N/A	Key management personnel
Mr. Kalimuddin A Khan	N/A	Key management personnel
Mr. Athar Abrar Khawaja	N/A	Ex - Key management personnel
Mr. Muhammad Idrees	N/A	Key management personnel
Mr. Khawaja Haider Abbas	N/A	Ex - Key management personnel
Mr. Saqib Rafique	N/A	Key management personnel

(Amounts in thousand)

19.2 Transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	Unaudited	Unaudited
		March 31, 2024	March 31, 2023
		Rupees	
Holding Company			
- Engro Corporation Limited	Reimbursement made	343,533	399,491
	Reimbursement received	1,782	25
	Dividend paid	510,733	-
Subsidiary Company			
- Think PVC (Private) Limited	Reimbursement received	982	355
	Subordinated loan made to the Subsidiary Company	5,000	-
	Mark-up on subordinated loan	1,296	-
- Engro Peroxide (Private) Limited	Reimbursement received	93,355	38,531
	Subordinated loan made to the Subsidiary Company	1,179,000	-
	Mark-up on subordinated loan paid by the Subsidiary Company	112,012	-
- Engro Plasticizer (Private) Limited	Reimbursement received	40	-
Member of the Group			
- Engro Fertilizers Limited	Sales of utilities	79,433	30,007
	Purchase of services	17,583	12,559
	Reimbursement made	11,462	27,247
	Reimbursement received	209	818
- Engro Vopak Terminal Limited	Purchase of services	520,067	710,356
	Reimbursement made	16,074	20,105
	Reimbursement received	180	750
- Engro Energy Limited	Reimbursements received	32	1,500
- Engro Powergen Thar (Private) Limited	Reimbursements received	9	-
- Engro Enfrashare (Private) Limited	Reimbursement received	3	-
- Engro Foundation	Donations	-	125,000
	Reimbursement received	48	11,749
	Reimbursements made	-	272
- Engro Eximp FZE	Purchase of goods	6,521,059	7,161,508
	Sale of goods	589,037	1,656,495
	Reimbursements made	47,498	60,752
- Sindh Engro Coal Mining Company Limited	Reimbursement received	390	-

(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited	Unaudited
		March 31, 2024	March 31, 2023
		Rupees	
Associated Company			
- Mitsubishi Corporation	Dividend paid	100,054	-
- Pakistan Oxygen Limited	Purchase of goods	-	-
	Purchase of services	-	-
	Sale of goods	55,544	-
- Overseas Investors Chamber of Commerce	Purchase of services	-	-
- KSB Pumps Company Limited	Purchase of goods	10,620	-
- Nimir Industrial Chemicals Limited	Purchase of goods	14,976	-
- ATS Synthetic (Private) Limited	Sale of goods	1,461,960	-
- Pakistan Vinyl Industries	Sale of goods	112,117	-
Directors	Fee	6,705	4,553
	Dividend paid	9	-
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	32,394	30,685
	- Gratuity fund	21,087	22,363
	- Pension fund	1,394	1,328
Key management personnel	Managerial remuneration	40,248	41,764
	Retirement benefit funds	6,872	7,058
	Bonus	16,159	16,847
	Other benefits	11,910	8,179

20. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at the reporting date, the carrying value of all financial assets and liabilities approximate to their fair value.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

The Company classifies its financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following financial assets measured at fair values:

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Short term investments in units of mutual funds				
- March 31, 2024	-	-	-	-
- December 31, 2023	-	100,118	-	100,118

(Amounts in thousand)

21. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on April 19, 2024 has approved an interim dividend of Rs. Nil (2023: Rs. 1) per ordinary share for the period ended March 31, 2024.

The Board of Directors in its meeting held on April 19, 2024 has approved an interim preference dividend of Rs. Nil (2023: Rs. 0.5) per preference share for the period ended March 31, 2024.

22. DATE OF AUTHORISATION FOR ISSUE

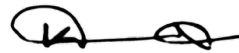
These financial statements were authorised for issue on April 19, 2024 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director



**consolidated
financial statements**


ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2024

(Amounts in thousand)

	Note	Unaudited March 31, 2024	Audited December 31, 2023
<u>Rupees</u>			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	56,604,647	53,734,049
Right-of-use asset		1,086,947	1,206,266
Intangible assets		593,797	620,205
Long-term loans, advances and deposits		17,115	22,637
		<u>58,302,506</u>	<u>55,583,157</u>
Current Assets			
Stores, spares and loose tools		3,613,711	3,311,772
Stock-in-trade	6	15,691,935	16,985,039
Trade debts	7	1,363,384	1,629,173
Loans, advances, deposits, prepayments and other receivables	8	4,990,368	5,527,958
Taxes Recoverable		622,011	-
Short-term investments		1,593,296	3,459,929
Financial assets at amortised cost		-	-
Cash and bank balances		3,521,369	4,100,782
		<u>31,396,074</u>	<u>35,014,653</u>
TOTAL ASSETS		<u><u>89,698,580</u></u>	<u><u>90,597,810</u></u>
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		9,089,233	9,089,233
Preference shares	9	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		10,616,734	12,627,899
		<u>26,580,920</u>	<u>28,592,085</u>
Non-Current Liabilities			
Long-term borrowings	10	23,999,308	22,137,566
Government grant		1,228,601	1,298,853
Lease liabilities	11	1,144,262	1,361,414
Deferred tax liability - net	12	2,411,392	2,982,382
		<u>28,783,563</u>	<u>27,780,215</u>
Current Liabilities			
Trade and other payables	13	13,458,159	14,660,566
Service benefit obligations		39,032	85,166
Current portion of long-term borrowings		549,273	3,070,726
Current portion of Government grant		245,206	216,632
Current portion of lease liabilities	11	811,980	1,173,036
Short-term borrowings		10,450,354	7,526,086
Accrued interest / mark-up		854,017	526,224
Dividend payable		1,109,923	-
Unclaimed dividend		705,550	705,550
Taxes payable		-	150,921
Provisions		6,110,603	6,110,603
		<u>34,334,097</u>	<u>34,225,510</u>
Contingencies and Commitments	14	<u>63,117,660</u>	<u>62,005,725</u>
TOTAL EQUITY AND LIABILITIES		<u><u>89,698,580</u></u>	<u><u>90,597,810</u></u>

The annexed notes 1 to 21 form an integral part of these condensed consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

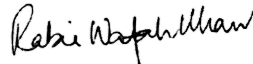
ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
		Rupees	
Revenue from contracts with customers - net		16,572,208	17,978,330
Cost of sales		(15,506,533)	(14,387,044)
Gross profit		1,065,675	3,591,286
Distribution and marketing expenses		(144,178)	(146,138)
Administrative expenses		(677,491)	(273,738)
Other expenses		(23,224)	(766,473)
Other income		175,277	444,015
Operating profit		396,059	2,848,952
Finance costs		(1,668,092)	(1,177,069)
(Loss) / profit before taxation		(1,272,033)	1,671,883
Taxation		370,791	(488,547)
(Loss) / profit for the period		(901,242)	1,183,336
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(901,242)	1,183,336
(Loss) / earnings per share - basic		(1.21)	1.30
(Loss) / earnings per share - diluted		(0.75)	0.98

The annexed notes 1 to 21 form an integral part of these condensed consolidated financial statements.


 Chief Executive


 Chief Financial Officer


 Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2024	March 31, 2023
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	1,645,913	389,847
Long-term loans and advances, net		5,522	-
Retirement benefits paid		(66,309)	(95,626)
Income tax paid		(973,131)	(1,070,779)
Net cash generated from operating activities		611,995	(776,558)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(3,757,955)	(2,670,047)
Proceeds from disposal of property, plant and equipment		12,265	7,188
Purchase of short-term investments		(216,512)	(16,639,490)
Proceeds on sale / maturity of short-term investments		2,038,893	23,321,148
Income on short-term investments, intercompany balances and bank deposits		294,023	174,487
Net cash generated from / (utilised) in investing activities		(1,629,286)	4,193,286
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		2,000,000	156,215
Repayments of long-term borrowings		(2,647,348)	-
Finance costs paid		(1,338,121)	(965,897)
Lease rentals paid		(583,416)	(565,305)
Net cash utilised in financing activities		(2,568,885)	(1,374,987)
Net decrease in cash and cash equivalents		(3,586,176)	2,041,741
Net foreign exchange differences		(4,022)	-
Cash and cash equivalents at beginning of the period		(2,695,581)	3,453,356
Cash and cash equivalents at end of the period	16	(6,285,779)	5,495,097


The annexed notes 1 to 21 form an integral part of these condensed consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary share capital	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
	Rupees				
Balance as at January 1, 2023	9,089,233	3,000,000	3,874,953	11,157,529	27,121,715
Total comprehensive income for the period					
Profit for the period ended March 31, 2023	-	-	-	1,183,336	1,183,336
Other comprehensive income for the period ended March 31, 2023	-	-	-	-	-
	-	-	-	1,183,336	1,183,336
Balance as at March 31, 2023	9,089,233	3,000,000	3,874,953	12,340,865	28,305,051
Total comprehensive income for the nine months ended December 31, 2023					
Profit for the nine months ended December 31, 2023	-	-	-	7,748,958	7,748,958
Other comprehensive income for the period ended March 31, 2023	-	-	-	-	-
	-	-	-	7,748,958	7,748,958
Transactions with owners					
Final dividend for the year ended December 31, 2022					
- Rs. 5.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.27 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.5 per preference share	-	-	-	(150,000)	(150,000)
Second interim dividend for the year ended December 31, 2023					
- Rs. 1.5 per ordinary share	-	-	-	(1,363,385)	(1,363,385)
- Rs. 0.5 per preference share	-	-	-	(150,000)	(150,000)
Third interim dividend for the year ended December 31, 2023					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.65 per preference share	-	-	-	(195,000)	(195,000)
	-	-	-	(7,461,924)	(7,461,924)
Balance as at December 31, 2023 (audited)	9,089,233	3,000,000	3,874,953	12,627,899	28,592,085
Total comprehensive income for the period					
Loss for the period ended March 31, 2024	-	-	-	(901,242)	(901,242)
Other comprehensive income for the period ended March 31, 2024	-	-	-	-	-
	-	-	-	(901,242)	(901,242)
Transactions with owners					
Final dividend for the year ended December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.67 per preference share	-	-	-	(201,000)	(201,000)
	-	-	-	(1,109,923)	(1,109,923)
Balance as at March 31, 2024	9,089,233	3,000,000	3,874,953	10,616,734	26,580,920

The annexed notes 1 to 21 form an integral part of these condensed consolidated financial statements.


 Chief Executive


 Chief Financial Officer


 Director

ENGRO POLYMER AND CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 The "Group" consists of Engro Polymer and Chemicals Limited and its wholly owned subsidiary companies, Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited. Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange.
- 1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).
- 1.3 The registered office of the Company is situated at 12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi. The plant is located at EZ//P-II-I Eastern Zone, Bin Qasim, Karachi, Pakistan, whereas, the Chlor-Vinyl facility is at Port Bin Qasim Industrial Area. The regional sales office of the Company is on the 9th Floor, 301-R Hally Tower Office, Lalik Chowk, Phase II, DHA, Lahore.
- 1.4 Think PVC (Private) Limited being 100% owned (2021: 100%) was incorporated in Pakistan in November 6, 1999, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as a wholly owned subsidiary of the Company. The principal activity of Think PVC (Private) Limited is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals and to develop market for PVC downstream products.
- 1.5 Engro Peroxide (Private) Limited being 100% owned (2021: 100%) was incorporated in Pakistan on July 22, 2019 under the Act as a wholly owned subsidiary of the Company. The main objective of Engro Peroxide (Private) Limited is to manufacture and market Hydrogen Peroxide and related chemicals.
- 1.6 Engro Plasticizer (Private) Limited being 100% owned (2021: 100%) was incorporated in Pakistan on July 22, 2019 under the Act as a wholly owned subsidiary of the Company. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals.
- 1.7 The registered office of the subsidiary companies is situated at 12th Floor, Plot G-3, Block 9, Khayaban-e-Iqbal, Clifton, Karachi.
- 1.8 These condensed interim financial statements denote the standalone condensed interim financial statements of the Company. The condensed interim consolidated financial statements of the Company and its subsidiaries have been presented separately.

(Amounts in thousand)

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and, therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2023.

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

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES AND CHANGES THEREIN

3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023, except for the early adoption of an amendment as set out below:

3.2 The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited consolidated financial statements of the Group for the year ended December 31, 2023.

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant estimates, judgments and assumptions made by the management in the preparation of the condensed interim financial statements are the same as those that were applied in the annual audited financial statements of the Company as at and for the year ended December 31, 2023.

(Amounts in thousand)

	Unaudited March 31, 2024	Audited December 31, 2023
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	33,912,694	34,567,298
Capital work-in-progress - note 5.2	22,492,576	18,921,324
Capital spares	199,377	245,427
	<u>56,604,647</u>	<u>53,734,049</u>
5.1 Additions to operating assets during the period were as follows:		
Leasehold land	-	23,000
Building on leasehold land	-	86,169
Plant and machinery	51,116	2,960,220
Pipeline - EDC	-	-
Furniture, fixtures and equipment	29,883	96,493
Vehicles	62,536	20,856
	<u>143,535</u>	<u>3,186,738</u>
5.2 The movement in capital work-in-progress is as follows:		
Balance at beginning of the period	18,921,324	10,698,886
Additions during the period including borrowing costs	3,714,787	11,447,328
Transferred to:		
- operating assets - note 5.1	(143,535)	(3,186,738)
- intangible assets	-	(38,152)
- capital spares	-	-
	<u>(143,535)</u>	<u>(3,224,890)</u>
Balance at end of the period	<u>22,492,576</u>	<u>18,921,324</u>
6. STOCK-IN-TRADE		
Raw and packing materials - notes 6.1	10,708,775	10,752,527
Less: Provision against stock-in-trade	(105,811)	(105,811)
	<u>10,602,964</u>	<u>10,646,716</u>
Work-in-process	126,765	431,254
Finished goods - manufactured products and trading products	4,962,206	5,907,069
	<u>15,691,935</u>	<u>16,985,039</u>
6.1 This includes stocks held at storage facilities of following parties:		
- Engro Vopak Terminal Limited, a related party	1,545,319	2,788,703
- Al-Noor Petroleum (Private) Limited	25,308	34,959
- Al-Rahim Trading Company (Private) Limited	1,966,882	1,966,882
	<u>3,537,509</u>	<u>4,790,544</u>

(Amounts in thousand)

	Unaudited 2024	Audited 2023
	Rupees	
7. TRADE DEBTS - Considered good		
Includes amounts due from the following related parties:		
- Engro Energy Services Limited	-	468,441
- Engro Eximp FZE	258,996	
- Engro Fertilizer Limited	35,676	34,915
	<u>294,672</u>	<u>503,356</u>

**8. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

These include advances and receivables from the following related parties which are as follows:

Engro Corporation Limited	2,646	864
Engro Energy Limited	36	36
Engro Energy Services Limited	205	205
Engro Fertilizers Limited	3,583	3,583
Engro Powergen Qadirpur Limited	85	422
Engro Powergen Thar (Private) Limited	59	50
Engro Vopak Terminal Limited	1,653	2,819
Engro Elengy Terminal (Private) Limited	456	456
Sindh Engro Coal Mining Company Limited	399	9
Engro Elengy (Private) Limited	34	-
Engro Foundation Limited	48	-
Engro Enfrashare (Private) Limited	3	-
Nimir Industrial Chemicals Limited	-	196,910
	<u>18,330</u>	<u>235,296</u>

9. PREFERENCE SHARES

In 2020, the Holding Company issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offer at a price of Rs. 10 per share in cash, carrying mark-up at the rate of 6 months KIBOR + 3.5% per annum. The payment of the same shall be at the discretion of the Board of Directors of the Holding Company. The objective of the preference shares issuance was to finance PVC-III expansion and VCM debottlenecking projects. The Holding Company has an option to call and redeem preference shares in full or in part after the expiry of twelve months from the issue date. The preference shares may be converted into ordinary shares of the Holding Company at the option of the preference shares holder after the expiry of eighty months from December 31, 2020 based on the ratio of 1:1. No shares were converted during the period.

(Amounts in thousand)**10. LONG-TERM BORROWINGS**

Title	Mark-up rate per annum	Installments		2024	2023
		Number	Commencing	----- Rupees -----	
Loan from International Finance Corporation (IFC) - note 10.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	-	1,645,647
Bilateral Loan - note 10.2	6 months KIBOR + 0%	6 half yearly	July 15, 2021	-	903,584
Islamic Long Term Financing Facility (ILTF) - note 10.3	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,573,252	1,633,332
Loan under diminishing musharka agreement I - note 12.4	3 months KIBOR + 0.4%	8 half yearly	June 28, 2023	300,000	300,000
Syndicated Long Term Islamic Financing Facility - note 10.5	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,734,429	8,733,733
Loan under diminishing musharka agreement II - note 12.6	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Ijarah Facility from International Finance Corporation (IFC) - note 10.7	SOFR + 3.68%	7 half yearly	July 15, 2025	4,063,424	4,112,422
Islamic Temporary Economic Refinance Facilities (ITERF) - notes 10.8	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 2023 to September 2023	3,351,283	3,395,059
Bilateral Loan II - note 12.9	3 months KIBOR + 0.4%	20 quarterly	April 19, 2026	2,000,000	-
				<u>26,022,388</u>	<u>26,723,777</u>
Less: Current portion shown under current liabilities					
- Loans from International Finance Corporation				-	(1,645,647)
- Bilateral Loan				-	(903,584)
- Islamic Long Term Financing Facility (ILTF)				(243,750)	(243,750)
- Islamic Temporary Economic Refinance Facility (ITERF)				(205,523)	(177,745)
- Loan under diminishing musharka agreement I				(100,000)	(100,000)
				(549,273)	(3,070,726)
Less: Deferred income - Government grant				(1,473,807)	(1,515,485)
				<u>23,999,308</u>	<u>22,137,566</u>

- 10.1 In 2018, the Holding Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. During the period, the outstanding loan was repaid in entirety.
- 10.2 In 2019, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipt maintained with DIBPL. During the period, the outstanding loan was repaid in entirety.

(Amounts in thousand)

- 10.3 In 2020, the Holding Company obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and buildings), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.
- 10.4 In 2021, the Holding Company made a draw down of Rs. 400,000 under diminishing musharka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.5 On December 28, 2022, the Holding Company made a draw down of Rs. 8,750,000 under syndicate long term islamic financing facility to finance buyback of its sukuk bonds. The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.6 On December 12, 2022, the Holding Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.
- 10.7 In 2021, the Holding Company had entered into a ijarah agreement with IFC for a total of USD 15,000, the draw down of which was made during the year in November 2023. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building) to the extent of USD 18,750 which shall rank pari passu with the charges created in favour of the existing creditors.
- 10.8 In 2021, the Holding Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During 2023, the Holding Company received additional Rs. 144,522 on account of ITERF loan facility.
- 10.9 During the year, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (except land and building) to the extent of Rs. 2,500,000, ranking subordinate and subservient to the charges created in favour of the existing creditors.

(Amounts in thousand)

- 10.10 In 2021, EPPL entered into a musharaka agreement with MCB Bank Limited and MCB Islamic Bank Limited amounting to Rs. 550,000 and Rs. 100,000, respectively, under the Islamic Temporary Economic Refinance Facility (ITERF) of State Bank of Pakistan (SBP). The borrowing is secured by the way of hypothecation charge of present and future movable fixed assets of EPPL (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.
- 10.11 In 2022, EPPL entered into a musharaka agreement with Faysal Bank Limited amounting to Rs. 2,000,000 under the ITERF of SBP. The principal is repayable over 10 years in 32 equal quarterly installments commencing from January 2025 and carries markup at SBP Refinance Rate plus 0.95% payable quarterly. The borrowing is secured by the way of hypothecation charge over plant and machinery of EPPL with 20% margin. In 2023, EPPL further received Rs. 1,615,854 on account of its ITERF facility to the extent of Rs. 2,500,000.

11. LEASE LIABILITIES

This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 1,855,761 (December 31, 2023: Rs. 2,435,722).

	Unaudited March 31, 2024	Audited December 31, 2023
	<u>Rupees</u>	
12. DEFERRED TAX LIABILITY - net		
Credit balances arising due to:		
- accumulated depreciation	5,943,158	6,007,188
Debit balances arising due to:		
- unpaid liabilities	457,870	451,480
- leases	287,288	440,128
- provisions	1,989,393	1,989,393
- shares issuance cost	77,771	77,771
- minimum tax carried forward	204,321	-
- accumulated business losses	515,123	66,034
	<u>(3,531,766)</u>	<u>(3,024,806)</u>
	<u>2,411,392</u>	<u>2,982,382</u>

13. TRADE AND OTHER PAYABLES

Includes amounts due to following related parties:

- Engro Corporation Limited	406,208	292,606
- Engro Fertilizers Limited	106,593	150,569
- Engro Energy Limited	282	250
- Engro Foundation	-	125,000
- Engro Vopak Terminal Limited	133,000	289,925
- Engro Eximp FZE	1,137,420	1,739,751
- The Dawood Foundation	-	-
- Nimir Industrial Chemicals Limited	-	46,292
	<u>1,783,503</u>	<u>2,644,393</u>

(Amounts in thousand)**14. CONTINGENCIES AND COMMITMENTS**

14.1 There is no change in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023.

14.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at March 31, 2024 amounts to Rs. 6,621,500 (December 31, 2023: Rs. 6,621,500). The amount utilised there against as at March 31, 2024 is Rs. 5,902,139 (December 31, 2023: Rs. 5,902,139).

The performance guarantees of Rs. 102,180 and Rs. 286,682 have been given in respect of Sindh Development and Maintenance of Infrastructure Cess (SIDC) and greenfield application status of EPPL, respectively. With regard to greenfield status, the Group is of the view that if payment on account of sales tax and income tax amounting to Rs. 149,620 is required to be made to the Government authorities, the same will be recoupable in its tax returns for future periods. Accordingly, no provision has been recognised in this respect.

14.3 The facility for opening letter of credits as at March 31, 2024 aggregates to Rs. 32,448,000 (December 31, 2023: Rs. 36,237,214) out of which Rs. 5,111,920 (December 31, 2023: Rs. 7,707,035) have been utilised.

14.4 The Holding Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) and Caustic Soda in respect of which future lease commitments aggregate to:

	Unaudited March 31, 2024	Audited December 31, 2023
	Rupees	
Not later than one year	<u>22,360</u>	<u>16,770</u>

14.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 8,514 (December 31, 2023: USD 10,584) valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 7,914 (December 31, 2023: USD 8,270) valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 518 (December 31, 2023: USD 667) valid till December 31, 2024.

	Unaudited March 31, 2024	Audited December 31, 2023
	Rupees	
Commitments in respect of expenditure of capital and other operational items	<u>4,508,535</u>	<u>4,587,857</u>

(Amounts in thousand)

	Unaudited March 31, 2024	Unaudited March 31, 2023
	Rupees	
15. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(1,272,033)	1,671,883
Adjustments for non cash-charges and other items:		
Staff retirement and other service benefits	20,175	52,815
Depreciation:		
- operating assets	889,565	690,870
- right-of-use asset	119,319	120,141
Amortisation of intangible assets	26,408	26,146
Provision against:		
- slow moving stores and spares	13,068	-
Unrealised foreign exchange loss on financial assets and liabilities	(93,059)	600,041
Income on financial assets	(222,978)	(444,016)
Finance costs	1,666,784	(1,160,574)
Gain on disposal of operating assets	(1,467)	-
Unwinding of GIDC	-	71,256
Default surcharge on GIDC	-	189,354
Working capital changes - note 15.1	500,131	(1,542,515)
	<u>1,645,913</u>	<u>389,847</u>
15.1 WORKING CAPITAL CHANGES		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(315,007)	(246,191)
Stock-in-trade	1,293,104	(44,714)
Trade debts	265,789	(1,361,498)
Loans, advances, deposits, and other receivables - net	721,906	331,881
	<u>1,965,792</u>	<u>(1,320,522)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(1,465,661)	(221,993)
	<u>500,131</u>	<u>(1,542,515)</u>
16. CASH AND CASH EQUIVALENTS		
Short-term investments	318,846	2,236,256
Cash and bank balances	3,521,369	3,258,841
Running finances	(10,125,994)	-
	<u>(6,285,779)</u>	<u>5,495,097</u>

(Amounts in thousand)**17. SEGMENT INFORMATION**

17.1 The basis of segmentation and reportable segments presented in these condensed interim financial statements are same as disclosed in the annual audited financial statements for the year ended December 31, 2023.

	March 31, 2024 (Unaudited)				March 31, 2023 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total
	Rupees							
Revenue								
- At a point	13,226,335	3,295,713	-	16,522,048	15,777,558	2,170,085	-	17,947,643
- Over time	-	-	50,160	50,160	-	-	30,687	30,687
	<u>13,226,335</u>	<u>3,295,713</u>	<u>50,160</u>	<u>16,572,208</u>	<u>15,777,558</u>	<u>2,170,085</u>	<u>30,687</u>	<u>17,978,330</u>
Less:								
Cost of sales	(13,077,496)	(2,384,835)	(44,202)	(15,506,533)	(12,682,680)	(1,687,958)	(16,406)	(14,387,044)
Distribution and marketing expenses	(79,032)	(65,016)	(130)	(144,178)	(106,886)	(39,252)	-	(146,138)
Administrative expenses	(540,635)	(134,805)	(2,051)	(677,491)	(241,631)	(32,107)	-	(273,738)
Other expenses	(17,789)	(5,371)	(64)	(23,224)	(670,839)	(94,330)	(1,304)	(766,473)
Other income	114,375	60,039	863	175,277	384,353	58,915	747	444,015
Finance costs	(1,331,838)	(331,215)	(5,039)	(1,668,092)	(1,035,692)	(139,484)	(1,893)	(1,177,069)
Taxation	296,362	73,304	1,125	370,791	(429,127)	(58,585)	(835)	(488,547)
(Loss) / Profit after tax	<u>(1,409,718)</u>	<u>507,814</u>	<u>662</u>	<u>(901,242)</u>	<u>995,056</u>	<u>177,284</u>	<u>10,996</u>	<u>1,183,336</u>

	March 31, 2024 (Unaudited)				December 31, 2023 (Audited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	Rupees							
Segment assets and liabilities								
Total segment assets	44,899,048	20,029,223	5,081	64,933,352	47,742,233	19,713,130	23,193	67,478,556
Unallocated assets				<u>24,765,228</u>				<u>23,119,254</u>
				<u>89,698,580</u>				<u>90,597,810</u>
Total segment liabilities	42,554,646	12,792,883	5,371	55,352,900	43,395,659	11,076,081	13,026	54,484,766
Unallocated assets				<u>7,764,760</u>				<u>7,520,959</u>
				<u>63,117,660</u>				<u>62,005,725</u>

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

(Amounts in thousand)

18. TRANSACTIONS WITH RELATED PARTIES

18.1 Transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

Nature of relationship	Nature of transactions	Unaudited	Unaudited
		March 31, 2024	March 31, 2023
<u>Rupees</u>			
Intermediate Parent Company			
- Engro Corporation Limited	Reimbursement made	343,533	260,474
	Reimbursement received	1,782	25
	Dividend paid	510,733	-
Member of the Group			
- Engro Fertilizers Limited	Sales of utilities	79,433	30,007
	Purchase of services	17,583	12,559
	Reimbursement made	11,462	27,247
	Reimbursement received	209	818
- Engro Vopak Terminal Limited	Purchase of services	520,067	710,356
	Reimbursement made	16,074	20,105
	Reimbursement received	180	750
- Engro Energy Limited	Reimbursements received	32	1,500
- Engro Powergen Thar (Private) Limited	Reimbursement received	9	-
- Engro Enfrashare (Private) Limited	Reimbursement received	3	-
- Engro Foundation	Reimbursement received	48	-
- Engro Eximp FZE	Purchased of goods	6,521,059	7,161,508
	Sale of goods	589,037	1,656,495
	Reimbursement made	47,498	60,752
- Sindh Engro Coal Mining Company Limited	Reimbursement received	390	-
		Unaudited	Unaudited
		March 31, 2024	March 31, 2023
<u>Rupees</u>			
Associated Company			
- Mitsubishi Corporation	Dividend paid	100,054	-
- Pakistan Oxygen Limited	Purchase of goods	-	-
	Purchase of services	-	-
	Sale of goods	55,544	-
- Overseas Investors Chamber of Commerce and Industry (OICCI)	Purchase of services	-	-
- KSB Pumps Company Limited	Purchase of goods	10,620	-
- Nimir Industrial Chemicals Limited	Purchase of goods	14,976	-
- ATS Synthetic (Private) Limited	Sale of goods	1,461,960	-
- Pakistan Vinyl Industries	Sale of goods	112,117	-
Directors	Fee	6,705	4,553
	Dividend paid	9	-
Contribution to staff retirement benefits	Managed and operated by the Intermediate Parent Company		
	- Provident fund	32,394	30,685
	- Gratuity fund	21,087	22,363
	- Pension fund	1,394	1,328
Key management personnel	Managerial remuneration	40,248	41,764
	Retirement benefit funds	6,872	7,058
	Bonus	16,159	16,847
	Other benefits	11,910	8,179

(Amounts in thousand)

19. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. As at the reporting date, the carrying value of all financial assets and liabilities approximate to their fair value.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows;

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company held the following assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds				
- December 31, 2024	-	-	-	-
- December 31, 2023	-	100,118	-	100,118

20. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on April 19, 2024 has approved an interim dividend of Rs. Nil (2023: Rs. 1) per ordinary share for the period ended March 31, 2024.

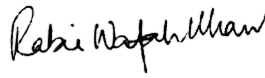
The Board of Directors in its meeting held on April 19, 2024 has approved an interim preference dividend of Rs. Nil (2023: Rs. 0.5) per preference share for the period ended March 31, 2024.

21. DATE OF AUTHORISATION FOR ISSUE

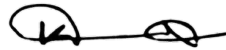
These financial statements were authorised for issue on April 19, 2024 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director

اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ

شیر ہولڈرز کے لیے ڈائریکٹرز کا جائزہ

غیر آڈٹ شدہ مشترکہ عبوری مالیاتی گوشوارے برائے

سہ ماہی ختم شدہ 31 مارچ 2024

اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 مارچ 2024 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

کاروباری جائزہ

2024 کی پہلی سہ ماہی میں مارکیٹ کے کمزور صورتحال، خاص طور پر طلب میں کمی، PVC کی قیمتوں پر منفی اثر ڈالتی رہی۔ توانائی اور شپنگ لاگت بڑھنے کے نتیجے میں بڑھتی ہوئی قیمتوں نے پروڈیوسر کے مارجن کو دباؤ میں رکھا۔ سردیوں کے طویل موسم نے خاص طور پر مین لینڈ چین میں مانگ کو مزید کم کر دیا، جہاں تعمیراتی سرگرمیاں متاثر ہوئیں۔ نئے قمری سال کی تعطیلات کے دوران مارکیٹ سست روی کا شکار رہی اور طلب مزید کمزور رہی۔ چین سے برآمدات کا حجم تین سال کی اوسط سے اوپر رہا، ہندوستان چینی PVC کے لیے بڑی مارکیٹ بنا رہا۔ سہ ماہی کے دوران، لاجسٹکس اور خام مال کی بڑھتی ہوئی قیمتیں مارکیٹ کو متاثر کرنے والے دو بڑے عوامل تھے۔

سیاسی غیر یقینی صورتحال، غیر سازگار کاروباری ماحول، مہنگائی میں اضافے، توانائی اور ایندھن کی بڑھتی ہوئی قیمتوں اور طویل سردیوں کی وجہ سے پی وی سی کی مقامی طلب کم رہی۔ تعمیراتی سرگرمیوں میں سست روی کے سبب سینٹ کی فروخت میں 13% سالانہ کمی دیکھی گئی۔ اسٹیل کی بڑھتی ہوئی قیمتیں، اعلیٰ فنائنگ لاگت اور نئی ہاؤسنگ انوینٹری کی دستیابی کے نتیجے میں طلب میں مزید کمی آئی۔

جنوری کے وسط سے تیزی کارحان دیکھا گیا اور سپلائی پر دباؤ سے اتھلین کی قیمتیں 875 ڈالر فی MT سے بڑھ کر 1,050 ڈالر فی MT ہو گئیں۔ ایشیا میں، علاقائی پروڈیوسرز کی طرف سے سپلائی سخت رہی اور امریکہ اور مشرق وسطیٰ سے گہرے سمندری کارگو زپانا مہ کی نال اور بحیرہ احمر میں جاری لاجسٹک مسائل کے پیش نظر محدود رہے۔ کمزور طلب اور سپلائی کے توازن میں معمولی بہتری کے درمیان اتھلین ڈائیکلورائیڈ (EDC) کی مارکیٹ قیمت منجمد رہی۔ VCM کی مانگ کمزور ہونے سے PVC مارکیٹ میں سست روی دیکھی گئی۔

فروری میں قیمتوں میں اضافہ دیکھنے سے پہلے، محدود سپلائی اور نئے قمری سال کی وجہ سے سست روی اور فریٹ ریٹس بڑھنے سے سہ ماہی کی پہلی ششماہی میں بین الاقوامی کاسٹک سوڈا کی قیمتیں کم رہیں۔ کاسٹک سوڈا ایکسپورٹ مارکیٹ منجمد رہی کیونکہ تاجروں نے تعطیلات کے بعد ڈیمانڈ سائیکل پر عمل کیا۔ جبکہ مقامی ٹیکسٹائل سیکٹر توانائی کی بڑھتی ہوئی قیمتوں اور مہنگائی کی وجہ سے مقامی کاسٹک کی طلب کم ہونے سے مشکلات کا شکار رہا۔

کمپنی نے 2024 کی پہلی سہ ماہی میں 16,572 ملین روپے کی آمدنی ریکارڈ کی، سیلز کی مقدار اور عالمی PVC قیمتوں میں کمی سے پچھلے سال کی اسی مدت کے مقابلے میں 7.8% کی کمی کا سامنا رہا۔ 2024 کی پہلی سہ ماہی کے دوران، کمپنی نے 901 ملین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا کیونکہ کورڈیٹا اور سیلز کی مقدار میں کمی رہی، نتیجتاً، 1.21 روپے فی شیئر کا نقصان سامنے آیا جو گزشتہ سال میں 1,183 ملین روپے کے بعد از ٹیکس منافع کے ساتھ فی شیئر 1.30 روپے منافع تھا۔

مقامی میکر واکٹنا مک غیر یقینی صورتحال سے درپیش چیلنجوں کے باوجود ہمارے ہائیڈروجن پراجیکٹس اور دیگر منصوبوں پر کام جاری ہے۔

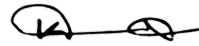
مستقبل کا جائزہ

ہم پر امید ہیں کہ PVC کی قیمتیں قدرے مندی کے بعد مستحکم رہیں گی، جبکہ زیادہ سپلائی اور کمزور عالمی طلب قیمتوں میں کمی کا باعث بن سکتی ہے، اگر مومن قیمتیں بلند سطح پر ہیں تو پروڈیوسر کام مارجن قیمتوں میں مزید کمی کا باعث بن سکتا ہے۔

دوسری طرف، اتھلیٹک کی قیمتوں میں اضافے کی توقع ہے کیونکہ رسد اور سپلائی کی رکاوٹیں تشویش کا باعث ہیں۔ EDC کی قیمتیں PVC کی طلب اور کاسٹک سوڈا کے محرکات سے چلائی جائیں گی، اس لیے مندی سے استحکام کی توقع ہے۔ آئی ایم ایف کے جائزے کے بعد کی مثبت صورتحال میں، سیاسی استحکام میں نئے ترقیاتی پروگراموں کا اعلان کرنے کی بدولت PVC کی طلب بڑھنے کا امکان ہے۔

آنے والی سہ ماہی کے لیے ہمارے ترجیح اپنے پلانٹ میں محفوظ اور پائیدار آپریشنز کو یقینی بنانا، جاری منصوبوں کو محفوظ طریقے سے مقررہ مدت کے اندر مکمل کرنا، اور مشکل معاشی صورتحال سے گزرنا ہے۔

بورڈ کی جانب سے



ڈائریکٹر



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