

# پر ذریعے پوشیدہ قوت کے جو اشراف

third quarterly report 2024



engro polymer & chemicals

enhancing Pakistan

# company information

## Chief Executive Officer

Mr. Abdul Qayoom

## Chief Financial Officer

Ms. Rabia Wafah Khan

## Company Secretary

Mr. Saqib Rafique

## board of directors

Mr. Ahsan Zafar Syed | Mr. Masaaki Yokoyama | Mr. Tariq Nisar | Mr. Syed Shahzad Nabi  
Ms. Ayesha Aziz | Mr. Kamran Nishat | Mr. Nazoor Ali Baig | Mr. Abdul Qayoom

## 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  
Habib Metropolitan Bank Limited (Islamic)  
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, Near Hotel Faran, Block-6,  
PECHS, Shahrah-e-Faisal, Karachi, Pakistan  
Tel: +92(21) 34380104-5, 34384621-3  
Fax: +92(21) 34380106

## registered office

12th Floor, Ocean Tower, G-3, Block 9,  
Clifton, Khayaban-e-Iqbal,  
Karachi-75600  
PABX: +92-21-35166863-64  
UAN: 111 411 411  
Website: [www.engropolymer.com](http://www.engropolymer.com)

## 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

**ENGRO POLYMER & CHEMICALS LIMITED**  
**DIRECTORS' REVIEW TO THE SHAREHOLDERS**  
**ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 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 nine months ended September 30, 2024.

**Business Review**

Global PVC prices remained bearish in the first nine months of the year due to weak global macroeconomic fundamentals and reduced demand. Demand for PVC remained further suppressed during the monsoon season, both in India and China. However, the recent announcement of stimulus policies by the Chinese government to boost construction activity in the real estate sector, along with reduction in policy rates in both China and USA should improve the market sentiment going forward.

Ethylene prices fluctuated during the quarter, increasing to USD 1000 per ton in August on account of scheduled shutdowns before declining in September to pre shut down levels of USD 950 / ton.

Similarly, the Ethylene Dichloride (EDC) market remained subdued amid lower demand and planned maintenance activity by many major producers. Vinyl Chloride Monomer (VCM) demand was also stagnant during this period. While market data suggests short-term supply constraints due to shutdowns and reduced U.S. exports, an uptick in product inquiries and new production expansions could help stabilize the market in Q4.

The Caustic Soda market remained subdued due to recent climate-related disruptions in China and South Korea, leading to market shutdowns and reduced supply. However, as producers resume operations post monsoon, the supply-demand cycle is expected to stabilize. Prices have also seen an uptick towards the end of September followed by increase in demand. Meanwhile, the domestic textile sector has faced operating challenges due to high energy prices, which have affected demand.

The Company recorded a revenue of Rs. 54,452 million in nine months 2024, a decrease of ~12% compared to the same period last year on the back of decreasing global PVC prices and lower volumetric sales. During the period, the Company recorded an After-Tax Loss of Rs. 2,288 million primarily due to lower core delta and volumetric sales, translating into a basic Loss Per Share of Rs. 2.74, compared to a Profit After Tax of Rs. 5,387 million, translating into basic Earnings Per Share of Rs. 5.43 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 anticipate that PVC prices will remain stable to slightly bearish on the back of oversupply and weak global demand. Further reductions in domestic interest rates may play a crucial role in driving domestic demand. The ethylene market is projected to remain stable, ranging between USD 900/T to 950/T. EDC prices will largely be influenced by PVC demand and Caustic Soda dynamics, with a stable to bearish outlook. Our primary focus for the upcoming quarter will be to ensure safe and sustainable operations at our plant, completing ongoing projects safely within the communicated timelines, and effectively navigating the current economic challenges.



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Abdul Qayoom  
Chief Executive Officer  
Karachi, October 21, 2024



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Kamran Nishat  
Director



**consolidated  
financial statements**

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2024**

(Amounts in thousand)

	Note	Unaudited September 30, 2024	Audited December 31, 2023
Rupees			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	58,349,049	53,734,049
Right-of-use asset		882,654	1,206,266
Intangible assets		540,670	620,205
Long-term loans, advances and deposits		32,546	22,637
		<u>59,804,919</u>	<u>55,583,157</u>
<b>Current Assets</b>			
Stores, spares and loose tools		4,461,698	3,311,772
Stock-in-trade	6	17,496,206	16,985,039
Trade debts	7	1,427,366	1,629,173
Loans, advances, deposits, prepayments and other receivables	8	6,867,363	5,527,958
Income tax recoverable		2,658,948	-
Short-term investments		1,523,358	3,459,929
Cash and bank balances		3,008,393	4,100,782
		<u>37,443,332</u>	<u>35,014,653</u>
<b>TOTAL ASSETS</b>		<u><u>97,248,251</u></u>	<u><u>90,597,810</u></u>
<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 profits		9,229,857	12,627,899
		<u>25,194,043</u>	<u>28,592,085</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	9	23,251,216	22,137,566
Government grant		1,045,780	1,298,853
Lease liabilities	10	751,939	1,361,414
Deferred tax liability - net	11	646,889	2,982,382
		<u>25,695,824</u>	<u>27,780,215</u>
<b>Current Liabilities</b>			
Trade and other payables	12	21,122,306	14,660,566
Service benefit obligations		80,989	85,166
Current portion of long-term borrowings	9	1,242,028	3,070,726
Current portion of government grant		243,389	216,632
Current portion of lease liabilities	10	837,263	1,173,036
Short-term borrowings		14,791,728	7,526,086
Accrued interest / mark-up		1,641,726	526,224
Unclaimed dividend		288,352	705,550
Taxes payable		-	150,921
Provisions		6,110,603	6,110,603
		<u>46,358,384</u>	<u>34,225,510</u>
		<u>72,054,208</u>	<u>62,005,725</u>
<b>Contingencies and Commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>97,248,251</u></u>	<u><u>90,597,810</u></u>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**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, 2024**

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

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023 (Restated)	September 30, 2024	September 30, 2023 (Restated)
		Rupees		Rupees	
Revenue from contracts with customers - net		20,067,017	25,015,742	54,451,693	62,038,106
Cost of sales		(18,969,291)	(18,550,538)	(50,852,269)	(46,160,619)
<b>Gross profit</b>		<b>1,097,726</b>	<b>6,465,204</b>	<b>3,599,424</b>	<b>15,877,487</b>
Distribution and marketing expenses		(164,753)	(140,947)	(494,247)	(426,567)
Administrative expenses		(512,413)	(234,492)	(1,732,299)	(1,206,937)
Other expenses		(97,980)	(817,959)	(151,453)	(1,936,264)
Other income		194,439	375,546	489,456	1,151,897
<b>Operating profit</b>		<b>517,019</b>	<b>5,647,352</b>	<b>1,710,881</b>	<b>13,459,616</b>
Finance costs		(1,964,200)	(1,236,843)	(5,757,856)	(3,965,185)
<b>(Loss) / profit before income tax, minimum tax differential and final tax</b>		<b>(1,447,181)</b>	<b>4,410,509</b>	<b>(4,046,975)</b>	<b>9,494,431</b>
Minimum tax differential	3.1	(398)	(242)	(677)	(303)
Final tax	3.1	(10,975)	(37,596)	(52,863)	(267,853)
<b>(Loss) / profit before income tax</b>		<b>(1,458,554)</b>	<b>4,372,671</b>	<b>(4,100,515)</b>	<b>9,226,275</b>
Income tax		760,111	(1,730,919)	1,812,396	(3,839,434)
<b>(Loss) / profit for the period</b>		<b>(698,443)</b>	<b>2,641,752</b>	<b>(2,288,119)</b>	<b>5,386,841</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(698,443)</b>	<b>2,641,752</b>	<b>(2,288,119)</b>	<b>5,386,841</b>
<b>(Loss) / earnings per share - basic</b>	14	<b>(0.77)</b>	<b>2.74</b>	<b>(2.74)</b>	<b>5.43</b>
<b>(Loss) / earnings per share - diluted</b>	14	<b>(0.77)</b>	<b>2.49</b>	<b>(2.74)</b>	<b>4.46</b>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**


**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Ordinary share capital	Preference shares	CAPITAL	REVENUE	
			Share premium	Unappropriated profits	
Rupees					
<b>Balance as at January 1, 2023 (Audited)</b>	9,089,233	3,000,000	3,874,953	11,157,529	27,121,715
<b>Total comprehensive income for the nine months ended September 30, 2023</b>	-	-	-	5,386,841	5,386,841
<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. 0.5 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)
	-	-	-	(4,994,616)	(4,994,616)
<b>Balance as at September 30, 2023 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,549,754	27,513,940
<b>Total comprehensive income for the three months ended December 31, 2023</b>	-	-	-	3,545,453	3,545,453
<b>Transactions with owners</b>					
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)
	-	-	-	(2,467,308)	(2,467,308)
<b>Balance as at December 31, 2023 (Audited)</b>	9,089,233	3,000,000	3,874,953	12,627,899	28,592,085
<b>Total comprehensive income for the nine months ended September 30, 2024</b>	-	-	-	(2,288,119)	(2,288,119)
<b>Transactions with owners</b>					
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)
<b>Balance as at September 30, 2024</b>	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>9,229,857</u>	<u>25,194,043</u>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

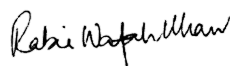
(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2024	September 30, 2023 (Restated)
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	7,944,856	11,430,785
Long-term loans and advances, net		(10,658)	(15,440)
Retirement benefits paid		(78,464)	(57,728)
Final tax paid		(52,835)	(267,853)
Minimum tax differential paid		(612)	(303)
Income tax paid		(3,333,059)	(4,150,879)
<b>Net cash generated from operating activities</b>		<b>4,469,228</b>	<b>6,938,582</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangible assets		(7,115,293)	(8,236,545)
Proceeds from disposal of property, plant and equipment		62,483	31,074
Purchase of short-term investments		(738,851)	(40,258,107)
Proceeds on sale / maturity of short-term investments		3,052,094	53,464,315
Income on short-term investments, intercompany balances and bank deposits		201,984	831,589
<b>Net cash (utilised in) / generated from investing activities</b>		<b>(4,537,583)</b>	<b>5,832,326</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction costs		2,000,000	1,760,376
Repayments of long-term borrowings		(2,906,773)	(4,891,858)
Proceeds from short-term borrowings		525,000	-
Repayment of short-term borrowings		(477,282)	(144,500)
Proceeds of subordinated loan from the parent company		1,500,000	-
Repayment of subordinated loan to the parent company		(1,500,000)	-
Finance costs paid		(4,560,827)	(2,492,100)
Lease rentals paid		(1,032,437)	(1,782,151)
Dividend paid		(1,527,121)	(4,628,809)
<b>Net cash utilised in financing activities</b>		<b>(7,979,440)</b>	<b>(12,179,042)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(8,047,795)</b>	<b>591,866</b>
Net foreign exchange differences		(7,847)	293,844
Cash and cash equivalents at beginning of the period		(2,695,581)	3,453,356
<b>Cash and cash equivalents at end of the period</b>	16	<b>(10,751,223)</b>	<b>4,339,066</b>

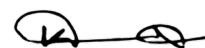
The annexed notes 1 to 23 form an integral part of these condensed consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



**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, 2024**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 The "Group" consists of Engro Polymer and Chemicals Limited (here-in-after referred to as the 'Holding Company') and its wholly owned subsidiary companies, Think PVC (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited (here-in-after referred to as 'the Group').
- 1.2 The Holding Company was incorporated in Pakistan in 1997 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Holding Company is listed on the Pakistan Stock Exchange Limited (PSX). The Holding Company is a subsidiary of Engro Corporation Limited (the Parent Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Parent Company owns 56.19% shareholding in the Holding 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.
- 1.3 The geographical location and addresses of all business units of the Group are as follows:

<b>Business unit</b>	<b>Geographical location</b>
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, Pakistan
Manufacturing plant	EZ/II-P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	Office No. 601, 6th Floor, Haly Tower, Lalak Jan Chowk, DHA, Lahore, Pakistan
Branded Outlet	Plot 41 -C, Bukhari Commercial Lane 2, Phase VI, DHA, Karachi, Pakistan

**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 the 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 directives issued under the Act.

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

**(Amounts in thousand)**

- 2.2 These consolidated 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 consolidated financial statements of the Holding Company for the year ended December 31, 2023.
- 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. MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN**

- 3.1 The material accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2023, except for the following:

The Institute of Chartered Accountants of Pakistan has issued application guidance on accounting for minimum and final taxes vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby unrecoverable minimum taxes in excess of normal tax liability and tax deducted at source under final tax regime are out of scope of IAS 12 'Income Taxes' and fall in the ambit of IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Accordingly, effective from January 1, 2024 the Group has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'income tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures in the consolidated condensed interim statement of profit and loss and other comprehensive income and consolidated condensed interim statement of cash flows have been restated. The change has no impact on (loss) / profit after tax or (loss) / earnings per share of the Group.

The effects of change in accounting policy are as follows:

	<b>Had there been no change in accounting policy</b>	<b>Impact of change in accounting policy</b>	<b>After incorporating effects of change in accounting policy</b>
	<b>Rupees</b>		
<b><i>Effect on consolidated condensed interim statement of profit or loss and other comprehensive income</i></b>			
<b>For the quarter ended September 30, 2024</b>			
Minimum tax differential	-	(398)	(398)
Final tax	-	(10,975)	(10,975)
Loss before income tax	(1,447,181)	(11,373)	(1,458,554)
Income tax	748,738	11,373	760,111
<b>For the nine months ended September 30, 2024</b>			
Minimum tax differential	-	(677)	(677)
Final tax	-	(52,863)	(52,863)
Loss before income tax	(4,046,975)	(53,540)	(4,100,515)
Income tax	1,758,856	53,540	1,812,396

(Amounts in thousand)

	<b>Had there been no change in accounting policy</b>	<b>Impact of change in accounting policy</b>	<b>After incorporating effects of change in accounting policy</b>
<b>Rupees</b>			
<b>For the quarter ended September 30, 2023</b>			
Minimum tax differential	-	(242)	(242)
Final tax	-	(37,596)	(37,596)
Profit before income tax	4,410,509	(37,838)	4,372,671
Income tax	(1,768,757)	37,838	(1,730,919)
<b>For the nine months ended September 30, 2023</b>			
Minimum tax differential	-	(303)	(303)
Final tax	-	(267,853)	(267,853)
Profit before income tax	9,494,431	(268,156)	9,226,275
Income tax	(4,107,590)	268,156	(3,839,434)

### 3.2 Initial application of standards, amendments or interpretations to existing standards

#### a) Standards and amendments to published accounting and reporting standards and interpretations that are effective during the period

There were certain amendments to accounting and reporting standards which became effective during the current period. However, these do not have any significant impact on the Holding Company's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

#### b) Standards and amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Holding Company's financial reporting and, therefore, have not been disclosed in these consolidated 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 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 judgements in the process of applying the Group'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, judgements and assumptions made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied in the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2023 except for:

**(Amounts in thousand)****4.1.1 Taxation**

Deferred tax asset is recognised for all unused tax losses and available tax credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgement is exercised to determine the amount of deferred tax asset to be recognised.

<b>Unaudited</b>	<b>Audited</b>
<b>September 30,</b>	<b>December 31,</b>
<b>2024</b>	<b>2023</b>
<b>Rupees</b>	

**5. PROPERTY, PLANT AND EQUIPMENT**

Operating assets - notes 5.1 and 5.2	33,881,041	34,567,298
Capital work-in-progress - note 5.3	24,226,963	18,921,324
Capital spares	241,045	245,427
	<u>58,349,049</u>	<u>53,734,049</u>

5.1 Following additions, including transfers from capital work-in-progress, were made during the period / year:

<b>Unaudited</b>	<b>Audited</b>	
<b>September 30,</b>	<b>December 31,</b>	
<b>2024</b>	<b>2023</b>	
<b>Rupees</b>		
Leasehold land	-	23,000
Building on leasehold land	125,373	86,169
Plant and machinery	1,223,349	2,960,220
Furniture, fixtures and equipment	100,388	96,493
Vehicles	363,903	20,856
	<u>1,813,013</u>	<u>3,186,738</u>

5.2 Operating assets costing Rs. 119,351 (December 31, 2023: Rs. 65,237) having net book value of Rs. 49,182 (December 31, 2023: Rs. 39,428) were disposed / written off for Rs. 62,483 (December 31, 2023: Rs. 44,328).

<b>Unaudited</b>	<b>Audited</b>
<b>September 30,</b>	<b>December 31,</b>
<b>2024</b>	<b>2023</b>
<b>Rupees</b>	

5.3 The movement in capital work-in-progress is as follows:

Balance at beginning of the period / year	18,921,324	10,698,886
Additions during the period	7,091,959	11,447,328
Transferred from capital spares	48,965	-
Transferred to:		
- operating assets - note 5.1	(1,813,013)	(3,186,738)
- intangible assets	22,311	(38,152)
- capital spares	(44,583)	-
	<u>(1,835,285)</u>	<u>(3,224,890)</u>
Balance at end of the period / year	<u>24,226,963</u>	<u>18,921,324</u>

(Amounts in thousand)

	Unaudited September 30, 2024	Audited December 31, 2023
	Rupees	
<b>6. STOCK-IN-TRADE</b>		
Raw and packing materials - notes 6.1 and 6.2	11,170,726	10,752,527
Work-in-process	421,710	431,254
Finished goods - manufactured products and trading products - note 6.2	5,993,924	5,907,069
	<u>17,586,360</u>	<u>17,090,850</u>
Less: Provision against stock-in-trade	(90,154)	(105,811)
	<u>17,496,206</u>	<u>16,985,039</u>
<b>6.1</b> This includes stocks held at storage facilities of following parties:		
- Engro Vopak Terminal Limited, a related party	2,768,609	2,788,703
- Al-Noor Petroleum (Private) Limited	16,062	34,959
- Al-Rahim Trading Company (Private) Limited	1,314,115	1,966,882
	<u>4,098,786</u>	<u>4,790,544</u>
<b>6.2</b> This includes goods in transit amounting to Rs. 2,145,453 (December 31, 2023: Rs. 1,413,903).		
	Unaudited September 30, 2024	Audited December 31, 2023
	Rupees	
<b>7. TRADE DEBTS - Considered good</b>		
<b>Includes amounts due from the following related parties:</b>		
- Engro Fertilizer Limited	34,117	34,915
- Engro Eximp FZE	83,523	468,441
	<u>117,640</u>	<u>503,356</u>
<b>8. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
These include advances to and receivables from the following related parties		
Engro Corporation Limited	3,511	864
Engro Fertilizers Limited	29,079	3,583
Elengy Terminal (Private) Limited	34	-
Engro Energy Limited	-	36
Engro Energy Services Limited	205	205
Engro Enfrashare (Private) Limited	3	-
Engro Eximp FZE	24,298	-
Engro Powergen Qadirpur Limited	-	422
Engro Powergen Thar (Private) Limited	6,513	50
Engro Foundation	-	-
Engro Vopak Terminal Limited	3,205	2,819
Engro Elengy Terminal (Private) Limited	1,622	456
Sindh Engro Coal Mining Company Limited	558	9
Nimir Industrial Chemicals Limited	156,067	196,910
	<u>225,095</u>	<u>205,354</u>

(Amounts in thousand)

**9. LONG-TERM BORROWINGS**

Title	Mark-up rate per annum	Installments		September 30,	December 31,
		Number	Commencing	2024	2023
				----- Rupees -----	
Loan from International Finance Corporation (IFC) - note 9.1.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	-	1,645,647
Bilateral Loan I - note 9.1.1	6 months KIBOR + 0%	6 half yearly	July 15, 2021	-	903,584
Islamic Long Term Financing Facility (LTFF)	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,452,993	1,633,332
Islamic Temporary Economic Refinance Facilities (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	3,263,732	3,395,059
Loan under diminishing musharka agreement I	3 months KIBOR + 0.4%	8 half yearly	June 28, 2023	250,000	300,000
Syndicated Long Term Islamic Financing Facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,735,899	8,733,733
Loan under diminishing musharka agreement II	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Ijarah Facility from International Finance Corporation (IFC)	SOFR + 3.68%	7 half yearly	July 15, 2025	4,079,789	4,112,422
Bilateral Loan II - note 9.1.2	3 months KIBOR + 0.4%	28 quarterly	April 19, 2026	2,000,000	-
				25,782,413	26,723,777
Less: Current portion shown under current liabilities					
- Loans from International Finance Corporation				(595,633)	(1,645,647)
- Bilateral Loan I				-	(903,584)
- Islamic Long Term Financing Facility (LTFF)				(243,750)	(243,750)
- Islamic Temporary Economic Refinance Facility (ITERF)				(302,645)	(177,745)
- Loan under diminishing musharka agreement I				(100,000)	(100,000)
				(1,242,028)	(3,070,726)
Less: Deferred income - Government grant				(1,289,169)	(1,515,485)
				23,251,216	22,137,566

9.1 As at September 30, 2024, there is no material change in the terms and conditions of the borrowings as disclosed in the note 18 of the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2023, except for the below.

9.1.1 During the period, the outstanding amounts pertaining to loan from IFC and bilateral loan I were repaid in entirety on the expiry of its contractual term and accordingly hypothecation charge on the Holding Company's assets was released.

9.1.2 During the period, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL) for a loan facility amounting to Rs. 2,000,000. 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.

**10. LEASE LIABILITIES**

This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 1,468,427 (December 31, 2023: Rs. 2,435,722).

(Amounts in thousand)

	Unaudited September 30, 2024	Audited December 31, 2023
	Rupees	
<b>11. DEFERRED TAX LIABILITY - net</b>		
Credit balance arising due to:		
- accumulated depreciation	5,748,750	6,007,188
Debit balances arising due to:		
- unpaid liabilities	478,889	451,480
- leases	248,452	440,128
- provisions	1,989,393	1,989,393
- shares issuance cost	77,771	77,771
- minimum tax carried forward	1,588,990	-
- accumulated business losses	718,366	66,034
	<u>(5,101,861)</u>	<u>(3,024,806)</u>
	<u>646,889</u>	<u>2,982,382</u>
<b>12. TRADE AND OTHER PAYABLES</b>		
Includes amounts due to following related parties:		
- Engro Corporation Limited	193,769	292,606
- Engro Fertilizers Limited	22,776	150,569
- Engro Energy Limited	186,854	250
- Engro Foundation	-	125,000
- Engro Vopak Terminal Limited	131,714	289,925
- Engro Eximp FZE	10,625,168	1,739,751
- Engro Powergen Qadirpur Limited	2	-
- Engro Powergen Thar (Private) Limited	-	-
- Engro Elengy Terminal (Private) Limited	22	-
- Sindh Engro Coal Mining Company Limited	-	-
- Nimir Industrial Chemicals Limited	-	46,292
	<u>11,160,305</u>	<u>2,644,393</u>

**(Amounts in thousand)****13. CONTINGENCIES AND COMMITMENTS**

13.1 As at September 30, 2024, there is no material change in the status of matters reported as contingencies in notes 26 and 27 of the audited annual consolidated annual financial statements of the Holding Company for the year ended December 31, 2023, except for the below.

13.1.1 In respect of the matter stated in note 26.5 of the audited annual consolidated financial statements, during the period, the Federal Board of Revenue (FBR) had filed an appeal before the Supreme Court of Pakistan (SCP) stating that the Islamabad High Court (IHC) had no jurisdiction to entertain petitions of Sindh based companies, hence the petition and interim relief order passed by the IHC with respect to the retrospective rate enhancement of super tax charge of 6% should be annulled. SCP remanded the case back to IHC with the direction to pass a speaking order justifying the reasons for inapplicability of incremental 6% retrospective rate enhancement.

Later, IHC passed an order dated March 15, 2024, as per the directive of SCP, whereby the IHC decided that 6% incremental super tax is not applicable retrospectively on tax year 2023 and prior periods. Further, the IHC also ruled that super tax should be calculated excluding all the income which falls under the Final Tax Regime. The FBR has currently filed an intra court appeal in IHC against the said order, which is pending adjudication. Hence, the Holding Company on account of prudence has continued to maintain its provision in respect of 6% incremental super tax in these consolidated condensed interim financial statements.

13.1.2 In respect of the matter stated in note 26.6 of the audited annual consolidated financial statements, during the period, the Commission Inland Revenue - Appeals [CIR(A)] had passed an order in the favor of the Holding Company for tax years 2018, 2019, 2021 and 2022 in respect of demand of Rs. 114,547 raised on account of alleged non-withholding of taxes on payments made to various parties by remanding back the order to the Commission Inland Revenue (CIR). Being aggrieved the FBR has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the said decision of CIR(A). As at September 30, 2024, appeal for tax year 2020 in the above case is still pending before the CIR(A).

13.1.3 In respect of the matter stated in note 26.7 of the audited annual consolidated financial statements, during the period, the Holding Company has further paid demand amounting to Rs. 200,000 to the FBR under protest. However, as the Holding Company based on the advice of its tax consultant is still confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these consolidated condensed interim financial statements.

13.1.4 During the period, the income tax department has amended the assessment filed by the Holding Company for tax year 2022. The Holding Company has preferred an appeal thereagainst before the CIR(A) related to the disallowances mainly pertaining to adjustment in respect of exchange gain / loss that resulted in excess demand of Rs. 500,000, which has been paid by the Holding Company under protest. However, as the Holding Company based on the advice of its tax consultant is confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these consolidated condensed interim financial statements.



**(Amounts in thousand)**

- 13.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Group as at September 30, 2024 amounts to Rs. 10,772,000 (December 31, 2023: Rs. 7,300,000). The amount utilised thereagainst as at September 30, 2024 is Rs. 8,088,942 (December 31, 2023: Rs. 6,391,001).

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 the Engro Peroxide (Private) Limited (EPPL) respectively. With regards to greenfield status, the Group is of the view that if any payment on account of sales tax and income tax which amounts 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 made in this respect.

- 13.3 The facility for opening letter of credits as at September 30, 2024 aggregates to Rs. 35,948,000 (December 31, 2023: Rs. 36,237,214) out of which Rs. 14,315,657 (December 31, 2023: Rs. 7,707,035) have been utilised.

- 13.4 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 100,400. As at September 30, 2024, outstanding commitment for civil works and equipment procurement amounts to Nil (December 31, 2023: CNY 12,547).

- 13.5 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. During the period, additional contracts were entered into at a consideration of Rs. 365,000. As at September 30, 2024, outstanding commitment amounts to Rs. 239,721 (December 31, 2023: Rs. 196,265).

- 13.6 In May 2022, EPPL entered into a contract with Suria Engineering (Private) Limited for purchase of Hydrogen Peroxide steel structure in respect of the Hydrogen Peroxide manufacturing plant for a consideration of Rs. 470,000. As at September 30, 2024, outstanding commitment for equipment procurement amounts to Rs. 87,068 (December 31, 2023: Rs. 146,138).

- 13.7 In 2024, EPPL entered into a contract with Descon Engineering Limited for engineering services in respect of Hydrogen Peroxide manufacturing plant at a consideration of Rs. 270,000. As at September 30, 2024, outstanding commitment amounts to Rs. 114,000 (December 31, 2023: Nil).

- 13.8 Commitments of Holding Company in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 4,413 (December 31, 2023: USD 10,584) are valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 2,721 (December 31, 2023: USD 4,770) are valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 184 (December 31, 2023: USD 667) are valid till December 31, 2024.

	<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
	<b>Rupees</b>	
13.9 Commitments in respect of expenditure of capital and other operational items	<u>6,352,006</u>	<u>4,587,857</u>

**14. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED**

- 14.1 Basic earnings per share has been calculated by dividing the loss / profit attributable to ordinary share holders of the Group by weighted average number of ordinary shares in issue during the period.

- 14.2 Diluted earnings per share presents the effect of conversion of potential ordinary shares (preference shares) where it leads to decrease in earnings per share or increase in loss per share.

(Amounts in thousand)

	Unaudited September 30, 2024	(Restated) Unaudited September 30, 2023
	Rupees	
<b>15. CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before income tax	(4,100,515)	9,226,275
<b>Adjustments for non cash-charges and other items:</b>		
Staff retirement and other service benefits	74,287	51,172
Depreciation:		
- operating assets	2,450,087	2,141,855
- right-of-use asset	358,084	357,254
Amortisation of intangible assets	80,872	78,446
Provision for stock-in-trade	-	400,000
Provision against slow moving stores and spares	(8,834)	(17,793)
Write-off of stock-in-trade	3,272	-
Write-off of slow moving stores and spares	13,170	6,270
Unrealised foreign exchange (gain) / loss on financial assets and liabilities	(92,960)	(550,329)
Income on financial assets	(307,118)	(938,178)
Finance costs	5,757,856	3,224,296
Amortisation of transaction cost	-	
Finance costs on lease liabilities	-	
Gain on disposal of operating assets	(15,462)	(2,758)
Write-off of operating assets	2,161	-
Default surcharge on GIDC	-	740,889
Remeasurement loss on provision against GIDC	-	145,883
Final tax	52,863	267,853
Minimum tax differential	677	303
Working capital changes - note 15.1	3,676,416	(3,700,653)
	<u>7,944,856</u>	<u>11,430,785</u>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>September 30,</b>	<b>September 30,</b>
	<b>2024</b>	<b>2023</b>
	Rupees	
<b>15.1 WORKING CAPITAL CHANGES</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and loose tools	(1,154,262)	(959,747)
Stock-in-trade	(514,439)	(2,658,733)
Trade debts	201,807	(1,660,312)
Loans, advances, deposits, prepayments and other receivables - net	(1,318,430)	(1,004,150)
	<u>(2,785,324)</u>	<u>(6,282,942)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	6,461,740	2,582,289
	<u>3,676,416</u>	<u>(3,700,653)</u>

**(Amounts in thousand)****16. CASH AND CASH EQUIVALENTS**

Short-term investments	660,034	389,500
Cash and bank balances	3,008,393	3,949,566
Running finances	(14,419,650)	-
	<u>(10,751,223)</u>	<u>4,339,066</u>

**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 audited consolidated annual financial statements for the year ended December 31, 2023.

	September 30, 2024 (Unaudited)				September 30, 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 from contract with customers - net								
- At a point	43,561,949	10,725,519	-	54,287,468	53,551,967	8,381,693	-	61,933,660
- Over time	-	-	164,225	164,225	-	-	104,446	104,446
	<u>43,561,949</u>	<u>10,725,519</u>	<u>164,225</u>	<u>54,451,693</u>	<u>53,551,967</u>	<u>8,381,693</u>	<u>104,446</u>	<u>62,038,106</u>
<b>Less:</b>								
Cost of sales	(43,071,419)	(7,644,132)	(136,718)	(50,852,269)	(41,051,304)	(5,046,775)	(62,540)	(46,160,619)
Distribution and marketing expenses	(295,543)	(198,240)	(464)	(494,247)	(281,672)	(144,895)	-	(426,567)
Administrative expenses	(1,385,773)	(341,300)	(5,226)	(1,732,299)	(1,043,283)	(163,247)	(407)	(1,206,937)
Other expenses	(92,434)	(58,680)	(339)	(151,453)	(1,690,075)	(243,159)	(3,030)	(1,936,264)
Other income	294,126	192,385	2,945	489,456	995,437	154,534	1,926	1,151,897
Finance costs	(4,605,969)	(1,134,535)	(17,352)	(5,757,856)	(3,423,285)	(535,230)	(6,670)	(3,965,185)
Minimum tax differential, final tax and income tax	1,866,234	(105,650)	(1,728)	1,758,856	(3,537,205)	(563,365)	(7,020)	(4,107,590)
<b>(Loss) / profit for the period</b>	<u>(3,728,829)</u>	<u>1,435,367</u>	<u>5,343</u>	<u>(2,288,119)</u>	<u>3,520,580</u>	<u>1,839,556</u>	<u>26,705</u>	<u>5,386,841</u>

	September 30, 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							
<b>Segment assets</b>								
Total segment assets	64,588,103	28,038,141	57,571	92,683,815	57,746,002	25,446,940	60,743	83,253,685
Unallocated assets				4,564,436				7,344,125
				<u>97,248,251</u>				<u>90,597,810</u>

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

17.3 Comparative figures of other assets have been reclassified to align with current internal reporting.

(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
		September 30, 2024	September 30, 2023
		Rupees	
<b>Parent Company</b>	Reimbursement made	1,136,271	1,204,848
	Reimbursement received	20,590	867
	Subordinated loan disbursed by the holding company	1,500,000	-
	Subordinated loan repaid by the holding company	1,500,000	-
	Mark-up on subordinated loan	12,190	-
	Dividend paid	510,733	2,553,666
<b>Associated Companies</b>	Dividend paid	100,054	500,268
	Sales of utilities	164,225	103,037
	Sales of goods	7,097,853	6,536,338
	Purchase of services	1,289,364	2,264,368
	Purchase of goods	25,450,404	26,637,073
	Reimbursement made	372,971	690,037
	Reimbursement received	139,317	23,499
	Late payment charges	-	14,825
<b>Directors</b>	Fee	14,555	15,002
	Dividend paid	6	30
<b>Contribution to staff retirement benefits</b>	Managed and operated by the Holding Company		
	- Provident fund	101,642	92,519
	- Gratuity fund	74,530	65,740
	- Pension fund	1,394	4,051
<b>Key management personnel</b>	Managerial remuneration	121,316	117,559
	Retirement benefit funds	19,280	20,023
	Bonus	48,799	47,293
	Other benefits	42,020	25,872

**19. FINANCIAL RISK MANAGEMENT**

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 consolidated financial statements.

**(Amounts in thousand)****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. 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).

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Short term investments in units of mutual funds</b>				
- September 30, 2024	-	-	-	-
- December 31, 2023	-	100,118	-	100,118

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 21, 2024 has approved a first interim cash dividend of Nil per ordinary share for the year ending December 31, 2024 amounting to Nil. These consolidated condensed interim financial statements do not include the effects of the said interim dividend.

21.2 The Board of Directors of the Holding Company in its meeting held on October 21, 2024 has approved a first interim cash dividend of Nil per preference share for the year ending December 31, 2024 amounting to Nil. These consolidated condensed interim financial statements do not include the effects 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 statement of 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 amounts of comparable period of immediately preceding financial year.

**(Amounts in thousand)**

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

Description	Reclassified		Quarter ended	Nine months ended
	from	to	September 30, 2023	September 30, 2023
Rupees				
Purchased services	Cost of sales	Administrative expenses	58,938	310,145

**23. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue on October 21, 2024 by the Board of Directors of the Holding Company.



Chief Executive Officer



Chief Financial Officer



Director



# **standalone financial statements**

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2024**

(Amounts in thousand)

	Note	Unaudited September 30, 2024	Audited December 31, 2023
<u>Rupees</u>			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	47,720,254	44,794,643
Right-of-use asset		810,963	1,156,505
Intangible assets		540,670	620,205
Long-term investments		6,837,000	6,837,000
Long-term loans and advances		31,295	21,837
		<u>55,940,182</u>	<u>53,430,190</u>
<b>Current Assets</b>			
Stores, spares and loose tools		4,176,716	3,311,772
Stock-in-trade	6	16,520,917	16,620,634
Trade debts	7	1,405,575	1,612,111
Loans, advances, deposits, prepayments and other receivables	8	10,246,736	5,817,368
Income tax recoverable		2,565,292	-
Short-term investments		1,399,023	3,345,457
Cash and bank balances		2,925,449	3,985,495
		<u>39,239,708</u>	<u>34,692,837</u>
<b>TOTAL ASSETS</b>		<u><u>95,179,890</u></u>	<u><u>88,123,027</u></u>
<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 profits		10,075,843	12,938,222
		<u>26,040,029</u>	<u>28,902,408</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	9	22,046,724	20,927,785
Government grant		140,602	195,232
Lease liabilities	10	695,525	1,331,168
Deferred tax liability	11	723,376	3,048,430
		<u>23,606,227</u>	<u>25,502,615</u>
<b>Current Liabilities</b>			
Trade and other payables	12	20,805,519	14,390,425
Service benefit obligations		80,989	85,166
Current portion of long-term borrowings	9	1,049,724	3,002,001
Current portion of government grant		47,200	49,053
Current portion of lease liabilities	10	816,552	1,155,904
Short-term borrowings		14,791,728	7,526,086
Accrued interest / mark-up		1,542,967	456,994
Unclaimed dividend		288,352	705,550
Taxes payable		-	236,222
Provisions		6,110,603	6,110,603
		<u>45,533,634</u>	<u>33,718,004</u>
<b>Contingencies and Commitments</b>	13	<u>69,139,861</u>	<u>59,220,619</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>95,179,890</u></u>	<u><u>88,123,027</u></u>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**




**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, 2024**

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

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023 (Restated)	September 30, 2024	September 30, 2023 (Restated)
Rupees					
Revenue from contracts with customers - net		20,063,368	25,011,993	54,440,058	62,030,790
Cost of sales		(18,967,652)	(18,545,735)	(50,843,025)	(46,153,813)
<b>Gross profit</b>		1,095,716	6,466,258	3,597,033	15,876,977
Distribution and marketing expenses		(159,493)	(133,421)	(481,360)	(414,483)
Administrative expenses		(512,413)	(232,870)	(1,732,299)	(1,205,315)
Other expenses		(87,797)	(803,350)	(112,244)	(1,799,557)
Other income		391,865	373,769	976,280	1,143,668
<b>Operating profit</b>		727,878	5,670,386	2,247,410	13,601,290
Finance costs		(1,962,321)	(1,236,509)	(5,752,253)	(3,961,102)
<b>(Loss) / profit before income tax and final tax</b>		(1,234,443)	4,433,877	(3,504,843)	9,640,188
Final tax	3.1	(10,974)	(37,596)	(52,835)	(267,853)
<b>(Loss) / profit before income tax</b>		(1,245,417)	4,396,281	(3,557,678)	9,372,335
Income tax		757,763	(1,758,592)	1,805,222	(3,901,470)
<b>(Loss) / profit for the period</b>		(487,654)	2,637,689	(1,752,456)	5,470,865
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>		(487,654)	2,637,689	(1,752,456)	5,470,865
<b>(Loss) / earnings per share - basic</b>	14	(0.54)	2.74	(2.15)	5.52
<b>(Loss) / earnings per share - diluted</b>	14	(0.54)	2.18	(2.15)	4.53

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

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

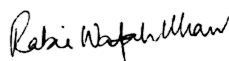
(Amounts in thousand)

	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 01, 2023 (Audited)</b>	9,089,233	3,000,000	3,874,953	11,169,486	27,133,672
<b>Total comprehensive income for the nine months ended September 30, 2023</b>	-	-	-	5,470,865	5,470,865
<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. 0.5 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)
	-	-	-	(4,994,616)	(4,994,616)
<b>Balance as at September 30, 2023 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	11,645,735	27,609,921
<b>Total comprehensive income for the three months ended December 31, 2023</b>	-	-	-	3,759,795	3,759,795
<b>Transactions with owners</b>					
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)
	-	-	-	(2,467,308)	(2,467,308)
<b>Balance as at December 31, 2023 (Audited)</b>	9,089,233	3,000,000	3,874,953	12,938,222	28,902,408
<b>Total comprehensive loss for the nine months ended September 30, 2024</b>	-	-	-	(1,752,456)	(1,752,456)
<b>Transactions with owners</b>					
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)
<b>Balance as at September 30, 2024 (Unaudited)</b>	9,089,233	3,000,000	3,874,953	10,075,843	26,040,029

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



Chief Executive Officer



Chief Financial Officer



Director


**ENGRO POLYMER AND CHEMICALS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2024	September 30, 2023 (Restated)
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	9,030,539	12,429,524
Long-term loans and advances, net		(9,458)	(15,440)
Retirement benefits paid		(78,464)	(57,728)
Final tax paid		(52,835)	(267,853)
Income tax paid		(3,321,346)	(4,097,333)
<b>Net cash generated from operating activities</b>		<b>5,568,436</b>	<b>7,991,170</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangible assets		(5,447,170)	(4,813,230)
Proceeds from disposal of property, plant and equipment		62,461	31,074
Investment made in subsidiary companies		-	(2,953,000)
Disbursement of subordinated loan to subsidiary companies		(2,796,800)	(3,625,800)
Repayment of subordinated loan from subsidiary companies		-	3,600,800
Purchase of short-term investments		(626,851)	(40,258,106)
Proceeds on sale / maturity of short-term investments		2,940,094	53,489,318
Income on short-term investments, subordinated loan, intercompany balances and bank deposits		194,070	824,819
<b>Net cash (utilised in) / generated from investing activities</b>		<b>(5,674,196)</b>	<b>6,295,875</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction costs		2,000,000	144,522
Repayments of long-term borrowings		(2,855,230)	(4,874,676)
Proceeds from short-term borrowings		525,000	-
Repayment of short-term borrowings		(477,282)	(144,500)
Proceeds of subordinated loan from subsidiary company		-	400,000
Proceeds of subordinated loan from the holding company		1,500,000	-
Repayment of subordinated loan to the holding company		(1,500,000)	-
Finance costs paid		(4,550,914)	(2,642,140)
Lease rentals paid		(1,024,145)	(1,773,319)
Dividend paid		(1,527,121)	(4,628,809)
<b>Net cash utilised in financing activities</b>		<b>(7,909,692)</b>	<b>(13,518,922)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(8,015,452)</b>	<b>768,123</b>
Net foreign exchange differences		(7,847)	293,844
Cash and cash equivalents at beginning of the period		(2,810,868)	3,013,774
<b>Cash and cash equivalents at end of the period</b>	16	<b>(10,834,167)</b>	<b>4,075,741</b>

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

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**ENGRO POLYMER AND CHEMICALS LIMITED  
UNCONSOLIDATED NOTES TO AND FORMING PART OF  
THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 Holding Company owns 56.19% of shareholding in the 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 geographical location and addresses of all business units of the Company are as follows:

<b>Business unit</b>	<b>Geographical location</b>
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi, Pakistan
Manufacturing plant	EZ/II/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	Office No. 601, 6th Floor, Haly Tower, Lalak Jan Chowk, DHA, Lahore, Pakistan

**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 the 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 directives issued under the Act.

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

**(Amounts in thousand)**

2.2 These unconsolidated 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.

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.

**3. MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN**

3.1 The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2023, except for the following:

The Institute of Chartered Accountants of Pakistan has issued application guidance on accounting for minimum and final taxes vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby unrecoverable minimum taxes in excess of normal tax liability and tax deducted at source under final tax regime are out of scope of IAS 12 'Income Taxes' and fall in the ambit of IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Accordingly, effective from January 1, 2024 the Company has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'income tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures in the unconsolidated condensed interim statement of profit and loss and other comprehensive income and unconsolidated condensed interim statement of cash flows have been restated. The change has no impact on (loss) / profit after tax or (loss) / earnings per share of the Company.

The effects of change in accounting policy are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy Rupees	After incorporating effects of change in accounting policy
<b><i>Effect on unconsolidated condensed interim statement of profit or loss and other comprehensive income</i></b>			
<b>For the quarter ended September 30, 2024</b>			
Final tax	-	(10,974)	(10,974)
Loss before income tax	(1,234,443)	(10,974)	(1,245,417)
Income tax	746,789	10,974	757,763
<b>For the nine months ended September 30, 2024</b>			
Final tax	-	(52,835)	(52,835)
Loss before income tax	(3,504,843)	(52,835)	(3,557,678)
Income tax	1,752,387	52,835	1,805,222

(Amounts in thousand)

	Had there been no change in accounting policy	Impact of change in accounting policy Rupees	After incorporating effects of change in accounting policy
<b>For the quarter ended September 30, 2023</b>			
Final tax	-	(37,596)	(37,596)
Profit before income tax	4,433,877	(37,596)	4,396,281
Income tax	(1,796,188)	37,596	(1,758,592)
<b>For the nine months ended September 30, 2023</b>			
Final tax	-	(267,853)	(267,853)
Profit before income tax	9,640,188	(267,853)	9,372,335
Income tax	(4,169,323)	267,853	(3,901,470)

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well.

### 3.2 Initial application of standards, amendments or interpretations to existing standards

#### a) Standards and amendments to published accounting and reporting standards and interpretations that are effective during the period

There were certain amendments to accounting and reporting standards which became effective during the current period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

#### b) Standards and amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting 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 judgements 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, judgements and assumptions made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied in the annual audited financial statements of the Company for the year ended December 31, 2023 except for:

**(Amounts in thousand)****4.1.1 Taxation**

Deferred tax asset is recognised for all unused tax losses and available tax credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgement is exercised to determine the amount of deferred tax asset to be recognised.

<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
<b>Rupees</b>	

**5. PROPERTY, PLANT AND EQUIPMENT**

Operating assets - notes 5.1 and 5.2	33,881,005	34,567,240
Capital work-in-progress - note 5.3	13,598,204	9,981,976
Capital spares	241,045	245,427
	<u>47,720,254</u>	<u>44,794,643</u>

5.1 Following additions, including transfers from capital work-in-progress, were made during the period / year:

<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
<b>Rupees</b>	

Leasehold land	-	23,000
Building on leasehold land	125,373	86,169
Plant and machinery	1,223,349	2,960,220
Furniture, fixtures and equipment	100,388	96,493
Vehicles	363,903	20,856
	<u>1,813,013</u>	<u>3,186,738</u>

5.2 Operating assets costing Rs. 118,905 (December 31, 2023: Rs. 65,076) having net book value of Rs. 49,160 (December 31, 2023: Rs. 39,420) were disposed / written off for Rs. 62,461 (December 31, 2023: Rs. 44,320).

<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
<b>Rupees</b>	

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

Balance at beginning of the period / year	9,981,976	6,416,479
Additions during the period	5,447,170	6,790,387
Transferred from capital spares	48,965	-
Transferred to:		
- operating assets - note 5.1	(1,813,013)	(3,186,738)
- intangible assets	(22,311)	(38,152)
- capital spares	(44,583)	-
	<u>(1,879,907)</u>	<u>(3,224,890)</u>
Balance at end of the period / year	<u>13,598,204</u>	<u>9,981,976</u>

(Amounts in thousand)

	<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
	<u>Rupees</u>	
<b>6. STOCK-IN-TRADE</b>		
Raw and packing materials - notes 6.1 and 6.2	10,195,437	10,388,122
Work-in-process	421,710	431,254
Finished goods - manufactured products and trading products - note 6.2	5,993,924	5,907,069
	<u>16,611,071</u>	<u>16,726,445</u>
Less: Provision against stock-in-trade	<u>(90,154)</u>	<u>(105,811)</u>
	<u>16,520,917</u>	<u>16,620,634</u>
<b>6.1</b> This includes stocks held at storage locations of following parties:		
- Engro Vopak Terminal Limited, a related party	2,768,609	2,788,703
- Al-Noor Petroleum (Private) Limited	16,062	34,959
- Al-Rahim Trading Company (Private) Limited	1,314,115	1,966,882
	<u>4,098,786</u>	<u>4,790,544</u>
<b>6.2</b> This includes goods in transit amounting to Rs. 2,145,453 (December 31, 2023: Rs. 1,413,903).		
	<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
	<u>Rupees</u>	
<b>7. TRADE DEBTS - Considered good</b>		
<b>Includes amounts due from the following related parties:</b>		
Engro Fertilizer Limited	34,117	34,915
Engro Eximp FZE	83,523	468,441
	<u>117,640</u>	<u>503,356</u>



(Amounts in thousand)

	Unaudited September 30, 2024	Audited December 31, 2023
	Rupees	
<b>8. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
8.1 This include advances to and receivables from the following related parties:		
Engro Corporation Limited	3,511	864
Engro Peroxide (Private) Limited	215,503	117,020
Think PVC (Private) Limited	10,310	5,502
Engro Plasticizer (Private) Limited	1,664	440
Engro Fertilizers Limited	29,079	3,583
Elengy Terminal (Private) Limited	34	-
Engro Energy Limited	-	36
Engro Energy Services Limited	205	205
Engro Enfrashare (Private) Limited	3	-
Engro Eximp FZE	24,298	-
Engro Powergen Qadirpur Limited	-	422
Engro Powergen Thar (Private) Limited	6,513	50
Engro Vopak Terminal Limited	3,205	2,819
Engro Elengy Terminal (Private) Limited	1,622	456
Sindh Engro Coal Mining Company Limited	558	9
Nimir Industrial Chemicals Limited	156,067	196,910
	<u>452,572</u>	<u>328,316</u>
8.2 This includes loan and accrued interest thereon due from Engro Peroxide (Private) Limited and Think PVC (Private) Limited, wholly owned subsidiary companies of the Company, aggregating to Rs. 4,822,620 (December 31, 2023: Rs. 1,565,829) and Rs. 48,360 (December 31, 2023: Rs. 20,168), respectively. The total facility under the loan agreements amounts to Rs. 4,500,000 (December 31, 2023: Rs. 1,600,000) and Rs. 100,000 (December 31, 2023: Rs. 50,000) extended to Engro Peroxide (Private) Limited and Think PVC (Private) Limited, respectively, out of which Rs. 2,773,800 and Rs. 23,000 respectively were drawn during the current period.		

(Amounts in thousand)

**9. LONG-TERM BORROWINGS**

Title	Mark-up rate per annum	Installments		Unaudited September 30, 2024	Audited December 31, 2023
		Number	Commencing	Rupees	
Loan from International Finance Corporation (IFC) - note 9.1.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	-	1,645,647
Bilateral Loan I - note 9.1.1	6 months KIBOR + 0%	6 half yearly	July 15, 2021	-	903,584
Islamic Long Term Financing Facility (ILTF)	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,452,993	1,633,332
Islamic Temporary Economic Refinance Facility (ITERF)	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	765,569	845,353
Loan under diminishing musharka agreement I	3 months KIBOR + 0.4%	8 half yearly	June 28, 2023	250,000	300,000
Syndicated Long Term Islamic Financing Facility	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,735,899	8,733,733
Loan under diminishing musharka agreement II	3 months KIBOR + 0.3%	16 quarterly	March 30, 2026	6,000,000	6,000,000
Ijarah facility from International Finance Corporation (IFC)	SOFR + 3.68%	7 half yearly	July 15, 2025	4,079,789	4,112,422
Bilateral Loan II - note 9.1.2	3 months KIBOR + 0.4%	28 quarterly	April 19, 2026	2,000,000	-
				<u>23,284,250</u>	<u>24,174,071</u>
Less: Current portion shown under current liabilities					
- Loans from International Finance Corporation				(595,633)	(1,645,647)
- Bilateral Loan I				-	(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)
				(1,049,724)	(3,002,001)
Less: Deferred income - Government grant				(187,802)	(244,285)
				<u>22,046,724</u>	<u>20,927,785</u>

9.1 As at September 30, 2024, there is no material change in the terms and conditions of the borrowings as disclosed in the note 18 of the annual audited financial statements of the Company for the year ended December 31, 2023, except for the below.

9.1.1 During the period, the outstanding amounts pertaining to loan from IFC and bilateral loan I were repaid in entirety on the expiry of its contractual term and accordingly hypothecation charge on the Company's assets was released.

9.1.2 During the period, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL) for a loan facility amounting to Rs. 2,000,000. 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. 2,500,000, ranking subordinate and subservient to the charges created in favour of the existing creditors.

**10. LEASE LIABILITIES**

This includes lease liability in respect of storage arrangements with Engro Vopak Terminal Limited, a related party, amounting to Rs. 1,468,427 (December 31, 2023: Rs. 2,435,722).

(Amounts in thousand)

	Unaudited September 30, 2024	Audited December 31, 2023
	Rupees	
<b>11. DEFERRED TAX LIABILITY - net</b>		
Credit balance arising due to:		
- accumulated depreciation	5,748,777	6,007,202
Debit balances arising due to:		
- unpaid liabilities	478,889	451,480
- leases	248,452	440,128
- provisions	1,989,393	1,989,393
- shares issuance cost	77,771	77,771
- accumulated business losses	1,588,990	-
- minimum tax carried forward	641,906	-
	<u>(5,025,401)</u>	<u>(2,958,772)</u>
	<u>723,376</u>	<u>3,048,430</u>
<b>12. TRADE AND OTHER PAYABLES</b>		
Includes amounts due to following related parties:		
Engro Corporation Limited	193,068	291,307
Engro Fertilizers Limited	22,776	150,569
Engro Energy Limited	186,854	250
Engro Foundation	-	125,000
Engro Vopak Terminal Limited	131,714	289,925
Engro Eximp FZE	10,625,168	1,739,751
Engro Peroxide (Private) Limited	-	1,306
Engro Powergen Qadirpur Limited	2	-
Engro Elengy Terminal (Private) Limited	22	-
Nimir Industrial Chemicals Limited	-	46,292
	<u>11,159,604</u>	<u>2,644,400</u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
13.1	As at September 30, 2024, 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, 2023, except for the matters as explained below:	

**(Amounts in thousand)**

- 13.1.1 In respect of the matter stated in note 26.5 of the audited annual financial statements, during the period, the Federal Board of Revenue (FBR) had filed an appeal before the Supreme Court of Pakistan (SCP) stating that the Islamabad High Court (IHC) had no jurisdiction to entertain petitions of Sindh based companies, hence the petition and interim relief order passed by the IHC with respect to the retrospective rate enhancement of super tax charge of 6% should be annulled. SCP remanded the case back to IHC with the direction to pass a speaking order justifying the reasons for inapplicability of incremental 6% retrospective rate enhancement.
- Later, IHC passed an order dated March 15, 2024, as per the directive of SCP, whereby the IHC decided that 6% incremental super tax is not applicable retrospectively on tax year 2023 and prior periods. Further, the IHC also ruled that super tax should be calculated excluding all the income which falls under the Final Tax Regime. The FBR has currently filed an intra court appeal in IHC against the said order, which is pending adjudication. Hence, the Company on account of prudence has continued to maintain its provision in respect of 6% incremental super tax in these unconsolidated condensed interim financial statements.
- 13.1.2 In respect of the matter stated in note 26.6 of the audited annual financial statements, during the period, the Commission Inland Revenue - Appeals [CIR(A)] had passed an order in the favor of the Company for tax years 2018, 2019, 2021 and 2022 in respect of demand of Rs. 114,547 raised on account of alleged non-withholding of taxes on payments made to various parties by remanding back the order to the Commission Inland Revenue (CIR). Being aggrieved, the FBR has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the said decision of CIR(A). As at September 30, 2024, appeal for tax year 2020 in the above case is still pending before the CIR(A).
- 13.1.3 In respect of the matter stated in note 26.7 of the audited annual financial statements, during the period, the Company has further paid demand amounting to Rs. 200,000 to the FBR under protest. However, as the Company based on the advice of its tax consultant is still confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these unconsolidated condensed interim financial statements.
- 13.1.4 During the period, the income tax department has amended the assessment filed by the Company for tax year 2022. The Company has preferred an appeal thereagainst before the CIR(A) related to the disallowances mainly pertaining to adjustment in respect of exchange gain / loss that resulted in excess demand of Rs. 500,000, which has been paid by the Company under protest. However, as the Company based on the advice of its tax consultant is confident of a favourable outcome, accordingly, no provision in this respect has been recognised in these unconsolidated condensed interim financial statements.
- 13.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at September 30, 2024 amounts to Rs. 10,072,000 (December 31, 2023: Rs. 6,621,500). The amount utilised thereagainst as at September 30, 2024 is Rs. 7,600,080 (December 31, 2023: Rs. 5,902,139).
- 13.3 The facility for opening letter of credits as at September 30, 2024 aggregates to Rs. 31,748,000 (December 31, 2023: Rs. Rs. 32,037,214) out of which Rs. 14,419,554 (December 31, 2023: Rs. 7,145,794) have been utilised.

**(Amounts in thousand)**

- 13.4 Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregating to USD 4,413 (December 31, 2023: USD 10,584) are valid till March 31, 2026, (ii) Ethylene Di Chloride (EDC) aggregating to USD 2,721 (December 31, 2023: USD 4,770) are valid till December 31, 2028 and (iii) Vinyl Chloride Monomer (VCM) aggregating to USD 184 (December 31, 2023: USD 667) are valid till December 31, 2024.

	<b>Unaudited September 30, 2024</b>	<b>Audited December 31, 2023</b>
	<u>Rupees</u>	
13.5 Commitments in respect of expenditure of capital and other operational items	<u>6,352,006</u>	<u>4,587,857</u>

**14. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED**

- 14.1 Basic earnings per share has been calculated by dividing the loss / profit attributable to ordinary share holders of the Company by weighted average number of ordinary shares in issue during the period.
- 14.2 Diluted earnings per share presents the effect of conversion of potential ordinary shares (preference shares) where it leads to decrease in earnings per share or increase in loss per share.

(Amounts in thousand)

	Unaudited September 30, 2024	(Restated) Unaudited September 30, 2023
	Rupees	
<b>15. CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before income tax	(3,557,678)	9,372,335
<b>Adjustments for non cash-charges and other items:</b>		
Staff retirement and other service benefits	74,287	51,172
Depreciation:		
- operating assets	2,450,087	2,141,821
- right-of-use asset	345,542	344,805
Amortisation of intangible assets	80,872	78,446
Reversal of provision for slow moving stores and spares	(8,834)	(17,793)
Write-off of slow moving stores and spares	13,170	6,270
Provision for stock-in-trade	-	400,000
Write-off of stock-in-trade	3,272	-
Unrealised foreign exchange (gain) / loss on financial assets and liabilities	(92,960)	(550,329)
Income on financial assets	(793,942)	(931,408)
Finance costs	5,752,253	3,220,214
Gain on disposal of operating assets	(15,462)	(2,758)
Write-off of operating assets	2,161	-
Default surcharge on GIDC	-	740,889
Remeasurement loss on provision against GIDC	-	145,882
Final tax	52,835	267,853
Working capital changes - note 15.1	4,724,936	(2,837,875)
	<u>9,030,539</u>	<u>12,429,524</u>
<b>15.1 WORKING CAPITAL CHANGES</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and loose tools	(869,280)	(959,746)
Stock-in-trade	96,445	(2,658,733)
Trade debts	206,536	(1,663,260)
Loans, advances, deposits, prepayments and other receivables - net	(1,123,859)	(297,152)
	<u>(1,690,158)</u>	<u>(5,578,891)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	6,415,094	2,741,016
	<u>4,724,936</u>	<u>(2,837,875)</u>

(Amounts in thousand)

	Unaudited September 30, 2024	Unaudited September 30, 2023
	Rupees	
<b>16. CASH AND CASH EQUIVALENTS</b>		
Short-term investments	660,034	389,500
Cash and bank balances	2,925,449	3,686,241
Running finances	(14,419,650)	-
	<u>(10,834,167)</u>	<u>4,075,741</u>

**17. SEGMENT INFORMATION**

17.1 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, 2023.

	September 30, 2024 (Unaudited)				September 30, 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 from contract with customers - net								
- At a point	43,550,314	10,725,519	-	54,275,833	53,544,651	8,381,693	-	61,926,344
- Over time	-	-	164,225	164,225	-	-	104,446	104,446
	<u>43,550,314</u>	<u>10,725,519</u>	<u>164,225</u>	<u>54,440,058</u>	<u>53,544,651</u>	<u>8,381,693</u>	<u>104,446</u>	<u>62,030,790</u>
<b>Less:</b>								
Cost of sales	(43,062,175)	(7,644,132)	(136,718)	(50,843,025)	(41,044,498)	(5,046,775)	(62,540)	(46,153,813)
Distribution and marketing expenses	(282,656)	(198,240)	(464)	(481,360)	(269,588)	(144,895)	-	(414,483)
Administrative expenses	(1,385,773)	(341,300)	(5,226)	(1,732,299)	(1,041,661)	(163,247)	(407)	(1,205,315)
Other expenses	(89,791)	(22,114)	(339)	(112,244)	(1,553,368)	(243,159)	(3,030)	(1,799,557)
Other income	780,993	192,342	2,945	976,280	987,208	154,534	1,926	1,143,668
Finance costs	(4,601,620)	(1,133,281)	(17,352)	(5,752,253)	(3,419,202)	(535,230)	(6,670)	(3,961,102)
Final tax and income tax	1,866,939	(112,824)	(1,728)	1,752,387	(3,598,938)	(563,365)	(7,020)	(4,169,323)
<b>(Loss) / profit for the period</b>	<u>(3,223,769)</u>	<u>1,465,970</u>	<u>5,343</u>	<u>(1,752,456)</u>	<u>3,604,604</u>	<u>1,839,556</u>	<u>26,705</u>	<u>5,470,865</u>

	September 30, 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							
<b>Segment assets</b>								
Total segment assets	64,676,815	26,116,442	57,571	90,850,828	57,756,432	22,969,631	60,743	80,786,806
Unallocated assets				4,329,062				7,336,221
				<u>95,179,890</u>				<u>88,123,027</u>

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

17.3 Comparative figures of other assets have been reclassified to align with current internal reporting.

(Amounts in thousand)

**18. TRANSACTIONS WITH RELATED PARTIES**

18.1 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	Unaudited
		September 30, 2024	September 30, 2023
		Rupees	
<b>Holding Company</b>			
	Reimbursement made	1,135,896	1,203,845
	Reimbursement received	20,590	867
	Subordinated loan disbursed by the holding company	1,500,000	-
	Subordinated loan repaid to the holding company	1,500,000	-
	Mark-up on subordinated loan	12,190	-
	Dividend paid	510,733	2,553,666
<b>Subsidiary Companies</b>			
	Reimbursement received	104,297	112,082
	Subordinated loan made to the Subsidiary Companies	2,796,800	3,625,800
	Subordinated loan repaid by the Subsidiary Companies	-	3,600,800
	Mark-up on subordinated loan	487,735	123,827
	Subordinated loan received	-	400,000
	Mark-up on subordinated loan received	-	500
<b>Associated Companies</b>			
	Dividend paid	100,054	500,268
	Sales of utilities	164,225	103,037
	Sales of goods	7,097,853	6,536,338
	Purchase of services	1,289,364	2,264,368
	Purchase of goods	25,278,346	26,637,073
	Reimbursement made	372,971	690,037
	Reimbursement received	139,317	23,499
	Late payment charges	-	14,825
<b>Directors</b>			
	Fee	14,555	15,002
	Dividend paid	6	30
<b>Contribution to staff retirement benefits</b>			
	Managed and operated by the Holding Company		
	- Provident fund	101,642	92,519
	- Gratuity fund	74,530	65,740
	- Pension fund	1,394	4,051
<b>Key management personnel</b>			
	Managerial remuneration	121,316	117,559
	Retirement benefit funds	19,280	20,023
	Bonus	48,799	47,293
	Other benefits	42,020	25,872



(Amounts in thousand)

## 19. 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 unconsolidated 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 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:

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).

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Short term investments in units of mutual funds</b>				
- September 30, 2024	-	-	-	-
- December 31, 2023	-	100,118	-	100,118

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.

(Amounts in thousand)

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

- 21.1 The Board of Directors in its meeting held on October 21, 2024 has approved a first interim cash dividend of Nil per ordinary share for the year ending December 31, 2024 amounting to Nil. These unconsolidated condensed interim financial statements do not include the effects of the said interim dividend.
- 21.2 The Board of Directors in its meeting held on October 21, 2024 has approved a first interim cash dividend of Nil per preference share for the year ending December 31, 2024 amounting to Nil. These unconsolidated condensed interim financial statements do not include the effects 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 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 statement of 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 amounts of comparable period of immediately preceding financial year.
- 22.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever, considered necessary. The material reclassification are as follows:

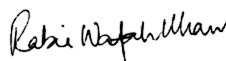
Description	Reclassified		Quarter ended September 30, 2023	Nine months end September 30, 2023
	from	to		
Purchased services	Cost of sales	Administrative expenses	58,938	310,145

**23. DATE OF AUTHORISATION FOR ISSUE**


These unconsolidated condensed interim financial statements were authorised for issue on October 21, 2024 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ  
ڈائریکٹرز کا جائزہ برائے شیئر ہولڈرز  
غیر آڈٹ شدہ عبوری مالیاتی گوشواروں سے متعلق  
30 ستمبر 2024 کو ختم شدہ سہ ماہی کے لیے

اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر 2024 کو ختم شدہ 9 ماہ کے لیے کمپنی کی غیر آڈٹ شدہ مالی معلومات پیش کرنا چاہیں گے۔

### کاروباری جائزہ

بین الاقوامی میکرو اکنامک بنیادوں کے کمزور ہونے اور طلب میں کمی کی وجہ سے سال کے پہلے 9 مہینوں میں PVC کی عالمی قیمتیں مندی کا شکار رہیں۔ بھارت اور چین دونوں میں، مون سون کے موسم کے دوران PVC کی طلب مزید دب گئی۔ تاہم، چین اور امریکہ میں پالیسی ریٹ میں کمی کے ساتھ ساتھ چینی حکومت کی جانب سے ریئل اسٹیٹ کے شعبہ میں تعمیراتی سرگرمیوں کو فروغ دینے کے لیے متحرک پالیسیوں کے حالیہ اعلان سے مارکیٹ میں بہتری کے امکانات ہیں۔

سہ ماہی کے دوران آتھیلین کی قیمتوں میں اتار چڑھاؤ آیا، اگست میں طے شدہ شٹ ڈاؤن کی وجہ سے قیمتیں بڑھ کر 1000 امریکی ڈالرنی ٹن ہو گئیں، بعد ازاں ستمبر میں کم ہو کر پہلے کی سطح 950 ڈالرنی ٹن کی سطح پر بند ہوئیں۔

اسی طرح، اکثر بڑے پروڈیوسرز کی طرف سے طلب میں کمی اور زیر منسوبہ دیکھ بھال کی سرگرمی کے درمیان آتھیلین ڈی کلورائیڈ (EDC) کی مارکیٹ سکڑ گئی۔ اس عرصے کے دوران وناٹل کلورائیڈ مونومر (VCM) کی مانگ بھی جمود کا شکار تھی۔ اگرچہ امریکی برآمدات میں کمی کی وجہ سے قلیل مدتی سپلائی میں خلل کی صورت حال میں پروڈکٹ کی طلب میں اضافہ اور نئی پیداوار کی توسیع Q4 میں مارکیٹ کو مستحکم کرنے میں مدد کر سکتی ہے۔

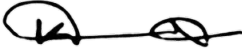
چین اور جنوبی کوریا میں حالیہ موسم سے متعلق رکاوٹوں کی وجہ سے کاسٹک سوڈا کی مارکیٹ سکڑ گئی، نتیجے میں مارکیٹ بند ہو گئی اور سپلائی کم ہو گئی۔ تاہم، مون سون کے بعد پروڈیوسرز دوبارہ کام شروع کرتے ہیں، توقع ہے کہ طلب اور رسد میں استحکام آجائے گا۔ ستمبر کے آخر تک طلب میں اضافے کے نتیجے میں قیمتوں میں بھی اضافہ دیکھا گیا ہے۔ دریں اثنا، مقامی ٹیکسٹائل سیکٹر کو بجلی کی بھاری ادائیگی کی وجہ سے کاروباری چیلنجز کا سامنا ہے، جس کی وجہ سے طلب متاثر ہوئی ہے۔

کمپنی نے 2024 کی 9 ماہ مدت میں 54,452 ملین روپے کی آمدنی حاصل کی۔ بین الاقوامی پی وی سی کی قیمتوں میں کمی اور فروخت کی مقدار میں کمی کی وجہ سے پچھلے سال کی اسی مدت کے مقابلے میں 12 فیصد کمی واقع ہوئی ہے۔ اس مدت کے دوران، کمپنی نے کورڈیلٹا اور سیلز کی مقدار میں کمی کے سبب 2,288 ملین روپے کا بعد از ٹیکس نقصان ریکارڈ کیا۔ نتیجے میں بنیادی نقصان فی شیئر 2.74 روپے بنتا ہے جو گزشتہ سال کی اسی مدت میں 5,387 ملین روپے کے بعد از ٹیکس منافع کے ساتھ فی شیئر بنیادی آمدنی 5.43 روپے کی نشاندہی کرتا ہے۔

ملکی میکرو اکنامک غیر یقینی صورتحال سے درپیش چیلنجز کے باوجود ہمارے ہائیڈروجن پراجکٹس اور دیگر کاروباری منصوبوں پر کام جاری ہے۔

مستقبل پر نظر

ہم توقع کرتے ہیں کہ زیادہ سپلائی اور کمزور عالمی طلب کی وجہ سے PVC کی قیمتیں قدرے مندی کا شکار رہیں گی۔ ملکی سطح پر شرح سود میں مزید کمی گھریلو طلب کو بڑھانے میں اہم کردار ادا کر سکتی ہے۔ آتھیلین مارکیٹ، 900 سے 1950 امریکی ڈالر فی ٹن کے ساتھ مستحکم رہنے کا امکان ہے۔ EDC کی قیمتیں زیادہ تر PVC کی طلب اور کاسٹک سوڈا کے محرکات سے متاثر ہوں گی، جس میں استحکام اور سست روی کا امکان ہے۔ آنے والی سہ ماہی کے لیے ہماری بنیادی توجہ میں اپنے پلانٹ میں محفوظ اور پائیدار آپریشنز کو یقینی بنانا، جاری منصوبوں کو محفوظ طریقے سے مقررہ مدت کے اندر مکمل کرنا اور موجودہ اقتصادی چیلنجز سے موثر انداز میں نبرد آزما ہونا شامل ہے۔



کامران نشاط

ڈائریکٹر



عبدالقیوم

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21- اکتوبر-2024

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