

Engro Polymer & Chemicals

FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED MARCH 31, 2023

## **CONTENTS**

<b>Company's information</b>	<b>3</b>
<b>Directors' review on unaudited consolidated condensed interim financial statements</b>	<b>4-5</b>
<b>Unaudited consolidated condensed interim financial statements</b>	<b>6-14</b>
<b>Unaudited condensed interim financial statements</b>	<b>15-27</b>
<b>Directors' review on unaudited consolidated condensed interim financial statements (in Urdu)</b>	<b>28-29</b>

## COMPANY INFORMATION

<b>Chairman</b>	Mr. Ghlas Khan
<b>Chief Executive Officer</b>	Mr. Jahangir Piracha
<b>Directors</b>	Mr. Eram Hasan Mr. Feroz Rizvi Mr. Rizwan Masood Raja Mr. Nadir Salar Quershi Mr. Nazoor Ali Baig Mr. Hideki Adachi Ms. Ayesha Aziz
<b>Chief Financial Officer</b>	Ms. Rabia Wafah Khan
<b>Company Secretary</b>	Mr. Khawaja Hakter Abbas
<b>Corporate Audit Manager</b>	Mr. Kalimuddin A. Khan
<b>Bankers / Lenders</b>	Allied Bank Ltd. Askari Bank Ltd. Al-Baraka Bank (Pakistan) Ltd. Bank Alfalah Ltd. Bank Al Habib Ltd. Bank Islami Pakistan Ltd. Bank of China Citibank N.A. Dubai Islamic Bank Pakistan Ltd. Faysal Bank Ltd. Habib Bank Ltd. Habib Metropolitan Bank Limited 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 Pakistan Ltd. Samba Bank Ltd. Summit Bank Limited The Bank of Punjab The Bank of Khyber United Bank Ltd.
<b>Auditors</b>	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
<b>Registered Office</b>	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
<b>Plant</b>	EZ/1/P-11-1, Eastern Zone, Bin Qasim, Karachi
<b>Regional Sales Office</b>	Office No. 601, 6th Floor, Haly Tower, Lalch Chowk, DHA, Lahore UAN: 111 211 211
<b>Share Registrar</b>	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
<b>Website</b>	<a href="http://www.engropolymer.com">www.engropolymer.com</a>

**ENGRO POLYMER & CHEMICALS LIMITED  
DIRECTOR'S REVIEW TO THE SHAREHOLDERS  
ON UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31<sup>st</sup>, 2023**

On behalf of the Board of Directors of Engro Polymer & Chemicals Limited (the "Company" or "EPCL"), we would like to present the unaudited Financial Information of the Company for the month ended March 31<sup>st</sup>, 2023.

**Business Review**

International PVC prices witnessed an uptick in the initial two months of the quarter on the back of renewed demand from India post which the market softened on the back of a hazy economic outlook, geopolitical turbulence, and high volatility in international energy prices. Ethylene saw soft demand during the Lunar Holidays, however, supply crunches kept the upward pressure on price throughout the quarter. There was an overall low demand for EDC during the start of the year, however, bullish sentiment prevailed, as prices were buoyed by reduced supplies and relatively high Ethylene cost. The caustic market continued its decline during the quarter with Asia remaining greatly oversupplied amid limited buying interest.

In 1Q 2023, local PVC sales declined ~26% compared to same period last year. Caustic volumes also reflected a similar trend as that of PVC in 1Q 2023 where volumes declined by 38%. The decline comes amid significant challenges posed by a volatile macroeconomic situation in the country. Inflation continued surging to all-time high levels fueled by the massive dollar devaluation. Restrictions on LC establishment to curb foreign exchange outflows have impacted the ability of several industries to function sustainably, adding pressure to the overall sentiment. Uncertainty around the IMF review and bilateral inflows continue to put a damper on economic outlook.

The Company recorded revenue of Rs. 17,978 million in 1Q 2023, indicating a decrease of ~22% compared to the same period last year on the back of lower volumetric sales and lower PVC prices. During 1Q 2023, the Company recorded a Profit After Tax of Rs. 1,183 translating into a basic Earnings Per Share of Rs. 1.30, compared to a Profit After Tax of Rs. 4,714 million, translating into basic Earnings Per Share of Rs. 5.19 for the same period last year. The decline in profit is attributed to the impact of lower sales, and higher production costs. An additional burden was imposed since the timely establishment of import LCs impacts the ability of the Company to source raw material and critical equipment.

Work on our efficiency and other projects is underway. However, our HTDC and Hydrogen Peroxide projects, that were slated to come online in 2023, face delays due to the overall macroeconomic climate. Our focus remains on ensuring the timely delivery of these project.

## Outlook

We expect PVC prices to recover to healthy levels once the challenging global geopolitical climate improves. Ethylene prices will be impacted by decisions of OPEC+ and its resultant impact on oil prices while EDC prices will be driven by PVC demand and Caustic Soda dynamics. Our key focus areas for the coming quarter will be to ensure safe and sustainable operations at our Plant, completing on-going projects safely and within communicated timelines, and navigating through the turbulent economic situation and LC restrictions to ensure sustained growth.

On behalf of the Board



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Chief Executive Officer



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Director

**ENGRO POLYMER AND CHEMICALS LIMITED  
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2023**



**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	47,239,411	45,286,725
Right-of-use asset		1,564,976	1,683,540
Intangible assets		676,320	686,598
Financial assets at amortised cost	6	-	1,317,506
Long-term loans and advances		800	800
		<u>49,481,506</u>	<u>48,975,169</u>
<b>Current Assets</b>			
Stores, spares and loose tools	7	2,710,304	2,464,113
Stock-in-trade	8	10,460,706	10,415,992
Trade debts - considered good	9	4,040,910	2,679,412
Loans, advances, deposits, prepayments and other receivables	10	3,183,065	3,514,946
Short term investments		11,526,824	14,059,318
Cash and bank balances		3,258,841	3,291,627
		<u>35,180,649</u>	<u>36,425,408</u>
<b>TOTAL ASSETS</b>		<u><b>84,662,155</b></u>	<u><b>85,400,577</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		9,089,233	9,089,233
Preference shares	11	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		12,340,865	11,157,529
		<u>28,305,051</u>	<u>27,121,715</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	12	17,647,895	19,834,943
Deferred income - Government grant		625,792	581,338
Lease liabilities	13	1,871,644	1,892,238
Provisions	14	548,729	637,807
Deferred tax liability	15	1,974,035	2,130,680
		<u>22,668,095</u>	<u>25,077,006</u>
<b>Current Liabilities</b>			
Trade and other payables	16	15,130,346	15,352,339
Service benefit obligations		31,468	74,278
Current portion of long-term borrowings		5,505,049	4,826,263
Current portion of deferred income- Government grant		39,727	97,328
Current portion of lease liabilities	13	2,394,947	1,912,744
Short-term borrowings		474,360	474,360
Accrued interest / mark-up		269,258	392,062
Unclaimed dividend		1,176,001	1,174,365
Taxes payable		2,307,287	2,887,239
Provisions	14	6,360,567	6,010,879
		<u>33,689,009</u>	<u>33,201,857</u>
		<u>56,357,105</u>	<u>58,278,863</u>
<b>Contingencies and Commitments</b>	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>84,662,156</b></u>	<u><b>85,400,577</b></u>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2023

(Amounts in thousand except for earnings per share)

	Quarter ended	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
Net revenue	17,978,330	23,126,868
Cost of sales	(14,387,044)	(15,462,360)
<b>Gross Profit</b>	<b>3,591,286</b>	<b>7,664,508</b>
Distribution and marketing expenses	(146,138)	(150,334)
Administrative expenses	(273,738)	(229,036)
Other expenses	(766,473)	(848,195)
Other income	444,016	432,312
<b>Operating profit</b>	<b>2,848,952</b>	<b>6,869,255</b>
Finance costs	(1,177,069)	(613,458)
<b>Profit before taxation</b>	<b>1,671,883</b>	<b>6,255,797</b>
Taxation	(488,547)	(1,542,214)
<b>Profit after taxation</b>	<b>1,183,336</b>	<b>4,713,583</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,183,336</b>	<b>4,713,583</b>
<b>Earnings per share - basic</b>	<b>1.30</b>	<b>5.19</b>
<b>Earnings per share - diluted</b>	<b>0.98</b>	<b>3.91</b>

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

  
**Chief Executive Officer**  
Jahangir Piracha

  
**Chief Financial Officer**  
Rabia Wafah Khan

  
**Director**  
Feroz Rizvi



ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2023

(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18.2	389,847	9,570,441
Long-term loans and advances - net		-	674
Retirement benefits paid		(95,626)	(98,298)
Income tax paid		(1,070,779)	(249,211)
<b>FOR THE PERIOD ENDED MARCH 31, 2023</b>		<b>(776,558)</b>	<b>9,223,606</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangible asset		(2,670,047)	(590,746)
Proceeds from disposal of property, plant and equipment		7,188	-
Addition in leased liability		-	171,288
Short term investments - made		(16,639,489)	898,529
Short term investments - proceeds		23,321,148	-
Income on short-term investments and bank deposits		174,487	432,312
<b>Net cash used in investing activities</b>		<b>4,193,287</b>	<b>911,383</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction costs		156,215	-
Repayment of long-term borrowings		(2,347,765)	(1,953,227)
Finance cost paid		(965,897)	(621,486)
Rentals paid during the period		(565,305)	(370,878)
Dividend payment		-	(2,625,018)
<b>Net cash generated from financing activities</b>		<b>(1,374,987)</b>	<b>(5,570,609)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>2,041,741</b>	<b>4,564,380</b>
Cash and cash equivalents at beginning of the period		3,453,356	13,824,929
<b>Cash and cash equivalents at end of the period</b>	19	<b>5,495,097</b>	<b>18,389,309</b>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2023

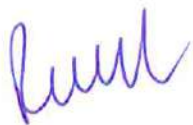
(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Share capital	Preference shares	CAPITAL	REVENUE	
			Share premium	Unappropri ated profits	
Rupees					
Balance as at January 1, 2022 (Audited)	9,089,233	3,000,000	3,874,953	14,003,724	29,967,910
<b>Total comprehensive income for the period</b>					
Total comprehensive income for the period ended March 31, 2022	-	-	-	4,713,583	4,713,583
<b>Transactions with owners</b>					
Final ordinary dividend for the year ended December 31, 2021					
- Rs. 5.50 per share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
				(5,080,078)	(5,080,078)
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>9,089,233</b>	<b>3,000,000</b>	<b>3,874,953</b>	<b>13,637,229</b>	<b>29,601,415</b>
<b>Total comprehensive income for the period</b>					
Total comprehensive income for the period ended December 31, 2022	-	-	-	6,975,533	6,975,533
<b>Transactions with owners</b>					
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
	-	-	-	(9,455,233)	(9,455,233)
<b>Balance as at December 31, 2022</b>	<b>9,089,233</b>	<b>3,000,000</b>	<b>3,874,953</b>	<b>11,157,529</b>	<b>27,121,715</b>
<b>Total comprehensive income for the period</b>					
Total comprehensive income for the period ended March 31, 2023	-	-	-	1,183,336	1,183,336
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>9,089,233</b>	<b>3,000,000</b>	<b>3,874,953</b>	<b>12,340,865</b>	<b>28,305,051</b>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

**ENGRO POLYMER & CHEMICALS LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

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

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 to 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 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, 2022.

**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 annual audited financial statements of the Company for the year ended December 31, 2022, except for the early adoption of an amendment.
- 3.2 The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited consolidated financial statements of the Group for the year ended December 31, 2022.

4. ACCOUNTING ESTIMATES

- 4.1 The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of accounting estimates. It also requires the management to exercise its judgments in the process of applying the Company's accounting policies. Judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are 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 those that were applied in the annual audited financial statements of the Company as at and for the year ended December 31, 2022.

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value - notes 5.1	34,517,753	34,375,726
Capital work-in-progress - note 5.2	12,514,035	10,698,888
Capital spares	207,623	212,113
	<u>47,239,411</u>	<u>45,286,725</u>
5.1 Additions to operating assets during the period were as follows:		
Building on leasehold land	49,634	22,975
Plant and machinery	731,373	6,174,012
Furniture, fixtures and equipment	34,765	143,901
Vehicles	20,589	128,008
	<u>836,529</u>	<u>5,468,896</u>
5.2 The movement in capital work-in-progress is as follows:		
Balance as at January 1	10,699,885	7,094,888
Additions during the year	2,670,047	9,165,981
Transferred to:		
- operating assets	(836,529)	(5,468,895)
- intangibles	(18,368)	(72,212)
- capital spares	-	(10,876)
	<u>(854,897)</u>	<u>(5,551,983)</u>
Balance as at December 31	<u>12,514,035</u>	<u>10,698,888</u>
<b>6. FINANCIAL ASSETS AT AMORTIZED COST</b>		
Investment in Term Deposit Receipts - note 6.1	3,309,922	4,040,191
Less: current maturity shown under current assets	(1,855,662)	(2,722,683)
	<u>1,454,260</u>	<u>1,317,508</u>
6.1 These denote term deposits receipts aggregating to USD 35 million maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.85% per annum and are due to mature in six equal semi-annual instalments of USD 5.833 million which started from July 15, 2021 and ends on January 15, 2024.		
<b>7. STORES, SPARES AND LOOSE TOOLS</b>		
7.1 During the year, the Company has written-off stores and spares amounting to Rs. Nil (December 2022: Rs. 14,224).		
7.2 During the year, the Company has written-off provision for slow moving stores and spares amounting to Rs. Nil (December 2022: Rs. Nil).		

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
<b>8. STOCK-IN-TRADE</b>		
Raw and packing materials	7,182,693	7,283,484
Less: Provision against stock-in-trade	(86,188)	(89,199)
	<u>7,088,495</u>	<u>7,184,285</u>
Work-in-process	71,188	-
Finished goods - manufactured product and trading products - note 11.2	<u>2,201,281</u>	<u>3,231,707</u>
	<u><u>9,358,664</u></u>	<u><u>10,415,992</u></u>

8.3 This includes stock held at Engro Vopak Terminal Limited as at March 31, 2022 Rs. 2,188,857 (December 2022 : 2,672,597).

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
<b>9. TRADE DEBTS - considered good</b>		
Includes amounts due from the following related parties:		
Engro Energy Services Limited	8	-
Engro Eximp FZE	2,890,308	2,228,250
Engro Fertilizer Limited	<u>23,261</u>	<u>4,972</u>
	<u>2,890,316</u>	<u>2,228,222</u>

**10. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**  
These include advances and receivables from the following related parties

Engro Corporation Limited	33	1,055
Engro Energy Limited	2,062	562
Engro Energy Services Limited	-	8
Engro Fertilizers Limited	-	13,402
Engro Powergen Qadirpur Limited	69	69
Engro Powergen Ther (Private) Limited	32	32
Engro VOPAK Terminal	<u>977</u>	<u>-</u>
	<u>1,009</u>	<u>32</u>

**11. PREFERENCE SHARES**

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

**12. LONG-TERM BORROWINGS**

Title	Mark-up rate per annum	Instalments		Unaudited March 31, 2023	Audited December 31, 2022
		Number	Commencing	Rupees	
Loans from International Finance Corporation (IFC) - note 12.1	6 months LIBOR + 3.25%	8 half yearly	July 15, 2021	3,319,233	3,913,260
Bilateral loan - note 12.2	6 months KIBOR + 6%	8 half yearly	July 15, 2021	1,897,183	2,710,753
Islamic Long Term Financing Facility (ILTF) - note 12.3	6SP rate + 1.2%	32 quarterly	December 14, 2002	1,747,041	1,668,317
Islamic Temporary Economic Refinance Facility (ITERF) - notes 12.4, 12.5 and 12.6	Ranging from 6 SP rate + 0.75% to 1%	32 quarterly	June 12, 2023	1,872,814	1,718,899
Loan under denaturing musharaka agreement - note 12.7	3 months KIBOR + 0.4%	8 half yearly	June 28, 2023	400,000	600,000
Syndicated Long Term Islamic Financing Facility - note 12.8	3 months KIBOR + 0.3%	12 quarterly	March 27, 2020	6,720,846	8,730,818
Loan under denaturing musharaka agreement - note 12.9	3 months KIBOR + 0.3%	18 quarterly	March 30, 2020	6,000,000	6,000,000
				<u>23,877,201</u>	<u>21,293,331</u>
<b>Less:</b> Current portion shown under current liabilities					
- Loan from International Finance Corporation				(3,319,233)	(2,844,813)
- Bilateral loans				(1,207,105)	(1,807,186)
- Islamic Long Term Financing Facility (ILTF)				(243,792)	(243,752)
- Islamic Temporary Economic Refinance Facility (ITERF)				(34,896)	(30,732)
- Loan under denaturing musharaka agreement				(100,000)	(100,000)
				<u>(5,105,026)</u>	<u>(5,823,603)</u>
<b>Less:</b> Deferred income - Government grant				(66,000)	(678,666)
				<u>17,695,726</u>	<u>17,116,742</u>



- 12.3 In 2018, the Holding Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Holding Company and lenders will commence in due course and transition will be completed by the mid of 2023.
- 12.4 In 2019, the Holding Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipt maintained with DIBPL.
- 12.5 In 2020, the Holding Company obtained Islamic Long Term Financing Facility (ILTF) of the State Bank of Pakistan through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.
- 12.6 In 2021, the Holding Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through Musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During the year, the Company further received Rs. 217,685 on account of ITERF loan facility.
- 12.7 In 2021, EPPL entered into a musharaka agreement with MCB and MCB Islamic Bank Limited (MIBL) for Rs. 550,000 and Rs. 100,000, respectively, under the Islamic Temporary Economic Refinance Facility (ITERF) of State Bank of Pakistan (SBP). The principal is repayable over 10 years in 32 equal quarterly installments commencing from September 2023 and carries markup at SBP Refinance Rate plus 1.25% payable quarterly. The borrowing is secured by the way of hypothecation charge of present and future movable fixed assets of the Company (except land and building), which shall rank pari passu with the charges created in favor of existing creditors.
- 12.8 During the year, EPPL has entered into a musharaka agreement with Faysal Bank Limited for Rs. 3,500,000 under the ITERF of SBP. The principal is repayable over 10 years in 32 equal quarterly installments commencing from September 2023 and carries markup at SBP Refinance Rate plus 0.95% payable quarterly. The borrowing is secured by the way of hypothecation charge over plant and machinery of the EPPL with 20% margin. During the period, the company made further drawdown of Rs. 11,693.
- 12.9 In 2021, the Holding Company made a draw down of Rs. 400,000 under Diminishing Musharaka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.
- 12.10 On December 28, 2022, the Holding Company made a draw down of Rs. 8,750,000 under syndicate long term Islamic financing facility to finance buyback of sukuk bond (note 18.1). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.
- 12.11 On December 12, 2022, the Holding Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through Musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Holding Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

### 13. LEASE LIABILITIES

These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party amounted to Rs. 4,079,434 (December 31, 2022: Rs. 3,679,819).



14. PROVISIONS

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
Provision for gas development infrastructure cess	6,391,904	6,131,294
Provision for gas price revision	617,392	617,392
	<u>8,009,296</u>	<u>6,848,686</u>
Less: current portion of provision of GIDG and gas price revision	<u>(6,350,587)</u>	<u>(3,910,879)</u>
	<u>1,658,709</u>	<u>2,937,807</u>

15. DEFERRED TAXATION - NET

Credit balances arising due to: - accumulated depreciation	5,095,717	5,185,732
Debit balances arising due to:		
- unpaid liabilities	358,178	211,203
- leases recognised	782,205	660,834
- recoverable business losses	25,081	24,640
- provision for Gas Infrastructure Development Cess and Special Excise Duty	1,898,396	2,173,226
- shares issuance cost, net to equity	59,824	65,149
	<u>3,121,684</u>	<u>3,035,052</u>
	<u>1,974,033</u>	<u>2,150,680</u>

16. TRADE & OTHER PAYABLES

Includes amounts due to the following related parties:

Engro Corporation Limited	252,622	361,293
Engro Fertilizers Limited	45,026	54,370
Engro Energy Limited	250	316
Engro Foundation	-	8,000
Engro Powergen Qadirpur Limited	-	-
Think PVC (Private) Limited	188	188
Engro Vopak Terminal Limited	-	229,475
Engro Eximp FZE	3,233,239	834,784
Engro Peroxide (Private) Limited	9,038	9,038
Engro Plasticizer (Private) Limited	20	20
Engro VOPAK Terminal	274,298	-
The Dawood Foundation	-	240
	<u>3,814,681</u>	<u>1,497,703</u>

17. CONTINGENCIES AND COMMITMENTS

- 17.3 There is no change in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2022.
- 17.4 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at March 31, 2022 amount (December 31, 2022: Rs. 7,048,000). The amount utilized there against as at March 31, 2022 is Rs. 4,602,000 (December 31, 2022: Rs. 6,268,000).
- 17.5 The facility for opening letter of credits as at December 31, 2022 aggregates to Rs. 27,750,000 (December 2022: Rs. 27,750,000) out of which (December 2022: Rs. 8,531,302) have been utilised.
- 17.6 The Holding Company has entered into operating lease arrangements with Al-Rahm Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
Not later than one year	<u>3,200</u>	<u>2,500</u>

- 17.7 Commitments in respect of rentals of storage tanks at EVTL for the handling of (i) Ethylene aggregate to USD 22,752 (valid till 31 March 2026), (ii) Ethylene Di Chloride (EDC) aggregate to USD 11,602 (valid till 31 December 2028) and (iii) Vinyl Chloride Monomer (VCM) aggregate to USD 655 (valid till 31 December 2023).

	Unaudited March 31, 2023	Audited December 31, 2022
	Rupees	
17.8 Commitments in respect of capital commitments and other operational items	<u>3,729,538</u>	<u>1,941,716</u>

	Unaudited	
	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees -----	
<b>18. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,671,883	6,255,797
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	52,815	64,093
Depreciation on property, plant and equipment	690,870	538,024
Depreciation on right of use asset	120,141	120,141
Amortization	26,146	23,707
Income on short term investments and bank deposits	(444,016)	(432,312)
Finance costs on lease liability	60,518	61,825
Finance costs	(1,237,587)	551,633
Amortization of transaction cost	16,495	10,673
Foreign exchange (gain ) / loss of financial liabilities and asset - net	600,041	269,187
Unwinding of GIDC	71,256	94,922
Default surcharge on GIDC	189,354	79,235
Working capital changes - note 17.1	(1,542,514)	1,933,516
	<u>389,847</u>	<u>9,570,441</u>
<b>18.3 WORKING CAPITAL CHANGES</b>		
(Increase) in current assets		
Stores, spares and loose tools	(246,191)	(273,308)
Stock-in-trade	(44,714)	262,419
Trade debts - considered good	(1,361,498)	(267,243)
Loans, advances, deposits, prepayments and other receivables	331,881	(75,356)
	<u>(1,320,521)</u>	<u>(353,488)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(221,993)	2,287,004
	<u>(1,542,514)</u>	<u>1,933,516</u>
<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,258,841	3,291,627
Financial assets at fair value through profit and loss	2,236,256	161,729
	<u>5,495,097</u>	<u>3,453,356</u>

(Amounts in thousand)

## 20. SEGMENT INFORMATION

20.3 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, 2022.

	March 31, 2023 (Unaudited)				March 31, 2022 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
Rupees								
Revenue								
- At a point	15,777,558	2,170,065	-	17,947,644	21,312,422	1,779,293	-	23,091,715
- Over time	-	-	30,687	30,687	-	-	35,154	35,154
	<u>15,776,627</u>	<u>2,170,065</u>	<u>30,687</u>	<u>17,978,330</u>	<u>21,312,422</u>	<u>1,779,293</u>	<u>35,154</u>	<u>23,126,869</u>
Less:								
Cost of sales	(12,682,660)	(1,687,958)	(16,406)	(14,387,044)	(14,596,802)	(846,224)	(18,334)	(15,462,360)
Distribution and marketing expenses	(106,697)	(39,252)	-	(146,139)	(112,584)	(37,750)	-	(150,334)
Administrative expenses	(241,632)	(32,107)	-	(273,739)	(195,497)	(33,540)	-	(229,037)
Other expenses	(670,639)	(94,330)	(1,304)	(766,473)	(807,288)	(40,117)	(790)	(848,196)
Other income	364,365	58,915	747	444,016	392,082	39,583	647	432,312
Finance costs	(1,035,691)	(139,484)	(1,850)	(1,177,069)	(585,898)	(17,824)	(39)	(613,458)
Taxation	(429,127)	(58,565)	(835)	(488,547)	(1,423,612)	(116,255)	(2,347)	(1,542,214)
Profit after tax	<u>994,326</u>	<u>177,282</u>	<u>10,996</u>	<u>1,183,339</u>	<u>3,972,624</u>	<u>727,469</u>	<u>13,269</u>	<u>4,713,562</u>

	March 31, 2023 (Unaudited)				December 31, 2022 (Audited)			
	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
Total segment assets - note 19.2	32,227,593	7,246,861	57,029	39,531,283	54,787,952	6,341,047	37,029	61,146,028
Unallocated Assets	-	-	-	45,130,872	-	-	-	22,811,596
Total assets				<u>84,662,155</u>				<u>83,957,624</u>
Total segment liabilities	8,530,313	1,307,770	7,589	9,845,672	31,555,089	2,491,196	1,547	34,157,832
Unallocated liabilities	-	-	-	32,442,590	-	-	-	22,666,120
Total liabilities				<u>58,357,105</u>				<u>56,823,952</u>

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

## 21. TRANSACTIONS WITH RELATED PARTIES

21.3 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, 2023	Quarter ended March 31, 2022
		----- Rupees -----	
<b>Holding company</b>			
- Engro Corporation Limited	Reimbursement made	260,474	151,717
	Reimbursement received	25	68,400
	Subordinated Loan	-	2,000,000
<b>Members of the Group</b>			
- Engro Fertilizers Limited	Reimbursement received	818	184
	Sale of goods	-	5,658
	Sale of steam and electricity	30,007	34,913
	Reimbursement made	27,247	12,466
	Purchase of services	12,559	45,606
- Engro Vopak Terminal Limited	Purchase of services	710,356	489,427
	Reimbursement made	20,105	23,512
	Reimbursement received	750	-
- Engro Eximp FZE	Sale of goods	1,656,495	-
	Purchase of goods	7,161,508	-
	Reimbursement made	60,752	-
- Engro Energy Limited	Reimbursement received	1,500	-
- Engro Powergen Qadirpur Limited	Reimbursement received	-	66
- Engro Powergen Thar (Private) Limited	Reimbursement received	-	1,079
<b>Directors Fees</b>		4,553	4,920
<b>Key management personnel</b>	Managerial remuneration	41,764	34,294
	Retirement benefits	7,058	5,428
	Bonus	16,847	13,020
	Other benefits	8,179	5,259
<b>Contribution to staff retirement benefits</b>	Managed & operated by the Holding Company		
	Provident fund	30,685	26,175
	Gratuity fund	22,363	21,681
	Pension fund	1,328	845

## 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).

The Company held the following assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds - 2023	-	5,395,044	-	5,395,044
Short term investments in units of mutual funds - 2022	-	8,869,458	-	8,869,458

The carrying values of all other assets and liabilities reflected in these financial statements approximate their fair values.

## 23. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on April 14, 2023 has approved an interim ordinary dividend of Rs. 1.00 per share for the period ended March 31, 2023.

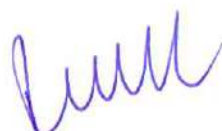
The Board of Directors in its meeting held on April 14, 2023 has approved an interim preference dividend of Rs. 0.50 per share for the period ended March 31, 2023.

## 24. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 14, 2023 by the Board of Directors of the Company.



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

**ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2023**



ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023

(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
Rupees			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	41,804,350	41,004,218
Right-of-use asset		1,502,783	1,617,227
Intangible assets		676,320	686,598
Long-term investments		3,884,000	3,884,000
Financial assets at amortised cost	6	-	1,317,508
Long-term loans and advances		-	-
		47,867,453	48,509,551
<b>Current Assets</b>			
Stores, spares and loose tools	7	2,710,304	2,464,113
Stock-in-trade	8	10,460,706	10,415,992
Trade debts - considered good	9	4,032,580	2,676,464
Loans, advances, deposits, prepayments and other	10	1,921,384	2,980,140
Short - term loan to group companies		1,495,500	-
Short term investments		11,526,824	14,059,319
Cash and bank balances		2,395,825	2,852,045
		34,543,123	35,448,073
<b>TOTAL ASSETS</b>		<b>82,410,576</b>	<b>83,957,624</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		9,089,233	9,089,233
Preference shares	11	3,000,000	3,000,000
Share premium		3,874,953	3,874,953
Unappropriated profits		12,358,962	11,169,486
		28,323,148	27,133,672
<b>Non-Current Liabilities</b>			
Long-term borrowings	12	17,134,719	19,329,365
Deferred income - Government grant		231,993	184,609
Lease liabilities	13	1,825,841	1,842,558
Provisions	14	548,729	637,807
Deferred tax liability	15	1,999,116	2,155,320
		21,740,399	24,149,659
<b>Current Liabilities</b>			
Trade and other payables	16	13,868,945	14,916,145
Service benefit obligations		31,468	74,278
Current portion of long term borrowings	12	5,493,189	4,818,569
Current portion of lease liabilities	13	2,312,994	1,898,636
Short-term borrowings		474,360	474,360
Current portion of deferred income- Government grant		39,727	39,114
Accrued interest / mark-up		238,973	366,576
Unclaimed dividend		1,176,001	1,174,365
Taxes payable		2,350,805	2,901,371
Provisions		6,360,567	6,010,879
		32,347,029	32,674,293
		54,087,428	56,823,952
<b>Contingencies and Commitments</b>	17		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,410,576</b>	<b>83,957,624</b>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

**ENGRO POLYMER AND CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

(Amounts in thousand except for earnings per share)

	Quarter ended	
	March 31, 2023	March 31, 2022
	Rupees	
Net revenue	17,977,599	23,126,868
Cost of sales	(14,387,023)	(15,462,360)
<b>Gross profit</b>	<b>3,590,576</b>	<b>7,664,508</b>
Distribution and marketing expenses	(142,435)	(150,334)
Administrative expenses	(273,738)	(224,365)
Other expenses	(764,027)	(843,346)
Other income	437,843	425,348
<b>Operating profit</b>	<b>2,848,219</b>	<b>6,871,811</b>
Finance costs	(1,169,755)	(606,077)
<b>Profit for the period before taxation</b>	<b>1,678,464</b>	<b>6,265,734</b>
Taxation	(488,988)	(1,544,783)
<b>Profit for the period after taxation</b>	<b>1,189,476</b>	<b>4,720,951</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,189,476</b>	<b>4,720,951</b>
<b>Earnings per share - basic</b>	<b>1.31</b>	<b>5.19</b>
<b>Earnings per share - diluted</b>	<b>0.98</b>	<b>3.91</b>

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



**Chief Executive Officer**  
Jahangir Piracha



**Chief Financial Officer**  
Rabia Wafah Khan



**Director**  
Feroz Rizvi

ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2023

(Amounts in thousand)

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		RESERVES		Total
	Share capital	Preference shares	CAPITAL	REVENUE	
			Share premium	Unappropria ted profits	
Rupees					
Balance as at December 31, 2022 (Audited)	9,089,233	3,000,000	3,874,953	13,994,903	29,959,089
Total comprehensive income for the period	-	-	-	4,720,951	4,720,951
<b>Transactions with owners</b>					
Final ordinary dividend for the year ended					
- Rs. 5.50 per share	-	-	-	(4,999,078)	(4,999,078)
- Rs. 0.27 per share	-	-	-	(81,000)	(81,000)
	-	-	-	(5,080,078)	(5,080,078)
Balance as at March 31, 2022 (Unaudited)	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>13,635,776</u>	<u>29,599,962</u>
Total comprehensive income for the nine months	-	-	-	6,988,943	6,988,943
<b>Transactions with owners</b>					
First interim dividend for the year ended December 31, 2022					
- Rs. 5 per ordinary share	-	-	-	(4,544,617)	(4,544,617)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Second interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.37 per preference share	-	-	-	(111,000)	(111,000)
Third interim dividend for the year ended December 31, 2022					
- Rs. 2.5 per ordinary share	-	-	-	(2,272,308)	(2,272,308)
- Rs. 0.48 per preference share	-	-	-	(144,000)	(144,000)
	-	-	-	(9,455,233)	(9,455,233)
Balance as at December 31, 2022	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>11,169,486</u>	<u>27,133,672</u>
Total comprehensive income for the period	-	-	-	1,189,476	1,189,476
Balance as at March 31, 2023 (Unaudited)	<u>9,089,233</u>	<u>3,000,000</u>	<u>3,874,953</u>	<u>12,358,962</u>	<u>28,323,148</u>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi



ENGRO POLYMER AND CHEMICALS LIMITED  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2023

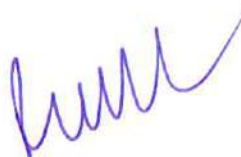
(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18	2,536,333	9,887,144
Long-term loans and advances - net		-	674
Retirement benefits paid		(95,626)	(98,298)
Income tax paid		(1,039,554)	(248,973)
<b>Net cash generated from operating activities</b>		<b>1,401,154</b>	<b>9,540,547</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangible asset		(1,517,459)	(571,449)
Proceeds from disposal of property, plant and equipment		7,188	-
Addition in leased liability		-	171,288
Short term investments - made		(16,639,489)	-
Short term investments - proceeds		23,585,977	898,529
Income on short-term investments and bank deposits		168,315	425,348
<b>Net cash used in investing activities</b>		<b>5,604,533</b>	<b>923,716</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings - net of transaction costs		144,522	-
Repayment of long-term borrowings		(2,347,765)	(1,953,227)
Finance cost paid		(965,897)	(614,105)
Rentals paid during the period		(565,305)	(370,878)
Dividend payment		-	(2,625,018)
Short term loan given to Subsidiary		(1,495,500)	-
<b>Net cash generated from financing activities</b>		<b>(5,229,945)</b>	<b>(5,563,228)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>1,775,742</b>	<b>4,901,035</b>
Cash and cash equivalents at beginning of the year		3,013,774	13,186,764
<b>Cash and cash equivalents at end of the year</b>	19	<b>4,789,516</b>	<b>18,087,799</b>

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



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi

**ENGRO POLYMER & CHEMICALS LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2023**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the 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 Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited (a related party).
- 1.3 The registered office of the Company is situated at 12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi. The plant is located at EZ/HP-II Eastern Zone, Bin Qasim, Karachi, Pakistan, whereas, the Chlor-Vinyl facility is at Port Bin Qasim Industrial Area. The regional sales office of the Company is on the 9th Floor, 301-R Hally Tower Office, Lalik Chowk, Phase II, DHA, Lahore.
- 1.4 These condensed interim financial statements denote the standalone condensed interim financial statements of the Company. The condensed interconsolidated 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, 2022.

**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, 2022, except for the early adoption of an amendment as set out below.
- 3.2 The financial risk management objectives and policies of the Company are also consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2022.

**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 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 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, 2022.

**6. PROPERTY, PLANT AND EQUIPMENT**

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
Operating assets, at net book value - notes 5.1	34,517,687	31,388,709
Capital work-in-progress - note 5.2	7,079,040	5,185,100
Capital spares	207,623	218,835
	<u>41,804,350</u>	<u>36,792,644</u>

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
5.1 Additions to operating assets during the period were as follows:		
Building on leasehold land	49,834	22,975
Plant and machinery	731,373	5,174,012
Furniture, fixtures and equipment	34,755	143,901
Vehicles	20,568	128,008
	<u>836,529</u>	<u>5,468,896</u>

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

Balance as at January 1	6,416,479	5,185,100
Additions during the period	1,517,459	6,763,361
Transferred to:		
- operating assets	(836,529)	(5,468,896)
- intangibles	(18,368)	(72,212)
- capital spares	-	(10,874)
	<u>(854,897)</u>	<u>(5,551,982)</u>
Balance as at March 31	<u>7,079,040</u>	<u>6,416,479</u>

6. FINANCIAL ASSETS AT AMORTIZED COST

Investment in Term Deposit Receipts - note 6.1	3,306,922	5,179,495
Less: current maturity shown under current assets	<u>(3,306,922)</u>	<u>(2,086,711)</u>
	<u>-</u>	<u>3,092,784</u>

6.1 These denote term deposits receipts aggregating to USD 35 million maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million which started from July 15, 2021 and ends on January 15, 2024.

7. STORES, SPARES AND LOOSE TOOLS

- 7.1 During the year, the Company has written-off stores and spares amounting to Rs. Nil (December 2022: Rs. 14,224).
- 7.2 During the year, the Company has written-off provision for slow moving stores and spares amounting to Rs. Nil (December 2022: Rs. Nil)

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
8. STOCK-IN-TRADE		
Raw and packing materials	8,284,435	7,283,484
Less: Provision against stock-in-trade	<u>(93,198)</u>	<u>(99,199)</u>
	8,188,237	7,184,285
Work-in-process	71,188	-
Finished goods - manufactured product and trading products - note 11.2	<u>2,201,281</u>	<u>3,231,707</u>
	<u>10,460,706</u>	<u>10,415,992</u>

8.1 This includes stock held at Engro Vopak Terminal Limited as at March 31, 2022 Rs. 2,188,857 (December 2022 : 2,672,597).

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
9. TRADE DEBTS - considered good		
Includes amounts due from the following related parties:		
Engro Energy Services Limited	8	-
Engro Eximp FZE	2,890,308	2,223,250
Engro Fertilizer Limited	<u>23,261</u>	<u>4,972</u>
	<u>2,913,577</u>	<u>2,228,222</u>

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

These include advances and receivables from the following related parties:

Engro Corporation Limited	33	1,055
Think PVC (Private) Limited	1,110	755
Engro Energy Limited	2,062	562
Engro Energy Services Limited	-	8
Engro Plasticizer (Private) Limited	440	440
Engro Fertilizers Limited	-	13,402
Engro Peroxide (Private) Limited	50,177	11,646
Engro Powergen Qadirpur Limited	69	69
Engro Powergen Thar (Private) Limited	32	32
Engro VOPAK Terminal	<u>977</u>	<u>-</u>
	<u>54,899</u>	<u>27,969</u>



## 11. PREFERENCE SHARES

In 2020, the Company issued perpetual, cumulative, callable and convertible listed preference shares of Rs. 3,000,000 by way of pre-IPO placements and public offering at a price of Rs. 10 per share in cash, carrying markup of 6 months KIBOR + 3.5% and the payment of the same shall be at the discretion of Board of Directors. The objective of the preference share issuance is to finance PVC-III expansion and VCM debottlenecking projects. The Company will have an option to call and redeem in full or in part after the expiry of twelve months from the issue date. The preference shares may be convertible into ordinary shares of the Company at the option of the preference shares holder after the expiry of eighty months from December 31, 2020 based on 1:1 ratio. These shares were listed in the year 2020.

## 12. LONG-TERM BORROWINGS

Title	Mark-up rate per annum	Installments		March 31,	December 31,
		Number	Commencing	2022	2022
				Rupees	
Loan from International Finance Corporation (IFC) - note 12.1	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	3,319,233	3,913,259
Bilateral Loan - note 12.2	6 months KIBOR + 0%	6 half yearly	July 15, 2021	1,607,167	2,710,751
Islamic Long Term Financing Facility (LTFF) - note 12.3	SBP rate + 1.2%	32 quarterly	December 14, 2022	1,747,041	1,663,317
Islamic Temporary Economic Refinance Facility (ITERF) - notes 12.4	Ranging from SBP rate + 0.75% to 1%	32 quarterly	June 12, 2023	693,008	748,484
Loan under diminishing musharaka agreement - note 12.6	3 months KIBOR + 0.4%	6 half yearly	June 28, 2023	400,000	400,000
Syndicated Long Term Islamic Financing Facility - note 12.7	3 months KIBOR + 0.3%	12 quarterly	March 27, 2028	8,733,182	8,730,819
Loan under diminishing musharaka agreement - note 12.8	3 months KIBOR + 0.3%	16 quarterly	March 30, 2028	6,000,000	6,000,000
				22,699,629	24,371,657
Less: Current portion shown under current liabilities					
- Loan from International Finance Corporation				(3,319,233)	(2,644,613)
- Bilateral Loan				(1,607,165)	(1,607,165)
- Islamic Long Term Financing Facility (LTFF)				(243,752)	(243,752)
- Islamic Temporary Economic Refinance Facility (ITERF)				(23,038)	(23,038)
- Loan under diminishing musharaka agreement				(100,000)	(100,000)
				(5,493,188)	(4,618,568)
Less: Deferred Income - Government grant				(231,693)	(223,723)
				17,174,447	19,329,365

- 12.1 In 2018, the Company had entered into a financing agreement with IFC for a total of USD 35,000, the draw down of which was made in December 2019. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building) to the extent of USD 43,750 which shall rank pari passu with the charges created in favour of the existing creditors. The long term facility agreement is subject to interest rate benchmark reforms, which are yet to transition. The consultation between the Company and lenders will commence in due course and transition will be completed by the mid of 2023.
- 12.2 In 2019, the Company entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). The borrowing is secured by way of hypothecation charge of present and future fixed assets of the Company (except land and building) to the extent of Rs. 1,199,450, ranking subordinate and subservient to the charges created in favour of the existing creditors, and a lien and a right of set-off over the Term Deposit Receipts maintained with DIBPL.
- 12.3 In 2020, the Company obtained Islamic Long Term Financing Facility (LTFF) of the State Bank of Pakistan for a period of 10 years through Musharaka agreement entered with financial institutions to finance its PVC-III expansion project. This is secured by way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 2,437,500 which shall rank pari passu with the charges created in favour of the existing creditors.
- 12.4 In 2021, the Company obtained Islamic Temporary Economic Refinance Facility (ITERF) of SBP for a period of 10 years (including 2 years grace period) through Musharaka agreement entered with financial institutions of Rs. 1,000,000 to finance its capital expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 1,250,000 which shall rank pari passu with the charges created in favor of existing creditors. During the period, the company made further drawdown of Rs 11,693 Mn.
- 12.5 In 2021, the Company made a draw down of Rs. 400,000 under Diminishing Musharaka agreement entered with Bank of Khyber to finance its long term expenditure. The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company (excluding land and building), to the extent of Rs. 500,000 which shall rank pari passu with the charges created in favor of existing creditors.
- 12.6 On December 28, 2022, the Company made a draw down of Rs. 8,750,000 under syndicate long term islamic financing facility to finance buyback of sukuk bond (note 18.1). The borrowing is secured by the way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 11,666,667 which shall rank pari passu with the charges created in favor of existing creditors.
- 12.7 On December 12, 2022, the Company obtained loans amounting to Rs. 6,000,000 to finance its capital expenditure through Musharaka agreement entered with financial institutions for a period of 8 years (including 3 years grace period). These are secured by the way of hypothecation charge of present and future fixed assets of the Company, to the extent of Rs. 7,833,333 which shall rank pari passu with the charges created in favor of existing creditors.

## 13. LEASE LIABILITIES

These include lease liability outstanding under the storage arrangements with Engro Vopak Terminal Limited, a related party amounted to Rs. 4,079,434 (December 31, 2021: Rs. 3,679,819).

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>14. PROVISIONS</b>		
Provision for gas development infrastructure cess	6,391,904	6,131,294
Provision for gas price revision	517,392	517,392
	<u>6,909,296</u>	<u>6,648,686</u>
Less: current portion of provision of GIDC and gas price revision	<u>(6,360,667)</u>	<u>(6,010,879)</u>
	<u>548,729</u>	<u>637,807</u>

	Unaudited March 31, 2023	Audited December 31, 2022
<b>15. DEFERRED TAXATION - NET</b>		
Credit balances arising due to:		
- accumulated depreciation	5,095,717	5,165,732
Debit balances arising due to:		
- unpaid liabilities	356,176	211,203
- leases recognised	782,205	560,834
- provision for Gas Infrastructure Development Cess and Special Excise Duty	1,898,396	2,173,226
- shares issuance cost, net to equity	59,624	65,149
	<u>3,096,601</u>	<u>3,010,412</u>
	<u>1,999,116</u>	<u>2,155,320</u>

#### 16. TRADE AND OTHER PAYABLES

Includes amounts due to the following related parties:

Engro Corporation Limited	252,622	361,293
Engro Fertilizers Limited	45,026	54,370
Engro Energy Limited	250	315
Engro Foundation	-	8,000
Engro Powergen Qadirpur Limited	-	-
Think PVC (Private) Limited	188	188
Engro Vopak Terminal Limited	-	229,475
Engro Eximp FZE	4,445,678	834,764
Engro Peroxide (Private) Limited	9,038	9,038
Engro Plasticizer (Private) Limited	20	20
Engro VOPAK Terminal	274,298	0
The Dawood Foundation	-	240
	<u>5,027,120</u>	<u>1,497,703</u>

#### 17. CONTINGENCIES AND COMMITMENTS

- 17.1 There is no change in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended December 31, 2022.
- 17.2 The facility for opening letters of credit as at December 31, 2022 aggregates to Rs. 23,000,000 (December 2022: Rs. 23,000,000). The amount utilised thereagainst as at March 31, 2022 was Rs.13,142,000 (December 2022: Rs. 6,725,937).
- 17.3 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2022 amounts to Rs. 6,548,000 (December 2022: Rs. 6,548,000). The amount utilised there against as at December 31, 2022 is Rs. 4,240,920 (December 2022: Rs. 5,908,206).
- 17.4 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited for the storage and handling of Ethylene Di Chloride (EDC) in respect of which future lease commitments aggregate to:

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
Not later than one year	<u>3,200</u>	<u>3,600</u>

- 17.5 Commitments in respect of rentals of storage tanks at EVTL for the handling of Ethylene aggregate to USD 20,736 valid till 31 March 2026, Ethylene Di Chloride (EDC) aggregate to USD 6,015 and are valid till 31 December 2028 and and Vinyl Chloride Monomer (VCM) aggregate to USD 512 valid till 31 December 2023.

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
17.6 Commitments in respect of capital commitments and other operational items	<u>3,729,538</u>	<u>1,759,592</u>

	Unaudited	
	Quarter ended	
	March 31, 2023	March 31, 2022
	----- Rupees -----	
<b>18. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,678,464	6,265,734
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	52,815	64,093
Depreciation on properly, plant and equipment	690,870	537,902
Depreciation on right of use asset	114,444	120,141
Amortization	28,146	23,707
Income on short term investments and bank deposits	(437,843)	(425,348)
Finance costs on lease liability	60,518	61,825
Finance costs	1,109,237	544,252
Amortization of transaction cost	16,495	10,673
Foreign exchange (gain ) / loss of financial liabilities and asset - net	600,041	269,187
Unwinding of GIDC	71,256	94,922
Default surcharge on GIDC	189,354	79,235
Working capital changes - note 17.1	(1,635,465)	2,240,821
	<u>2,536,333</u>	<u>9,887,144</u>
<b>18.1 WORKING CAPITAL CHANGES</b>		
(Increase) in current assets		
Stores, spares and loose tools	(246,191)	(273,308)
Stock-in-trade	(44,714)	262,419
Trade debts - considered good	(1,356,116)	(267,243)
Loans, advances, deposits, prepayments and other receivables	1,058,756	227,083
	<u>(588,265)</u>	<u>(51,049)</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(1,047,200)	2,291,870
	<u>(1,635,465)</u>	<u>2,240,821</u>
<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,395,825	3,291,627
Financial assets at fair value through profit and loss	2,393,692	161,729
	<u>4,789,516</u>	<u>3,453,356</u>

## 20. SEGMENT INFORMATION

20.1 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, 2022.

	March 31, 2023 (Unaudited)				March 31, 2022 (Unaudited)			
	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power Supply	Total	Poly Vinyl Chloride (PVC) and allied chemicals	Caustic soda and allied chemicals	Power supply	Total
	Rupees							
Revenue								
- At a point	15,776,827	2,170,085	-	17,946,912	21,312,422	1,778,283	-	23,091,715
- Over time	-	-	30,687	30,687	-	-	35,154	35,154
	<u>15,776,827</u>	<u>2,170,085</u>	<u>30,687</u>	<u>17,977,599</u>	<u>21,312,422</u>	<u>1,778,283</u>	<u>35,154</u>	<u>23,126,869</u>
Less:								
Cost of sales	(12,682,659)	(1,687,958)	(18,406)	(14,387,023)	(14,596,802)	(846,224)	(19,334)	(15,462,360)
Distribution and marketing expenses	(103,218)	(39,218)	-	(142,436)	(112,584)	(37,750)	-	(160,334)
Administrative expenses	(241,632)	(32,107)	-	(273,739)	(185,278)	(28,888)	-	(224,365)
Other expenses	(670,498)	(92,226)	(1,304)	(764,025)	(602,557)	(39,999)	(790)	(843,347)
Other income	384,244	52,852	747	437,843	391,976	32,725	648	425,348
Finance costs	(1,033,965)	(133,897)	(1,893)	(1,169,755)	(595,897)	(10,141)	(89)	(606,077)
Taxation	(429,127)	(59,026)	(635)	(488,888)	(1,423,586)	(118,850)	(2,347)	(1,544,783)
Profit after tax	<u>999,974</u>	<u>178,506</u>	<u>10,890</u>	<u>1,189,478</u>	<u>3,977,695</u>	<u>729,966</u>	<u>13,290</u>	<u>4,720,951</u>

	March 31, 2023 (Unaudited)				December 31, 2022 (Audited)			
	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
Total segment assets - note 19.2	32,227,593	7,246,661	57,029	39,531,283	54,767,952	8,341,047	37,029	63,146,028
Unallocated Assets	-	-	-	42,679,293	-	-	-	22,811,596
Total assets				<u>82,410,576</u>				<u>83,957,624</u>
Total segment liabilities	8,530,313	1,307,770	7,589	9,845,672	31,665,089	2,491,196	1,547	34,167,832
Unallocated liabilities	-	-	-	32,442,590	-	-	-	22,666,120
Total liabilities				<u>42,288,262</u>				<u>56,833,952</u>

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

**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:

<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Unaudited</u>	
		<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
		<u>----- Rupees -----</u>	
<b>Holding company</b>			
- Engro Corporation Limited	Reimbursement made	399,491	151,717
	Reimbursement received	25	68,400
	Subordinated Loan	-	2,000,000
<b>Subsidiary Company</b>			
- Engro Peroxide (Private) Limited	Reimbursement received	38,531	19,298
- Think PVC (Private) Limited	Reimbursement received	355	256
<b>Members of the Group</b>			
- Engro Fertilizers Limited	Reimbursement received	818	210
	Sale of goods	-	5,658
	Sale of steam and electricity	30,007	34,913
	Reimbursement made	27,247	12,468
	Purchase of services	12,659	45,606
- Engro Vopak Terminal Limited	Purchase of services	710,356	489,427
	Reimbursement made	20,105	23,512
- Engro Eximp FZE	Sale of goods	1,656,495	-
	Purchase of goods	6,059,808	-
- Engro Powergen Qadirpur Limited	Reimbursement received	-	66
- Engro Powergen Thar (Private) Limited	Reimbursement received	-	1,079
<b>Directors Fees</b>		<b>4,553</b>	<b>4,920</b>
<b>Key management personnel</b>	Managerial remuneration	41,764	34,294
	Retirement benefits	7,058	5,428
	Bonus	16,847	13,020
	Other benefits	8,179	5,259
<b>Contribution to staff retirement benefits</b>	Managed & operated by the Holding Company		
	Provident fund	30,686	26,175
	Gratuity fund	22,383	21,681
	Pension fund	1,328	845



## 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).

The Company held the following assets measured at fair values:

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Short term investments in units of mutual funds - 2022	-	5,395,044	-	5,395,044
Short term investments in units of mutual funds - 2021	-	8,869,458	-	8,869,458

The carrying values of all other assets and liabilities reflected in these financial statements approximate their fair values.

## 23. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on April 14, 2023 has approved an interim dividend of Rs. 1.00 per share for the period ended March 31, 2023.

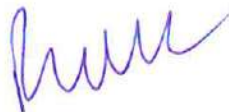
The Board of Directors in its meeting held on April 14, 2023 has approved an interim preference dividend of Rs. 0.50 per share for the period ended March 31, 2023.

## 24. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 14, 2023 by the Board of Directors of the Company.



Chief Executive Officer  
Jahangir Piracha



Chief Financial Officer  
Rabia Wafah Khan



Director  
Feroz Rizvi



اینٹروپولیمرا اینڈ کیمیکلز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

غیر آڈٹ شدہ، منجملہ عبوری مالیاتی گوشواروں کے مطابق

31 مارچ، 2023 کو ختم ہونے والے تین ماہ کے لیے

اینٹروپولیمرا اینڈ کیمیکلز لمیٹڈ ("کمپنی" یا "ای سی ایل") کے ڈائریکٹرز 31 مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### کاروباری جائزہ

سہ ماہی کے ابتدائی دو ماہ میں بین الاقوامی پی وی سی کی قیمتوں میں اضافہ دیکھا گیا، جس کی وجہ انڈیا کی طرف سے طلب کی تجدید ہے۔ جس کے بعد بین الاقوامی سطح پر توانائی کی قیمتوں میں غیر مستحکم معاشی نقطہ نظر، جغرافیائی سیاسی ہنگامہ خیزی اور بہت زیادہ اتار چڑھاؤ کے باعث مارکیٹ میں نرمی آئی۔ قمری تعطیلات کے دوران، آٹھیلیں کی مانگ نرم رہی، تاہم، سپلائی کی کمی نے پوری سہ ماہی کے دوران قیمت پر اوپر کا دباؤ برقرار رکھا۔ سال کے آغاز کے دوران ای ڈی سی کے لیے مجموعی طور پر کم مانگ تھی، تاہم، تیزی غالب رہی، کیونکہ قیمتیں کم سپلائی اور نسبتاً زیادہ آٹھیلیں کی قیمت سے بڑھی تھیں۔ کاسٹک مارکیٹ نے سہ ماہی کے دوران اپنی گراؤٹ کو جاری رکھا اور محدود خریداری کی دلچسپی کے درمیان ایشیا میں بہت زیادہ سپلائی رہ گئی۔

2023 کی پہلی سہ ماہی میں مقامی پی وی سی کی فروخت پچھلے سال اسی مدت کے مقابلے میں 26% کم رہی۔ کاسٹک والیومز میں بھی اسی طرح کی صورت حال رہی جیسی 2023 کی پہلی سہ ماہی میں پی وی سی کی تھی۔ والیومز میں 38% کی کمی ہوئی۔ اس کمی کی وجہ سے اہم چیلنجز سامنے آئے جس سے ملک غیر مستحکم میکر واکنائک صورت حال سے دوچار ہوا۔ ڈالر کی قیمت میں کمی کے باعث مہنگائی دن بہ دن بڑھتی گئی۔ غیر ملکی زرمبادلہ کے اخراج کو روکنے کے لیے ایل سی کے قیام پر پابندیوں نے کئی صنعتوں کے پائیدار طریقے سے کام کرنے کی صلاحیت کو متاثر کیا ہے، جس سے مجموعی طور پر دباؤ بڑھ رہا ہے۔ آئی ایم ایف کے جائزے اور دوطرفہ رقوم کے اردگرد غیر یقینی صورتحال اقتصادی نقطہ نظر کو متاثر کرتی ہے۔

کمپنی نے 2023 کی پہلی سہ ماہی میں 17,978 ملین روپے کار یونیوریکارڈ کیا ہے جو پچھلے سال کی اسی مدت کے مقابلے میں

22% کی کمی کو ظاہر کرتا ہے۔ جس کی وجہ فروخت اور پی وی سی کی قیمتوں میں کمی ہے۔ 2023 کی پہلی سہ ماہی میں، کمپنی نے بعد از ٹیکس منافع 1,183 بلین روپے ریکارڈ کیا جس سے بنیادی آمدنی فی شیئر 1.30 روپے رہی۔ پچھلے سال اسی مدت کے لیے بعد از ٹیکس منافع 4,714 بلین روپے تھا اور بنیادی آمدنی فی شیئر 5.19 روپے رہی۔ منافع میں کمی کی وجہ کم فروخت، اور زیادہ پیداواری لاگت کے اثرات ہیں۔ ایک اضافی بوجھ عائد کیا گیا تھا کیونکہ درآمدی ایل سی کے بروقت قیام سے کمپنی کی خام مال اور اہم ساز و سامان حاصل کرنے کی صلاحیت متاثر ہوتی ہے۔

ہماری کارکردگی اور دیگر منصوبوں پر کام جاری ہے۔ تاہم، ہمارے ایشیائی ڈی سی اور ہائیڈروجن پیروآکسائیڈ پراجیکٹس، جو 2023 میں آن لائن ہونے والے تھے، مجموعی معاشی ماحول کی وجہ سے تاخیر کا سامنا ہے۔ ہماری توجہ ان منصوبوں کی بروقت فراہمی کو یقینی بنانے پر ہے۔

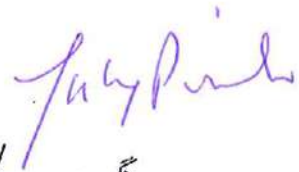
### آؤٹ لک

ہم امید کرتے ہیں کہ ایک بار چیلنج کرنے والی عالمی جغرافیائی سیاسی آب و ہوا میں بہتری آنے کے بعد PVC کی قیمتیں بہتر سطح پر واپس آجائیں گی۔ آٹھویں کی قیمتیں + OPEC کے فیصلوں اور اس کے نتیجے میں تیل کی قیمتوں پر اثر انداز ہوں گی جبکہ EDC کی قیمتیں PVC کی طلب اور کاسٹک سوڈا کی حرکیات سے متاثر ہوں گی۔ آنے والی سہ ماہی کے لیے ہمارے کلیدی فوکس کے شعبے ہمارے پائمنٹ میں محفوظ اور پائیدار آپریشنز کو یقینی بنانا، جاری منصوبوں کو محفوظ طریقے سے اور مقررہ ٹائم لائنز کے اندر مکمل کرنا، اور مسلسل ترقی کو یقینی بنانے کے لیے ہنگامہ خیز اقتصادی صورتحال اور LC کی پابندیوں سے گزرنا ہے۔



فیروز ضوی

ڈائریکٹر



جہا نگیر پراچہ

چیف ایگزیکٹو آفیسر