



engro polymer & chemicals

# enabling growth for prosperity



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accounts  
**2023**

# company information

## Chairman

Mr. Ghias Khan

## Chief Executive Officer

Mr. Jahangir Piracha

## Chief Financial Officer

Ms. Rabia Wafah Khan

## Company Secretary

Mr. Khawaja Haider Abbas

## Corporate Audit Manager

Mr. Kalimuddin A. Khan

## board of directors

Mr. Tomoya Kondo

Mr. Nazoor Ali Baig

Mr. Syed Shahzad Nabi

Ms. Ayesha Aziz

Mr. Tariq Nasir

## bankers

Allied Bank Limited

Allied Bank Limited (Islamic)

Askari Bank Limited

Al Baraka Bank (Pakistan) Limited Bank

Bank Alfalah Limited

Bank Alfalah Limited (Islamic)

Bank Al-Habib Limited

Bank Al-Habib Limited (Islamic)

Bank of Khyber

Bank Islami Pakistan Limited

Bank of China

Citibank N.A

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank

Meezan Bank Limited

National Bank of Pakistan

Standard Chartered Bank Pakistan Limited

Samba Bank Limited

Summit Bank Limited

United Bank Limited

The Bank of Punjab United Bank Limited

## auditors

A.F. Ferguson & Co 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

## registered office

8<sup>th</sup>Floor, The Harbour Front Building,

HC # 3, Marine Drive, Block 4, Clifton, Karachi-75600, Pakistan

Tel: +92(21) 35297501 – 35297510, Fax:+92(21) 35810669

e-mail: info@engro.com, website: www.engro.com

## regional sales office

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

UAN: 111 211 211

## shares registrar

FAMCO Associates (Private) Limited

8-F, Near Faran Hotel, Nursery, Block-6 PECHS,

Shahrah-e-Faisal, Karachi -74000

Tel: +92(21) 34380101-5 lines

## website

www.engropolymer.com



**ENGRO POLYMER & CHEMICALS LIMITED**  
DIRECTOR'S REVIEW TO THE SHAREHOLDERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30<sup>th</sup>, 2023

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited (the "Company" or "EPCL"), we are delighted to present the unaudited condensed interim financial statements of the Company (consolidated and unconsolidated) for the nine months ended September 30<sup>th</sup>, 2023.

**Business Review**

The PVC market remained under pressure on account of economic uncertainty and high volatility in international energy prices. Market saw some early signs of restocking in India in anticipation of demand increase following the end of monsoon season in September, following which a bearish trend continued. On the other hand, demand from China remained lackluster despite the Chinese government's efforts to boost infrastructure development through new policies. The PVC market in North America has been relatively stable with demand for PVC being supported by the construction and automotive sectors.

In 2023, the domestic demand in downstream PVC market was heavily impacted due to unpredictable economic conditions, surging inflation, rising energy and fuel costs and the fluctuation in exchange rates. PVC market benefitted from an uptick in construction activity in 3Q23, following a relatively milder monsoon season compared to the same period last year.

Ethylene prices weakened on the back of higher spot availability from both Asia and North America. Downstream affordability remained weak due to high energy costs and uncertain capacity utilization. Ethylene Dichloride (EDC) market activity remained limited amid high ethylene prices and thin margins, whereas VCM demand also tracked the slowdown in the downstream PVC market.

Caustic soda prices increased in Asia on the back of higher demand in China from alumina and textile producers, which, coupled with some turnarounds in China, added upward pressure on prices. Domestically, while the textile sector has been struggling due to high energy prices and inflation dampening local caustic demand, demand for caustic in export-oriented industry remained stable.

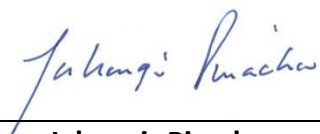
The Company recorded a revenue of Rs. 25,016 million in 3Q 2023, indicating an increase of ~48% compared to the same period last year mainly on the back of higher volumetric sales. During 3Q 2023, the Company recorded a Profit After Tax of Rs. 2,639 million translating into a basic Earnings Per Share of Rs. 2.74, compared to a Profit After Tax of Rs. 2,257 million, translating into basic Earnings Per Share of Rs. 2.36 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**

As we continue to serve and support the market through these tough economic times, we face significant challenges in ensuring gas availability towards the end of the year, which may impact our business.

Going forward, we expect PVC prices to be stable to soft, given the supply surplus and weak demand fueled by a slowdown in global economies.



**Jahangir Piracha**  
Chief Executive Office



**Ghias Khan**  
Chairman



engro polymer & chemicals


unconsolidated condensed  
interim financial statements (unaudited)  
for the nine months ended  
september 30, 2023

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2023**


(Amounts in thousand)

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
Rupees			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	43,627,160	41,004,218
Right-of-use asset		1,272,422	1,617,227
Intangible assets		624,019	686,598
Long-term investments	6	6,837,000	3,884,000
Financial assets at amortized cost	7	-	1,317,508
Long-term loans and advances		15,440	-
		52,376,041	48,509,551
<b>Current Assets</b>			
Stores, spares and loose tools		3,435,382	2,464,113
Stock-in-trade	8	12,674,725	10,415,992
Trade debts	9	4,339,724	2,676,464
Loans, advances, deposits, prepayments and other receivables	10	3,277,292	2,980,140
Short term investments		4,421,502	14,059,319
Cash and bank balances		3,686,241	2,852,045
		31,834,866	35,448,073
<b>TOTAL ASSETS</b>		<b>84,210,907</b>	<b>83,957,624</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary share capital		9,089,233	9,089,233
Preference shares		3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profit		11,645,731	11,169,486
<b>Total Equity</b>		<b>27,609,917</b>	<b>27,133,672</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	11	17,092,934	19,329,365
Deferred income - Government grant	11	218,910	184,609
Lease liabilities	12	1,566,187	1,842,558
Provisions		558,143	637,807
Deferred tax liability		2,419,628	2,155,320
		21,855,802	24,149,659
<b>Current Liabilities</b>			
Trade and other payables	13	17,657,161	14,916,145
Service benefit obligations		67,722	74,278
Current portion of long term borrowings	11	3,004,191	4,818,569
Current portion of deferred income - Government grant	11	48,720	39,114
Current portion of lease liabilities	12	1,534,026	1,898,636
Short term borrowings		729,860	474,360
Accrued interest / mark-up		744,818	366,576
Unclaimed dividend		1,540,176	1,174,365
Taxes payable		2,441,200	2,901,371
Provisions		6,977,314	6,010,879
		34,745,188	32,674,293
<b>Total Liabilities</b>		<b>56,600,990</b>	<b>56,823,952</b>
<b>Contingencies and Commitments</b>	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84,210,907</b>	<b>83,957,624</b>

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



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



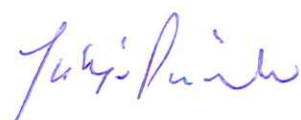
**Ghias Khan**  
Chairman

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

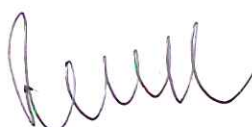
(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
----- Rupees -----					
Revenue from contracts with customers - net		25,011,993	16,904,430.00	62,030,790	62,308,363
Cost of sales		(18,486,932)	(11,931,395.00)	(46,463,958)	(42,143,218)
<b>Gross profit</b>		<b>6,525,061</b>	<b>4,973,035</b>	<b>15,566,832</b>	<b>20,165,145</b>
Distribution and marketing expenses		(133,286)	(129,409)	(414,483)	(397,567)
Administrative expenses		(291,808)	(285,271)	(895,170)	(789,141)
Other expenses		(803,350)	(1,025,291)	(1,799,557)	(3,152,367)
Other income		373,769	465,991	1,143,668	1,302,725
<b>Operating profit</b>		<b>5,670,386</b>	<b>3,999,055</b>	<b>13,601,290</b>	<b>17,128,794</b>
Finance costs		(1,236,509)	(852,707)	(3,961,102)	(2,198,570)
<b>Profit before taxation</b>		<b>4,433,877</b>	<b>3,146,348</b>	<b>9,640,188</b>	<b>14,930,224</b>
Taxation	15	(1,796,188)	(864,972)	(4,169,323)	(5,588,917)
<b>Profit for the period</b>		<b>2,637,689</b>	<b>2,281,376</b>	<b>5,470,865</b>	<b>9,341,307</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>2,637,689</b>	<b>2,281,376</b>	<b>5,470,865</b>	<b>9,341,307</b>
<b>Earnings per share - basic</b>		<b>2.74</b>	<b>2.39</b>	<b>5.52</b>	<b>9.94</b>
<b>Earnings per share - diluted</b>		<b>2.18</b>	<b>1.89</b>	<b>4.53</b>	<b>7.73</b>

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



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



**Ghias Khan**  
Chairman



**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

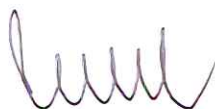
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary Share capital	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profits	
			Rupees		
<b>Balance as at January 1, 2022 (Audited)</b>	9,089,233	3,000,000	3,874,953	13,994,903	29,959,089
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
<b>Total comprehensive income for the nine months ended September 30, 2022</b>	-	-	-	(12,119,003)	(12,119,003)
<b>Balance as at September 30, 2022 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,217,207	27,181,393
<b>Transactions with owners</b>					
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
<b>Total comprehensive income for the three months ended December 31, 2022</b>	-	-	-	(2,416,308)	19,604,081
<b>Balance as at December 31, 2022 (Audited)</b>	9,089,233	3,000,000	3,874,953	11,169,486	49,154,061
<b>Transactions with owners</b>					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ending December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
Second interim dividend for the year ending December 31, 2023					
- Rs. 1.5 per ordinary share	-	-	-	(1,363,389)	(1,363,389)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
<b>Total comprehensive income for the nine months ended September 30, 2023</b>	-	-	-	(4,994,620)	(4,994,620)
<b>Balance as at September 30, 2023 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,645,731	49,630,306

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



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



**Ghias Khan**  
Chairman

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**


(Amounts in thousand)

		Nine months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Note		
Cash generated from operations	16	12,723,368	15,741,982
Long-term loans and advances		(15,440)	(5,147)
Retirement benefits paid		(57,728)	(89,331)
Income tax paid		(4,365,186)	(1,410,350)
<b>Net cash generated from operating activities</b>		<b>8,285,014</b>	<b>14,237,154</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(4,797,363)	(2,564,177)
Purchases of intangibles		(15,867)	
Proceeds from disposal of property, plant and equipment		31,074	15,763
Disbursement of subordinated loan to subsidiary companies		(3,625,800)	-
Repayment of subordinated loan from subsidiary companies		3,600,800	-
Investment made in subsidiaries companies		(2,953,000)	(1,419,000)
Purchase of Term Deposit Receipt		(1,440,000)	-
Proceeds from sale of Term Deposit Receipts		1,040,000	5,776,457
Purchase of short-term investments		(38,818,106)	(14,734,000)
Proceeds from sale of short-term investments		52,449,318	14,800,268
Investment in Pakistan Investment Bonds		-	(108,178,834)
Proceeds from sale of Pakistan Investment Bonds		-	108,047,862
Income on short-term investment and bank deposits		824,819	1,070,712
<b>Net cash utilized in investing activities</b>		<b>6,295,875</b>	<b>2,815,051</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction cost		144,522	217,685
Repayment of Long term borrowing		(4,874,676)	(4,065,333)
Proceeds of loan from subsidiary company		400,000	-
Repayment of short term borrowing		(144,500)	-
Finance costs paid		(2,642,140)	(1,415,991)
Rentals paid		(1,773,319)	(1,282,518)
Dividend paid		(4,628,809)	(12,219,149)
<b>Net cash utilized in financing activities</b>		<b>(13,518,922)</b>	<b>(18,765,306)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,061,967</b>	<b>(1,713,101)</b>
Cash and cash equivalents at beginning of the period		3,013,774	5,665,843
<b>Cash and cash equivalents at end of the period</b>	17	<b>4,075,741</b>	<b>3,952,742</b>

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

  
**Jahangir Piracha**  
Chief Executive Officer

  
**Rabia Wafah Khan**  
Chief Financial Officer

  
**Ghias Khan**  
Chairman



**ENGRO POLYMER AND CHEMICALS LIMITED**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the now 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/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 6th Floor, Haly Tower Office, Lalik Chowk, Phase II, DHA, Lahore.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and the directives issued under the Act.

Where the provisions of and the directives issued under the Act differ with the requirements of IAS 34, the provisions of and the directives issued under the Act have been followed.

- 2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.
- 2.3 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary companies namely Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited have been accounted for at cost less accumulated impairment losses, if any. The consolidated condensed interim financial statements of the Company and its subsidiary companies have been presented separately.

(Amounts in thousand)

### 3. SIGNIFICANT ACCOUNTING AND CHANGES THEREIN

- 3.1 The significant accounting policies and the methods of computation applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2022.
- 3.2 There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.
- 3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

### 4. ACCOUNTING ESTIMATES

The preparation of these unconsolidated 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 unconsolidated condensed interim financial statements are the same as those that were applied in the audited financial statements of the Company as at and for the year ended December 31, 2022 unless otherwise specified.

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - notes 5.1 and 5.2	34,911,110	34,375,626
Capital work-in-progress - note 5.3	8,468,605	6,416,479
Capital spares	247,445	212,113
	<u>43,627,160</u>	<u>41,004,218</u>
<b>5.1</b>		
Following additions, including transfers from capital work-in-progress were made during the period / year:		
Building on leasehold land	57,187	22,975
Plant and machinery	2,522,955	5,174,012
Furniture, fixtures and equipment	93,038	143,901
Vehicles	20,856	128,008
	<u>2,694,036</u>	<u>5,468,896</u>

- 5.2 Operating assets costing Rs. 47,783 (December 31, 2022: Rs. 311,568) having net book value of Rs. 28,316 (December 31, 2022: Rs. 28,292) were disposed / written off for Rs. 31,074 (December 31, 2022: Rs. 29,385) during the period.

(Amounts in thousand)

5.3 Movement in capital work-in-progress during the period / year is as follows:

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Balance as at beginning of the period / year	6,416,479	5,185,100
Additions during the period / year	4,797,363	6,783,361
Transferred to:		
- Operating assets - note 5.1	(2,694,036)	(5,468,896)
- Intangible assets	(15,867)	(72,212)
- Capital spares	(35,333)	(10,874)
	<u>8,468,605</u>	<u>6,416,479</u>

## 6. LONG-TERM INVESTMENTS

During the period, the Company made further investment in Engro Plasticizer (Private) Limited and Engro Peroxide (Private) Limited (wholly owned subsidiaries of the Company) through subscription of right shares amounting to Rs. 10,000 and Rs. 2,943,000, respectively.

## 7. FINANCIAL ASSETS AT AMORTIZED COST

Investment in Term Deposit Receipts - note 7.1	1,828,566	4,040,191
Less: Current maturity shown under current assets	<u>(1,828,566)</u>	<u>(2,722,683)</u>
	<u>-</u>	<u>1,317,508</u>

7.1 Represents term deposits receipts aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5,833 starting from July 15, 2021 and ending on January 15, 2024.

## 8. STOCK-IN-TRADE

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Raw and packing materials - note 8.1	9,760,355	7,283,484
Less: Provision against stock-in-trade	<u>(499,199)</u>	<u>(99,199)</u>
	9,261,156	7,184,285
Work-in-process	96,148	-
Finished goods - manufactured products and trading products - note 8.2	<u>3,317,421</u>	<u>3,231,707</u>
	<u>12,674,725</u>	<u>10,415,992</u>



(Amounts in thousand)

- 8.1 This includes stock held with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,596,321 (December 31, 2022: Rs. 2,672,597) and goods in transit amounting to Rs. 3,286,096 (December 31, 2022: Nil)
- 8.2 During the period, the Company has written-off stock-in-trade amounting to Nil (December 31, 2022: Rs. 18,604).

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	

9. TRADE DEBTS

These include receivables from following related parties:

Engro Eximp FZE	3,105,978	2,223,250
Engro Fertilizers Limited	29,748	4,972
	<u>3,135,727</u>	<u>2,228,222</u>

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

These include receivables from following related parties:

Engro Corporation Limited	713	1,055
Engro Fertilizers Limited	-	13,402
Engro Energy Limited	87	562
Engro Foundation	10,749	-
Engro Powergen Qadirpur Limited	337	69
ThinkPVC (Private) Limited	3,020	755
Engro Vopak Terminal Limited	2,641	-
Sindh Engro Coal Mining Company Limited	9	-
Engro Peroxide (Private) Limited	71,285	11,646
Engro Plasticizer (Private) Limited	440	440
Elengy Terminal Pakistan Limited	34	-
Engro Elengy Terminal Private Limited	419	-
Engro Powergen Thar (Private) Limited	168	32
Engro Energy Services Limited	193	8
	<u>90,095</u>	<u>27,969</u>

(Amounts in thousand)

## 11. LONG-TERM BORROWINGS

	Mark-up rate per annum	Installments		Unaudited	Audited
		Number	Commencing	September 30, 2023	December 31, 2022
				Rupees	
Loan from International Finance Corporation (IFC)	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	1,678,282	3,913,259
Bilateral Loan	6 months KIBOR + 0%	6 half yearly	July 15, 2021	903,584	2,710,751
Islamic Long Term Financing Facility (ILTFF)	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,826,826	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	871,948	748,484
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	350,000	400,000
Syndicated long term financing facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,734,116	8,730,846
Loan under diminishing musharka agreement	3 months KIBOR + 0.3%	6 quarterly	March 30, 2026	6,000,000	6,000,000
				<u>20,364,755</u>	<u>24,371,657</u>
Less: Current portion shown under current liabilities:				(3,004,191)	(4,818,569)
Less: Deferred income - Government grant				(267,630)	(223,723)
				<u>17,092,934</u>	<u>19,329,365</u>

11.1 As at September 30, 2023, there is no material change in the terms and conditions of the borrowings as disclosed in the notes 18 of the annual financial statements of the Company for the year ended December 31, 2022.

11.2 During the period further draw down amounting to Rs. 144,522 was made against the Company's ITERF facility. The impact of below market mark-up rate on this additional loan has been accounted for as government grant.

## 12. LEASE LIABILITIES

These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,046,539 (December 31, 2022: Rs. 3,679,819).

(Amounts in thousand)

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	

### 13. TRADE AND OTHER PAYABLES

This includes amounts due to the following related parties:

- Engro Corporation Limited	356,480	361,293
- Engro Fertilizers Limited	96,409	54,370
- Engro Energy Limited	30,250	315
- Engro Foundation	-	8,000
- Think PVC (Private) Limited	188	188
- Engro Vopak Terminal Limited	254,606	229,475
- Engro Eximp FZE	4,011,334	834,764
- Sindh Engro Coal Mining Company	3,355	
- Engro Peroxide (Private) Limited	9,038	9,038
- Engro Plasticizer (Private) Limited	20	20
- The Dawood Foundation	-	240
	<u>4,761,680</u>	<u>1,497,703</u>

### 14. CONTINGENCIES AND COMMITMENTS

- 14.1 As at September 30, 2023, there is no material change in the status of matters reported as contingencies in notes 26 and 27 of the audited annual financial statements of the Company for the year ended December 31, 2022, except for the recent decision of the Sindh High Court (the SHC) with respect to the applicability of Super Tax on high earning persons introduced via Finance Act, 2022 which was decided by the SHC in favour of the Company. Post this decision Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in Supreme Court of Pakistan (SCP) whereby SCP through its interim order dated February 16, 2023, directed Nazir of SHC to encash bank guarantee to the extent of 4% of super tax, resutantly, bank guarantee equivalent to Rs. 665,210 has been encashed during the period.
- 14.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at September 30, 2023 amounts to Rs. 7,111,030 (December 31, 2022: Rs. 6,548,000). The amount utilized there against as at September 30, 2023 is Rs. 5,907,070 (December 31, 2022: Rs. 5,908,206).



**(Amounts in thousand)**

14.3 The facility for opening letters of credit as at September 30, 2023 aggregates to Rs. 28,198,000 (December 31, 2022: Rs.23,000,000). The amount utilized thereagainst as at September 30, 2023 was Rs. 10,488,978 (December 31, 2022: Rs. 6,725,937)

14.4 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) in respect of which future lease commitments aggregate to:

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Not later than one year	<u>4,950</u>	<u>3,600</u>

14.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 24,882 valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 11,452 valid till 31 December 2028 and Vinyl Chloride Monomer (VCM) aggregate to USD 871 valid till December 31, 2023.

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
14.6 Commitments in respect of capital expenditure and other operational items	<u>1,826,181</u>	<u>1,759,592</u>

**15. TAXATION**

This includes provision made in accordance with section 4C "Super tax on high earning persons" introduced in the Income Tax ordinance, 2001 through the Finance Act, 2023 (the Act), whereby the super tax at the rate of 10% has been levied on the income exceeding Rs. 500,000 for the year ended December 31, 2022 (tax year 2023) and onwards.

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2023	September 30, 2022
	-----Rupees-----	
<b>16. CASH GENERATED FROM OPERATIONS</b>		
Profit for the period before taxation	9,640,188	14,930,224
<b>Adjustments for non-cash charges and other items:</b>		
Provision for staff retirement and other service benefits	51,172	44,665
Depreciation:		1,793,837
- operating assets	2,141,821	
- right-of-use assets	344,805	364,065
Amortization of intangible assets	78,446	71,676
Remeasurement loss on provision against Gas Infrastructure Development Cess (GIDC)	145,882	193,602
Provision for stock-in-trade	400,000	-
Provision / (Reversal) for slow moving stores and spares	(17,793)	-
Write-off of stores and spares	6,270	-
Income on short-term investments and bank deposits	(931,408)	(1,274,555)
Unrealized foreign exchange loss on revaluation of financial assets and liabilities	(256,485)	2,018,557
Amortization of transaction costs	18,831	32,018
Interest expense on lease liabilities	181,001	190,122
Default surcharge on GIDC	740,889	339,511
Finance costs	3,020,381	1,499,179
(Gain) / Loss on disposal of operating assets	(2,758)	416
Working capital changes - note 16.1	(2,837,875)	(4,461,334)
	<u>12,723,368</u>	<u>15,741,982</u>
<b>16.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(959,746)	(876,399)
Stock-in-trade	(2,658,733)	(865,049)
Trade debts - considered good	(1,663,260)	(864,274)
Loans, advances, deposits, prepayments and other receivables - net	(297,152)	(768,420)
	<u>(5,578,891)</u>	<u>(3,374,142)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	2,741,016	(1,087,192)
	<u>(2,837,875)</u>	<u>(4,461,334)</u>

(Amounts in thousand)

## 17. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,686,241	2,392,848
Short term investments	389,500	1,559,898
	<u>4,075,741</u>	<u>3,952,746</u>

## 18. SEGMENT INFORMATION

18.1 The basis of segmentation and reportable segments presented in these unconsolidated condensed interim financial statements are same as disclosed in the annual financial statements of the Company for the year ended December 31, 2022.

	September 30, 2023 (Unaudited)				September 30, 2022 (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 in time	53,544,651	8,381,693	-	61,926,344	55,878,503	6,329,108	-	62,207,611
- Over time	-	-	104,446	104,446	-	-	100,744	100,744
	<u>53,544,651</u>	<u>8,381,693</u>	<u>104,446</u>	<u>62,030,790</u>	<u>55,878,503</u>	<u>6,329,108</u>	<u>100,744</u>	<u>62,308,355</u>
Less:								
Cost of sales	(41,311,946)	(5,089,065)	(62,947)	(46,463,958)	(40,158,784)	(1,911,060)	(73,369)	(42,143,212)
Distribution and marketing expenses	(269,588)	(144,895)	-	(414,483)	(309,038)	(88,528)	-	(397,566)
Administrative expenses	(774,213)	(120,957)	-	(895,170)	(686,553)	(102,588)	-	(789,141)
Other expenses	(1,553,368)	(243,159)	(3,030)	(1,799,557)	(2,932,123)	(216,793)	(3,451)	(3,152,367)
Other income	987,208	154,534	1,926	1,143,668	1,168,291	132,327	2,106	1,302,724
Finance costs	(3,419,202)	(535,230)	(6,670)	(3,961,102)	(2,029,219)	(166,697)	(2,653)	(2,198,570)
Taxation	(3,598,938)	(563,365)	(7,020)	(4,169,323)	(5,012,174)	(567,707)	(9,036)	(5,588,917)
<b>Profit after taxation</b>	<u>3,604,605</u>	<u>1,839,556</u>	<u>26,705</u>	<u>5,470,865</u>	<u>5,918,904</u>	<u>3,408,063</u>	<u>14,340</u>	<u>9,341,307</u>

	September 30, 2023 (Unaudited)				September 30, 2022 (Unaudited)			
	Poly Vinyl Chloride and allied chemicals	Caustic soda and allied chemicals	Power supply	Total	Poly Vinyl Chloride and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	Rupees							
Total segment assets - note 18.2	58,628,082	6,673,221	48,111	65,349,414	31,707,556	6,427,511	7,867,731	46,002,798
Unallocated assets				18,861,493				29,975,218
<b>Total assets</b>				<u>84,210,907</u>				<u>75,978,016</u>
Total segment Liabilities	30,085,931	1,038,299	19,081	31,143,311	29,033,918	1,150,121	3,337,923	33,521,962
Unallocated Liabilities				25,457,679				15,274,661
<b>Total Liabilities</b>				<u>56,600,990</u>				<u>48,796,623</u>



**(Amounts in thousand)**

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

**19. TRANSACTIONS WITH RELATED PARTIES**

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

Nature of relationship	Nature of transactions	Unaudited	
		Nine months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
<b>Holding Company</b>			
- Engro Corporation Limited	Reimbursements made	1,203,845	674,888
	Reimbursements received	867	84,474
	Subordinated loan		2,000,000
	Markup on loan		20,137
	Intangible asset - software		18,587
<b>Subsidiary Company</b>			
- Think PVC (Private) Limited	Expenses incurred on behalf of the subsidiary		1,537
	Reimbursements received	2,266	-
	Subordinated Loan given	25,000	-
	Markup on Loan	1,081	-
- Engro Plasticizer (Private) Limited	Expenses incurred on behalf of the subsidiary	-	120
	Subordinated loan given	5,000	
	Subordinated loan repaid	5,000	
	Markup on subordinated loan given	171	
- Engro Peroxide (Private) Limited	Expenses incurred on behalf of the subsidiary		132,789
	Reimbursements received	109,816	27,964
	Subordinated loan given	3,595,800	996,000
	Markup on subordinated loan given	122,575	14,436
	Subordinated loan repaid	3,595,800	-
	Subordinated loan received	400,000	-
Markup on subordinated loan	500	-	

(Amounts in thousand)

Nature of relationship	Nature of transactions	Unaudited Nine months ended	
		September 30, 2023	September 30, 2022
-----Rupees-----			
<b>Members of the Group</b>			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sale of steam and electricity	103,037	99,120
	Reimbursement received	1,935	4,189
	Reimbursement made	174,616	78,504
	Purchase of goods	30,969	-
	Purchase of services	53,488	100,933
- Engro Vopak Terminal Limited	Reimbursement made	51,487	41,261
	Reimbursements received	2,662	-
	Late payment charges	14,825	-
	Purchase of services	2,210,880	1,605,345
- Engro Energy Limited	Reimbursements received	1,697	-
	Reimbursement made	-	-
	Donation	-	49,728
- Engro Foundation	Donation	-	6,351
	Reimbursement made	272	-
	Reimbursements received	10,749	-
- Engro Powergen Qadirpur Limited	Reimbursement received	337	2,364
	Reimbursement made	-	1,555
- Engro Eximp FZE	Purchase of goods	26,606,104	9,657,445
	Sale of goods	6,536,338	1,222,523
	Reimbursement made	463,132	-
	Reimbursements received	1,137	-
- Engro Energy Services Limited	Reimbursement received	184	-
	Sale of goods	-	-
	Reimbursement made	-	-
- Engro PowerGen Thar Private Limited	Reimbursement received	295	3,242
	Reimbursement made	530	-
- Sindh Engro coal mining company limited	Reimbursement made	4,084	-
- Engro Elengy Terminal Private Limited	Reimbursements received	419	-
<b>Directors</b>	Fee	15,002	13,634

(Amounts in thousand)

		Unaudited	
		Nine months ended	
Nature of relationship	Nature of transactions	September 30, 2023	September 30, 2022
-----Rupees-----			
<b>Contribution to staff retirement benefits</b>	Managed and operated by the Holding Company		
	- Provident fund	92,519	82,407
	- Gratuity fund	65,740	61,242
	- Pension fund	4,051	3,315
<b>Key management personnel</b>	Managerial remuneration	117,559	113,183
	Retirement benefit funds	20,023	18,552
	Bonus	47,293	44,273
	Other benefits	25,872	21,064

## 20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

## 21. 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. The carrying values of all financial assets and liabilities reflected in the unconsolidated condensed interim financial statements approximate their fair values.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within the level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

(Amounts in thousand)

	Level 1	Level 2	Level 3	Total
	Rupees			
Short term investments in units of mutual funds - September 30, 2023	-	5,166,791	-	5,166,791
Short term investments in units of mutual funds - December 31, 2022	-	7,972,732	-	7,972,732

For the remaining financial assets and liabilities, the fair values are considered not to be materially different from their respective carrying amounts since these are either short-term in nature or are periodically re-priced.

## 22. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

- 22.1 The Board of Directors in its meeting held on October 17, 2023 has approved an interim cash dividend of Rs. 2.5 per share for the period ended September 30, 2023 amounting to Rs. 2,272,308. These unconsolidated condensed interim financial statements do not include the effects of the said interim dividend.
- 22.2 The Board of Directors in its meeting held on October 17, 2023 has approved an interim cash dividend for preference share holders of Rs. 0.65 per share for the period ended September 30, 2023 amounting to Rs. 195,000. These unconsolidated condensed interim financial statements do not include the effects of the said interim dividend.

## 23. CORRESPONDING FIGURES

- 23.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position has been compared with the balances of annual audited unconsolidated financial statements of preceding financial year, whereas the unconsolidated condensed interim profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 23.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever, considered necessary.

(Amounts in thousand)

**24. DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorized for issue on October 17, 2023 by the Board of Directors of the Company.



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



**Ghias Khan**  
Chairman





engro polymer & chemicals

**consolidated condensed  
interim financial statements (unaudited)  
for the nine months ended  
september 30, 2023**

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2023**

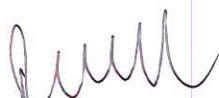
(Amounts in thousand)

	Note	(Unaudited) September 30, 2023	(Audited) December 31, 2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	51,332,949	45,286,725
Right-of-use asset		1,326,286	1,683,540
Intangibles		624,019	686,598
Financial assets at amortized cost	6	-	1,317,508
Long-term loans and advances		16,240	800
		<u>53,299,494</u>	<u>48,975,171</u>
<b>Current Assets</b>			
Stores, spares and loose tools		3,435,383	2,464,113
Stock-in-trade	7	12,674,725	10,415,992
Trade debts - considered good	8	4,339,724	2,679,412
Loans, advances, deposits, prepayments and other receivables	9	4,519,096	3,514,946
Short term investments		4,421,502	14,059,319
Cash and bank balances		3,949,566	3,291,627
		<u>33,339,997</u>	<u>36,425,409</u>
<b>TOTAL ASSETS</b>		<u><u>86,639,491</u></u>	<u><u>85,400,580</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital			
- Ordinary shares		9,089,233	9,089,233
- Preference shares		3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profit		11,549,749	11,157,529
		<u>27,513,935</u>	<u>27,121,715</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	10	18,379,371	19,834,943
Government grant	10	1,269,713	581,338
Lease liabilities	11	1,603,389	1,892,238
Provisions		558,143	637,807
Deferred tax liability		2,332,952	2,130,680
		<u>24,143,567</u>	<u>25,077,006</u>
<b>Current Liabilities</b>			
Trade and other payables	12	17,934,630	15,352,341
Service benefit obligations		67,722	74,278
Current portion of long term borrowings	10	3,072,461	4,826,263
Current portion of Government grant	10	210,098	97,328
Current portion of lease liabilities	11	1,555,661	1,912,744
Short term borrowings		329,860	474,360
Accrued interest / mark-up		920,545	392,062
Unclaimed dividend		1,540,176	1,174,365
Taxes payables		2,373,522	2,887,239
Provisions		6,977,315	6,010,879
		<u>34,981,990</u>	<u>33,201,859</u>
		59,125,557	58,278,865
<b>Contingencies and Commitments</b>			
	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>86,639,491</u></u>	<u><u>85,400,580</u></u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



**Ghias Khan**  
Chairman

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(Amounts in thousand except for earnings per share)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
Revenue from contracts with customers - net	25,015,742	16,904,430	62,038,106	62,308,363
Cost of sales	(18,491,600)	(11,931,395)	(46,470,764)	(42,143,218)
<b>Gross profit</b>	<b>6,524,142</b>	<b>4,973,035</b>	<b>15,567,342</b>	<b>20,165,145</b>
Distribution and marketing expenses	(140,947)	(131,560)	(426,567)	(416,387)
Administrative expenses	(293,430)	(285,271)	(896,792)	(789,141)
Other expenses	(817,959)	(1,049,105)	(1,936,264)	(3,176,964)
Other income	375,546	478,006	1,151,897	1,329,935
<b>Operating profit</b>	<b>5,647,352</b>	<b>3,985,105</b>	<b>13,459,616</b>	<b>17,112,588</b>
Finance costs	(1,236,843)	(872,719)	(3,965,185)	(2,223,403)
<b>Profit for the period before taxation</b>	<b>4,410,509</b>	<b>3,112,386</b>	<b>9,494,431</b>	<b>14,889,185</b>
Taxation	14 (1,768,757)	(855,135)	(4,107,590)	(5,580,175)
<b>Profit for the period after taxation</b>	<b>2,641,752</b>	<b>2,257,251</b>	<b>5,386,842</b>	<b>9,309,010</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,641,752</b>	<b>2,257,251</b>	<b>5,386,842</b>	<b>9,309,010</b>
<b>Earnings per share - basic</b>	<b>2.74</b>	<b>2.36</b>	<b>5.43</b>	<b>9.91</b>
<b>Earnings per share - diluted</b>	<b>2.18</b>	<b>1.87</b>	<b>4.46</b>	<b>7.70</b>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.



**Jahangir Piracha**  
Chief Executive Officer



**Rabia Wafah Khan**  
Chief Financial Officer



**Ghias Khan**  
Chairman




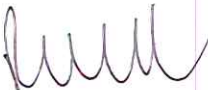
**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**


(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID- UP CAPITAL		RESERVES		Total
	Ordinary shares	Preference shares	CAPITAL Share premium	REVENUE Unappropriated profit	
	Rupees				
<b>Balance as at January 1, 2022 (Audited)</b>	9,089,233	3,000,000	3,874,953	14,003,724	29,967,910
<b>Transaction with owners</b>					
Final dividend for the year ended December 31, 2021					
- Rs. 5.5 per ordinary share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per preference share	-	-	-	(81,000)	(81,000)
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
<b>Total comprehensive income for the nine months ended September 30, 2022</b>	-	-	-	(12,119,003)	(12,119,003)
<b>Balance as at September 30, 2022 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,193,731	27,157,917
<b>Transaction with owners</b>					
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
<b>Total comprehensive income for the three months ended December 31, 2022</b>	-	-	-	(2,416,308)	(2,416,308)
<b>Balance as at December 31, 2022 (Audited)</b>	9,089,233	3,000,000	3,874,953	11,157,528	27,121,714
<b>Transaction with owners</b>					
Final dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
First interim dividend for the year ending December 31, 2023					
- Rs. 1 per ordinary share	-	-	-	(908,923)	(908,923)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
Second interim dividend for the year ending December 31, 2023					
- Rs. 1.5 per ordinary share	-	-	-	(1,363,389)	(1,363,389)
- Rs. 0.50 per preference share	-	-	-	(150,000)	(150,000)
<b>Total comprehensive income for the nine months ended September 30, 2023</b>	-	-	-	(4,994,620)	(4,994,620)
<b>Balance as at September 30, 2023 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,549,749	27,513,935

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

  
**Jahangir Piracha**  
Chief Executive Officer

  
**Rabia Wafah Khan**  
Chief Financial Officer

  
**Ghias Khan**  
Chairman

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	11,724,629	15,672,275
Long-term loans and advances		(15,440)	(5,147)
Retirement benefits paid		(57,728)	(89,331)
Income tax paid		(4,419,035)	(1,420,529)
<b>Net cash generated from operating activities</b>		<b>7,232,426</b>	<b>14,157,268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(8,220,678)	(3,861,235)
Purchases of intangibles		(15,867)	-
Proceeds from disposal of property, plant and equipment		31,074	15,763
Proceeds from sale of Term Deposit Receipt		1,040,000	-
Purchase of Term Deposit Receipt		(1,440,000)	5,776,457
Purchase of short-term investments		(38,818,106)	(14,734,000)
Proceeds from sale of short-term investments		52,424,315	-
Investment in Pakistan Investment Bonds		-	(108,178,834)
Proceeds from sale of Pakistan Investment Bonds		-	108,047,862
Proceeds from sale of Mutual Funds Units		-	14,800,268
Income on short-term investment and bank deposits		831,589	1,097,001
<b>Net cash utilized in investing activities</b>		<b>5,832,326</b>	<b>2,963,282</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction cost		1,760,376	778,293
Repayments of long term borrowing		(4,891,858)	(4,065,320)
Repayment of short term borrowing		(144,500)	-
Finance costs paid		(2,492,100)	(1,441,214)
Rentals paid		(1,782,151)	(1,296,096)
Dividend paid		(4,628,809)	(13,148,517)
<b>Net cash utilized in financing activities</b>		<b>(12,179,042)</b>	<b>(19,172,854)</b>
<b>Net increase in cash and cash equivalents</b>		<b>885,710</b>	<b>(2,052,304)</b>
Cash and cash equivalents at beginning of the period		3,453,356	5,994,826
<b>Cash and cash equivalents at end of the period</b>	16	<b>4,339,066</b>	<b>3,942,522</b>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

  
**Jahangir Piracha**  
Chief Executive Officer

  
**Rabia Wafah Khan**  
Chief Financial Officer

  
**Ghias Khan**  
Chairman



**ENGRO POLYMER AND CHEMICALS LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL**  
**STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 Engro Polymer and Chemicals Limited (the Holding Company) was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Holding Company is listed on the Pakistan Stock Exchange. The Holding Company is a subsidiary of Engro Corporation Limited (the Parent Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Holding Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Holding Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited, a related party.
- 1.2 The "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.
- 1.3 The registered office of the Holding Company and its subsidiaries 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, whereas, the Chlor-Vinyl facility is at Port Bin Qasim Industrial Area, Karachi. The regional sales office of the Holding Company is on the 6th Floor, Haly Tower Office, Lalik Chowk, Phase II, DHA, Lahore. The PVC products showroom (the Branded Outlet) of Think PVC (Private) Limited is located at Plot 41-C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and the directives issued under the Act.

Where the provisions of and the directives issued under the Act differ with the requirements of IAS 34, the provisions of and the directives issued under the Act have been followed.

- 2.2 These consolidated condensed interim financial statements for the period ended September 30, 2023 are unaudited. However, these have been subjected to limited scope review by the statutory auditors of the Holding Company and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange and section 237 of the Act.

These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022.

(Amounts in thousand)

2.3 These condensed interim financial statements represents the consolidated condensed interim financial statements of the Holding Company. The unconsolidated condensed interim financial statements of the Holding Company and its subsidiary companies have been presented separately.

### 3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES AND CHANGES THEREIN

3.1 The significant accounting policies and the methods of computation applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2022.

There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on January 1, 2023. These are considered not to have any significant effect on the Group's financial reporting and operations and are, therefore, not disclosed in these consolidated condensed interim financial statements.

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

### 4. ACCOUNTING ESTIMATES

The preparation of these consolidated 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 Holding 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 consolidated condensed interim financial statements are the same as those that were applied in the annual audited consolidated financial statements of the Holding Company as at and for the year ended December 31, 2022 unless otherwise specified.

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value - notes 5.1 and 5.2	34,911,168	34,375,726
Capital work-in-progress - note 5.3	16,174,336	10,698,886
Capital spares	247,445	212,113
	<u>51,332,949</u>	<u>45,286,725</u>
5.1 Following additions, including transfers from capital work-in-progress, were made during the period / year:		
Building on leasehold land	57,187	22,975
Plant and machinery	2,522,955	5,174,012
Furniture, fixtures and equipment	93,038	143,901
Vehicles	20,856	128,008
	<u>2,694,036</u>	<u>5,468,896</u>

**(Amounts in thousand)**

5.2 Operating assets costing Rs. 47,783 (December 31, 2022: Rs. 311,568) having net book value of Rs. 28,316 (December 31, 2022: Rs. 28,292) were disposed / written off for Rs. 31,074 (December 31, 2022: Rs. 29,385) during the period.

5.3 Movement in capital work-in-progress during the period / year is as follows:

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Balance as at beginning of the period / year	10,698,886	7,094,888
Additions during the period / year	8,040,844	9,113,313
Borrowing cost capitalized during the period / year	179,844	42,669
Less: Transferred to:		
- Operating assets - note 5.1	(2,694,036)	(5,468,896)
- Intangible assets	(15,868)	(72,212)
- Capital spares	(35,333)	(10,876)
	<u>16,174,336</u>	<u>10,698,886</u>

**6. FINANCIAL ASSETS AT AMORTIZED COST**

Investment in Term Deposit Receipts - note 6.1	1,828,566	4,040,191
Less: Current maturity shown under current assets	<u>(1,828,566)</u>	<u>(2,722,683)</u>
	<u>-</u>	<u>1,317,508</u>

6.1 These represent term deposits aggregating to USD 35,000 maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of LIBOR + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5,833 starting from July 15, 2021 and ending on January 15, 2024.

**7. STOCK-IN-TRADE**

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Raw and packing materials - note 8.1	9,760,355	7,283,484
Less: Provision against stock-in-trade	<u>(499,199)</u>	<u>(99,199)</u>
	9,261,156	7,184,285
Work-in-process	96,148	-
Finished goods - manufactured products and trading products - note 8.2	<u>3,317,421</u>	<u>3,231,707</u>
	<u>12,674,725</u>	<u>10,415,992</u>

7.1 This includes stock held with Engro Vopak Terminal Limited, a related party, amounting to Rs. 2,596,321 (December 31, 2022: Rs. 2,672,597) and goods in transit amounting to Rs. 3,286,096 (December 31, 2022: Nil)

(Amounts in thousand)

7.2 During the period, the Company has written-off stock-in-trade amounting to Nil (December 31, 2022: Rs. 18,604).

	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees-----		
<b>8. TRADE DEBTS - Considered good</b>		
These include unsecured receivables from the following related parties:		
Engro Fertilizers Limited	29,748	4,972
Engro Eximp FZE	3,105,978	2,223,250
	<u>3,135,727</u>	<u>2,228,222</u>
	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees-----		
<b>9. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
These include unsecured receivables from the following related parties:		
Engro Corporation Limited	713	1,055
Engro Fertilizers Limited	-	13,402
Engro Energy Limited	87	562
Engro Foundation	10,749	
Engro Powergen Qadirpur Limited	337	69
Engro Vopak Terminal Limited	2,641	
Sindh Engro Coal Mining Company Limited	9	
Elengy Terminal Pakistan Limited	34	
Engro Elengy Terminal Private Limited	419	
Engro Powergen Thar (Private) Limited	168	32
Engro Energy Services Limited	193	8
	<u>15,350</u>	<u>15,128</u>

(Amounts in thousand)

## 10. LONG-TERM BORROWINGS

	Mark-up rate per annum	Installments		September 30,	December 31,
		Number	Commencing	2023	2022
				Rupees	
Loan from International Finance Corporation (IFC)	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	1,678,282	3,913,259
Bilateral Loan	6 months KIBOR + 0%	6 half yearly	July 15, 2021	903,584	2,710,751
Islamic Long Term Financing Facility (ILTFF)	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,826,826	1,868,317
Islamic Temporary Economic Refinance Facility (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	3,438,836	1,716,699
Loan under Diminishing Musharka Agreement	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	350,000	400,000
Syndicated Long Term Islamic Financing Facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,734,116	8,730,846
Loan under diminishing musharka agreement	3 months KIBOR + 0.3%	16 quarterly	March 30, 2028	6,000,000	6,000,000
				22,931,643	25,339,872
Less: Current portion shown under current liabilities:				(3,072,461)	(4,826,263)
Less: Deferred income - Government grant				(1,479,811)	(678,666)
				18,379,372	19,834,943

10.1 As at September 30, 2023, there is no material change in the terms and conditions of the borrowings as disclosed in the notes 18 of the annual financial statements of the Company for the year ended December 31, 2022.

10.2 During the period further draw down amounting to Rs. 1,760,376 was made against the Company's ITERF facility. The impact of below market mark-up rate on this additional loan has been accounted for as government grant.

## 11. LEASE LIABILITIES

These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 3,046,539 (December 31, 2022: Rs. 3,679,819).



(Amounts in thousand)

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>12. TRADE AND OTHER PAYABLES</b>		
This includes amounts due to the following related parties:		
- Engro Corporation Limited	357,446	363,253
- Engro Fertilizers Limited	96,409	54,370
- Engro Energy Limited	30,250	315
- Engro Foundation	-	8,000
- Engro Vopak Terminal Limited	254,606	229,475
- Engro Eximp FZE	4,011,334	834,764
- The Dawood Foundation	20	240
	<u>4,750,066</u>	<u>1,490,417</u>

### 13. CONTINGENCIES AND COMMITMENTS

- 13.1 As at September 30, 2023, there is no material change in the status of matters reported as contingencies in notes 26 and 27 of the audited annual financial statements of the Holding Company for the year ended December 31, 2022, except for the recent decision of the Sindh High Court (the SHC) with respect to the applicability of Super Tax on high earning persons introduced via Finance Act, 2022 which was decided by the SHC in favour of the Company. Post this decision Federal Board of Revenue (FBR) filed an appeal against the order of the SHC in Supreme Court of Pakistan (SCP) whereby SCP through its interim order dated February 16, 2023, directed Nazir of SHC to encash bank guarantee to the extent of 4% of super tax, resutantly, bank guarantee equivalent to Rs. 665,210 has been encashed during the period.
- 13.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at September 30, 2023 amounts to Rs. 7,161,030 (December 31, 2022: Rs. 7,048,000). The amount utilised there against as at September 30, 2023 is Rs. 6,267,432 (December 31, 2022: Rs. 6,268,568).
- 13.3 The facility for opening letters of credit of the Group as at September 30, 2023 aggregates to Rs. 30,398,000 (December 31, 2022: Rs.27,750,000). The amount utilised thereagainst as at September 30, 2023 was Rs. 11,723,978 (December 31, 2022: Rs. 8,631,302).
- 13.4 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) in respect of which future lease commitments aggregate to:

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Not later than one year	<u>4,950</u>	<u>3,600</u>

**(Amounts in thousand)**

- 13.5 In 2019, EPPL entered into a contract with Chematur Engineering AB to establish Hydrogen Peroxide manufacturing plant for a consideration of EUR 6,993 which was subsequently increase to EUR 7,665. As at September 30, 2023 commitment for civil works and equipment procurement amounts to EUR 514 (December 31, 2022: EUR 1,331).
- 13.6 In 2021, EPPL entered into a contract with China National Air Separation Engineering Company Limited for design, procurement and engineering services for Hydrogen Peroxide manufacturing plant at a consideration of CNY 104,400. As at September 30, 2023, outstanding commitment for civil works and equipment procurement amounts to CNY 31,607 (December 31, 2022: CNY 70,592).
- 13.7 In 2021, EPPL entered into a contract with Etimaad Engineering (Private) Limited for construction and installation services in respect of Hydrogen Peroxide manufacturing plant at a consideration of Rs. 927,000. As at September 30, 2023, outstanding commitment amounts to Rs. 343,442 (December 31, 2022: Rs. 472,174).
- 13.8 In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide Steel Structure in respect of the manufacturing plant for a consideration of Rs. 470,000. As at September 30, 2023, outstanding commitment for equipment procurement amounts to Rs. 146,138 (December 31, 2022: Rs. 360,362)
- 13.9 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 24,882 valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 11,452 valid till 31 December 2028 and Vinyl Chloride Monomer (VCM) aggregate to USD 871 valid till December 31, 2023.

	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	-----Rupees-----	
13.10 Commitments in respect of other capital expenditure and other operational items	<u>1,826,181</u>	<u>1,759,592</u>

**14. TAXATION**

This includes provision made by the Holding Company in accordance with section 4C "Super tax on high earning persons" introduced in the Income Tax ordinance, 2001 through the Finance Act 2023 (the Act), whereby the super tax at the rate of 10% has been levied on the income exceeding Rs. 500,000 for the year ended December 31, 2022 (tax year 2023) and onwards.

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2023	September 30, 2022
	Rupees	
<b>15. CASH GENERATED FROM OPERATIONS</b>		
15.1 Profit for the period before taxation	9,494,431	14,889,184
<b>Adjustments for non-cash charges and other items:</b>		
Provision for staff retirement and other service benefits	51,172	44,665
Depreciation of operating assets	2,141,855	1,806,442
Write-off of operating assets		-
Depreciation of right-of-use asset	357,254	364,065
Amortization of intangible assets	78,446	71,676
Remeasurement loss on provision against Gas Infrastructure Development Cess (GIDC)	145,883	193,602
Provision for stock-in-trade	400,000	
Provision / (Reversal) for slow moving stores and spares	(17,793)	
Write-off of stores and spares	6,270	-
Write-off of stock-in-trade	-	-
Income on short-term investments and bank deposits	(938,178)	(1,300,844)
Unrealized foreign exchange loss on revaluation of of financial asset and liabilities	(256,485)	2,018,557
Amortization of transaction cost	18,831	32,018
Interest expense on lease liabilities	184,882	197,399
Default surcharge on GIDC	740,889	339,511
Finance costs	3,020,583	1,524,012
(Gain) / loss on disposal of operating assets	(2,758)	416
Working capital changes - note 15.2	(3,700,653)	(4,508,428)
	<u>11,724,629</u>	<u>15,672,275</u>
<b>15.2 Working capital changes</b>		
<b>Increase / (Decrease) in current assets</b>		
Stores, spares and loose tools	(959,747)	(876,414)
Stock-in-trade	(2,658,733)	(865,049)
Trade debts - considered good	(1,660,312)	(864,274)
Loans, advances, deposits, prepayments and other receivables - net	(1,004,150)	(981,795)
	<u>(6,282,942)</u>	<u>(3,587,532)</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	2,582,289	(920,896)
	<u>(3,700,653)</u>	<u>(4,508,428)</u>
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,949,566	1,536,030
Short term investments	389,500	2,406,492
	<u>4,339,066</u>	<u>3,942,522</u>

(Amounts in thousand)

## 17. SEGMENT INFORMATION

17.1 The basis of segmentation and reportable segments presented in these consolidated condensed interim financial statements are same as disclosed in the annual financial statements of the Holding Company for the year ended December 31, 2022.

	September 30, 2023 (Unaudited)				September 30, 2022 (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 in time	53,551,967	8,381,693	-	61,933,660	55,878,503	6,329,108	-	62,207,611
- Over time	-	-	104,446	104,446	-	-	100,744	100,744
	<u>53,551,967</u>	<u>8,381,693</u>	<u>104,446</u>	<u>62,038,106</u>	<u>55,878,503</u>	<u>6,329,108</u>	<u>100,744</u>	<u>62,308,355</u>
Less:								
Cost of sales	(41,318,752)	(5,089,065)	(62,947)	(46,470,764)	(40,158,784)	(1,911,060)	(73,369)	(42,143,213)
Distribution and marketing expenses	(281,672)	(144,895)		(426,567)	(317,902)	(97,872)	-	(415,774)
Administrative expenses	(775,835)	(120,957)		(896,792)	(686,553)	(103,288)	-	(789,841)
Other expenses	(1,690,075)	(243,159)	(3,030)	(1,936,264)	(2,932,739)	(240,684)	(3,451)	(3,176,874)
Other income	995,436	154,534	1,926	1,151,896	1,170,306	157,523	2,106	1,329,935
Finance costs	(3,423,285)	(535,230)	(6,670)	(3,965,185)	(2,036,499)	(184,251)	(2,653)	(2,223,403)
Taxation	(3,537,204)	(563,365)	(7,020)	(4,107,590)	(5,012,401)	(558,737)	(9,036)	(5,580,174)
<b>Profit after taxation</b>	<u>3,520,580</u>	<u>1,839,556</u>	<u>26,705</u>	<u>5,386,841</u>	<u>5,903,931</u>	<u>3,390,739</u>	<u>14,341</u>	<u>9,309,011</u>

	September 30, 2023 (Unaudited)				September 30, 2022 (Unaudited)			
	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total
Rupees								
Total segment assets - Note 17.2	66,387,735	6,673,221	48,111	73,109,067	31,791,087	10,209,686	7,857,731	49,858,504
Unallocated assets				<u>13,530,424</u>				<u>26,957,200</u>
Total assets				<u>86,639,491</u>				<u>76,825,704</u>
Total segment Liabilities	30,085,931	1,038,299	19,081	31,143,311	29,039,663	2,030,137	3,337,923	34,407,723
Unallocated Liabilities				<u>27,982,246</u>				<u>15,260,057</u>
Total Liabilities				<u>59,125,557</u>				<u>49,667,790</u>

17.2 Segment assets consist primarily of property, plant and equipment, right-of-use assets, stores and spares, stock-in-trade and trade debts.

(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 condensed interim financial statements, are as follows:

Nature of relationship	Nature of transactions	Unaudited	
		Nine months ended	
		September 30, 2023	September 30, 2022
-----Rupees-----			
<b>Holding Company</b>			
- Engro Corporation Limited	Reimbursements made	1,204,848	702,988
	Reimbursements received	867	84,474
	Subordinated Loan	-	2,000,000
	Subordinated Loan proceeds	-	-
	Markup on loan	-	20,137
	Intangible asset - software	-	18,587
<b>Members of the Group</b>			
- Engro Fertilizers Limited	Sale of goods	-	7,270
	Sale of steam and electricity	103,037	99,120
	Reimbursement received	1,935	4,189
	Reimbursement made	174,616	78,504
	Purchase of goods	30,969	-
	Purchase of services	53,488	100,933
- Engro Vopak Terminal Limited	Reimbursement made	51,487	41,261
	Reimbursements received	2,662	-
	Late payment charges	14,825	-
	Purchase of services	2,210,880	1,605,345
- Engro Energy Limited	Reimbursements received	1,697	-
	Contribution for onward donation	-	-
- Engro Foundation	Donation	-	6,351
	Reimbursement made	272	-
	Reimbursements received	10,749	-
- Engro Elengy Terminal (Pvt.) Limited	Reimbursements received	419	-
- Engro Powergen Qadirpur Limited	Reimbursement received	337	2,364
	Reimbursement made	-	1,555
- Sindh Engro Coal Mining Company Limited	Reimbursements received	4,084	-
- Engro Eximp FZE	Purchased goods	26,606,104	9,657,445
	Sale of goods	6,536,338	1,222,523
	Reimbursement received	1,137	-
	Reimbursement made	463,132	-
- Engro Energy Services Limited	Reimbursement received	184	-
	Reimbursement made	-	-
	Sale of goods	-	-
- Engro PowerGen Thar (Pvt.) Limited	Reimbursement received	295	3,242
	Reimbursement made	530	-

(Amounts in thousand)

		Unaudited Nine months ended	
		September 30, 2023	September 30, 2022
		-----Rupees-----	
Directors	Fee	15,002	13,634
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	-Provident fund	92,519	82,407
	-Gratuity fund	65,740	61,242
	-Pension fund	4,051	3,315
Key management personnel	Managerial remuneration	117,559	113,183
	Retirement benefit funds	20,023	18,552
	Bonus	47,293	44,273
	Other benefits	-	21,064

## 19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these consolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

## 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. The carrying values of all financial assets and liabilities reflected in the consolidated condensed interim financial statements approximate their fair values.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within the level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds - September 30, 2023	-	5,166,791	-	5,166,791
Short term investments in units of mutual funds - December 31, 2022	-	7,972,732	-	7,972,732

**(Amounts in thousand)**

For the remaining financial assets and financial liabilities, the fair values are considered not to be materially different from their respective carrying amounts since the instruments are either short-term in nature or are periodically re-priced.

**21. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD**

- 21.1 The Board of Directors of the Holding Company in its meeting held on October 17, 2023 has approved an interim cash dividend of Rs. 2.5 per share for the period ended September 30, 2023 amounting to Rs. 2,272,308. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.
- 21.2 The Board of Directors of the Holding Company in its meeting held on October 17, 2023 has approved an interim cash dividend for preference share holders of Rs. 0.65 per share for the period ended September 30, 2023 amounting to Rs. 195,000. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

**22. CORRESPONDING FIGURES**

- 22.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas the consolidated condensed interim profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 22.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever, considered necessary. The impacts of which are not material.

**23. DATE OF AUTHORIZATION FOR ISSUE**

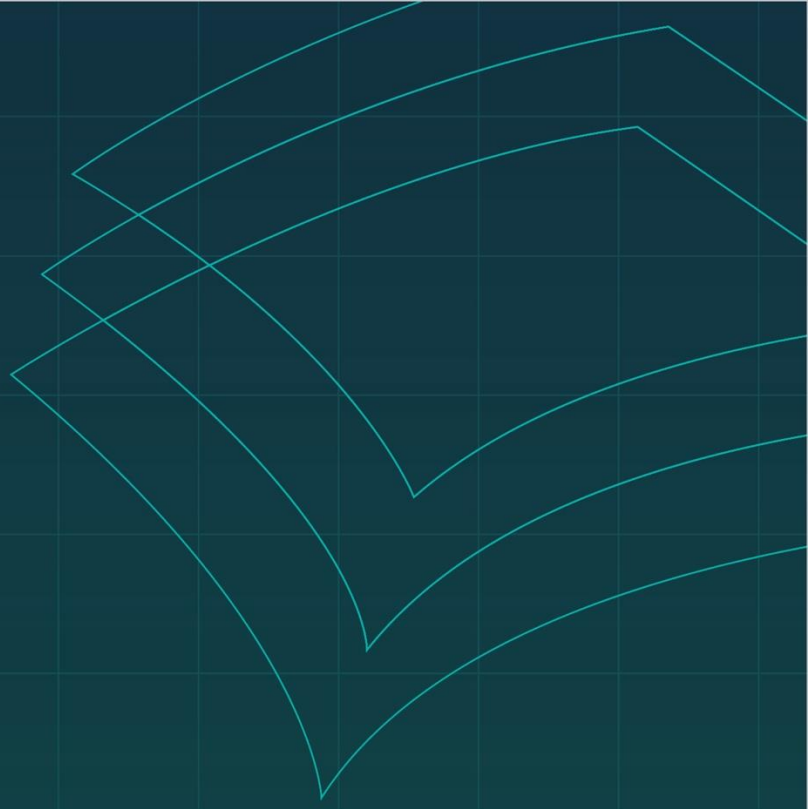
These consolidated condensed interim financial statements were authorized for issue on October 17, 2023 by the Board of Directors of the Holding Company.

**Jahangir Piracha**  
Chief Executive Officer

**Rabia Wafah Khan**  
Chief Financial Officer

**Ghias Khan**  
Chairman





اینٹرو پولیمر اینڈ کیمیکلز لمیٹڈ  
شیئر ہولڈرز کے لیے ڈائریکٹر کا جائزہ  
غیر آڈٹ شدہ مشترکہ عبوری مالیاتی گوشوارے  
برائے نو مہینے ختم شدہ 30 ستمبر 2023

مالیاتی بیانات پرائیمری اینڈ کیمیکلز لمیٹڈ ("کمپنی" یا "EPCL") کے بورڈ آف ڈائریکٹرز  
کی جانب سے ہم کمپنی کی غیر آڈٹ شدہ نو مہینے ختم شدہ 30 ستمبر 2023 کی مالی  
معلومات پیش کرنا چاہیں گے۔

## کاروباری جائزہ

PVC مارکیٹ اقتصادی غیر یقینی صورتحال اور بین الاقوامی توانائی کی قیمتوں میں زیادہ اتار چڑھاؤ کی وجہ سے دباؤ میں رہی۔ ستمبر میں  
مون سون کے موسم کے اختتام کے بعد مانگ میں اضافے کی توقع میں مارکیٹ نے ہندوستان میں دوبارہ اسٹاکنگ کے کچھ ابتدائی آثار دیکھے،  
جس کے بعد مندی کا رجحان جاری رہا۔ دوسری طرف، چین کی حکومت کی جانب سے نئی پالیسیوں کے ذریعے بنیادی ڈھانچے کی ترقی کو فروغ  
دینے کی کوششوں کے باوجود چین کی طرف سے مانگ کم رہی۔ شمالی امریکہ میں PVC مارکیٹ نسبتاً مستحکم رہی ہے کیونکہ تعمیراتی اور  
آٹوموٹیو سیکٹرز کی طرف سے PVC کی مانگ کی جاتی رہی۔

2023 میں، غیر متوقع اقتصادی حالات، بڑھتی ہوئی افراط زر، بڑھتی ہوئی توانائی، ایندھن کی قیمتوں اور شرح مبادلہ میں اتار چڑھاؤ کی  
وجہ سے ڈاون اسٹریم PVC مارکیٹ میں گھریلو مانگ بہت زیادہ متاثر ہوئی۔ پی وی سی مارکیٹ کو 3Q23 میں تعمیراتی سرگرمیوں میں  
اضافے سے فائدہ ہوا، پچھلے سال کی اسی مدت کے مقابلے نسبتاً ہلکے مانسون کے موسم کے بعد۔

ethylene کی قیمتیں ایشیا اور شمالی امریکہ دونوں سے زیادہ جگہ کی دستیابی کی وجہ سے کمزور ہوئیں۔ توانائی کی بلند قیمتوں اور صلاحیت  
کے غیر یقینی استعمال کی وجہ سے PVC downstareم کی مارکیٹ کمزور رہی۔ Ethylene Dichloride (EDC) مارکیٹ کی سرگرمی  
ethylene کی اونچی قیمتوں اور کم مارجن کے درمیان محدود رہی، جبکہ VCM کی مانگ نے بھی PVC downstareم کی مارکیٹ کی طرح  
نیچے کی طرف حرکت کی۔

چین میں aluminium اور ٹیکسٹائل پروڈیوسروں کی طرف سے زیادہ مانگ کی وجہ سے ایشیا میں کاسٹک سوڈا کی قیمتوں میں اضافہ ہوا،  
جس نے چین میں کچھ تبدیلیوں کے ساتھ قیمتوں پر اوپر کا دباؤ ڈالا۔ مقامی طور پر، کیونکہ ٹیکسٹائل کا شعبہ توانائی کی بلند قیمتوں اور  
مہنگائی کی وجہ سے جدوجہد، میں مصروف ہے لہذا caustic کی مانگ پر اثر پڑا، برآمدی صنعت میں کاسٹک کی مانگ مستحکم رہی۔

کمپنی نے 3Q 2023 میں 25,016 ملین روپے کی آمدنی ریکارڈ کی۔ جو کہ پچھلے سال کی اسی مدت کے مقابلے میں ~48% کا اضافہ ظاہر  
کرتا ہے، بنیادی طور پر زیادہ والیومیٹرک فروخت کی وجہ سے۔ 3Q 2023 کے دوران، کمپنی نے 2,639 ملین روپے کا ٹیکس کے بعد منافع  
ریکارڈ کیا۔ جو کہ فی شیئر 2.74 روپے بنتا ہے۔ پچھلے سال اسی مدت میں منافع 2,257 ملین روپے تھا جو کہ فی شیئر 2.36 روپے بنتا ہے


گھریلو میکرو اکنامک غیر یقینی صورتحال سے درپیش چیلنجوں کے باوجود ہمارے hydrogen peroxide اور دیگر کارکردگی کے منصوبوں  
پر کام جاری ہے۔

## آؤٹ لک

جیسا کہ ہم ان مشکل معاشی اوقات میں مارکیٹ کی خدمت اور تعاون جاری رکھے ہوئے ہیں، ہمیں سال کے آخر تک گیس کی دستیابی کو  
یقینی بنانے میں اہم چیلنجوں کا سامنا ہے، جو ہمارے کاروبار کو متاثر کر سکتے ہیں۔

آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ PVC کی قیمتیں قدرے مستحکم رہیں گی، عالمی معیشتوں میں سپلائی کے اضافی ہونے، سست روی  
کی وجہ سے اور کمزور مانگ کے باعث۔

  
چیرمین

  
چیف ایگزیکٹو آفیسر

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