



engro polymer & chemicals

**FINANCIAL STATEMENTS FOR THE
PERIOD ENDED MARCH 31, 2020**

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COMPANY INFORMATION

Chairman	Mr. Ghiasuddin Khan
Chief Executive Officer	Mr. Imran Anwer
Directors	Mr. Eram Hasan Mr. Feroz Rizvi Mr. Noriyuki Koga Mr. Nadir Salar Quershi Mr. Hasnain Moochhala
Board Audit Committee	Mr. Feroz Rizvi Mr. Noriyuki Koga Mr. Hasnain Moochhala
Chief Financial Officer	Mr. Syed Abbas Raza
Company Secretary	Mr. Khawaja Haider Abbas
Corporate Audit Manager	Mr. Kalimuddin A. Khan
Bankers / Lenders	Allied Bank Ltd Askari Bank Ltd Al Baraka Bank (Pakistan) Limited Bank Alfalah Ltd Bank Al Habib Ltd Bank of China Bank Islami Pakistan Ltd Citi NA Dubai Islamic Bank Pakistan Ltd Faysal Bank Ltd Habib Bank Ltd Habib Metropolitan Bank Ltd Industrial & Commercial Bank of China Ltd JS Bank Ltd MCB Bank Ltd MCB Islamic Bank Ltd Meezan Bank Ltd National Bank of Pakistan Standard Chartered Bank Ltd Summit Bank Ltd Samba Bank Ltd The Bank of Punjab United Bank Ltd
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
Registered Office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal. Karach
Plant	EZ/1/P-11-1, Eastern Zone, Bin Qasim, Karachi
Regional Sales Office	Office No. 601, 6th Floor, Haly Tower, Lalik Chowk, DHA, Lahore UAN: 111 211 211
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi-74000 Tel: +92(21) 34380101-5 lines
Website	www.engropolymer.com

ENGRO POLYMER & CHEMICALS LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited, we would like to present the unaudited Financial Information of the Company for the three months ended March 31, 2020.

Business Review

During the quarter, an isolated incident of gas leakage occurred at the plant site. In this regard, a complete investigation of the incident has been conducted and all learnings are being implemented to ensure that our people and operations remain safe. The Company ensured all staff, majority of which only needed mild medical attention, had timely access to appropriate medical care. The Company facilitated all employees and staff that needed medical support post incident. The Board of Directors deeply sympathize on the sad occurrence and will take necessary steps to ensure safeguarding the highest safety values throughout the organization.

On the operational front, the Company undertook biggest turnaround in history whereby numerous safety / reliability projects were completed.

During the period, the pandemic of COVID-19 has spread across the globe. The pandemic already has and will continue to have repercussions on overall economic activity in general and commodity prices in particular, mainly due to demand contraction. Crude oil prices crash also resulted in ethylene prices declining significantly on the back of lower demand from downstream products. PVC prices, on the other hand, showed rising trend at the start of the quarter as major PVC producers went off-line for annual maintenance shutdowns. However, as soon as supply started flowing and Chinese producers came out of the crisis situation, higher inventory levels were built which resultantly impacted international PVC prices adversely.

Pakistan's economy has also been adversely impacted by global pandemic, which had several implications for the Company:

- 1- In compliance with the on-going lockdown directed by the Government of Sindh, production facility at Port Qasim has stopped operations and PVC 3/ VCM DBN project is also on hold
- 2- Completion timelines in relation to earlier announced projects of Hydrogen Peroxide and LABSA will be reviewed. The Company remains committed to the projects and will inform the shareholders once there is further visibility of the impact on project completion timelines
- 3- Due to the outflow of foreign currency investment from Pakistan, USD/PKR exchange rate increased significantly due to which the Company incurred foreign exchange loss on outstanding foreign currency liabilities, resulting in post-tax hit of ~Rs. 266 Mn (translating into EPS of Rs. 0.29)

Due to the prolonged turnaround, production loss as a result of gas leakage incident and termination of operations because of COVID-19 situation, the number of production days during the quarter remained low. Resultantly, the Company recorded lower revenue of Rs. 7,058 million compared to Rs. 9,344 million in the same period last year and posted Profit After Tax (PAT) of Rs. 193 million translating into Earning Per Share (EPS) of Rs. 0.21 compared to Profit After Tax (PAT) of Rs. 1,094 million translating into Earning Per Share (EPS) of Rs. 1.20 for the same period last year.

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The prevalent macroeconomic dynamics, starting from COVID-19, high inflation, higher interest rates, energy price increases and other relevant phenomenon like dumping are having an adverse impact on economy resulting in demand contraction across different sectors. We urge the relevant decision makers to take cost reduction measures for local industry so as to make them competitive against international market, specially the industrial undertakings which are providing import substitution & providing support to domestic industries like construction, textile and consumer goods.

Future Outlook

We hope that the world would overcome the pandemic soon. However, if the COVID-19 situation persists for longer than expected time, the Company has taken sufficient and appropriate measures to run the operations smoothly without any compromise on health and safety of our employees and general public. We have also approached Government of Sindh to allow EPCL to run its operations as the Company produces key raw material for soap, textile and construction industries, all of which are essential to the economy of Pakistan.

International PVC and ethylene prices will remain dependent on global economic sentiment, COVID-19, regional political situation, supply & demand dynamics. Domestic market is currently under flux & will take firmer direction once spread of COVID-19 is contained, local economic policies, macroeconomic indicators & other key variables have settled.



Imran Anwer
Chief Executive Officer



Feroz Rizvi
Director



**ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020**

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

(Amounts in thousand)

	Note	Unaudited March 31, 2020	Audited December 31, 2019
<u>Rupees</u>			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	33,636,279	31,433,441
Right-of-use asset		2,643,810	2,747,801
Intangible assets		87,693	78,966
Financial assets at amortised cost	6	5,853,400	5,421,150
Long-term loans and advances		40,937	72,078
Deferred tax asset	7	263,365	115,822
		<u>42,525,484</u>	<u>39,869,258</u>
Current Assets			
Stores, spares and loose tools		1,471,741	1,568,929
Stock-in-trade	8	3,648,451	4,302,841
Trade debts - considered good	9	334,866	469,613
Loans, advances, deposits, prepayments and other receivables	10	1,724,595	1,113,037
Income tax payments less provision		298,982	85,522
Financial assets at fair value through profit and loss		10,809,965	9,317,960
Cash and bank balances		371,629	792,057
		<u>18,660,329</u>	<u>17,649,959</u>
TOTAL ASSETS		<u>61,185,813</u>	<u>57,519,217</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		9,089,233	9,089,233
Share premium		3,874,953	3,874,953
Unappropriated profits		5,004,610	4,811,970
		<u>17,968,996</u>	<u>17,776,156</u>
Non-Current Liabilities			
Long-term borrowings		19,841,888	19,388,880
Lease liabilities		4,817,672	4,543,830
Deferred tax liability		-	-
		<u>24,459,560</u>	<u>23,932,710</u>
Current Liabilities			
Current portion of lease liabilities		1,072,744	957,487
Service benefit obligations		35,555	61,649
Short-term borrowings		3,239,211	2,158,638
Trade and other payables	12	6,000,027	6,547,455
Unclaimed dividend		27,510	31,333
Derivative financial instruments		154	154
Unpaid dividend		-	-
Accrued interest / mark-up		551,851	388,272
Income tax provision less payments		-	-
Provisions	13	5,830,205	5,657,785
		<u>18,757,257</u>	<u>15,810,351</u>
Contingencies and Commitments	14	<u>43,216,617</u>	<u>39,743,081</u>
TOTAL EQUITY AND LIABILITIES		<u>61,185,813</u>	<u>57,519,217</u>

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
		Rupees	
Net revenue		7,057,942	9,343,634
Cost of sales		(5,806,680)	(7,428,573)
Gross profit		1,251,262	1,915,061
Distribution and marketing expenses		(72,325)	(93,489)
Administrative expenses		(113,924)	(119,375)
Other expenses	15	(538,283)	(124,665)
Other income		445,509	212,456
Operating profit		972,239	1,789,988
Finance costs	16	(767,660)	(268,364)
Profit for the period before taxation		204,579	1,521,624
Taxation		(11,739)	(427,466)
Profit for the period after taxation		192,840	1,094,158
Earnings per share - basic and diluted		0.21	1.20

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

	Quarter ended	
	March 31, 2020	March 31, 2019
	Rupees	
Profit for the period after taxation	192,840	1,094,158
Other comprehensive income	-	-
Total comprehensive income for the year	<u>192,840</u>	<u>1,094,158</u>

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

	RESERVES			Total
	CAPITAL		REVENUE	
	Share capital	Share premium	Unappropriated profit / (accumulated losses)	
Rupees				
Balance as at January 1, 2019 (Audited)	9,080,233	3,874,953	3,831,998	16,788,184
Total comprehensive income for the period				
Profit for the period ended March 31, 2019	-	-	1,094,158	1,094,158
Other comprehensive income for the period ended March 31, 2019	-	-	-	-
Transactions with owners				
Final dividend for the year ended December 31, 2018 - Rs. 0.30 per share	-	-	(272,877)	(272,877)
	-	-	(272,877)	(272,877)
Balance as at March 31, 2019 (Unaudited)	9,089,233	3,874,953	4,653,479	17,617,665
Effect of change in accounting policy - not of deferred tax - note 3.3	-	-	(1,898,034)	(1,898,034)
Total comprehensive income for the nine months ended December 31, 2019				
Profit for the nine months ended December 31, 2019	-	-	2,601,879	2,601,879
Other comprehensive income for the year ended December 31, 2019	-	-	-	-
Transactions with owners				
Interim dividend for the year ended December 31, 2019 - Re. 0.80 per share	-	-	(545,354)	(545,354)
	-	-	(545,354)	(545,354)
Balance as at December 31, 2019 (Audited)	9,089,233	3,874,953	4,611,970	17,776,156
Total comprehensive income for the period				
Profit for the period ended March 31, 2020	-	-	192,840	192,840
Other comprehensive income for the period ended March 31, 2020	-	-	-	-
	-	-	192,840	192,840
Balance as at March 31, 2020 (Unaudited)	9,089,233	3,874,953	5,004,810	17,968,996

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	3,313,748	203,883
Long-term loans and advances - net		31,141	(11,122)
Retirement benefits paid		(74,209)	(55,354)
Income tax paid		(372,739)	(33,838)
Net cash generated from operating activities		2,897,941	103,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible asset		(2,498,407)	(3,371,850)
Proceeds from disposal of property, plant and equipment		-	204
Income on short-term investments and bank deposits		403,311	198,281
Net cash used in investing activities		(2,095,096)	(3,173,365)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		-	8,601,540
Repayments of long-term borrowings		-	(7,500,000)
Finance cost paid		(481,670)	(94,100)
Rentals paid during the period		(326,150)	-
Dividend payment		(3,823)	(29,580)
Net cash generated from financing activities		(811,643)	977,860
Net (decrease) / increase in cash and cash equivalents		(8,796)	(2,092,137)
Cash and cash equivalents at beginning of the year		7,951,181	9,160,054
Cash and cash equivalents at end of the year	18	7,942,383	7,067,917

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER & CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 The "Group" consists of Engro Polymer and Chemicals Limited and its wholly owned subsidiary companies, Engro Polymer Trading (Private) Limited, Engro Peroxide (Private) Limited and Engro Plasticizer (Private) Limited.

Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the (now repealed) Companies Ordinance, 1984. The Company is listed on the Pakistan Stock Exchange Limited.

1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).

1.3 Details of investments held by the Company in its subsidiaries are as follows:

	Percentage of	
	March 31	December 31,
- Engro Polymer Trading (Private) Limited - note 1.3.1	100%	100%
- Engro Peroxide (Private) Limited - note 1.3.2	100%	100%
- Engro Plasticizer (Private) Limited - note 1.3.3	100%	100%

1.3.1 Engro Polymer Trading (Private) Limited (EPTL) was incorporated in Pakistan on November 6, 1999, under the (now repealed) Companies Ordinance, 1984 as a wholly owned subsidiary of the Company. EPTL's principal activity is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals. During the year, EPTL has taken steps to develop market for PVC downstream products. Subsequent to the year end, the Securities and Exchange Commission of Pakistan (SECP) has approved the application filed for change in its name to "Think PVC (Private) Limited".

1.3.2 Engro Peroxide (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of the Company. The main objective of Engro Peroxide (Private) Limited is to manufacture and market Hydrogen Peroxide and related chemicals.

1.3.3 Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of the Company. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals.

1.4 The geographical location and addresses of all business units of the Company are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
Manufacturing plant	EZ/II-P-II Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	1st Floor, 38 Z Block, Commercial Area, Phase III, DHA, Lahore

2. BASIS OF PREPARATION

2.1 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; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

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 financial statements of the Company for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES AND CHANGES THEREIN

3.1 The accounting policies applied in the preparation of these consolidated condensed interim financial statements are the same as those that were applied in the preparation of the annual audited consolidated financial statements of the Company for the year ended December 31, 2019. The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited consolidated financial statements of the Company for the year ended December 31, 2019.

3.2 **a) Standards, interpretations and amendments to published approved accounting standards that are effective for the year and are relevant to the Company.**

There are standards, amendments and interpretations to published accounting and reporting standards and interpretations that are applicable for the financial year beginning on January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

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

The significant estimates, judgments and assumptions made by the management in the preparation of the condensed interim financial statements are the same as those that were applied in the annual audited consolidated financial statements of the Company as at and for the year ended December 31, 2019.

4.2 On March 11, 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. On March 23, 2020, the Government of Sindh announced a temporary lockdown as a measure to reduce the spread of the COVID-19, which has been further extended to April 14th, 2020. To complying with the lockdown, the entity has suspended its production from March 24, 2020. The company has sufficient funds available including short term financing facilities from various banks for meeting its operational requirements and commitments. The Company has also extended timelines in relation to its capital projects including Hydrogen Peroxide project. As the situation relating to COVID-19 is still evolving, the commercial and financial impact resulting from the same cannot be estimated with reasonable certainty at the period end date.

(Amounts in thousands)

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening assets, at net book value - note 5.1	18,113,660	18,331,348
Capital work-in-progress - note 5.2	15,452,077	15,961,388
Capital spares	63,762	63,782
	<u>33,629,499</u>	<u>34,356,518</u>
5.1 Additions to opening assets during the period were as follows:		
Leasehold land - note 5.1.1	-	308,500
Building on leasehold land	-	1,950
Plant and machinery	18,415	1,603,207
Pipeline - EOC	21,122	95,258
Furniture, fixtures and equipment	3,100	6,141
Vehicles	12,612	3,751,222
	<u>45,254</u>	<u>6,628,278</u>
5.2 Movement in capital work-in-progress during the period / year is as follows:		
	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Balance at the beginning of the period / year	13,984,320	2,781,067
Add: Additions during the period / year	2,468,467	13,114,040
Less: Write-off of plant and machinery items	(6,000)	-
Less: Transferred to operating assets during the period / year	(92,842)	(2,115,252)
Less: Transferred to intangible assets during the period / year	(15,638)	(17,868)
Balance at the end of the period / year	<u>15,452,077</u>	<u>13,661,307</u>
6. FINANCIAL ASSETS AT AMORTISED COST		
Investment in Term Deposit Receipts - note 6.1	<u>5,053,400</u>	<u>5,421,188</u>
5.1 Time deposits from deposits aggregating to USD 25 million maintained with Global Islamic Bank Pakistan Ltd and Citibank carry profit of the rate of 2.75% per annum and are due to mature in six equal semi-annual installments of \$ 5.123 million starting from July 15, 2021 and ending on January 15, 2024.		
7. DEFERRED TAXATION - NET		
	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Global tax benefits arising due to:		
- recoverable unutilised forward tax losses	6,034	1,307
- recoverable minimum turnover tax	503,900	558,901
- recoverable alternative corporate tax	268,222	268,224
- unpaid liabilities	132,428	128,170
- leased recognized under IFRS 16	857,138	783,120
- provisions for Gas Infrastructure Development Cost and Special Excise Duty	1,498,764	1,451,278
- provisions for share repurchasing shares and options	102,749	102,040
- provision for bad debts	2,055	2,055
- share valuation cost, net to equity	57,630	57,630
	<u>3,527,890</u>	<u>3,454,953</u>
Credit balances arising due to:		
- accelerated tax depreciation	363,385	115,822
	<u>3,164,505</u>	<u>3,339,131</u>
8. STOCK-IN-TRADE		
This includes stock held at Ergo Vopak Terminal Limited as at March 31, 2020 Rs. 6,00,000 (as at December 31, 2019: 1,281,000).		
9. TRADE DEBTS - consolidated group		
	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Secured	254,162	308,201
Unsecured - note 9.1	130,374	160,216
	<u>384,536</u>	<u>468,417</u>
5.1 Includes amounts due from the following related parties:		
- Ergo Powergas Ther (Private) Limited	-	569
- Ergo Facilities Limited	2,291	8,170
	<u>2,291</u>	<u>8,739</u>

(Amounts in thousands)

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

These include advances and receivables from the following related parties:

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
Esco Corporation Limited	13,265	23,726
Private Commercial Engro Pakistan Limited	-	3
Bank Engro Coal Mining Company Limited	407	30
Engro Fertilizers (Qatar) Limited	8	9
Engro Fertilizers Limited	1,677	2,110
Engro Fajrangi Limited	-	1,021
	<u>15,457</u>	<u>27,899</u>

11. LONG-TERM BORROWINGS

Title	Floating rate per annum	Maturity		Unaudited	Audited
		Start of	Commencing	March 31, 2023	December 31, 2022
				Rupees	
Bank of China 11.1	8 month LIBOR + 0.8%	21st April	July 15, 2024	8,020,814	8,020,814
Lebanese International Finance Corporation (LIFC) - note 11.2	6 month LIBOR + 3.25%	9th April	July 15, 2021	5,360,854	5,345,484
Bank of China - note 11.3	6 month LIBOR + 0%	21st April	July 15, 2021	8,421,890	8,421,890
				<u>19,803,558</u>	<u>19,803,558</u>
Less: Current portion classed as current liabilities				-	-
				<u>19,803,558</u>	<u>19,803,558</u>

11.1 In the year 2024, the Company issued sukuk bonds of Rs. 8,700,000 in eligible institutional and other investors by way of private placement. These are repayable over a period of 7.5 years in five equal annual installments of Rs. 1,750,000 each with the first repayment commencing in July 2024. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) which shall rank pari-passu with the charges created in favour of the existing creditors.

11.2 In 2021, the Company had entered into a financing agreement with Lebanese International Finance Corporation for a total of US Dollars 28,000,154 (two crore) of which six crore is in December 2021. The principal is repayable in six semi-annual installments commencing from July 2021 and carries margin of five rate of six months LIBOR plus 3.25% payable semi-annually.

The borrowing is by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) which shall rank pari-passu with the charges created in favour of the existing creditors.

11.3 In the year 2021, the Company has entered into a financing agreement with Citibank Islamic Bank Pakistan Limited (CIBPL). Rental payments are to be made in six semi-annual installments commencing from July 15, 2021 and ending on January 15, 2024 and are calculated at the rate of six months LIBOR plus 0% per annum. The borrowing is secured by a hypothecation charge in favour of the Bank which constitutes a ranking charge over the existing and future fixed assets of the Company (except land and building, mining subsidiaries and subsidiaries) to the charges created in favour of the existing creditors and a first and a right of set-off over the Term Deposit Receipts maintained with CIBPL, as referred to in note 8.

(Amounts in thousand \$)

12. TRADE & OTHER PAYABLES

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Trade and other creditors - note 12.1	4,080,740	2,844,007
Accrued liabilities - note 12.1	2,454,726	2,940,303
Advances from customers	1,230,008	904,582
Retention money against project payments	1,545	1,945
Security deposits	38,090	34,120
Payable to provision fund	12,020	-
Payable to gratuity fund	6,580	298
Workers Welfare Fund	33,217	33,169
Workers Profit Participation Fund	7,905	35,133
Withholding tax payable	4,794	32
Others	8,405	8,066
	<u>8,068,020</u>	<u>6,847,623</u>

12.1 Includes amounts due to the following related parties:

- Engro Corporation Limited	292,075	88,204
- Engro Petroleum Limited	32,019	40,920
- Engro Passenger Train (Private) Limited	613	833
- Engro Nopak Terminal Limited	181,476	138,143
	<u>506,183</u>	<u>268,100</u>

13. PROVISIONS

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Provision for Gas Infrastructure Development Cases - note 13.1	5,012,810	5,140,073
Provision for gas price revision - note 13.2	517,390	517,390
	<u>5,530,200</u>	<u>5,657,463</u>

13.1 Provision for Gas Infrastructure Development Cases (GIDC)

Under the Gas Infrastructure Development Case Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Case (GIDC) on all industrial gas consumers at the rate of Rs. 15 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under CGRA Ordinances 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company has obtained settlement stay orders from the High Court of Sindh. However, as per the orders the Company recognized a provision of Rs. 1,286,710 till May 31, 2015.

On May 22, 2019 the Gas Infrastructure Development Case (GIDC) Act, 2011 was promulgated whereby rates of Rs. 100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2019 was made applicable with immediate effect superseding the GIDC Act, 2011 and the GIDC Ordinance, 2014.

The Company, based on the advice of its legal counsel, is of the view that as per GIDC Act, 2019, the uncollected portion of rates levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Company reversed the provision relating to industrial portion of GIDC amounting to Rs. 785,854 for the period prior to promulgation of GIDC Act, 2019 and retained GIDC provision amounting to Rs. 502,126 in respect of captive power.

Further, the Company has also obtained an interim stay order against the GIDC Act, 2019 from the High Court of Sindh. This stay order has withdrawn the Industrial Gas Consumer (IGC) from charging and / or increasing the rates under the GIDC Act, 2019 till the final decision on this matter. However, based on evidence, the Company has recognized a further provision, for the period ended, of Rs. 170,488 (March 31, 2020: Rs. 260,320) relating to the period subsequent to the promulgation of GIDC Act, 2019.

13.2

During the year ended December 31, 2019, the Company had five suits in the Sindh High Court (SHC) against the increase in tariff of industrial gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority (OGRA) vide SRO no. (1)2018 dated December 30, 2018 whereby the Company has income an illegal and unconstitutional. The SHC has granted an interim order in favour of the Company which is still operational. However, the Company has recognized a provision of Rs. 517,390 for the period from December 2017 to December 2019.

14. CONTINGENCES AND COMMITMENTS

14.1 There is no change in the status of contingencies as disclosed in the annual unaudited financial statements for the year ended December 31, 2019.

14.2 The aggregate liability for issuance of promissory notes guaranteed by the bank on behalf of the Company as at March 31, 2020 amounts to Rs. 3,250,000 (December 31, 2019: Rs. 3,248,000). The amount of interest there against as at March 31, 2020 is Rs. 2,900,000 (December 31, 2019: Rs. 2,913,800).

14.3 The liability for opening letters of credit as at March 31, 2020 aggregates to Rs. 25,807,000 (December 31, 2019: Rs. 24,567,000). The amount of interest there against as at March 31, 2020 is Rs. 3,067,000 (December 31, 2019: Rs. 3,420,800). These facilities carry interest rates at rates ranging between 0.05% and 0.1% (December 31, 2019: 0.05% and 0.1%).

14.4 The Company has entered into operating lease arrangements with Al-Falim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to Rs. 2,169 (December 31, 2019: Rs. NA).

14.5 Commitments in respect of rentals of storage tanks at SVTL for the handling of Ethylene aggregate to USD \$ 30,239 valid till 31 March 2020 and Ethylene Di Chloride (EDC) aggregate to USD \$ 5,023 and are valid till 31 December 2020.

14.6 In 2019, Engro Perovide (Private) Limited entered into a contract with Concrete Engineering Ltd to establish a plant of Hydrogen Perovide at a consideration of EUR 5,990. As at March 31, 2020 committed for civil works and equipment procurement amounts to EUR 4,014 (December 31, 2019: EUR 0,940).

14.7 During the period, the Company as at March 31, 2020 issued bank guarantee in favor of Caster and Tannin, amounts to Rs. 3,550 (December 31, 2019: Rs. 3,890). The aggregate facilities amounting to Rs. 50,000 (March 31, 2020: Rs. 60,000) has been issued collectively in favor of the Company, its Holding Company and Engro Petroleum (Private) Limited (its associate company).

(Amounts in thousand)

15. OTHER EXPENSES

This includes foreign exchange loss of Rs. 406,096 (March 31, 2019: Rs. Nil) in respect lease liabilities recognized under IFRS 16.

	Unaudited	
	Quarter ended	
	March 31, 2020	March 31, 2019
	Rupees	
16. FINANCE COST		
Includes:		
Interest on lease liabilities recognised under IFRS 16	79,153	-
Interest expense on long-term borrowings	668,219	253,805
Interest expense on long-term borrowings	79,468	968
	<u>726,840</u>	<u>254,773</u>
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	204,579	1,521,624
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	48,716	27,988
Provision for GIDC	172,440	262,026
Provision for net realizable value of stock-in-trade	-	7,914
Depreciation on property, plant and equipment	280,541	290,289
Depreciation on right of use asset	103,991	-
Amortization	6,301	3,939
Income on short term investments and bank deposits	(403,311)	(198,281)
Finance costs on lease liability	79,153	-
Finance costs	667,249	248,305
Amortization of transaction cost	11,109	5,500
Foreign exchange loss of financial liabilities and asset - net	415,742	-
Gain on disposal of operating asset	-	(161)
Working capital changes - note 17.1	1,727,239	(1,966,462)
	<u>3,313,748</u>	<u>203,683</u>
17.1 WORKING CAPITAL CHANGES		
(Increase) in current assets		
Stores, spares and loose tools	87,188	77,430
Stock-in-trade	654,390	(1,263,776)
Trade debts - considered good	134,747	(121,096)
Loans, advances deposits, prepayments and other receivables	(611,658)	284,946
	<u>274,667</u>	<u>(1,022,496)</u>
(Decrease)/ Increase in current liabilities		
Trade and other payables	1,452,572	(932,966)
	<u>1,727,239</u>	<u>(1,955,462)</u>
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	371,529	74,116
Short term investments	10,809,965	6,993,801
Short-term borrowings	(3,239,211)	-
	<u>7,942,283</u>	<u>7,067,917</u>

(Amounts in thousand)

19. SEGMENT INFORMATION

- 19.1 The basis of segmentation and reportable segments presented in these consolidated condensed interim financial information are same as disclosed in the annual audited consolidated financial statements of the Company for the year ended December 31, 2019.

	Interim March 31, 2020				Interim March 31, 2019			
	Poly Vinyl Chloride (PVC) and other chemicals	Crack, soda and allied chemicals	Power supply	Total	Poly Vinyl Chloride (PVC) and other chemicals	Crack, soda and allied chemicals	Power supply	Total
Revenue								
At a point in time	5,54,388	1,15,568	-	6,70,956	3,83,188	5,43,823	-	9,27,011
Over time	-	-	45,881	45,881	-	-	15,711	15,711
	5,54,388	1,15,568	45,881	7,15,837	3,83,188	5,43,823	15,711	9,42,722
Exp.								
Cost of sale	(5,93,473)	(83,458)	(11,052)	(6,88,983)	(6,67,841)	(28,128)	(17,890)	(7,03,859)
Distribution and marketing expense	(8,735)	(1,103)	-	(9,838)	(7,508)	(1,905)	-	(9,413)
Administrative expenses	(28,238)	(1,887)	-	(30,125)	(29,788)	(1,637)	-	(31,425)
Other expenses	(28,748)	(8,284)	173	(36,859)	(85,188)	(2,132)	(2)	(87,322)
Other operating income	15,962	23,217	253	49,432	30,825	18,730	31	49,586
Finance costs	(65,319)	(1,143)	(84)	(66,546)	(66,220)	(1,081)	(68)	(67,369)
Transfer	(8,084)	(8,983)	(738)	(17,805)	(30,533)	(18,893)	(3)	(49,429)
	(1,27,945)	(1,16,748)	(1,001)	(2,45,704)	(1,42,264)	(49,371)	(82)	(1,91,717)
Profit of this (to, cost) to	-	-	-	(215,872)	-	-	-	-
Share, cost to	-	-	-	(215,872)	-	-	-	-
Profit for the period	42,443	28,820	(1,001)	69,262	141,385	49,352	(82)	1,90,655
Interim March 31, 2020								
Audited December 31, 2019								
	Poly Vinyl Chloride and other Chemicals	Crack, soda and Allied Chemicals	Power supply	Total	Poly Vinyl Chloride and other Chemicals	Crack, soda and Allied Chemicals	Power supply	Total
Total segment assets	33,37,544	2,65,265	11,100	36,13,909	31,67,823	4,88,795	17,886	36,58,504
Unallocated assets				11,54,639				11,54,639
Total assets				47,68,548				48,13,143

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

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

20.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and price 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 audited consolidated financial statements.

21. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	Unaudited	
		Quarter ended	
		March 31, 2020	March 31, 2019
		Rupees	
Holding company			
- Engro Corporation Limited	Reimbursement made	-	4,934
	Purchased services	83,874	67,213
	Advance for intangible asset	121,599	-
	Life insurance contribution	-	193
	Medical contribution	-	58
Associated companies			
- Mitsubishi Corporation	Purchase of goods	11,415	22,451
Members of the Group			
- Engro Fertilizers Limited	Reimbursement received	357	207
	Sale of goods	-	3,809
	Sale of steam and electricity	26,903	27,029
	Reimbursement made	501	88
	Purchase of services	25,995	-
	Purchase of Land	-	722,122
- Engro Vopak Terminal Limited	Purchase of services	394,612	338,407
	Reimbursement made	2,314	2,802
	Reimbursement received	-	482
- Sindh Engro Coal Mining Company Limited	Reimbursement made	53	32
- Engro Energy Limited	Reimbursement received	1,596	4,040
- Engro Powergen Thar (Private) Limited	Sale of goods	1,277	1,197
Directors Fees		300	300
Key management personnel	Managerial remuneration	30,999	27,873
	Retirement benefits	4,311	5,090
	Bonus	11,574	9,838
	Other benefits	5,730	5,796
Contribution to staff retirement benefits	Managed & operated by the Holding Company		
	Provident fund	17,687	16,002
	Gratuity fund	22,898	11,739
	Pension fund	773	1,460

22. 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 financial statements approximate their fair values.

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

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

As at March 31, 2020	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets at fair value through profit or loss				
Treasury bills	-	10,600,965	-	10,600,965
	-	10,600,965	-	10,600,965
	Rupees			
As at December 31, 2019				
Financial assets at fair value through profit or loss				
Treasury bills	-	7,617,915	-	7,617,915
Pakistan investment bonds	-	1,700,045	-	1,700,045
	-	9,317,960	-	9,317,960

(Amounts in thousand)

23. CORRESPONDING FIGURES

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 the preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, 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 balances of the comparable year-to-date period of the immediately preceding financial year.

During the period, these reclassifications have been made:

Description	Reclassified		Amount
	From	To	
Product transportation	Distribution and marketing expenses	Cost of sales	233,349
Purchased services	Administrative expenses	Cost of sales	64,268

24. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on April 15, 2020 has approved an interim cash dividend of NIL per share for the period ended March 31, 2020 amounting to NIL. Further, the Board of Directors in its meeting held on February 4, 2020 proposed a final dividend of Rs. 0.20 per share in respect for the year ended December 31, 2019. This appropriation will be approved by the members at the Annual General Meeting to be held on April 23, 2020.

24. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on April 15, 2020 by the Board of Directors of the Company.

Chief Executive

Chief Financial Officer

Director

**ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020**

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

(Amounts in thousand)

	Note	Unaudited March 31, 2020	Audited December 31, 2019
<u>Rupees</u>			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	33,050,460	31,064,288
Right-of-use asset		2,643,810	2,747,801
Intangible assets		57,693	78,986
Long-term investments		1,625,000	1,625,000
Financial assets at amortised cost	6	5,653,400	5,421,150
Long-term loans and advances		40,937	72,078
Deferred tax asset	7	257,288	114,510
		<u>43,558,588</u>	<u>41,123,771</u>
Current Assets			
Stores, spares and loose tools		1,471,741	1,568,929
Stock-in-trade	8	3,848,451	4,302,841
Trade debts - considered good	9	334,866	469,613
Loans, advances, deposits, prepayments and other receivables	10	1,909,865	1,170,163
Income tax payments less provision		308,366	88,896
Financial assets at fair value through profit and loss		9,607,428	7,964,420
Cash and bank balances		363,317	777,823
		<u>17,544,034</u>	<u>16,342,875</u>
TOTAL ASSETS		<u>61,102,622</u>	<u>57,466,446</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		9,089,233	9,089,233
Share premium		3,874,953	3,874,953
Unappropriated profits		4,934,785	4,766,837
		<u>17,898,971</u>	<u>17,731,023</u>
Non-Current Liabilities			
Long-term borrowings	11	19,841,858	19,388,880
Lease liabilities		4,517,672	4,543,830
Deferred tax liability		-	-
		<u>24,459,560</u>	<u>23,932,710</u>
Current Liabilities			
Current portion of lease liabilities		1,072,744	967,467
Service benefit obligations		35,555	61,049
Short-term borrowings		3,239,211	2,156,836
Trade and other payables	12	7,086,891	6,539,817
Unclaimed dividend		27,510	31,333
Derivative financial instruments		154	154
Accrued interest / mark-up		551,851	366,272
Provisions	13	5,830,205	5,657,795
		<u>18,744,091</u>	<u>15,802,713</u>
Contingencies and Commitments	14	43,203,651	38,735,423
TOTAL EQUITY AND LIABILITIES		<u>61,102,622</u>	<u>57,466,446</u>

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
		Rupees	
Net revenue		7,057,942	9,343,634
Cost of sales		(5,806,680)	(7,428,573)
Gross profit		1,251,262	1,915,061
Distribution and marketing expenses		(55,848)	(93,489)
Administrative expenses		(113,838)	(119,375)
Other expenses	15	(538,193)	(124,665)
Other income		402,244	210,456
Operating profit		945,627	1,787,988
Finance costs	16	(767,655)	(268,364)
Profit for the period before taxation		177,972	1,519,624
Taxation		(10,024)	(427,166)
Profit for the period after taxation		<u>167,948</u>	<u>1,092,458</u>
Earnings per share - basic and diluted		<u>0.18</u>	<u>1.20</u>

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



Chief Executive



Chief Financial Officer



Director

**ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020**

(Amounts in thousand)

	Quarter ended	
	March 31, 2020	March 31, 2019
	Rupees	
Profit for the period after taxation	167,948	1,092,458
Other comprehensive income	-	-
Total comprehensive income for the year	167,948	1,092,458

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

	RESERVES			Total
	CAPITAL		REVENUE	
	Share capital	Share premium	Unappropriated profit / (accumulated losses)	
	Rupees			
Balance as at January 1, 2019 (Audited)	9,089,233	3,874,953	3,779,400	16,743,586
Total comprehensive income for the period				
Profit for the period ended March 31, 2019	-	-	1,092,458	1,092,458
Other comprehensive income for the period ended March 31, 2019	-	-	-	-
Transactions with owners				
Final dividend for the year ended December 31, 2018 - Rs. 0.30 per share	-	-	(272,677)	(272,677)
	-	-	(272,677)	(272,677)
Balance as at March 31, 2019 (Unaudited)	9,089,233	3,874,953	4,599,181	17,563,367
Effect of change in accounting policy - net of deferred tax - note 3.3	-	-	(1,898,034)	(1,898,034)
Total comprehensive income for the nine months ended December 31, 2019				
Profit for the nine months ended December 31, 2019	-	-	2,611,044	2,611,044
Other comprehensive income for the year ended December 31, 2019	-	-	-	-
Transactions with owners				
Interim dividend for the year ended December 31, 2019 - Re. 0.60 per share	-	-	(545,354)	(545,354)
	-	-	(545,354)	(545,354)
Balance as at December 31, 2019 (Audited)	9,089,233	3,874,953	4,766,837	17,731,023
Total comprehensive income for the period				
Profit for the period ended March 31, 2020	-	-	167,948	167,948
Other comprehensive income for the period ended March 31, 2020	-	-	-	-
	-	-	167,948	167,948
Balance as at March 31, 2020 (Unaudited)	9,089,233	3,874,953	4,934,785	17,898,971

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER AND CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	3,296,742	203,687
Long-term loans and advances - net		31,141	(11,122)
Retirement benefits paid		(74,209)	(55,354)
Income tax paid		(372,279)	(33,546)
Net cash generated from operating activities		2,881,395	103,665
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible asset		(2,281,676)	(3,371,850)
Proceeds from disposal of property, plant and equipment		-	204
Income on short-term investments and bank deposits		360,046	196,281
Net cash used in investing activities		(1,921,630)	(3,175,365)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings - net of transaction costs		-	8,601,540
Repayments of long-term borrowings		-	(7,500,000)
Finance cost paid		(481,665)	(94,100)
Rentals paid during the period		(326,150)	-
Dividend payment		(3,823)	(29,580)
Net cash generated from financing activities		(811,638)	977,860
Net (decrease) / increase in cash and cash equivalents		148,127	(2,093,840)
Cash and cash equivalents at beginning of the year		6,583,407	9,062,267
Cash and cash equivalents at end of the year	18	6,731,534	6,968,427

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



Chief Executive



Chief Financial Officer



Director

ENGRO POLYMER & CHEMICALS LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

(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. The Company is listed on Pakistan Stock Exchange Limited.
- 1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dowood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).
- 1.3 The geographical location and addresses of all business units of the Company are as follows:

Business unit	Geographical location
Head office	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
Manufacturing plant	E201P-6-1 Eastern Zone, Port Bin Qasim Industrial Area, Karachi, Pakistan
Regional sales unit	1st Floor, 35 Z Block, Commercial Area, Phase III, DHA, Lahore

- 1.4 These condensed interim financial statements denote the standalone condensed interim financial statements of the Company. The condensed interim consolidated financial statements of the Company and its subsidiaries have been presented separately.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and, therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES AND CHANGES THEREIN

- 3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2019. The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2019.

- 3.2 a) Standards, interpretations and amendments to published approved accounting standards that are effective for the year and are relevant to the Company.

There are standards, amendments and interpretations to published accounting and reporting standards and interpretations that are applicable for the financial year beginning on January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES

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

The significant estimates, judgments and assumptions made by the management in the preparation of the condensed interim financial statements are the same as those that were applied in the annual audited financial statements of the Company as at and for the year ended December 31, 2019.

- 4.2 On March 11, 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. On March 23, 2020, the Government of Sindh announced a temporary lockdown as a measure to reduce the spread of the COVID-19, which has been further extended to April 14th, 2020. To complying with the lockdown, the entity has suspended its production from March 24, 2020. The company has sufficient funds available including short term financing facilities from various banks for meeting its operational requirements and commitments. As the situation related to COVID-19 is still evolving, the commercial and financial impact resulting from the same cannot be estimated with reasonable certainty at the period end date.

(Amounts in thousand)

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value - note 5.1	14,112,023	18,304,681
Capital work-in-progress - note 5.2	14,674,845	12,695,663
Capital spares	83,792	63,792
	<u>35,590,490</u>	<u>31,054,260</u>
5.1 Additions to operating assets during the period were as follows:		
Leasehold land - note 5.1.1	-	939,528
Building on leasehold land	-	1,980
Plant and machinery	88,418	1,027,207
Pipelines - EDC		88,288
Furniture, fixtures and equipment	20,476	51,726
Vehicles	3,162	3,671
	<u>81,996</u>	<u>2,752,360</u>

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

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Balance at the beginning of the period / year	12,696,980	2,751,097
Add: Additions during the period / year	2,814,676	12,744,841
Less: Write-off of plant and machinery items	(6,000)	-
Less: Transferred to operating assets during the period / year	(81,996)	(2,752,360)
Less: Transferred to intangible assets during the period / year	(15,038)	(67,555)
Balance at the end of the period / year	<u>14,674,845</u>	<u>12,695,663</u>

6. FINANCIAL ASSETS AT AMORTIZED COST

Investment in Term Deposit Receipts - note 5.1	<u>5,853,400</u>	<u>5,421,150</u>
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6.1 These denote term deposits aggregating to USD 35 million maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of 2.75% per annum and are due to mature in six equal semi-annual instalments of \$ 5.833 million starting from July 10, 2021 and ending on January 10, 2024.

7. DEFERRED TAXATION - NET

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Debit balances arising due to:		
- recoverable carried forward tax losses	-	-
- recoverable minimum turnover tax	893,000	898,001
- recoverable alternative corporate tax	309,179	309,179
- unpaid liabilities	132,493	126,170
- losses recognized under IFRS 16	857,138	793,120
- provision for Gas Infrastructure Development Cess and Special Excise Duty	1,499,794	1,461,279
- provision for slow moving stores and spares	102,749	102,345
- provision for bad debts	2,055	2,055
- share issuance cost, net to equity	57,830	57,830
	<u>3,555,138</u>	<u>3,452,959</u>
Credit balances arising due to:		
- accelerated tax depreciation	3,327,850	3,338,458
	<u>3,327,850</u>	<u>3,338,458</u>
	<u>227,288</u>	<u>114,810</u>

8. STOCK-IN-TRADE

This includes stock held at Engrs Vopak Terminal Limited as at March 31, 2020 Rs. 1,018,514 (as at December 31, 2019: 1,284,031).

9. TRADE DEBTS - considered good

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Secured	264,402	308,937
Unsecured - note 9.1	130,374	160,916
	<u>394,800</u>	<u>469,853</u>
9.1 Includes amounts due from the following related parties:		
- Engrs Powergen Thor (Private) Limited	-	890
- Engrs Fertilizer Limited	2,291	6,176
	<u>2,291</u>	<u>6,776</u>

(Amounts in thousand)

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

These include advances and receivables from the following related parties:

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Engro Polymer Trading (Private) Limited	14,639	23,725
Engro Peroxide (Private) Limited	85,881	70,035
Engro Corporation Limited	12,951	2,119
Headland/Corporo Engro Pakistan Limited	-	5
Sindh Engro Coal Mining Company Limited	497	52
Engro Powergen Qadipur Limited	9	9
Engro Fertilizers Limited	1,977	2,212
Engro Energy Limited	-	1,031
Engro Plastics (Private) Limited	3,159	3,199
	<u>117,093</u>	<u>102,799</u>

11. LONG-TERM BORROWINGS

Title	Mark-up rate per annum	Installments		Unaudited March 31, 2020	Audited December 31, 2019
		Number	Commencing from	Rupees	
Sukuk - note 11.1	3 months KIBOR + 0.9%	5 half yearly	July 15, 2024	8,629,054	8,623,541
Loan from Headland of Franco Corporation (FC) - note 11.2	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	5,790,984	5,343,489
Eksternal Loan - note 11.3	6 months KIBOR + 0%	4 half yearly	July 15, 2021	5,421,850	5,421,850
				<u>19,841,888</u>	<u>19,388,880</u>
Less: Current portion shown under current liabilities				-	-
				<u>19,841,888</u>	<u>19,388,880</u>

11.1 In the year 2019, the Company issued sukuk bonds of Rs. 8,750,000 to eligible institutional and other investors by way of private placement. These are repayable over a period of 7.5 years in five equal annual installments of Rs. 1,750,000 each with the first repayment commencing in July 2024. These are secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) which shall rank pari passu with the charges created in favour of the existing creditors.

11.2 In 2019, the Company had entered into a financing agreement with International Finance Corporation for a total of US Dollars 35,000 the draw down of which was made in December 2019. The principal is repayable in six semi-annual installments commencing from July 2021 and carries markup of the rate of six months LIBOR plus 3.25% payable semi annually.

The borrowing is by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) which shall rank pari passu with the charges created in favour of the existing creditors.

11.3 In the year 2019, the Company has entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). Rental payments are to be made in six semi-annual installments commencing from July 15, 2021 and ending on January 15, 2024 and are calculated at the rate of six months KIBOR plus 0% per annum. The borrowing is secured by a hypothecation charge in favour of the Bank which constitutes a ranking charge over the existing and future fixed assets of the Company (except land and building), ranking subordinate and subservient to the charges created in favour of the existing creditors and a lien and a right of set-off over the Term Deposit Receipt maintained with DIBPL as referred to in note 5.

12. TRADE & OTHER PAYABLES

	Unaudited March 31, 2020	Audited December 31, 2019
	Rupees	
Trade and other creditors - note 12.1	4,033,740	2,844,207
Accrued liabilities - note 12.1	2,441,560	2,637,885
Advances from customers	1,305,628	604,882
Retention money against project payments	1,545	1,545
Security deposits	34,920	34,120
Payable to provident fund	13,125	-
Payable to gratuity fund	8,698	298
Workers Welfare Fund	73,217	73,199
Workers Profit Participation Fund	7,995	36,133
Withholding tax payable	9,795	22
Others	8,495	8,086
	<u>7,966,861</u>	<u>6,595,617</u>

12.1 Includes amounts due to the following related parties:

- Engro Corporation Limited	292,576	96,395
- Engro Fertilizers Limited	32,090	40,935
- Engro Powergen Ther (Private) Limited	613	613
- Engro Vopak Terminal Limited	199,478	139,849
	<u>524,657</u>	<u>277,792</u>

(Amounts in thousand)

13. PROVISIONS

	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees-----	
Provision for Gas Infrastructure Development Cess - note 13.1	5,312,813	5,140,379
Provision for gas price revision - note 13.2	517,302	517,302
	<u>5,830,205</u>	<u>4,658,627</u>

13.1 Provision for Gas Infrastructure Development Cess (GIDC)

Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under DGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company has obtained ad-interim stay orders from the High Court of Sindh. However, on prudent basis the Company recognized a provision of Rs. 1,345,704 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs.300 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and the GIDC Ordinance, 2014.

The Company, based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Company reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,554 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

Further, the Company has also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sul Southern Gas Company Limited (SSGCL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. However, based on prudence, the Company has recognized a further provision, for the period ended, of Rs. 172,440 (March 31, 2019: Rs. 202,026) pertaining to the period subsequent to the promulgation of GIDC Act, 2015.

13.2

During the year ended December 31, 2017, the Company had filed suits in the Sindh High Court (SHC), against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regulatory Authority (DGRA) vide SRO no. (1)2016 dated December 30, 2016 whereby the Company the increase as illegal and unconstitutional. The SHC has granted an interim order in favour of the Company which is still operational. However, the Company has recognized a provision of Rs. 217,292 for the period from December 2017 to December 2019.

14. CONTINGENCIES AND COMMITMENTS

14.1 There is no change in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2019.

14.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at March 31, 2020 amounts to Rs. 3,250,000 (December 31, 2019: Rs. 2,348,000). The amount utilized there against as at March 31, 2020 is Rs. 2,163,090 ((December 31, 2019: Rs. 2,193,090).

14.3 The facility for opening letters of credit as at March 31, 2020 aggregated to Rs. 24,037,000 (December 31, 2019: Rs. 24,007,000). The amount utilized thereagainst as at March 31, 2020 is Rs. 3,142,000 (December 31, 2019: Rs. 5,126,000). These facilities carry commission at rates ranging between 0.05% and 0.1% (December 31, 2019: 0.05% and 0.1%).

14.4 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to Rs. 2,160 (December 31, 2019 : Rs. Nil).

14.5 Commitments in respect of rentals of storage tanks at FVTL for the handling of Ethylene aggregate to USD \$38,228 valid till 31 March 2020 and Ethylene Di Chloride (EDC) aggregate to USD \$ 5,625 and are valid till 31 December 2025.

(Amounts in thousand)

15. OTHER EXPENSES

This includes foreign exchange loss of Rs. 406,096 (March 31, 2019: Rs. Nil) in respect lease liabilities recognized under IFRS 16.

	Unaudited	
	Quarter ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
16. FINANCE COST		
Includes:		
Interest on lease liabilities recognised under IFRS 16	79,153	-
Interest expense on long-term borrowings	568,219	253,805
Interest expense on long-term borrowings	79,468	956
	<u>726,840</u>	<u>254,771</u>
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	177,972	1,519,624
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	48,715	27,988
Provision for GIDC	172,440	262,028
Provision for net realizable value of stock-in-trade	-	7,914
Depreciation on property, plant and equipment	280,454	280,289
Depreciation on right of use asset	103,991	-
Amortization	6,301	3,939
Income on short term investments and bank deposits	(360,046)	(196,281)
Finance costs on lease liability	79,153	-
Finance costs	667,244	248,305
Amortization of transaction cost	11,109	5,500
Foreign exchange loss of financial liabilities and asset - net	415,742	-
Gain on disposal of operating asset	-	(161)
Working capital changes - note 17.1	1,693,667	(1,955,458)
	<u>3,296,742</u>	<u>203,687</u>
17.1 WORKING CAPITAL CHANGES		
(Increase) in current assets		
Stores, spares and loose tools	97,188	77,430
Stock-in-trade	654,390	(1,263,776)
Trade debts - considered good	134,747	(121,096)
Loans, advances, deposits, prepayments and other receivables	(639,702)	284,949
	<u>246,623</u>	<u>(1,022,493)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	1,447,044	(932,965)
	<u>1,693,667</u>	<u>(1,955,458)</u>
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	363,317	68,883
Short term investments	9,607,428	6,899,544
Short-term borrowings	(3,239,211)	-
	<u>6,731,534</u>	<u>6,968,427</u>

(Amounts in thousand)

19. SEGMENT INFORMATION

19.1 The basis of segmentation and reportable segments presented in these consolidated condensed interim financial statements are same as disclosed in the annual audited financial statements of the Company for the year ended December 31, 2019.

	Unaudited March 31, 2020				Unaudited March 31, 2019			
	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
Revenue								
At a point in time	3,454,300	1,138,958	-	4,593,258	7,892,190	1,455,215	-	9,347,405
Over time	-	-	16,783	16,783	-	-	17,713	17,713
	3,454,300	1,138,958	16,783	4,608,041	7,892,190	1,455,215	17,713	9,365,118
Less:								
Cost of sales	(5,081,471)	(832,498)	(12,851)	(5,926,820)	(6,527,811)	(784,308)	(17,354)	(7,429,473)
Distribution and marketing expenses	(30,254)	(15,328)	-	(45,582)	(71,514)	(21,372)	-	(92,886)
Administrative expenses	(104,171)	(11,118)	-	(115,289)	(104,758)	(14,489)	-	(119,247)
Other expenses	(118,684)	(20,315)	(277)	(149,276)	(89,318)	(15,537)	(17)	(104,872)
Other operating income	211,691	180,325	290	492,306	107,955	112,790	31	220,776
Finance costs	(335,275)	(5,177)	(44)	(340,496)	(266,252)	(2,081)	(28)	(268,361)
Taxation	(14,398)	(25,893)	(718)	(40,009)	(131,223)	(197,851)	(89)	(329,163)
	32,209	281,895	1,929	316,033	661,945	190,571	242	1,052,758
Impact of FRS 16, post tax	-	-	-	(171,900)	-	-	-	-
Others, post tax	-	-	-	4,532	-	-	-	-
Profit for the period	32,209	281,895	1,929	316,033	661,945	190,571	242	1,052,758
Assets								
	Unaudited March 31, 2020				Audited December 31, 2019			
	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total	Poly Vinyl Chloride and Allied Chemicals	Caustic soda and Allied Chemicals	Power supply	Total
Report:								
Total segment assets	35,905,944	8,679,404	21,133	44,526,481	31,534,324	6,968,487	17,885	38,520,696
Unallocated assets				18,531,687				18,545,489
Total assets				<u>63,058,168</u>				<u>57,066,185</u>

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

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

20.1 Financial risk factors

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

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

(Amounts in thousand)

21. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	Unaudited	
		Quarter ended March 31, 2020	March 31, 2019
		Rupees	
Holding company			
- Engro Corporation Limited	Reimbursement made	-	4,934
	Purchased services	83,874	67,213
	Advance for intangible asset	121,599	-
	Life insurance contribution	-	183
	Medical contribution	-	58
Subsidiary Company			
- Engro Plasticizer (Private) Limited	Payments made on behalf of the Subsidiary company	30	-
- Engro Peroxide (Private) Limited	Payments made on behalf of the Subsidiary company	13,845	-
- Think PVC (Private) Limited (formerly known as Engro Polymer Trading (Private) Limited)	Payments made on behalf of the Subsidiary company	12,428	-
Associated companies			
- Mitsubishi Coporation	Purchase of goods	11,415	22,451
Members of the Group			
- Engro Fertilizers Limited	Reimbursement received	357	207
	Sale of goods	-	3,809
	Sale of steam and electricity	26,903	27,029
	Reimbursement made	501	88
	Purchase of services	25,995	-
	Purchase of Land	-	722,122
- Engro Vopak Terminal Limited	Purchase of services	384,812	338,407
	Reimbursement made	2,314	2,902
	Reimbursement received	-	492
- Sindh Engro Coal Mining Company Limited	Reimbursement made	53	32
- Engro Energy Limited	Reimbursement received	1,596	4,040
- Engro Powergen Thar (Private) Limited	Sale of goods	1,277	1,197

(Amounts in thousand)

Directors Fees		300	300
Key management personnel	Managerial remuneration	30,999	27,673
	Retirement benefits	4,311	5,090
	Bonus	11,574	9,638
	Other benefits	5,730	5,796
Contribution to staff retirement benefits	Managed & operated by the Holding Company		
	Provident fund	17,687	16,002
	Gratuity fund	22,898	11,739
	Pension fund	773	1,460

22. 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 financial statements approximate their fair values.

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

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

As at March 31, 2020	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets at fair value through profit or loss				
Treasury bills	-	9,607,428	-	9,607,428
	-	9,607,428	-	9,607,428
	-----Rupees-----			
As at December 31, 2019	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets at fair value through profit or loss				
Treasury bills	-	6,264,375	-	6,264,375
Pakistan investment bonds	-	1,700,045	-	1,700,045
	-	7,964,420	-	7,964,420

(Amounts in thousand)

23. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of the comparable year-to-date period of the immediately preceding financial year.

During the period, these reclassifications have been made:

Description	From	Reclassified	To	Amount
Product transportation	Distribution and marketing expenses		Cost of sales	233,349
Purchased services	Administrative expenses		Cost of sales	84,288

24. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on April 15, 2020 has approved an interim cash dividend of NIL per share for the period ended March 31, 2020 amounting to NIL. Further, the Board of Directors in its meeting held on February 4, 2020 proposed a final dividend of Rs. 0.20 per share in respect for the year ended December 31, 2019. This appropriation will be approved by the members at the Annual General Meeting to be held on April 23, 2020.

24. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 15, 2020 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director

اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ

حصص یافتگان (شیر ہولڈرز) کے لئے 31 مارچ، 2020 کو ختم شدہ سہ ماہی (تین ماہ) کے حوالے سے غیر آڈٹ شدہ مجموعی عبوری مالیاتی گوشواروں پر ڈائریکٹرز کا جائزہ

ہم، اینٹروپولیمیر اینڈ کیمیکلز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ، 2020 کو ختم ہونے والی سہ ماہی (تین ماہ) کے حوالے سے کمپنی کی غیر آڈٹ شدہ مالیاتی معلومات کو پیش کرنا چاہیں گے۔

کاروباری تجزیہ

اس سہ ماہی کے دوران پائمنٹ سائٹ پر گیس کی لیکج کا ایک واقعہ رونما ہوا۔ اس واقعے کے حوالے سے ایک مکمل تفتیش انجام دی گئی اور اپنے لوگوں اور آپریٹرز کے تحفظ کو یقینی بنانے کے لیے اس سے حاصل ہونے والے مشاہدات کا اطلاق کیا گیا۔ کمپنی نے تمام عملے، جن میں سے اکثریت کو تھوڑی طبی معاونت کی ضرورت تھی، کو موزوں طبی نگہداشت کی فراہمی کو یقینی بنایا۔ کمپنی نے ان تمام ملازمین اور عملے کو ہولیا ت بہم فراہم کیے جنہیں اس واقعہ کے بعد طبی معاونت کی ضرورت تھی۔ بورڈ آف ڈائریکٹرز کو اس افسوس ناک واقعہ پر دلی رنج ہے اور وہ پورے ادارے میں اعلیٰ ترین حفاظتی اقدامات اور تحفظ کو یقینی بنانے کے تمام تر ضروری اقدامات کریں گے۔

آپریٹنگل محاذ پر کمپنی نے اپنی تاریخ کا سب سے بڑا ٹرن آراؤنڈ کیا، جس کے دوران بے شمار سیفٹی سے متعلق منصوبے مکمل کئے گئے۔

اس مدت کے دوران دنیا بھر میں COVID-19 کی عالمی وبا پھیلی ہوئی تھی۔ اس عالمی وباء نے پر مجموعی معاشی امور اور بالخصوص اجناس کے نرخوں پر طلب میں کمی کی وجہ سے منفی اثرات مرتب کئے ہیں اور یہ عمل آئندہ بھی جاری رہے گا۔ خام تیل کی قیمتوں کی تباہی کے نتیجے میں بھی ڈاؤن اسٹیم پراڈکٹس کی کم طلب کی وجہ سے آٹھیلیٹکس کے نرخوں میں نمایاں طور پر کمی واقع ہوئی۔ دوسری جانب اس سہ ماہی کی شروعات میں PVC کے اہم پروڈیوسرز نے سالانہ ٹرن آراؤنڈ لیا اور پیداوار بند کر دی جس کے نتیجے میں PVC کے نرخوں میں تیزی کا رجحان رہا۔ جیسے ہی پیداوار کا دوبارہ آغاز ہوگا ساتھ ہی چائینیز سپلائرز COVID کی صورتحال سے نکلے گا، اس کی انوینٹری میں نمایاں اضافہ ہوگا جو نرخوں پر اثر انداز ہوگا۔

پاکستان کی معیشت بھی اس عالمی وبا سے بہت زیادہ متاثر رہی ہے، جو کینی کے لیے متعدد مضمرات کی حامل تھی:

1- حکومت سندھ کی جانب سے جاری ایک ڈاؤن کی تعمیل میں، پورٹ قاسم پر موجود پیداواری یونٹس نے اپنا کام روک دیا ہے اور PVC 3 / VCM DBN پراجیکٹ بھی موقوف کر دیئے گئے ہیں۔

2- ہائیڈروجن پر آکسائیڈ اور LABSA جو پہلے سے اعلان شدہ پراجیکٹس ہیں، کی تکمیل سے متعلق طے شدہ دورانیہ پر نظر ثانی کی جائے گی۔ کینی ان پراجیکٹس کے حوالے سے اپنے عہد پر قائم ہے اور حصص یا فنڈنگ کو پراجیکٹ کی تکمیل کی مدت کے حوالے سے مزید پیش رفت ہونے کی صورت میں آگاہ کیا جائے گا۔

3- پاکستان سے غیر ملکی کرنسی کی سرمایہ کاری کے اخراج کی وجہ سے، امریکی ڈالر اپنا پاکستانی روپے کے زرمبادلہ کے نرخ میں نمایاں طور پر اضافہ ہوا، جس کی وجہ سے کینی کو غیر ملکی کرنسی میں موجود واجب الادا بلایا جات پر غیر ملکی زرمبادلہ کا نقصان برداشت کرنا پڑا، جس کے نتیجے میں 266 ملین روپے بعد از ٹیکس کی رقم کا نقصان ہوا (جو کہ 0.29 روپے کے EPS میں تبدیل ہو رہا ہے)

ٹرن آؤٹ کی طوالت، گیس لگج کے واقعہ کے نتیجے میں ہونے والے پیداواری نقصان اور COVID-19 حالات کی وجہ سے آپریشنز کے معطل ہونے کی وجہ سے، اس سماہی میں پیداواری امور کی انجام دہی کے دنوں کی تعداد کم رہی۔ جس کے نتیجے میں کینی نے گزشتہ سال کی اسی مدت کے دوران ریکارڈ کی جانے والی 9,344 ملین روپے کی آمدن کے مقابلے میں اس سال 7,058 ملین روپے کی کم آمدن ریکارڈ کی اور گزشتہ سال کی اسی مدت کے دوران حاصل ہونے والے 1,094 ملین روپے کا بعد از محصول نفع (PAT) (جو کہ 1.20 کی EPS میں تبدیل ہو رہا ہے) کے مقابلے میں اس سال 193 ملین روپے کا بعد از محصول نفع (PAT) (جو کہ 0.21 کی EPS میں تبدیل ہو رہا ہے) جاری کیا۔

COVID-19 سے شروع ہونے والے بدلتے ہوئے موجودہ میکرو اکنامک حالات، بلند افراط زر، بلند شرح سود، توانائی کے نرخوں میں ہونے والے اضافے اور دیگر متعلقہ رجحانات جیسے ڈپنگ نے معیشت پر شدید منفی اثرات مرتب کئے ہیں جس کے نتیجے میں مختلف شعبہ جات میں طلب میں کمی واقع ہوئی ہے۔ ہم حکام ہاالا سے درخواست کرتے ہیں کہ وہ مقامی صنعتوں، بالخصوص وہ صنعتی منصوبے جو درآمدات کا متبادل فراہم کر رہے ہیں اور مقامی صنعتوں جیسے تعمیراتی، ٹیکسٹائل اور کزن یومر گڈز کو معاونت فراہم کر رہے ہیں، کے لیے لاگت میں کمی کے اقدامات کریں تاکہ وہ بین الاقوامی مارکیٹ کا مقابلہ کرنے کے قابل ہوں۔


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مستقبل میں

ہمیں امید ہے کہ دنیا اس عالمی وبا پر جلد قابو پالے گی۔ COVID-19 کے معاملات متوقع وقت سے زیادہ طویل ہونے کی صورت میں کمپنی کی جانب سے ملازمین اور عام عوام کی صحت اور تحفظ پر کسی قسم کے چھوٹے کے بغیر آپریشنز کو آسان اور سہل انداز میں چلانے کے لیے موزوں اور مخصوص اقدامات کئے گئے ہیں۔ ہم نے حکومت سندھ سے بھی EPCL کو اپنے آپریشنز چلانے کی اجازت کے لیے رابطہ کیا ہے، کیوں کہ کمپنی صابن، ٹیکسٹائل اور تعمیراتی صنعت کے لیے بنیادی خام مال تیار کرتی ہے، جو پاکستان کی معیشت کے لیے ضروری ہیں۔

پی وی سی اور آٹھ بیلیں کے نرخ عالمی معاشی رجحان، COVID-19، علاقائی سیاسی صورتحال، رسد اور طلب کے مخاطر پر منحصر رہیں گے۔ مقامی اور بین الاقوامی مارکیٹ اس وقت غیر مستحکم ہے اور ایک مرتبہ COVID-19 پر قابو پانے، مقامی معاشی پالیسیز، میکرو اکنامک علامات یا دیگر اہم متغیر عوامل کے تصفیہ کے بعد محفوظ و مضبوط سمت کی جانب مگزن ہوگی۔


فیروز رضوی
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